

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards None	Mandatory	(a) Be entirely within Cabinet's powers to decide	NO	
		(b) Need to be recommendations to Council	YES	
		(c) Be partly for recommendations to Council and partly within Cabinets powers –	NO	
Lead Member: Councillor Brian Long E-mail: cllr.brian.long@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Lorraine Gore E-mail: lorraine.gore@west-norfolk.gov.uk Direct Dial:		Other Officers consulted: Management Team, Service Managers		
Financial Implications YES	Policy/Personnel Implications YES	Statutory Implications (incl S.17) NO	Equal Opportunities Implications NO	Risk Management Implications YES

Date of meeting: 31 January 2017

CAPITAL PROGRAMME AND RESOURCES 2016-2021

Summary

This report:

- revises the 2016/2017 projections for spending on the capital programme
- sets out an estimate of capital resources that will be available for 2016-2021
- details new capital bids that are recommended to be included in the capital programme for the period 2017-2021
- outlines provisional figures for capital expenditure for the period 2016-2021

Recommendations

It is recommended that:

- 1) Cabinet recommends to Council the amendments to capital schemes and resources for the 2016-2021 capital programme as detailed in the report.
- 2) Cabinet recommends to Council that new capital bids are to be funded from available capital resources and included in the capital programme 2017-2021 as detailed in the report.

Reason for Decision

To report amendments, rephrasing and resources to the 2016-2021 Capital Programme

1. Introduction

- 1.1 This report presents the capital programme for the period 2016 to 2021. The capital programme forms part of the Council's longer term Financial Plan, and is updated as part of the overall budget and council tax setting process.
- 1.2 The current economic conditions continue to create a challenging environment for achieving capital receipts to support the funding of the Council's capital programme. At the same time the Council aims to deliver a number of major projects within limited resources.
- 1.3 The Council is faced with a situation where capital resources to fund the capital programme continue to be limited.
- 1.4 This report sets out a programme for 2016-2021 that can be delivered if predicted land sales come about. Certain capital funds come from grants, VAT shelter receipts and use of reserves but a large part of funds are to come from land sales. The sums included in 2016-2021 are anticipated receipts from identified sites, phases 1, 2 and 3 of the Housing Joint Venture on the NORA site and the Major Housing Development.
- 1.5 The capital programme 2016-2021 includes a number of major projects, including the Major Housing Development which will deliver 463 new homes in King's Lynn. The delivery of new homes through this project provides essential funding to support the revenue budget, both through new homes bonus and increases to the council tax base.
- 1.6 This Council has always set out to deliver as ambitious a capital programme as possible to meet its corporate priorities, and it will continue to aim to do so even in these difficult times.
- 1.7 The Capital and Local Property Investment Fund Strategy 2017-21 is being considered as a separate item on the agenda.

2 Delivering the Efficiency Plan

- 2.1 In taking up the Government's offer of a four year funding settlement the Council was required to publish an efficiency plan and this included a focus on the following:
 - Identify capital investment opportunities to maximise the use of our assets, generate a revenue return, in excess of that achieved from traditional banking investments, promote housing development, increased council tax base and new homes bonus, promote local economic and business growth and increased business rates. Some of the identified areas include a major housing project, commercial investment and development, review of car parking strategy.
- 2.2 Further major projects are being developed, including Phase 4 of the Housing Joint Venture on the NORA Site, subject to separate reports to future Panel and Cabinet meetings. The capital programme 2016-2021 will need to be amended accordingly if these major projects are approved.

- 2.3 Strategic land acquisitions are being considered which provide development opportunities. These include the recent acquisition of land at Southgates.
- 2.4 The One Public Estate Programme is an initiative which is being delivered in partnership with Cabinet Office Government Property Unit and the Local Government Association. The four key objectives are:
- Creating economic growth (new homes and jobs);
 - More integrated, customer-focused services;
 - Generating capital receipts;
 - Reducing running costs.
- 2.5 The Norfolk One Public Estate Board submitted an expression of interest in early May and was awarded £422,000 to further develop the project, of which £115,000 directly related to the King's Lynn project. The proposed project includes three separate strands. These are:
- Deliver community hubs - to develop opportunities for third party shared use of King's Court;
 - Depot rationalisation – to deliver a multi-agency / multi-service site for commercial and domestic use;
 - Regeneration project – developing key strategic sites for residential, commercial and mixed use developments in Hunstanton.

3. Capital Programme 2016/2017

- 3.1 This part of the report updates the Capital Programme for the current year 2016/2017.

- 3.2 A full updated Capital Programme 2016/2017 of £25,320,630 was reported at the Cabinet meeting on 28 June 2016. Since that date further amendments to the programme have been reported as part of the monitoring reports, as summarised below:

	£
Capital Programme 2016/2017 (Cabinet 28 June 2016)	25,320,630
Further Additions to the Capital Programme:	
Regis Place To meet the costs of providing a meeting room at Regis Place, North Lynn. These works will be financed from a revenue contribution to capital reserves. (See July 2016 Monitoring Report)	10,000
Lynnsport 3G Pitch The 2017/2018 capital programme has been decreased by £5,000 to accommodate the replacement of the 3G pitch in 2016/2017.	5,000
Flooring Replacement, Alive Downham To cover the costs of replacing the flooring in Alive Downham Leisure. These works will be financed from a revenue contribution to capital reserves. (See October 2016 Monitoring Report)	1,800
Chemical Storage Tank To fund a chemical storage tank at Alive Downham Leisure. This will be financed by an underspend on the Corn Exchange – pit lift brakes replacement project. (See October 2016 Monitoring Report)	10,000
Hunstanton Resorts Skate Ramps and Fencing To provide fencing around the ramps at Hunstanton. This will be funded from Hunstanton Resorts Repairs Budget. (See October 2016 Monitoring Report)	8,000
Revised Capital Programme 2016/2017	25,355,430

3.3 A summary of the monitoring position of the budget to 30 November 2016 is shown in the table below:

	Revised Capital Programme 2016/17 £	Expenditure to November 2016 £	Spend %
Major Projects	19,983,120	9,350,330	46.79
Central and Community Services	2,223,080	754,338	33.93
Chief Executive	110,930	95,387	85.99
Commercial Services	3,022,300	1,092,163	36.14
Environment and Planning	16,000	0	0
Total	25,355,430	11,292,218	

3.4 Service managers have undertaken a detailed review of commitments against all current schemes and budgets have been reduced where possible to reflect updated requirements. Approval is requested for amendments of £986,550 and rephasing of £8,000,250 to the 2016/2017 capital programme as summarised in the table below and detailed in sections 3.5 and 3.6. The Revised Capital Programme 2016/2017 is detailed at Appendix 1.

	Revised Budget 2016/2017 November Monitoring £	Rephasing to future years £	Amend- ments £	Revised Budget 2016/2017 £
Major Projects	19,983,120	(6,698,730)	912,620	14,197,010
Central and Community Services	2,223,080	(77,660)	70,400	2,215,820
Chief Executive	110,930	(21,000)	(11,700)	78,230
Commercial Services	3,022,300	(1,190,860)	15,230	1,846,670
Environment and Planning	16,000	(12,000)	0	4,000
Total	25,355,430	(8,000,250)	986,550	18,341,730

- 3.5 The main proposed amendments to the capital programme 2016/2017 are detailed below:

Major Projects

S106 Funded Projects:

Housing Broad Street

A report was agreed at Cabinet in June 2016 to convert existing second floor office space in King's Lynn to provide self-contained residential accommodation to assist the Council in meeting its statutory housing functions.

Other Major Projects:

Hunstanton Heritage Gardens Parks for People Scheme

The Council has been awarded £993,900 from the Heritage Lottery Fund (HLF) under the Parks for People Funding Programme to restore Hunstanton Heritage Gardens. The Council has approved a contribution of £288,650. Two tenders were received for the appointment of works both of which were substantially over the agreed budget with HLF. Following Value Engineering discussions with both contractors, the preferred contractor offered the best price of £1,001,627. There is also a contingency fund ring-fenced with the HLF of £47k. In order to deliver the agreed scheme it is proposed to transfer £23,000 from the Council's Amenity Reserve.

Land Acquisitions

A separate report has been received by Cabinet in respect of a Strategic land acquisition at Southgates. The acquisition has now been concluded and the capital programme will be updated by £359,800.

Nar Ouse Regeneration Area

The capital programme has been amended by £60,900 to include the acquisition of adjacent land to existing Council land holding.

Enterprise Zone

Cabinet considered a report in December 2016 which outlined the arrangements for delivery of the Enterprise Zone to facilitate development of the employment land at the Nar Ouse Business Park. The capital programme has been amended by £522,460 in 2016/17; £3,896,140 in 2017/18; £5,765,000; and £1,100,000 in 2019/20 to include the costs associated with the site infrastructure and development opportunities.

At the 6 December Cabinet meeting it was agreed that further discussions be held with the New Anglia Local Enterprise Partnership (NALEP) to reduce the size of Pots A and C in equal measure until such time as the borrowing (including interest costs) to fund the infrastructure costs has been repaid to the Borough Council. This arrangement has now been agreed with NALEP and Norfolk County Council and 85% of business rates receipts will be allocated to repaying the loan.

Major Housing Development

The major housing contract was signed on 30th April 2015

Construction on the first units will commence on Marsh Lane in the spring 2016 and progress on the next phases will depend on planning and sales on Marsh Lane.

The capital programme has been updated accordingly.

Central and Community Services

Private Sector Housing Assistance

An increased allocation of Better Care funding for Disabled Facilities Grants has been made for 2016/2017. The allocation for 2016/2017 is £1,248,225 (the allocation in 2015/2016 was £759,403). The capital programme and funding table have been updated to reflect the increased allocation.

Commercial Services

The budget for STW – Refurb / Connect to Public Sewer was reallocated to the refurbishment of STW Pumping Stations £60k and King’s Court refurbishment of lifts and additional costs in an essential replacement of the control system £65k. The balance of £32.5k (net of third party contributions) has been deleted from the programme.

- 3.6 The review of the capital programme has identified schemes that, although provisionally set for 2016/2017 will not be completed in the year. A total of £8,000,250 will be rephased to future years. The main schemes for the proposed rephasing are detailed below and a full list of schemes is included at Appendix 1.

Major Projects

S106 Funded Projects

Market Contributions – Enhancing King’s Lynn Markets (£39,300) – Permanent stalls being considered to enhance King’s Lynn Markets.

Town Centre Promotions – Marketing/Events (£50,000) – Expected to be undertaken in 2017/18.

Car Park Intelligent Signage (£70,350) – to be progressed once feasibility study completed for South Quay.

Other Major Projects

Townscape Heritage Initiative (£570,820) – this is a five year project and the budget has been rephased to reflect the updated schedule of anticipated expenditure.

Nar Ouse Regeneration Area (£527,000) - Some remediation works will be undertaken in 2016/17, with the remainder being undertaken in 2017/18.

Major Housing Project

Major Housing Development (£5,441,260) – capital programme rephased to reflect the updated timetable of works as detailed at section 4.2 below.

Operational Schemes

Vehicle Replacements (250,530) – capital programme rephased to reflect the updated timetable for the replacement of vehicles for the Careline; Grounds; Car Parks Maintenance; and Public Cleansing Services.

ICT Development Programme (£50,000) – The budget has been rephased to reflect the revised timetable for completion of the ICT development programme.

Car Parks (279,800) – Resurfacing schedule to be reviewed and lighting replacement work is to be completed in 2017/18 at Sainsbury's car park.

CCTV – Control room upgrade and remote monitoring system (£50,000) – capital programme revised in accordance with the ongoing programme of works.

Corn Exchange (£81,700) – Work schedule to be completed in 2017/18 on the auditorium remedial works commencing in August 2017; internal decoration and refurbishment; and replacing of the current house lighting system.

Fitness Equipment and Spin Bikes (£125,000) – The capital programme has been amended to reflect the updated timetable for the replacement of equipment and spin bikes for the Leisure Centres.

Lynnsport (£115,000) – Replacement boilers and associated plant to be completed in 2017/18.

Sewage Treatment Works Refurbishment (£90,300) – the refurbishment works to the treatment works at Curtis Field and the decommissioning of Butlers Close, Walpole St Peter is expected to be completed in 2017/18.

Council Facilities (£145,500) - Work on various council facilities including a new generator for King's Court; removal of asbestos in the Health and Safety plan; work on Oldsunway Bridge; and externalising drainage downpipes at Hardwick Industrial Estate Units. All work to be completed in 2017/18.

4. Capital Programme 2017-2021

- 4.1 This part of the report deals with the medium-term capital programme 2017-2020 and first looks at a revision to the current approved programme. The full Capital Programme 2016-2020 was last reported at the Cabinet meeting on 28 June 2016 and is summarised in the table below.

Portfolio	2017/2018	2018/2019	2019/2020
	£	£	£
Major Projects	20,237,730	10,736,810	9,388,950
Central and Community Services	1,891,450	1,889,650	1,764,650
Chief Executive	50,000	50,000	50,000
Commercial Services	1,198,110	644,300	784,170
Environment and Planning	0	0	0
Total	23,377,290	13,320,760	11,987,770

- 4.2 Following the detailed review of the Capital Programme amendments have been made to a number of schemes to reflect updated costs and timing of vehicle and equipment replacement schedules, other major amendments include –

Major Projects

- S106 Housing, Broad Street – As detailed above. The amended costs associated with the scheme in 2017/18 are £550,000.
- Enterprise Zone – As detailed above. The amended costs associated with the scheme are £3,896,140 2017/18; £5,765,000 2018/19 and £1,100,000 in 2019/20.
- Major Housing Development - Amendments have been made in 2018/19 and 2019/20 to reflect market prices for the build phase (£3.1m) of the Marsh Lane site offset in part from updated projections of sale receipts (£2.1) given a net movement of £1m.

This contract sum for the Marsh Lane phase was subject to certain assumptions on contamination, surface water management issues and foul water issues as laid out in the bids. Following further site investigation and initial ground works it was identified that additional works were required before the site could be developed (for example asbestos was found buried in the site and surface water costs to ensure compliance with IDB conditions). These issues are now resolved and the 2015 prices adjusted to take account of current market prices. This has resulted in revised costs of £3.1m.

As a direct result of the Council acting as developer the expenditure is able to be held at or below current estimated levels. Also due to the way the contract with Lovell's is structured they are incentivised to reduce costs and increase receipts. It is anticipated that sales income will also improve from

the 2015 prices and the surplus on this phase will be £2.1m compared with the original project surplus of £3m. If the housing market continues to improve as it has over the last two years housing receipts are likely to increase further increasing the projected surplus to offset the net £1m movement.

For each approved Phase project monitoring arrangements are:

- a. Daily basis by the Corporate projects team;
- b. Weekly and monthly meetings with the contractor;
- c. Monthly Officer Project Management Group oversees project delivery, project management, logistics, project support/resources, recommendations to Member/Officer Board, operational decisions;
- d. Reports to Management Team on a bi-monthly basis;
- e. Quarterly (once construction commences on site) Member/Officer Board meetings (Strategic Overview, Strategic decisions, Programme Management, including recommendations to Cabinet on Trigger Point approvals).

For approval to commence the build for a further phase of the Major Housing Project the arrangements are in line with the procedures set out in the Cabinet report of 3rd February 2015 as detailed below:

- a. Cabinet -Recommendations to Council re Programme approval and sign off of each phase;
 - b. Council - Programme approval, sign off, commencement of each phase.
- Joint Venture – Nora Scheme, Phase 3 – Due to a legal challenge the works have had to be re-tendered with the tenders due back mid-March 2017 – the capital programme has been updated to reflect the commencement of phase 3 in 2017/2018 (2017/18 £4,988,020; 2018/19 £1,607,000).

4.3 Rephasing is proposed where schemes have been carried forward to/from 2016/2017 as detailed in sections 3.6, or where schemes are now not expected to be completed as originally planned in 2017/2018, 2018/19 and 2019/2020. Other areas of major rephasing include –

Major Projects

- Major Housing Development – rephasing to reflect updated timetable of works.

Operational Schemes

- Car Parks – St James; Multi-storey barriers and ticket machines - Budget provision of £150,000 has been rephased from 2019/20 to 2018/19.
- Grounds Maintenance and Refuse Vehicles and Equipment – revised replacement schedule resulting in rephased expenditure across all years.

5. Capital Programme New Bids

- 5.1 New schemes that are required to maintain the current levels of service are detailed in the table at 5.6 below. In addition the 2018/2019 and 2019/2020 capital programme includes schemes rephased from earlier years and the continuation of projects commenced in earlier years, including the Major Housing Development and the Townscape Heritage Initiative.
- 5.2 The continuation of the NORA Housing Joint Venture to develop phase 4 of the site are not included in the programme 2016-2021 at this stage. Phase 4 is being prepared for detailed planning. A report to Cabinet will be required to consider the business case for proceeding with Phase 4.
- 5.3 A Stage One bid has been submitted to the Heritage Lottery Fund at the beginning of December 2016 for the St George's Guildhall Project. Notification of a decision should be received in March 2017. Other funding streams, such as the Arts Council will be investigated in 2017/18.
- 5.4 The Council has recently been allocated £1.8m from the Government's Community Housing Fund to support community-led housing developments in areas where the impact of second homes is particularly acute. Plans for spending this funding will need to be developed. The capital programme does not include these schemes.
- 5.5 Given the current financial position of the Council and the limited capital resources available, new bids on the capital programme have had to be controlled.

5.6 The following operational schemes are proposed for inclusion in the 2017-2021 capital programme:

	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Major Housing Development - Continuation of Build Phase				2,277,420
Private Sector Housing Adaptations				2,150,000
Careline - Replacement alarm units				30,000
Community Projects				50,000
Car Park Multi Storey - Replacement lighting and controls	100,000	100,000		
Cemetary Extension to Gayton Road	150,000			
Corn Exchange - Refurbish seating				15,000
Corn Exchange lighting desk/lights				40,000
Corn Exchange toilet refurbishment	10,000	10,000		
Downham Market Sports Hall Track/Curtain replacement	15,000			
Downham Market Leisure Centre Air Conditioning	10,000			
Grounds Maintenance Equipment				19,130
Lynnsport Performance Area Air Con	15,000			
Lynnsport Gymnastics Replace sprung floor		25,000		
Lynnsport Gymnastics Foam Pit - Foam and raise floor	10,000			
Lynnsport Gymnastics Replace Tumble track (Net of Contributions)	5,000			
Mintlyn Crematorium – Extend Car Park	20,000			
St James' Reception Carpet		10,000		
Refuse - Black bins		25,000	25,000	25,000
Refuse - Brown Composting bins (replacements)	26,000		15,000	15,000
Refuse - Green Recycling bins		18,000	18,000	18,000
Refuse - Trade Bins				10,000
Public Cleansing Sweepers / Vehicles	131,305			13,180
Total	492,305	188,000	58,000	4,662,730

6. Capital Programme 2016/2021

6.1 The table below summarises the revised Capital Programme 2016-2021 including all amendments, rephasing and new bids detailed above. The detailed Programme 2016-2021 is presented at Appendix 2.

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	£	£	£	£	£
Major Projects	14,197,010	25,962,980	26,050,390	16,215,680	2,277,420
Central and Community Services	2,215,820	2,432,660	2,555,000	2,430,000	2,180,000
Chief Executive	78,230	71,000	50,000	50,000	50,000
Commercial Services	1,846,670	2,594,910	1,102,280	747,795	206,755
Environment and Planning	4,000	12,000	0	0	0
Total	18,341,730	31,073,550	29,757,670	19,443,475	4,714,175

7. Capital Resources 2016-2021

7.1 The report to Cabinet on the 28 June 2016 updated the total capital resources available for the period 2016 to 2021. It has been possible to fund the proposed capital programme 2016-2021.

7.2 The Table below provides details of the revised estimated capital resources for the period 2016-2021, updated for amendments and rephasing detailed in sections 3 and 4 above and new bids detailed in section 5 above. Where rephasing is made between years, the funding will follow. Where external borrowing is required the borrowing costs are included in the revenue estimates. The revenue budget will be amended as part of the estimates process to reflect this position. These changes are reported as part of the Financial Plan 2016-2021 on this Cabinet Agenda.

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Joint Venture – NORA Housing						
Opening Borrowing brought forward	6,758					6,758
Prior Year Borrowing brought forward		2,112	4,332	0	0	
In year expenditure	3,220	4,988	1,607	0	0	9,815
In year sale	(7,866)	(2,768)	(5,939)	0	0	(16,573)
Net Borrowing/(Receipt) Position	2,112	4,332	0	0	0	0
Major Housing Development						
Opening Borrowing brought forward	1,710					1,710
Prior Year Borrowing brought forward		10,880	19,433	11,485	(4,668)	
In year expenditure	9,406	14,950	18,601	15,102	2,277	60,336
Sale Receipts		(6,397)	(26,549)	(31,255)	(4,094)	(68,295)
Funding from Capital Reserves	(236)					(236)
Net Borrowing/(Receipt) Position	10,880	19,433	11,485	(4,668)	(6,485)	(6,485)
Enterprise Zone						
Opening Borrowing brought forward		497	4,368	10,014	10,871	
In year expenditure	522	3,896	5,765	1,100	0	11,283
Business Rates Receipts 85% (via NALEP)	(25)	(25)	(119)	(243)	(371)	(783)
Net Borrowing/(Receipt) Position	497	4,368	10,014	10,871	10,500	10,500

7.3 The table below provides a summary of the funding position.

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	£'000	£'000	£'000	£'000	£'000
Capital Programme: S106 and Other Major Projects and Operational schemes	5,193	7,240	3,784	3,241	2,437
Joint Venture – NORA Housing	3,220	4,988	1,607	0	0
Major Housing Development	9,406	14,950	18,601	15,102	2,277
Enterprise Zone	522	3,896	5,765	1,100	0
Total Expenditure	18,342	31,074	29,758	19,443	4,714
Net Cumulative Borrowing/(Receipt) Position (Temporary Internal/External Borrowing)	13,490	28,134	21,499	6,204	4,016

7.4 Clearly the Council's commitment to a number of major projects means that the disposals programme and generation of capital receipts, and securing external funding from for example lottery funding is crucial.

8. Equality Impact Assessment

8.1 The Council has a statutory requirement to carry out Equality Impact Assessments (EIAs) as part of the service planning and policy proposal processes. This includes significant policy or significant changes to a service and includes potential capital bids, revenue growth bids and proposed reductions in service.

8.2 The Council may be required to carry out an impact assessment if the proposal impacts on any of the following:

- Equalities (including impact on issues of race, gender, disability, religion, sexual orientation, age)
- Community cohesion (whether there is a potential positive or negative impact on relations between different communities)

8.3 The relevant service managers, with the assistance of the Policy officers, review each capital programme scheme to check and assess any impact of the intended outcome. Although a provisional capital budget will be included in the capital programme, it will be necessary for a report on the impact to be made to Cabinet before the scheme progresses.

9. Prudential Framework

- 9.1 The Prudential Framework for local authority capital investment was introduced as part the Local Government Act 2003 with effect from the 1 April 2004. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable. The Council will need to demonstrate that treasury management decisions are taken in accordance with good professional practice and that local strategic planning, asset management and proper option appraisal is supported.
- 9.2 Within the Revenue Budget 2016-2021 the Council will enter into unsupported borrowing where it can demonstrate that financial savings can be achieved by outright purchase of equipment, as opposed to the use of an operating lease and the payment of an annual lease. The Capital Programme 2016-2021 includes details of the borrowing under the framework and this is confirmed as being affordable and is included within the Budget and Council Tax calculations.
- 9.3 The proposed borrowing will be met within the Prudential Indicators set as the Operational Boundary (Limit of Borrowing) under the Treasury Management Strategy. The current Operational Boundary in 2016/2017 is set at £30m with a maximum of 60% of the total value being held as short term loans or variable rate loans. The revised Strategy for 2017-2021 will be submitted for approval to Council in February 2017 and will take account of any future borrowing requirements.

10. Financial Implications

- 10.1 The financing arrangements for the capital programme are within budget. Where rephasing is to be made then the funding will follow.
- 10.2 The revenue implications of all capital schemes will be included in the estimates to be reported to the Cabinet meeting on 31 January 2017.

11. Risk Implications and Sensitivity Analysis

- 11.1 Risk is inherent in any projection of future funding. The estimated resources available to fund the capital programme 2016-2021 and the risk implications and sensitivity/consequences are detailed in the table below. The level of risk is based on the impact on the funding of the capital programme 2016-2021 if the resources are not achieved at the estimated level or at the time expected. This section updates the position as reported in the Capital Programme and Resources 2016-2020 report to Cabinet on 28 June 2016.

Source of Funding	Risk Implications and Sensitivity	Level of Risk
<p>Capital Grants</p> <p>Third Party Contributions</p> <p>Lottery Funding etc</p>	<p>Risk The capital grant and specific grant included in the resources is a contribution towards private sector housing assistance - Disabled Facilities Grants (DFG). The level of grant included for 2016/2017 is based on the confirmed level of grant from the Better Care Fund and future years are included at a 30% assumed growth rate for 2017/18 remaining at this level for the rest of the programme. The level of grant is confirmed by Central Government annually and can vary from year to year. In addition grants from lottery funding etc of £4.075m are included in the programme 2016-21.</p> <p>Sensitivity/Consequences This funding represents 18% of total general fund resources over the 5 year period. If the level of grants were to vary significantly the budget allocated for DFGs and the proposed schemes within the programme would need to be revised.</p>	<p>Medium</p>
<p>Capital Receipts</p>	<p>Risk Capital receipts represent 35% of the general fund resources available over the 5 year period 2016-2021. The actual amount and timing of capital receipts can vary significantly. The achievement of capital receipts is monitored and reported in the monthly monitoring reports to ensure no over commitment.</p> <p>Sensitivity/Consequences Capital receipts represent a high proportion of the total general fund resources available to fund the capital programme. The actual level of capital receipts that are achieved is sensitive to market conditions including demand for land and buildings, values and interest rates. The sum total of capital receipts included in the funding table of £7.8m plus £16.6m of sales receipts from the housing joint venture and £68.3m from the Major Housing Project is a challenging target in the current economic climate. In the event that capital receipts are not achieved at the level or within the year estimated it may be necessary to take on additional temporary borrowing at the prevailing interest rates.</p>	<p>High</p>
<p>Major Housing Project</p>	<p>Risk The impact of market prices as the scheme proceeds to each phase may increase. The housing market may slow and sales may not be achieved as planned.</p> <p>Sensitivity/Consequences Business case review prior to proceeding to end stage. Local Authority Housing Company to be established to hold any surplus units for rent.</p>	<p>High</p>

Source of Funding	Risk Implications and Sensitivity	Level of Risk
Unsupported Borrowing	<p>Risk The proposed capital programme 2016-2021 includes unsupported borrowing for the purchase of equipment and vehicles. The unsupported borrowing will be funded through internal borrowing whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt.</p> <p>Sensitivity/Consequences The Council will enter into unsupported borrowing where it can demonstrate that financial savings can be achieved by outright purchase of equipment, as opposed to the use of an operating lease and the payment of an annual lease.</p>	Low
Temporary Borrowing External and Internal	<p>Risk Temporary borrowing is included for cash flow purposes to ensure a balanced funding of the capital programme in each of the financial years and in advance of capital receipts. Internal borrowing will be used whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt. Funds currently in short term investments may be withdrawn and used in place of external borrowing.</p> <p>Sensitivity/Consequences The actual required temporary borrowing will depend on rephasing in the capital programme and capital receipts achieved in each year. Temporary borrowing will be maintained at the minimum level required and reported as part of the outturn. The cost of funding planned temporary borrowing is included in the revenue budget and is confirmed as affordable. In the event that additional temporary borrowing is required during the financial year the impact on the revenue budget will be reported in the monthly monitoring reports to Members.</p> <p>Fixed term external borrowing may be taken and drawn down as expenditure is required and rates are favourable. External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.</p>	Low

Source of Funding	Risk Implications and Sensitivity	Level of Risk
Reserves	<p>Risk Contributions from reserves are based on actual balances as at 1 April 2016 and take into account budgeted contributions to/from reserves.</p> <p>Sensitivity/Consequences The reserves are available and as such the sensitivity is low. In the event that reserves are not available as estimated in the capital resources, temporary borrowing would be incurred to ensure a balanced funding of the capital programme in each of the financial years.</p>	Low

11.2 Experience shows that the costs of schemes can also vary. Expenditure on the capital programme is included as part of the monthly monitoring report. Any significant variations on individual schemes will be reported and appropriate action taken

12. Policy Implications

The establishment and management of the capital programme are in accordance with the updated Council's Capital and Local Property Investment Fund Strategy 2017-21.

13. Statutory Considerations

None

14. Consultations

Management Team

15. Access to Information

Cabinet Reports
Financial Plan 2015-2020
Financial Plan 2016-2021
Monthly Monitoring Reports 2016/2017
The Capital and Local Property Investment Fund Strategy 2017-21