

## Report of the Chief Officer Financial Services

### Report to Executive Board

### Agenda Item 7 (iii)

**Date:** 7<sup>th</sup> February 2018

**Subject:** Capital Programme Update 2018-2021

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 2018-2021 and includes an updated forecast of resources available over that period together with the current 2017/18 position. The Council continues to deliver significant capital investment across the city which will provide improved facilities and infrastructure and supports the Leeds economy, whilst ensuring the impact on debt costs within the revenue budget is managed.
2. In the period from 2017-2021, the council is seeking to deliver capital investment of £1,472.3m, of which £1,063.4m relates to the General Fund and £408.9m in the Housing Revenue Account (HRA). The Council will be committing an additional £122.1m of its own funding over the four year period bringing the total investment to £590.9m, including 2017/18, to deliver the Council's priorities and objectives. The council's borrowing includes £385.3m of capital expenditure that is funded by additional income, generates revenue savings or ensures that our assets are maintained to an acceptable standard. The remaining £205.6m supports the Best Council Plan objectives. The council is also reducing its borrowing by making debt repayments of £103.7m over the period.
3. Whilst the capital programme remains affordable in 2018-19, ongoing reviews will consider the continued affordability of debt costs in future years in the context of: planned expenditure and the Best Council Plan priorities; projections on interest rates; and the strength of the Council's balance sheet to fund capital spend. Scheme phasing will continue to be monitored to ensure that it is accurate and realistic.

4. There are a number of significant capital pressures and £241.2m is being injected as part of this programme, these are detailed in **Appendix A(iii)**. These pressures have been contained within the existing funding envelope for 2018-19. There remains, however, a number of future pressures that will be addressed as business cases for capital investment are brought forward.
5. An update to the 2017/18 position shows projected spend of £343.3m. **Appendix A** outlines the objective analysis of this spend for the period 2017-2021, along with the capital resources required to finance this.
6. The HRA programme remains affordable over the next 3 years.
7. There are no changes to the Council's Minimum Revenue Provision (MRP) for 2018/19.

## **Recommendations**

8. Executive Board is asked to recommend to Council :
  - a) the capital programme for 2018-2021 totalling £1,472.3m, including the revised projected position for 2017/18, as presented in **Appendix F**,
  - b) the MRP policy for 2018/19 as set out in **Appendix D**,
9. Executive Board are asked to approve:
  - 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
  - b) the following injections into the capital programme :
    - £136.6m, of annual programmes as set out in **Appendix A(iii)** funded by £41.7m LCC borrowing, £73.1m of HRA specific resources and £21.8m of general fund specific resources ;
    - £104.6m, of priority pressures as set out in **Appendix A(iii)** funded by £80.4m of net borrowing and £24.2m of general fund specific resources.

The above decision to inject funding within this report of £241.2m will be implemented by the Chief Officer Financial Services.

## 1. Purpose of this report

- 1.1. This report sets out the updated capital programme for 2018-2021 and includes details of forecast resources for that period. It also includes an update of the 2017/18 programme.
- 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 dated 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 and in line with the Medium Term Financial Strategy.
- 2.3. The capital programme outlined at **Appendix A**, is split between General Fund and HRA with **Appendix A(i), A(ii) and A(iii)** providing the details across the annual and major programmes and injections since the quarter 2 report. Appendix **F** provides a full list of schemes by objective analysis.

## 3. Capital Programme Update

### 3.1. Capital Programme Update 2017/18

- 3.1.1. The latest projected expenditure for 2017/18 is £343.3m 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 2017 Capital Programme £m	Qtr 2 Nov 17 EB report £m	This report £m	Variance this report to Qtr 2 Nov 2017 £m
Forecast Expenditure	380.5	374.6	343.3	(31.3)
Funded By				
Government Grants	107.5	119.9	113.1	(6.8)
Other Grants and Contributions	9.8	12.7	13.4	0.7
Borrowing	160.0	157.6	132.5	(25.1)
HRA Self Financing	81.5	69.3	70.4	1.1
HRA Other Receipts & Grants	21.7	15.1	13.9	(1.2)
<b>Total Forecast Resources</b>	<b>380.5</b>	<b>374.6</b>	<b>343.3</b>	<b>(31.3)</b>

- 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 2017 capital programme, borrowing decreased by £2.4m between February 17 and Q2 and a further £25.1m between Q2 and this report, a net £27.5m which mainly relates to re-phasing on a number of LCC funded schemes. Further individual major scheme updates are provided in **Appendix C(i)**.
- 3.1.3. Members are asked to note that there are other capital related reports elsewhere on the agenda. These include reports on - Land at East Leeds Extension and Thorpe Park Leeds, Acquisition of Land for Vehicle Fleet CNG Filling Station, Learning Places Programme Update, Investment into New Supply Affordable and Supported Housing, Community Hubs Phase 3 Business Case and a Heritage Lottery Fund bid for Temple Newsam Estate. Reports with capital funding implications are included within this capital programme update.

### 3.2. Capital Programme Resources 2017/18 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 that 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 programme results in a borrowing requirement of £590.9m over the four year period, including 2017/18, to deliver the Council's priorities and objectives. The council's borrowing includes £385.3m of capital expenditure that is funded by additional income, generates revenue savings or ensures that our assets are maintained to an acceptable standard. The remaining £205.6m supports the Best Council Plan objectives. The council is also reducing its borrowing by making debt repayments of £103.7m.

**Table 2 - Capital Programme Net Borrowing Requirement 2017/18 -2021/22**

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
<b>Corporate Borrowing</b>					
Annual Programme in Year	49.5	45.6	54.3	46.4	195.8
Other corporate Borrowing	36.8	56.8	61.0	51.0	205.6
<b>Total Corporate Borrowing</b>	<b>86.3</b>	<b>102.4</b>	<b>115.3</b>	<b>97.4</b>	<b>401.4</b>
Borrowing supported by revenue	46.2	68.2	38.3	36.8	189.5
<b>Total LCC Borrowing</b>	<b>132.5</b>	<b>170.6</b>	<b>153.6</b>	<b>134.2</b>	<b>590.9</b>
<b>Repayment of Debt (MRP)</b>	12.7	22.1	19.6	49.3	103.7
<b>Net Borrowing requirement</b>	<b>119.8</b>	<b>148.5</b>	<b>134.0</b>	<b>84.9</b>	<b>487.2</b>

- 3.2.3. Resources of £1,472.3m are required to fund the City Council's capital programme from 2017/18 to 2020/21. 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 2017/18;

**Table 3: Total Capital Resources 2017/18 - 2020/21**

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
<b>Specific Resources</b> General Fund	126.5	149.3	113.9	124.9	514.5
<b>Specific Resources</b> HRA	84.3	90	103.4	89.2	366.9
* <b>Corporate Resources</b>	132.5	166.9	157.2	134.3	590.9
<b>Total Resources</b>	343.3	406.2	374.5	348.4	1,472.3

\* Includes £42m of borrowing for the HRA programme. £30m for Council House Growth Programme and £12m for Housing Leeds.

- 3.2.4. **Specific Resources General Fund £514.5m** – This includes funding which has been secured for specific schemes in the form of government grants such as Learning Places (Basic Need), Section 31 transport grant, Leeds Public Transport Programme, East Leeds Orbital Road, Local Transport Plan, other government departments and other contributions from external bodies including the Heritage Lottery Fund and private developers which is then passported to the relevant directorate programmes.
- 3.2.5. **Specific Resources HRA £366.9m** - In accordance with the HRA budget, HRA capital expenditure has been set assuming a 1% rent reduction for 2018/19. Despite a general reduction of 1%, the HRA capital programme has been prioritised to deliver investment of £320.6m for the Council House refurbishment programme and £46.3m for the Council Housing Growth Programme.
- 3.2.6. **Corporate Resources £548.9m Gen Fund & £42m HRA** - 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 Chief Finance Officer 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**.

### **3.3. Capital Expenditure 2017/18 onwards**

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

**Table 4 - Capital Resources 2017/18 - 2020/21**

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Improving Our Assets	199.4	194.9	195.9	170.2	760.3
Investing In Major Infrastructure	22.0	81.0	91.9	103.8	298.7
Supporting Service Provision	87.9	83.4	38.3	30.5	240.0
Investing in New Technology	8.4	14.1	19.6	16.2	58.3
Supporting the Leeds Economy	14.3	25.4	11.3	10.0	61.0
Central and Operational Expenditure	11.3	7.4	17.5	17.7	54.0
<b>Total Resources</b>	<b>343.3</b>	<b>406.2</b>	<b>374.5</b>	<b>348.4</b>	<b>1,472.3</b>

- 3.3.2. As can be seen from table 4 above, investment of £343.3m is taking place during 2017/18 with further investment of £1,129.0m planned from 2018/19 to 2020/21 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 £241.2m of which £136.6m relates to annual programmes and £104.6m of other priority pressures.
- 3.3.4. Annual programme injections of £136.6m include £73.1m HRA funding for the Housing Leeds and BITMO refurbishment programmes, £47.4m for General Fund programmes maintaining our existing assets, £7.5m of Local Transport Plan grant, £7.0m School Condition grant and £1.6m of devolved formula capital grant.
- 3.3.5. The remaining £104.6m relates to priority pressures including £25m to address the Learning Places deficit, £21.6m of bids for Local Full Fibre Networks in schools and tower blocks, £10m to address computer applications refresh, £10m for Phase 2 Flood Alleviation, £8.3m for ELOR land assembly, £8m of bids to the challenge fund for the Regent Street Flyover and Stanningley Bypass, £3.5m for Sovereign Street Bridge, £3.5m additional HRA investment, £3m for Community Hubs Phase 3, £3m for new supply affordable and supported housing, £1.5m for continued works to the Beckhills Estate and various others listed in appendix A(iii).
- 3.3.6. The overall investment will deliver a number of council priorities and objectives. **Appendix C** lists the major schemes contained within each objective and **Appendix C(i)** gives a narrative update on these major schemes.
- 3.3.7. The Council recovers VAT on expenditure (capital and revenue) relating to the council's statutory functions and on activities which are charged for at the standard rate of VAT. VAT incurred on expenditure relating to activities which are charged for and which are exempt from VAT is only recoverable if the amount of such VAT does not exceed 5% of the council's total VAT on expenditure in any one year. Examples of exempt activities are sport, culture, land & property transactions, and crematoria. To ensure that the current programme stays within the 5% limit for 2018/19, this programme only includes feasibility works for schemes that are VAT exempt activities, in anticipation that a further individual scheme reports will be brought back to Executive Board subject to remaining within the 5% limit. If the council's VAT on expenditure relating to its exempt activities exceeds the 5% limit, all VAT on expenditure attributable to exempt activities is irrecoverable. This would create an additional cost to the council of at least £5m. In addition, the council would also have to bring into account a proportion of any VAT incurred in the prior

10 years which was attributable to exempt activities and recovered in full at the time.

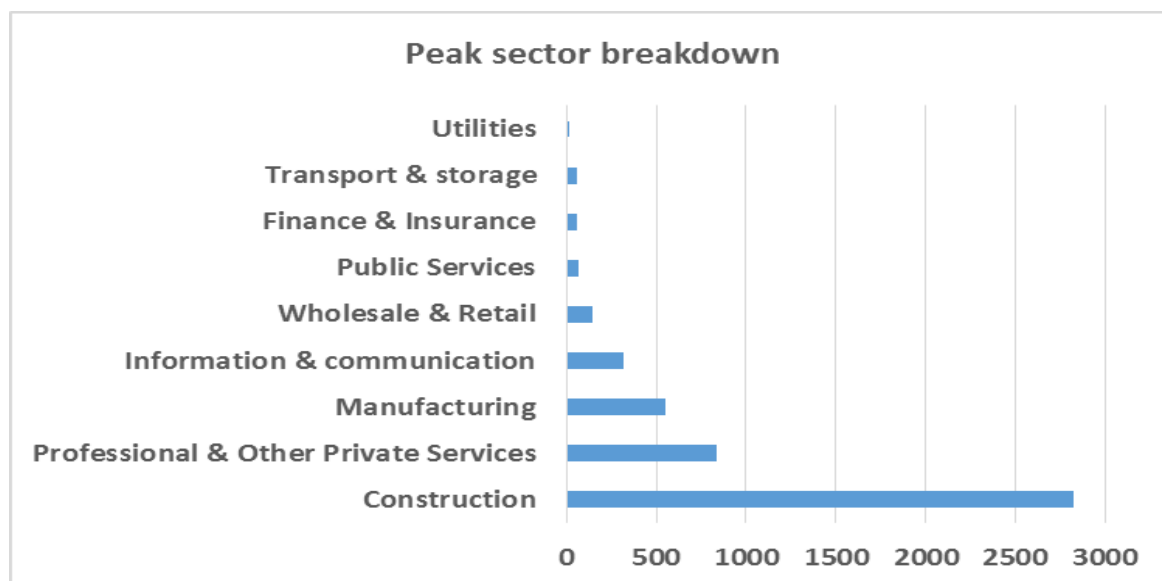
- 3.3.8. The Grand Theatre has identified a programme of works to improve the fabric of the building. This programme includes £20k to commission a report evaluating the level of works required. The outcome of this will be brought back to Executive Board for support whilst ensuring due regard to the 5% VAT partial exemption limit.
- 3.3.9. Members are asked to note that cipfa has consulted and issued a revised prudential code but are awaiting the updated guidance notes that accompany the prudential code. The revised code will be adopted and the changes will be reported in the next update to Executive Board.

### 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 2017-2021:

- An estimated peak of 4,920 net additional FTE job roles in Leeds will be created over the four years through Leeds City Council capital expenditure generating over £1,138.0m Gross Value Added (GVA) for the Leeds economy.
- In addition a further net additional 820 jobs and £150.3m 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 2017-2021 will create a peak of 5,740 FTE jobs and generate £1,288.3m GVA in the Leeds City Region.

3.4.2 The industry employment sector breakdown is set out below



3.4.3 In addition to the use of the Regional Econometric Model (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 - MRP**

- 3.5.1. The MRP is an annual revenue charge for the repayment of borrowing and other capital financing liabilities. Local authorities are required by statute to determine each financial year what they consider to be a prudent amount of MRP, and are required by statutory guidance to approve an annual statement setting out their MRP policy. The policy should be approved by full council, and any subsequent revisions which are proposed to the approved policy should also be approved by full council.
- 3.5.2. In determining the level of a prudent MRP, local authorities are required to 'have regard' to statutory guidance issued by the government. This means that local authorities should not take a substantially different course from that set out in the guidance, but may deviate from its detailed requirements where they determine there is good reason to do so. The statutory guidance sets out that the broad aims of a prudent MRP policy 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 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 level of freedom in determining their MRP policies, provided that they are in line with the broad aims set out in the statutory guidance.
- 3.5.3. The government has been consulting on revised statutory guidance for MRP, and it is expected that this guidance will be issued in late January, to apply to 2018/19. Indications are that the revised guidance will not require the council to make any changes to its current MRP policy, however an element of uncertainty will remain until the final guidance is issued.
- 3.5.4. Subject to paragraph 3.5.3 above, the council does not propose to make any changes to its MRP policy for 2018/19.
- 3.5.5. Changes were made to the 2017/18 MRP policy, to recalculate the MRP on the tranche of debt which originated in 2007/08 and earlier on the basis of an annuity asset life calculation applied from 2008/09. This will lead to this element of debt being repaid seven years earlier than previously planned, but also meant that more MRP had been set aside between 2008/19 and 2016/17 than the minimum required. Under the 2017/18 MRP policy, this overprovision is being applied firstly over a three year period in a way which smoothes the impact of any timing variations in the availability of capital receipts and reduces the MRP charge to revenue to £1.0m. The remaining cumulative overprovision would then be applied evenly over the following three years.
- 3.6. It is proposed that the council's 2018/19 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 on capital expenditure incurred between 2007/08 and 2017/18 will be calculated on an annuity basis over the expected useful life of the assets (option 3 in the statutory guidance). 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.

- For earlier borrowing, MRP will be calculated on an asset life annuity basis. As data is not available to identify the individual assets which this borrowing related to, an average asset life relating to more recent borrowing will be used. It is considered that this is prudent as prior to 2008/09, the Council's capital spend, being largely determined by Government approval, was more dominated by spend on long term assets, whilst since 2008/09, greater flexibility has allowed borrowing to support investment in assets with a shorter life. The annuity calculation will be based on the position which would have been reached if this approach had been in place since 2008/09.
- For all outstanding borrowing (both pre and post 2007/08), the MRP charged to revenue will be adjusted by offsetting an element of the cumulative overprovision on pre 2007/08 borrowing, until this overprovision has been fully utilised. For 2018/19, the calculated MRP will be reduced by the allocation of approximately £22.4m of the overprovision on pre 2007/08 borrowing.
- 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.

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

- Capital receipts are allocated firstly to the liabilities to be funded for the year in relation to PFI schemes. This will remove the need for MRP charges equal to the value of the capital receipts applied.
- For any remaining capital receipts, the Responsible Financial Officer (the Section 151 Officer) will determine annually the most appropriate 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.

3.6.2. The proposed MRP Policy for 2018/19 is set out at **Appendix D**.

### **3.7. Prudential Indicators**

3.7.1. Under the current self-regulatory financial framework, CIPFA's prudential code for capital finance<sup>1</sup>, 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,

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

external debt and treasury management indicators. A number of these indicators relate specifically to treasury management operations and for 2017/18 to 2020/21 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 of the Treasury Management Strategy Report elsewhere on the February agenda.

- 3.7.2. Any unsupported borrowing carried out must be affordable within the revenue budget (i.e. the cost of interest and debt repayments). For 2018/19, the debt cost of 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 2017.
- 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 are contained in the revenue budget report which is elsewhere on the agenda.

### **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 Chief Finance Officer must be satisfied that spend in each year of the programme can be afforded. For 2018/19 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 2018/19 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 £4.2m in 2018/19. The interest rate assumptions and the borrowing requirement arising from the capital programme will be kept under review throughout 2018/19, before establishing the 2019/20 debt budget. The affordability of the capital programme is considered in more detail in the Treasury Management Strategy 2018/19 report elsewhere on the agenda. Beyond 2018/19 capital pressures of £233.8m have been identified and will be considered as business cases and firmer costs against priorities and affordability through the year.

4.4.3. While dealing in part with the Learning Places Programme by injecting £25m of the £71.7m deficit into 2018/19, this still remains a significant pressure still outside the programme. The Learning Places funding deficit is currently estimated at £71.7m and is the largest significant pressure that the capital programme faces. Discussions continue with the Education & Skills Funding Agency (ESFA) to seek additional central government funding, along with the potential to utilise other funding sources such as S106 development contributions. It is proposed to cashflow the expected programme of works during 2018/19 by injecting additional funding of £25m of LCC Borrowing and Community Infrastructure Levy funding. Work continues in identifying the demographic pressure, to be updated for information from the latest admissions round, and awaits the schools capital funding announcement expected in March 2018 at the earliest for any changes to Basic Need Grant funding. Strategic Investment Board is being regularly updated on the deficit position and Executive Board will be kept updated via future Learning Places Programme update reports (the latest of which is reported elsewhere on this agenda) and future Capital Programme reports.

4.4.4. In order to ensure that schemes meet Council priorities and are value for money, the Chief Finance Officer 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. There are no proposed changes to these rules.

#### **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;
- The capital programme includes a central contingency of £7.5m 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 Financial Procedure rules, Financial Regulations and Contract Procedure Rules to ensure the Council's position is protected.

4.6.2. The Chief Finance Officer will continue to work with service directors to ensure that capital schemes are properly developed and that a rigorous business case process is operated to demonstrate investment is aligned to capital objectives, meets the needs of the public and will deliver best value.

4.6.3. 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 Chief Finance Officer shall 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 continue to be reported to Executive Board 3 times each year.

#### **5. Conclusions**

5.1. Over the four year period to 2020/21 the Council is seeking to deliver a total of £1,472.3m capital investment within the city.

5.2. This is funded through £881.4m specific or external funding and £590.9m 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 2018/19. There remain, however, a number of pressures in 2018/19 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 2018/19 are dependent upon the interest rate assumptions, the likely level of capital spend and the Council's cash

balances. These will be kept under review throughout 2018/19, before establishing the 2019/20 debt budget. Funding is available to meet the level of HRA investment.

- 5.5. The Chief Finance Officer 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 Council:

- a) the capital programme for 2018-21 totalling £1,472.3m including the revised projected position for 2017/18, as presented in **Appendix F**;
- b) the revised MRP policy for 2018/19 as set out in **Appendix D**.

- 6.2. Executive Board are asked to approve:

- 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
- b) the following injections into the capital programme:
  - £136.6m, of annual programmes as set out in Appendix A(iii) funded by £41.7m LCC borrowing, £73.1m of HRA specific resources and £21.8m of general fund specific resources;
  - £104.6m, of pressures as set out in Appendix A(iii) funded by £80.4m of net borrowing and £24.2m of general fund specific resources.

The above decision to inject funding within this report of £241.2m will be implemented by the Chief Officer (Financial Services).

## **Appendices**

A – Capital Programme Statement 2017/18-2020/21

A(i) & A(ii) – Annual Programmes & Major Programmes & other schemes

A(iii) – Net Injections Since Quarter 2 Executive Board Nov 2017 Update

B – Capital Receipts - Sites scheduled for disposal 2017/18 to 2021/on

C – Annual & Major Schemes by Objective 2018/19 – 2020/2021 (Pie Chart)

C(i) – Annual & Major schemes within each objective 2018/19–2020/2021 (narrative)

D – Statement of Policy on the Minimum Revenue Provision for 2018/19

E – Equality, Diversity, Cohesion and Integration Screening Document

F – Capital Programme – Scheme Details (Organised by Expenditure Objective)

7. Background documents<sup>2</sup> - None

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<sup>2</sup> 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.

# Capital Programme Statement 2017/18 to 2020/21

# Appendix A

	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	Total £000s
<b>EXPENDITURE</b>					
<b>GENERAL FUND (GF)</b>					
IMPROVING OUR ASSETS	115,079	102,509	64,889	68,987	351,464
INVESTING IN MAJOR INFRASTRUCTURE	21,990	81,040	91,897	103,772	298,699
SUPPORTING SERVICE PROVISION	87,904	83,391	38,290	30,457	240,043
INVESTING IN NEW TECHNOLOGY	8,361	14,081	19,624	16,247	58,313
SUPPORTING THE LEEDS ECONOMY	14,324	25,357	11,304	9,990	60,975.5
CENTRAL & OPERATIONAL EXPENDITURE	11,307	7,400	17,512	17,732	53,952
<b>TOTAL ESTIMATED SPEND ON GF</b>	<b>258,966</b>	<b>313,778</b>	<b>243,515</b>	<b>247,185</b>	<b>1,063,445</b>
<b>HOUSING REVENUE ACCOUNT (HRA)</b>					
IMPROVING OUR ASSETS - COUNCIL HOUSING	84,292	92,387	131,000	101,188	408,868
<b>TOTAL ESTIMATED SPEND ON HRA</b>	<b>84,292</b>	<b>92,387</b>	<b>131,000</b>	<b>101,188</b>	<b>408,868</b>
<b>TOTAL ESTIMATED SPEND</b>	<b>343,258</b>	<b>406,166</b>	<b>374,516</b>	<b>348,373</b>	<b>1,472,312</b>
<b>RESOURCES</b>					
<b>GENERAL FUND (GF)</b>					
<b>Specific Resources</b>					
GOVERNMENT GRANTS	113,127	136,090	108,661	121,981	479,859
OTHER GRANTS/CONTRIBUTIONS	13,376	13,181	5,213	2,934	34,703
<b>Corporate Resources</b>					
BORROWING - Corporate	114,951	125,768	119,306	97,507	457,532
BORROWING - Departmental	17,512	38,738	10,336	24,763	91,350
<b>CAP. RESOURCES REQD FOR GF</b>	<b>258,966</b>	<b>313,778</b>	<b>243,515</b>	<b>247,185</b>	<b>1,063,445</b>
<b>HOUSING REVENUE ACCOUNT (HRA)</b>					
<b>Specific Resources</b>					
HRA SELF FINANCING	70,409	71,807	72,774	83,688	298,679
R.T.B. CAPITAL RECEIPTS	11,206	13,778	19,976	5,500	50,460
GOVERNMENT GRANTS & OTHER CONTRIBUTIONS	1,031	875	7,757	0	9,663
OTHER GRANTS/CONTRIBUTIONS	0	3,532	2,888	0	6,420
RCCO / RESERVES	1,646	0	0	0	1,646
BORROWING - Departmental	0	2,395	27,605	12,000	42,000
<b>CAP. RESOURCES REQD FOR HRA</b>	<b>84,292</b>	<b>92,387</b>	<b>131,000</b>	<b>101,188</b>	<b>408,868</b>
<b>TOTAL CAP. RESOURCES REQD</b>	<b>343,258</b>	<b>406,166</b>	<b>374,516</b>	<b>348,373</b>	<b>1,472,312</b>
<b>BORROWING REQUIRED TO FUND THIS PROGRAMME</b>	<b>132,463</b>	<b>166,902</b>	<b>157,247</b>	<b>134,270</b>	<b>590,882</b>
Average Interest rate (subject to change)	0.50%	0.85%	1.00%	1.25%	

## Appendix A(i)

### ANNUAL PROGRAMMES

Best Council Plan Objectives for the Capital Programme	2017/18 £000	2018/19 £000	2019/20 £000	2020 & on £000	Total £000
<b>Improving Our Assets</b>					
Highways Maintenance	11,166	12,939	13,000	13,000	50,105
Highways Maintenance Capitalisations	4,000	4,000	4,000	4,000	16,000
Highways Maintenance <b>Note 1</b>	1,023	483	0	0	1,506
Schools Capital expenditure	3,500	3,500	3,500	3,715	14,215
Heritage Assets	3,033	2,100	2,000	2,000	9,133
Corporate Property Maintenance	3,737	1,500	1,500	1,500	8,237
Demolition	1,778	1,000	1,000	1,000	4,778
Fire Risk Assessments - Remedial Works	1,223	1,350	1,400	0	3,973
General Refurbishment Schools	674	880	1,062	1,000	3,616
Library Books	700	700	700	700	2,800
Sports Maintenance	1,021	525	500	500	2,546
Sports Maintenance <b>Note 1</b>	200	300	0	0	500
Traffic Management Programme	300	211	200	200	911
Civic Hall Backlog Maintenance	337	250	250	0	837
Improving our assets slippage adjustments	345.1	4.9	0	86	436
	33,037	29,742	29,112	27,700	119,591
<b>Supporting Service Provision</b>					
Adaptations - DFG LCC Funding	2,869	2,869	2,869	1,069	9,676
Adaptations - Grant & External <b>Note 1</b>	5,319	4,649	4,649	5,785	20,402
Telecare (ASC)	441	300	400	400	1,541
Adaptation to Private Homes outside of scope	459	400	400	400	1,659
Supporting Service provision Adaptations adjustment				738	738
	9,088	8,218	8,318	8,392	34,016
<b>Investing In New Technology</b>					
Essential Services Programme	4,957	2,866	3,100	3,100	14,023
Essential Services Programme Staffing	1,100	1,100	1,100	1,000	4,300
Essential Services 2018/19 adjustment		2,000			2,000
	6,057	5,966	4,200	4,100	20,323
<b>Supporting The Leeds Economy</b>					
Project Support Fund - Groundwork	70	70	70	3	213
Supporting the Leeds Economy adjustments	0.0	0	0	67	67
	70	70	70	70	280
<b>Central &amp; Operational Expenditure</b>					
General Capitalisation	4,000	5,000	5,000	5,000	19,000
Vehicle Programme	2,814	1,000	11,112	4,742	19,669
Capital Programme Management	600	600	600	585.8	2,386
Capitalisation Interest	670	500	500	500	2,170
Central and Operational adjustments	2.4			14	16.6
	8,087	7,100	17,212	10,842	43,241
<b>Total Annual Programmes</b>	<b>56,339</b>	<b>51,096</b>	<b>58,912</b>	<b>51,104</b>	<b>217,452</b>
<b>Total Annual Programme Injections this report</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,458</b>	<b>47,458</b>

**Note 1** - These lines are made up of additional grant funding £21,658.0k and estimated external income of £750.0k

## Major Programmes &amp; Other Directorate Schemes

## Appendix A(ii)

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
<b>Improving our assets - Council Housing</b>					
HRA Housing Leeds Refurbishment & BITMO	70,994	78,738	81,720	101,188	332,640
HRA Council Housing Growth	13,299	13,649	49,280	0	76,228
<b>Improving our assets - General Fund</b>					
Childrens - Capital Maintenance	10,384	6,928	6,981	20,942	45,234
Changing the Workplace 1 & 2	27,033	7,027	0	0	34,060
Bridges and Structures	7,694	6,000	7,927	3,264	24,885
Strategic Investment Fund	1,646	20,071	333	0	22,050
Highways Maintenance & Transport Package Local Transport Plan	8,471	7,801	7,000	7,311	30,582
Section 278 and Section 106 Highways schemes	4,516	3,618	3,485	3,841	15,459
Elland Road & Aire Valley Park and Ride	2,415	550	350	0	3,315
Childrens Devolved Formula Capital	1,656	1,815	1,555	2,580	7,606
Whinmoor Nursery & Parks and Countryside	7,628	1,342	0	0	8,970
Highways Network Junction Improvements	2,229	7,820	720	0	10,769
Community Hubs Phase 2&3	2,414	3,330	0	0	5,744
Challenge Fund Bids Highways	0	2,000	3,500	2,500	8,000
Conversion of Refuse Collection Vehicles	0	1,000	1,584	0	2,584
Highways Adoption of 32 Roads	390	650	0	0	1,040
Other smaller schemes within the objective	5,568	2,814	2,342	850	11,575
	166,334	165,154	166,777	142,475	640,740
<b>Investing in Major Infrastructure</b>					
East Leeds Orbital Ringroad Highways works	4,958	26,316	45,269	54,889	131,432
Leeds Transport Public Investment Programme	2,000	25,860	36,000	44,883	108,743
Flood Alleviation	7,816	9,915	4,851	4,000	26,581
District Heating Network & Energy Efficiency	3,780	13,171	5,000	0	21,951
Cycle City Ambition	3,569	4,604	0	0	8,173
City Centre Vehicle Access Restrictions	500	900	0	0	1,400
Other smaller schemes within the objective	-632	273	778	0	419
	21,990	81,040	91,897	103,772	298,699
<b>Supporting Service Provision</b>					
Childrens - Learning Places (Basic Need)	41,458	59,499	22,441	1,079	124,477
Childrens - Social Emotional Mental Health (LCC borrowing)	29,419	3,142	273	3	32,837
Social Care and Health Fund	936	2,149	3,193	18,675	24,954
Private sector Renewal - Equity Loans	663	3,930	1,019	1,611	7,224
Waste Depot and residual Kirkstall Rd HWSS	439	3,821	69	0	4,330
Other smaller schemes within the objective	5,900	2,632	2,977	697	12,206
	78,816	75,173	29,972	22,065	206,027
<b>Investing in New Technology</b>					
Digital Information Service - Full Fibre Network Bids	0	4,000	10,100	7,500	21,600
Digital Information Service - Applications Refresh	0	2,000	4,000	4,000	10,000
Customer Access Phase 1 & 2	1,060	1,125	700	547	3,432
ASC Care Act Implementation	424	633	416	0	1,472
Other smaller schemes within the objective	820	357	208	100	1,485
	2,304	8,115	15,424	12,147	37,990
<b>Supporting the Leeds Economy</b>					
West Yorkshire Playhouse	947	10,100	2,540	0	13,587
Local Centres Programme and Townscape Heritage Initiative (THI)	1,639	4,069	4,706	2,000	12,414
Aire Valley Enterprise Zone	448	934	0	5,760	7,142
City Development Public Realm	1,037	2,078	823	250	4,187
Holbeck Group Repair	1,535	1,450	0	812	3,797
City Region Revolving Infrastructure	1,789	1,861	0	0	3,650
Digital Business Incubators (LCC Tech Hub)	2,629	1,000	0	0	3,629
Kirkgate Market Strategy	598	1,100	1,000	0	2,698
Southbank Regeneration (HUV)	663	850	300	0	1,813
Grand Theatre works	1,375	0	0	0	1,375
Ward Based Initiative, ACW & CRIS	42	682	683	684	2,092
Other smaller schemes within the objective	1,553	1,162	1,183	414	4,312
	14,254	25,287	11,234	9,920	60,696
<b>Central &amp; Operational Expenditure</b>					
Contingency General	0	300	300	5,890	6,490
Contingency Specific Emergencies	0	0	0	1,000	1,000
Transformational Change	3,117	0	0	0	3,117
Other smaller schemes within the objective	104	0	0	0	104
	3,221	300	300	6,890	10,710
<b>Total Major Programmes &amp; Other Directorate schemes</b>	<b>286,919</b>	<b>355,069</b>	<b>315,603</b>	<b>297,269</b>	<b>1,254,861</b>
<b>Annual Programmes (See Appendix A(i) )</b>	<b>56,339</b>	<b>51,096</b>	<b>58,912</b>	<b>51,104</b>	<b>217,452</b>
<b>Total Annual &amp; Major Programmes</b>	<b>343,258</b>	<b>406,166</b>	<b>374,516</b>	<b>348,373</b>	<b>1,472,312</b>



## Appendix A (iii)

### Injectors Since Quarter 2 Capital Programme Update Report

	Borrowing £000	Specific Resources £000	Total Resources £000
2020/21 HRA Budget <b>Note 1</b>		73,068	73,068
2020/21 Annual Programmes <b>Note 1</b>	41,673	5,785	47,458
Funding to address Learning Places Deficit	20,000	5,000	25,000
Local Full Fibre Network Bids	3,600	18,000	21,600
Computer Applications Refresh	10,000		10,000
Flood Alleviation Phase 2 (1 in 200 year level standard of protection)	10,000		10,000
ELOR Land Purchases	8,316		8,316
2020/21 Estimated Local Transport Plan (LTP) Grant <b>Note 1</b>		7,500	7,500
2020/21 Estimated School Condition Allocation <b>Note 1</b>		6,981	6,981
Regent St Flyover	6,000		6,000
HRA Business Plan for investment in CH Stock	3,500		3,500
Sovereign Street Bridge	3,500		3,500
Community Hubs Phase 3	3,030		3,030
New Supply Affordable and Supported Housing	3,030		3,030
Stanningley Bypass	2,000		2,000
2020/21 Estimate Devolved Formula Capital (DFC) Grant <b>Note 1</b>		1,555	1,555
Beckhills Housing Estate Highways Works	1,500		1,500
Public Realm Strategy	1,150		1,150
Land Acquisition	1,000		1,000
Bin Replacement Programme	974		974
Kirkgate Market Roof Replacement	900		900
Disabled Facilities Grant		645	645
Workspace Development & Investment Fund	600		600
18/19 Estimated Pot Hole Grant		483	483
Asset Management Site Developments	300		300
Royds School Storm Damage/Insurance Claim	249		249
Customer Facing Improvements	200		200
Innovation District	150		150
Frederick Hurdle & APNA Day Centre Refurbishment	130		130
Kirkgate Market Food Hall Enhancements	100		100
Temple Newsam Estate Heritage Lottery Fund Bid	100		100
City Resilience Planning	60		60
City Museum Lighting Colour Changing	22		22
Grand Theatre Feasibility	20		20
Other		106	106
<b>Net Injections sought as part of this report</b>	<b>122,104</b>	<b>119,122</b>	<b>241,226</b>
Redevelopment of George Street / Kirkgate	12,904		12,904
S106 Contributions - Parks & Countryside		336	336
S106 Contributions - Highways		184	184
S106 Contributions - Other		7	7
Other	-32	-466	-499
<b>Net Injections with approvals in place</b>	<b>12,872</b>	<b>60</b>	<b>12,932</b>
<b>Total Net Injections since Q2 Report</b>	<b>134,976</b>	<b>119,183</b>	<b>254,158</b>

**Note 1** - These lines are the annual programme injections which total £136.6m as referred to in recommendation 9 b)

## Appendix B

### **Capital Receipts - Sites Scheduled for Disposal Completion 2017/18**

Belgrave Gardens  
Belle Vue Road, Scholes  
Broad Lane 275, Bramley (Q8)  
Brown Lane West, North Site  
Chapeltown Road 180  
Corn Exchange Shops  
DPP sites first tranche  
Kippax Housing Office  
Lenhurst Avenue, Land at, Armley, Former Ancester PH  
Merry Monk Public House, Kirkstall Hill, Leeds  
Queenswood Drive 198/200, LS6 3ND  
Roscoe Street, Sheepscar LS7  
Roundhay Road Area Office ( Land to rear), School site  
Rumple Croft, Meagill Rise, Otley, Strip of land  
Thorpe Square/Rd, Throstle Terrace, Middleton Phase 2  
Wade Street/Land Street, Corner of, Farsley  
Wetherby Fulfilling Lives Centre, Sandbeck Way  
Wetherby Road 32, Flats A, B & C  
York Road Library, Former, Land adjacent  
York Street 76, Land Adj, Leeds

### **Still to complete 2017/18**

Gallows Hill, Land at, Pool Road, Otley  
Greenlands HOP, Shakespeare Road, Guiseley  
Hanover Square 44, Leeds, LS3 1BQ,  
Low Fold, South Accommodation Road, Leeds LS9  
Millgarth Police Station, Strip of land  
Moorfield Street 2, Leeds LS2 9EJ,

Peel Street Community Centre, Melbourne Street  
Ramshead Hill 53  
Riverside Bridge Street, CPO Eastgate & Harewood  
Roundhay Road Area Office, (Housing site)  
Sovereign Street/Plot C, Overage Payment (final Payment)  
Wesley Street 114, Former Caretaker property  
West Leeds Family Centre, Former, Whingate Road, Leeds  
West Park, Leeds, LS16  
Wray Building, Harewood Street

## **2018/2019 Disposals**

Acre Mount  
Acre Terrace 17, Middleton  
Armley Grange  
Ashfield Works, Otley  
Ash Tree Primary School, Kippax  
Back Lane, Stanningley (Self Build)  
Bodmin Road, Land at No. 2 & 4. Middleton  
Bramham House, Bramham, Freely Lane, Phase 1  
Brooklands Avenue, Site B, Seacroft , DPP  
Buckingham House  
Burley Willows Care Home  
Calverley Library  
Cardigan Road Library  
Chatsworth Road, Harehills (Self Build)  
Clarence Road, Land at  
Easel Site 3, Bellway - Amberton Close  
Easel Site 6 , Gipton-Overage Payments  
Eastmoor School (Former)  
Elland Road (Land for Planet Ice)  
Grafton Centre, Craven Road  
Grange Farm (Land)  
Harehills Park Cottages & Development site.  
Holdforth Place, Wortley

Hume House, Land adjacent  
Hunslet Mill, land at  
Kippax Kabin, Cross Hills, Kippax  
Kirkland House, Queensway, Yeadon  
Lea Farm Road, Lea Park Road, Kirkstall (Self Build)  
Leonardo/Thoresby/2 Great George Street Disposals  
Low Whitehouse Row & Glasshouse Street, Lane, Hunslet  
Lower Wortley Road 163, Land at, TEAS  
Manor Farm Rise, Middleton  
Micklefield House Annexe & Caretakers Lodge, New Rd Side  
Middleton Park Avenue, Middleton  
Miles Hill Primary School & The Beckhills  
Oldfield Lane, Wortley (Sports Assoc Field)  
Otley LIDO, Farnley Lane  
Primrose Hill HOP, Boston Spa  
Quarry Hill (Plot 6)  
Quarry Hill Car Parking Payment  
Rosemont Flats, Bramhope, Breary Lane  
Roseville Enterprises Building  
Rothwell One Stop Area Office, Marsh Street  
Stanks Gardens, Land at, Swarcliffe, St Gregorys School  
Swarcliffe Avenue  
Thornes Farm co-ordination (Surrender & Regrant Gregory  
Thornes Farm, Land at, (Mercado)  
Well Lane, Land at, Yeadon  
Wortley High School former, land at Swallow Crescent  
Wykebeck Avenue, Seacroft DPP  
Wykebeck Mount West, Osmondthorpe DPP  
Yew Tree Farm, Colton Road East

## **2019/20 Disposals**

Abbey Mills, Kirkstall Road, LEEDS 4  
Bath Road (site D)  
Burley road Shops & Car Park  
Hedley Chase, New Wortley, Former Liberal Club site

Hill Crest 32, land adj, Swillington (self build)  
Holt Park District centre (residential sites)  
Holt Park District Centre, ASDA  
Land at Elland Road, Land at (disposal)  
Leodis Way, Land adjoining Stourton Containerbase  
Methley Library/Village Hall site  
Middleton Marauders Clubhouse  
Park Court  
Park Farm, Colton, Leeds, LS15 9AJ  
Park Lees site, St Anthony's Road, Beeston, LS11  
Seacroft Hospital -Ransom Strip  
Sovereign Street/Plot B  
Throstle Mout, Middleton (Wades)

## **2020/21 Disposals**

Kendall Drive, Halton Moor DPP  
Lobb Cottage, Thorn Lane, Roundhay, LS8 1NF  
North Parade Depot, otley  
Pinfold Children's Home – disposal  
Redhall

## **2021 onward Disposals**

All Saints Road, Rothwell (Self Build)  
Arena Development Site  
Asket Hill Primary, Seacroft DPP  
Bath Road/Derwent Place (Site B)  
Bishop's Way, Seacroft DPP  
Brooklands Drive, Seacroft DPP  
Bruntcliffe Cemetery Lodge  
Charles Street, Farsley  
Clarence Road Industrial Units

Copperfields College  
Elland Road (Site B Car Park), Leeds  
Healey Croft Hostel, Westerton Road, Tingley  
Kenneth Street, Land at Holbeck  
Leeds Bradford Airport (Ransom Strip - Site 3)  
Leeds International Pool  
Manor Street Industrial Estate  
Matthew Murray High School  
Mistress Lane, Armley  
Moorend Training Site, Tulip Street, LS10  
Parkway Close, Seacroft DPP  
Peckfield Colliery, Plots 4, 5 and 6  
Ramshead Wood Day Centre  
Rathmell Road, Halton Moor, LS15, DPP  
Seacroft Crescent North, Seacroft DPP  
Seacroft Crescent South BLP  
St Ann's Mills  
Summerfield Gardens, Rodley (Self Build)  
Sweet Street 38/47 Marshall Street  
Tesco Seacroft  
Western Flatts Park, Cliff Cottage off Fawcett Lane  
Parkway Close, Seacroft DPP  
Peckfield Colliery, Plots 4, 5 and 6  
Rathmell Road, Halton Moor, LS15, DPP  
Seacroft Crescent North, Seacroft DPP  
Seacroft Crescent South BLP  
Sweet Street 38/47 Marshall Street  
Western Flatts Park, Cliff Cottage off Fawcett Lane



## Appendix C

### Major Schemes (over £3m) by Objective Future 3 year programme 2018/19 -2020/21

<b>Central and Operational</b>	<b>£43m</b>
Vehicle Replacement Prog	17m
General Capitalisations	15m
Contingency	8m
Other	3m

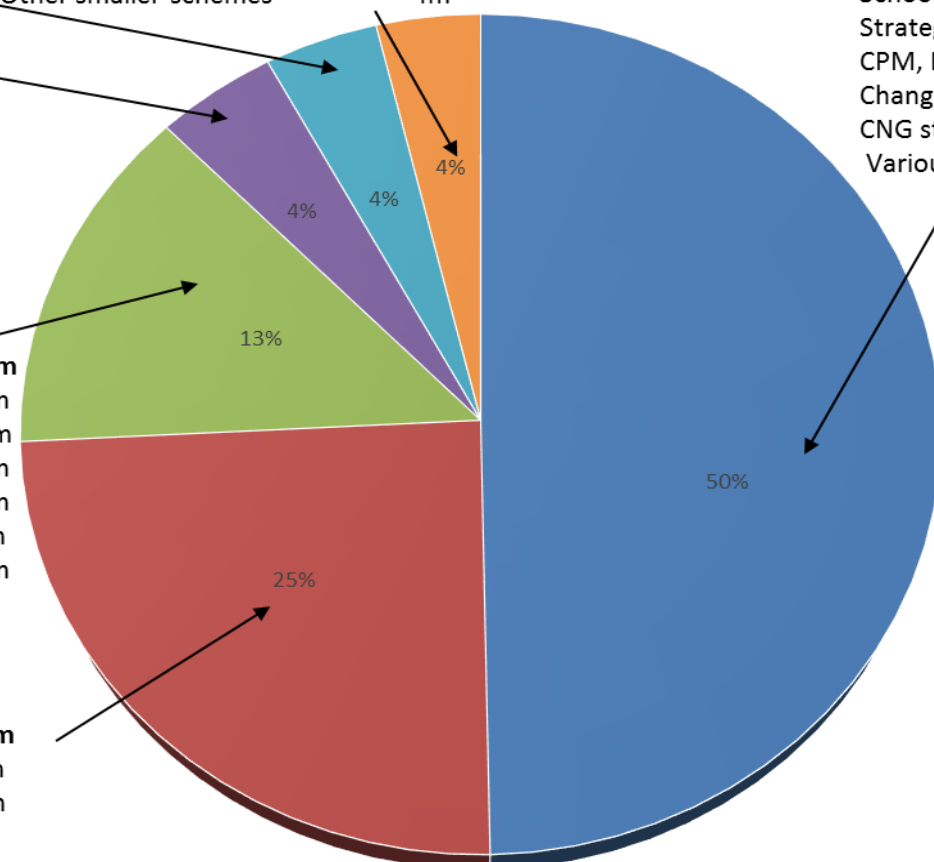
<b>Investing in New Technology</b>	<b>£50m</b>
Full Fibre Network Bids	22m
Essential Services Programme	14m
Computer Application Refresh	10m
Other smaller schemes	4m

<b>Improving Our Assets</b>
HRA - Refurbishment p
HRA - Council House Pr
Highways Annual & Ma
Schools Capital Mainte
Strategic Investment Fu
CPM, Demos and Fire R
Changing the workplace
CNG station & conversi
Various other smaller s

<b>Supporting the Leeds Economy</b>	<b>£47m</b>
West Yorkshire Playhouse	13m
Local Centres Prog & THI	11m
Aire Valley Enterprise Zone	7m
Public Realm	3m
Kirkgate Market Strategy	3m
Other smaller schemes	10m

<b>Supporting Service Provision</b>	<b>£152m</b>
Learning Places (Basic Need)	83m
Social Care & Health Fund	24m
Adaptations DFGs	23m
Affordable Housing Support & Loans	7m
Waste Depot Development	4m
Various other smaller schemes	11m

<b>Investing in major infrastructure</b>	<b>£277m</b>
East Leeds Orbital Road	127m
Leeds Public Transport	107m
Flood Alleviation	19m
District Heating Network	18m
Cycle City Ambition	5m
Various other smaller schemes	1m



### Major schemes contained within each objective 2018/19 - 2020/2021

#### 1. Improving our Assets

##### Housing Revenue Account (HRA)

**Council Housing Growth Programme** – The programme has delivered £32.1m of spend in previous years with an estimated spend of £17m for 2017/18, future spend profiled as £10m in 2018/19 and the residual £49m to complete by 2020/2021. The Council is targeting c£30.0m of council housing growth funding from within the overall programme to support the delivery of extra care housing. The Newbuild programme has delivered 5 schemes which have completed at £18m. 3 schemes are on site with a combined construction value of £11m, Broadlea Street, Garnet Grove and the former Whinmoor Pub with 3 schemes in procurement/feasibility at the Beeches, Nevilles and Meynell Approach. The Empty Homes programme £11.3m has brought 120 homes back into use since 2014. Phase 1 of the programme has delivered 26 homes. Phase 2 the 2015-18 Empty Homes programme has currently delivered 96 homes with a further 8 in conveyancing and one community centre awaiting confirmation which will give a total of 102 homes delivered.

As part of the Council Housing Growth Programme and to support the delivery of the Better Lives Programme, the Council intends to enable the initial delivery of 200 Council owned extra care apartments with the intention that this investment acts as catalyst to promote the wider development of extra care across the city.

An Executive Board report was approved in July 2017 which included recommendations on

- £30m budget for delivery of extra care
- Approval of 6 council owned sites to be dedicated to the delivery of extra care
- Intended procurement strategy for the delivery of extra care (via the North Yorkshire Extra Care Framework).
- Potential revenue savings which will result from the provision of additional extra care housing places across the city.

**Council Housing Investment Programme** – Housing Leeds and BITMO are projecting to spend £261.6m over the coming 3 year period 2018-20. This investment will fulfil a number of LCCs key priorities; Fire Safety and compliance making additional funding available to fund further sprinkler installations in our high rise blocks, improving health and affordable warmth, low carbon and energy efficiency including a District heating network programme, improvements to the environment through reduced carbon emissions and supporting more people to live safely in their own homes.

A report to November 2017 EB “Beyond Decent Homes – The 2018 HRA Capital investment Plan” set out a detailed 10 year investment plan.



New capital investment proposals will be prioritised according to the following, with works that contribute to legislative requirements, the health, safety or wellbeing of residents taking precedence over others:

- Top priority – legislative requirements, health, safety and wellbeing (e.g. fire safety, asbestos, DDA, heating and insulation, lifts, aids and adaptations etc.);
  - High priority – structural works and key building components (e.g. structural Remedials, concrete repairs, roofs, chimneys, pointing, damp proof courses, windows and doors etc.).
  - Medium Priority – internal works and non-key building components (e.g. kitchens, bathrooms, internal communal areas in blocks etc.).
- Low priority – environmental and estate improvements (e.g. garages, fencing, paths etc.).

The HRA Investment Plan will be reviewed by Executive Board annually, alongside the HRA Business Plan. This will allow scrutiny of newly arising investment needs and proposals at the same time as making decisions around the resources made available to fund it.

### ***General Fund***

**Highways Annual Maintenance & other Major Highways Programmes** – The Highways programme over the next 3 years provides for £120m and includes £52m of annual programme borrowing up to 2020/21 to address backlog maintenance on district roads/streets. It includes £22m of LTP funded Highways maintenance and transport package schemes, £17m for the maintenance of our Bridges and Structures, £11m of developer contributions through Section 278/106 funding, £8m for Highways Network junction improvements, £8m on 2 Challenge Fund bids for the Regent Street Flyover and Stanningley bypass. Of the total available £27m is injected within this report across the three years, £17m of which is for the 2020/21 annual Highways Maintenance programme as set out in appendix A(iii).

**Childrens Capital Maintenance and Devolved Formula Capital** – These Programmes currently include estimated future grant allocations up to 2020/21 of £7.0m and £1.6m respectively based on 2017/18 funding allocations. The next schools capital funding announcement is expected in March 2018 at the earliest, and funding estimates that are already included in the programme will be updated as necessary. Balances have been accumulated within the Capital Maintenance Programme to undertake more substantial refurbishment at prioritised sites.

**Changing the Workplace** – The programme continues to progress and £1.5m has been saved 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 2,600 going through the process with Merrion House, Enterprise 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. Works have commenced on site to refurbish and create the new Merrion House with an envisaged date for completion of the base build works (including the tenant enhancements) end of January 2018. Post fit-out it is envisaged that staff would be able to commence a phased occupancy of the

building from mid February with all staff having moved into Merrion House by the end of May 2018. Works have commenced to St George House with the second phase completed and the final phase being completed once current occupiers have moved to Merrion in 2018. New Ways of Working training and equipment is currently being rolled out to approximately 200 staff at Middleton.

**George Street Redevelopment** - In December 2017 the Council's Executive Board gave their approval to award the contract to Town Centre Securities as preferred developer partner. The scheme proposals include for nine ground floor retail units and 117 mixed 1-3 bedroom apart hotel units on the subsequent five floors. It has been agreed that the Council will grant the joint venture partnership organisation, comprising Leeds City Council and Town Centre Securities, a 250 year lease with the Council investing in a 50% share in the completed development circa £10m. The total anticipated project budget is £12,903,600 and Executive Board have given their approval to inject the finance in the Council's Capital Programme and approval to spend. It is anticipated that the works will start on site in early 2019 with a target completion of spring/summer 2020.

**Compressed Natural Gas Station and Conversion of RCVs** - The Council is now in a position to move towards delivery of an alternative fuel facility, a key stepping stone in reducing the city's emissions, subject to acquisition of an identified plot of land. Delivery of the project will contribute directly to Best Council Plan Low Carbon ambitions by enabling a significant reduction in harmful emissions from the council's fleet.

The Council has run a long term trial of Refuse Collection Vehicles (RCVs) fuelled by natural gas. Following the success of these trials it is now proposed that the council's RCVs will be converted to Compressed Natural Gas (CNG) and that this will act as an anchor load for the development of an alternative fuel station that will be available for use by any fleet operator entering the city as well as the Council. The alternative fuel station will dispense CNG as a minimum but it is anticipated that the station developers will bring forward other innovative ideas to enable a wide range of cleaner fuels to be developed.

**Community Hubs** – An update of phase 2 and the business case for Community Hubs Phase 3 is included within this Executive Boards agenda and will allow the continued roll out of the Community Hubs with fully integrated services across the city including, asset rationalisation, co-location of housing back offices, essential backlog maintenance and new ICT infrastructure and equipment to enable new ways of working over the next 3 years.

## **2. Investing in Major Infrastructure**

**East Leeds Orbital Road** - The Council has made good progress in bringing 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 has now reached a design freeze enabling submission of a planning application in February. The 7km road would unlock the potential to build up to 5000 new homes in the East Leeds Extension and support the wider housing and economic growth of East Leeds. A business case for part funding of the scheme through the West Yorkshire Transport Fund has Gateway 1 approval from WYCA, with a Gateway 2 Business Case to be submitted by the year-end, seeking support to move through to the tender stage of works procurement. The Council is continuing to assume prudential borrowing to meet the

initial gap between the available funding and capital cost of the scheme, to be eventually reimbursed through roof tax contributions from house builders.

**Leeds Public Transport Investment programme** – The programme comprises of a package of public transport improvements that, taken together, will deliver a major step change in the quality and effectiveness of our transport network. Headline proposals include:

- A new Leeds High Frequency Bus Network – over 90% of core bus services will run every 10 minutes between 7am and 8pm.
- Additional investment of £71m by First group to provide 284 brand new, comfortable and environmentally clean buses with free wi-fi and contact-less payments which will achieve close to a 90% reduction in NOx emissions by 2020.
- Development of three new rail stations for key development and economic hubs serving Leeds Bradford Airport, Thorpe Park and White Rose. 2000 additional park and ride spaces with the first new site opening at Stourton.
- A 1000 more bus stops with real time information.
- Making three more rail stations accessible at Cross Gates, Morley and Horsforth.
- Creating 21st Century interchanges around Vicar Lane, the Headrow and Infirmary Street and improved facilities in our district centres.

Funding from Leeds and the West Yorkshire Combined Authority (WYCA) of £8.8m and £1m respectively will increase the funding to £183.3m. In addition Private Sector finance including expenditure on more environmentally friendly buses by bus operators could bring the total investment to over £270m.

**Flood Alleviation** – Phase 1 of the Leeds Flood Alleviation Scheme was officially opened on 04/10/17 and has been completed on time and budget. December '17 Executive Board approved a report that set the principles of the proposal for a Phase 2 scheme (flood defences upstream of the City Centre) to be included in an outline business case for funding from the Department for Environment, Food and Rural Affairs (DEFRA). The government initially made £3.0m available to develop a potential scheme. Additional funding applications have been made to the European Structural and Investment Fund (ESIF) and the DEFRA Booster Fund to enable works at Stourton and other advanced 'quick wins' work to be undertaken. Similarly to Phase 1, £10m of LCC Borrowing has been injected into the Capital Programme for Phase 2 to be used as it is assumed that the Council will take a leading role in the ownership, operation and maintenance of any new assets constructed.

**District Heating Network** - Executive Board approved funding of c£17m, alongside £4m of funding from the LEP, to construct the first phase of a citywide district heating network, to pipe lower cost and lower carbon heat from the RERF to businesses and residents in dense urban areas. In order to turn this opportunity into a reality, the Council is working to secure sufficient heat customers to allow the Director of Resources and Housing to sign off the business case. Construction is anticipated to start in the new year. Executive Board also approved related work in Lincoln Green/Ebor Gardens to convert 1,440 flats from electric storage heaters to district heating, and to connect another 543 flats with existing DH systems in Saxton Gardens and Ebor Gardens. This is supported by £5.8m of ERDF monies with the balance coming from the HRA. The Housing network is now being mobilised with construction due to start in November.

**Cycle City Ambition** - This programme is fully funded by the West Yorkshire Combined Authority (WYCA). Final account issues for CityConnect1 continue to be progressed. Construction works for CityConnect2 are progressing with works due to complete in Summer 2018.

### 3. Supporting Service Provision

**Learning Places (Basic Need)** – Basic Need Grant allocations for 2018/19 and 2019/20 have previously been confirmed at £21.0m and £28.7m respectively, along with Special Educational Needs and Disability (SEND) Special Provision Fund allocations for the three years 18/19 to 20/21 of £1.1m pa (see report elsewhere on this agenda) - all are included under this programme. The next schools capital funding announcement is expected in March 2018 at the earliest, and a funding injection for 2020/21 Basic Need Grant together with any adjustments to previously announced allocations will be updated as necessary.

The funding deficit is currently estimated at £71.7m, with the deficit projected to first occur in 2018/19. Discussions continue with the Education & Skills Funding Agency (ESFA) to seek additional central government funding, along with the potential to utilise other funding sources such as S106 development contributions. Strategic Investment Board is being regularly updated on this position. This funding gap is the largest significant pressure that the capital programme faces and as such it is proposed to cashflow the expected programme of works during 2018/19 by injecting additional funding of £25m of LCC Borrowing and Community Infrastructure Levy funding. Executive Board will be kept updated via future Learning Places Programme update reports (the latest of which is reported elsewhere on this agenda) and future Capital Programme reports.

**Social Emotional Mental Health** – In July 2016, Executive Board approved capital investment of £45m to provide facilities across 3 schools for children and young people with social, emotional and mental health issues within the city. The first of these schools, East SEMH, opened in January '18. Building works are progressing on site for the other 2 schools which are due to open in April '18 (South SEMH) and September '18 (North SEMH).

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

**Adaptations to Private Homes** - Grants of £7.5m 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 as an annual programme for adaptations to private homes to support more people to remain independently in their own homes.

**New Supply Affordable and Supported Housing** - The Council is considering an innovative, collaborative approach between the Council, St George's Crypt and LATCH (Leeds Action to Create Homes) to seek loan funding of £3.03m from the Council for the provision and development of new supply affordable, supported housing. Housing related support services are integral to the Council's aims to help support vulnerable individuals and families maintain their accommodation and to

help those at risk of and threatened by homelessness to access suitable accommodation.

#### **4. Investing in New Technology**

**Essential Information and Technology Infrastructure** – There are a number of major essential IT investments and associated programmes of work that are required over the next few years. The most significant of these investments commenced in 2017/18 where the council will upgrade the entire estate to Windows 10, continuing the rollout of the new collaboration and telephony platform based on Microsoft Skype alongside decommissioning the old Ericsson and Cisco telephony systems. There is also a requirement to replace hundreds of very old PC's and laptops. Major investment is also required to implement a range of cyber security measures as computer crime continues to escalate across all organisations that hold sensitive and personal information. A significant refresh is required of our ageing server and storage estate, and this will be replaced by a future proofed capability that has the potential to also host other organisations' computer systems as we continue to work on a city first basis with a range of partners, particularly across health and care. Investment is also required to ensure our citizens and staff are digitally included in order that they can be part of a prosperous and inclusive city.

**Computer Applications Refresh** - Funding is sought to support the requirement to refresh or consolidate a number of legacy business applications.

LCC's previous strategy has been to "sweat the asset" and avoid the high cost of change. This approach is under review as a result of a number of compliance issues that will inevitably result in upgrades being required or applications replaced. The need to upgrade, replace or consolidate applications is determined by the requirements of the external Public Service Network (PSN) and General Data Protection Regulations (GDPR) compliance regimes and our need to upgrade to the Windows 10 operating system. Subsequently, how suppliers respond and engage with LCC to meet these challenges will ultimately determine whether there is a requirement to refresh or replace these applications. Currently 48 applications out of a total application estate of 251 have been assessed as non-compliant to GDPR. The overall anticipated funding requirement to achieve compliance currently stands at £12M over three years. This represents a worst case scenario situation. Engagement with suppliers is ongoing to help address compliance issues, and should applications no longer be at risk the level of anticipated funding will equally reduce.

**Full Fibre Network Bids** – The Department for Digital Culture Media and Sport (DCMS) announced in the autumn 2017 budget a fund of £190m available for wave 2 projects for local full fibre networks. The wave 2 fund opened on the 22<sup>nd</sup> Nov 2017 and will close on the 26<sup>th</sup> Jan 2018.

Leeds will submit a bid for £18M of investment that will be matched by £3.6M from our capital programme. This if the bid is successful will provide full fibre connectivity to all schools, council flats and CCTV point from which fibre providers will expand their networks into localities. Depending on the outcome of the bid a more detailed report will come to Executive Board relating to the implementation of the scheme.

## **5. Supporting the Leeds Economy**

**West Yorkshire Playhouse** - In mid-December 2017 the Council were successful in its Stage 2 application for a grant funding award from Arts Council England (ACE). ACE have confirmed that the full financial award of £6.333m will be given to the Council taking the total grant from ACE to £6.633m. In addition to this, Planning permission was also granted in mid-December 2017 which closes a further major milestone. The contractor and consultant team continue to refine the scheme proposals and it is still anticipated that the contractors Stage 2 tender fixed lumps sum will be submitted as programme for mid-March 2018.

### **Local Centres & Townscape Heritage Initiative (THI) Programmes -**

On 15 November 2017 Executive Board approved the creation of the £5m Local Centres Programme (LCP). The main aims of the programme are to engage ward members, local businesses and communities to create viable local centres that are accessible, safe, resilient and fit for the 21st century. Each ward can bid for up to £150k in capital funding to support projects that achieve these aims.

The first call for bids is open between 11 December 2017 and 9 February 2018, with a view to requesting approval to the first projects at Executive Board on 21 March 2018. The date of the second call for projects will be confirmed at that point and it is likely that some first call projects will be deferred to the second call, should good project ideas require additional development work.

Lower Kirkgate THI – The First White Cloth Hall (FWCH) was acquired by a developer in early 2017. Since this time they have been developing a scheme with support from the council and Historic England and an application for planning and listed building consent has recently been submitted. The restoration of the grade II\* listed building has a commitment from Heritage Lottery Fund (Lower Kirkgate Townscape Heritage Initiative: £0.5m secured funding), Historic England (£0.25m unsecured funding). Subject to the required consents a report will be brought to Executive Board later in the year to seek approval for the awarding of grant, subject to the completion of the tender process and final costs being known.

Chapeltown THI - In addition to the Armley THI scheme which was completed last financial year, the council has now successfully completed the Chapeltown THI scheme, resulting in 23 refurbished properties. The council's investment of £594,000 levered in £1.49m from the HLF, the EU and the and private sector.

**Public Realm Strategy** - Engaging and quality public realm is critical to the continued success and robustness of the city centre; creating a welcoming city which has the wow factor. To achieve this there is multi-layered approach, delivering immediately on punchy high visibility pop-up projects whilst working on the longer-term larger schemes. In terms of the larger schemes, feasibility work will commence mid-late 2018 following stakeholder engagement on City Square and the funding for Quarry Hill works have been agreed with an anticipated start on site late 2018, for completion in September 2019. Work to improve the public realm around Merrion House is ongoing and will complete in May 2018.

The summer of 2017 saw a range of temporary/pop-up initiatives such as Cookridge Street pop-up Park, Park Here & Play, Town Hall Forecourt Park. These were well received by the public and consideration is being given to how to develop these schemes and locations in future years. Family Friendliness is high on the agenda, with the Child Friendly Leeds competition drawing hundreds of entries, a new playscape being developed at Queens Square and a range of projects being devised based on the competition winners' suggestions. The parklet initiative

supports 'the best city to grow old in' with the placement of seating and rest points in previously 'impractical' locations. Largely these schemes are delivered through the £100k 'Public Realm' and 'Enhancement' pots in the capital programme.

**Digital Business Incubator (Leeds Tech Hub) -** The Leeds Tech Hub Fund, funded by a DDCMS capital grant, launched in 2016 and was introduced as a catalyst for growth and expansion in the city's fast-growing digital sector. Following a competitive application process, five projects have been selected for funding. The main centre at Platform, above Leeds Train Station, opened in January 2018 and is already home to 75 businesses. Upgrades to event facilities and workspace at Duke Studios and ODI Leeds are also largely complete, while East Street Arts' BEETA project, bringing together tech and art specialists, this will be developed over the coming year. A small investment in the GameMakers hub completes the initial portfolio of projects. Around £250k remains in the fund for allocation in 2018.

**Workspace Development and Investment Fund -** As the Leeds property market continues to boom, the needs of small startup businesses, particularly in the creative and manufacturing sectors, have begun to present some challenges. This fund is designed to support providers of affordable specialist space to these sectors. An application round will be opened in 2018/19 for the first tranche of funding, with an initial focus on the Southbank.

**Innovation District -** This collaboration with Leeds Teaching Hospitals NHS Trust and the University of Leeds seeks to develop a Leeds Innovation District to the north of the city centre. Initial work has scoped out potential development sites. This fund will contribute to public realm and early stage development activities.

**Hyde Park Picture House –** The council is providing a grant of £282k as match funding in support of and subject to a successful heritage lottery fund (HLF) bid which will redevelop the picture house providing access facilities amongst a number of planned improvements.

## **Appendix D**

### **Statement of Policy on the Minimum Revenue Provision for 2018/19**

#### **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. Since 2008/09, the legislation has simply required local authorities to make a prudent level of MRP provision, and the government has issued statutory guidance, which local authorities are should 'have regard to' when setting a prudent level of MRP. The guidance says that the broad aim of a prudent MRP policy should be to ensure that debt is repaid over the life of the asset which the capital expenditure related to (or, for supported borrowing, the period assumed in the original grant determination). Within this overall aim, the guidance gives local authorities considerable 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 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. The first two options are based on the old statutory method of a 4% reducing balance, and the third and fourth options are based on asset lives. 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. Under the statutory guidance, it is recommended that local authorities do not use Options 1 or 2 for prudential borrowing, or for borrowing to fund capitalised expenditure (such as capital grants to other bodies and capital expenditure on IT developments).
- 2.3. 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 states that Option 3 could be used for this type of debt.

#### **3. Implications for the application of capital receipts**

- 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. 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 Responsible Financial Officer (the Section 151 Officer) will determine annually the most appropriate use of these receipts, taking into account forecasts for future expenditure and the generation of further receipts.

#### **4. 2018/19 MRP Policy**

- 4.1. In it's 2018/19 MRP policy, the council is required to decide how MRP will be calculated for borrowing undertaken for the 2017/18 capital programme and earlier years. It is proposed that Leeds adopts the following MRP policies for 2018/19 :
  - 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 on capital expenditure incurred between 2007/08 and 2017/18 will be calculated on an annuity basis over the expected useful life of the assets (option 3 in the statutory guidance). 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.
  - For earlier borrowing, MRP will be calculated on an asset life annuity basis. As data is not available to identify the individual assets which this borrowing related to, an average asset life relating to more recent borrowing will be used. The annuity calculation will be based on the position which would have been reached if this approach had been in place since 2008/09.
  - For all outstanding borrowing (both pre and post 2007/08), the MRP charged to revenue will be adjusted by offsetting an element of the cumulative overprovision on pre 2007/08 debt, until this overprovision has been fully utilised. For 2018/19, the calculated MRP will be reduced by the allocation of £22.4m of the cumulative overprovision on pre 2007/08 debt.

- 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.

<b>Directorate: Resources</b>	<b>Service area: Audit and Investment</b>
<b>Lead person: Bhupinder Chana</b>	<b>Contact number: 51332</b>

### 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.

### 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"><li>• Eliminating unlawful discrimination, victimisation and harassment</li><li>• Advancing equality of opportunity</li><li>• Fostering good relations</li></ul>		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**.

<b>4. Considering the impact on equality, diversity, cohesion and integration</b>	
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"> <li>• <b>How have you considered equality, diversity, cohesion and integration?</b> (<b>think about</b> 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)</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Key findings</b> (<b>think about</b> 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)</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Actions</b> (<b>think about</b> how you will promote positive impact and remove/ reduce negative impact)</li> </ul>	

<b>5. If you are <b>not</b> already considering the impact on equality, diversity, cohesion and integration you <b>will need to carry out an impact assessment.</b></b>	
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)	

<b>6. Governance, ownership and approval</b>
--

Please state here who has approved the actions and outcomes of the screening		
Name	Job title	Date
Bhupinder Chana	Head of Finance –Technical Resources and Housing	11 <sup>th</sup> January 2018
Date screening completed		

<b>7. Publishing</b> <p>Though <b>all</b> key decisions are required to give due regard to equality the council <b>only</b> publishes those related to <b>Executive Board, Full Council, Key Delegated Decisions</b> or a <b>Significant Operational Decision</b>.</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"> <li>• Governance Services will publish those relating to Executive Board and Full Council.</li> <li>• The appropriate directorate will publish those relating to Delegated Decisions and Significant Operational Decisions.</li> <li>• A copy of all other equality screenings that are not to be published should be sent to <a href="mailto:equalityteam@leeds.gov.uk">equalityteam@leeds.gov.uk</a> for record.</li> </ul> <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 <b>Governance Services</b>	Date sent: 15 <sup>th</sup> January 2018
For Delegated Decisions or Significant Operational Decisions – sent to appropriate <b>Directorate</b>	Date sent:
All other decisions – sent to <a href="mailto:equalityteam@leeds.gov.uk">equalityteam@leeds.gov.uk</a>	Date sent:

**Capital Programme – Scheme Details (Organised by Expenditure Objective)**

**SEE ATTACHED PDF**