

REPORT TO CABINET

Open		WOULD ANY DECISIONS PROPOSED :		
Any especially affected Wards None	Mandatory	(a) Be entirely within Cabinet's powers to decide	YES	
		(b) Need to be recommendations to Council	NO	
		(c) Key Decision	YES	
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: 01553 616432		Other Officers consulted: Management Team		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) NO	Equal Opportunities Implications NO	Risk Management Implications YES

Date of meeting: 25 June 2018

Capital Programme and Resources 2017-2022

Summary

The report provides details of the outturn of the 2017/2018 capital programme and outlines amendments and rephasing to the spending on schemes, revising the programme for 2018/2022. The capital programme outturn for 2017/2018 totalled £21,564,901 against an approved budget of £29,771,350. It has been necessary to rephrase a total of £7,961,630 of scheme costs to future years. Useable capital receipts generated in the year totalled £5,519,000. The capital resources available to fund expenditure in 2017/2018 are detailed in section 3 of the report.

RECOMMENDATION

That Cabinet :

1. note the outturn of the capital programme for 2017/2018 of £21,564,901.
2. note the financing arrangements for the 2017/2018 capital programme.
3. approve the revised 2018/2022 capital programme and financing as detailed in the report.

Reason for Decision

To report the outturn 2017/2018 for the Capital Programme and update members on capital spending and resources for 2018/2022.

1 Introduction

- 1.1 This report presents the outturn of the 2017/2018 capital programme and provides details of amendments and rephasing resulting from under and overspends and their impact on the 2018/2022 programme. The report also outlines the financing of the 2017/2018 programme.

2 Capital Programme 2017/2018

- 2.1 The full capital programme for 2017/2018 is shown at Appendix 1 and provides details of the outturn for individual schemes, together with amendments and rephasing to/from future years.
- 2.2 A full updated Capital Programme 2017/2018 of £29,796,350 was reported at the Cabinet meeting on 6 February 2018 and approved by Council on 22 February 2018. In February 2018 monitoring report, budget provision of £25,000 was moved from the Capital Programme to revenue for the Lily project, revising the Capital Programme 2017/2018 to £29,771,350.
- 2.3 The final figures for the outturn on the capital programme show that it has been necessary to carry forward budget provision of £7,961,630 to 2018/2019 and future years. In a number of cases there were over or under spends which net to a £244,819 under spend across the overall capital programme.

The main schemes where over/(underspends) are reported are detailed in the table below.

	£
Joint Venture Housing Developments	65,150
Hunstanton Heritage Gardens Parks for People: In 2016/2017 the contribution for Heritage Lottery Funding was understated which meant the scheme was over funded by the Council by £203,700. The additional Heritage Lottery Fund grant has been used to fund expenditure in 2017/018	(140,610)
King's Court – new Generator	(22,570)
Play Areas – Equipment and Resurfacing	(16,300)
Refuse Bins	(22,760)
Car Parks – Vancouver, Replace Lighting	(26,080)
Private Sector Housing Assistance	(152,110)
Miscellaneous movements	(2,339)
	(317,619)

In addition there are a number of schemes which come with resources ie reserves where the capital programme was not updated and amended to fully reflect the actual costs. The main schemes are detailed in the table below. The apparent overspend is met from earmarked reserves or unsupported borrowing and there is no impact on the bottom line funding of the capital programme.

Scheme	Funding	£
Careline - Replacement alarm units	unsupported borrowing	13,550
Lynnsport Fitness Area Air Con	reserves	10,000
Lynnsport Skatepark Ramps	reserves	24,520
St George's Guildhall Complex	reserves	13,460
Ind Estate - Brygen Road Roof	reserves	11,270
		72,800

- 2.4 The following table shows the summary of the programme and actual spend to 31 March 2018. The detailed outturn for the Capital Programme 2017/2018 is presented at Appendix 1.

Table 1

	Budget 2017/2018	Rephasing (to)/from 2017/2018	Outturn 2017/2018	Variance
	£	£	£	£
Major Projects	24,544,440	(6,003,180)	18,472,412	(68,848)
Central and Community Services	2,511,940	(164,210)	2,201,023	(146,707)
Commercial Services	2,591,990	(1,717,760)	847,638	(26,592)
Environment and Planning	16,000	(7,500)	8,501	1
Finance Services	106,980	(68,980)	35,327	(2,673)
Capital Programme Outturn	29,771,350	(7,961,630)	21,564,901	(244,819)

- 2.5 The main areas for the proposed rephasing are detailed below. The detailed outturn is presented at Appendix 1.

Major Projects

Enterprise Zone

A design team has been appointed to design the infrastructure works and speculative units and to secure planning consent for the revised Master Plan. Relocation of the high voltage power cables has been completed and the gas mains work to re-route the main gas pipeline has been sourced and scheduled to take place in 2018/2019. The balance of the budget provision of £577,230 will be rephased to 2018/2019. The planning application for the revised Master Plan will be submitted in 2018. A study to assess the demand for office space will be commissioned and be part of the business case for the KLIC move-on space.

Joint Venture NORA Housing

Work commenced on Nar Valley Park Phase 3 in October 2017. The first units will be available for sale in June 2018 and this phase is due to be completed in March 2019. The unspent budget of £65,140 will be carried forward to 2018/2019.

Major Housing Development

There are currently two sites being developed by the Council. These are Marsh Lane (130 units); and Lynnsport 4 and 5 (89 units).

Marsh Lane has currently sold 20 units (at date of this report) with a further 44 sales agreed and expressions of interest received on a further 19 properties. This leaves only 47 properties unallocated across the whole site. The Marsh Lane Project is due for completion in October 2020.

Lynnsport 4 and 5 – the first sale should take place in September 2018 and the Project is due to be completed in March 2020. The balance of the budget of £3,001,700 has been carried forward to 2018/2019.

Burnham Market Housing Development

The work on Burnham Market Housing Development has been completed. Professional and Marketing Fees of £37,330 have been rephased to 2018/2019 to market the properties.

Townscape Heritage Lottery Initiative

Works have been slower than originally estimated and will now be completed in 2018/2019. The balance of the budget £460,040 has been rephased to 2018/2019 to cover this.

King's Court Refurbishment (DWP)

Most of the refurbishment work to King's Court and the Mayors Parlour/Miles Room has been successfully completed in 2017/2018 resulting in the DWP moving into King's Court on time. There is a small amount of work to be completed in 2018/2019 therefore a budget of £54,760 has been rephased to 2018/2019.

Housing Accommodation, Broad Street (Affordable Housing)

Works on the Broad Street Accommodation started later than originally estimated. Budget of £482,580 has been rephased to 2018/2019.

South (Nelson) Quay Redevelopment – King's Lynn Riverfront

£215,600 has been rephased to 2018/2019. The Council is working with the Department for International Trade (DIT) to promote the scheme to overseas investors. The scheme is included in the DIT's UK Capital Investment Brochure which is promoted by UK Trade Advisors to Overseas Investors. A soft market testing exercise will take place in June 2018 to assess potential investor interest in the scheme. This exercise will take place in London. DIT's investor relations team will carry out a site visit to familiarise themselves with the Nelson Quay Development.

Redevelopment of the Vancouver Centre (H&M)

During the course of groundworks a number of investigations were carried out on existing utility services and underground structures with some services being diverted. These works have delayed the progress of the project. £470,050 has been rephased to 2018/2019

Purfleet Floating Restaurant

Due to the complexity of this project it was necessary to appoint structural engineers to deal with the planning application, Environment Agency conditions and design for construction and connection of services. £50,950 has been rephased to 2018/2019.

Matched Funding

£267,500 has been rephased to 2018/2019 to fund future projects.

S106 Funded Projects

£76,920 has been rephased to meet expenditure in 2018/2019.

Central and Community Services

ICT Development Programme

A number of ICT projects which commenced during 2017/2018 are on-going. It is proposed to rephase budget provision of £136,550.

Commercial Services

Corn Exchange and Leisure Facilities

The capital programme includes a number of schemes at the Corn Exchange and Leisure facilities. Several of these projects which commenced during 2017/2018 will now be completed during 2018/2019. The balance of the budget provision of £118,780 will be carried forward to 2018/2019 to meet the cost of the ongoing works. In addition £115,000 will be carried forward to 2018/2019 for Replacement Boilers at Lynnsport as part of the Refit Project.

Car Parks

The capital programme includes a number of projects related to car parks including replacement of signage, equipment and vehicles. Budget provision of £409,290 will be carried forward to meet the cost of the completion of these projects during 2018/2019.

CCTV Control Room Upgrade

This project is ongoing and the balance of the budget provision of £51,390 will be carried forward to 2018/2019 to spend on the final stage of digital radio integration.

Kettlewell Gardens – CCTV and Street Lighting

The works are planned to be undertaken in 2018/2019. The budget provision of £30,000 will be carried forward to meet the costs of works.

Cemetery Extension to Gayton Road

These works are now planned to be carried out in 2018/2019. The budget provision of £100,000 will be carried forward to 2018/2019 to meet these costs. Hedgerow works have been scheduled outside of nesting season.

Replacement Christmas Lights 2018/2019

The capital programme has been amended to include an additional £155,000 to replace the Christmas lights in King's Lynn, Hunstanton and Downham Market many of which are at the end of their useful life. The Council may be receiving additional contributions towards replacement lights from third parties. The £40,000 included in 2017/2018 will be carried forward and added to the revised budget to fund replacement lights in 2018/2019.

Health and Safety – Council Facilities

£24,500 will be carried forward to 2018/2019 and used towards the safe removal of asbestos in Heacham Public Conveniences.

Resort – Replace Skate Ramps and Fencing

Additional funds are being sought for this scheme and grant bids submitted. The budget provision of £28,000 will be used as matched funding for the larger scheme once costs and funding have been confirmed. The budget will be carried forward to 2018/2019.

Signage – Resorts and Tourism

The budget provision of £15,000 for Beach Safety Signage; £50,000 for Visitor Digital Signage; and £21,000 for Tourist Signs on the A47 will be carried forward to 2018/2019.

Refurbishment of STW Pumping Stations

The refurbishment works to the Pumping Stations will be completed in 2018/2019 and the balance of the budget provision of £56,500 will be rephased to 2018/2019 accordingly.

Grounds Maintenance and Street Cleansing Vehicles and Equipment

The balance of the budget provision of £629,420 will be carried forward to 2018/2019 to meet the cost of the on-going vehicle replacement programme. £27,660 has also been carried forward to 2018/2019 for replacement vehicles for the Careline Service. The fleet rotation programme to get longer life out of the vehicles has enabled later replacement of vehicles than originally estimated. The purchasing lead time of the larger street cleansing vehicles has taken considerably longer than originally anticipated.

Finance Services

Community Projects – Financial Assistance

The capital budget for community projects has been committed for contributions to a number of different projects including improvements/extension/new build community facilities. The grants are administered by Norfolk Foundations on behalf of the council and will be paid to the community organisations on completion of the projects. The balance of the budget provision of £68,980 is carried forward to 2018/2019 to meet the grant commitments.

- 2.6 Total useable capital receipts generated in 2017/2018 from preserved right to buy sales of former council houses and land sales were £972,548. The table below shows the summary of useable capital receipts generated in 2017/2018.

Table 2

	2017/2018	2017/2018
	Budget	Outturn
	£'000	£'000
Council Houses Preserved Right to Buy	150	465
General Fund – Land	2,120	157
General Fund – Land (NORA)		171
General Fund – Lane (Marsh Lane)		179
Total	2,270	972

- 2.7 As part of the housing stock transfer agreement the Council receives a share of the VAT recovered by Freebridge Community Housing on its development programme works. The income received under the VAT sharing agreement is classified as capital receipts, and £247,827 was received during 2017/2018. The total £13.3m agreed as part of the housing stock transfer has now been received and no further amounts are due.
- 2.8 There were 17 houses on the Nar Valley Park (NORA Housing Development) which were sold in 2017/2018 (Phase 2). The total amount received in respect of the house sales was £2,379,170 (this includes £170,844 in respect of the land receipt which is reported as part of the general fund land sales to the Council in 2.6 above). The sales receipts received in 2017/2018 have been used to meet expenditure incurred on the NORA Housing Development in 2017/2018, and to partly repay temporary borrowing which relates to expenditure on the project from prior years. The NORA Housing Development is a joint arrangement with Norfolk County Council.
- 2.9 11 Houses were sold on the Marsh Lane Development for a total of £2,270,000 (this includes £178,538 in respect of the land receipt which is reported as part of the general fund land sales to the Council in 2.6 above). The sale receipts are used to fund expenditure on the Major Housing Project alongside temporary borrowing.

Table 3

Summary of Capital Receipts	
Preserved Right to Buy	465
General Fund - Land	157
VAT Shelter	248
NORA	2,379
Major Housing	2,270
Total	5,519

3 Financing of the Capital Programme 2017/2018

- 3.1 The following table details the sources of finance used to fund capital spending during the year. The strategy adopted in financing is designed to make full use of all specific grants and thereby protect future allocations. Funding is taken from capital and revenue reserves for those specific schemes identified with resources. The strategy is then to make full use of useable capital receipts and the balance of funding to be taken from capital and revenue reserves.

Table 4

	£
Total Capital Programme Outturn to be Funded 2017/2018	22,900,297
Less Third Party Contributions	(1,335,337)
Capital Programme Expenditure to be Funded	21,564,960
Sources of Finance:	
Specific Capital Grant - Better Care Fund	1,474,514
Unsupported Borrowing	294,746
Temporary Borrowing	12,399,295
Capital Reserves	2,001,065
S106 Contributions from Reserves	140,115
Capital Receipts in year	3,374,163
NCC Share of NORA Joint Venture	1,464,773
Business Rates Pool	104,698
Capital Creditors	102,123
Capital Debtors	(21,464)
Capital Advance Receipts	242,938
Capital Prepayments	(12,006)
Total	21,564,960

- Specific capital grant is for Disabled Facilities Grants (DFGs) which is allocated directly from the Government as part of the Better Care Funding and paid via Norfolk County Council.
- Unsupported Borrowing is the level of loans taken on by the Council and paid from within the budgets of services. During 2017/2018 unsupported borrowing was used to purchase vehicles and equipment where previously lease payments were made. In effect the lease payments now pay the debt charge. No help is available from Government to pay the costs – therefore they are classed as unsupported.
- The temporary borrowing included in the funding of the capital programme for 2017/2018 relates to the Major Housing Project. Temporary borrowing is included for cash flow purposes to ensure a balanced funding of the capital programme 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.

- Capital Reserves have been previously set aside for particular schemes, in some cases regular annual contributions are made to the reserves (e.g. sports and arts facilities, offices). The Salix Energy Efficiency funds are held in reserves to finance projects that meet energy efficiency criteria and generate annual savings in utility costs which are reinvested in new schemes. Useable capital receipts received in previous years are held in reserves until applied to capital financing.
- S106 contributions from reserves are S106 contributions received in prior periods.
- Capital Receipts come from the sale of assets and the preserved rights from the sale of former council houses. Following the housing stock transfer the Council receives a share of the VAT recovered by Freebridge Community Housing from the housing improvement works which is classified as a capital receipt.

3.2 The capital debtors and creditors represent payments that will be made or received during 2018/2019. The net sum is actually funded from capital reserves when payments are made/income received in 2018/2019.

4 Minimum Revenue Provision

4.1 A requirement of capital controls is that details of the minimum revenue provision (MRP) calculation are reported to Cabinet. The MRP is the minimum amount that must be charged to the Council's revenue accounts each year as a provision to repay debt. Changes to the basis of calculating MRP were made by the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008. A local authority is required to calculate an amount of MRP which they consider to be prudent, prepare a statement of its policy on making MRP and submit it to full Council. The Treasury Management Strategy 2017-2018 approved at Council on 13 February 2017 set out the policy proposals for the Borough for 2017/2018.

4.2 The amount of MRP charged to the accounts in 2017/2018 is £293,688 against a budget of £385,000. The actual MRP charge 2017/2018 has been calculated in accordance with the Council's policy based on the capital financing requirement as at 1 April 2017.

5 Capital Programme 2018/2022

5.1 The Capital Programme 2018/2022 was approved by Council on 22 February 2018. As detailed at section 2 above, it is proposed to carry forward budget provision from 2017/2018 to 2018/2019. In addition rephasing between years across the period 2017/2018 to 2021/2022 is also reported as the timing of schemes has been reviewed and updated.

- 5.2 The following amendments have been included in the capital programme 2018/2019 and detailed at Appendix 2:

Housing Accommodation – Broad Street (Affordable Housing)

The capital programme 2018/2019 has been updated to include revised additional costs of £34,860. The total project cost is £588,000 funded from S106 monies. This project is due for completion in September 2018.

Purfleet Floating Restaurant

The capital programme includes £60,000 budget provision for the essential infrastructure to facilitate the installation of the Outer Purfleet Floating Restaurant. The updated costs of providing the required works will require the capital budget to be increased by £31,500. The additional cost will be funded from rental income.

Replacement Christmas Lights

The capital programme has been amended to include an additional £155,000 to replace the Christmas lights in King's Lynn, Hunstanton and Downham Market many of which are at the end of their useful life. The additional cost is funded from monies set aside in reserves. There may also be donations from third parties to contribute towards these costs.

Derelict Land and Buildings

The Derelict Land and Buildings Group require a contingency to fund surveys and initial costs in order to move these priority derelict and vacant problem sites forward. This budget of £50,000 will be funded from future receipts.

Purfleet Stop Logs

Capital budget provision of £25,000 has been included to provide funds for emergency remediation works. The work is anticipated to cost £35,000 with a £10,000 third party contribution.

Seafront Master Planning

A successful submission was made to the Norfolk Business Rates Pool to match fund the commissioning of a study to masterplan the Southern Seafront area in Hunstanton. The plan will encompass development sites, options for regeneration of the promenade as an important visitor amenity and the feasibility of a marine lagoon. The study has a value of £100,000, was commissioned in April 2018 and is due to complete by the end of 2018.

Careline – Replacement Alarm Units

The capital programme has been increased by £52,000 to cover the costs of replacement alarm units for the Careline Service to meet demand. This will be funded from alarm rental income.

CCTV

£115,680 has been added to the capital programme to replace obsolete equipment and for the installation of new equipment where there are ongoing crime issues. This will be funded from reserves.

Health and Safety – Council Facilities

Heacham Public Conveniences (see 2.5) require safe removal of asbestos and refurbishment at a budget of £60,000. £35,500 has been added to the capital programme. This will be funded from reserves.

Assembly and Card Room, Town Hall

Budget provision of £29,000 has been added to the capital programme for emergency ceiling repairs to be funded from reserves.

5.3 Major Housing Project – Future Developments

The next sites to be developed under the Major Housing Contracts are:

- NORA Phase 4
- Columbia Way
- Alexandra Road, Hunstanton

Reports on Lynnsport 1 and NORA Phase 4 will be presented later in the year including for building private rented properties.

5.4 Table 5 shows in summary form the proposed programme 2018/2022 after allowing for rephasing and amendments. Details of the individual schemes for 2018/2022 are given at Appendix 2.

Table 5

	2018/2019	2019/2020	2020/2021	2021/2022
	£	£	£	£
Major Projects	37,034,450	22,630,340	2,592,420	0
Central and Community Services	2,867,210	2,460,000	2,360,000	2,330,000
Commercial Services	3,713,090	795,010	464,540	696,220
Environment and Planning	7,500	0	0	0
Finance Services	118,980	50,000	50,000	50,000
	43,741,230	25,935,350	5,466,960	3,076,220

6 Capital Resources 2018-2022

6.1 Table 6 below provides details of the revised estimated capital resources for 2018/2022 updated after funding the 2017/2018 capital programme, and including amendments and rephasing as detailed above.

Table 6

	2018/2019	2019/2020	2020/2021	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
Sources of Finance:					
Specific Capital Grants (Better Care Fund)	1,352	1,352	1,352	1,352	5,408
Capital Receipts Housing	150	150	150	150	600
Capital Receipts General	3,537	4,742	250	250	8,779
Capital Receipts Major Housing Land Sales	3,477	4,721	660	0	8,858
Resources for Specific Schemes:					
Reserves	5,205	685	525	278	6,693
Unsupported Borrowing	1,211	675	170	398	2,454
S106 Funds	664	0	0	0	664
Norfolk Business Rates Pool	50	0	0	0	50
Reserves:					
Capital Reserves	(3,716)	(5,627)	18	648	(8,677)
Total Resources	11,930	6,698	3,125	3,076	24,829
Capital Programme: S106 and Other Major Projects and Operational schemes	11,930	6,698	3,125	3,076	24,829
Net Funding Position	0	0	0	0	0
Joint Venture – NORA Housing					
Opening Borrowing brought forward	4,649	0	0	0	4,649
Prior Year Borrowing brought forward	0	95	95	95	
In year expenditure	3,849	0	0	0	3,849
In year sale	(8,403)	0	0	0	(8,403)
Net Borrowing/(Receipt) Position	95	95	95	95	95
Major Housing Development					
Opening Borrowing brought forward	20,375	0	0	0	20,375
Prior Year Borrowing brought forward	0	12,866	1,227	(16)	
In year expenditure	23,232	18,027	2,342	0	43,602
Land Value to BCKLWN	3,477	4,721	660	0	8,858
Sale Receipts	(34,218)	(34,387)	(4,246)	0	(72,850)
Net Borrowing/(Receipt) Position	12,866	1,227	(16)	(16)	(16)

	2018/2019	2019/2020	2020/2021	2021/22	Total
	£'000	£'000	£'000	£'000	£'000
Enterprise Zone					
Opening Borrowing brought forward	902				902
Prior Year Borrowing brought forward		5,538	6,653	6,382	
In year expenditure	4,731	1,210	0	0	5,941
Business Rates Receipts 85% (via NALEP)	(95)	(95)	(271)	(285)	(746)
Net Borrowing/(Receipt) Position	5,538	6,653	6,382	6,097	6,097

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

Table 7

	2018/2019	2019/2020	2020/2021	2021/2022
	£'000	£'000	£'000	£'000
Capital Programme: S106 and Other Major Projects and Operational schemes	11,930	6,698	3,125	3,076
Joint Venture – NORA Housing	3,849	0	0	0
Major Housing Development	23,232	18,027	2,342	0
Enterprise Zone	4,731	1,210	0	0
Total Expenditure	43,742	25,935	5,467	3,076
Net Cumulative Borrowing/(Receipt) Position (Temporary Internal/External Borrowing)	18,499	7,975	6,461	6,176

6.3 The funding for the period 2018/2022 was agreed by Council on 22 February 2018. The above table does contain some changes. Where schemes within the programme have been rephased the funding has followed and the figures changed accordingly.

7. Equality Impact Assessment

7.1 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.

7.2 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 Financial Implications

8.1 The financing arrangements for the capital programme are within budget. Where rephasing to/from 2017/2018 is to be made then the funding will follow. As previously noted the MRP charge for 2017/2018 can be met from within the overall revenue outturn for the year.

8.2 The revenue implications of all capital schemes will be met from within existing budgets.

9. Risk Implications and Sensitivity Analysis

9.1 Risk is inherent in any projection of future funding. The estimated resources available to fund the capital programme 2018-2022 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 if the resources are not achieved at the estimated level or at the time expected.

Source of Funding	Risk Implications and Sensitivity	Level of Risk
Capital Grants Third Party Contributions Lottery Funding etc	<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 2018/2019 is based on the confirmed level of grant from the Better Care Fund and future years are included at the same level. The level of grant is confirmed by Central Government annually and can vary from year to year.</p> <p>In addition third party contributions and grants from lottery funding etc of £2.6m are included in the programme 2018-22.</p> <p>Sensitivity/Consequences This funding represents 32% of total general fund resources over the 4 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>	Medium

Source of Funding	Risk Implications and Sensitivity	Level of Risk
Capital Receipts	<p>Risk Capital receipts represent 65% of the general fund resources available over the 4 year period 2018-2022. 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 £18m plus £8m of sales receipts from the housing joint venture and £64m 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>	High
Major Housing Project	<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>	High
Unsupported Borrowing	<p>Risk The proposed capital programme 2018-2022 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

Source of Funding	Risk Implications and Sensitivity	Level of Risk
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
Reserves	<p>Risk Contributions from reserves are based on actual balances as at 1 April 2018 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 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

9.2 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.

10 Policy Implications

The establishment and management of the capital programme are in accordance with the Council's Capital Strategy 2017-2021 which was approved by Council on 23 February 2017.

11 Statutory Consideration

None

12 Consultations

Management Team

13 Access to Information

Cabinet Reports
Background Papers (Government Circulars etc)
Financial Plan 2017-2022
Capital Strategy and Local Property Investment Fund 2017-2021
Monthly Monitoring Reports 2017/2018