

GENERAL FUND CAPITAL PROGRAMME SUMMARY 2010/11 TO 2014/15

Appendix 1

Department	Future Years Budgets: Mainstream					Future Years Budgets: Scheme Specific				
	2010/11	2011/12	2012/13	2013/14	2014/15	2010/11	2011/12	2012/13	2013/14	2014/15
Children's Services	26	1,250	0	0	0	10,867	6,050	0	0	0
Community Services	0	0	0	0	0	2,170	0	0	0	0
Environment Services	5,627	5,300	5,300	5,300	5,300	8,012	3,095	1,018	1,000	1,000
Finance & Corporate Services	1,550	1,550	1,550	1,550	1,550	223	0	0	0	0
Residents Services	2,852	500	500	500	500	1,441	0	0	0	0
Total Expenditure	10,055	8,600	7,350	7,350	7,350	22,713	9,145	1,018	1,000	1,000

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Ref	Schemes	Description	2010/11	2011/12	2012/13	2013/14	2014/15	Total
			Budget	Budget	Budget	Budget	Budget	Scheme
			£000's	£000's	£000's	£000's	£000's	£000's
Children's Services Capital Programme.								
CHS1	Henry Compton School	The construction of a new independent performing arts block providing internally flexible performing arts auditorium with a professional stage lighting and audio system.	26	0	0	0	0	26
CHS2	Devolved Formula Capital	Gives maintained schools direct funding to help support the capital needs of their buildings. It is initially allocated to local education authorities who are then required to allocate the funding directly to schools.	1,368	0	0	0	0	1,368
CHS3	Youth Capital Fund	This Grant, funded by the DCSF, has been developed to allow young people between 13-19 years old to apply for funding to develop projects that increase the number of 'places to go and things to do'.	88	0	0	0	0	88
CHS4	Short Breaks Funding allocation	This capital grant is yet to be allocated. It is to be used to secure equipment, building adaptations, and new facilities that will support disabled children's short break provision.	221	0	0	0	0	221
CHS5	Primary Capital Programme	This capital grant has been allocated to individual schools to improve the facilities on offer.	5,537	0	0	0	0	5,537
CHS6	Modernisation Grant	To improve the infrastructure of the school estate.	92	0	0	0	0	92
CHS7	Extended Schools	This supports the development of extended schools which will offer access to a range of services for children, young people, their families and communities often beyond the school day	130	0	0	0	0	130
CHS8	Early Years and Child Care	To improve the quality of the environment in early years and child care settings both to support higher quality experience and ensure that all children can access services.	1,263	0	0	0	0	1,263

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			£000's	£000's	£000's	£000's	£000's	£000's
Children's Services Capital Programme.								
CHS9	Harnessing Technology	To support schools in delivering the priorities of the government's Harnessing Technology strategy.	394	0	0	0	0	394
CHS10	School Expansion Plann	Expansion of Primary places in September 2009.	0	1,700	0	0	0	1,700
CHS11	LA Basic Needs	LA Basic Needs	1,235					1,235
CHS12	Schools Access Initiative	Schools Access Initiative	149					149
CHS13	Locally Coordinated VA Programme	Locally Coordinated VA Programme	390					390
CHS14	Prudential Borrowing - BSF	Prudential Borrowing - BSF		5,600				
Total			10,893	7,300	0	0	0	12,593
Children's Services Financing Summary								
	Mainstream		26	1,250	0	0	0	1,276
	Government Grants		10,867	0	0	0	0	10,867
	Section 106		0	450	0	0	0	450
	Prudential Borrowing			5,600				
			10,893	7,300	0	0	0	12,593

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Ref	Schemes	Description	2010/11 Budget £000's	2011/12 Budget £000's	2012/13 Budget £000's	2013/14 Budget £000's	2014/15 Budget £000's	Total Scheme Cost £000's
Community Services Capital Programme.								
CSD1	Social Enterprise Legacy		1,190	0	0	0	0	1,190
CSD2	Mental Health SCE	To enable adults with mental health problems to retain work and to better access services and improve opportunities for social participation	124	0	0	0	0	124
CSD3	Adult Social Care SCE	General Capital Expenditure on the adult social care category - programme yet to be determined	107	0	0	0	0	107
CSD4	Sports and Health Initiative	Construct a floodlit artificial turf facility at the Lillie Road recreation ground, as part of the wider refurbishment of the park.	160	0	0	0	0	160
CSD5	Social Care IT Infrastructure Capital Grant	To develop IT infrastructure in order to roll out the Common Assessment Framework from 2011.	68	0	0	0	0	68
CSD6	Shepherds Bush Training Centre	Shepherds Bush Training Centre	400	0	0	0	0	400
CSD7	BEC Building	BEC Building	100	0	0	0	0	100
CSD8	Management and Admin	Management and Admin	21	0	0	0	0	21
Total			2,170	0	0	0	0	2,170
Community Services Financing Summary								
	Mainstream		0	0	0	0	0	0
	Government Grants		299	0	0	0	0	299
	NDC Grants		1,871	0	0	0	0	1,871
			2,170	0	0	0	0	2,170

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			£000's	£000's	£000's	£000's	£000's	£000's
Environment Services Capital Programme.								
ENV1	Air Pollution dispersion Model (other)		8	0	0	0	0	8
ENV2	Carriageways (Mainstream)	Borough wide planned maintenance of carriageways.	1,350	1,350	1,350	1,350	1,350	6,750
ENV3	Highways and Footways	Highways and streetlighting Improvements	1,000	1,000	1,000	1,000	1,000	5,000
ENV4	Footways (Mainstream)	Borough wide planned maintenance of footways.	750	750	750	750	750	3,750
ENV5	Repairs to Thames River Wall (Mainstream)	Repair damage to river wall-demolish and reconstruct.	327	0	0	0	0	327
ENV6	Shepherds Bush Common Improvements	Shepherds Bush Common Improvements	2,169	1,902	18	0	0	4,089
ENV7	Normand Park Development	The improvement of Normand Park is major priority for residents of the North Fulham area and the project has been identified as a key flagship regeneration project within the area's NDC programme	2	0	0	0	0	2
ENV8	54-108 Uxbridge Road - Improvement	Grant support for improvements to new shop-fronts, re-instatement of original architectural features and other works.	1,039	0	0	0	0	1,039
ENV9	Imperial Wharf- Traffic Calming	Imperial Wharf- Traffic Calming	334	0	0	0	0	334
ENV10	Pedestrian & Cycle 1	Pedestrian & Cycle 1	109	0	0	0	0	109
ENV11	Fulham Palace Road Subway	Fulham Palace Road Subway	95	0	0	0	0	95

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			£000's	£000's	£000's	£000's	£000's	£000's
Environment Services Capital Programme.								
ENV12	168-186 Fulham Palace Road	168-186 Fulham Palace Road	85	0	0	0	0	85
ENV13	Hammersmith Town Centre Improvement	Hammersmith Town Centre Improvement	470	0	0	0	0	470
ENV14	Ariel Way Traffic Management Measures	Ariel Way Traffic Management Measures	250	193	0	0	0	443
ENV15	Fulham Road Footways Works	Fulham Road Footways Works	110	0	0	0	0	110
ENV16	Planned Maintenance (Mainstream)	This is an annual programme of works to be carried out to council properties excluding Housing and Schools. This includes the refurbishment or the replacement of plant and equipment to buildings and arises from building surveys and bids from departments.	2,500	2,500	2,500	2,500	2,500	12,500
ENV17	Disabled Access to Office Buildings (mainstream)	Making Council Buildings accessible in compliance with Disability discrimination Act 1995.	250	250	250	250	250	1,250
ENV18	Renovation Grants (mainstream)	Discretionary grants to carry out repairs and improvement works to bring private properties up to the decent homes standard, to improve/ repair the common parts of buildings containing one or more flats and to bring empty homes back into use	450	450	450	450	450	2,250
ENV19	Corridors	The high level objective for corridors is to develop holistic schemes for key corridors that address issues relating to the smoothing of traffic flow, bus reliability, safety, cycling (including parking), public realm and removal of clutter traffic smoothing?.	1,246	0	0	0	0	1,246
ENV20	Neighbourhoods	The high level objective for neighbourhoods is to carry out local area improvements and also work on Legible London, shared space, reduction of street clutter, and an expansion of electric charging points.	798	0	0	0	0	798
ENV21	Smart Travel	Smart Travel	297	0	0	0	0	297

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			£000's	£000's	£000's	£000's	£000's	£000's
Environment Services Capital Programme.								
Total			13,639	8,395	6,318	6,300	6,300	40,952
Environment Services Financing Summary								
	Mainstream		5,627	5,300	5,300	5,300	5,300	26,827
	Transport for London		2,341	0	0	0	0	2,341
	Section 106		4,663	2,095	18	0	0	6,776
	Revenue Contributions		1,000	1,000	1,000	1,000	1,000	5,000
	Other Grants & Contributions		8	0	0	0	0	8
			13,639	8,395	6,318	6,300	6,300	40,952

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		£000's	£000's	£000's	£000's	£000's	£000's
Finance & Corporate Services Capital Programme.							
FCS1	Smart Working (Invest to Save)	To deliver the Council's Smarter Working Programme	223	0	0	0	223
FCS2	IT Infrastructure	IT Infrastructure	800	800	800	800	4,000
FCS3	Contribution to Invest to Save Fund	Contribution to Invest to Save Fund	750	750	750	750	3,750
Total			1,773	1,550	1,550	1,550	7,973
Finance & Corporate Services Financing Summary							
	Mainstream		1,550	1,550	1,550	1,550	7,750
	Invest to Save Fund		223	0	0	0	223
			1,773	1,550	1,550	1,550	7,973

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Ref	Schemes	Description	2010/11 Budget	2011/12 Budget	2012/13 Budget	2013/14 Budget	2014/15 Budget	Total Scheme Cost
			£000's	£000's	£000's	£000's	£000's	£000's
Residents Services Capital Programme.								
RSD1	Ravenscourt Park	Provision for park improvements	250	0	0	0	0	250
RSD2	Park Investments	Expenditure to improve the parks.	500	500	500	500	500	2,500
RSD3	Bishops Park (Stage 2 and 3)	Bishops Park (Stage 2 and 3)	2,272	0	0	0	0	2,272
RSD4	Safer Communities Fund	To deliver crime and disorder reduction activities and act against drugs misuse	91	0	0	0	0	91
RSD5	Play Builder	Delivery of 22 new natural and adventurous play areas for 8-13 year olds.	1,085	0	0	0	0	1,085
RSD6	Waste and Recycling Efficiency	Waste and Recycling Efficiency	95	0	0	0	0	95
Total			4,293	500	500	500	500	6,293
Residents Services Financing Summary								
	Mainstream		2,852	500	500	500	500	4,852
	TFL Grant		50	0	0	0	0	50
	DEFRA		95	0	0	0	0	95
	Heritage Lottery Fund		0	0	0	0	0	0
	Criminal Justice Intervention Grant		91	0	0	0	0	91
	Department for Children, Schools and Families		1,135	0	0	0	0	1,135
	English Heritage		65	0	0	0	0	65
	Heritage for London		5	0	0	0	0	5
			4,293	500	500	500	500	6,293

DECENT NEIGHBOURHOODS CAPITAL PROGRAMME 2010/11 TO 2014/15

Appendix 2

Ref	Schemes	Description	Prior Years	2010/11	2011/12	2012/13	2013/14	2014/15	Total
			£000's	Budget	Budget	Budget	Budget	Budget	Scheme
			£000's	£000's	£000's	£000's	£000's	£000's	Cost
Decent Neighbourhoods Capital Programme.									
DNC1	Decanting Costs/Misc.	Decanting of tenants and leaseholders	1,080	0	0	0	0	0	1,080
DNC2	Sulgrave Gardens	Decanting of tenants and leaseholders	1,467	0	0	0	0	0	1,467
DNC3	Watermeadow Court	Decanting of tenants and leaseholders	5,000	1,500	0	0	0	0	6,500
DNC4	Pennard Road	Land Acquisition for wider regeneration programme	4,880	0	0	0	0	0	4,880
DNC5	Fulham Court	Fulham Court Estate Improvement Strategy : Phase 1 Physical Improvements.	385	3,201	885	36	0	0	4,507
DNC6	Travellers Site	Match Funding to RBK&C to improve the Stable Way Travellers Site	0	125	0	0	0	0	125
DNC7	Decent Homes (general)	Resource Transfer for Decent Homes Programme.	2,946	2,000	0	0	0	0	4,946
DNC8	Pooling Costs	Provision for Pooling payment to Department for Communities and Local Government.	600	0	0	0	0	0	600
Total			16,358	6,826	885	36	0	0	24,105

HRA CAPITAL EXPENDITURE FORECAST

Appendix 3

Ref	Schemes	Forecast Budget 2010/11 £ '000	Forecast Budget 2011/12 £ '000	Forecast Budget 2012/13 £ '000	Forecast Budget 2013/14 £ '000	Forecast Budget 2014/15 £ '000
SUPPLY INITIATIVES						
MAJOR VOIDS						
1	Decent Homes Voids	1,243	0	1,768	0	0
TOTAL SUPPLY INITIATIVES		1,243	0	1,768	0	0
INTERNAL COMPONENT RENEWAL						
Energy Schemes						
2	Catch-up central heating	75	0	0	0	0
4	Boiler Renewals - Gas Contract	500	500	600	600	600
6	Bayonne Road Boiler room	95	5	0	5	0
7	Woodman's Mews pipework	75	0	0	0	0
8	Rowberry Close communal boilers	45	5	0	0	0
		790	510	600	605	600
LIFT SCHEMES						
9	Lift Component renewal programme	170	107	100	100	100
11	Sullivan Crt-Block K	10	3	0	0	0
12	Philpot Square Lifts	178	0	0	0	0
13	Alice Gilliat Ct Block P lift	230	60	0	0	0
14	Flora Gardens Lifts A,B,C	16	0	0	0	0
15	Continuing Programme	0	400	900	1,400	1,400
		604	570	1,000	1,500	1,500
Total Internal Component Renewal		1,394	1,080	1,600	2,105	2,100
MAJOR REFURBISHMENTS						
Edward Woods -Regeneration Project						
16	Swanscombe Road Controlled Parking Zone	25	0	0	0	0
17	Tower Block Overcladding	9,576	2,000	403	0	0
		9,601	2,000	403	0	0
GENERAL CAPITAL REPAIRS						
18	Capitalised Repairs	942	500	0	0	0
		942	500	0	0	0
Total Major Refurbishments		10,543	2,500	403	0	0
Preventative Planned Maintenance						
19	Main Programme	1,450	2,500	2,336	9,129	9,129
		1,450	2,500	2,336	9,129	9,129
Minor Programmes						
20	Emergency Unforeseen	50	50	50	50	50
21	Minor Estate Improvements (MEI)	270	270	270	270	270
22	Groundwork Environment	200	200	200	200	200
23	Feasibility Future Schemes	50	50	50	50	50
24	Water Tanks Programme Phase4	300	300	0	0	0
25	Charecroft-Amenity Deck Landscaping Ph 3 Salaries, Project Management, Programme	50	0	0	0	0
26	Delivery	2,520	0	0	0	0
27	Maystar Environmentals	3	0	0	0	0
Total Minor Programmes		3,443	870	570	570	570
PRE PARTNERING SCHEMES						
28	Flora Gardens,161-197	93	0	0	0	0
		93	0	0	0	0
DECENT HOMES PARTNERING						
29	Framework Area 1 - Hammersmith North					
		969	0	0	0	0

HRA CAPITAL EXPENDITURE FORECAST

Appendix 3

Ref	Schemes	Forecast Budget 2010/11 £ '000	Forecast Budget 2011/12 £ '000	Forecast Budget 2012/13 £ '000	Forecast Budget 2013/14 £ '000	Forecast Budget 2014/15 £ '000
30	Framework Area 2 - Shepherds Bush	2,291	0	0	0	0
31	Framework Area 3 - Hammersmith Central	10,109	0	0	0	0
32	Framework Area 4 - Fulham North	19,770	2,138	0	0	0
33	Framework Area 5 - Fulham Central	1,322	0	0	0	0
34	Framework Area 6 - Sands End	4,993	309	0	0	0
35	Framework Area 7 - Sheltered Housing	1,734	0	0	0	0
36	DH refusals	0	2,000	2,500	2,500	2,500
37	Street properties	0	3,990	3,990	0	0
38	Sheltered windows	0	3,070	0	0	0
39	IRS	0	1,500	0	0	0
40	Uncommitted Sums	0	0	5,000	2522	2925
TOTAL DECENT HOMES PARTNERING		41,188	13,007	11,490	5,022	5,425
GRAND TOTAL HRA		59,354	19,957	18,167	16,826	17,224
LBHF MANAGED						
41	Disabled Adaptations - legacy works					
42	Disabled Adaptations	800	800	800	800	800
43	Estates CCTV Programme Phase 1	100	100	0	0	0
Total LBHF MANAGED		900	900	800	800	800
Total HRA Capital		60,254	20,857	18,967	17,626	18,024

PRUDENTIAL INDICATORS

CAPITAL EXPENDITURE

The proposed indicative capital programme for the current financial year and the forthcoming financial years built upon the assumed level of resources is as follows:

	Forecast 2009-10 £000	Estimate 2010-11 £000	Estimate 2011-12 £000	Estimate 2012-13 £000
General Fund	46,865	32,768	17,745	8,368
Housing Revenue Account	93,072	60,254	20,857	18,967
Decent Neighbourhoods	14,643	6,826	885	36
TOTAL	154,580	99,848	39,487	27,371

The above figures exclude over-programming.

CAPITAL FINANCING REQUIREMENT (CFR)

As a consequence of the proposed indicative capital programme, it is envisaged that the capital financing requirement, which reflects the underlying need to borrow to finance the capital programme, will be as follows:

	Forecast 2009-10 £000	Estimate 2010-11 £000	Estimate 2011-12 £000	Estimate 2012-13 £000
General Fund	133,602	129,840	134,910	134,167
Housing Revenue Account	404,074	414,829	421,064	427,299
TOTAL	537,676	544,669	555,974	561,466

The General Fund CFR includes allowance for new prudential borrowing of £5.6m regarding the Building Schools for the Future programme.

NET BORROWING AND THE CAPITAL FINANCING REQUIREMENT

This is the key indicator of prudence. Its purpose is to ensure that net borrowing is only for capital purposes. This is achieved by measuring net external borrowing against the capital-financing requirement. Estimates of net external borrowing for the preceding year, the current year, and the next two financial years indicate that net borrowing will be less than the capital financing requirement. The Council is forecast to meet the demands of this indicator. The projections are:

	Forecast 2009-10 £000	Estimate 2010-11 £000	Estimate 2011-12 £000	Estimate 2012-13 £000
Net Borrowing	475,520	482,575	493,880	499,372
Capital Financing Requirement (CFR)	537,676	544,669	555,974	561,466
Net Borrowing Less than CFR	-62,156	-62,094	-62,094	-62,094

RATIO OF FINANCING COSTS TO THE NET REVENUE STREAM

This indicator demonstrates the percentage of the GF budget and HRA budget that is consumed by financing the capital programme. It should be noted that the HRA expenditure is effectively reimbursed through the Housing Subsidy system.

	Estimate 2010-11 %	Estimate 2011-12 %	Estimate 2012-13 %
General Fund	4.15	4.05	4.08
Housing Revenue Account	27.99	28.66	28.50

INCREMENTAL IMPACT OF CAPITAL SPENDING ON THE GENERAL FUND AND HOUSING REVENUE ACCOUNT.

The estimate of the incremental impact of capital decisions proposed over and above capital investment decisions that have already been taken by the council are as follows:

	Estimate 2010-11 £	Estimate 2011-12 £	Estimate 2012-13
General Fund– council tax £ per Band D home per annum	-£17.95	-£8.75	-£4.33
Housing Revenue Account – rent £ per household per week	0.00	0.00	0.00

The impact on the Housing Revenue Account is shown as nil. It is anticipated that all the new investment will either be fully funded through housing subsidy or from other specific funding allocations.

BORROWING – AUTHORISED LIMIT & OPERATIONAL BOUNDARY

The prudential indicators concerning the authorised limit for borrowing, and other treasury management activities, are set out in the Treasury Management Strategy report presented elsewhere on this agenda.

Annual Minimum Revenue Provision (MRP) Statement

Recommendation

The recommended Annual MRP statement for Hammersmith and Fulham is:

- For debt which is supported by Revenue Support Grant this authority will calculate the Minimum Revenue Provision in accordance with current regulations (namely 4% of the Capital Financing Requirement net of Adjustment A)
- For debt which has arisen through prudential borrowing it shall be written down in equal instalments over the estimated asset life. The debt write-off will commence the year after an asset comes into use.

Background

Each year local authorities are required to set aside some of their revenues as provision for debt repayment. This is commonly termed the minimum revenue provision (MRP).

Local authorities are required to approve an annual MRP Statement.

This Appendix sets out:

- The options.
- A recommended annual MRP Statement for this authority.

The Options

Councils can opt for 4 options regarding the MRP calculation.

Option 1

This provides for local authorities to calculate MRP in line with the minimum statutory charge. This is 4% of their opening Capital Financing Requirement, net of Adjustment A and the Commutation adjustment. As set out in Table 1 this would provide for an LBHF charge of £3.613m in 2010/11.

	£'000
Opening 2010/11 Capital Financing Requirement (CFR)	133,602
Less Adjustment A	(43,179)
Adjusted CFR	90,423
Gross MRP (at 4%)	3,617
Less Commutation Adjustment	(4)
Minimum Statutory MRP	3,613

The statutory minimum is not considered appropriate for this authority. LBHF has been concerned to ensure that all prudential borrowing is sustainable and that debt is actively managed downwards. As such it has decided to write down all prudential borrowing over the asset life. This should ensure that budget provision is available to fund asset replacement and that overall borrowing levels are affordable.

Option 2

This provides for authorities to calculate MRP prior to Adjustment A.

This is not considered appropriate. Given the scale of Adjustment A for LBHF it would increase the level of MRP by £1.727m. This is not affordable. It is also disproportionate given that our actual borrowing is below the CFR net of Adjustment A. It represents an over provision.

Option 3

This provides for separate treatment for supported and unsupported (prudential) borrowing.

For supported borrowing MRP would be calculated as at present (4% on the CFR net of Adjustment A).

For unsupported borrowing the debt would be written down over the asset life.

This option is current LBHF practice. It should be noted that for this Council:

- The debt write off would start the year after an asset comes into use. This would provide transitional relief as schemes are brought on stream.
- The level of unsupported borrowing is excluded from the 4% CFR calculation. This is logical because you are otherwise, in the short-term, writing down debt 'twice' (at both 4% and over the asset life).

Under this option authorities need to carefully consider the type of assets they fund through prudential borrowing. For example, in the short-term, it could be financially advantageous to fund schemes that have a long asset life, rather than a short-life, through prudential borrowing. This would reduce the MRP charge. Whilst this is a consideration, and will be borne in mind, it is unlikely to be an attractive option for LBHF. This authority only undertakes prudential borrowing when it is considered affordable and is supported by a business case. For example if IT equipment is purchased through prudential borrowing it is more sustainable for the debt to be repaid over the asset life. This ensures that revenue capacity is retained for its replacement. It also requires Departments to properly cost out their business case.

The total estimated MRP charge for this option is £3.763m which is £0.150m greater than option 1.

Option 4

This is similar to Option 3. It provides for separate treatment for supported and unsupported (prudential borrowing).

The difference is that it provides for schemes that have been financed from unsupported borrowing to be written down by an amount equivalent to the amount of depreciation provision arrived at under standard accounting rules.

This would be technically more difficult for the Council to introduce and would require a change in existing practice. There could also be future complications regarding asset revaluations that could result in significant increases in debt repayment levels.

Option 4 is not considered as attractive as option 3.

Conclusion

Option 3 is current practice and it is recommended that this continue.