

Title of Report:	Closure of Capital Accounts 2003/2004	Item 8
Report to be considered by:	Executive	
Forward Plan Ref:	EX0662	

Corporate Plan Priority:	This item supports all the Council's Corporate Plan Priorities
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Purpose of Report:

To determine certain capital financing transactions for the accounting year ended 31 March 2004. In accordance with the Local Government and Housing Act 1989.

Recommended Action:

That the following be agreed in respect of the accounts for the financial year ended 31 March 2004:

- (1) The allocation of credit approvals against schemes as detailed in paragraph 2 and;
- (2) The use of useable capital receipts of £112,444.

Reason for decision to be taken:

- To inform members of the capital financing for 2003-04

List of other options considered:

- None

Key background documentation:

- Capital Programme 2003-2004 & Final Accounts 2003-04

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Implications

Financial:

As detailed in the report

Supporting Information

1. Background

1.1 The Local Government and Housing Act 1989 requires Local Authorities to determine, annually, in respect of the previous financial year:

- (1) the use to be made of credit approvals;
- (2) the use to be made of useable capital receipts;
- (3) the amounts to be set aside from revenue as provision for credit liabilities.

1.2 2003-04 will be the last year that use of Capital Resources will be reported in this way. Members will recall that a new Prudential Framework came into force on 1 April 2004. The new framework places the emphasis on affordability and local authorities will themselves decide how much they can afford to borrow, without relying on Government issuing Credit Approvals.

2. Use of Credit Approvals

2.1 The council received a Basic Credit Approval (BCA) for 2003/2004 of £7,215,000 in support of its proposed capital programme.

2.2 The Council received Supplementary Credit Approvals (SCA) for 2003-04 to the value of £1,227,700, which were for Education Modernisation Funding (£867,700) and Renovation Grants (£360,000).

2.3 The Council had also received 2 year Supplementary Credit Approvals in 2002-03, some of which had not been fully used in that financial year. The remainder of these allocations were used during 2003-04. These were in respect of Education Special Needs Access (£242,400) and Education Modernisation Funding (£512,000). These allocations totalling £754,400 were fully spent in 2003-04.

3. Use Made of Useable Capital Receipts

3.1 The following table details useable capital receipts received and applied during the financial year 2003/04:

	Commuted Sums	General Fund	Total
	£	£	£
Balance Brought forward 01/04/03	578,349	275,304	853,653
Add			
New Capital Receipts		1,740,164	1,740,164
New Commuted Sums	154,011	Nil	154,011
Less			
Capital funding	Nil	-112,444	-112,444
Balance carried forward 31/03/04	732,360	1,903,024	2,635,384

3.2 A total of £112,444 has been applied during the financial year in funding capital expenditure. This is considerably lower than last year due to the Government's withdrawal of Social Housing Grant at the end of 2002-03. The additional resources available for use have already been taken into account when formulating the Council's strategy for capital financing for 2004-05.

3.3 The total capital expenditure for 2003-04 was £16.7 million. The balance of the capital funding, after use of receipts, is from a number of sources including £7.8 million use of reserved receipts, and £2.9 million from the Council's own debt free resources. Grants used to fund capital expenditure totalled £2.8 million and contributions from developers and the Community totalled £3.1 million.

4. Amounts set aside from revenue as provision for credit liabilities (Debt Repayments)

4.1 Under the 1989 Act a Local Authority is required to repay from revenue a minimum (minimum Revenue Provision) amount of:

- (1) 4% of outstanding General fund debt.
- (2) 2% of outstanding Housing debt.

4.2 If a Local Authority has a negative credit ceiling (i.e. the level of reserved capital receipts is greater than the level of outstanding debt) then no provision is required. This was the case for 2003/04.

Appendices

None.

Consultation Responses

Local Stakeholders:	Not Applicable
Officers Consulted:	Not Applicable
Trade Union:	Not Applicable