

## REPORT TO CABINET

<b>Open</b>		<b>WOULD ANY DECISIONS PROPOSED :</b>		
<b>Any especially affected Wards None</b>	Mandatory	(a) Be entirely within Cabinet's powers to decide	<b>YES</b>	
		(b) Need to be recommendations to Council	<b>NO</b>	
		(c) Be partly for recommendations to Council and partly within Cabinet's powers	<b>NO</b>	
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
If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is 16-20.				

**Date of meeting: 18 June 2019**

### **Capital Programme and Resources 2018-2023**

#### **Summary**

The report provides details of the outturn of the 2018/2019 capital programme and outlines amendments and rephrasing to the spending on schemes, revising the programme for 2018/2023. The capital programme outturn for 2018/2019 totalled £29,232,450 (£29,857,985 including Exempt) against an approved budget of £34,353,730 (£41,238,730 including Exempt). It has been necessary to rephrase a total of £5,150,630 (£11,414,470 including Exempt) of scheme costs to future years. Useable capital receipts generated in the year totalled £19,594,403. The capital resources available to fund expenditure in 2018/2019 are detailed in section 3 of the report.

#### **RECOMMENDATION**

That Cabinet :

1. note the outturn of the capital programme for 2018/2019 of £29,232,450.
2. note the financing arrangements for the 2018/2019 capital programme.
3. approve the revised 2018/2023 capital programme and financing as detailed in the report.

#### **Reason for Decision**

To report the outturn 2018/2019 for the Capital Programme and update members on capital spending and resources for 2019/2023.

## 1 Introduction

- 1.1 This report presents the outturn of the 2018/2019 capital programme and provides details of amendments and rephasing resulting from under and overspends and their impact on the 2018/2023 programme. The report also outlines the financing of the 2018/2019 programme.

## 2 Capital Programme 2018/2019

- 2.1 The full capital programme for 2018/2019 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 2018/2019 of £36,387,900 was reported at the Cabinet meeting on 5 February 2018 and approved by Council on 21 February 2018. In February 2019 monitoring report, an amendment was reported to the budget provision for the Major Housing Project of £995,610; rephasing of £3,029,780 was also reported, revising the Capital Programme 2018/2019 to £34,353,730.

<b>Scheme</b>	<b>Capital Programme (Cabinet February 2019)</b>	<b>Monitoring - Amendments</b>	<b>Monitoring - Rephasing</b>	<b>Revised Capital Programme 2018/2019</b>
	£	£	£	£
<b>Core Programme</b>	36,387,900	995,610	(3,029,780)	34,353,730
<b>Exempt Schemes</b>	6,885,000	-	-	6,885,000
<b>Total</b>	43,272,900	995,610	(3,029,780)	41,238,730

- 2.3 The final figures for the outturn on the capital programme show that it has been necessary to carry forward net budget provision of £5,150,630 to 2018/2019 and future years. £6,263,840 has been carried forward to spend on the exempt schemes. In a number of cases there were over or under spends which net to a £29,350 over spend across the capital programme (£33,725 including exempt schemes).

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

	£
	(Under)/Over
<b>Broad Street Conversion</b> – Additional fire safety measures were necessary.	8,190
<b>Hunstanton Heritage Gardens Parks for People</b> – An element of work could not be reclaimed from Heritage Lottery Funding. This was accrued in 2017/18 outturn and has been written back now this scheme has been successfully completed.	12,780
<b>NORA Phase 3</b> – This will be funded from additional income in 2019/20.	23,611
<b>Acquisition of Sommerfield &amp; Thomas Warehouse Site at S Quay</b> - Acquisition costs (stamp duty) were higher than forecast.	34,424
<b>Town Centre Development – H&amp;M Store.</b> Delays in delivery. Further details in 5.2.	6,272
<b>NORA Remediation</b> – Additional costs	19,205
<b>S106 Schemes</b> – The S106 funds have been moved to revenue to meet costs against the relevant projects.	(54,081)
<b>Miscellaneous movements</b>	(21,051)
	<b>29,350</b>

- 2.4 The following tables show the summary of the programme and actual spend to 31 March 2019. The detailed outturn for the Capital Programme 2018/2019 is presented at Appendix 1.

Table 1

	<b>Budget 2018/2019</b>	<b>Outturn 2018/2019</b>	<b>Rephasing (to)/from 2018/2019</b>	<b>Variance (Under)/Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	30,102,980	25,458,502	(4,686,220)	41,742
Central and Community Services	2,796,430	2,454,609	(340,410)	(1,411)
Commercial Services	1,335,340	1,251,914	(73,380)	(10,046)
Environment and Planning	0	(931)	0	(931)
Finance Services	118,980	68,356	(50,620)	(4)
<b>Capital Programme Outturn</b>	<b>34,353,730</b>	<b>29,232,450</b>	<b>(5,150,630)</b>	<b>29,350</b>

	<b>Budget 2018/2019</b>	<b>Outturn 2018/2019</b>	<b>Rephasing (to)/from 2018/2019</b>	<b>Variance (Under)/Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Exempt Schemes (Major Projects)	6,885,000	625,535	(6,263,840)	4,375

- 2.5 The main areas for the proposed rephasing are detailed below. The detailed outturn is presented at Appendix 1. Exempt schemes are in a separate section of this report and also in Appendix 3.1.

### Major Projects

#### **Enterprise Zone**

Norfolk County Council have been appointed to design the infrastructure works, this is due to be tendered via the Eastern Highways Alliance later this summer. Reserved matters application for the wider site was submitted in February and due to be determined shortly. Relocation of the high voltage power cables and the gas mains works were completed late summer 2018. The balance of the budget provision of £932,520 will be rephased to 2019/2020.

## Major Housing Development

There are currently three sites being developed by the Council. These are Marsh Lane (130 units); Lynnsport 4 and 5 (89 units); Lynnsport 3 (54 Units). A total of £3,464,880 has been rephased to 2019/2020. The table below details the units by site.

	<i>Total Units</i>	<i>Sold pre 2018/19</i>	<b>Units in Current Capital Programme</b>
<u>Joint Venture</u>			
NORA 1	54	54	-
NORA 2 <sup>1</sup>	58	56	2
NORA 3 <sup>2</sup>	50	23	27
<u>Major Housing</u>			
Marsh Lane <sup>2</sup>	130	78	52
Lynnsport 3	54	-	54
Lynnsport 4&5 <sup>2</sup>	89	13	76
Lynnsport 1	82	-	82
NORA 4	94	-	94
Columbia Way <sup>3</sup>	76	-	76
Alexandra Road, Hunstanton	30	-	30
	<b>717</b>	<b>224</b>	<b>493</b>

<sup>1</sup> 2 show homes have been retained – 1 of these has been reserved for purchase

<sup>2</sup> NORA 3 – As at 7 June 2019 - 6 reserved

Marsh Lane – As at 7 June 2019 - 12 exchanged and 10 reserved

Lynnsport 4&5 – As at 7 June 2019 – 3 exchanged and 7 reserved

<sup>3</sup> Planning has not been completed so the number of units has not been confirmed.

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

£110,640 has been rephased to 2019/2020. Following soft market testing and ongoing investor interest the Council is currently reviewing the possible options for the development of Nelson Quay.

## Townscape Heritage Lottery Initiative

Works have been slower than originally estimated and will now be completed in 2019/2020. The balance of the budget £178,180 has been rephased to 2019/2020 to cover these costs.

## Central and Community Services

### Careline Replacement Alarm Units

Not all replacements scheduled for the year were completed. £29,200 has been rephased to 2019/20 to continue the replacement programme.

### ICT Development Programme

A number of ICT projects have commenced and it is proposed to bring forward budget provision of £23,790 from 2019/20 (progressed quicker than anticipated).

### **Lily Project**

The Living Independently in Later Years project. To enable the grant award criteria to be met £25,000 has been carried forward to 2019/20. This is matched from third party contributions.

### **Private Sector Housing Assistance**

These budgets are committed for grant applications that are either approved but the works are not yet complete, applications are being assessed or cases on the waiting list. Budget provision of £310,000 is to be carried forward to 2019/2020.

### Commercial Services

#### **Health and Safety – Council Facilities**

£21,240 will be carried forward to 2019/2020 and used to fund asbestos removal works in Heacham public conveniences.

#### **Refit**

This scheme is aimed at reducing CO2 emissions, energy consumption and cost. The balance of the budget provision of £23,200 will be carried forward to meet anticipated expenditure in 2019/20.

#### **Refuse and Recycling Bins**

More bins were purchased during 2018/19 than forecast. This was due to a number of requests for additional recycling bins and garden waste bins which create additional revenue. £39,960 has been rephased from the budget for 2019/20.

#### **Vehicles**

The balance of the budget provision of £11,280 has been carried forward to 2019/20 to meet the cost of the on-going vehicle replacement programme..

#### **Corn Exchange and Leisure Facilities**

The capital programme includes a number of schemes at the Corn Exchange and Leisure facilities. Several of these projects will now be completed during 2019/2020. The balance of the budget provision of £47,190 will be carried forward to 2019/2020 to meet the cost of the ongoing works.

#### **Replacement Christmas Lights 2019/2020**

The remaining replacements are now scheduled for 2019/20. The balance of the budget provision of £7,550 will be carried forward to fund these works.

### 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 £50,620 is carried forward to 2019/2020 to meet the grant commitments.

- 2.6 Total useable capital receipts generated in 2018/2019 from preserved right to buy sales of former council houses and land sales were £701,692. The table below shows the summary of useable capital receipts generated in 2018/2019.

Table 2

	<b>2018/2019</b>	<b>2018/2019</b>
	<b>Budget</b>	<b>Outturn</b>
	<b>£'000</b>	<b>£'000</b>
Council Houses Preserved Right to Buy	150	702
General Fund – Land	2,160	1,109
General Fund – Land (NORA)	878	552
General Fund – Land (Lynnsport 4&5)	-	390
General Fund – Land (Marsh Lane)	1,315	1,087
<b>Total</b>	<b>4,503</b>	<b>3,840</b>

- 2.7 There were 23 houses on the Nar Valley Park (NORA Development) which were sold in 2018/2019 (Phase 3). The total amount received in respect of the house sales was £4,020,660 (this includes £552,000 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 2018/2019 have been used to meet expenditure incurred on the NORA Housing Development in 2018/2019, 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.
- 2.8 67 houses were sold on the Marsh Lane Development for a total of £13,038,190 (this includes £1,087,461 in respect of the land receipt which is reported as part of the general fund land sales to the Council in 2.6 above). 13 houses were sold on the Lynnsport 4/5 Development for a total of £2,390,202 (this includes £390,000 in respect of the land receipt). The sale receipts are used to fund expenditure on the Major Housing Project alongside temporary borrowing.

Table 3

<b>Capital Receipts</b>	<b>£'000</b>
Council Houses Preserved Right to Buy	702
General fund - Land	1,109
Vehicles and Equipment	69
Housing Sales Receipts including land	17,714
	<b>19,594</b>

### 3 Financing of the Capital Programme 2018/2019

- 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

	£
<b>Total Capital Programme Outturn to be Funded 2018/2019</b>	<b>30,454,366</b>
Less Third Party Contributions	(596,380)
<b>Capital Programme Expenditure to be Funded</b>	<b><u>29,857,986</u></b>
<b>Sources of Finance:</b>	
Specific Capital Grant - Better Care Fund	1,668,488
Unsupported Borrowing	900,614
Temporary Borrowing	5,075,221
Capital Reserves	2,322,799
S106 Contributions from Reserves	578,539
Capital Receipts in year	17,162,719
NCC Share of NORA Joint Venture	1,987,674
Business Rates Pool	435,899
Capital Creditors	(418,529)
Capital Debtors	201,531
Capital Advance Receipts	69,677
Capital Prepayments	(126,646)
<b>Total</b>	<b><u>29,857,986</u></b>

- 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 2018/2019 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 2018/2019 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). 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.

3.2 The capital debtors and creditors represent payments that will be made or received during 2019/2020. 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 2018-2019 approved at Council on 13 March 2018 (amended Council 21 August 2018) set out the policy proposals for the Borough for 2018/2019.

4.2 The amount of MRP charged to the accounts in 2018/2019 is £281,257 against a budget of £320,000. The actual MRP charge 2018/2019 has been calculated in accordance with the Council's policy based on the capital financing requirement as at 1 April 2018.

#### **5 Capital Programme 2019/2023**

5.1 The Capital Programme 2018/2023 was approved by Council on 21 February 2019. As detailed at section 2 above, it is proposed to carry forward budget provision from 2018/2019 to 2019/2020. In addition rephasing between years across the period 2019/2020 to 2022/2023 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 2019/2020 and detailed at Appendix 2:

### **Redevelopment of the Vancouver Centre (H&M)**

Following the collapse of Chalcroft (main contractor) earlier this year LTS have been contracted together with sub-contractors to complete the re-development of the Vancouver Centre (H&M) the works are due to be completed to unit 1 for handover to H&M in summer 2019 – the four remaining units will be completed shortly after. The capital programme 2019/2020 has been increased by £491,480 to meet the revised project costs.

### **West Winch Growth Area**

A budget of £500,000 was provided in 2019/2020, this has been moved to revenue as the costs are revenue in nature including legal and consultants fees.

- 5.3 Table 5 shows in summary form the proposed programme 2019/2023 after allowing for rephrasing and amendments. Details of the individual schemes for 2019/2023 are given at Appendix 2 and 3.2 (Exempt).

Table 5

	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	48,704,390	20,829,110	0	0
Central and Community Services	2,868,070	2,430,000	2,360,000	2,360,000
Commercial Services	2,970,520	513,540	575,800	131,300
Environment and Planning	0	0	0	0
Finance Services	100,620	50,000	50,000	50,000
<b>Total Excluding Exempt</b>	<b>54,643,600</b>	<b>23,822,650</b>	<b>2,985,800</b>	<b>2,541,300</b>
Exempt Schemes	<b>20,449,750</b>	<b>28,769,550</b>	<b>18,181,670</b>	<b>15,361,660</b>
<b>Total Including Exempt</b>	<b>75,093,350</b>	<b>52,592,200</b>	<b>21,167,470</b>	<b>17,902,960</b>

## **6 Capital Resources 2019-2023**

- 6.1 Table 6 below provides details of the revised estimated capital resources for 2019/2023 updated after funding the 2018/2019 capital programme, and including amendments and rephrasing as detailed above. Exempt schemes shown in a separate report.

**Table 6**

	2019/2020	2020/2021	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Capital Programme: Operational Schemes, S106 and Other Major Projects Expenditure</b>	8,364	3,244	2,986	2,541
<b>SOURCES OF FINANCE</b>				
Specific Capital Grants (Better Care Fund)	1,456	1,456	1,456	1,456
Capital Receipts Housing	150	150	150	150
Capital Receipts General	1,458	764	764	250
Reserves	3,730	562	288	539
Unsupported Borrowing	1,570	312	328	146
<b>Total Funding</b>	<b>8,364</b>	<b>3,244</b>	<b>2,986</b>	<b>2,541</b>
<b>Joint Venture – NORA Housing</b>				
Opening Borrowing brought forward	4,562			
Prior Year Borrowing brought forward		53	53	53
In year expenditure	0	0	0	0
In year sale	(4,509)	0	0	0
<b>Net Borrowing Position</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>
<b>Major Housing Development</b>				
Opening Borrowing brought forward	23,459			
Prior Year Borrowing brought forward		16,781	5,512	0
In year expenditure	37,144	20,579	0	0
Sale Receipts	(49,571)	(36,965)	(5,786)	0
Land Value to BCKLWN	7,295	5,117	274	0
Funded from Reserves	(1,546)			
<b>Net Borrowing Position</b>	<b>16,781</b>	<b>5,512</b>	<b>0</b>	<b>0</b>
<b>Enterprise Zone (25 Year Project)</b>				
Opening Borrowing brought forward	2,622			
Prior Year Borrowing brought forward		11,662	11,314	10,966
In year expenditure	9,135	0	0	0
Business Rates Receipts 85% (via NALEP)	(95)	(348)	(348)	(348)
<b>Net Borrowing Position</b>	<b>11,662</b>	<b>11,314</b>	<b>10,966</b>	<b>10,618</b>
<b>TOTAL NET BORROWING POSITION</b>	<b>28,496</b>	<b>16,879</b>	<b>11,019</b>	<b>10,671</b>

<b>Capital Receipts</b>				
	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts Major Housing Land Sales	7,295	5,117	274	0
Capital Receipts General	4,723	828	550	250
Capital Receipts Applied for Financing in Year	(1,458)	(764)	(764)	(250)
<b>Balance of Useable Capital Receipts</b>	<b>10,560</b>	<b>5,181</b>	<b>60</b>	<b>0</b>

The total cumulative amount available for funding the capital programme is £15,801,000.

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

Table 7

	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Programme: S106 and Other Major Projects and Operational schemes	8,364	3,244	2,986	2,541
Joint Venture – NORA Housing	0	0	0	0
Major Housing Development	37,144	20,579	0	0
Enterprise Zone	9,135	0	0	0
<b>Total Expenditure</b>	<b>54,643</b>	<b>23,823</b>	<b>2,986</b>	<b>2,541</b>
<b>Cumulative Borrowing/(Receipt) Position (Temporary Internal/External Borrowing)</b>	<b>28,496</b>	<b>16,879</b>	<b>11,019</b>	<b>10,671</b>

6.3 The funding for the period 2018/2023 was agreed by Council on 21 February 2019. 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 2018/2019 is to be made then the funding will follow. As previously noted the MRP charge for 2018/2019 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 2018-2023 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><b>Risk</b>            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 2019/2020 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 £4.3m are included in the programme 2019/2023.</p> <p><b>Sensitivity/Consequences</b>            This funding represents 59% 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	<b>Risk Implications and Sensitivity</b>	Level of Risk
Capital Receipts	<p><b>Risk</b> Capital receipts represent 96% of the general fund resources available over the 4 year period 2019-2023. 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><b>Sensitivity/Consequences</b> 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 £3.8m plus £4.5m of sales receipts from the housing joint venture and £92.3m 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>	High
Major Housing Project	<p><b>Risk</b> 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><b>Sensitivity/Consequences</b> Business case review prior to proceeding to end stage. Local Authority Housing Company, West Norfolk Property Limited, established to hold any surplus units for rent.</p>	High
Unsupported Borrowing	<p><b>Risk</b> The proposed capital programme 2019-2023 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><b>Sensitivity/Consequences</b> 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><b>Risk</b> 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><b>Sensitivity/Consequences</b> 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><b>Risk</b> Contributions from reserves are based on actual balances as at 1 April 2019 and take into account budgeted contributions to/from reserves.</p> <p><b>Sensitivity/Consequences</b> 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 2018-2023  
Capital Strategy and Local Property Investment Fund 2017-2021  
Monthly Monitoring Reports 2018/2019