



Report of the Director of Finance to the meeting of Executive to be held on 19 February 2019 and Council to be held on 21 February 2019

Subject:

Document: BB

The Council's Capital Investment Plan from 2019-20

Summary statement:

This report presents the Capital Investment Plan for 2019-20 to 2022-23.

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1. SUMMARY

1.1 This report outlines the Council's proposed capital expenditure plans from 2019-20 to 2022-23. The plans are part of the overall 2019-20 budget proposal for the Council which includes:

- The Council's Revenue Estimates for 2019-20 (Document AZ)
- Allocation of the Schools Budget 2019-20 Financial Year (Document BA)
- Section 151 Officer's Assessment of the proposed budgets (Document BC)

1.2 This report is submitted to enable the Executive to make recommendations to Budget Council on the setting of the budget and the Council Tax for 2019-20 as required by Article 4 and Part 3C of the Council's Constitution.

2. CAPITAL INVESTMENT PLAN BACKGROUND

2.1 The Capital Investment Plan (CIP) is different from the Revenue Estimates, in which spend is used up on day to day services. Instead it covers spend on the acquisition of buildings, equipment and improvement works which bring lasting benefit across years; a building could last 40 years.

2.2 There are two funding options for the CIP that do not impact on the Revenue Estimates. One of these comprises capital grants from the public sector, which is the largest funding source in the CIP. The other relates to capital receipts, earned from selling Council property.

2.3 All the other sources impact on the Revenue Estimates, the most significant of which is borrowing. Borrowing creates Capital Financing Costs: these are budgeted for in the Revenue Estimates.

2.4 Capital Financing costs include the interest from the borrowing. Further they include charges to cover the cost of repaying the borrowing principal; typically such charges are spread over future Revenue Estimates based on the lifetime of each new specific capital scheme. This is known as depreciation, or in Local Government more correctly as the Minimum Revenue Provision (MRP).

2.5 The Council prefers to borrow for new schemes where these are "Invest to Save"; capital schemes that generate savings in the Revenue Estimates, either by reducing costs or generating additional income. Such schemes are designed to produce savings that match the interest and MRP charge to the Revenue Estimates for the borrowing. As an example, the Affordable Housing Scheme in the CIP generates rental income to pay the annual interest and MRP charge.

2.6 The Prudential Code for Capital Finance in Local Authorities was introduced to support Councils' local plans for capital investment. It requires Councils' to consider Prudential Indicators, which are measures of borrowing and impact on the Revenue Estimates. One such Prudential Indicator, among others, measures the Council's outstanding borrowing, another the impact on future Revenue Estimates.

2.7 Such Prudential Indicators need to be considered together with the local circumstances. This includes the Council Plan, the need for capital investment and the proportion of

schemes that are Invest to Save. In considering Invest to Save schemes, any risks to those schemes should be taken into account. Examples include higher interest rates increasing the cost of the scheme; or delayed scheme completion reducing the savings in the Revenue Estimates.

3. PROPOSED CAPITAL INVESTMENT PLAN 2019-23

- 3.1 In preparing the CIP, ongoing reviews of the phasing of expenditure on existing capital schemes have been undertaken together with an updated projection of capital funding. Where appropriate, scheme estimates have been revised.
- 3.2 The CIP will be reviewed as part of the 2018-2019 Outturn report to Council. This will include the effect of any changes in the delivery of the current programme in 2018-19. Also there may be further Government Capital Grants announced prior to the start of 2019-20 and the outcome of specific grant bids will be announced.
- 3.3 The proposed CIP for 2019-23 provides for capital expenditure of £503.5m. Capital expenditure is forecast as per Table 1 below and please see Appendix 1 for a detailed CIP.

Table 1: Profile of capital expenditure

Financial year	£m
2019-20	146.5
2020-21	160.3
2021-22	106.5
2022-23	90.2
Total	503.5

- 3.4 Firstly the planned expenditure shown above rolls forward the 2018-19 approved CIP as shown in the quarter 3 monitoring but after excluding the forecast 2018-19 spend: £91.4m against a £154.8m budget. The underspend of £63.4m has therefore been reprofiled from the current year into future ones.
- 3.5 Secondly there are a number of miscellaneous changes to the CIP, reflecting for example, additional Capital Grants.
- 3.6 Thirdly and importantly, £54.3m of new schemes are proposed in this report; it is further proposed to continue existing schemes at a cost of £7m and remove other schemes costing £10.4m from the CIP. Table 2 below shows the three set of changes from the Q3 2018-19 CIP to the 2019-20 proposed plan:

Table 2: Changes to the 2019-20 CIP	£m
Q3 2018-19 CIP Total approved Budget	536.5
Exclude forecast 2018-19 capital spend	(91.4)
Miscellaneous changes, e.g Capital Grants	7.5
Proposed new capital schemes 19-20 onwards	54.3
Proposed Rolling Programme	7.0
Proposed schemes to be removed	-10.4
Total 2018-19 to 2022-23	503.5

- 3.7 The most significant of the new proposals are £54.3m additions to the Council's CIP

made up of:

- Four proposed new capital bids were outlined in the published budget proposals. In addition, it is proposed to continue the Empty Private Sector Homes Strategy, making a total of five. A brief description of these proposals and their benefits is given in the Table below.

Proposed Scheme	Total Budget £000	Description / Benefit
(1) Street lighting	45,583	The Council has 59,524 street lights, of which at present 3,977 are energy LED lanterns. This is a £46m project to replace all lanterns with an LED light source and implement a full Central Management System (CMS). The project will provide cashable savings in terms of energy reduction and also reduced maintenance costs. Also a more reliable service and the CMS will have the ability to accurately record the energy consumption by each unit.
(2) Continuation of Empty Private Sector Homes Strategy	3,306	The scheme enables the Council to bring long term empty homes back into use by the use of enforcement powers and the development of a range of initiatives. Previous capital receipts from properties that have been acquired can be reinvested in the continuation of this programme.
(3) Wyke Manor Sports Facilities	2,503	This proposal will deliver a new sports hub on the former Wyke Manor School site.
(4) Former Sugden End Landfill Site	1,961	Sugden End is a former landfill site, and it is a requirement that it has an engineered low permeability cap placed upon it. This proposal will provide green open space assessable to the public, including grassland, wetland habitat and woodland plantation.
(5) Children's Home provision	1,000	This is the proposed review of the current accommodation. This includes purchasing a currently leased property and the replacement of another to provide modern appropriate accommodation.
Proposed new schemes	54,353	

- 3.8 The Street Lighting scheme (1) is funded from borrowing but is Invest to Save. The scheme is designed so that the interest and MRP charge in the Revenue Estimates will at least be matched by savings in energy and maintenance costs.
- 3.9 The schemes for Empty Private Sector Homes (2) and Wyke Manor Sports Facilities (3) do not require borrowing and are mainly funded from capital grants and capital receipts.
- 3.10 The works to the Sugden End Landfill Site (4) and the Children's Home scheme (5) require some borrowing which is not Invest to Save. However, the annual interest and MRP charge in the Revenue Estimates for this will be just £0.1m. The MRP charge in particular is low because it is spread over the long lifetimes for the schemes.
- 3.11 Sugden End Landfill Site has already been subject to a detailed business case and approved by Project Advisory Group in full. Also Empty Private Sector Homes is a continuation of a current scheme. However, the remaining schemes are all subject to further work and a detailed, costed business case. The new schemes are held in a Reserves & Contingencies section of the CIP and as such cannot be released to budget managers until further approval from Executive.
- 3.12 The £7.0m rolling programme includes the ongoing investment that is needed to continue existing services, for example, the replacement of vehicles (£3.0m), corporate landlord projects to ensure assets are maintained to appropriate standards (£2.0m); and a general contingency for capital expenditure not foreseen (£2.0m).
- 3.13 The 2019-20 proposals also remove from the CIP schemes costed at £10.4m. These comprise the Roydsdale Way Car Park and the Investment Strategy for Enterprise Zone schemes. The first scheme is no longer required. The second currently does not have a suitable proposal in place but this will be revisited and considered as an Invest to Save scheme if plans are further developed.

4. FUNDING OF THE CAPITAL PROGRAMME

- 4.1 The overall funding sources of the CIP over the period 2019-23 are summarised in Table 3 below.

Table 3: Analysis of funding sources

Funding source	£m
Capital Grants	199.4
Borrowing: Invest to Save Borrowing	160.4
Borrowing: other	120.5
Capital Receipts	18.7
Direct Revenue Financing	3.4
Reserves	1.1
Total	503.5

- 4.3 The largest single source of funding for the CIP comes from capital grants at nearly £200m. The other important source of funding is borrowing, totalling £281m: a majority of this is for Invest to Save schemes. Most of the borrowing which is not Invest to Save is for schemes that were approved in previous years.
- 4.4 All borrowing, regardless of whether it is Invest to Save, leads to capital financing costs

that are budgeted for in the Revenue Estimates. However, Invest to Save schemes generate savings that are designed to offset these costs.

5. PRUDENTIAL INDICATORS

- 5.1 The Prudential Indicators measure the amount of borrowing and the impact of capital financing costs on the Revenue Estimates. The revised 2017 CIPFA Prudential Code sets out how the Prudential Indicators are calculated. The Code also requires the Prudential Indicators to be approved by Full Council.
- 5.2 An important Prudential Indicator shows the Council's outstanding debt to finance its CIP. This Prudential Indicator is known technically as the Capital Financing Requirement (CFR).
- 5.3 The projected CFR based on the proposed 2019-23 CIP is detailed in Appendix 2, table b. The projections are also summarised in Table 4 below:

Table 4: Capital Financing Requirement

	31/03/20 Projection £m	31/03/21 Projection £m	31/03/22 Projection £m	31/03/23 Projection £m
Projected CFR	764	824	867	889

- 5.4 Based on the proposed 2019-23 CIP, the CFR is projected to increase, as set out in Table 4 above.
- 5.5 However, the Council's actual borrowing from external organisations is less than its CFR, in practice. Some items of capital expenditure were finance lease contracts (similar to hire/purchase); nearly all of these contracts are part of the Private Finance Initiative (PFI). Also external borrowing is lower because the Council utilises earmarked reserves and balances held for other purposes. However, this alternative borrowing via finance lease contracts or the Council's own cash balances, still impacts on the Revenue Estimates.
- 5.6 The capital financing costs prescribed by the Prudential Indicator must include the implicit interest and MRP in the finance contracts. Further these capital financing costs include investment income. This is so the Prudential Indicator shows the loss of income from Councils using their cash reserves to temporarily fund capital expenditure, as an alternative to borrowing from external parties.
- 5.7 Previously the Council set the long term objective of reducing its Capital Financing costs to below 15% of the Net Revenue Stream. This was achieved in previous years due to debt being repaid by the Council or by replacing debt with new borrowing at lower interest rates. Table 5 below summarises the latest Capital Financing costs included in the Revenue Estimates based on the proposed 2019-23 CIP, per Appendix 1.

Table 5: Ratio of Capital Financing costs to the Net Revenue Stream

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
MRP overprovision	-6.5	0	0	0
MRP, excluding PFI	19.9	21.6	24.3	26.1
MRP PFI, finance lease	4.4	4.4	4.4	4.4
Old West Yorkshire Waste debt	0.2	0.2	0.2	0.2
Interest on external borrowing	18.4	20.7	23.6	25.5
Interest on PFI	16.7	16.1	15.5	14.9
Premium on debt repayment	0.3	0.3	0.3	0.3
Investment income	-0.7	-0.7	-0.7	-0.7
Total Capital Financing Costs	52.7	62.6	67.6	70.7
Projected Net Revenue Stream	362.5	397	397	397
Ratio to Net Revenue Stream	14.5 %	15.8 %	17.0 %	17.8%
Invest to Save element of Total Capital Financing Costs	6.4	8.1	9.6	12.3
<i>Invest to Save contribution to Ratio to Net Revenue Stream</i>	<i>1.8%</i>	<i>2%</i>	<i>2.4%</i>	<i>3.1%</i>

- 5.8 There are a number of things to consider in interpreting this Prudential Indicator, which are detailed below.
- 5.9 Firstly, as can be seen in Table 5 above, there is an increase in the ratio of total capital financing costs to the Net Revenue Stream (Net Budget Requirement). However, it can also be seen that about half of this increase is due to the capital financing costs from Invest to Save schemes. As stated above, the Invest to Save schemes are designed to generate savings that compensate for the additional Capital Financing Costs. However, these savings cannot be included in the Prudential Indicator.
- 5.10 Other issues in Table 5 are that the Capital Financing costs are reduced in 2019-20 due to the final tranche of the estimated MRP overprovision (£6.5m). This overprovision relates to pre 2008 debt, on which principal repayments were previously charged to the Revenue Estimates based on old regulatory guidance now superseded. As a result, the repayments could be spread out over a longer period (see 10 July 2018 2017-18 Minimum Revenue Provision Policy Update).
- 5.11 The 2019-20 MRP overprovision of £6.5m is the final tranche of a £52.5m overprovision, also taken in 2017-18 and 2018-19. The £52.5m will be repaid back between 2018-2019 to 2065-66, when the value of money is less due to inflation and is already included in the capital financing costs shown in Table 5.
- 5.12 Other issues to consider, is that it is likely there will be a change to accounting rules from 2020-2021. As a result, more of the Council's leases will be treated as finance leases. Therefore more of the costs of these leases could be treated as capital financing costs for the purposes of calculating the Prudential Indicator. This is not projected in Table 5, since the rules around this are still to be decided.
- 5.13 Additional issues to consider are that the projected capital financing costs assume that interest rates will be 3.1% in 2019-20 and 3.3% in the following financial years. This is based on projections from the Council's Treasury Management Advisors. There is a risk

that interest rates will be higher than projected, for example as a result of an economic downturn, in which case the capital financing costs could also be higher.

- 5.14 An interest rate rise is therefore a key risk. In order to manage this risk, a contingency is included in the budgeted revenue estimates. This contingency will also cover other risks, such as changes to some of the assumptions around Invest to Save schemes. There are a number of other items in the budgeted revenue estimates which do not form part of the Prudential Indicator that calculates the ratio of capital financing costs to the Net Revenue Stream.
- 5.15 There are differences between the capital financing costs used for the Prudential Indicator and the Council's budgeted figures. Briefly reviewing these differences will help assess the financial implications of the Prudential Indicator shown in Table 5 above. These differences are shown in Table 6 below.

Table 6: Budgeted Revenue Estimates (for capital)

	2019-20	2020-21	2021-22	2022-23
	£m	£m	£m	£m
Total Budget	52.7	62.6	67.6	70.7
Exclude PFI interest	-16.7	-16.1	-15.5	-14.9
PFI adjustment	-7.8	-7.8	-7.9	-8.5
Miscellaneous	1.5	1.5	1.5	1.5
Risk contingency	0.4	2.5	2.2	1.9
Total Budgeted revenue estimates (for capital)	30.1	42.7	47.9	50.7

- 5.16 Per Table 6, PFI interest is excluded from the Council's definitions because it is already included in the Revenue Estimates as part of a combined rental payment. PFI is similar to a hire purchase contract, on which rental payments are made, with the underlying reality that the payments include a cost for interest and MRP. These are normally only split out from the rental payments in the statutory accounts but are also shown separately in the Prudential Indicator.
- 5.17 The PFI adjustment shown in Table 6 relates to a revision to the Council's MRP policy set out previously (The Council's Capital Investment Plan for 2018-19 onwards, Full Council 22 February 2018). In this revision, the PFI MRP Policy was brought in line with the main MRP Policy. As a result, the MRP charge to the Revenue Estimates is over the life of the asset rather than the term of the PFI agreement.
- 5.18 There has never previously been a net draw in the revenue budget for the Council's PFI schemes because the rentals are fully funded from a specific government grant. However, applying the revised MRP policy will create a temporary net saving in the Revenue Estimates, because costs will reduce and the grant is applied in line with previous practice.
- 5.19 There are other miscellaneous differences between the capital financing costs shown in the Prudential Indicator and the Council's budgeted figures. Of significance though is the amount included for the risk contingency which covers a number of risks including interest rises and changes to Invest to Save assumptions.

6. REPAYMENT OF DEBT

- 6.1 The Local Government Act 2003 requires the Council to make a provision for the repayment of borrowing used to finance its capital expenditure, known as the Minimum Revenue Provision (MRP).
- 6.2 The MRP is the amount of principal capital repayment that is set aside each year in order to repay the Capital Financing Requirement (CFR) based on the requirement of statutory regulation and the Council's own accounting policies.
- 6.3 The Council is required to state as part of its budget process the policy for determining its MRP. The policy was changed last year for PFI assets generating savings in the current and future years. This year there is one proposed change to the policy adopted last year in relation to asset lives. The method for calculating the MRP on each category of debt is outlined below:
- a) The policy for charging MRP on historic supported borrowing is on the asset life method calculated on an equal instalment basis over 50 years.
 - b) Unsupported or prudential borrowing MRP is based on the Asset Life method – that is, the expenditure financed from borrowing is divided by the expected asset life. For schemes funded before 31st March 2012 the MRP is calculated on the annuity basis and for schemes funded after 1st April 2012 the MRP is calculated on an equal instalment basis. This means no change to existing policy.
 - c) Since 2009/10 the appropriate financing costs for the Council's Building Schools for the Future (BSF) Private Finance Initiative (PFI) schemes have been included in MRP calculations. In 2018-19 the MRP policy for PFI assets was brought into line with the main MRP Policy and the charge of the principal to the revenue account is now over the life of the school building assets.
 - d) Asset lives are reviewed on an ongoing basis to match the MRP charge to the Revenue Estimates with the service benefit derived from the asset.
- 6.4 The CFR represents the amount of capital expenditure that has been financed from borrowing, less any amounts that the Council has set aside to repay that debt through the MRP. Borrowing may come from loans taken from the Public Works Loan Board (PWLB) or commercial banks, finance leases (including PFI) or from the use of the Council's own cash balances.
- 6.5 External debt can be less than the CFR. External debt cannot exceed the CFR (other than for short term cashflow purposes or cashflow management.)
- 6.6 There is an International Financial Reporting Standards requirement that assets funded from finance leases (including PFI deals) are brought onto the balance sheet. This also includes the liability as well as the asset. Therefore the term borrowing does not just include loans from the Public Works Loan Board and banks, but also the liability implicit in PFI and other finance leases.
- 6.7 The CIP will need to be reviewed through the planning cycle to ensure it remains affordable within revenue resources and to take account of the actual implementation of

capital schemes.

7. OTHER FINANCIAL ACCOUNTING CONSIDERATIONS

- 7.1 In March 2016 DCLG published statutory guidance on the flexible use of capital receipts for a three year period covering 2016-17 to 2018-19. Councils were previously only allowed to spend such money on further capital projects or repay debt. But now capital receipts can be used to fund the revenue costs of transformation projects which are designed to generate on going revenue savings in the delivery of public services and /or to transform service delivery in a way that reduces costs or demand for services in the future. As part of the 2018-19 Local Government Finance Settlement, the Secretary of State announced an extension of this flexibility for a further three years to 2022.
- 7.2 There are no plans to use this flexibility in the 2019-20 financial year. However, given the size and scale of the transformation programme, it is possible that the Council may seek approval from the Secretary of State to use capital receipts in this flexible manner in the future.

8. FINANCIAL & RESOURCE APPRAISAL

- 8.1 The CIP as proposed remains balanced to forecast capital resources up to and including 2022-23. Projects beyond that period will require the identification of resources such as capital receipts from the sale of Council owned assets, additional and specific funding or prudential borrowing. The latter would have revenue budget implications.

9. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 9.1 The uncertainties regarding the funding that will be available to the Council; and the control of the capital programme are considered within the Director of Finance's Section 151 report providing his assessment of the proposed budget.
- 9.2 The existing governance arrangements for controlling the capital programme remain appropriate.
- 9.3 Particular risks relating to the delivery of the 2019-23 CIP are interest rate increases and the delivery of Invest to Save schemes in line with financial forecasts. Other risks are incorrectly forecasting spend, or not understanding the critical paths to deliver schemes, so that borrowing is not taken out at the time which minimises capital financing costs. Further there is a risk around HMRC VAT and partial exemption limits.
- 9.4 Within its Treasury Management Strategy the Council will further consider how to manage the risk of higher interest rates. Within its Capital Strategy, the Council will look to bring together all aspects of capital spend. As part of this strategy, the officer group monitoring capital spend will review the CIP on a monthly basis to adjust capital estimates or the phasing of budgets between years, as necessary in response to budget pressures. In particular, consideration will be given to the deferral or pausing of schemes awaiting approval from Executive.
- 9.5 There is also the risk that cost estimates for current schemes increase or schemes

overspend. The inclusion of contingencies within the CIP and the revenue estimates means that there is some scope for meeting additional unforeseen and unfunded capital expenditure that may arise.

9.6 The Capital Strategy will also review the Council's leasing or buying of assets. Also within its Capital Strategy, the Council will seek to strengthen its Balance Sheet position by minimising other liabilities.

9.7 The Capital Strategy and Treasury Management Strategy will be updated for the 2019-20 financial year and presented to Council on 19 March 2019.

11. IMPLICATIONS FOR CORPORATE PARENTING

None

12. ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None.

13. LEGAL APPRAISAL

13.1 The legal issues are set out in the body of the report. Legal Services will provide further advice on the implementation of the Capital Programme as required.

14. OTHER IMPLICATIONS

14.1 Equality and diversity, sustainability, greenhouse gas emissions impacts, community safety, Human Rights Act, Trade Union and Ward Implications will be considered on an individual project basis.

15. NOT FOR PUBLICATION DOCUMENTS

15.1 None.

16. RECOMMENDATIONS

16.1 The Executive requests Council to approve that:

a) The Capital Investment Plan as set out at Appendix 1 is adopted. Commitments against reserve schemes and contingencies can only be made after a business case has been assessed by the Project Appraisal Group and approved by Executive.

b) Approve the following capital expenditure schemes:

- £2m Property Programme to maintain Council assets, subject to final Project Appraisal Group appraisal.
- £1.961m for the restoration of the former Sugden End Landfill Site.

c) The Chief Executive, Strategic Directors and Directors enter into commitments on capital schemes within the Capital Investment Plan subject to approval of business

cases by Executive up to the approved amounts each year except that, where it is indicated that schemes are funded or partly funded from specific resources such as capital grants or contributions, revenue or capital receipts, the approved amount will be subject to the securing of those resources and be adjusted to reflect the amounts actually received.

- d) Where necessary, the payments arising under the Capital Investment Plan are met from loans.
- e) In order to provide the flexibility necessary to manage effectively the Capital Investment Plan, the Chief Executive, Strategic Directors and Directors be specifically empowered to advance or defer approved schemes subject to consultation with the Director of Finance and the availability of resources.
- f) Additional capital schemes shall only commence where the scheme is wholly funded from specific resources on the approval of the Director of Finance in accordance with Financial Regulations. Also the Section 151 Officer be granted delegated powers up to the authorised limit to approve new schemes subject to Executive approval and taking into account latest revenue budget projections.
- g) The Borrowing Limits and Prudential Indicators as set out in Appendix 2 are adopted by the Council.
- h) The Minimum Revenue Provision (MRP) policy as set out in paragraph 6 of this report be approved.

16. APPENDICES

- Appendix 1 – Proposed Capital Investment Plan for 2019-20 to 2022-23
- Appendix 2 – Borrowing Limits and Prudential Indicators

17. BACKGROUND DOCUMENTS

- Proposed Financial Plan Update 2019/20 - 2020/21 – Executive Report 4 December 2018
- 2019-20 and 2020-21 Budget Update and Financial Outlook - Executive Report 5 February 2019
- The Council's Revenue Estimates for 2019-20 – Executive Report 19 February 2019
- Director of Finance Section 151 Report – Executive 19 February 2019

Appendix 1: Proposed Capital Investment Plan

		Budget					Funding				
		Forecast 2018-19	2019-20	2020-21	2021-22	2022-23	Total	Specific Grants, cap receipts, reserves	Total Invest to Save Borrow	Other Borrowing	Grand Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Health & Wellbeing											
CS0237a	Great Places to Grow Old - Adult Residential Strategy	0	500	6,000	2,638	0	9,138	0	0	9,138	9,138
CS0237b	Keighley Road Extra Care	6,570	33	0	0	0	6,603	690	1,000	4,913	6,603
CS0237c	Keighley Road Residential Care	2,648	89	0	0	0	2,737	0	2,400	337	2,737
CS0373	BACES DFG	793	443	443	443	0	2,122	0	0	2,122	2,122
CS0239	Community Capacity Grant	78	606	1,500	0	0	2,184	2,184	0	0	2,184
CS0348	Whiteoaks Respite Centre	0	0	0	0	0	0	0	0	0	0
CS0311	Autism Innovation Capital Grant	19	0	0	0	0	19	19	0	0	19
CS0312	Integrated IT system - new scheme	90	0	0	0	0	90	90	0	0	90
CS0352	Electric Vehicle Charging Infra	0	1	0	0	0	1	1	0	0	1
Total - Health & Wellbeing		10,198	1,672	7,943	3,081	0	22,894	2,984	3,400	16,510	22,894
Children's Services											
CS0249	Schools DRF	0	0	0	0	0	0	0	0	0	0
CS0256	2yr old Nursery Educ Expansion Programme	5	0	0	0	0	5	5	0	0	5
CS0278	Targeted Basic Needs	12	22	0	0	0	34	34	0	0	34
CS0286	Outdoor Learning Centres	18	9	0	0	0	27	27	0	0	27
CS0022	Devolved Formula Capital	868	750	0	0	0	1,618	1,618	0	0	1,618
CS0030	Capital Improvement Work	54	15	0	0	0	69	69	0	0	69
CS0240	Capital Maintenance Grant	3,000	1,500	0	0	0	4,500	4,500	0	0	4,500
CS0240b	Capital Maintenance Grant 1819	400	2,900	0	0	0	3,300	3,300	0	0	3,300
CS0244a	Primary Schools Expansion Programme	1,700	7,700	600	0	0	10,000	9,928	0	72	10,000
CS0244b	Silsden Sch	750	5,588	2,172	0	0	8,510	8,510	0	0	8,510
CS0244c	SEN School Expansion	805	2,000	0	0	0	2,805	2,805	0	0	2,805
CS0360	Early Years 30 hrs childcare	6	0	0	0	0	6	6	0	0	6
CS0314	Foster Home Adaptations	0	1	0	0	0	1	1	0	0	1
CS0362	Secondary School Expansion	2,800	6,135	6,900	1,798	0	17,633	17,633	0	0	17,633
CS0377	LA SEN Free Schools	0	4,650	2,000	350	0	7,000	7,000	0	0	7,000
CS0421	Healthy Pupil Grant	108	220	0	0	0	328	328	0	0	328
Total - Children's Services		10,526	31,490	11,672	2,148	0	55,836	55,764	0	72	55,836

		Budget					Funding				
		Forecast					Specific	Total	Other	Grand	
		2018-19	2019-20	2020-21	2021-22	2022-23	Total	Grants, cap receipts, reserves	Invest to Save Borrow	Borrowing	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place - Economy & Development Services											
CS0134	Computerisation of Records	10	0	0	0	0	10	10	0	0	10
CS0136	Disabled Housing Facilities Grant	4,000	2,628	5,753	2,028	4,392	18,801	8,392	0	10,409	18,801
CS0137	Development of Equity Loans	845	1,468	1,200	1,195	766	5,474	3,132	0	2,342	5,474
CS0144	Empty Private Sector Homes Strategy	600	1,087	825	825	831	4,168	0	0	4,168	4,168
CS0308	Affordable Housing Programme 2015-2018	8,640	383	0	0	0	9,023	693	8,330	0	9,023
CS0250	Goitside	0	1	177	0	0	178	0	0	178	178
CS0280	Temp Housing Clergy House	232	0	0	0	0	232	0	232	0	232
CS0335	Bfd Cyrenians 255 - 257 Manningham Ln	14	0	0	0	0	14	0	0	14	14
CS0084	City Park	15	190	0	0	0	205	0	0	205	205
CS0085	City Centre Growth Zone	200	1,550	4,400	0	0	6,150	6,150	0	0	6,150
CS0189	Buck Lane	50	60	0	0	0	110	0	0	110	110
CS0228	Canal Road	0	100	0	0	0	100	0	0	100	100
CS0241	Re-use Fmr College Bldng Keighley	50	533	0	0	0	583	0	0	583	583
CS0266	Superconnected Cities	66	841	0	0	0	907	0	0	907	907
CS0291	One City Park (fmr Tyrlls)	0	500	4,300	0	0	4,800	4,800	0	0	4,800
CS0265	LCR Revolving Econ Investmt Fund	0	1,151	0	0	0	1,151	1,151	0	0	1,151
CS0345	Develop Land at Crag Rd, Shply	262	0	0	0	0	262	262	0	0	262
CS0382	New Bolton Woods Regen Sch P3	3,507	0	0	0	0	3,507	3,507	0	0	3,507
CS0363	Markets Redevelopment - City Centre	500	2,815	11,850	4,760	0	19,925	1,420	4,700	13,805	19,925
Total - Place - Economy & Development Services		18,991	13,307	28,505	8,808	5,989	75,600	29,517	13,262	32,821	75,600
Place - Planning, Transport & Highways											
CS0131	Keighley Twn Cent Heritage Init	156	0	0	0	0	156	0	0	156	156
CS0178	Ilkley Moor	18	0	0	0	0	18	18	0	0	18
CS0179	Landscape Environmental Imp	21	0	0	0	0	21	21	0	0	21
CS0285	Strategic Development Fund	0	1,167	0	0	0	1,167	0	0	1,167	1,167
CS0071	Highways S106 Projects	135	386	0	0	0	521	521	0	0	521
CS0372	Countryside S106 Projects	0	135	0	0	0	135	135	0	0	135
CS0091	Capital Highway Maintenance	4,958	4,953	0	0	0	9,911	9,911	0	0	9,911
CS0095	Bridges	729	0	0	0	0	729	729	0	0	729
CS0096	Street Lighting	144	0	0	0	0	144	144	0	0	144
CS0099	Integrated Transport	479	108	0	0	0	587	587	0	0	587
CS0103	WY Casualty Reduction Partnrship	0	0	0	0	0	0	0	0	0	0
CS0164	Local Intgrtd Transp Area Com	0	0	0	0	0	0	0	0	0	0
CS0168	Connect the City (Westfield Agree)	16	0	0	0	0	16	16	0	0	16

		Budget					Funding				
		Forecast					Specific	Total	Other	Grand	
		2018-19	2019-20	2020-21	2021-22	2022-23	Total	Grants, cap receipts, reserves	Invest to Save Borrow	Borrowing	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0172	Saltaire R/bout Cngest & Sfty Wrks	0	281	0	0	0	281	281	0	0	281
CS0252	Measures to Support Hubs	0	45	0	0	0	45	45	0	0	45
CS0264	Highway to Health	2,183	0	0	0	0	2,183	2,183	0	0	2,183
CS0282	Highways Strategic Acquisitions	176	0	0	0	0	176	0	0	176	176
CS0289	Local Pinch Point Fund	495	0	0	0	0	495	0	0	495	495
CS0293	West Yorks & York Transport Fund	5,832	11,908	35,795	27,014	29,830	110,379	110,379	0	0	110,379
CS0396	WYTF Corr Imp Projects	754	2,893	6,948	0	0	10,595	10,595	0	0	10,595
CS0296	Pothole Fund	74	0	0	0	0	74	74	0	0	74
CS0306a	Strat Transport Infrastr Priorities	0	1,000	1,690	0	0	2,690	0	0	2,690	2,690
CS0306b	Connectivity Project	0	596	1,000	0	0	1,596	0	0	1,596	1,596
CS0302	Highways Prop Liab Redn Strat	97	0	0	0	0	97	0	0	97	97
CS0310	Clean Vehicle Tech Fund	0	3	0	0	0	3	3	0	0	3
CS0317	VMS Signs	39	0	0	0	0	39	39	0	0	39
CS0319	Challenge Fund	1,389	0	0	0	0	1,389	1,389	0	0	1,389
CS0323	Flood Risk Mgmt	196	0	0	0	0	196	196	0	0	196
CS0325	Street Lighting Invest to Save	0	0	0	0	0	0	0	0	0	0
CS0329	Damens County Park	108	0	0	0	0	108	0	0	108	108
CS0332	Flood funding	387	0	0	0	0	387	387	0	0	387
CS0334	Air Quality Monitoring	9	0	0	0	0	9	9	0	0	9
CS0350	Street Lighting Invest to Save	825	0	0	0	0	825	0	0	825	825
CS0365	Nat Productivity Inv Fund	27	0	0	0	0	27	27	0	0	27
CS0370	LTP IP3 Safer Roads	1,182	779	0	0	0	1,961	1,961	0	0	1,961
CS0371	LTP IP3 Public Transport	686	0	0	0	0	686	686	0	0	686
CS0375	Sign Shop	19	0	0	0	0	19	0	19	0	19
CS0379	NPIF UTM	1,730	1,770	0	0	0	3,500	2,333	0	1,167	3,500
CS0384	Pothole Fund 1819	829	0	0	0	0	829	829	0	0	829
CS0385	ULEV Taxi scheme LTP3	50	0	0	0	0	50	50	0	0	50
CS0386	Cycling & Walking Schemes LTP3	19	0	0	0	0	19	19	0	0	19
CS0414	LTP IP3 Safer Rds 1819 Shipley	120	0	0	0	0	120	120	0	0	120
CS0415	LTP IP3 Safer Rds 1819 Bfd West	144	0	0	0	0	144	144	0	0	144
CS0416	LTP IP3 Safer Rds 1819 Kghly	123	0	0	0	0	123	123	0	0	123
CS0417	LTP IP3 Safer Rds 1819 Bfd South	128	0	0	0	0	128	128	0	0	128
CS0418	LTP IP3 Safer Rds 1819 Bfd East	145	0	0	0	0	145	145	0	0	145
CS0419	IP3 Safer Rds Strat Proj 1819	120	0	0	0	0	120	120	0	0	120
CS0398	Bfd City Ctre Townscape Herit	25	475	1,115	845	290	2,750	2,500	0	250	2,750
Total - Place - Planning, Transport & Highways		24,567	26,499	46,548	27,859	30,120	155,593	146,847	19	8,727	155,593

		Budget					Funding				
		Forecast 2018-19	2019-20	2020-21	2021-22	2022-23	Total	Specific Grants, cap receipts, reserves	Total Invest to Save Borrow	Other Borrowing	Grand Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place - Waste, Fleet & Transport											
CS0060	Replacement of Vehicles	3,000	3,000	3,000	3,000	3,000	15,000	0	15,000	0	15,000
CS0063	Waste Infrastructure and Recycling projects	205	0	0	0	0	205	205	0	0	205
CS0283	Above Ground Fuel Storage	110	0	0	0	0	110	0	0	110	110
Total Place - Waste, Fleet & Transport		3,315	3,000	3,000	3,000	3,000	15,315	205	15,000	110	15,315
Place - Neighbourhood & Customer Services											
CS0066	Ward Investment Fund	35	0	0	0	0	35	0	0	35	35
CS0132	Community Hubs	25	0	0	0	0	25	0	0	25	25
CS0378	Cust Serv Strategy	233	0	0	0	0	233	0	0	233	233
CS0359	Community Resilience Grant	22	0	0	0	0	22	22	0	0	22
Total Place - Neighbourhood & Customer Service		315	0	0	0	0	315	22	0	293	315
Place - Sports & Culture											
CS0151	Building Safer Communities	47	0	0	0	0	47	47	0	0	47
CS0328	Cliffe Castle Various	35	0	0	0	0	35	35	0	0	35
CS0340	St George's Hall	5,424	0	0	0	0	5,424	0	0	5,424	5,424
CS0121	Roberts Park	0	0	0	0	0	0	0	0	0	0
CS0129	Scholemoor Project	0	0	0	83	0	83	0	0	83	83
CS0162	Capital Projects - Recreation	100	0	0	0	0	100	100	0	0	100
CS0187	Comm Sports Field & Facilities	28	0	0	0	0	28	0	0	28	28
CS0229	Cliffe Castle Restoration	131	19	0	0	0	150	150	0	0	150
CS0347	Park Ave Cricket Ground	21	0	0	0	0	21	21	0	0	21
CS0367	King George V Playing Fields	50	1,017	0	0	0	1,067	0	0	1,067	1,067
CS0392	Russell Hall Comm Grn	14	0	0	0	0	14	14	0	0	14
CS0393	Queensbury Play Areas	24	0	0	0	0	24	24	0	0	24
CS0394	Harold Walk	20	0	0	0	0	20	20	0	0	20
CS0425	Littlemoor Park Footpath £11k	11	0	0	0	0	11	11	0	0	11
CS0426	Wibsey Park Outdoor Gym £13.7k	14	0	0	0	0	14	14	0	0	14
CS0428	Woodhead Road Rec Fencing	13	0	0	0	0	13	13	0	0	13
CS0403	Bereavemnt Strategy - Consult Fees	250	0	0	0	0	250	250	0	0	250
CS0424	Mir Park & Springmill Street	13	0	0	0	0	13	13	0	0	13
CS0429	Menston Recreation Ground £15k	15	0	0	0	0	15	15	0	0	15
CS0242	War Memorial	1	0	0	0	0	1	1	0	0	1

		Budget					Funding				
		Forecast 2018-19	2019-20	2020-21	2021-22	2022-23	Total	Specific Grants, cap receipts, reserves	Total Invest to Save Borrow	Other Borrowing	Grand Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0277	Wyke Manor Demo	150	102	0	0	0	252	252	0	0	252
CS0245	Doe Park	0	37	0	0	0	37	37	0	0	37
CS0349	Chellow Dene	51	0	0	0	0	51	0	0	51	51
CS0356	Sedbergh SFIP	7,747	8,859	49	0	0	16,655	0	0	16,655	16,655
CS0354	Squire Lane Sports Facility	0	300	2,000	5,400	1,700	9,400	0	0	9,400	9,400
CS0107	Markets	40	0	0	0	0	40	40	0	0	40
Total - Place - Sports & Culture		14,199	10,334	2,049	5,483	1,700	33,765	1,057	0	32,708	33,765

Corp Resources - Estates & Property Serv											
CS0094	Property Programme (bworks)	109	500	0	0	0	609	0	0	609	609
CS0318	Property Programme 15/16	0	10	0	0	0	10	0	0	10	10
CS0333	Argos Chambers / Britannia House	151	600	0	0	0	751	0	0	751	751
CS0366	Property Programme 17/18	679	0	0	0	0	679	0	0	679	679
CS0391	Property Programme 18/19	1,400	511	0	0	0	1,911	0	0	1,911	1,911
CS0368	Dishwasher	31	0	0	0	0	31	0	0	31	31
CS0230	Beechgrove Allotments	0	274	0	0	0	274	0	0	274	274
CS0269	Burley In Wharfedale Culvert	17	0	0	0	0	17	0	0	17	17
CS0050	Carbon Management	797	820	0	0	0	1,617	0	0	1,617	1,617
CS0305	Healthy Heating Scheme	136	0	0	0	0	136	0	0	136	136
CS0420	Electric vehicle charging infrast	270	400	0	0	0	670	670	0	0	670
CS2000	DDA - monies to RCNA	100	50	50	62	0	262	0	0	262	262
CS0381	Godwin St Fmr Odeon	1,900	290	0	0	0	2,190	2,000	190	0	2,190
CS0422	Soup Kitchen	57	0	0	0	0	57	0	0	57	57
CS0409	Coroner's Accommodation	20	2,330	0	0	0	2,350	0	0	2,350	2,350
CS0383	Jacobs Well demolition	495	0	0	0	0	495	0	495	0	495
Total - Regen - Estates & Property Services		6,162	5,785	50	62	0	12,059	2,670	685	8,704	12,059

Reserve Schemes & Contingencies											
CS0395	General Contingency	603	2,000	2,000	2,000	2,000	8,603	0	0	8,603	8,603
CS0391a	Prop Programme 2018-19	400	0	0	0	0	400	0	0	400	400
CS0397	Property Programme	0	2,000	2,000	2,000	2,000	8,000	0	0	8,000	8,000
CS0399	Strategic Acquisition	0	20,000	10,000	10,000	0	40,000	0	40,000	0	40,000
CS0427	Coronial Equipment	600	0	0	0	0	600	0	0	600	600
CS0431	Cartwright Hall Café	57	50	0	0	0	107	0	107	0	107
CS0277b	Wyke Manor Ph2 Sports Dev	0	493	0	0	0	493	0	0	493	493

		Budget					Funding				
		Forecast					Specific	Total		Grand	
		2018-19	2019-20	2020-21	2021-22	2022-23	Total	Grants, cap receipts, reserves	Invest to Save Borrow	Other Borrowing	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CS0403a	Bereavement Strategy	186	4,000	7,000	5,814	0	17,000	0	0	17,000	17,000
CS0423	Highways IT upgrade	350	0	0	0	0	350	0	0	350	350
CS0306c	Strategic Acq - Highways	550	0	0	0	0	550	0	0	550	550
CS0400	Keighley One Public Sector Est	0	500	4,000	4,000	9,500	18,000	0	18,000	0	18,000
CS0402	Canal Road Land Assembly	0	450	0	0	0	450	0	0	450	450
CS0283a	Above Ground Fuel Storage	40	0	0	0	0	40	0	0	40	40
CS0401	Depots	0	0	3,000	0	0	3,000	0	0	3,000	3,000
2018-19 new schemes											
CS0404	Sports Pitches	0	5,000	5,000	10,000	0	20,000	5,000	0	15,000	20,000
CS0405	City Hall / RFL	0	1,000	3,000	3,000	3,000	10,000	2,000	5,000	3,000	10,000
CS0407	Affordable Housing	345	3,500	3,803	5,500	16,076	29,224	6,230	22,994	0	29,224
CS0408	Top of town	0	0	0	0	3,000	3,000	0	0	3,000	3,000
CS0410	Godwin St (fmr Odeon)	0	8,000	3,500	0	0	11,500	0	11,500	0	11,500
CS0411	Parry Lane	0	0	0	0	0	0	0	0	0	0
CS0412	Borg Warner	0	0	0	0	0	0	0	0	0	0
CS0413	LD Home - Branshaw	0	0	1,200	0	0	1,200	0	0	1,200	1,200
2019-20 new schemes											
CS0277c	Wyke Manor sports	0	1,403	1,100	0	0	2,503	2,503	0	0	2,503
CS0434	Street Lighting	0	4,181	13,801	13,801	13,801	45,584	0	45,584	0	45,584
CS0435	Sugden End Landfill site	0	856	1,105	0	0	1,961	0	0	1,961	1,961
CS0436	Children's Home (A)	0	500	0	0	0	500	0	500	0	500
CS0437	Children's Home (B)	0	500	0	0	0	500	250	0	250	500
Total - Reserve Schemes & Contingencies		3,131	54,433	60,509	56,115	49,377	223,565	15,983	143,685	63,897	223,565
TOTAL - All Services		91,404	146,520	160,276	106,556	90,186	594,942	255,049	176,051	163,842	594,942

Appendix 2

BORROWING LIMITS AND PRUDENTIAL INDICATORS

In compliance with the Council's duty under Section 3 of the Local Government Act 2003 to set an affordable borrowing limit and in accordance with Regulation 2 of The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and the Prudential Code for Capital Finance in Local Authorities 2017 the Council makes the following determinations.

(a) The capital expenditure (all of which is non-Housing Revenue Account (HRA)) in each of the following financial years will be:

	2019/20	2020/21	2021/22	2022/23
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Capital expenditure	146	160	107	90

Financing of capital expenditure £m	2019/20	2020/21	2021/22	2022/23
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Capital receipts	7	5	3	3
Capital grants	65	68	31	34
Capital reserves	1	0	1	0
Revenue	1	1	0	0
Net financing need for the year (Corporate, Invest to save and Finance leases)	72	86	72	53

(b) The capital financing requirement at the end of each of the following financial years will be:

£m	2019/20	2020/21	2021/22	2022/23
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Opening CFR	710	764	824	867
Increase in borrowing (table above)	72	86	72	53
Less MRP and other financing movements	-18	-26	-29	-31
Closing CFR	764	824	867	889

(c) In the medium term external borrowing will only be for capital purposes and will not (except in the short term) exceed the capital financing requirement in 2019/20, 2020/21 and 2021/22 as determined in (b) above.

(d) The ratio of capital financing costs to the net revenue stream in each of the following financial years is forecast to be:

Ratio of Capital Financing costs to the Net Revenue Stream

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
MRP overprovision	-6.5	0	0	0
MRP, excluding PFI	19.9	21.6	24.3	26.1
MRP PFI, finance lease	4.4	4.4	4.4	4.4
Old West Yorkshire Waste debt	0.2	0.2	0.2	0.2
Interest on external borrowing	18.4	20.7	23.6	25.5
Interest on PFI	16.7	16.1	15.5	14.9
Premium on debt repayment	0.3	0.3	0.3	0.3
Investment income	-0.7	-0.7	-0.7	-0.7
Total Capital Financing Costs	52.7	62.6	67.6	70.7
Projected Net Revenue Stream	362.5	397	397	397
Ratio to Net Revenue Stream	14.5 %	15.8 %	17.0 %	17.8%

Borrowing position

(e) The actual external debt of the authority at 31 March 2018 was £322 million in external borrowing and £174 million in Other Long Term Liabilities (including PFI and other finance leases).

	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Borrowing as at 1 April	314	386	472	544
Additional borrowing capital spend	72	86	72	53
Borrowing as at 31 March	386	472	544	597
Other long-term liabilities (OLTL) as at 1 April	166	158	150	142
Expected change in OLTL	-8	-8	-8	-9
OLTL 31 March	158	150	142	133
Total gross debt at 31 March	544	622	686	730
The Capital Financing Requirement	764	824	867	889
Under / (over) borrowing	220	202	181	159

(f) The operational boundary for external debt in future years will be:

Financial Year	Borrowing £m	Other Long Term Liabilities £m
2019/20	410	180
2020/21	480	170
2021/22	550	160
2022/23	610	150

(g) The authorised limit for external debt in future years will be:

Financial Year	Borrowing £m	Other Long Term Liabilities £m
2019/20	430	200
2020/21	500	190
2021/22	570	180
2022/23	630	170

(h) In relation to the borrowing limits set at (f) and (g) above the Section 151 Officer is authorised to amend the separately identified figures for borrowing and for other long term liabilities provided that the total limits remain unchanged and subject to such action subsequently being reported to Council.

(i) The authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

(j) The upper limit for fixed interest rate exposure in 2019/20, 2020/21 and 2021/22 will be +175% of net outstanding principal sums.

(k) The upper limit for variable interest rate exposure in 2019/20, 2020/21 and 2021/22 will be +20% of net outstanding principal sums.

(l) The upper and lower limits for the amount of fixed rate borrowing maturing in each of the periods below expressed as a percentage of total estimated fixed rate borrowing will be:

Maturing in:	Upper Limit	Lower Limit
Under 1 year	20%	0%
1 to 2 years	20%	0%
2 to 5 years	50%	0%
5 to 10 years	75%	0%
10 years and above	90%	20%

(m) There is a limit of £20 million for the Council to invest sums for periods longer than 365 days.