Supplementary information to the Outturn Report for the FTG:-

Developing and Maintaining the Capital Programme

The authority has an annual bidding process for new schemes and managers are encouraged to submit invest to save schemes. The draft capital programme is first presented to cabinet in October and is presented to scrutiny for review in November and January as part of the Business Planning Process.

There are detailed reviews of the approved capital programme at year end, month 6 and month 8. Surplus or delayed schemes are removed and re-profiled as soon as it is practical.

The funding of the Capital Programme is reviewed each month as part of financial monitoring and movements in funding requirements (i.e. financing costs) are fed into the Medium Term Financial Strategy and reflected in deficit funding calculations and therefore savings targets.

The financing of the capital programme is where it impacts on the Medium Term Financial Strategy by the calculation of interest due on debt owed and the Minimum Revenue Provision (MRP). The MRP is the minimum debt to be repaid in each financial year. It is calculated by dividing the sum borrowed to fund the asset by the number of years useful life. The Table below details the useful life of assets used in the Authority:

Category	**Depreciation (Years)**
Properties valued over £1m	
Buildings	50
Mechanical & Electrical	20
External	20
Properties valued under £1m	
Buildings	40
Infrastructure (roads etc)	25
Computer software	5
Computer hardware	5
Large vehicles – e.g. buses, RCVs	7
Small vehicles – e.g. cars, vans	5
Other equipment e.g. CCTV	5

MRP years where there is no depreciation equivalent	
Land	50
Revenue Expenditure Funded by capital Under Statute e.g. Redundancy costs	20

Continued………………………………

The capital programme impacts on the Treasury Management Strategy in two places the Minimum Revenue Provision (MRP) and Prudential Indicators.

1. Minimum Revenue Provision - The council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if so desired
2. Prudential Indicators are “health check” calculations on the Authority’s activity – there are four calculations:
    a) Capital Expenditure
    b) Capital Financing Requirement (the level of borrowing to fund the capital programme once other sources of funding have been applied)
    c) Ratio of Financing Costs to the Net Revenue Stream (which provides a trend in the cost of capital)
    d) Incremental Impact of Capital Investment Decisions on Council Tax (as Council tax has remained the same since 2011/12 therefore there has been little or no incremental impact on Council tax band D properties.)