

Report of the Deputy Chief Executive

Report to Executive Board

Agenda Item 22 (b)

Date: 10th February 2016

Subject: Capital Programme Update 2016-2019

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 2016-2019 and includes an updated forecast of resources available over that period. The Council continues to seek to deliver a large capital programme across the city which will provide improved facilities and infrastructure. The programme supports the Leeds economy, whilst ensuring the impact on debt costs within the revenue budget is managed. The capital programme remains affordable in 2016/17.
2. In the period from 2016/17 to 2018/19, the council is seeking to deliver capital investment of £932.5m, of which £596.2m relates to the General Fund and £336.3m in the Housing Revenue Account (HRA). The Council will be committing £495.3m of funding over the four year period, including 2015/16 to deliver the Council's priorities and objectives. Of this £170.6m is supported by a revenue income stream leaving £324.7m of corporate borrowing invested in major and annual schemes. The council is also reducing its borrowing by making debt repayments of £157.7m.
3. A review of the programme has enabled resources to be reprioritised and directed to pressures that have arisen. A number of schemes have been injected, which are detailed in **Appendix A(iii)**. These pressures have been contained within the existing funding envelope for 16/17. There remain, however, a number of pressures in 17/18 and beyond that will be addressed as the business cases for capital investment are developed.
4. An update to the 2015/16 position shows projected spend of £347.3m. **Appendix A** outlines the objective analysis of this spend for the period 2015 to 2019, along with the capital resources required to finance this.

5. 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.
6. A change in the council's MRP policy to charge MRP on PFI scheme debt on the same basis as the MRP charge for conventional borrowing has led to further savings.

Recommendations

7. Executive Board is asked to recommend to the Council:
 - a) that the attached capital programme, as presented in **Appendix F**, be approved
 - b) that the revised MRP policy for 2016/17 as set out in **Appendix D** be approved
8. Executive Board are asked to agree:
 - a) that the list of land and property sites shown in **Appendix B** will be disposed of to generate capital receipts for use in accordance with the MRP policy;

1. Purpose of this report

- 1.1. This report sets out the updated capital programme for 2016-2019 and includes details of forecast resources for that period. It also includes a review of 2015/16 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-b) are not subject to call in.

2. Background information

- 2.1. In preparing the capital programme update, ongoing reviews 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 spending review combined with the Autumn Statement and the provisional local government settlement in December 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. The capital programme is outlined at **Appendix A**, split between General Fund and HRA with **Appendix A(i) and A(ii)** providing the details across the annual and major programmes.

3. Capital Programme Update

3.1. Capital Programme Update 2015/16

- 3.1.1. The latest forecast expenditure for 2015/16 is £347.3m and it is forecast that resources will be available to fund this level of expenditure both within the General Fund and HRA programmes. **Table 1** shows the latest position against previous updates to Executive Board.

Table 1 - Capital Resources Position

	February 2015 Capital Programme £m	Qtr 1 Jul 16 EB report £m	Qtr 2 Nov 16 EB report £m	This report £m	Variance this report to Qtr 2 Nov 16 £m
Forecast Expenditure	285.7	386.9	363.8	347.3	(16.5)
Funded By					
Government Grants	111.9	134.6	116.6	112.4	(4.2)
Other Grants and Contributions	8.1	16.9	14.5	14.0	(0.5)
Borrowing - Corporate	95.6	139.0	135.7	124.5	(11.2)
HRA Self Financing	58.8	86.2	86.8	86.2	(0.6)
HRA Other Receipts & Grants	11.3	10.2	10.2	10.2	0.0
Total Forecast Resources	285.7	386.9	363.8	347.3	(16.5)

3.1.2. A review of all capital schemes within the programme takes place on a monthly basis, with two quarterly reviews reported to Executive Board in July and November. These reviews ensure that where schemes are funded from borrowing, they are still an essential priority for the Council in supporting the delivery of the Council Plan. Table 1 shows that since the February 2015 capital programme, borrowing is projected to increase by a net £28.9m of which £30m relates to the expected PFI payment on 31/3/2016 for the new Energy from Waste Recycling plant. This payment is dependent upon the centre being fully independently commissioned and as such the payment may slip into the following financial year. Further individual schemes updates are provided in section 3.3.5 - 3.3.9 below. The treasury update, elsewhere on the agenda, allows for a further £4.5m of slippage from borrowing within 2015/16.

3.1.3. Members are asked to note that there are other capital related reports elsewhere on the agenda.

3.2. Capital Programme Resources 2016/17 onwards

3.2.1. **General Fund** - The Council's reducing revenue funding envelope over the medium term places constraints on the level of debt that Council can afford. As such only those schemes supported by a robust business case and meet the Council's priorities will progress. 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, or provide income streams. The council will continue to explore and take advantage of investment opportunities as they arise and these will also be subject to robust business case review and Executive Board approval in line with financial procedure rules. Table 2 below shows the Council's level of annual programmes, corporate borrowing and borrowing supported by income streams and or cost savings.

3.2.2. The Council will be committing £495.3m of funding over the four year period, including 2015/16 to deliver the Council's priorities and objectives. Of this £170.6m is supported by a revenue income stream leaving £324.7m of corporate borrowing invested in major and annual schemes. The council is also reducing its borrowing by making debt repayments of £157.7m.

Table 2 - Capital Programme Net Borrowing Requirement 2015-2019

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Corporate Borrowing					
Annual Programme in Year	32.6	40.8	36.2	36.3	145.9
Annual Programme C/F previous Year	8.0	13.4	0.9	1.3	23.6
Other corporate Borrowing	38.3	54.4	35.3	27.2	155.2
Total Corporate Borrowing	78.9	108.6	72.4	64.8	324.7
Borrowing supported by revenue	45.6	46.5	41.7	36.8	170.6
Total LCC Borrowing	124.5	155.1	114.1	101.6	495.3
Repayment of Debt (MRP)	31.7	37.6	43.1	45.3	157.7
Net Borrowing requirement	92.8	117.5	71.0	56.3	337.6

- 3.2.3. Resources of £1,279.8m are required to fund the City Council’s capital programme from 2015/16 to 2018/19. These are summarised in **Appendix A**, divided into General Fund resources and HRA resources. **Appendix A(i) and (ii)** provides the details across the annual and major programmes. **Table 3** below shows the overall resources position including 2015/16;

Table 3: Total Capital Resources 2015/16 - 2018/19

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Specific Resources General Fund	126.4	105.4	80.1	74.0	385.9
Specific Resources HRA	96.4	116.7	98.1	87.4	398.6
Total Corporate Resources	124.5	155.0	114.1	101.7	495.3
Total Resources	347.3	377.1	292.3	263.1	1279.8

- 3.2.4. **Specific Resources General Fund** – Specific capital resources total £385.9m over the period 2015/16 to 2018/19 and represent funding which has been secured for specific schemes in the form of government grants such as schools’ Devolved Formula Capital, Section 31 transport grant, single capital pot funding such as Basic Need which is pass ported to the relevant directorate, contributions from external bodies including the Heritage Lottery Fund and private developers.
- 3.2.5. **Specific Resources HRA** – Specific HRA resources supporting HRA expenditure total £398.6m over the period 2015/16 to 2018/19. In accordance with the Environment and Housing section of the Revenue Report 2016/17 elsewhere on this agenda, HRA capital expenditure has been set assuming a 1% rent reduction for 2016/17.
- 3.2.6. **Corporate Resources** – Corporate Resources over the period total £495.3m. These represent resources which the Council has more freedom to allocate to its own policy priorities. The main sources are borrowing and capital receipts. Capital receipts are allocated firstly to fund the liabilities to be written down for the year in relation to PFI schemes and finance leases then the Council’s statutory requirement to repay debt (MRP). 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.
- 3.2.7. In terms of forecast capital receipts, a list of land and property sites for disposal during the period is included in **Appendix B**. Proceeds from capital receipts are assumed to fund either:
- the liabilities in the revenue budget arising from PFI schemes and finance leases;
 - be held against the Council’s MRP
 - the most prudent use of these receipts, taking into account forecasts for future expenditure and the generation of further receipts;
 - the reprovion of services through application of the ringfencing policy; or
 - Locally determined priorities through the Capital Receipts Incentive Scheme (CRIS).

3.3. Capital Expenditure 2016/17 onwards

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

Table 4: Capital Resources 2015/16 - 2018/19

	2015/16 £m	2016/17 £m	2017/18 £m	2018 on £m	Total £m
Improving Our Assets	164.3	227.8	188.3	156.3	736.7
Investing In Major Infrastructure	57.9	27.1	8.2	8.2	101.4
Supporting Service Provision	81.4	55.6	71.5	66.9	275.4
Investing in New Technology	8.1	9	5.3	5.7	28.1
Supporting the Leeds Economy	24.3	37.1	8.7	11.8	81.9
Central and Operational Expenditure	11.3	20.5	10.3	14.2	56.3
Total Resources	347.3	377.1	292.3	263.1	1279.8

- 3.3.2. As can be seen from table 4 above, investment of £347.3m is taking place during 2015/16 with further investment of £932.5m planned from 2016/17 to 2018/19 onwards.
- 3.3.3. **Appendix A(iii)** details the injections that this report seeks and those that have taken place between the Quarter 2 update report and this report. This report seeks to inject £141.3m of which £15.6m relates to borrowing supported by an income stream and £2.4m relates to corporate borrowing.
- 3.3.4. This investment will deliver a number of council priorities and objectives. **Appendix C** details the major schemes contained within each objective. An update on these major schemes is provided below.

3.3.5. Improving our Assets

General Fund

Changing the Workplace – The programme continues to progress and £1.5m has been saved to date from the release of 6 properties. Merrion House has been vacated and over 1,600 staff have been through new ways of working so that services can work more effectively and improve outcomes for the citizens of Leeds. The next phase will see over 2,000 going through the process with Merrion House, St George House and Civic Hall refurbished and made fit for purpose. This will allow the city centre office accommodation to be reduced from 17 to 4 with the surplus properties being released. The proposed start on site date for new Merrion House is now mid-March 2016 with an envisaged date for completion of the base build works (including the tenant enhancements) mid-December 2017. Post fit-out it is envisaged that staff would be able to commence a phased occupancy of the building in late spring / early summer 2018. A refresh of the Phase 1 Business Case is being undertaken and is to be presented to Executive Board in April 2016.

Highways Maintenance and Structures Programme – The Highways programme includes £37m borrowing up to 2018/19 to address backlog maintenance on district roads / streets. Of this £1.5m is injected into the annual highways maintenance programme across the three years to 2018/19 in this report. A further £33.9m of Local Transport Plan government grant is also included.

Schools' Capital Maintenance – In anticipation of the schools capital funding announcement expected in February 2016, annual School Condition Allocation Grant of £7.8m and annual Devolved Formula Capital grant of £1.7m has been assumed. These provisions will be amended to reflect actual allocations when they are known.

Housing Revenue Account (HRA)

Council Housing Growth Programme – The programme is estimating to spend £18.1m by the end of March 2016. Future spend is profiled as £41.7m 2016/17, £37m 2017/18 and the residual £2.3m in 2018/19.

The new build programme is progressing well and will deliver new council homes to the Leeds Standard; high quality homes that are flexible to meet the changing needs of households and energy efficient solutions to minimise running costs for tenants and address fuel poverty. The scheme at East End Park will deliver 32 one and two bedroom general needs apartments; the development on the site of the former Squinting Cat Public House will contribute 18 one and two bedroom apartments; and the Council's first Extra Care scheme under construction in Yeadon will deliver 45 apartments for older people. This scheme will also benefit from a communal lounge, a multi-use community room for a wide range of social activities and a restaurant as well as a lift and a buggy store so that residents with reduced mobility can access the full range of facilities.

Planning permission has been secured for new council housing on sites in the Broadleas in Bramley (24 family houses) and the Garnets in Hunslet (25 family houses) and a further 5 sites are subject to site investigations and feasibility studies. In addition 278 new homes have been delivered through the Little London, Beeston Hill and Holbeck regeneration scheme.

The 2015-18 programme to purchase 100 long term empty properties is progressing and to date 17 properties have been acquired a further 11 are in the conveyancing process and expected to complete before the end of March.

The council has entered into a contract to purchase 8 homes on the former Lord Cardigan Pub site in Bramley. Construction will start in February 2016 and the development is scheduled to complete later this year.

Council Housing Investment Programme – Housing Leeds and BITMO are projecting to spend £255.2m over the coming 3 year period 2016-19, as set out in the Business Plan March 2015. This investment will fulfil 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.

There are 5 main priorities for Housing Leeds in delivering its capital programme to Council Housing over the next 3 years :

- Delivering statutory investment in 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 meet the new Leeds homes maintenance 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, improving facilities for tenants and increasing the long term sustainability of these properties.
- Delivering an Environmental Improvement programme.

3.3.6. Investing in Major Infrastructure

Flood Alleviation – Phase 1 of the Leeds (River Aire) Flood Alleviation Scheme, which has the aim of defending the City Centre against a 1 in 75 year flood event, is progressing in line with programme with an anticipated completion date of February/March 2017. The council and partners are looking at how this level of protection could be increased to a 1 in 100 year flood event whilst also looking further ahead at the next stages of flood defence investment. Provision for an annual flood minor works programme of £1m over 2 years is also included in the programme.

New Generation Transport (NGT) – A decision from The Secretary for State on the Works and Transport Order is imminent. The majority of development works are currently on hold but a favourable decision will result in the submission of an updated business case to the Department of Transport later this year for full approval.

Kirkstall Forge Rail Growth – Works are nearing completion on the new rail halt, car park and access road. The rail halt is due to open early in the next financial year and will un-lock the development of the site for a mixture of commercial and residential occupation. Planning permission has been granted for the first stage of the development of offices with pre-lets secured.

East Leeds Orbital Road - The Council is continuing to bring forward the package of transport measures that will be essential to support the development of the East Leeds Extension strategic growth area. Central to these is the East Leeds Orbital Road, which is currently moving through its design phase towards a construction period between March 2018 and December 2021, subject to planning and procurement. The 7km road would unlock the potential to build 7000 new homes. The Council's base funding case for construction is continuing to be developed, comprising grant through the West Yorkshire Plus Transport Fund and prudential borrowing by the Council, to be eventually reimbursed through roof tax contributions from house builders. There is a separate report on the agenda that considers the progress on ELOR in more detail and explores further funding options.

Cycle City Ambition – The first Cycle City Connect scheme linking East Leeds with Bradford City Centre is progressing onsite with an estimated completion date of June 2016. This is 6 months behind the original estimated completion date due to work issues encountered onsite with a projected overspend. A second Cycle City Connect scheme (North Leeds to South Leeds, including the City Centre) is currently at feasibility stage. A report will be submitted to a future meeting of Executive Board.

3.3.7. Supporting Service Provision

Learning Places (Basic Need) – In October 2015, Executive Board received an update report and approved the resetting of the programme risk fund to £5.635m, which remains intact. Basic Need Grant allocations for 2016/17 and 2017/18 have previously been confirmed at £20.4m and £33.1m respectively, and an estimated annual grant allocation of £15.6m for 2018/19 is also included in the capital programme. The schools capital funding announcement is expected in February 2016 and this figure will be updated to reflect actual allocation when it is known.

Social Care and Health Fund – Work continues with colleagues from the 3 Clinical Commissioning Groups in the city to bring forward schemes designed to fulfil requirements and £25m has been set aside to further develop initiatives at the local level.

Energy from Waste – Once fully operational in 2016 the energy recovery facility will process all of the kerbside black bin waste that is collected from households in Leeds. This change will represent a step change in the use of residual waste as a resource rather than the previous historical reliance on landfill. In addition the facility is already designed to generate enough electricity to power over 22,000 homes. Once fully commissioned the Council's capital contribution of £30m is due.

District Heating Network - There is a further opportunity to harness the heat that is also produced from the Energy Recovery Facility whilst processing the waste, and develop a District Heating Scheme. A £21m Development scheme will be injected on a separate report which will be considered elsewhere on the February 2016 agenda.

Adaptations to Private Homes - Grants of £6.8m 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.

Sovereign Street works for the creation of a new high quality green space adjacent to the new KPMG building, are expected to be practically complete by mid - March 2016 and will provide a new, fully landscaped area with raised lawns, tree groves, water features and a rain garden. The greenspace works to the front of and around Plot C will be delivered by an external contractor and these construction works are due to commence in Summer 2016 and be complete by September with the new building to be occupied in 2017.

3.3.8. Investing in New Technology

ICT Infrastructure – There are a number of significant IT investments and associated programmes of work that are still required over the next few years. Work is underway on decommissioning the Council's outdated Ericsson analogue telephone exchange and replacing it with a modern solution. This work is scheduled to complete by late 2017 when the old system is no longer supported. The council's electronic collaboration platform - Microsoft Sharepoint 2010 and the associated critical environments which also underpin important web and intranet applications need to be upgraded and will require significant reconfiguration work, which has commenced. Many end user devices – laptops and PC's are 'end of life' and need to be replaced. There are also a range of other critical hardware and

software projects that need to be undertaken to ensure systems stay current and secure.

3.3.9. Supporting the Leeds Economy

Kirkgate Market. The main contract works started on site in June 2015. Phase 1 works comprising the refurbishment of Fish and Game Row, the development of the new blockshop and the provision of the new covered daily market are scheduled for completion towards the end of March 2016. Work to relay the roof of the 1976 and 1981 market halls is due to commence shortly. All works are due to complete on site in October 2016.

Aire Valley Leeds Enterprise Zone. On Connex 45 a 50,000 sq. ft. building has been built and is now occupied with strong interest in the 30,000 sq. ft. unit. Logic Leeds Building One (80,000 sq. ft.) has also been completed and there are a number of interested occupiers. All three of these units have been underwritten by the Council. A further three units completed at Thornes Farm with one now operational in October with the other two being established. The Council has sold a further plot of land on Thornes Farm with a scheme currently under construction and agreed sale of land leading to an application for planning consent which will deliver a further 79,000 sq. ft. of floorspace. The Logic Leeds Spine Road site continues to be brought forward for development by the developer with a 80,000sq ft. speculative build warehouse which has been underwritten by the Council now complete and construction has commenced on a 50,000 sq. ft. distribution centre for John Lewis Partnership which is due to be operational in the summer. As development progresses, the Spine Road continues to be built and is on track to be completed by the end of 2017.

Broadband and Super Connected Cities – West Yorkshire Broadband scheme Phase 1 of the scheme was completed on 30 Sep 2015 with 65,000+ additional homes and premises across the region now able to gain access to Superfast Broadband. The scheme is now going into Phase 2 with the West Yorkshire Combined Authority being the lead partner.

Superconnected Cities - The voucher scheme applications ended in October 2015 but any small/medium sized business who applied but has not yet received the service can still do so up to the end of March 2016. Nationally only London was more successful.

The project also delivered wi-fi into many buildings across the city including libraries, leisure centres, children's homes and our own offices. It was also installed on trains and buses running between Leeds and Bradford.

Digital Business Incubator (Leeds Tech Hub) – The Spring Budget 2015 highlighted Government support for the development of innovative businesses across the North through investment in tech incubators in Leeds £3.7m, Manchester £4m and Sheffield £3.5m, which would nurture start-ups, foster collaboration, and provide mentoring, learning and business support. The £3.7m grant will be injected into the capital programme as part of this report and a further detailed report will be brought to Executive Board.

First White Cloth Hall – The scheme is now estimated to be £2.6m and this report seeks an additional injection of £1.25m to bring the total borrowing requirement to £1.75m that is supported by the income generated from the refurbishment. The

redevelopment has had endorsement from planning and conservation officers as well as the Heritage Lottery Fund (£0.5m secured funding), Historic England (£0.25m secured funding), the Leeds civic Trust and other stakeholders consulted during the option appraisal process. A further Executive Board report due in March will outline the full extent of the refurbishment and the method of securing the property.

3.4. Economic Impact Analysis

3.4.1. An assessment of the economic impact of the Council's capital programme investment has been undertaken which 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 2016/17 – 2018/19:

- An estimated peak of 3,943 net additional FTE job roles in Leeds will be created over the three years through Leeds City Council capital expenditure generating over £755m Gross Value Added (GVA) for the Leeds economy.
- In addition a further net additional 770 jobs and £93m 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 2016/17 and 2018/19 will create a peak of 4,713 FTE jobs and generate £848m 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.

3.5. Capital Strategy

3.5.1. The Minimum Revenue Provision (MRP) is an annual revenue charge for the repayment of borrowing and other capital financing liabilities. Statutory guidance sets out the broad aims of a prudent MRP policy, which should be to ensure that borrowing is repaid either over the life of the asset which the capital expenditure related to or, for supported borrowing, the period assumed in the original grant determination. The guidance identifies four options for calculating MRP which would result in a prudent provision, but states that other approaches are not ruled out. Local authorities therefore have a considerable level of freedom in determining their MRP policies, provided that they are in line with the broad aims set out in the statutory guidance.

3.5.2. The Capital Finance and Audit Regulations require councils to produce a statement of policy on making MRP. Any subsequent revisions which are proposed to the approved policy should also be approved by full council. This report recommends the policies to be applied for 2016/17.

3.5.3. A further review of the MRP policy has identified that for PFI schemes, the council could prudently account for MRP over the life of the assets which it is acquiring, rather than over the life of the PFI scheme. This brings the policy on charging MRP for debt on PFI schemes into line with the policy for MRP on conventional borrowing. The change means that council tax payers will be charged for the cost of these buildings over the full period of time for which they are expected to be in use.

3.5.4. It is proposed that the council's 2016/17 MRP policy should be :

- If capital receipts have been used to repay borrowing or to fund PFI liabilities for the year then the value of the MRP which would otherwise have been set aside will be reduced by the amounts which have instead been repaid from capital receipts.
- MRP for borrowing for 2015/16 will be calculated on an annuity basis over the expected useful life of the assets. For expenditure capitalised under statute where there is no identifiable asset, the lifetimes used for calculating the MRP will be as recommended in the statutory guidance.
- MRP for borrowing on capital expenditure incurred between 2007/08 and 2014/15 for which an annuity asset life basis is already being used will continue on the same basis.
- For earlier borrowing, MRP will continue to be charged on an asset life annuity basis. As data is not available to identify the individual assets which this borrowing relates to, an average asset life for the assets in the authority's current asset register is being used.
- For PFI liabilities, an MRP charge will be calculated on the basis of the expected life of the asset which has been acquired, using the same annuity basis as is used for borrowing.
- For finance lease liabilities, an MRP charge will be made to match the value of any liabilities written down during the year.

3.5.5. 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.
- For any remaining capital receipts, the Deputy Chief Executive will determine annually the most prudent use of these receipts, taking into account forecasts for future expenditure and the generation of further receipts.
- Any other general capital income will be allocated to those capital schemes which relate to the shortest lived assets.

3.5.6. The options to be considered in determining the policy are set out in more detail in the MRP Policy for 2016/17 at **Appendix D**.

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 2016/17 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).

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

Details are set out in Appendix A of the Treasury Management Strategy Report elsewhere on the February Agenda.

- 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 2016/17, all schemes funded through borrowing have been provided for in the revenue budget, approval for which is contained within the revenue budget report elsewhere on this agenda.

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 2015.
- 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.

4.2. Equality, Diversity, Cohesion and Integration Screening

- 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 E**.

4.3. Council Policies and Best Council Plan

- 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 2016/17 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 which is accounted for over the life of the asset.
- 4.4.2. Forecasts for the debt budget beyond 2016/17 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 £1.4m in 2016/17 before MRP. The interest rate assumptions and the borrowing requirement arising from the capital programme will be kept under review throughout 2016/17, before establishing the 2017/18 debt budget. Two significant capital pressures, where a combined

pressure of over £100m is currently identified building from 2017/18 onwards, were highlighted in the Quarter 2 update to Executive Board. These relate to:

- the Learning Places Programme – October 2015 Executive Board received an update report on this programme, including the projected funding gap. Work continues in identifying the demographic pressure, updated for information from the latest admissions round, and awaits the schools capital funding announcement expected in February for any changes to Basic Need Grant funding; and
- Social and Emotional Mental Health (SEMH) Education Provision – Executive Board, at its November 2015 meeting, agreed in principle to the capital investment to create a world class provision within the city. Work is continuing to develop the business case and finalise the funding solution.

4.4.3. In order to ensure that schemes meet Council priorities and are value for money, the Deputy Chief Executive will continue 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; and
- 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;

² Leeds City Council Constitution – Part 4 Rules of Procedure

- The capital programme includes a central contingency of £2.6m to cater for any unforeseen circumstances, £1m of this is allocated for specific emergencies. In addition individual programmes and schemes contain a risk provision for unexpected 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 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 2018/19 the Council is seeking to deliver a total of £1,279.8m capital investment within the city.

5.2. This is funded through £784.5m specific or external funding and £495.3m of corporate resources.

5.3. Resources have been reprioritised and directed to pressures that have arisen and a number of schemes have been injected. These pressures have been contained within the existing funding envelope for 16/17. There remain, however, a number of pressures in 17/18 and beyond that will be addressed as the business cases for capital investment are developed.

5.4. Forecasts for the general fund debt budget beyond 2016/17 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 2016/17, before establishing the 2017/18 debt budget. Funding is available to meet the level of HRA investment within the HRA business plan.

5.5. 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 F**, be approved;
- b) that the revised MRP policy for 2016/17 as set out in **Appendix D** be approved

6.2. Executive Board are asked to agree;

- a) that the list of land and property sites shown in **Appendix B** will be disposed of to generate capital receipts for use in accordance with the MRP policy.

Appendices

A – Capital Programme Statement 2015/16-2018/19

A (i) – Annual Programmes

A (ii) – Major Programmes & other Directorate Schemes

A (iii) – Net Injections Since Quarter 2 Executive Board Nov 2015 Update

B – Capital Receipts - Sites scheduled for disposal 2015/16 to 2019/on

C – Major Schemes by Objective 2016/17 – 2018/19

D – Statement of Policy on the Minimum Revenue Provision for 2016/17

E – Equality, Diversity, Cohesion and Integration Screening Document

F – Capital Programme – Scheme Details (Organised by 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.

	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
EXPENDITURE					
GENERAL FUND (GF)					
IMPROVING OUR ASSETS	67,869.9	100,087.9	67,195.9	68,886.4	304,040.1
INVESTING IN MAJOR INFRASTRUCTURE	57,909.6	27,087.9	8,173.9	8,184.6	101,356.0
SUPPORTING SERVICE PROVISION	81,407.8	55,573.9	71,471.7	66,883.7	275,337.1
INVESTING IN NEW TECHNOLOGY	8,086.3	9,051.3	5,290.5	5,681.9	28,110.0
SUPPORTING THE LEEDS ECONOMY	24,330.8	37,073.1	8,721.1	11,833.9	81,958.9
CENTRAL & OPERATIONAL EXPENDITURE	11,296.7	20,514.4	10,335.0	14,161.5	56,307.6
TOTAL ESTIMATED SPEND ON GF	250,901.1	249,388.5	171,188.1	175,632.0	847,109.7
HOUSING REVENUE ACCOUNT (HRA)					
IMPROVING OUR ASSETS - COUNCIL HOUSING	96,405.8	127,679.6	121,126.3	87,446.9	432,658.6
TOTAL ESTIMATED SPEND ON HRA	96,405.8	127,679.6	121,126.3	87,446.9	432,658.6
TOTAL ESTIMATED SPEND	347,306.9	377,068.1	292,314.4	263,078.9	1,279,768.3
RESOURCES					
GENERAL FUND (GF)					
Specific Resources					
GOVERNMENT GRANTS	112,420.1	95,262.2	78,032.8	73,156.5	358,871.6
OTHER GRANTS	13,877.3	10,057.2	2,031.9	797.0	26,763.4
RCCO / RESERVES	107.3	13.3	7.0	0.0	127.6
Corporate Resources					
BORROWING - Corporate	78,850.7	108,549.9	72,449.2	64,836.4	324,686.2
BORROWING - Departmental	45,645.7	35,505.9	18,667.2	36,842.1	136,660.9
CAP. RESOURCES REQD FOR GF	250,901.1	249,388.5	171,188.1	175,632.0	847,109.7
HOUSING REVENUE ACCOUNT (HRA)					
Specific Resources					
HRA SELF FINANCING	86,187.5	97,580.8	81,124.9	80,601.8	345,495.0
R.T.B. CAPITAL RECEIPTS	7,291.1	11,977.9	12,650.0	6,845.1	38,764.1
GOVERNMENT GRANTS	1,389.1	4,950.0	3,976.4	0.0	10,315.5
RCCO / RESERVES	1,400.7	2,200.0	345.9	0.0	3,946.6
OTHER CONTRIBUTIONS	137.4	0.0	0.0	0.0	137.4
Corporate Resources					
BORROWING - Departmental	0.0	10,970.9	23,029.1	0.0	34,000.0
CAP. RESOURCES REQD FOR HRA	96,405.8	127,679.6	121,126.3	87,446.9	432,658.6
TOTAL CAP. RESOURCES REQD	347,306.9	377,068.1	292,314.4	263,078.9	1,279,768.3
BORROWING REQUIRED TO FUND THIS PROGRAMME	124,496.4	155,026.7	114,145.5	101,678.5	495,347.1
Average Interest rate (subject to change)	0.50%	0.60%	1.00%	1.5%	

Appendix A(i)

Annual Programmes

	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
Improving Our Assets					
Highways Maintenance	10,000.0	10,000.0	10,000.0	10,000.0	40,000.0
Highways maintenance capitalisations	1,500.0	2,000.0	2,000.0	2,000.0	7,500.0
Corporate Property Maintenance	1,500.0	1,500.0	1,500.0	1,500.0	6,000.0
General Refurbishment Schools	0.0	0.0	1,000.0	2,000.0	3,000.0
Demolition	0.0	1,000.0	1,000.0	1,000.0	3,000.0
Heritage Assets	0.0	1,000.0	1,000.0	1,000.0	3,000.0
Schools Capital expenditure	3,514.9	2,485.1	0.0	0.0	6,000.0
Library Books	700.0	750.0	700.0	700.0	2,850.0
Sports Maintenance	500.0	400.0	500.0	500.0	1,900.0
Civic Hall Backlog Maintenance	0.0	250.0	250.0	250.0	750.0
Traffic Management Programme	200.0	200.0	200.0	200.0	800.0
Improving our assets slippage adjustments	3,514.5	4,957.0	0.0	(6)	8,465.5
	21,429.4	24,542.1	18,150.0	19,144.0	83,265.5
Supporting Service Provision					
Adaptations - DFG LCC Funding	3,742.0	3,742.0	3,742.0	3,742.0	14,968.0
Telecare (ASC)	50.0	400.0	600.0	0.0	1,050.0
Adaptation to Private Homes outside of scope	400.0	400.0	400.0	400.0	1,600.0
Supporting Service provision slippage adjustments	353.7	50.0	0.0	700.0	1,103.7
	4,545.7	4,592.0	4,742.0	4,842.0	18,721.7
Investing In New Technology					
Essential Services Programme	2,114.7	2,900.0	2,900.0	2,900.0	10,814.7
Essential Services Programme Staffing	1,200.0	1,200.0	1,200.0	1,200.0	4,800.0
Investing in New Technology slippage adjustments	0.0	300.0	0.0	0.0	300.0
	3,314.7	4,400.0	4,100.0	4,100.0	15,914.7
Supporting The Leeds Economy					
Project Support Fund - Groundwork	70.0	70.0	70.0	70.0	280.0
Central & Operational Expenditure					
General Capitalisation	5,200.0	4,900.0	4,900.0	4,900.0	19,900.0
Vehicle Programme	1,321.2	4,122.0	3,320.0	3,000.0	11,763.2
Capital Programme Management	600.0	600.0	600.0	600.0	2,400.0
Capitalisation Interest	166.1	300.0	300.0	300.0	1,066.1
Central & Operational vehicle slippage adjustments	3,976.9	10,721.7	915.0	607.6	16,221.2
	11,264.2	20,643.7	10,035.0	9,407.6	51,350.5
Total Annual Programmes supported by borrowing	40,624.0	54,247.8	37,097.0	37,563.6	169,532.4
Annual Programmes supported by external funding	3,169.7	3,151.5	3,138.0	3,138.0	12,597.2
Total Annual Programmes 2015-2019	43,793.7	57,399.3	40,235.0	40,701.6	182,129.6

Major Programmes & Other Directorate Schemes

Appendix A(ii)

	2015/16	2016/17	2017/18	2018/19	Total
	£000	£000	£000	£000	£000
Improving our assets - Council Housing					
HRA Housing Leeds Refurbishment & BITMO	83,391.8	86,029.3	84,065.9	85,101.8	338,588.8
HRA Council Housing Growth	13,014.0	41,650.3	37,060.4	2,345.1	94,069.8
Improving our assets - General Fund					
Changing the Workplace 1 & 2	14,297.3	24,096.1	20,998.0	7,950.0	67,341.4
Childrens - Capital Maintenance	7,985.0	12,372.6	9,625.1	28,318.4	58,301.1
Highways Maintenance & Transport Package Local Transport Plan	8,213.4	9,479.3	7,624.5	7,250.0	32,567.2
Bridges and Structures	3,534.0	4,626.0	3,318.0	2,500.0	13,978.0
Section 278 and Section 106 Highways schemes	3,986.4	4,360.3	2,683.3	2,500.0	13,530.0
Elland Road & Aire Valley Park and Ride	512.4	7,236.0	1,000.0	0.0	8,748.4
New Nursery	502.2	5,997.8	0.0	0.0	6,500.0
Eastgate Land Proposals & works	3,618.0	2,619.7	0.0	0.0	6,237.7
Parks & Countryside	2,264.4	1,787.1	12.4	0.0	4,063.9
East Leeds Orbital Ringroad Highways works	1,056.8	2,222.0	0.0	0.0	3,278.8
Conversion of Refuse Collection Vehicles	0.0	0.0	360.0	1,224.0	1,584.0
Highways Adoption of 32 Roads	0.0	750.0	750.0	0.0	1,500.0
Other smaller schemes within the objective	3,443.9	1,432.0	3,078.2	0.0	7,954.1
	145,819.6	204,658.5	170,575.8	137,189.3	658,243.2
Investing in Major Infrastructure					
Flood Alleviation Works	16,417.3	16,779.9	1,050.0	4,911.2	39,158.4
Cycle City Ambition	16,162.0	1,404.1	0.0	0.0	17,566.1
New Generation Transport (NGT)	1,750.0	3,000.0	5,000.0	2,682.4	12,432.4
Inner Ring Road Tunnel	8,500.0	1,102.5	0.0	0.0	9,602.5
Kirkstall Forge Rail Growth	6,849.4	890.8	0.0	0.0	7,740.2
Energy Efficiency & Green Deal	4,082.2	250.0	274.4	0.0	4,606.6
Highways Major Schemes	848.5	1,011.5	1,445.9	269.7	3,575.6
East Leeds Extension - Land acquisition	179.5	1,731.5	0.0	0.0	1,911.0
Solar Photovoltaic Panels	1,059.5	0.0	0.0	321.3	1,380.8
Other smaller schemes within the objective	252.2	0.0	0.0	0.0	252.2
	56,100.6	26,170.3	7,770.3	8,184.6	98,225.8
Supporting Service Provision					
Childrens - Learning Places (Basic Need)	37,762.7	35,435.2	43,093.6	32,645.7	148,937.2
Energy from Waste Plant contribution	30,000.0	0.0	0.0	0.0	30,000.0
Social Care and Health Fund	50.0	887.0	8,513.0	15,550.0	25,000.0
District Heating Network	0.0	1,000.0	10,000.0	10,000.0	21,000.0
Kirkstall Rd HWSS	685.1	4,263.5	0.0	0.0	4,948.6
Private sector Renewal - Equity Loans	985.7	1,037.0	632.7	1,561.3	4,216.7
Childrens Capital Programme Mgt	315.0	400.0	400.0	863.5	1,978.5
ASC Learning Disabilities	455.4	721.9	0.0	0.0	1,177.3
Other smaller schemes within the objective	2,950.6	1,931.7	0.0	62.5	4,944.8
	73,204.5	45,676.3	62,639.3	60,683.0	242,203.1
Investing in New Technology					
Customer Access Phase 1 & 2	1,432.7	1,387.5	1,190.5	1,519.4	5,530.1
ASC Care Act Implementation	223.6	1,248.8	0.0	0.0	1,472.4
Other smaller schemes within the objective	3,970.2	4,099.3	952.4	1,062.8	10,084.7
	5,626.5	6,735.6	2,142.9	2,582.2	17,087.2
Supporting the Leeds Economy					
Aire Valley Enterprise Zone	3,719.9	16,654.1	0.0	5,760.0	26,134.0
Kirkgate Market Strategy	6,429.2	7,990.9	1,533.0	0.0	15,953.1
Broadband and Superconnected & ESIF	3,254.8	2,705.6	120.0	213.6	6,294.0
City Region Revolving Infrastructure	0.0	2,100.0	2,100.0	2,030.5	6,230.5
T&D & THI	1,271.7	1,201.8	1,258.3	2,050.5	5,782.3
SCIP & Group Repair	4,368.1	313.0	0.0	0.0	4,681.1
Digital Business Incubators (LCC Tech Hub)	0.0	1,700.0	2,000.0	0.0	3,700.0
Sovereign Square Greenscape	1,975.5	300.0	0.0	0.0	2,275.5
Logic Leeds Spine road	143.4	1,000.0	600.0	0.0	1,743.4
Holbeck Urban Village	607.0	0.0	0.0	0.0	607.0
West Yorkshire Playhouse	0.0	586.0	0.0	0.0	586.0
Other smaller schemes within the objective	992.4	1,576.7	1,039.8	1,709.3	5,318.2
	22,762.0	36,128.1	8,651.1	11,763.9	79,305.1
Central & Operational Expenditure					
Contingency General	0.0	300.0	300.0	974.3	1,574.3
Contingency Specific Emergencies	0.0	0.0	0.0	1,000.0	1,000.0
	0.0	300.0	300.0	1,974.3	2,574.3
Total Major Programmes & Other Directorate schemes	303,513.2	319,668.8	252,079.4	222,377.3	1,097,638.7
Annual Programmes (See Appendix A(i))	43,793.7	57,399.3	40,235.0	40,701.6	182,129.6
Total Annual & Major Programmes	347,306.9	377,068.1	292,314.4	263,078.9	1,279,768.3

Appendix A (iii)

Injections Since Quarter 2 Capital Programme Update Report

	Borrowing Supported			Total Resources £000
	Corporate Borrowing £000	by Revenue £000	Specific Resources £000	
2018/19 HRA Housing Leeds Refurbishment & BITMO			85,468.7	85,468.7
District Heating Network		14,000.0	7,000.0	21,000.0
Local Transport Plan (LTP) Grant			11,500.0	11,500.0
2018/19 School Condition Allocation			7,866.0	7,866.0
Digital Business Incubators (Leeds Tech Hub)			3,700.0	3,700.0
HRA - Environmental Improvements			3,023.1	3,023.1
East Leeds Orbital Road - West Yorkshire Transport Fund			2,672.0	2,672.0
2018/19 Devolved Formula Capital Grant			1,689.0	1,689.0
Increased Highways Capitalisations	1,500.0			1,500.0
First White Cloth Hall		1,250.0		1,250.0
Flood Risk Management Minor Works 2016/17 + 2017/18	500.0			500.0
Bridges and Structures	400.0			400.0
Leeds BRIC Centre - Public Health England (PHE) Grant			382.0	382.0
George Street Strategy		300.0		300.0
Private Sector Contribution re Kirkstall Forge			112.8	112.8
Other	32.0	74.9	(135.6)	(28.7)
Net Injections sought as part of this report	2,432.0	15,624.9	123,278.0	141,334.9
Acquisition of Deacon House, Seacroft	100.0	1,534.7	100.0	1,734.7
Acquisition of Tribeca House		1,329.7		1,329.7
Acquisition of Unit 2, Killingbeck Court		802.5		802.5
BITMOs revenue reserve contributions			800.0	800.0
Highways - Additional S278 Injection	500.0			500.0
Cranmer Bank Children's Home Refurbishment	246.9			246.9
S106 Injection re Kirkstall Forge Towpath Access			205.1	205.1
Other		(0.2)	238.6	238.4
Net Injections with approvals in place	846.9	3,666.7	1,343.7	5,857.3
Total Net Injections since Q2 Report	3,278.9	19,291.6	124,621.7	147,192.2

Capital Receipts - Sites scheduled for disposal 2015/16 to 2019/on

2015/16 Disposal sites still to complete:

2 Rokeby Gardens
Astley Lane Site 1, Swillington
Holbeck Day Centre
Kirk Lane, Yeadon LS19 7ET
Lincoln Green Road 101,
Lofthouse Library, land adjacent to
Oak Tree Drive, Land at, Amberton Road/Gipton, Lidl GMBH
Parkside Lane, LS11
Ramshead Hill 53
Stonecliffe Drive 31, Adjacent to, Former Garage LS12 5SE
Torre Road Social Club - Torre Road LS9

2016/17 Disposals:

Ash Tree Primary School, Kippax
Ashfield Works, Otley
Bailey's House, Baileys Hill, LS14 6PS
Bondgate (Kwik Fit), Otley (freehold reversion)
Brown Lane West, North Site
Chapeltown Road 180
Clarence Road, Hydro Aluminium Site, Payment 2
Easel Site 6 - Oak Tree Walk
Elland Road (Land for Planet Ice)
Elmete Centre, Elmete Lane, Rounday
Grange Farm (Land)
Harehills Park Cottages
Headley Chase, New Wortley, Former Liberal Club site
Hill Crest 32, land adj, Swillington
Hill Top PH, land at Beckhill Grove
Hillside Reception Centre, 602 Leeds & Bradford Road, Bramley
Holdforth Place, Wortley (Chevin)
Hunslet Gates Centre - Pupil Referral Service
Inglewood Children's Home, Whitely Croft Garth, Otley
Kirkland House, Queensway, Yeadon
Leodis Way, Sturton DLM
Manor Crescent, Former Garage site, Self Build, LS26 0RE
Manor Farm Rise, Middleton (LFHA)
Neville Close
New Market Lane, Land at, LS9 (Wilton - Site 3)
Newhall Croft, Middleton (LFHA)
Newhall Gate, Middleton (LFHA) (sale will include site at Newhall Croft)
Otley OSC/Area Office, 6-8 Boroughgate, Otley, Leeds, LS21
Pinfold Childrens Home - disposal
Roseville Enterprises
Roundhay Road 269

Sovereign Street/Plot C
St Hilda's, Cross Green (Chevin)
Swarcliffe Avenue
Tesco Seacroft
Thornes Farm (Surrender & Regrant, Gregory)
Well Lane, Land at, Yeadon
West Leeds Family Centre, Former, Whingate Road, Leeds
Westholme HOP, Wortley
Yew Tree Farm, Colton
York Road (Great Clothes/All Saints Development Area)

2017/18 Disposals:

2 & 4 Bodmin Road, Middleton (older people's package)
36/38 Station Road, Morley WS
All Saints Road, Rothwell (Self Build)
Arena Development Site
Bramham House, Bramham, Freely Lane, Phase 1
Broad Lane 275, Bramley (Q8), Kuwait Petroleum
Bruntcliffe Cemetery Lodge
Burley Road Shops and car park
Butcher Lane, Land at, Sale of Rothwell Temperance Band
Calverley Library DLM
Cardigan Road Library
Carr Manor Cottages
Carriage House/Mansion Cottage/Rose Cottage
Chatsworth Road, Harehills, Self Build
Cross Cliff Rd, Hyde Park
Easel Site 3, Bellway - Amberton Close
Eastmoor School (Former)
Former Burley Liberal Club
Gallows Hill
Gildersome Youth Club
Greenhill Centre
Harley Green / Walk, Pudsey (Connect Housing)
Holt Park District Centre
Kippax Housing Office
Kippax Kabin, Kippax
Land next to Back Lane / Stanningley Road (Self Build)
Lea Park Road (Plot 1), Kirkstall (Self Build)
Limewood Approach, Seacroft, LS14
Lower Wortley TEAS
Manor St Industrial Estate (Wisdom Coaches)
Merrion Street 26 - 34, Miami Bar
Middleton Marauders Clubhouse
Middleton Park Avenue, Middleton
Miles Hill Primary School & The Beckhills
New Market Lane, Wholesale Market Site (B), Pontefract Lane
New Roscoe, Sheepscar
Newmarket Approach, Wholesale market (site A)
North Parade Depot, otley
Oldfield Lane, Wortley (Sports Assoc Field)

Otley LIDO, Farnley Lane
Park Court, St Paul's St (AG)
Park Farm, Colton
Park Lees site, St Anthony's Road, Beeston, LS11
Peel Street Community Centre, Melbourne Street
Primrose Hill HOP Boston Spa (older people's package)
Ramshead Wood Day Centre
Raynel Garth, Lawnswood (Self Build)
Rombalds View self build JCC
Rumple Croft, Meagill Rise, Otley, Strip of land
South Accommodation Road, Leeds
St Gregory's Primary School
Stanningley Road
Summerfield Gardens, Rodley (Self Build)
Towcester Avenue + 3 other sites, Middleton
Victoria Avenue 21, Yeadon LS19
West Park
Wetherby Fulfilling Lives Centre, Sandbeck Way (ATC)
Windlesford Green Hostel, 126 Holmsley Lane, Woodlesford
Woodland Grove, 3, Leeds 8
Woodland Grove, 4, Leeds 8
Woodland Grove, 5, Leeds 8
Woodland Grove, 8, Leeds 8
Wortley High School
Wyther Community Centre, Raynville Crescent

2018/19 Disposals:

38 Sweet Street / 47 Marshall Street
Aire Street Workshops, 30-34 Aire Street
Asket Hill Primary, Seacroft DPP
Barncroft Close, Seacroft , DPP
Bath Road (site D)
Bath Road/Derwent Place (Site B)
Bishop's Way, Seacroft DPP
Brooklands Avenue, Seacroft
Brooklands Drive, Seacroft DPP
Cartmell Drive (North), Halton Moor DPP
Kendall Drive, Halton Moor DPP
Kentmere Avenue, Seacroft, DPP
Ledston Luck Enterprise Park, Ledston Luck, Kippax, Leeds
Lobb Cottage, Thorn Lane, Roundhay, LS8 1NF
Micklefield House Annexe & Caretakers Lodge, New Rd Side, Rawdon
Mistress Lane, Armley
Moorend Training Site, Tulip Street, LS10
Parkway Close, Seacroft DPP
Quarry Hill (Plot 6)
Quarry Hill Car Parking Payment
Rathmell Road, Halton Moor, LS15
Seacroft Crescent, Seacroft DPP
Sovereign Street/Plot B
Wykebeck Mount West, Osmondthorpe DPP
York Road Depot, Easel Site 8

2019/on Disposals:

Abbey Mills, Kirkstall Road, LEEDS 4

Armley Grange

Bentley Lane Primary School (Park Lane College)

Burley Willows Care Home

Charles Street, Farsley

Clarence Road Industrial Units

Copperfields College

Elland Road (Site B Car Park), Leeds

Grafton Centre

Healey Croft Hostel, Westerton Road, Tingley

Kenneth Street, Land at Holbeck

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

Leonardo / Thoresby / 2 Gt George St

Matthew Murray High School

Methley Library

Micklefield School, Former, Micklefield

Peckfield Colliery, Plots 4, 5 and 6

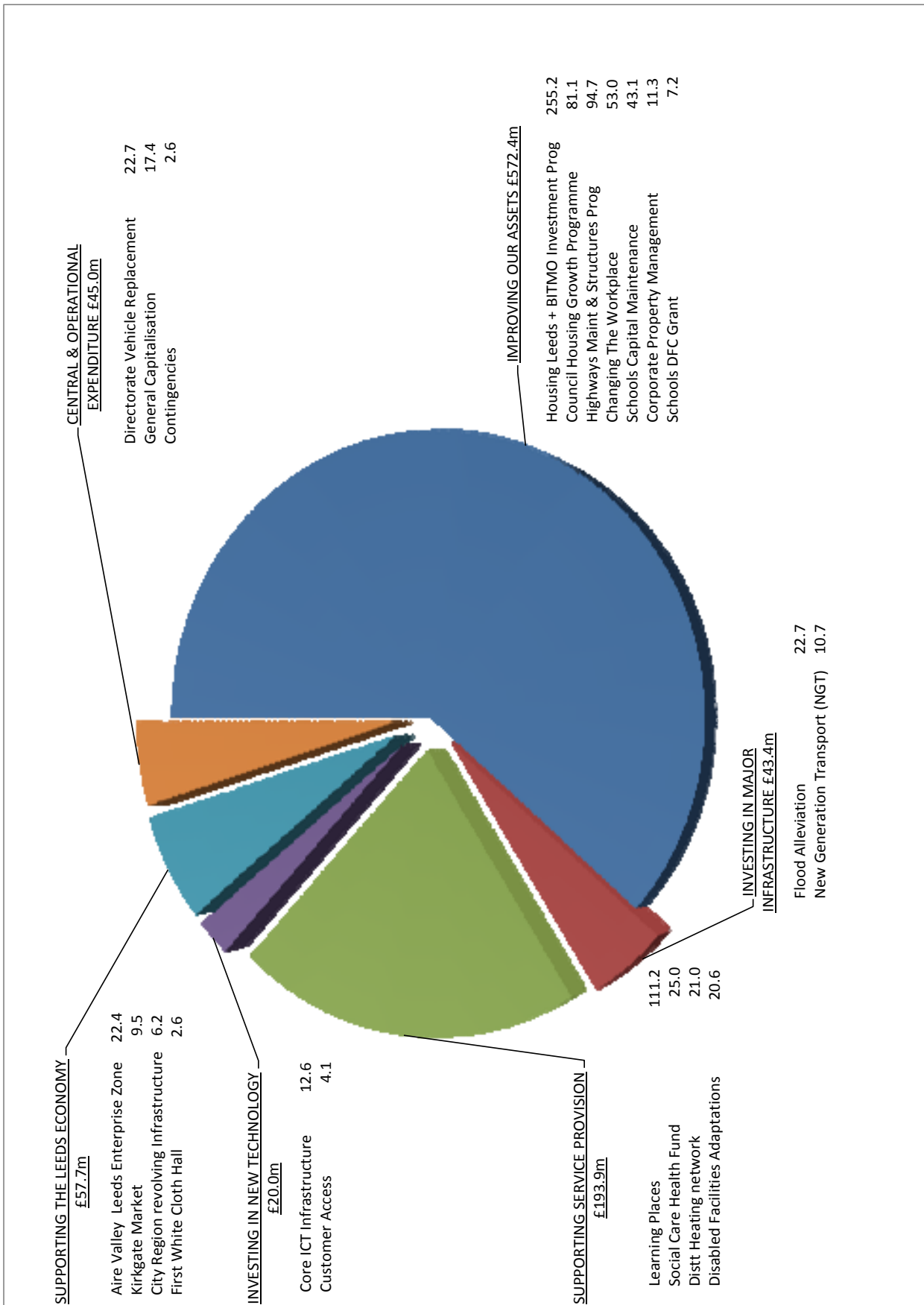
Redhall

St Ann's Mills

Throstle Mount, Middleton (Wades)

Western Flatts Park, Cliff Cottage off Fawcett Lane

Major Schemes by Objectives 2016/17 - 2018/19



Statement of Policy on the Minimum Revenue Provision for 2016/17

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 local authorities are required to 'have regard to' when setting a prudent level of MRP. The guidance gives local authorities more freedom to determine what would be a prudent level of MRP.
- 1.3. The statutory guidance recommends that local authorities draw up a statement of their policy on the MRP, for approval by full council in advance of the year to which it applies.

2. Details of DCLG Guidance on MRP

- 2.1. The statutory guidance issued by DCLG sets out the broad aims of a prudent MRP policy as being "to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant." It then identifies four options for calculating MRP and recommends the circumstances in which each option should be used, but states that other approaches are not ruled out.
- 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.
- 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 allows councils to delay charging MRP until the year after the new asset becomes operational.
- 2.6. Under the statutory guidance, it is recommended that local authorities 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 one prudent approach would be for local authorities to 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. However the guidance also mentions that Option 3 could be used for this type of debt.

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 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. Local authorities may also use capital receipts to repay any borrowing that was incurred to fund capital expenditure in previous years. Applying capital receipts to redeem borrowing would reduce the level of MRP which the council needs to set aside from revenue as a prudent provision.
- 3.4. 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.
- 3.5. For any remaining capital receipts, the options are for these to be retained in the Usable Capital Receipts Reserve, used to redeem debt, or used to fund capital expenditure on short life assets. The Deputy Chief Executive will determine annually the most prudent use of these receipts, taking into account forecasts for future expenditure and the generation of further receipts.

4. Proposed 2016/17 MRP Policy

- 4.1. In its 2016/17 MRP policy, the council is required to decide on how MRP will be calculated for borrowing undertaken for the 2015/16 capital programme and earlier years. It is proposed that Leeds adopts the following MRP policies for 2016/17 :

- If capital receipts have been used to repay borrowing or to fund PFI liabilities for the year then the value of the MRP which would otherwise have been set aside will be reduced by the amounts which have instead been repaid from capital receipts.
- MRP for borrowing for 2015/16's capital expenditure will be calculated on an annuity basis over the expected useful life of the assets (Option 3). For expenditure capitalised under statute where there is no identifiable asset, the lifetimes used for calculating the MRP will be as recommended in the statutory guidance.
- MRP for borrowing on capital expenditure incurred between 2007/08 and 2014/15 for which Option 3 is already being used will continue on the same basis.
- For earlier borrowing, MRP will continue to be charged on an asset life annuity basis. As data is not available to identify the individual assets which this borrowing relates to, an average asset life for the assets in the authority's current asset register is being used.
- For PFI liabilities, an MRP charge will be calculated on the basis of the expected life of the asset which has been acquired, using the same annuity basis as is used for borrowing.
- For finance lease liabilities, an MRP charge will be made to match the value of any liabilities written down during the year.

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 paragraphs 3.3 to 3.5 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: Bhupinder Chana	Contact number: 51332

1. Title: Capital Programme Update

Is this a:

Strategy / Policy

Service / Function

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.

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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).	
<ul style="list-style-type: none"> • 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) 	
<ul style="list-style-type: none"> • 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) 	
<ul style="list-style-type: none"> • 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
Bhupinder Chana	Head of Finance (Acting) Capital, Insurance and Treasury Management	29 th January 2016
Date screening completed		

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: 29 th January 2016
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)