

Report of the Deputy Chief Executive

Report to Executive Board

Date: 14th February 2014

Subject: Capital Programme Update 2014-2017

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In? Except 6.1 a to b	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report sets out the updated capital programme for 2014-2017 and includes an updated forecast of resources available over that period. The Council continues to seek to deliver a large and ambitious capital programme across the city which will provide improved facilities and infrastructure and which supports the Leeds economy, whilst ensuring the impact on debt costs within the revenue budget is managed. The capital programme remains affordable in 2014/15.
2. In the 3 year period from 2014/15, the council is seeking to deliver capital investment of £861.8m, of which £629.8m relates to the General Fund and £232.0m in the HRA.
3. An update to the 2013/14 position shows projected spend of £205.4m. **Appendix A** details objective analyses of this spend, along with the capital resources required to finance this.
4. The phasing of capital expenditure will continue to be monitored to ensure it is accurate and realistic ensuring that the debt borrowing requirement can be managed efficiently.

Recommendations

5. Executive Board is asked to recommend to the Council:
 - a) that the attached capital programme, as presented in **Appendix H**, be approved;
 - b) that the proposed MRP policies for 2014/15 as set out in **Appendix F** be approved.

6. Executive Board are asked to agree:
 - a) that the list of land and property sites shown in **Appendix C** will be disposed of to generate capital receipts for use in accordance with the MRP policy; and
 - b) that receipts received as part of Compulsory Purchase Orders (CPOs) required to deliver the Victoria Gate programme are ringfenced to repay the CPOs, and note that the approvals to inject and give Authority to Spend on these CPOs are treated as category C, and as such are delegated to the Director of City Development.

1. Purpose of this report

- 1.1. This report sets out the updated capital programme for 2014/2017 and includes details of forecast resources for that period. It also includes a review of 2013/14 scheme spend.
- 1.2. In accordance with the Council's Budget and Policy Framework, decisions as to the Council's capital programme are reserved to Council. In addition, statutory guidance requires that policies on Minimum Revenue Provision (see 3.5) are approved by Council. As such, the recommendations at 6.1 (a to b) are not subject to call in.

2. Background information

- 2.1. In preparing the capital programme update, a review of the phasing of expenditure on existing capital schemes has been undertaken together with an up to date projection of capital resources. Where appropriate, scheme estimates have been revised.
- 2.2. This update of the capital programme has been prepared in the context of the overall resources available to the Council. The Government's Autumn Statement set out the revenue funding local authorities can expect over the coming years and this capital programme is therefore constrained by these funding reductions.
- 2.3. Members will recall that in preparing the 2013/14 capital programme, resources were identified to ensure the cost of the programme was affordable. This ensured that the key control of capital investment was on meeting the cost of borrowing in revenue. Given the current financial and economic context of continued funding reductions this fundamental principle of the management of the programme continues. Following this revised approach, the capital programme position shown at **Appendix A** no longer divides expenditure between committed and uncommitted, as all expenditure is now fully funded.
- 2.4. Following the decision by Executive Board in June 2013 to integrate council housing management within direct Council control, a citywide programme for delivery of priority housing issues has been developed. **Appendix A** now shows total proposed capital expenditure, including both General Fund and HRA expenditure.

3. Capital Programme Update

3.1. Capital Programme Update 2013/14

- 3.1.1. The latest forecast expenditure for 2013/14 is £205.4m and it is forecast that resources will be available to fund this level of expenditure both within HRA and the General Fund programmes.

3.2. Resourcing the Capital Programme Resources 2014/15 onwards

- 3.2.1. A review of all capital schemes within the programme has taken place. This review ensures that where schemes are funded from borrowing, they are still an essential

priority for the Council in supporting the delivery of the Council Plan. Given the aspiration not to increase the level of debt, only new schemes that are fully funded (either by external resources or departmental prudential borrowing), or are essential (under health and safety grounds or in order to ensure Council assets are maintained for continued service provision) have been included.

- 3.2.2. The programme still contains a 'Reserved' Programme that remains unfunded, where schemes are currently unable to be progressed. A review of the 'Reserved' programme will be undertaken as part of the 2013/14 Closedown process. This review will aim to remove any schemes unlikely to attract external support in the near future from the programme altogether.
- 3.2.3. Given the fact that 'Reserved' schemes remain unfunded and cannot currently be progressed, **Appendix A** and **Appendix H** show only funded schemes within the 'Green' and 'Amber' Capital Programme.
- 3.2.4. The medium term financial plan outlines the aspiration to limit the increase in the debt taken on by the authority. Therefore borrowing would be limited to the level of debt repayment that the Council is required to make (minimum revenue provision). This current stands at £42m. However the strategy allows for an additional increase in debt where the additional debt cost is met from schemes that generate greater savings or avoid revenue costs. The Council continues to work toward this aim but notes that the value of annual programmes is currently £33m but forecast total borrowing in 2014/15 is estimated at £119m, including corporate borrowing of £88m.
- 3.2.5. Resources of £861.8m are required to fund the City Council's capital programme from 2014/15 to 2016/17. These are summarised in **Appendix A**, divided into specific resources and corporate resources.
- 3.2.6. **Specific Resources** – Specific capital resources total £550.5m over this period and represent funding which has been secured for specific schemes in the form of government grants such as schools' Devolved Formula Capital, Targeted Basic Need and section 31 transport grant, single capital pot funding such as Basic Need which is passported to the relevant directorate, or contributions from external bodies including the Heritage Lottery Fund and private developers.
- 3.2.7. Government support for capital investment is currently forecast at £41.2m for 2014/15 (includes estimates relating to Integrated Transport which have yet to be confirmed). Government departments have clear expectations about how most of this should be used; the Council's current policy is to passport government support to the relevant directorate. Details of the government support for 2014/15 is shown at **Appendix B**.
- 3.2.8. Also included are the specific HRA resources supporting HRA expenditure. In accordance with the Environment and Housing section of the Revenue Report 2014/15 report elsewhere on this agenda, HRA capital expenditure has been set assuming a 5.9% rent increase for 2014/15.
- 3.2.9. **Corporate Resources** – Corporate Resources over the period total £311.3m. These represent resources which the Council has more freedom to allocate to its own policy priorities. The main sources are borrowing and capital receipts. The Capital Strategy, approved by Executive Board in February 2011, sets out that

capital receipts are allocated firstly to fund the liabilities to be written down for the year in relation to PFI schemes and finance leases. However, in financing the overall capital programme, the Deputy Chief Executive will use the optimum mix of funding sources available to achieve the best financial position for the Council.

- 3.2.10. As in previous years, schemes proposed by private sector developers which are supported by agreements under section 278 of the Highways Act are currently funded through the council's own corporate resources. Contributions from these agreements totalling £11.2m over the period are used to support the council's revenue budget.
- 3.2.11. In terms of forecast capital receipts, a list of land and property sites for disposal during the period is included in **Appendix C**. Proceeds from capital receipts are assumed to fund either:
- the liabilities in the revenue budget arising from PFI schemes and finance leases;
 - existing capital programme expenditure;
 - the re-provision of services through application of the ringfencing policy; or
 - Locally determined priorities through the Capital Receipts Incentive Scheme (CRIS).
- 3.2.12. Total capital resources assumed are detailed in **Appendix A** and are summarised in **Table 1** below;

Table 1: Capital Resources 2013/14 – 2016/17

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Specific resources	119.8	224.0	164.7	161.8	670.3
Corporate resources	85.6	119.2	104.4	87.7	396.9
Total Resources	205.4	343.2	269.1	249.5	1,067.2

3.3. Capital Expenditure 2014/15 onwards

- 3.3.1. A summary of the forecast capital programme by capital objective is set out in **Table 2** below and the updated capital programme is attached at **Appendix H**.

Table 2: Analysis of Capital Expenditure by Objective 2013/14 – 2016/17

	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m
Improving our assets	114.6	158.0	133.3	130.2	536.1
Investing in major infrastructure	15.1	50.9	43.8	23.6	133.4
Supporting service provision	37.8	70.4	53.3	70.8	232.3
Investing in new technology	14.3	13.3	6.4	6.1	40.1
Supporting the Leeds economy	10.6	32.6	20.5	6.3	70.0
Central and Operational Expenditure	13.0	18.0	11.8	12.5	55.3
Total	205.4	343.2	269.1	249.5	1,067.2

- 3.3.2. As can be seen from the table above, investment of £205.4m is taking place during 2013/14 with further investment of £861.8m planned from 2014/15 to 2016/17. A summary of the injections and deletion (in excess of £100k) made to the programme since then is included at **Appendix D**.
- 3.3.3. This investment will deliver a number of priorities. **Appendix E** details the major schemes (over £5m) contained within each objective. A detailed update on these major schemes is provided below:

3.3.4. Improving our Assets

Housing Revenue Account (HRA)

Council Housing Growth Programme - The programme includes £48.6m to deliver a comprehensive programme of new build housing and bringing empty homes back into use. In terms of new build housing, this includes the first new build site at East End Park, which will deliver 30 properties and is anticipated to go out to tender in February; an Extra Care scheme for older people at Yeadon, which is currently in design and will produce 45 units with a start on site anticipated in September; and design work has started on sites at The Garnets in Beeston, The Broadleas in Bramley and the Squinting Cat in Swarcliffe. The acquisition of 23 houses “off plan” from a developer at Thorn Walk Gipton has been approved and the properties are on site and will be ready for occupation in December 2014. In addition to the new build programme the Council is also investing up to £1.2m to buy back up to 20 empty former council houses bought under the right to buy scheme and will convert two unused community centres into council housing. The empty property strategy includes the establishment of the Leeds Neighbourhood Approach to target action in “hot spots” of poor private rented accommodation and high numbers of empty properties. The first target is in the Nowells, and aims at 127 properties, including 44 empties. Plans are now in place to open up a second target area in Armley.

In line with the Executive Board approval, two sites - Kirkland House Yeadon and the former Ash Tree Primary school in Kippax - will be marketed for the delivery of older people's housing over the next quarter. Initially it was anticipated that these sites could be marketed specifically for Extra Care Housing although in light of the ongoing need for specialist nursing care provision it is proposed that these are marketed for specialist older people's provision more generally to provide some flexibility for delivery.

Council Housing Investment Programme – Housing Leeds and BITMO are currently coordinating the delivery of the 2013/14 capital programme and are projecting to spend £54.3m within available resources fulfilling a number of LCCs key priorities, improving housing conditions and energy efficiency, improvements to the environment through reduced carbon emissions and supporting more people to live safely in their own homes. Housing Leeds Service has been working with the ALMOs and BITMO to develop a citywide capital programme for 2014/15 to 2016/17. A draft capital programme is being developed for 2014/15 which will deliver £78.3m investment in Council Housing stock in 2014/15. A report was considered at November's Executive Board which outlined the main priorities for Housing Leeds for the 2014/15, in order to undertake essential investment and support the Council in meeting the city priorities.

There are 4 main priorities for Housing Leeds in delivering its capital programme to Council Housing in 2014/15:

- Delivering statutory investment into order for Housing Leeds to comply with its statutory responsibilities, including investment in fire precautionary measures and adaptations.
- Undertaking essential investment, including works to maintain housing stock to the decency homes standard.
- Additional investment in insulation and heating in order to improve the energy efficiency of housing stock.
- Additional investment in specific property types, such as multi storey flats and sheltered housing in order to increase their long term sustainability.

Included in the 2014/15 programme are additional resources of £11.5m which have been made available from the Housing Revenue Account and £4.4m of HRA reserves. The programme also incorporates the contribution from ALMO reserves which is now available to support Housing Leeds in undertaking additional capital investment which will increase the long term sustainability of housing stock.

General Fund

Changing the Workplace – The programme includes £57.1m under the Changing the Workplace programme. The Merrion House Agreement for lease was completed and approved in October 2013. Further work is now taking place to obtain planning permission: it is anticipated this will be submitted by end of February 2014. The intention is to reach unconditional agreement for lease in summer 2014 subject to planning being approved. Significant work has been progressed to take staff through new ways of working and move them out of Merrion house to interim accommodation as part of phase 1. A plan has now been agreed with directorates and the intention is for Merrion to be vacated by spring 2015. Capacity continues to be created in other Council buildings by supporting staff to work in new ways thereby further reducing interim accommodation costs. The new ways of working

agenda is resulting in a more agile and productive workforce that better supports the needs of the customer. Phase 2 business cases will come forward as part of the localities agenda/ asset review.

Elland Road Park & Ride – The programme includes £2.8m to provide a bus-based park and ride scheme to contribute towards a comprehensive transport and parking strategy as part of the Elland Road Masterplan. The scheme, due to be opened in May 2014, will include 800 parking spaces, and will provide a dedicated express bus service between the site and the city centre.

Annual Highways Maintenance Programme - This programme provides for a £10m annual programme each year from 2014/15 to address backlog maintenance on district roads. An additional £6.9m in 2014/15 is provided under the Local Transport Plan for road maintenance.

Sports Maintenance - The programme includes for £1.5m of funding for the maintenance of sports facilities throughout the city. This programme is necessary to ensure the ongoing protection of income levels.

Corporate Property Management – In respect of other Council buildings, a £1.5m annual programme is provided for each year from 2014/15 to address priority condition issues. Following a review of our assets and comprehensive condition surveys being carried out, £1m per annum has also been provided to specifically address priority issues at our heritage assets. A further £1.3m has been included for a variety of works required to the Civic Hall. A new £1m annual programme for demolition of property was included in the 2013/14 programme. In recognition of the continued budget pressures of holding void properties, an additional £1m has been included for demolitions to supplement the existing £2m provision.

Otley Civic Centre - Funding of £600k is also included to ensure the Council can fulfil its capital maintenance liabilities in relation to Otley Civic Centre, potentially as part of a wider package of funding. A review of the future use of the Civic Centre, as well as a wider review of the Council's property portfolio in Otley in general is currently underway. A new business case setting out the detailed proposals is expected during 2014.

Schools' Capital Maintenance – The government has recently announced formulaic allocations for schools' Capital Maintenance and Devolved Formula Capital for 2014/15. £7,589.6k and £1,600.0k has been included in the programme for Capital Maintenance and Devolved Formula Capital respectively. For 2015/16 to 2016/17 Capital Maintenance grant of £7.0m and Devolved Formula Capital grant of £1.6m have been assumed in each year and these provisions will be amended to reflect actual allocations when they are known.

3.3.5. Investing in Major Infrastructure

Flood Alleviation –The programme provides for £45m of funding to deliver 1 in 75-year flood protection to the city centre for over 3,000 homes and 500 businesses through a programme of works including replace existing weirs, removal of the cut at Knostrop between the canal and river, and raised defences in the city centre. This includes £8.5m additional funding recently confirmed from Flood Defence Grant in Aid. Works have recently started on advance works to Woodlesford, and

designs for the main works will be the subject of a further report to Executive Board in the spring with construction commencing in the summer. The team is currently in the critical phase of managing risks in the design and development of the scheme with the aim of ensuring delivery within the existing budget envelope. Officers will be able to provide more details to Members once tender results are known and existing risks are managed and value engineered. One of the key risks is in the management and disposal of materials and the tax liability arising from this.

New Generation Transport (NGT) – £24m is provided for in the programme. It has been confirmed that NGT will be the subject of a public enquiry, expected to begin in May or June 2014. The outcome of this is anticipated in spring 2015, following which the final business case will be presented to DfT for full approval in 2016.

A58 Leeds Inner Ring Road – Full approval was granted by the DfT in October 2013, enabling some works to commence to the Woodhouse Tunnel before Christmas. The tunnel is currently being closed between 7pm and 6am Sunday to Thursday and the works are expected to take approximately two years to complete. Weekend bore closures, with contra-flow, will be required mainly in the second year of construction to facilitate works to the tunnel roof. £21.4m is provided in the attached programme to complete these works through a combination of government grant, Local Transport Plan, council resources and contributions from external third parties, with £2.8m being spent in 2012/13 on the first two phases at Lovell Park Road Bridge and New York Road Bridge Viaduct.

East Leeds Orbital Road – The Council is in a position to continue to take a leading role in setting the conditions for the co-ordinated delivery of ELOR and related infrastructure, as part of the development of the East Leeds extension. This will form a critical part of delivering the Transport Strategy required for successful delivery of the East Leeds Extension, and potential development of 7,000 new homes by 2028. Discussions are ongoing and focus on the scope of ELOR and how it should be funded and delivered. The programme currently includes for £1.3m towards further feasibility, validation and scoping works.

Home Energy Programme - The council continues to prioritise domestic energy efficiency, with over 450 council and private homes receiving external wall insulation improvements in 2013, at a total value of over £4m. This was paid for from a mix of central government grants, 0% income loans, householder contributions and energy company ECO funding. 2013 also saw the launch of Wrap Up Leeds ECO which is focussing on providing free boilers to vulnerable households, funded by a combination of ECO funding and the Council's newly launched £100k Fuel Poverty Fund. To date, over 2,500 people have applied and over 300 boilers have been installed, with many more in the pipeline. Government have recently announced a number of changes to ECO funding that is likely to reduce the level of support available for energy efficiency overall and particularly for solid walled homes. In light of this, the planned Leeds City Region ECO and Green Deal partnership is likely to change its focus to primarily promote cavity wall and loft insulation for the foreseeable future.

Victoria Gate development – The development of Victoria Gate continues to progress, with the first phase aimed at delivering the John Lewis anchor store, 30 high end retail and restaurant units and a 800+ space multi-storey car park. To facilitate this, the Council will be required to undertake a number of Compulsory Purchase Orders (CPOs). These CPOs may result in a number of back to back

transactions, with the properties being bought and immediately sold on to the developer. Whilst the purchase of the properties by the Council will effectively be funded by a capital receipt when the land is sold on, in order to ensure that there is no financial loss for the Council, this receipt must be ringfenced to pay for the CPO. Whilst in accounting terms this receipt is classed as a capital receipt, the substance of the transaction is that the scheme is undertaken and funded at the behest of a third party, therefore under Financial Procedure Rules schemes of this nature can be injected and approved by the relevant Departmental Director (category C works). Executive Board is requested to approve the principle that these receipts are ringfenced to repay the CPOs, and that these works are treated as category C, and hence approvals to inject and give Authority to Spend are delegated to the Director of City Development.

Cycle City Ambition – Integrated Transport Authority (Metro) on behalf of West Yorkshire was successful in its bid for grant funding which will contribute to the delivery a £29m package of cycle related schemes across Leeds and Bradford, including a cycle superhighway from Seacroft to Bradford, which the Council will lead on. The programme includes an indicative allocation for Leeds' share of the funding package of £16.7m. These amounts will be amended to reflect actual allocations as part of the Executive Board report due later in the spring.

3.3.6. Supporting Service Provision

Basic Need & Free School Meals – On 18 December 2013 the Secretary of State confirmed the 2014/15 Basic Need Grant allocation of £18,480.3k and announced new allocations for 2015/16 of £19,431.0k and 2016/17 of £20,402.5k. The new allocations are slightly higher than previous assumptions where £18.5m had been assumed in each financial year. The programme also includes for £14.6m of Targeted Basic Need funding, which will contribute to five primary schemes already in design stage and two Special Inclusive Learning Centres (SILC). The Secretary of State also announced a new capital grant allocation of £1,685.1k for Universal Infant Free School Meals. This funding, along with revenue funding, is in support of the government initiative that every child in reception, year 1 and year 2 in state-funded schools will receive a free school lunch from September 2014. This capital funding is to be used for building new, or expanding, school kitchens or increasing dining capacity where necessary.

Disabled Facilities Adaptations - Grants of £6.5m per year are provided for in the programme (partly funded by government). This supports in the region of 1,000 grants per year. A further £400k is provided for adaptations to private homes. To support more people to remain independently in their own homes, provision of £1.9m has previously been made to continue to progress the Telecare equipment programme which is anticipated to reach over six thousand homes in total.

South Leeds Independence Centre (formerly Harry Booth House) – Conversion of the former older persons' residential home, Harry Booth House, into a new intermediate care provision was completed and opened in late spring 2013. £0.83m is included in the programme for completion of this project, including settlement of final accounts.

Rothwell Fulfilling Lives Centre scheme - £2.2m is included in the programme for the demolition and the rebuilding to modern standards of a facility that will provide a

daytime service for adults in the south of the city with profound and complex learning disabilities and associated health care needs, enabling them to maximise their potential. The new building, which will open in the autumn, will also provide a community resource for other groups, both disabled and non-disabled.

3.3.7. Investing in New Technology

ICT Infrastructure – The desktop upgrade to Windows 7 and Office 2010 is complete, except for some agreed exceptions and a plan which exists for handling these exceptions. Most of the work over the last period has focussed on the final decommissioning of the significant Novell infrastructure in our two main datacentres, in particular the replacement of the old Identity Management system and also the Remote Access (Vasco) system. The project to transition our Wide Area Network to the Virgin Media PSN network which connects over 400 sites across the city continues to make good progress and is broadly on target for completion. 78 schools are currently being transitioned to the LLN replacement ICT4Leeds and this is scheduled for completion by March 2014. Another phase of critical work to make our data centres more resilient has commenced and this will mean higher levels of system availability.

3.3.8. Supporting the Leeds Economy

Sovereign Street – The programme includes £2.7m to develop a green space to enhance the Sovereign street development and city centre. Tenders for construction are currently being prepared with a view to delivering high quality urban space in three distinct areas: the square, the viaduct plaza and the green boulevard.

Kirkgate Market - £12.3m is included in the programme for improvement and refurbishment works to Kirkgate Market. These works are funded by borrowing with debt costs supported through surplus markets income. Work is due to start to deliver a first phase of backlog maintenance and upgrade works in the market. Further phases of works are currently in the detailed design and development stage, with a report detailing the plans due to be presented for approval at April's Executive Board.

Economic Initiatives - £6.44m is included in the programme for the Council's contribution to the City Region Revolving Infrastructure Fund. The new Revolving Investment Fund (RIF) will support commercially viable projects that, due to the current conditions in the financial markets, cannot secure sufficient and appropriate finance to proceed. A further £5m is provided for the Sustainable Communities Investment programme within the Cross Green and Neville's neighbourhoods to promote exemplar eco retro-fitting and support the sustainability of two residential areas immediately adjacent to the Aire Valley employment area, which forms part of the Aire Valley Urban Eco-Settlement. This investment is further augmented by highways maintenance and Housing Revenue Account (HRA) contributions as well as external contributions through such as Green Deal, Energy Company Obligations and private home-owners.

Aire Valley Leeds Enterprise Zone – The Enterprise Zone has recently been awarded up to £8.57m for remediation and infrastructure works that will attract advanced manufacturing and supply chain companies, creating 630 new jobs and

delivering over 33,000sqm of new commercial floorspace in the long term. A further report will be brought to Executive Board in March which will confirm the funding allocation and set out the capital implications of this project for the Council.

The programme also includes £2.5m for completion of the Logic Leeds Spine Road, funded through the business rates raised by the zone. Work on the first phase of Logic Leeds Spine Road is now completed, opening up access to the 49 hectare site. The stretch of the spine road will connect to communities to the north and will enable bus access into the area. This road will provide an orbital bus service to run through the Thornes Farm site (access link already installed) via the East Leeds Link Road and through the Logic Leeds site.

Broadband Projects - Leeds has been successful in bidding for two major funding packages to deliver superfast broadband across the country by 2015. In the first, Leeds is acting as the lead authority on the West Yorkshire Local Broadband Project (WYLBP). This project will deliver 90% coverage of superfast broadband to within West Yorkshire. The programme includes £3.3m for Leeds' share of the government and funding and local authority contributions.

The second project is the Super Connected Cities (SCC) programme. This joint programme with Bradford will see £13m of government investment in the SCC Priority Zone. Originally planned to deliver ultrafast2 open access broadband infrastructure in these areas, because of State Aid issues, the scheme now aims to deliver superfast broadband to SME businesses through a connection voucher scheme for installation charges, improvements to digital service infrastructure in libraries and museums and transport wireless, and general purpose ducting to the Leeds City Region Enterprise Zone. The programme includes for £8.7m of funding, including £2.2m of Leeds funding held in contingency, should there be any unresolved broadband issues in light of the limitations of the revised scheme.

Townscape Heritage Initiative (THI)/ Town & District Centres (TDC) - This programme sees continuing investment to underpin private investment in sensitive building repair and restoration. The regeneration of Armley and Chapeltown will culminate this year with further investment of £700k, largely to complete the refurbishment of 2 Branch Road, the flagship building on the corner of Armley Road. £2.4m of funding is included for the refurbishment of Lower Kirkgate, utilising unsupported borrowing, Heritage Lottery Funds and English Heritage Grant. This will see the restoration of the historic First White Cloth Hall and the remaining Lower Kirkgate frontages. A second phase of funding under the TDC programme will see further investment of £700k for the continued upgrade of town and district centres. Work is ongoing to develop schemes in the Harehills, Beeston and Kirkstall areas.

Tropical World – Improvements to Tropical World continue, partly funded by an external contribution. Works to entrance space and crocodile enclosure have been carried out last spring. Construction works to deliver an extension to the café and refurbishment of the toilet block is due to be delivered over the summer, and the final phase of works, which will see the aquarium and nocturnal zone redeveloped, is envisaged to be completed early in 2015.

Tour de France - £500k is included in the programme to support works required as part of the Grand Depart, which will see Leeds host the launch event in July 2014.

In preparation for the Tour, works will be carried out to refurbish Victoria Gardens, outside Leeds Art Gallery, which is the location of the launch event. A programme of highways works throughout the route is currently underway to ensure the roads and footways are in safe condition for spectators and riders to enjoy the day.

3.4. Economic Impact Analysis

3.4.1. Members will recall that previous capital programme update reports have included an assessment of the economic impact of the Council's capital programme investment. This assessment makes use of the Regional Econometric Model (REM) which can estimate the wider economic impact of the capital programme through multiplier effects. The key points below estimate the economic impact for Leeds and the Leeds City Region from 2013/14 – 2016/17:

- 3,164 FTE job roles in Leeds will be created over four years through Leeds City Council capital expenditure
- These jobs will generate over £132m Gross Value Added (GVA) for the Leeds economy
- A further 313 jobs and £12.6m GVA will be created in the wider Leeds City Region by our capital expenditure
- In total, it is therefore estimated that Leeds City Council capital expenditure between 2013/14 and 2016/17 will create 3,477 FTE jobs and generate £145m GVA in the Leeds City Region

3.4.2. In addition to the use of the REM to determine the effect on the economy, further analysis is ongoing to assess the impact employment and skills obligations within Council contracts have on jobs and apprenticeships. In the year to December 2013 analysis shows that revenue and capital contracts let by the Council have resulted in 385 local residents securing jobs and 32 young people supported into or remaining in apprenticeships.

3.5. Capital Strategy

3.5.1. The Capital Finance and Audit Regulations require councils to produce a statement of policy on making Minimum Revenue Provision (MRP). MRP is an annual revenue charge for the repayment of borrowing and other capital financing liabilities. Whilst statutory guidance gives local authorities some discretion about how to calculate 'prudent provision' for MRP, the guidance steers authorities firmly towards a limited choice of options in which the key principles are demonstrating prudence and repaying borrowing over the period in which the capital expenditure provides benefits.

3.5.2. The 2014/15 MRP policy relates to capital expenditure funded by borrowing in 2013/14. It is proposed that Leeds MRP policies remain unchanged from 2013/14, namely:

- MRP for prudential borrowing for 2013/14's capital expenditure will be calculated on an annuity basis over the expected useful life of the asset
- MRP for borrowing to fund capitalized expenditure incurred during 2013/14 will be calculated on an annuity basis using the lifetimes recommended in the government's statutory guidance

- For all other unsupported borrowing to fund the 2013/14 capital programme, MRP will be calculated on an annuity basis over the expected useful life of the asset
- For PFI and finance lease liabilities, a MRP charge will be made to match the value of any liabilities written down during the year which have not been otherwise funded by capital receipts.

3.5.3. In deciding on the application of capital funding it is proposed that:

- Capital receipts are allocated firstly to fund the liabilities to be written down for the year in relation to PFI schemes and finance leases. This will remove the need for MRP charges equal to the value of the capital receipts applied.
- Any remaining capital receipts and any other general capital income will then be allocated to those capital schemes which relate to the shortest lived assets.

3.5.4. The options to be considered in determining the policy are set out in more detail in the MRP policy at **Appendix F**.

3.6. Prudential Indicators

3.6.1. Under the current self-regulatory financial framework, CIPFA's prudential code for capital finance¹, each authority is required to set a number of prudential indicators and limits for its capital plans which will include affordability, the impact of capital investment plans on council tax and housing rents, capital expenditure levels, external debt and treasury management indicators. A number of these indicators relate specifically to treasury management operations and for 2014/15 these are included in the treasury management strategy report elsewhere on the agenda. In relation to capital expenditure, and in accordance with the prudential code, this report indicates future levels of capital expenditure, forecast resources and the resulting borrowing requirement (before providing for the statutory charge to revenue for past capital expenditure, known as minimum revenue provision). Details are set out in **Appendix A**.

3.6.2. Any unsupported borrowing carried out must be affordable within the revenue budget (i.e. the cost of interest and debt repayments). For 2014/15, all schemes funded through borrowing have been provided for in the revenue budget, approval for which is contained within the revenue budget report.

4. Corporate Considerations

4.1. Consultation and Engagement

4.1.1. The Council's initial budget proposals, including capital programme, were set out in a report to Executive Board in December 2013.

4.1.2. The report was also used for wider consultation with the public through the Leeds City Council web site, the results of this consultation is still awaited.

¹ CIPFA – The Prudential Code for Capital Finance in Local Authorities (amended 2011)

4.2. Equality and Diversity / Cohesion and Integration

- 4.2.1. The capital programme sets out a plan of capital expenditure over future years and further spending decisions are taken, in accordance with capital approval processes, as projects are developed. This is when more detailed information will be available as to where in the city capital spending will be incurred and the impact on services, buildings and people. Service Directorates will include equality considerations as part of the rationale in determining specific projects from capital budgets.
- 4.2.2. In terms of the content of this report, an Equality Screening document has been prepared and is attached at **Appendix G**.

4.3. Council policies and City Priorities

- 4.3.1. Capital objectives were set out and agreed in the initial budget proposals report considered by Executive Board in December 2013. The capital programme attached to this report is structured to show schemes under these objectives.

4.4. Resources and value for money

- 4.4.1. The resource implications of this report are detailed in section 3 above. For the capital programme to be sustainable, the Deputy Chief Executive must be satisfied that spend in each year of the programme can be afforded. For 2014/15 the forecast of borrowing costs resulting from capital expenditure are budgeted for within the revenue budget. In the year following capital expenditure, as well as budgeting for interest costs, the revenue budget must make provision for the minimum revenue provision on borrowings. On average this amounts to a further 4%.
- 4.4.2. Forecasts for the debt budget beyond 2014/15 are dependent upon the interest rate assumptions, the likely level of capital spend and the Councils cash balances. The debt budget is currently forecast to increase by £9.5m in 2015/16. This forecast increase comprises £2m MRP and £7.5m of interest costs that are based on an average borrowing cost of 3.5% as shown in Table 5. However, if the borrowing requirement continued to be funded at 0.5%, then the increase in interest costs would be £0.5m, giving a revised total increase in the debt budget of £2.5m. Given the range in forecasts, the interest rate assumptions and the borrowing requirement arising from the capital programme will be kept under review throughout 2014/15, before establishing the 2015/16 debt budget.
- 4.4.3. In order to ensure that schemes meet Council priorities and are value for money, the Deputy Chief Executive will put processes in place to ensure:
- the introduction of new schemes into the capital programme will only take place after completion and approval of a full business case and identification of the required resources;

- the use of prudential borrowing by directorates is based on individual business cases and that revenue resources to meet the borrowing costs are identified.

4.5. Legal Implications, Access to Information and Call In

- 4.5.1. In accordance with the Council's Budget and Policy Framework, decisions as to the Council's capital programme are reserved to Council. In addition, statutory guidance requires that policies on Minimum Revenue Provision (see 3.5) are approved by Council. As such, the recommendations at 6.1 (a to b) are not subject to call in.
- 4.5.2. In accordance with the Budget and Policy Framework Rules, the Executive Board is required to make proposals to Council regarding the degree of in year changes which may be undertaken by the Executive. These are set out in Financial Procedure Rules². There have been no changes to these rules during the year.

4.6. Risk Management

- 4.6.1. One of the main risks in developing and managing the capital programme is that insufficient resources are available to fund the programme. A number of measures are in place to ensure that this risk can be managed effectively:
- monthly updates of capital receipt forecasts prepared, using a risk based approach, by the Director of City Development;
 - monthly monitoring of overall capital expenditure and resources forecasts alongside actual contractual commitments;
 - quarterly monitoring of the council's VAT partial exemption position to ensure that full eligibility to VAT reclaimed can be maintained;
 - ensuring written confirmation of external funding is received prior to contractual commitments being entered into;
 - provision of a contingency within the capital programme to deal with unforeseen circumstances;
 - compliance with both financial procedure rules and contract procedure rules to ensure the Council's position is protected
- 4.6.2. The ongoing review of the capital programme throughout the year, together with careful monitoring and implementation of the control measures referred to above will seek to ensure that the programme is affordable. However the council will continue to seek to maximise the external funding sources and to deliver capital receipts to ensure the programme can be delivered.
- 4.6.3. The Deputy Chief Executive will continue to work with service directors to ensure that capital schemes are properly developed and that a business case process is operated to demonstrate investment is aligned to capital objectives, meets the needs of the public and will deliver best value.
- 4.6.4. In managing the overall funding for the programme particular emphasis is placed on ensuring that contractual commitments are only made when there is reasonable

² Leeds City Council Constitution – Part 4 Rules of Procedure

certainty that the appropriate resources are available. The Deputy Chief Executive will co-ordinate scheme reviews and the approval of schemes to ensure that they are brought forward in a timely way and can be afforded. Update reports on the overall capital programme will be reported to Executive Board 3 times each year.

5. Conclusions

- 5.1. Over the four year period to 2016/17 the Council is seeking to deliver a total of £1,067.2m capital investment within the city.
- 5.2. This is funded through £670.3m specific or external funding and £396.9m of corporate resources.
- 5.3. Forecasts for the general fund debt budget beyond 2014/15 are dependent upon the interest rate assumptions, the likely level of capital spend and the Councils cash balances. These will be kept under review throughout 2014/15, before establishing the 2015/16 debt budget. Funding is available to meet the level of HRA investment within the HRA business plan.
- 5.4. The Deputy Chief Executive will continue to ensure adequate resources are available to meet the planned level of investment through continued and regular review of profiling, priorities and resources within the programme.

6. Recommendations

- 6.1. Executive Board is asked to recommend to the Council:
 - a) that the attached capital programme, as presented in **Appendix H**, be approved;
 - b) that the proposed MRP policies for 2014/15 as set out in 3.6 and explained in **Appendix F** be approved.
- 6.2. Executive Board are asked to agree;
 - a) that the list of land and property sites shown in **Appendix C** will be disposed of to generate capital receipts for use in accordance with the MRP policy; and
 - b) that receipts received as part of Compulsory Purchase Orders (CPOs) required to deliver the Victoria Gate programme are ringfenced to repay the CPOs, and note that the approvals to inject and give Authority to Spend on these CPOs are treated as category C, and as such are delegated to the Director of City Development.

Appendices

A – Capital Programme Statement

B – Government Funding Allocations

C – List of sites to be disposed of over the programming period

D – List of additions and deletions to the programme since February 2013

E – Major Scheme (over £5m) by Objective 2014/15 – 2016/17

F – Minimum Revenue Provision Policy

G – Equality Screening Document

H – Capital Programme – Scheme Details (Analysed Expenditure Objective)

Background documents³

None

³ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

04/02/2013

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Total £000
EXPENDITURE					
GENERAL FUND (GF)					
IMPROVING OUR ASSETS	59,770.4	66,759.4	64,767.7	58,054.3	249,351.8
INVESTING IN MAJOR INFRASTRUCTURE	15,111.2	50,920.1	43,835.6	23,580.5	133,447.4
SUPPORTING SERVICE PROVISION	37,848.4	70,375.3	53,231.1	70,801.1	232,255.9
INVESTING IN NEW TECHNOLOGY	14,289.3	13,308.0	6,338.0	6,126.0	40,061.3
SUPPORTING THE LEEDS ECONOMY	10,570.0	32,654.9	20,503.5	6,253.0	69,981.4
CENTRAL & OPERATIONAL EXPENDITURE	12,981.5	18,014.1	11,810.2	12,452.8	55,258.6
TOTAL ESTIMATED SPEND ON GF	150,570.8	252,031.8	200,486.1	177,267.7	780,356.4
HOUSING REVENUE ACCOUNT (HRA)					
IMPROVING OUR ASSETS	54,812.9	91,214.6	68,572.0	72,198.1	286,797.6
TOTAL ESTIMATED SPEND ON HRA	54,812.9	91,214.6	68,572.0	72,198.1	286,797.6
TOTAL ESTIMATED SPEND	205,383.7	343,246.4	269,058.1	249,465.8	1,067,154.0
RESOURCES					
GENERAL FUND (GF)					
Specific Resources					
GRANTS AND CONTRIBUTIONS	8,145.8	9,807.7	1,353.6	5,411.0	24,718.1
GOVERNMENT GRANTS	56,877.4	122,979.1	94,743.9	84,200.1	358,800.5
Corporate Resources					
RCCO / RESERVES	166.8	41.6	8.6	0.0	217.0
BORROWING - Departmental	27,627.5	31,561.8	23,707.9	37,247.7	120,144.9
BORROWING - Corporate	57,753.3	87,641.6	80,672.1	50,408.9	276,475.9
CAP. RESOURCES REQD FOR GF	150,570.8	252,031.8	200,486.1	177,267.7	780,356.4
HOUSING REVENUE ACCOUNT (HRA)					
Specific Resources					
GRANTS AND CONTRIBUTIONS	363.2	7,954.3	5,926.0	0.1	14,243.6
GOVERNMENT GRANTS	0.0	2,015.0	0.0	0.0	2,015.0
RCCO / RESERVES	17,347.0	14,359.3	1,011.0	5,000.0	37,717.3
HRA SELF-FINANCING	37,102.7	66,886.0	61,635.0	60,708.0	226,331.7
BORROWING - Departmental	0.0	0.0	0.0	6,490.0	6,490.0
CAP. RESOURCES REQD FOR HRA	54,812.9	91,214.6	68,572.0	72,198.1	286,797.6
TOTAL CAP. RESOURCES REQD	205,383.7	343,246.4	269,058.1	249,465.8	1,067,154.0
OVER PROGRAMMING	0.0	0.0	0.0	0.0	0.0
BORROWING REQUIRED TO FUND THIS PROGRAMME	85,380.8	119,203.4	104,380.0	94,146.6	403,110.8

Note: The above analysis shows expenditure for both Committed and Uncommitted Schemes, net of 'Reserved' expenditure

Capital Programme 2014 - Allocations of Government Support

	Notes	Grant /SCE (C)		Total
		SCP	Ringfenced	
		£000	£000	£000
Children's Services				
Education				
Basic Need:		18,480		18,480
Local Authority for all schools				
Universal infant free school meals			1,685	1,685
Capital Maintenance:				
Local Authority maintained schools		7,590		7,590
LCVAP for VA schools				
Devolved Formula Capital for Maintained schools:				
Local Authority maintained schools			1,701	1,701
Voluntary Aided schools				
		26,070	3,386	29,456
Environment & Neighbourhoods				
Disabled Facilities Grant			2,570	2,570
		0	2,570	2,570
City Development				
Highways Maintenance		4,643		4,643
Bridges / Structures Maintenance		2,215		2,215
Integrated Transport Policy	1, 2	500		500
		7,358	0	7,358
Adult Services				
Adult Social Care - Community Capacity Grant		1,798		1,798
		1,798	0	1,798
Total Government Resources		35,226	5,956	41,183

Notes:

- 1 Provisional Figures, subject to confirmation
- 2 Allocation methodology has changed since 2013/14. Previously, this allocation was delivered as part of the Single Capital Pot, therefore was not ringfenced to specific schemes or for a specific purpose. From 2014/15 the majority of Integrated Transport Policy funding will be delivered based on specific schemes and as a result of the submission of individual bids. £5.7m of bids have been confirmed as successful to date.

Capital Receipts - Sites scheduled for disposal 2013/14 to 2017/on

2013/14 Disposal sites still to complete:

Bellbrooke Place 12
Harehills Place Community Centre LS8 5JL
Middleton Park Grove 68-78 (Accent)
Parkwood Road 98, Beeston, Leeds LS11
Quarry Hill (Plots 1-5)
Rumple Croft, Meagill Rise, Otley, extra fees
Stratford Court School Lane, Chapel Allerton
Thorpe Road/Crescent, Land at (Your Housing)
Woodacre Green, Phase 3 Housing Site, Bardsey

2014/15 Disposals:

Ash Tree Primary School, Kippax
Bailey's House, Baileys Hill, LS14 6PS
Bramham House, Bramham, Freely Lane, Phase 1
Brook House, Lytham St Annes, FY3 1YB
Brooksbank HOP, Brooksbank Drive, Halton
Burley Hall in Leeds, Kirkstall Lane, Headingley The Salvation Army
Chapeltown Road 180
Cloverfield House, Quay Road, Woodlesford
Cross Green 185, Land adjoining
Elland Road (Land for Planet Ice)
Elmete Centre, Elmete Lane, Rounday
Farfield Community Centre, Farfield Drive/Avenue
Garforth OSC, Former, 1-5 Main Street, Garforth LS25
Grange Farm (Land)
High Street 1-11, Kippax
Hillside Reception Centre, 602 Leeds & Bradford Road, Bramley
Kirkland House, Queensway, Yeadon
Lobb Cottage, Thorn Lane, Roundhay, LS8 1NF
Manor Mill Lane
Millgarth
Park House, Stanningley Park, Half Mile Lane
Park Lees site, St Anthony's Road, Beeston, LS11
Park Road Farm, Colton, LS15
Parkside Lane, LS11
Richmond Court Hostel, Walter Crescent, Cross Green
Roundhay Road 265
Rumple Croft, Meagill Rise, Otley, Strip of land
St Luke's Nursery, Beeston Hill, Beeston, Leeds LS11
Swarcliffe Avenue
Thornes Farm (Plot 2A)
Thornes Farm (Plot 2B)
Union Street Victoria Gate Phase 1
Westholme HOP, Wortley
Windlesford Green Hostel, 126 Holmsley Lane, Woodlesford
Wortley High School

2015/16 Disposals:

Agnes Stewart School, Land adjoining
Arena Development Site
Ashfield Works, Otley
Broad Lane 275, Bramley (Q8), Kuwait Petroleum
Butcher Lane, Land at, Sale of Rothwell Temperance Band
Carriage House/Mansion Cottage/Rose Cottage
Easel Site 3, Bellway - Amberton Close
Easel Site 6 - Oak Trees
Former School Site, Middleton
Holt Park District Centre
Kirkstall Hill District Centre
Merlyn Rees High School, Middleton Road
Micklefield House Annexe & Caretakers Lodge, New Rd Side, Rawdon
Midland Road PC's, Woodlesford
Miles Hill Primary School & The Beckhills
Mistress Lane, Armley
New Wortley, Former Liberal Club site
Newmarket Lane, Wholesale market (site A)
Ramshead Hill 53
Roundhay Road Area Office (Social Services Site)
Sovereign Street/Plot C
St Gregory's Primary School
Summerfield Place, Land at, Bramley, Leeds LS13
Thornes Farm (Plot 5)
Westgate Car Park, Westgate, Otley

2016/17 Disposals:

Abbey Mills, Kirkstall Road, LEEDS 4
Bath Road (site D)
Bath Road/Derwent Place (Site B)
Eastmoor School (Former)
Hill Top PH, land at Beckhill Grove
King Lane, Land off, Bus Terminal
Pontefract Lane, Wholesale Market Site (B)
Primrose High School
Woodland Grove, 3, Leeds 8
Woodland Grove, 4, Leeds 8
Woodland Grove, 5, Leeds 8
Woodland Grove, 8, Leeds 8
Wyther Community Centre, Raynville Crescent
York Road (Great Clothes/All Saints Development Area)

2017/on Disposals:

Aire Street Workshops, 30-34 Aire Street
Bentley Lane Primary School (Park Lane College)
Charles Street, Farsley
Clarence Road Industrial Units
Clarence Road, Hydro Aluminium Site
Copperfields College
Elland Road (Site B Car Park), Leeds
Headrow Housing Group, Cemetery Road
Lawnswood School, Caretakers Cottage, 10 Spen Road, Leeds
Ledston Luck Enterprise Park, Ledston Luck, Kippax, Leeds
Leeds Bradford Airport (Coney Lodge Farm - Site 2)
Leeds Bradford Airport (Employment Land - Site 1)
Leeds Bradford Airport (Ransom Strip - Site 3)
Leeds International Pool
Matthew Murray High School
Nepshaw Lane
Oldfield Lane, Wortley (Sports Assoc Field)
Peckfield Colliery, Plots 4, 5 and 6
Quarry Hill (Plot 6)
Rothwell Fire Station, Carlton Lane, Old Dental Clinic
South Accommodation Road, Leeds
Sovereign Street/Plot B
St Ann's Mills
Union Street, Victoria Gate
Wade Street/Land Street, Corner of, Farsley
West Leeds Family Centre, Former, Whingate Road, Leeds
York Road Depot, Easel Site 8

Schemes Over £100k Injected since the Capital Programme February 2013

Adult Social Care						
Scheme Number	Scheme Title	Total £000's	Corporate Borrowing	Dept'l Borrowing	Fully Funded	Comments
99811/000/000	Adaptation to Private Homes	400.0	400.0			2014 Capital Programme Review - Injection
Strategic Accounts						
14236/CR/0I5	15% CRIS Funding	404.8	404.8			Injection of additional CRIS funding @ 6th November 2013 Executive Board - Quarter 2 Capital Programme Update Report.
14236/CR/0O5	5% CRIS Funding	134.9	134.9			Injection of additional CRIS funding @ 6th November 2013 Executive Board - Quarter 2 Capital Programme Update Report.
16990/000/000	Vehicles 2016/17 Parent	5000.0		5000.0		2014 Capital Programme Review - Injection
16496/000/000	General Capitalisation 2012/13	1074.5	612.3	450.2	12.0	Increase to Capitalisation at 2013 Year End
16914/000/000	Leeds Rail Growth Package	9993.0	9993.0			Injection Approved Executive Bd 19/06/13
32003/000/000	Equipment Programme 2014/15	1132.4		1132.4		2014 Capital Programme Review - Injection
32004/000/000	Equipment Programme 2015/16	1000.0		1000.0		2014 Capital Programme Review - Injection
32005/000/000	Equipment Programme 2016/17	1000.0		1000.0		2014 Capital Programme Review - Injection
16557/000/000	Flood Alleviation	3362.0			3362.0	2014 Capital Programme Review - Injection of DEFRA Growth Fund
16557/000/000	Flood Alleviation	23000.0			23000.0	2014 Capital Programme Review - Injection of DEFRA Growth Fund
16557/000/000	Flood Alleviation	8460.0			8460.0	2014 Capital Programme Review - Injection of Flood Defense Grant In Aid from the Environmental Agency.
Children's Services						
Scheme Number	Scheme Title					Comments
Education Services						
16469/000/000	Basic Need Grant 2013 - 15 (2 years)	12,860.6			12,860.6	Executive Bd 17/07/13 Basic Need Grant. Quarter 1 Capital Programme Update Report.
16951/000/000	Leeds Schools RE-FIT Programme	500.0			500.0	Injection of Salix Finance - Wave 1 (9 Schools)
16970/000/000	Targeted Basic Need Grant	14,589.8			14,589.8	Injection - Targeted Basic Need Grant Allocations
32003/SCH/000	Equipment 2014/15 Schools (Uncttd)	150.0		150.0		2014 Capital Programme Review - Injection
32012/000/000	Basic Need Grant 2015/16	19,431.0			19,431.0	Injection - 2015-16 Basic Need Allocation 15-16
32013/000/000	Basic Need Grant 2016/17	20,402.5			20,402.5	Injection - 2016-17 Basic Need Allocation 16-17
16774/000/000	Capital Maintenance Grant-Future Years	589.6			589.6	Allocation Increased Capital Maintenance Grant
16773/000/000	Schools Devolved Formula Capital Grant - Future Years	101.3			101.3	15/16 Increased DFC Grant
Support Services						
16943/000/000	Infobase IT System	355.0		355.0		Injection as per Executive Board 17/07/13 Quarter 1 Capital Programme Update Report.
16967/000/000	Replacement Of Leeds Learning Network	248.5		248.5		Injection of Departmental Borrowing
City Development						
Scheme Number	Scheme Title					Comments
Asset Management						
16686/000/000	Sovereign Square Greenscape	158.8			158.8	Injection of section 106 monies at Executive Board 06/11/13
16912/000/000	St George House - Purchase Leasehold	9,012.8		9,012.8		Injected by Executive Board 19/06/13
16956/000/000	Kernel House acquisition	1,250.0	1,250.0			Injected by Executive Board 04/09/13
16932/000/000	Shire View	416.0		416.0		Injection as per Executive Board 17/07/13 Quarter 1 Capital Programme Update Report.
16996/000/000	Heritage Assets	3,000.0	3,000.0			2014 Capital Programme Review - Injection
16995/000/000	Civic Hall Backlog Maintenance/ Adaptations	1,550.0	1,550.0			2014 Capital Programme Review - Injection
14268/000/000	Corporate Property Maintenance	1,500.0	1,500.0			2014 Capital Programme Review - Injection
16766/000/000	Demolition & Asbestos Removal 2015/16	1,000.0	1,000.0			2014 Capital Programme Review - Injection
32010/000/000	Demolition & Asbestos Removal 2016/17	1,000.0	1,000.0			2014 Capital Programme Review - Injection
Highways						
16335/000/000	Street Lighting - Energy Savings Measures	376.6		376.6		Injection by Executive Board 19/06/13
16289/000/000	Elland Road Park & Ride	1,247.0			1,247.0	Injection as per Executive Board 17/07/13 Quarter 1 Capital Programme Update Report.
16426/000/000	Chapelton Cycle Route 9	450.0			450.0	Injection of additional Sustrans Grant at Executive Board 6th November 2013
16426/000/000	Chapelton Cycle Route 9	500.0			500.0	Injection of additional 2014/15 LTP Grant at Executive Board 6th November 2013
16289/000/000	Elland Road Park & Ride	175.0			175.0	Injection of Section 106 monies to Executive Board 6th November 2013.
16289/000/000	Elland Road Park & Ride	275.0	275.0			Injection of Capital Receipt from the sale of land associated with the Ice Rink approved at Executive Board 6th November 2013.
15469/000/000	Horsforth Roundabout Signalisation	1,450.0			1,450.0	Injection of Private Sector Contribution at Executive Board on 22nd January 2014.
16747/000/000	East Leeds Orbital Road (ELOR)	1,310.0			1,310.0	Injection of West Yorkshire Transport Funding at Executive Board 9th October 2013
32007/000/000	Highways Maintenance Capitalisation at Year End 2016/17	1,500.0	1,500.0			2014 Capital Programme Review - Injection
32008/000/000	Highways Maintenance 2015/16	10,000.0	10,000.0			2014 Capital Programme Review - Injection
32009/000/000	Traffic Management 2016/17	200.0	200.0			2014 Capital Programme Review - Injection
16952/000/000	A647 Thornbury Roundabout Junct IMP	2,403.0			2,403.0	Injection - Dept for Transport - Section 31 Grant
16917/000/000	Leeds City Station Southern Entrance	502.8			502.8	Injection of section 106 monies
16166/000/000	Cookridge Street Cycle Route City C PH3	136.5			136.5	Injection of Government Grant
16444/000/000	IRR Woodhouse Tunnel PH2	2,055.6	2,055.6			Reinstatement of Leeds' contribution
16737/000/000	Wortley Beck	450.0			450.0	Injection of Government Grant
16979/000/000	Famley Wood Beck Balancing Lake PH2	660.0			660.0	Injection - Govt Grant 360k and Private Developer 300k
16831/000/000	Principal Bridge Inspections 2013/14	150.0			150.0	Injection of LTP Grant

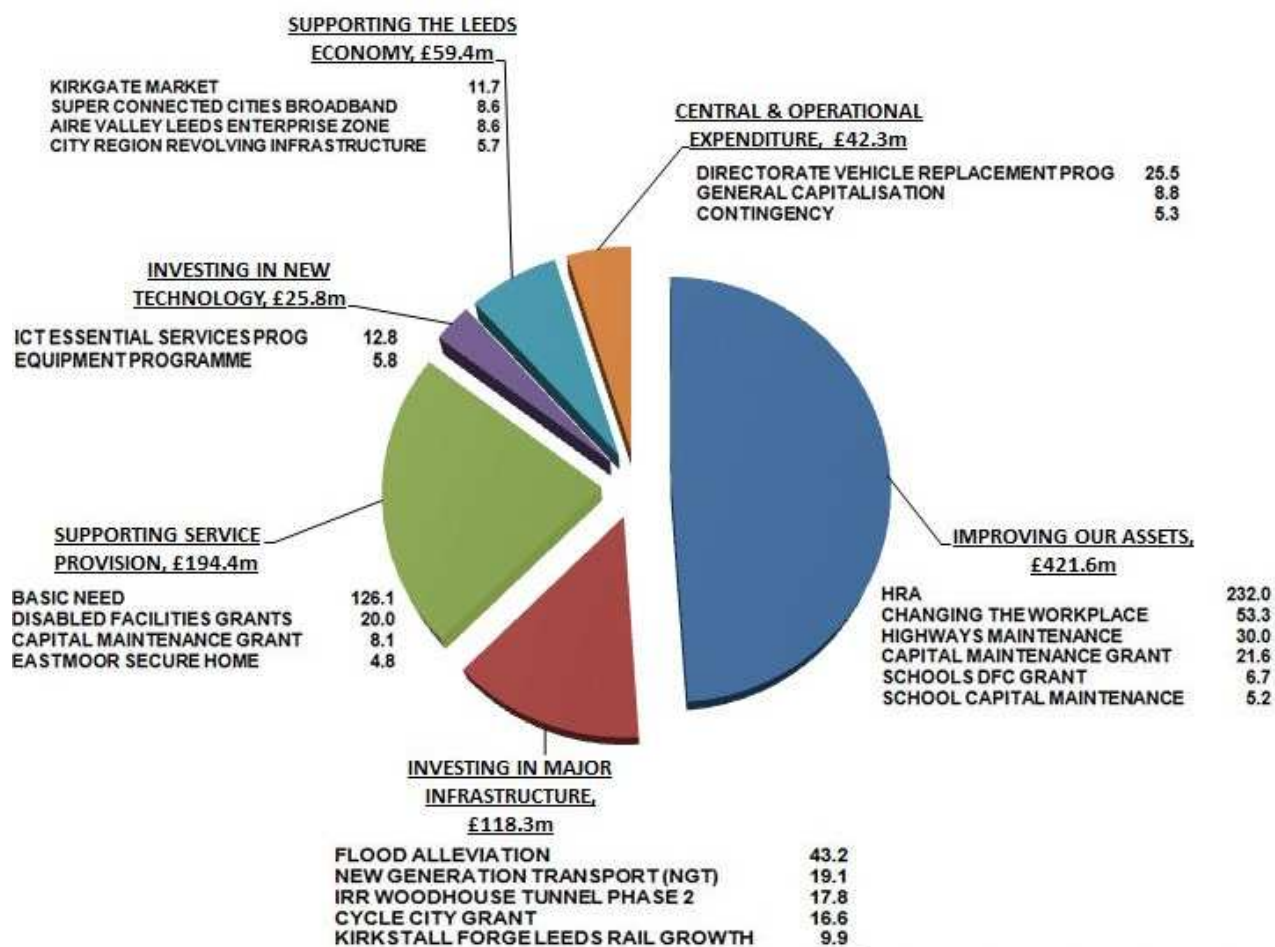
City Development						
Scheme Number	Scheme Title	Total £000's	Corporate Borrowing	Dept'l Borrowing	Fully Funded	Comments
Highways contd						
16969/CCA/000	Cycle City Ambition Grant	16,438.0			16,438.0	Injection As Part Of The Capital Programme Review 2014
Various	Various Section S278	2,436.5	2,436.5			Various total Injection of Section 278 Funding
Planning & Sustainable Development						
16902/000/000	Skelton Bridges	450.0			450.0	Injection of Private Sector Funding from the Coal Board. Monies already received & held on revenue holding account.
16989/000/000	Lovell Park	154.3			154.3	Injection of Section 106 Funding - Scheme will start on site in 13/14
Economic Services						
16662/000/000	EII Broadband	946.9			946.9	Injection of ERDF Grant Exec Bd 04/09/13.
16662/000/000	EII Broadband	1,153.8			1,153.8	Injection of BDUK Grant Exec Bd 04/09/13.
16811/000/000	Kirkgate Markets Strategy	1,615.0		1,615.0		Injection of Departmental Borrowing as per Executive Board 13th March 2013.
Economic Services						
16662/SCC/000	Super Connected Cities Broadband	6,510.0			6,510.0	Injection of BDUK (Govt Grant) As per Executive Board Dec 13 (Represents Leeds Share Of Total Grant (For Leeds And Bradford)
16811/000/000	Kirkgate Market Strategy Parent	10,800.0		10,800.0		Injection As Part Of The Capital Programme Review 2014
32019/000/000	West Yorkshire Playhouse Steps	586.0			586.0	Injection As Part Of The Capital Programme Review 2014
32020/000/000	Aire Valley Leeds Enterprise Zone	8,570.0			8,570.0	2014 Capital Programme Review - DCLG Grant
Libraries Arts & Heritage						
16513/000/000	Library Books Capitalisation 2012/13	100.0	100.0			Injection of additional Corporate to facilitate 2013 Year End Closedown.
32006/000/000	Library Books Capitalisation 2016/17	700.0	700.0			2014 Capital Programme Review - Injection
16987/000/000	Gallery Refurbishment	190.0		190.0		2014 Capital Programme Review - Injection Of Departmental Borrowing
REGENERATION MANAGEMENT						
16275/000/000	Lower Kirkgate THI	1,505.0			1,505.0	Injection of Heritage Lottery Fund
16275/000/000	Lower Kirkgate THI	240.0			240.0	Injection of English Heritage Grant
Environment & Housing						
Regeneration						
Scheme Number	Scheme Title	Total £000's	Corporate Borrowing	Dept'l Borrowing	Fully Funded	Comments
Environmental Health						
16500/CGG/00	Cross Green Phases 2 & 3	300.0			300.0	Injection of Private Sector income at Executive Board 04/09/13.
98040/000/000	Disabled Facilities Grant	6,952.4	3,842.4		3,110.0	2014 Capital Programme Review - Injection
16962/16735	Leeds Empty Properties /Stimulating Growth in Affordable Housing	1,500.0	1,500.0			Injection of New Homes Bonus as per Executive Board 04/09/13
16962/16735	Leeds Empty Properties /Stimulating Growth in Affordable Housing	2,276.0	2,276.0			2014 Capital Programme Review - Injection of New Homes Bonus to fund future years' requirements
16962/LTC/000	Localities Team Capitalisation 13/14	1,236.0	1,236.0			Injection
Strategy & Commissioning						
92469/000/000	Groundworks Project Support	70.0	70.0			2014 Capital Programme Review Injection
16807/000/000	Cottingley Travellers Sites	1,116.0		226.0	890.0	Injection "Homes & Community Agency Grant" & Departmental Borrowing Executive Board 13th March 2013
16807/000/000	Cottingley Travellers Sites	1,074.0				Injection as part of 2014 Capital Programme Review to Exec Bd 14th Feb 2014 funded by £1074.0k "Homes & Community Agency Grant"
HRA						
16517/000/000	HRA Future Years Balance	5,181.0			5,181.0	2014 Capital Programme Review - Injection of HRA Surplus RCCO
16517/000/000	HRA Future Years Balance	6,555.0				
16517/ACT/000	HRA Self Financing Scheme	56,558.2			56,558.2	Injection of Self Financing
16692/000/000	HRA Housing Investment Prog	31,758.0			31,758.0	Injection as per Executive Board 17/07/2013
16692/000/000	HRA Housing Investment Prog	5,926.0	5,926.0			Injection of Right To Buy Capital Receipts
16974/000/000	Hra Communal Aeriels Mfs	150.0			150.0	Injection of resource code
Street Scene Environmental Services						
16169/000/000	Kirkstall Household Waste Site	125.0		125.0		Transfer from Reserved Programme as per Design & Cost Report 25/03/13
16169/000/000	Kirkstall Household Waste Site	3,675.0		3,675.0		Xfr from Reserved Programme as per 2014 Cap Prog Review.
16169/000/000	Kirkstall Household Waste Site	400.0		400.0		2014 Capital Programme Review - Injection of additional Departmental Borrowing
16169/000/000	Kirkstall Household Waste Site	100.0			100.0	2014 Capital Programme Review - Injection
Parks and Countryside						
16955/000/000	Watsonia Building Refurbishment	103.6	26.5		77.1	Injection as part of Design & Cost Report 11/11/13.
16194/COT/000	Cottingley Cremator Mercury Abatement	425.0				Injection Of Additional Departmental Borrowing
Housing Leeds Service						
16517/000/000	HRA Future Years Balance	4,433.0			4,433.0	Injection of additional ALMO Revenue Contribution

Central & Corporate Functions						
Scheme Number	Scheme Title	£000's				Comments
Audit and Risk						
Financial Development						
32002/000/000	Capital Programme Management Capitalisation of Staff Costs 2016/17	600.0	600.0			2014 Capital Programme Review - Injection
IT						
16997/000/000	ICT Equipment Programme 2014/15	3000.0	3000.0			2014 Capital Programme Review - Injection
16998/000/000	ICT Equipment Programme 2015/16	3000.0	3000.0			2014 Capital Programme Review - Injection
16999/000/000	ICT Equipment Programme 2016/17	3000.0	3000.0			2014 Capital Programme Review - Injection
13443/AMB/000	ESP Infrastructure	1200.0	1200.0			2014 Capital Programme Review - Injection
Comm Services Gen Fund						
16817/000/000	Property Maintenance Software System	750.0		750.0		Injection of Department Borrowing as per Executive Board Approval 24th April 2013.
Central Accounts						
Central Accounts						
16138/000/000	Capitalisation of Interest	311.2	311.2			Injection of Corporate Borrowing as per Executive Board 17/07/13 Quarter 1 Capital Programme Update Report.
16138/000/000	Capitalisation of Interest	900	900			2014 Capital Programme Review - Injection

Schemes Over £100k Deleted since the Capital Programme February 2013

Adult Social Care						
Scheme Number	Scheme Title	£000's	Corporate Borrowing	Dept'l Borrowing	Fully Funded	Comments
16460/000/000	Assistive Technology Hub	-150.0		-150.0		Health Authority Grant.
16507/ASC/000	Adult Social Car Equipment 2012/13	-173.6		-173.6		Reduced - to be carried out in revenue
Strategic Accounts						
Scheme Number	Scheme Title	£000's				Comments
16699/000/000	Vehicles 2013/14 Parent	-490.0			-490.0	net costs
16945/000/000	Vehicles 2014/15	-200.0			-200.0	Private Sector deleted
16946/000/000	Vehicles 2015/16	-200.0			-200.0	Private Sector deleted
Childrens' Services						
Scheme Number	Scheme Title	£000's				Comments
16773/000/000	Schools DFC Grant - Future Years	-630.2			-630.2	Revised Allocation - Reduction
16774/000/000	Capital Maintenance Grant - Future Years	-2800			-2800	Revised Allocation - Reduction
City Development						
Scheme Number	Scheme Title	£000's				Comments
Highways						
14749/000/000	Kirkstall Forge Kirkstall Rd S278 West J	-1935.2	-1935.2			Reduction of Section 278 Funding
16406/000/000	Grimes Dyke Whinmoor Section 278	-278.0	-278.0			Reduction of Section 278 Funding
Libraries Arts & Heritage						
03611/000/000	Grand Theatre	-192.7			-192.7	scheme costs
Environment & Housing						
Scheme Number	Scheme Title	£000's				Comments
HRA						
16519/000/000	MRA Future Years	-3000.0				RCCO Removed - Not available to Capital

Major Schemes (over £5m) by Objective 2014/15 – 2016/17



Appendix F

Statement of Policy on the Minimum Revenue Provision for 2014/15

1. Introduction

- 1.1 The Council is required by statute to charge a Minimum Revenue Provision (MRP) to the General Fund Revenue account each year for the repayment of debt. The MRP charge is the means by which capital expenditure which has been funded by borrowing is paid for by council tax payers.
- 1.2 Until 2007/08, the basis of calculation for the MRP was specified in legislation. However, from 2007/08 onwards the statutory requirement is simply for local authorities to make a prudent level of provision, and the government has instead issued statutory guidance, which gives local authorities more freedom to determine what would be a prudent level of MRP.
- 1.3 The statutory guidance requires local authorities to draw up a statement of their policy on the MRP, for approval by full council in advance of the year to which it applies.
- 1.4 These arrangements relate only to new borrowing from 2007/08 onwards. MRP on borrowing undertaken in earlier years continues to be charged in accordance with the regulations previously in force.

2. Details of DCLG Guidance on MRP

- 2.1. The statutory guidance issued by DCLG sets out four options for calculating MRP and specifies the circumstances in which each option can or should be used.
- 2.2. Option 1 is the previous statutory method, which is calculated as 4% of the council's general fund capital financing requirement, adjusted for smoothing factors from the transition to the prudential capital financing regime in 2003.
- 2.3. Option 2 differs from Option 1 only in that the smoothing factors are removed. Option 2 has been included by DCLG to provide a simpler calculation for those councils for whom it would have a minimal impact, but the draft guidance does not expect it to be used by councils for whom it would significantly increase MRP. Since for Leeds Option 2 would result in a higher MRP charge than Option 1, it has been discounted.
- 2.4. Options 3 and 4 represent a more significant change, and both link the rate of MRP charged to the useful life of the asset. Option 3 is to charge the total amount borrowed to revenue over the expected life of the asset, either in equal annual instalments or using an annuity method (which more closely reflects the fact that an asset deteriorates slowly at first and more rapidly during its later years). Option 4 is to charge the total amount borrowed in accordance with depreciation accounting, which would mean that the rate at which the MRP is charged could increase (or, more rarely, decrease) from year to year. Option 3 is preferred to Option 4, because in

most cases Option 4 would lead to MRP being charged more quickly and it would also be more volatile.

- 2.5. For capital schemes acquiring new assets which take more than one year to complete, application of Options 3 and 4 would allow councils to delay charging MRP until the year after the new asset becomes operational.
- 2.6. Under the statutory guidance, it is compulsory for local authorities to use Options 3 or 4 for all prudential borrowing, and for all borrowing to fund capitalised expenditure (such as capital grants to other bodies and capital expenditure on IT developments). Authorities may use any of the four options for MRP for their remaining borrowing to fund capital expenditure.
- 2.7. For balance sheet liabilities relating to finance leases and PFI schemes, the guidance recommends that local authorities make an MRP charge equal to the element of the annual rental which goes to write down the balance sheet liability. This would have the effect that the total impact on the bottom line would be equal to the actual rentals paid for the year.
- 2.8. The 2014/15 MRP policy relates to capital expenditure funded by borrowing in 2013/14. MRP on capital spending from 2007/08 to 2012/13 will continue to be charged on the basis approved in the relevant year's annual MRP policy. For all capital spending from 2006/07 and earlier, the previous MRP calculation of 4% will continue to apply.

3. Implications of the requirement for an MRP policy

- 3.1. One of the implications of the more flexible arrangements for MRP is that it is now necessary to identify which individual schemes have been funded by borrowing and which have been funded by non-specific capital income (e.g. capital receipts and grants), rather than treating the balance of the capital funding requirement after specific capital funding has been applied as being met from a general receipts and borrowing pool.
- 3.2. In the case of capital receipts, statute also gives local authorities the option to apply these to fund the payment of any liabilities relating to finance leases and PFI schemes. This is a reflection of the fact that such schemes are being treated in accounting terms as the acquisition of fixed assets, and the liability represents the amount being paid towards the purchase of the asset itself, rather than interest or service charges payable.
- 3.3. The general principle adopted will be to allocate capital receipts firstly to fund the liabilities to be written down for the year in relation to PFI schemes and finance leases. This will remove the need for MRP charges equal to the value of the capital receipts applied.
- 3.4. Any remaining capital receipts and any other general capital income will then be allocated to those capital schemes which relate to the shortest lived assets. This approach will mean that some schemes which would previously have been funded by prudential borrowing will instead be funded by capital receipts, and as a result other schemes which would previously have been funded by supported borrowing will be funded by prudential borrowing. This is considered to be the most prudent approach,

as it will ensure that assets which may be used for example for only 5 years will be paid for immediately, and assets which are expected to be used for more than 25 years will be funded by long term borrowing and paid for by council tax payers over a longer period of time. However, there may be specific circumstances in which this general approach may not be deemed to be appropriate.

4. Proposed 2014/15 MRP Policy

4.1. In its' 2014/15 MRP policy, the council is required to decide on how MRP will be calculated for borrowing undertaken for the 2013/14 capital programme. It is proposed that Leeds adopts the following MRP policies for 2014/15:

- MRP for prudential borrowing for 2013/14's capital expenditure will be calculated on an annuity basis over the expected useful life of the asset (Option 3).
- MRP for borrowing to fund capitalised expenditure incurred during 2013/14 will be calculated on an annuity basis using the lifetimes recommended in the government's guidance (Option 3).
- For all other supported borrowing to fund the 2013/14 capital programme, MRP will continue to be calculated on an annuity basis over the expected useful life of the asset (Option 3).
- For PFI and finance lease liabilities, an MRP charge will be made to match the value of any liabilities written down during the year which have not been funded by capital receipts.

4.2. These policies will ensure that the council satisfies the requirement to set aside a prudent level of MRP. The arrangements for allocating capital funding set out in 3.3 and 3.4 above will help to ensure that the level of MRP is not excessive.



Equality, Diversity, Cohesion and Integration Screening

As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision**. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions. Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

Directorate: Resources	Service area: Audit and Investment
Lead person: Tim Pouncey	Contact number: 247 4224

1. Title: Capital Programme Update
Is this a:
<input checked="" type="checkbox"/> Strategy / Policy <input type="checkbox"/> Service / Function <input type="checkbox"/> Other
If other, please specify

2. Please provide a brief description of what you are screening
The report presents an updated capital programme including the overall financial position and a progress report on major schemes and programmes.

3. Relevance to equality, diversity, cohesion and integration

All the council's strategies/policies, services/functions affect service users, employees or the wider community – city wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration.

The following questions will help you to identify how relevant your proposals are.

When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation. Also those areas that impact on or relate to equality: tackling poverty and improving health and well-being.

Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?		X
Have there been or likely to be any public concerns about the policy or proposal?		X
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?		X
Could the proposal affect our workforce or employment practices?		X
Does the proposal involve or will it have an impact on <ul style="list-style-type: none">• Eliminating unlawful discrimination, victimisation and harassment• Advancing equality of opportunity• Fostering good relations		X X X

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4**.
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5**.

4. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

- **How have you considered equality, diversity, cohesion and integration?** (**think about** the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

- **Key findings** (**think about** any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

- **Actions** (**think about** how you will promote positive impact and remove/ reduce negative impact)

5. If you are not already considering the impact on equality, diversity, cohesion and integration you will need to carry out an impact assessment.	
Date to scope and plan your impact assessment:	
Date to complete your impact assessment	
Lead person for your impact assessment (Include name and job title)	

6. Governance, ownership and approval Please state here who has approved the actions and outcomes of the screening		
Name	Job title	Date
Tim Pouncey	Chief Officer, Audit & Investment	27 th January 2014
Date screening completed		27 th January 2014

7. Publishing	
<p>Though all key decisions are required to give due regard to equality the council only publishes those related to Executive Board, Full Council, Key Delegated Decisions or a Significant Operational Decision.</p> <p>A copy of this equality screening should be attached as an appendix to the decision making report:</p> <ul style="list-style-type: none"> • Governance Services will publish those relating to Executive Board and Full Council. • The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions. • A copy of all other equality screenings that are not to be published should be sent to equalityteam@leeds.gov.uk for record. <p>Complete the appropriate section below with the date the report and attached screening was sent:</p>	
For Executive Board or Full Council – sent to Governance Services	Date sent:
For Delegated Decisions or Significant Operational Decisions – sent to appropriate Directorate	Date sent:
All other decisions – sent to equalityteam@leeds.gov.uk	Date sent:

Capital Programme – Scheme Details (Organised by Expenditure Objective)