

Finance

www.oxford.gov.uk



CAPITAL STRATEGY 2009/10 onwards



Index

1. Introduction to the Capital Strategy.
2. The Council Vision & aims
3. Approach to prioritising investment
4. Investment & Funding
5. Summary of Funding
6. Objectives for use of capital resources
7. Performance monitoring & evaluation
8. Conclusion

Appendices

Appendix A – Project Brief

Appendix B – Business Case

Appendix C – Project Initiation Document

Appendix D – Discussion Questions

Appendix E – Prudential Borrowing

Capital Strategy 2009/10 onwards

1. Introduction to the Capital Strategy.

This Capital Strategy has been developed as a key policy document that determines the Council's approach to capital investment. Its linkages with the Corporate Plan are clear in that Capital investment will support the aims and objectives.

The main objectives of the Capital Strategy are –

- To ensure the capital investment and the management of resources contribute fully to the achievement of the Council corporate objectives and Priorities.
- To provide a framework for the development of the Council Asset Management Plan.
- To ensure the efficient use of limited resources and assets.
- To provide a framework for the management, monitoring and evaluating of the Capital Programme.
- To target capital resources effectively to neighbourhoods of highest needs.
- To Ensure the Councils new investments are prioritised.
- To ensure resources are prioritised for schemes that are essential maintenance to assets.

The efficient and effective use of capital resources, including the sound asset management, is fundamental to the Council achieving its long and medium term aims and objectives.

2. The Council Vision & aims.

The corporate plan sets out six strategic priorities, which have been agreed by Oxford City Council. The City Council aspires to be a World Class council, to achieve this we will be driving an ambitious corporate change Programme. This includes:

- Building on the strengths of the city's knowledge and high tech economy and enhancing the quality of city's retail and cultural offerings.
- Improving access to affordable housing.
- Challenging inequality and improving the health of our citizens.
- Making our contributions to tackling climate change.
- Creating a high quality environment for residents and visitors.
- Building strong and cohesive communities and low levels of crime.

3. Approach to prioritising investment

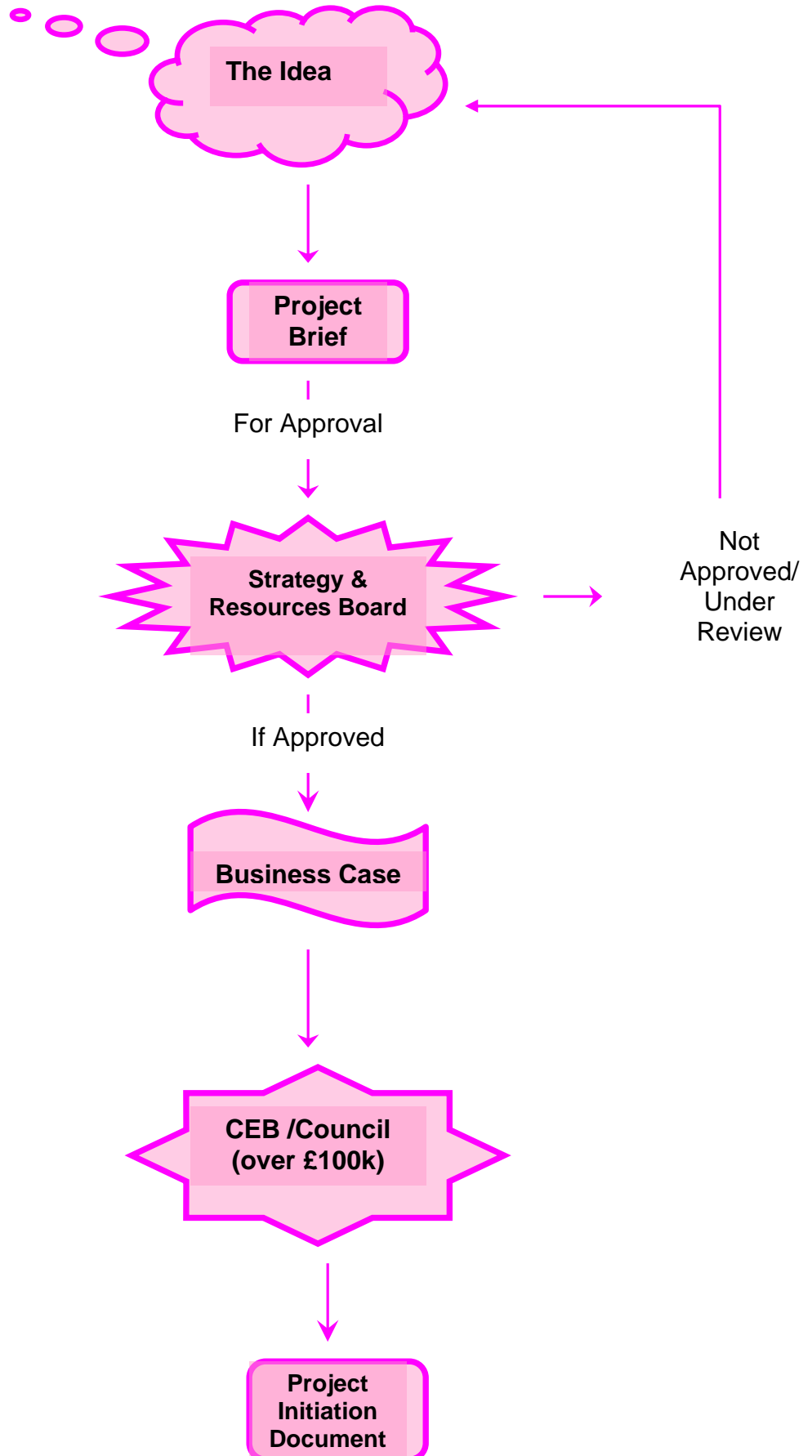
The Capital Strategy has been prepared to prioritise investment with the key corporate and service objectives contained within the Councils corporate plan and Strategies.

The Capital Strategy then determines the priorities of the projects and resources that will be used to fund them.

As part of this process, capital proposals are invited from service providers and various options are determined and appraised. There are key stages (see Procedure Flowchart page 4) to our approach to the prioritisation of investment in capital projects and these form part of the councils corporate planning and review process-

- Preparation of a Project Brief (See Appendix A)
 - This includes –
 - The rationale to why the project is required.
 - What is the present position.
 - What will the project change or achieve.
 - What Benefit or improvements will the project produce.
 - What the project needs to achieve –Objectives, Scope, Deliverables, Desired outcomes, Constraints.
 - Initial business case showing very concise & objective summary of the benefits of undertaking the project.
 - Demonstrate financial savings, overheads, speedier or higher quality service, tangible benefits that will justify the project.
 - What other possible options are available.
 - What is the approximate cost of resource & hardware required to complete the task.
- The Project Brief will then be taken to Strategy & Resources Board for Approval.
- Once Approved a Business Case (See Appendix B) will need to be written.
 - This includes –
 - Background information (from Project Brief).
 - What the project needs to achieve –Objectives, Scope, Deliverables, Desired outcomes, Constraints.
 - Initial Business Case (from Project Brief).
 - Risks and Uncertainties –What events might arise that would jeopardise one or more objectives.
 - Timescales –Milestones only.
 - Acceptance Criteria – Essential elements that must be achieved in order for the project to be accepted as complete.
 - Costs – Capital, Funding, Revenue, Expected Savings, and Internal Staff over the next 4 years.
 - Interfaces – What other projects or tasks does this project connect with overlap or depend upon.
 - Whole Life Cost / Sustainability – What the likely environmental & impacts might be.
- The Business Case will then be taken to CEB, or if the total cost of the project is over £100k Full Council, for Approval to spend.
- Once approved by either CEB or Council then the project can continue, and a Project Initiation Document (See Appendix C) will need to be completed to monitor the project.
- All approved schemes are subject to available resources. In order to evaluate/prioritise schemes there are a list of Questions (See Appendix D) for discussion at the relevant board.

Procedure Flowchart



4. Investment and funding

There are many ways to fund the capital programme. In the past the council has relied heavily on Capital Receipts.

The City Council does not depend solely on funding its Capital Programme through Capital Receipts; we also receive many contributions from External Organisations. The City Council owns many assets, and if these assets are deemed surplus to requirements they may be sold and used as Capital Receipts to fund future Capital projects. The Council has to maintain a balance between selling assets for Capital Receipts and keeping them to generate income from rents.

A significant amount of schemes are funded by the S106 contributions from developers. Developer contributions are sought to mitigate the impact of development and overcome what would otherwise be a potential reason to refuse a planning application. Contributions should only be sought where they are:

- Relevant to planning (i.e. transport, open space, housing etc) - it is not legitimate for unacceptable development to be permitted because of benefits or inducements offered by the developer which are not necessary to make the development acceptable in planning terms
- Necessary to make the proposed development acceptable in planning terms – i.e. in order to bring a development in line with the objectives of sustainable development as articulated through the relevant local, regional or national planning policies
- Directly related to the proposed development – for example, there should be a functional or geographical link between the development and the item being provided as part of the developer's contribution.
- Fairly and reasonably related in scale and kind to the proposed development; and reasonable in all other respects – for example, developers may reasonably be expected to pay for or contribute to the cost of all, or that part of, additional infrastructure provision which would not have been necessary but for their development

Depending on the development contributions can be taken towards: Affordable Housing, Community Facilities, Indoor Sports Facilities, Public Open Space, Environmental Improvements, Public Art, Highway measures (inclusive of Park & Ride, Pedestrian measures, Cycle Facilities etc), Education, Libraries, Waste Recycling Centres, Youth Services, Museum Resource Centre, Day Care Provision for Adults.

The legislative and regulatory changes introduced from 1 April 2004 have resulted in significant changes to the funding regime for Capital.

This has seen the previous capital controls, principally under Part IV of the Local Government and Housing Act 1989, replaced; with a move away from

the use of a system of credit approvals to each authority as a means of limiting the power to borrow, to a more flexible system based more around affordability.

The Main factors are:

Prudential Framework

The local government Act 2003 introduced changes to the financing of capital expenditure, including the abolition of credit approvals and the new prudential capital finance system, with effect from 1 April 2004.

The prudential system is based on principles rather than prescription. The purpose of this guidance is to assist local authorities to make their own judgements about how the code may be most effectively implemented to meet their own local circumstances.

The code sets out the minimum prudential indicators necessary to demonstrate the legislative requirement that the authority's financial plans are affordable. When setting these indicators must have regard to the following:

- Affordability
- Prudence and sustainability
- Value for money
- Stewardship of assets
- Service objectives
- Practicality.

Prudential Borrowing

Under the Prudential Framework local authorities are now free to make their own judgements as to whether new borrowing is affordable and prudent, subject to a duty to follow agreed professional principles.

These professional principles are contained within the prudential code, which was developed specifically for the purpose by the Chartered Institute of public Finance and Accountancy (CIPFA).

The main advantages offered through borrowing under the Prudential Framework would appear to be in terms of:

- Rescheduling capital expenditure – where existing levels of revenue used to directly fund capital schemes are used instead to meet costs of borrowing, allowing a significant initial amount to be spent. The downside of this is that it is primarily a one off move; bringing forward expenditure or facilitating a single expenditure on a significantly higher level than could otherwise be afforded.
- Spend to save schemes – where the capital investment achieves revenue savings, which could wholly or largely meet the ongoing revenue costs associated with the level of borrowing required.

For more information on the Prudential Code Appendix E

We also funded schemes from –

- Revenue Contributions for Maintenance backlog, Area Committees, Supported Borrowing for Vehicles, and any overspends on Developer Contribution schemes.
- The Lottery, the building and development of Barton Swimming Pool was partly funded by the Sports Lottery
- Housing Associations, such as the Oxford Citizens Housing Association (OCHA) for redevelopment of housing sites in order to provide more affordable housing.
- Government Grants, such as the Growth Point Grant for the West End Partnership and Bonn Square development, and GOSE grant for upgrading insulation in private sector homes.
- Disabled Facilities Grant, this is a Government Grant for a national strategy for housing adaptations to enable children and adults with disabilities to continue to live independently in their own homes.
- Major Repairs Allowance, this represents the capital cost of keeping stock in its current condition. It is a new subsidy that can be spent on any Capital expenditure on HRA assets.
- Funding from government agencies specifically for regeneration and House building.

5. Summary of funding

The graph below illustrates the trend in terms of sources of funding for the Council General Fund Capital spending -

Updated graph to be added

This demonstrates the funding for Capital has become more evenly spread between funding sources over the last 5 years. Funding from Revenue has increased as expected due to the West End Development, resulting in less reliance on schemes funded solely from Capital Receipts, which has gradually decreased. Developer Contribution S106 schemes have increased over the past five years. Prudential borrowing has increased funding schemes such as vehicle replacement, Council House building and investment in new technology.

Capital Schemes are shown at gross cost, with all funding sources shown. This enables more effective targeting and monitoring of external funding for Capital.

HRA Funding

Most of the funding is for the Decent Homes element of the HRA Capital programme. As supported borrowing has declined significantly since 2005/06 the amount of funding from capital receipts has increased. Funding for the HRA capital programme is now mainly from capital receipts and the major repairs allowance.

Funding will mainly be from the Major Repairs Allowance with Direct Revenue Funding and Capital Receipts making up any shortfall. For new Council

House building, funding will come from specific grants and prudential borrowing.

Updated graph to be added

6. Objectives for use of capital resources

The major objectives for the use of capital resources that support the council's vision, values and priorities are as follows –

- To maintain the councils assets and ensure the health and safety of the public and staff
- To maximise capital resources to meet council priorities.
- To demonstrate value for money.
- To work in partnership with other bodies on capital projects to minimise the impact on the councils financial position.
- To maximise 'Invest to Save' opportunities.

7. Performance monitoring & evaluation

The Capital programme, including both internally and externally funded schemes, is kept under review, and reconciled at the end of each month. Monthly monitoring meetings are held between Responsible Officers and Finance for the larger service area and all lead officers are kept informed monthly in order to keep the programme up to date and accurate.

All lead officers receive Reports directly from the Council Financial System informing them of all Income and expenditure relating to each individual capital scheme currently running.

The Capital programme is published on a monthly basis in Performance Matters, and is reviewed and discussed by Directors and Finance officers in a monthly performance Board.

The City council are in the process of implementing a 'Post Completion Audits' of each scheme, in order to review how the project achieved the Corporate Objectives and to improve future performance.

8. Conclusion.

Oxford City Council is committed to managing its available resources effectively to deliver its priorities. Prioritisation between competing demands is essential in order to utilise limited funding more effectively. Robust procedures and processes are in place to ensure this happens for the benefit of our customers and the community.

Appendix A - Project Brief

Project Title: *Highlight & insert Project Title*

Date: *Highlight & insert date document issued*

Responsible Board: *Highlight & insert name of the responsible board*

Portfolio Holder: *Highlight & insert name of Portfolio Holder*

Links to OCC Priority: *Highlight & insert one or more of OCC's core priorities*

Sponsor: *Highlight & insert name of project sponsor*

Project Manager: *Highlight & insert name of project manager*

Project Administrator: *Highlight & insert name of project administrator*

Version No: 0.0

Approvals: 1.
2.
3.

Distribution: 1.
2.
3.

1. **Background** *[The background should give the rationale to why the project is required. What is the present position and what will the project change or achieve; what benefits or improvements will the project produce? Delete the notes between brackets when completed]*

2. **Project definition** *[This section explains what the project needs to achieve. It will normally contain each of the following sections but should be tailored to suit the requirements of each project. Delete between brackets when completed].*
 - **Project objectives** *[What is the purpose of the project; what will it do – must be measurable]*

 - **Project scope** *[What is and isn't included in the project (users, geographical boundaries, depth and type of work)]*

 - **Project deliverables** *[These are the tangible and specific products that will be produced]*

 - **Project desired outcomes** *[What difference or impact will the project make? These are the intangibles such as 'improved service', do not confuse with deliverables]*

 - **Constraints** *[What are the things that may prevent us achieving all that we want? These are the known obstacles or difficulties - Not to be confused with risks]*

3. **Initial business case** *[This will be a very concise and objective summary of the benefits of undertaking this project. It should demonstrate financial savings, reduced overheads, speedier or higher quality service or some other tangible benefit that will justify undertaking the project. This must also detail what other possible options are e.g. options appraisal.*

4. **Costs** *[What is the approximate cost of resource and hardware required to complete the task? Cost of resource may be expressed in either hard cash terms where known (eg the cost of an external consultant) or in the number of man-days or a combination of the two. Please detail the internal resources needed and the number of hours effort required].*

Appendix B - Business Case

Reference number: *Not assigned until approved by the Programme Board*

Project Title: *Highlight & insert Project Title*

Date: *Highlight & insert date document issued*

Responsible Board: *Highlight & insert name of the responsible board*

Portfolio Holder: *Highlight & insert name of Portfolio Holder*

Links to OCC Priority: *Highlight & insert one or more of OCC's core priorities*

Sponsor: *Highlight & insert name of project sponsor*

Project Manager: *Highlight & insert name of project manager*

Project Administrator: *Highlight & insert name of project administrator*

Version No: 0.0

Approvals: 1.
2.
3.

Distribution: 1.
2.
3.

Business Case

1. **Background** *[The background should give the rationale to why the project is required. What is the present position and what will the project change or achieve; what benefits or improvements will the project produce? Delete the notes between brackets when completed]*

2. **Project definition** *[This section explains what the project needs to achieve. It will normally contain each of the following sections but should be tailored to suit the requirements of each project. Delete between brackets when completed].*
 - **Project objectives** *[What is the purpose of the project; what will it do – must be measurable]*
 - **Project scope** *[What is and isn't included in the project (users, geographical boundaries, depth and type of work)]*
 - **Project deliverables** *[These are the tangible and specific products that will be produced]*
 - **Project desired outcomes** *[What difference or impact will the project make? These are the intangibles such as 'improved service', do not confuse with deliverables]*
 - **Constraints** *[What are the things that may limit or prevent us achieving all that we want? E.g. statutory requirements. - Not to be confused with risks]*

3. **Initial business case** *[This will be a summary of the benefits of undertaking this project. It should demonstrate financial savings, reduced overheads, speedier or higher quality service or some other tangible benefit that will justify undertaking the project. This must also detail what other possible options are e.g. options appraisal.*

4. Risks and Uncertainties *[What events might arise that would jeopardise one or more objective? What can be done to prevent them arising or deal with them if they do?]*

Risk & Description	Likelihood	Impact (High/Medium/Low)	Counter Measures

5. Timescales *[Milestones only. These may be decision points or times on the critical path by which essential elements must be completed in order for consequent tasks to be undertaken. They will help measure progress and achievement towards the overall goal].*

Milestone	Start	Finish	Milestone/decision point	Project Termination Point

6. Acceptance Criteria *[Define those essential elements of the project (maybe one or all of the objectives) that must be achieved in order for the project to be accepted as complete. Examples of acceptance criteria are:-*

- Meets corporate objectives (not vision)
- Improves service delivery and accessibility
- Value for money, delivers financial or process efficiencies
- Fit for purpose
- Improve organisational governance
- Will improvements be incremental or transformational

7. Costs *[What is the cost of resource and hardware required to complete the task?*

Cost of resource may be expressed in either hard cash terms where known (e.g. the cost of an external consultant) or in the number of man-days or a combination of the two. Please detail the internal resources needed and the number of hours' effort required].

Capital Cost	2008/9	2009/10	2010/11	2011/12

Revenue Costs	2008/9	2009/10	2010/11	2011/12
Employees				
Running expenses				
Technology				
Total				

Expected Savings	2008/9	2009/10	2010/11	2011/12

Internal staff	2008/9	2009/10	2010/11	2011/12
FTE				

8. Interfaces *[What other projects or tasks does this project connect with, overlap or depend upon. Often a project will depend on the completion of another project or task before it can be undertaken, .e.g. the project to relocate staff to new premises may depend upon the successful completion of the project to identify the most suitable new premises. Please detail if this project links with any partnerships. List any inter-dependencies e.g. the partnership has to deliver a stage to make the project happen therefore creating a risk to the project].*

9. Whole Life Cost/Sustainability *[The project must take into account what the likely environmental impacts might be, e.g. pollution, waste, resource use. What the likely economic impacts might be, e.g. strengthening the local economy, meeting local needs locally, local employment opportunities. What the likely social impacts might be, e.g.*

encouragement of opportunities to be part of the community, access to informal provisions. Think about any hidden costs that may need to be considered as part of the project, e.g. running costs, storage or handling costs, administrative costs, maintenance costs, spend to save, disposal costs. It also needs to consider what the return on investment will be].

Appendix C - Project Initiation Document (PID)

Reference number: *Assigned when project approved by the Programme Board*

Project Title: *Highlight & insert Project Title*

Date: *Highlight & insert date document issued*

Responsible Board: *Highlight & insert name of the responsible board*

Portfolio Holder: *Highlight & insert name of Portfolio Holder*

Links to OCC Priority: *Highlight & insert one or more of OCC's core priorities*

Sponsor: *Highlight & insert name of project sponsor*

Project Manager: *Highlight & insert name of project manager*

Project Administrator: *Highlight & insert name of project administrator*

Version No: 0.0

Approvals: 1.
2.

Distribution: 1.
2.

Project Definition *[This section explains what the project needs to achieve. It will normally contain each of the following sections but should be tailored to suit the requirements of each project. Delete between brackets when completed].*

1. Objectives

- *[What is the purpose of the project; what will it do – must be measurable]*

2. Background *[The background should give the rationale to why the project is required. What is the present position and what will the project change or achieve; what benefits or improvements will the project produce? Delete the notes between brackets when completed]*

3. Deliverables *[These are the tangible and specific products that will be produced]*

4. Benefits *[What difference or impact will the project make? These are the intangibles such as 'improved service', do not confuse with deliverables]*

5. Scope

6. *[What are the limits of the project? What is to be included, who are the target groups and what is excluded]*

7. Timings

[Give estimated start and finish dates for the project, explaining rationale for this and any constraints or provisos and also any dependencies on other work]

8. Risks

9. Measures

10. Assumptions

11. Project Standards

The project will be run in accordance with Prince 2 Project Management Methodology.

High Level Plan

Key Tasks & Milestones	Target Date	Resources

Cost Profile & Funding Proposals

1. Financial Requirements

It is estimated that the cost of.....will be £xxxxxx over x years. This includes contingency to cover

The alternative cost ofwould be.....

Funding

Staffing

1. Staff Requirements

Project Tolerances

1. Project Tolerances

This project will be allocated a tolerance of x% on the timescales and budget.

2. Project Controls

The project manager will report progress to the Transformation Board on a monthly basis.

Quality Plan

1. Techniques

- The project will adhere to Prince2 project standards.
- The project manager will be responsible for complying with these standards.

Stage 1

Stage 2

Communications Plan

Group	What	When	Who
1.			
2.			
3.			
4.			
5.			

Related Projects/Interfaces

1. Related Projects/Interfaces

Appendix D - Questions for discussion of Business Case:-

Project Justification:

Comments

1 Is there a need for the project?

Has an independent local survey been carried out within the last 3 years?
A survey study commissioned by the project sponsor within the last 3 years or is the most current available?
A national survey which has been carried out within the last 3 years or is the most current available?
Evidence of consultation with private sector or members of the public?

2 Key points of project?

What area of the city does the scheme effect
Proposed start date
What other options have been considered
Are there key milestones
What are the scale of benefits - is it viable?

3 How significant is the project?

In international or national terms
In regional terms
In local terms
Statutory or legislative requirement

4 Does the project contribute to the Strategic aims and objectives of the Council?

Build on Oxfordshires vibrant economy
Tackle Crime, Anti-social behaviour, health inequalities, lack of housing and congestion
Respond to challenges of climate change, minimising effects of flooding, reducing waste & use of energy.
Reduce inequalities & narrow gap between deprived individuals & communities
What other options would achieve these objectives?

5 Does the project contribute to the Council's priorities?

Improve the environments where we live and work
Make Oxford a safer City
Provide more affordable housing
Create local prosperity & sustain full employment
Improve transport & mobility
Improve dialogue & consultation
Provide more & improved leisure activities
Make Oxford a stronger and more inclusive community
Improve the local environment, economy and quality of life
Tackle Climate change and promote environmental resource management
Transform Oxford by improving value for money & service performance

Alternative Methods:

6 Is there a 'do nothing' option?

Is there a 'do minimum' scheme
Are alternative locations possible or available
By removing some elements could the cost/value ratio be improved

7 Is the project deliverable?

Has risk analysis been undertaken?
Is the implementation plan realistic

8 Can the project/scheme be scaled down/phased?

Does the scheme have to be undertaken on the scale proposed
Could it be scaled down. Phased or combined with another scheme to advantage

Revenue Consequences:

9 Is there a revenue saving in future?

Yes or No

10 Are there any on-going Revenue Implications?

Staffing Implications
Income
Technical Support

Project Costs & Funding Arrangements:

11 Project costs broken down in financial years - profiled by quarters?

Explain the methodology used to arrive at estimated costs
how much work will be required to complete design/feasibility work
detail any potential additional expenditure/liabilities which may be avoided by carrying out the scheme

12 How is the project going to be funded?

How is the scheme to be funded

Funded entirely from external funding

Is it split funding

detail of breakdown of funding between external and internal with phasing over project life

Are the funds subject to any conditions

Internal funding required:

75%+

50% - 75%

25% - 50%

10% - 25%

10 or less

Outputs & Outcomes:

13 How will the works affect service delivery?

Asset condition currently preventing the required level of service delivery

Project required immediately to avoid impacting on sufficient and effective service delivery

Service delivery can be sustained over the next 12 months without project implementation

Service delivery can be sustained over the next 3 years without project implementation

Implementation Arrangements:

14 Has a realistic project plan been developed to deliver the project?

Explanation of possible barriers to successful delivery

have contractual arrangements been put in place

Appendix E

What is prudential borrowing?

Prudential borrowing can only be used to fund Capital spend which creates an asset. An asset is created when capital resources are used to finance the spend towards the creation of a tangible item, that has a useful life of more than one year. It is important that the life of the Asset matches the borrowing period.

How does it work?

Revenue funds can be used to make the loan repayments, by providing the repayment amounts from revenue budgets, for example:

- To borrow £100,000 over 5 years the total repayment would be approx £112,500, with annual repayments of approx £22,500
- To borrow £200,000 over 10 years the total repayment would be approx £246,000, with annual repayments of approx £25,000

These amounts have been based on the prevailing interest rate and would be subject to revision to the rate at the time of the 'loan'

To use prudential borrowing there must be a guaranteed revenue stream or saving reduction in costs to repay the loan.

Why does the Council want to use prudential borrowing?

The Council invariably has more projects than it has funding to deliver. Prudential borrowing allows projects to go ahead by borrowing the money at the start of the project and identifying a revenue stream in the following years to repay the loan and fund the cost of borrowing (interest).

The Council needs to be very clear that the future revenue streams will be delivered otherwise there would be no funding to repay the borrowing.

This is a very sensible approach to funding as it matches funding to the financial outcomes of the project. So, instead of selling Capital Assets (which can only be sold once) to fund projects, revenue budgets over the life of the asset are identified instead.

For example, if you were considering a major makeover of a Playground, you would spend the money upfront and then set aside a revenue budget each year to repay the loan and maintain the playground. When the playground required a major refurbishment again in say 10 years time, you would have repaid the loan and be in a position to restart the borrowing again.

This works well for the current prudential borrowing for City Works vehicles. Many of the vehicles used by City Works are now purchased not leased. The budget previously used for leasing is now used to repay the loan over the life of the vehicles. The advantage to the City Council has been the ability to extend the life of the vehicle beyond the usual leasing period although we do need to keep an eye on maintenance costs over the period.

In what other ways could prudential borrowing be used?

- Computer system upgrades (hardware) – invest upfront, payback over life of asset
- Repairs and Maintenance backlog – could enable a larger programme to go ahead now using annual budgets from future years to repay
- Spend to Save schemes that create an asset – savings generated to repay the loan
- Energy efficiency investments – savings generated to repay the loan

What do I need to do to prudentially borrow?

You need to fulfil the Council's business case requirements.

To be able to consider using prudential borrowing, you will need to consider the following:

- Is it a Capital Scheme?
- Can you afford the revenue repayments including interest?
- Does it generate savings beyond the life of the repayments of the loan?
- Completion of the appraisal documentation, to show cost of annual repayments and savings generated over the life of the project. The interest rate is set by Finance and is an average of rates available at the time the Project Brief is completed.
- Completion of the Project Brief.
- Approval of the scheme at either a Strategy & Resources Board or City Executive Board

Does that mean the Council can just borrow lots of money and all the projects we want to do can go ahead?

No, The Council has borrowing limits and these are set out in the Treasury Strategy. Currently the Council does not need to borrow from the market but has sufficient funds within the Council's internal resources to fund borrowing. If prudential borrowing demands were such that external borrowing was required the Section 151 Officer would need to consider the most appropriate point to borrow and also the most appropriate form in which to borrow. In order to do this the Council will need to keep a running total of likely borrowing requirements.

The first step in considering prudential borrowing is to review the likely savings and costs of the project over the life of the asset to see whether enough funding is there to cover the repayment of a loan and the interest on it.