CARLISLE CITY COUNCIL

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REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE & RESOURCES

Date of Meeting: 26 July 2011

Public

Key Decision: Yes **Recorded in Forward Plan: Yes**

Inside Policy Framework

Title: **DRAFT CAPITAL STRATEGY 2012/13 to 2016/17**
Report of: **Assistant Director (Resources)**
Report reference: **RD28/11**

Summary:

The Council's draft Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2012/13 to 2016/17. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive, the Resources Overview and Scrutiny Panel will consider the draft on 25 August, with final recommendations to Council on 13 September 2011.

Recommendations:

The Executive is asked to:

(i) Comment on the draft Capital Strategy for consideration by the Resources Overview and Scrutiny Panel on the 25 August 2011.

Contact Officer: Steven Tickner **Ext:** 7280

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Council Budget Resolution 1st February 2011.

CITY OF CARLISLE

To: The Executive RD28/11

26 July 2011

DRAFT CAPITAL STRATEGY 2012/13 to 2016/17

1. BACKGROUND

1.1 The Capital Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium Term Financial Plan (MTFP).

1.2 The Capital Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 1 February 2011. This position has been updated to reflect any known changes since that date.

2. CONSULTATION

2.1 The draft Capital Strategy has been considered by the Senior Management Team and the Joint Management Team.

2.2 The Resources Overview and Scrutiny Panel will consider the report on 25 August and recommendations made to full Council on 13 September.

3. RECOMMENDATION

The Executive is asked to comment on the draft Capital Strategy for consideration by the Resources Overview and Scrutiny Panel on the 25 August.

4. IMPLICATIONS

- Staffing/Resources
- Financial / Legal
- Corporate
- Risk Management
- Equality Issues
- Environmental
- Crime and Disorder
- Impact on Customers

Included within the draft Capital Strategy as attached

6. IMPACT ASSESSMENTS

- **Does the change have an impact on the following?**

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	**Yes**	**Positive**
Disability	**Yes**	**Positive**
Race	**No**	**N/A**
Gender/ Transgender	**Yes**	**Positive**
Sexual Orientation	**No**	**N/A**
Religion or belief	**No**	**N/A**
Human Rights	**Yes**	**Positive**
Health inequalities	**Yes**	**Positive**
Rurality	**Yes**	**Positive**

If you consider there is either no impact or no negative impact, please give reasons:

The strategy is driving a range of capital projects that will have a positive impact on many areas. The provision of sports facilities to areas with significant health inequalities. The investment in Disability Discrimination Act compliance and adaptations to homes will have a positive impact on people's lives. The housing strategy capital projects cover both urban and rural communities. The impact of the whole strategy will be assessed through EIA Financial Services (Revenues and Benefits).

P MASON
Assistant Director (Resources)



CARLISLE CITY COUNCIL

DRAFT

CAPITAL STRATEGY

2012/13 TO 2016/17

July 2011

CARLISLE CITY COUNCIL

CAPITAL STRATEGY 2012/13 to 2016/17

1. Policy and Context

The Capital Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources. The strategy reflects the links to other Council plans and is based on the guidance in the Medium Term Financial Plan (MTFP).

The objectives of the Capital Strategy are to: -

- Ensure that capital investment decisions and capital resources contribute to the achievement of the Council's corporate priorities.
- Co-ordinate the strategic priorities emerging from service planning and ensure that investment opportunities are maximised.
- Manage performance and decision-making processes to help achieve the best use of available capital resources.
- Set out processes to monitor and evaluate proposed and actual capital spending on projects to ensure that value for money is obtained.

Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes.

2. Overall Strategy Guidelines

The strategy has been developed using the following overarching guidelines: -

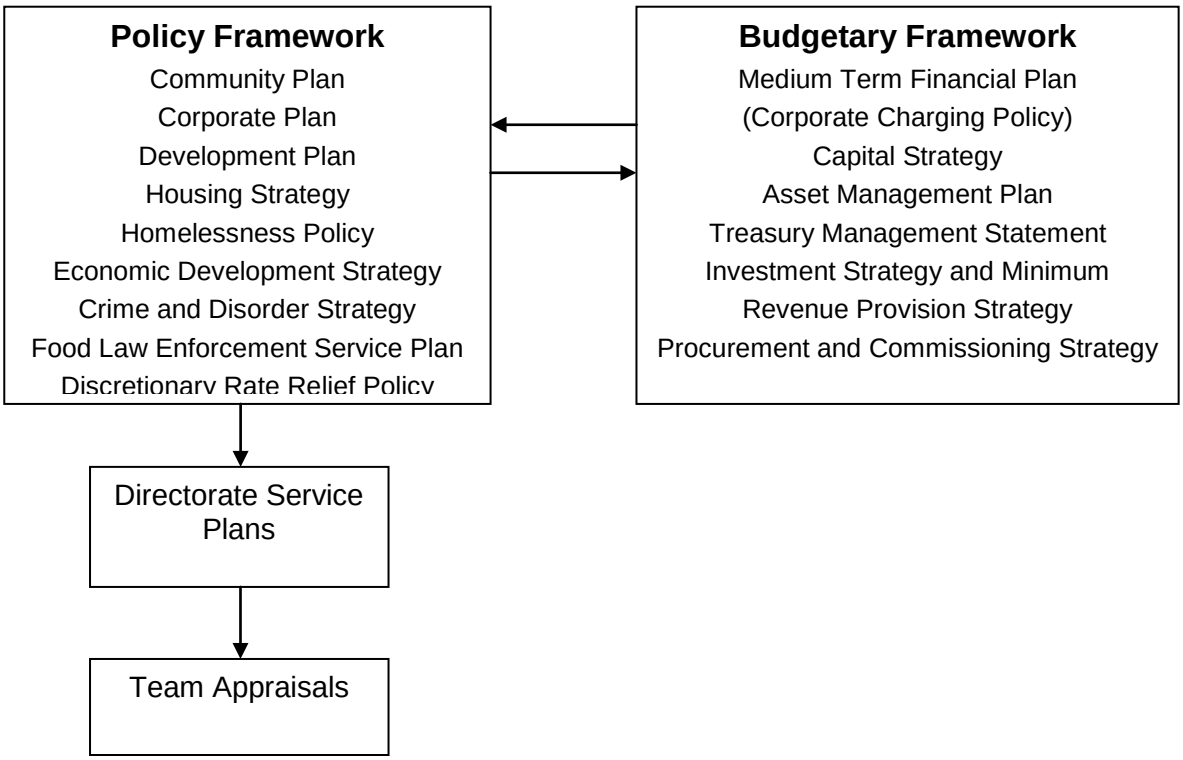
- Capital resources are held corporately and are allocated according to the priorities set out in the Corporate Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants).
- Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy.
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants.
- The Council will seek to maximise the use of grants and external funding.
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities.
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process.
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects.
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance.

3. The Council's approach to corporate planning

The council has a corporate plan that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

The Corporate Plan forms part of the Policy and Budgetary Framework for the Council. These frameworks work together to create the strategic framework.

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Corporate Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

The MTFP takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of resources by the Council. Particularly consideration is given to the following key strategies: -

- The Capital Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy
- Local Plan/Local Development Framework.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4. Capital Programme Forecasts

4.1 Current Forecasts

The Council has previously considered detailed proposals for capital spending and associated financing implications for the period 2011/12 to 2015/16. These are summarised in the Council Budget Resolution approved on 1 February 2011.

This report updates the projections to cover a further year. This aims to provide more effective planning in the longer term. The aim may be to increase this period to 10 years.

The key assumptions in the projections are as follows:

- The Capital Programme considered by Council in February assumed a programme of £7.534m for 2011/12 and £2.710m for 2012/12. The impact of the 2010/11 outturn and the carrying forward of budgets into 2011/12 and 2012/13 have increased the programme by £1.418m in 2011/12 since the budgets were approved in February.

The current full 5 year programme (before being reviewed) is attached at **Appendix A** with a summary below at **Table 1**. Work is continuing to allocate resources to the new Council priorities.

Table 1 – Current Proposed Programme

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Current Proposed Programme	8,952	2,730	1,356	1,163	1,163	1,163

4.2 Future Forecasts

The current capital programme forecasts spending on capital projects of around £1-£5m p.a. for years 2012/13 to 2017/17. Past experience has indicated that actual spending will be far higher and this is due mainly to the fact that a number of initiatives are still at an early stage of development and so are not yet included in the projections. In particular, at this point no account has been taken of any future aspirations beyond 2011/12 for schemes under review. These schemes are currently the subject of feasibility studies and the results will be considered in accordance with the following timescales: -

(i) Asset Review Programme – The capital programme included in the budget excludes the effect of the asset review as the budget was set on the understanding that sales would be offset by corresponding purchases so that over the 5 year period, the review would have resulted in an equal number of purchases to sales.

(ii) Vehicle Replacement Programme - The current capital programme includes a minimal budget for vehicle replacements. The refuse fleet and other street cleansing vehicles are due for replacement from 2013 and options need to be considered as to how these will be funded. Given current capital resources it will be unlikely they will be able to be bought from existing capital receipts, so other options such as borrowing and leasing will have to be considered should the vehicles still need replacing.

(iii) Disabled Facilities Grants – There is a significant pressure on the capital programme from the demand for Disabled Facilities Grants into the future. Government support allocates the Council £663,000 in 2011/12 and additional contributions are being sought from other agencies and private sector partners, but with expenditure likely to be in the region of £1.5million per year rising to £2.3million per year in 2013/14, a shortfall is highly likely that the Council will need to meet.

The position on the above schemes will need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing can be made more accurately. The inclusion of any of these projects in the capital programme will be subject to the appraisal of a full business case, which will include an assessment of fit with corporate priorities, prior to formal approval for inclusion in the programme by Council.

5. Capital Resource Forecasts

The Council's capital programme can be financed, (or paid for), through a number of sources and the Assistant Director (Resources) will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered

during the budget process. **Table 2** shows the estimated level of capital resources, which will be generated over the next five years.

Table 2 – Estimated Capital Resources (Based on current programme)

Resources Available	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Capital Receipts						
PRTB*	(300)	(300)	(300)	(300)	(300)	(300)
Raffles	(160)	(160)	(160)	(160)	(160)	(160)
Sale of Assets	(250)	(500)	(250)	(250)	(250)	(250)
Government Grants	(5,800)	(1,060)	(698)	(698)	(698)	(698)
Total	**(6,510)**	**(2,020)**	**(1,408)**	**(1,408)**	**(1,408)**	**(1,408)**

* see note at paragraph (ii)

The current assumptions included in this strategy for each of the available financing sources are as follows:

(i) Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004. There has also been a change to government support in that support for assumed new borrowing is no longer provided via the revenue support grant but has instead been replaced by a specific capital grant (Regional Housing Pot) that is not ring fenced to any particular use. As a consequence, any new borrowing taken out is now known as unsupported borrowing. This effectively means that the Council can borrow as much as it wishes to pay for its capital programme, providing that repayments are affordable and can be met from the Council's revenue budget.

(ii) Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets. In the past the bulk of the receipts were received from a Preserved Right to Buy (PRTB) sharing agreement with Riverside Group, following the transfer of the housing stock in December 2002. Capital receipts are forecast to remain fairly constant at £0.5million p.a. for the period under review. This figure comprises: -

- £300,000 to be received from PRTB sales under the sharing agreement with Riverside in 2011/12. Updated projections will be requested from Riverside Group which will be included in the final version of the report once received but early indications show that there will be a significant reduction in the level of receipts generated from PRTB sales which has not yet been taken into account.
- £160,000 p.a. from receipts arising from the Raffles development, which it is forecast will continue to be generated for the next 11 years. (To be reviewed during the budget process). Only £20,000 were received in 2010/11 and it is likely that there will be a significant reduction in 2011/12.
- An assumption that the Council will generate £250,000 p.a. over the life of the plan from the sale of other Council surplus assets (to be refined during the budget process). As stated under PRTB, it is probable that the general economic downturn will impact on the generation of future capital receipts.

Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy.

'Sustainable communities' has a wide-ranging definition, which is included at **Appendix B** for information. There has previously been an expectation from the Government that the PRTB receipts will be used to benefit the delivery of the sustainable community.

The Council also receives a small amount from repayments of improvement grants arising as a result of property sales. The Council has approved a change in policy whereby receipts of this nature are now to be used specifically to support Housing Private Sector Renewal initiatives. However given the scale of the potential receipts, for the purpose of this report, they are not separately identified and are included within general capital receipts.

As a result of revised Capital Financing Regulations, the Council prepares an annual Minimum Revenue Provision (MRP) Strategy, which was approved by Council in February 2010. During 2008/09, the Council took advantage of an accounting amendment, which generated substantial short-term savings to the authority's revenue budget. This involves the voluntary set aside of unapplied capital receipts. These receipts will still be available to support the funding of the capital programme but will require detailed record keeping to monitor the receipts generated, those applied to fund the programme and those set aside. As these capital receipts are spent there will be an adverse impact on the revenue account both in terms of the amount of investment interest received and the level of MRP charged in the year.

(iii) Reserves and Balances

The Council currently maintains two reserves to support capital spending – the Projects Reserve, and the Asset Investment Reserve. Further information on all of the Council reserves is set out in more detail in the Council's Policy on the Use of Reserves contained within the MTFP.

- The Projects Reserve

  This Reserve was set up originally to provide resources to supplement both the revenue budget of the Council and provide resources for major capital projects where necessary. The MTFP has proposed, as part of its policy on the use of reserves, to earmark the balance in hand at 31st March 2011 to meet forecast revenue deficits over the next five years pending identification of compensating savings. The Council has no existing policy to replenish the balance in this reserve, as it relies on the receipt of "windfall" income and increases arising from under-spends on the Council's revenue budget. Any additional balances generated this way could potentially be used for capital purposes but this strategy assumes that the Projects Reserve will be unable to provide finance for any further major capital projects over the period of this strategy.

- Asset Investment Reserve

  The Asset Investment Reserve currently stands at £2m, the use of which is subject to Council approval. Part of the Reserve has been set aside to purchase strategic properties. The reserve also includes £1m built up from contributions from the Industrial Estates capital programme. The capital programme agreed by Council in February 2011 agreed the use of part of this £1m to fund improvements to Industrial Estates totalling £1.638million.

(iv) Government and Other Capital Grants and External Funding

The Government has recently announced changes to capital grants and capital funding, for example removing ring fencing from certain grants etc. Although these announcements have

yet to impact on the Council's funding, further developments and announcements may impact on the amount of capital grants and funding available to the Council.

The Council currently receives capital grants to support its Disabled Facilities Grants (DFG) programme. The Department for Communities and Local Government (DCLG) announced changes to the level and scope of disabled facilities grants in February 2008. From 2011/12, the level of grant provided to the Council is £663,000 and the requirement for the Council to fund 40% of the cost has been withdrawn.

(v) Revenue Contributions

The Council is free to make contributions from revenue to finance capital spending. In practice however, and given the severe restrictions on the level of revenue spending needed to keep Council Tax at acceptable levels, it is not anticipated that any revenue contributions will be made over the period 2012/13 – 2016/17 to provide resources for capital spending. Due to the pressure on the Council's Revenue budget and reserve projections, the opportunity will be taken wherever possible to maximise the use of capital resources rather than revenue resources. This is because capital resources can only be used to finance capital schemes, whereas revenue reserves and balances can be used to support both revenue and capital schemes and therefore gives more flexibility.

The Council also has the opportunity to capitalise some one-off costs associated with transformation, i.e. redundancy and applications are made on a specific year by year basis depending on guidelines from Government and the availability of capital resources.

6. Summary Capital Spending and Financing

As set out in the Table below, there is currently approximately £5m uncommitted estimated capital resources available to support any future capital programme as at the end of 2016/17.

Table 3 – Summary Programme

Summary Programme	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Estimates Resources 31 March 2011	(5,169)	0	0	0	0	0
In Year Impact:						
Estimated Resources available (Table 2)	(6,510)	(2,020)	(1,408)	(1,408)	(1,408)	(1,408)
Current Proposed Programme (Table 1)	8,952	2,730	1,356	1,163	1,163	1,163
In year projected (surplus)/Deficit in Resources	**2,442**	**710**	**(52)**	**(245)**	**(245)**	**(245)**
Net effect of Asset Review	(2,077)	(8,451)	11,078	(1,972)	2,422	0
Total	**(4,804)**	**(12,545)**	**(1,519)**	**(3,736)**	**(1,559)**	**(1,804)**

7. Council Budget Process

7.1 The Council operates on a five-year budget cycle, which starts in July with consideration of the MTFP including this Capital Strategy. As the year progresses, services submit capital

and revenue bids for service development or to address pressures identified in their respective service plans in accordance with Council priorities. Capital bids have a role to play in developing the Council's revenue budget as in very many cases, a capital project will result in the Council having to budget for ongoing revenue costs in future years.

7.2 The Council has set up a formal appraisal system to assess individual capital projects before they are included in the capital programme, and therefore before committing revenue resources. The Project Assurance Group (PAG) undertakes this to determine: -

- Whether the project meets corporate and service priorities,
- Whether all costs are reasonable and affordable,
- Whether all options to deliver the project have been considered.
- Impact on Revenue budget.
- Any VAT issues

Capital bids are only put forward to members as recommended schemes when this appraisal process is completed satisfactorily.

8. Evaluation and Monitoring of Capital Projects

8.1 The evaluation and monitoring of capital projects is important to enable the Council to determine: -

- If projects have met their individual objectives for service provision,
- If projects have been delivered on time and to budget, or whether lessons need to be learned to improve processes in the future,
- If projects have contributed to the overall aims and objectives of the Council.

8.2 To assist with these processes, the Council has a series of procedures in place as a capital project develops. These consist of: -

- Consideration of all aspects of a capital project by the Project Assurance Group, comprising senior officers of the Council, whose purpose is to lead on the prioritisation of capital investment through the consideration of business cases and the ongoing monitoring and evaluation of individual capital projects. All proposals for investment will be submitted to members for consideration as part of the normal budget process.

- The development of a risk-assessed project plan for every project, which is subject to regular monitoring against key milestones by a nominated project officer.

- Changes to capital budgets, scheme costs, the inclusion or removal of individual schemes and information on remedial action needed to bring projects back on track are reported to Council as required.

- The Senior Management Team and the Executive receive quarterly monitoring reports on the Capital Programme to review progress on the delivery of projects. This process also includes the evaluation of completed capital projects to assess if their individual aims and objectives have been met, and makes recommendations where necessary to improve the delivery of similar projects in the future.

- The Council's Resources Overview and Scrutiny Panel also critically examines the performance in delivering capital projects on a quarterly basis.

9. Risk Assessment

Although the Council has adequate resources to pay for its existing capital programme in the foreseeable future, the past performance of the capital programme flags up some key risks that need to be addressed to ensure best use is made of the Council's capital resources. The risk assessment for the capital programme is attached at **Appendix C**.

10. Summary

This strategy is designed to outline the processes and risks the Council needs to consider when developing a capital programme that meets corporate and service objectives. It also provides information on the likely level of capital investment that the Council will be able to support over the next five years and gives an indication of the level of resources that will be required, and that are available, to deliver this investment through the capital programme.

APPENDIX A

Current Capital Programme

Capital Schemes	2011/12 £000	2012/13 £000	Projected 2013/14 £000	Projected 2014/15 £000	Projected 2015/16 £000	Projected 2016/17 £000
Commitments B/Fwd from 2010/11	1,102	0	0	0	0	0
Current Commitments:						
Disabled Facilities Grants	813	663	663	663	663	663
Major Repairs to Council Property	230	0	0	0	0	0
ICT Shared Service	245	189	193	0	0	0
Industrial Estates	638	0	0	0	0	0
Resource Centre	1,493	0	0	0	0	0
Families Accommodation	878	894	0	0	0	0
Old Town Hall	67	464	0	0	0	0
Roman Frontier	655	0	0	0	0	0
Total Existing Commitments	**6,121**	**2,210**	**856**	**663**	**663**	**663**
New Spending Proposals:						
Vehicles & Plant	200	200	200	200	200	200
Planned Capital Enhancements	300	300	300	300	300	300
Mechanical Sweepers	100	0	0	0	0	0
Network Print Solutions	75	0	0	0	0	0
Customer Contact Centre	90	0	0	0	0	0
Environmental Enhancements	1,900	0	0	0	0	0
Bousteads Grassing	166	0	0	0	0	0
Total New Proposals	2,831	500	500	500	500	500
Total	**8,952**	**2,710**	**1,356**	**1,163**	**1,163**	**1,163**

APPENDIX B

Sustainable Communities

In February 2003 the ODPM produced a document called 'Sustainable Communities: building for the future' which provided a summary of the key requirements of a sustainable community as shown below.

1. A flourishing local economy to provide jobs and wealth;
2. Strong leadership to respond positively to change;
3. Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;
4. A safe and healthy local environment with well-designed public and green space;
5. Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);
6. Good public transport and the transport infrastructure both within the community and linking it to urban, rural and regional centres;
7. Buildings – both individually and collectively – that can meet different needs over time, and that minimise the use of resources;
8. A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;
9. Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;
10. A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it;
11. A 'sense of place';
12. The right links with the wider regional, national and international community.

APPENDIX C

Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Reasonably Probable	Marginal	Strengthen the role of Project Assurance Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	Marginal	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. NWDA grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from PRTB/Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.