

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 Nick Daubney E-mail: cllr.nick.daubney@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: 2 February 2016

CAPITAL PROGRAMME AND RESOURCES 2015-2020

Summary

This report:

- revises the 2015/2016 projections for spending on the capital programme
- sets out an estimate of capital resources that will be available for 2015-2020
- details new capital bids that are recommended to be included in the capital programme for the period 2016-2020
- outlines provisional figures for capital expenditure for the period 2015-2020

Recommendations

It is recommended that:

- 1) Cabinet recommends to Council the amendments to capital schemes and resources for the 2015-2020 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 2016-2020 as detailed in the report.

Reason for Decision

To report amendments, rephrasing and resources to the 2015-2020 Capital Programme

1. Introduction

- 1.1 This report presents the capital programme for the period 2015 to 2020. 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 2015/2020 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. These sums included in 2015/2020 are anticipated receipts from identified sites, phases 1 and 2 of the Housing Joint Venture on the NORA site and the Major Housing Development. The continuation of the Housing Joint Venture to develop phase 3 of the site are not included in the programme 2015-2020 at this stage.
- 1.5 The capital programme 2015-2020 includes a number of major projects, including the Major Housing Development which will deliver 447 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 Reports being considered by Panel and Cabinet in January 2016 present additional major projects for consideration. Further major projects are being developed and will be subject to separate reports to future Panel and Cabinet meetings. The capital programme 2015/2020 will need to be amended accordingly if these major projects are approved.
- 1.7 Detailed arrangements with the New Anglia LEP for the delivery of the infrastructure works on the NORA Enterprise Zone to facilitate growth of new businesses will be subject to a separate report to Cabinet. These works will be funded from the business rates generated and be administered by the Council. The capital programme will need to be amended accordingly.
- 1.8 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.

2. Capital Programme 2015/2016

2.1 This part of the report updates the Capital Programme for the current year 2015/2016.

2.2 A full updated Capital Programme 2015/2016 of £27,992,740 was reported at the Cabinet meeting on 10 June 2015. Since that date further amendments to the programme have been reported as part of the monitoring reports, as summarised below:

| | £ |
|---|-------------------|
| Capital Programme 2015/2016 (Cabinet 10 June 2015) | 27,992,740 |
| Further Amendments: | |
| Car Parks The capital programme has been increased by £85,000 to meet the costs of remedial works and replacement lighting at the Vancouver (Old Cattle Market) car park. These works will be financed from a revenue contribution to capital reserves. (September 2015 monitoring report) | 85,000 |
| ICT Development Programme The ICT development programme has been increased by £40,000 for replacement of the choice based lettings software. The cost will be financed from revenue savings in reduced annual licence costs. (October 2015 monitoring report) | 40,000 |
| Revised Capital Programme 2015/2016 | 28,117,740 |

2.3 A summary of the monitoring position of the budget to 30 November 2015 is shown in the table below:

| | Revised Capital Programme 2015/016 £ | Expenditure to November 2015 £ | Spend % |
|--------------------------------|--|--|-------------------|
| Major Projects | 22,591,950 | 7,816,895 | 35 % |
| Central and Community Services | 2,360,850 | 603,463 | 26 % |
| Chief Executive | 85,600 | 6,363 | 7 % |
| Commercial Services | 3,036,540 | 678,879 | 22 % |
| Environment and Planning | 42,800 | 0 | 0 % |
| Total | 28,117,740 | 9,105,600 | 32 % |

2.4 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 £502,250 and rephasing of £11,868,540 to the 2015/2016 capital programme as summarised in the table below and detailed in sections 2.5 and 2.6. The Revised Capital Programme 2015/2016 is detailed at Appendix 1.

| | Revised Budget 2015/2016 October Monitoring £ | Rephasing to future years £ | Amendments £ | Revised Budget 2015/2016 £ |
|--------------------------------|---|---------------------------------------|------------------------|--------------------------------------|
| Major Projects | 22,591,950 | (9,905,240) | (91,000) | 12,595,710 |
| Central and Community Services | 2,360,850 | (689,950) | (240,950) | 1,429,950 |
| Chief Executive | 85,600 | (11,700) | 50,000 | 123,900 |
| Commercial Services | 3,036,540 | (1,249,650) | (193,500) | 1,593,390 |
| Environment and Planning | 42,800 | (12,000) | (26,800) | 4,000 |
| | | | | |
| Total | 28,117,740 | (11,868,540) | (502,250) | 15,746,950 |

2.5 The proposed amendments to the capital programme 2015/2016 are –

Major Projects

King's Lynn Bus Station

The newly refurbished bus station was formally opened on 30 July 2015. At the time of writing this report discussions are taking place with Norfolk County Council to finalise the costs of the contracted works. The County's main contractor failed to give sufficient early warning of additional expenditure during the contract. It is anticipated that the overall project costs may be higher than estimated. The capital programme will need to be amended to meet any agreed additional costs. Funding for any amendment will be met from capital reserves.

Town Hall Stories of Lynn

The works on the Town Hall project are due to complete in March 2016 in readiness for the Stories of Lynn to open to the public at Easter 2016. A number of mains electricity cables were found during ground works, which were not recorded on plans, and had to be rerouted which caused significant delay. Due to the number of services discovered in the rear courtyard the drainage scheme required redesign requiring a pumped solution. Historic fireplaces were discovered in the ground floor which required consolidating. There will be additional costs to complete the project and it is hoped that further third party funding will be obtained. Funding for any additional contribution by the Council to the overall scheme will be met from the town hall repairs and renewals reserve.

Crematorium – Replacement Cremators and Building Works

The works were completed in September 2015. Expenditure on internal cooling equipment for the chapel and replacement furniture has resulted in increased costs. The capital programme will be increased by £20,000 to meet the additional costs. The additional costs will be met from the crematorium repairs and renewals reserve.

Crematorium – Chapel Re-Roofing Works

The original roof to the chapel has deteriorated and as a result water is leaking into the building. If works are undertaken to address the water ingress the original tiles cannot be reused as these contain asbestos and will need to be replaced. There are also contamination issues caused by bats roosting in the roof which need to be addressed. Re-roofing works will be undertaken to alleviate both the water and bat ingress. Bat mitigation works will be undertaken as required. The works will cost £125,000, the bat mitigation works are to commence in 2015/2016 and the re-roofing will be completed next year. The capital programme will be amended accordingly, £25,000 in 2015/2016 and £100,000 in 2016/2017. Funding will be met from the crematorium repairs and renewals reserve.

Major Housing Development

Planning Committee considered the application for Marsh Lane in December 2015 and issued a resolution to approve. The planning applications for the remaining major housing development sites are anticipated to be considered during 2016; Lynnsport 3 March 2016, Lynnsport 4 and 5 September 2016 and Lynnsport 1 November 2016

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 infrastructure is anticipated to progress as follows:

Hockey and multipurpose pitches and 4 tennis courts - works commenced and due to complete by the end of March 2016

New road, including culverting drain, car park extension and new/replacement footpaths – clearance works have started, road construction works are due to start in March 2016 with a contract length of 9 months

Wildlife area (behind The Shed) is being created by Norfolk Wildlife Trust and Gaywood Valley Conservation Group.

The capital programme has been updated to reflect the revised timetable as detailed above with rephrasing to future years as appropriate. The capital programme has been amended to transfer budget separately identified under Lynnsport for the hockey pitch and footpaths/car parking within the overall Major Housing Development project.

NORA Joint Housing Venture

Phase 1 building works complete (54 units and at the time of writing this report sales had completed on 53 units – and 1 in legal process). Phase 2 building works on units commenced March 2015 (58 units with 12 units due to be handed over from builder at the end of January 2016 - 6 of these are already reserved off of plan). Phase 2 is anticipated to complete late 2016.

Phase 3 is being prepared for detailed planning and will go out to tender early 2016. A report to Cabinet will be required to consider the business case for proceeding with Phase 3. The revised Capital Programme does not therefore include Phase 3.

The capital programme has been updated to reflect the revised timetable as detailed above with rephrasing to future years as appropriate.

Central and Community Services

Community Projects

The community grants scheme was re-launched in September 2015. The scheme is administered by Norfolk Community Foundations on behalf of the Council. The first capital awards totalling £29,000 were made in December 2015 and a second round of applications will be invited in January 2016. The Community Projects budget, excluding £50,000 for the LILY project, has been moved to the Chief Executive's service area.

Private Sector Housing Assistance

Anticipated commitments for Home Repair Assistance and Additional Adaptation Assistance will result in an overall budget saving of £20,000.

Recent VAT advice has identified that the internal fee costs transferred between the capital and revenue budgets in respect of staff time spent on assisting with the administration of private sector housing assistance are subject to VAT at the standard rate. The current administrative arrangements have been reviewed to ensure compliance with VAT regulations and to be as VAT efficient as possible. With effect from 2015/2016 no internal transfers for staff fees will be made. The 2015/2016 capital budget has been reduced by £170,950. A corresponding adjustment will be included in the revenue budget. The capital and revenue budgets 2016-2020 will also be amended accordingly.

Commercial Services

The amendments detailed in the following table for schemes within Commercial Services result from a review of scheme requirements and costs.

| Scheme | Amendments increase/ (decrease) in budget £ |
|---|--|
| Corn Exchange – Replace follow spots (tender price lower than estimated)) | (5,000) |
| Downham Market Leisure Centre – replacement fitness equipment (a review of the replacement equipment requirements and costs) | (35,000) |
| Grounds Maintenance – equipment replacement (budget transferred to part fund equipment fitting out for the new nursery project at the Hardwick Road depot) | (22,000) |
| Lynnsport – Car Park and Path Repairs (budget transferred to Major Housing Development see detail above) | (236,000) |
| Lynnsport – Replacement Air Conditioning Fitness Area (third party contribution amended to 50% of scheme costs) | 5,000 |
| Lynnsport – functional training area (budget transferred from Downham Market Leisure Centre to upgrade Lynnsport fitness offer and remain competitive) | 25,000 |
| Oasis – Refurbish Pool Changing Areas (Refurbishment works required which will be phased over 3 years commencing in 2015/2016 – funded from repairs and renewals reserve) | 15,000 |
| St James Pool – replacement scoreboard (budget transferred from Downham Market Leisure Centre) | 10,000 |
| Refuse – Additional Trade Bins (Funded from unsupported borrowing) | 20,000 |

| Scheme | Amendments increase/ (decrease) in budget £ |
|--|---|
| New Nursery at Hardwick Road Depot - £22,000 transferred from Grounds Maintenance equipment and budget increased to meet the updated overall costs of the project, including fees, utility services, tender price of nursery structure and equipment fitting out (additional costs funded from revenue budget transfers to capital reserves) | 88,500 |
| King's Court – refurbishment of lift (cost of works lower than estimated) | (45,000) |
| North Lynn Industrial Estate – Re-roofing works (cost of works lower than estimated) | (14,000) |
| Total | (193,500) |

- 2.6 The review of the capital programme has identified schemes that, although provisionally set for 2015/2016 will not be completed in the year. A total of £11,868,540 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

Car Park Intelligent Signage (£105,350) – intelligent signage equipment has been installed on the main approaches to King's Lynn and the remaining budget is to be used on equipment for data collection to improve the information available on car park capacity and for additional equipment to peripheral approaches.

Townscape Heritage Initiative (£133,800) – this is a five year project and the budget has been rephased to reflect the updated schedule of anticipated expenditure.

Enterprise Centre (KLIC) (£500,000) – The budget has been rephased in accordance with the current programme of building works. The centre is anticipated to open in the summer 2016.

Mintlyn Crematorium - Works to Chapel Roof (£100,000) – works to be undertaken in 2016/2017 as detailed in section 2.5 above.

South Quay Redevelopment – viability study (£100,000) – the tender is currently being prepared.

Major Housing Development (£8,254,390) – capital programme amended to reflect the updated timetable of works as detailed at section 2.5 above.

Joint Venture – NORA Housing (£728,700) – capital programme amended to reflect the updated timetable of works as detailed at section 2.5 above.

Operational Schemes

Private Sector Housing Assistance (£585,300) – capital programme revised to reflect updated commitments for grant assistance.

CCTV – Control Room upgrade, wireless transmission equipment and camera replacement (£191,000) – capital programme revised in accordance with the ongoing programme of works.

Vehicle Replacements – car parks, grounds maintenance and public cleansing (£263,750) – capital programme updated in accordance with the revised replacement schedule for vehicles.

Sewage Treatment Works Refurbishment (£200,000) – the refurbishment works to the treatment works at Saint John’s industrial estate, Downham Market is expected to be completed by October 2016 prior to transfer to Anglian Water.

3. Capital Programme 2016-2018

- 3.1 This part of the report deals with the medium-term capital programme 2016-2018 and first looks at a revision to the current approved programme. The full Capital Programme 2015-2018 was last reported at the Cabinet meeting on 10 June 2015 and is summarised in the table below.

| Portfolio | 2016/2017 £ | 2017/2018 £ |
|--------------------------------|------------------------|------------------------|
| Major Projects | 21,050,000 | 24,500,000 |
| Central and Community Services | 2,080,760 | 1,746,000 |
| Chief Executive | 164,150 | 0 |
| Commercial Services | 1,188,580 | 1,393,780 |
| Environment and Planning | 0 | 0 |
| Total | 24,483,490 | 27,639,780 |

- 3.2 Following the detailed review of the Capital Programme, it is proposed that the following amendments and rephasing are made in 2016-2018.

Amendments have been made to a number of schemes as to reflect updated costs and timing of vehicle and equipment replacement schedules, other major amendments include –

Major Projects

- Townscape Heritage Initiative – as reported to Cabinet on 14 January 2014 the Council has allocated £1,000,000 over 5 years to this project with matched funding of £1,000,000 from the Heritage Lottery Fund. Expenditure on the Townscape Heritage Initiative began during 2014/2015 (£173,331) and the capital programme has been updated to include the phasing of the remainder of the project up to 2019/2020.

Operational Schemes

- Community Projects - The £50,000 Community Projects budget has been moved from Central and Community Services to the Chief Executive's service area.
- Private Sector Housing Assistance – As detailed above no internal transfer for staff fees will be made in future and the capital and revenue budgets 2016/2017 and 2017/2018 have been amended accordingly, £166,150 and £139,550. In addition £146,000 2016/2017 and £78,100 2017/2018 is transferred from Adapt Grants to Disabled Facilities Grants to meet anticipated demand for the different types of grants.
- Vehicle and equipment – revised replacement schedule and increased costs, funded from reserves or unsupported borrowing:

Careline £1,400 in 2016/2017
Care and Repair £14,450 in 2016/2017
Car Parks £6,000 in 2016/2017
- Car Parks – replacement electronic handhelds. Budget provision of £6,000 has been transferred from this project to fund the increased car parks vehicle replacement cost detailed above.
- Corn Exchange – replacement house lighting system budget increased by £5,000 in 2016/2017 to reflect updated replacement cost, funded from repairs and renewals reserve.
- Downham Market Leisure Centre – fitness suite air conditioning budget reduced in 2016/2017. Updated replacement costs are lower than originally estimated due to a reduction in the number of units to be installed.
- Lynnsport – replacement fitness equipment and spin bikes. Budget provision of £6,000 in 2017/2018 for replacement fitness equipment has been transferred to increase the budget available for the replacement spin bikes in 2016/2017.
- Oasis plant room refurbishment – the updated costs are lower than originally estimated and the budget has been reduced by £7,500 in 2016/2017.
- Oasis pool covers - the budget has been increased by £5,000 in 2016/2017 to reflect the updated costs.
- Oasis – replacement fitness equipment. The budget provision of £125,000 in 2016/2017 has been reduced to £80,000 to reflect the updated replacement requirements and costs.

Rephasing is proposed where schemes have been carried forward to/from 2015/2016 as detailed in sections 2.6, or where schemes are now not expected to be completed as originally planned in 2016/2017 and 2017/2018. Other areas of major rephasing include –

Major Projects

- Nar Ouse Regeneration Area – budget provision of £1,391,000 for the additional utilities infrastructure to meet capacity as the NORA site is developed has been rephased from 2017/2018 to after the period covered by this programme.

Operational Schemes

- Arts Centre Complex – the budget provision of £230,000 included in 2017/2018 will be rephased to 2018/2019. A Heritage Lottery Fund bid is being prepared for the Arts Centre Complex with the aim of developing sustainable commercial use of the site to support arts activities. The bid is due to be submitted in the autumn of 2016 subject to a separate report to Cabinet and if agreed and the bid is successful the capital budget will be used as matched funding for the project.
- Lynnsport Boiler Replacement budget provision of £120,000 has been brought forward from 2017/2018 to 2016/2017 to enable these works to be completed earlier and achieve energy savings.

4. Capital Programme 2018/2019 and 2019/2020 and New Bids

- 4.1 In refreshing the Financial Plan two additional years have been added to the capital programme to present a five year capital plan for the period 2015-2020. The revised capital programme is set against available capital resources.
- 4.2 New schemes that are required to maintain the current levels of service are detailed in table at 4.6 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.
- 4.3 Reports to Panel and Cabinet in January 2016 present additional major projects for consideration. The capital programme 2015/2020 will need to be amended accordingly if these reports are approved.
- 4.4 The continuation of the NORA Housing Joint Venture to develop phase 3 of the site are not included in the programme 2015-2020 at this stage. Phase 3 is being prepared for detailed planning and will go out to tender in early 2016. A report to Cabinet will be required to consider the business case for proceeding with Phase 3.

4.5 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.

4.6 The following schemes are proposed for inclusion in the 2016-2020 capital programme:

| | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
|--|-----------|-----------|-----------|-----------|
| | £ | £ | £ | £ |
| Private Sector Housing Assistance | | | 1,239,350 | 1,514,650 |
| ICT Development Programme | | | 150,000 | 150,000 |
| ICT Desktop Refresh - Replacement of Hardware end of life | | | 200,000 | 100,000 |
| Community Projects | | | 50,000 | 50,000 |
| Car Parks - St James' Multi-storey barriers and ticket machines (funded from car parks repairs and renewals reserve) | | | | 150,000 |
| Corn Exchange – Refurbish seating (funded from repairs and renewals reserve) | | | 20,000 | 20,000 |
| Corn Exchange- front facade clean and pigeon proofing (funded from repairs and renewals reserve) | | | 20,000 | |
| Corn Exchange - replace speakers (funded from repairs and renewals reserve) | | | | 110,000 |
| Corn Exchange- replace bar tills (funded from repairs and renewals reserve) | | | 10,000 | |
| Corn Exchange- pit lift brakes replacement (funded from repairs and renewals reserve) | | 30,000 | | |
| Downham Market Leisure Centre -Fitness Room Flooring (funded from repairs and renewals reserve) | | 10,000 | | |
| Emergency Planning - replacement radio system | | 50,000 | | |
| Fairstead Community Centre flooring replacement | 10,000 | | | |
| Grounds Maintenance – Vehicles funded from unsupported borrowing | | | 56,640 | 117,050 |

| | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
|--|-----------|-----------|-----------|-----------|
| | £ | £ | £ | £ |
| Lynnsport - toilets and changing room refurbishment-all main building and barn and trackside changing - 5 areas (funded from repairs and renewals reserve) | 10,000 | 20,000 | 20,000 | |
| Lynnsport - bar furniture (funded from repairs and renewals reserve) | | 20,000 | | |
| Lynnsport - female changing room sauna (funded from repairs and renewals reserve) | | 15,000 | | |
| Lynnsport - replacement exterior surface at side/student entrance (funded from repairs and renewals reserve) | 30,000 | | | |
| Lynnsport - CCTV extend coverage in fitness and bar areas (funded from repairs and renewals reserve) | 25,000 | | | |
| Oasis - Bowls Carpet and underlay (funded from repairs and renewals reserve) | | 15,000 | | |
| Oasis - pool disabled changing area and 2 other changing areas (funded from repairs and renewals reserve) | 15,000 | 15,000 | | |
| St James- reception toilets refurb (funded from repairs and renewals reserve) | 25,000 | | | |
| St James- sauna room upgrade/ steam room generator update (funded from repairs and renewals reserve) | 10,000 | | | |
| Play Areas – replacement equipment | | | | 5,000 |
| Refuse - Brown Composting bins (replacements) funded from unsupported borrowing | | | 15,000 | |
| Refuse - Trade Bins funded from unsupported borrowing | | 20,000 | | 20,000 |
| Refuse - Vehicles funded from unsupported borrowing | | | 26,220 | |
| Public Cleansing vehicles replacement funded from unsupported borrowing | | | 5,830 | 317,120 |

| | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
|---|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Kings Court - Redecoration (funded from Repairs and Renewals Reserve) | 20,000 | | | |
| King's Court - replacement generator (Funded from Repairs and Renewals Reserve) | 35,000 | | | |
| Total | 180,000 | 195,000 | 1,813,040 | 2,553,820 |

5. Capital Programme 2015/2020

5.1 The table below summarises the revised Capital Programme 2015-2020 including all amendments, rephasing and new bids detailed above. The detailed Programme 2015-2020 is presented at Appendix 2.

| | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Major Projects | 12,595,710 | 18,763,950 | 20,117,730 | 10,736,810 | 9,388,950 |
| Central and Community Services | 1,429,950 | 1,933,610 | 1,891,450 | 1,889,650 | 1,764,650 |
| Chief Executive | 123,900 | 225,850 | 50,000 | 50,000 | 50,000 |
| Commercial Services | 1,593,390 | 2,477,790 | 1,181,110 | 624,300 | 784,170 |
| Environment and Planning | 4,000 | 12,000 | 0 | 0 | 0 |
| | | | | | |
| Total | 15,746,950 | 23,413,200 | 23,240,290 | 13,300,760 | 11,987,770 |

6. Capital Resources 2015-2020

6.1 The report to Cabinet on the 10 June 2015 updated the total capital resources available for the period 2015 to 2018. The available resources have been updated to include those that become available in 2018/2019 and 2019/2020, against which capital bids would be considered. It has been possible to fund the proposed capital programme 2015/2020.

6.2 The Table below provides details of the revised estimated capital resources for the period 2015-2020, updated for amendments and rephasing detailed in sections 2 and 3 above and new bids detailed in section 4 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 2015/2020 on this Cabinet Agenda.

| | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | Total |
|--|--------------|----------------|---------------|--------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sources of Finance: | | | | | | |
| Specific Capital Grants (Better Care Fund) | 759 | 759 | 759 | 759 | 759 | 3,795 |
| Capital Receipts Housing | 150 | 150 | 150 | 150 | 150 | 750 |
| Capital Receipts General | 1,142 | 2,559 | 2,012 | 250 | 250 | 6,213 |
| Resources for Specific Schemes: | | | | | | |
| Reserves | 1,117 | 1,304 | 439 | 58 | 297 | 3,215 |
| Unsupported Borrowing | 1,151 | 1,081 | 629 | 274 | 45 | 3,180 |
| S106 Funds | 677 | 185 | 38 | 0 | 0 | 900 |
| LEP | 423 | 0 | 0 | 0 | 0 | 423 |
| Norfolk Business Rates Pool | 40 | 0 | 0 | 0 | 0 | 40 |
| Reserves: | | | | | | 0 |
| Capital Reserves | 720 | | (777) | 51 | 1,111 | 1,105 |
| VAT Shelter | 1,278 | 242 | 0 | 1,077 | 0 | 2,597 |
| Total Resources | 7,457 | 6,280 | 3,250 | 2,619 | 2,612 | 22,218 |
| Capital Programme: S106 and Other Major Projects and Operational schemes | 7,457 | 6,280 | 3,250 | 2,619 | 2,612 | 22,218 |
| Net Funding Position | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| Joint Venture – NORA Housing | | | | | | |
| Prior Year Borrowing brought forward | 7,159 | 0 | 0 | 0 | 0 | 7,159 |
| In year expenditure | 5,465 | 3,029 | 0 | 0 | 0 | 8,494 |
| In year sale receipts | (8,065) | (7,102) | 0 | | | (15,167) |
| Net Borrowing | 4,559 | (4,073) | 0 | 0 | 0 | 486 |
| | | | | | | |
| Major Housing Development | | | | | | |
| Opening Borrowing brought forward | 209 | | | | | 209 |
| Prior Year Borrowing brought forward | | 1,214 | 9,086 | 11,428 | 2,299 | |
| In year expenditure | 2,825 | 14,104 | 19,990 | 10,682 | 9,376 | 56,977 |
| Local Transport Board | (1,000) | 0 | 0 | 0 | 0 | (1,000) |
| Sale Receipts | 0 | (6,232) | (17,648) | (19,811) | (17,414) | (61,105) |
| Funding from Capital Reserves | (820) | 0 | 0 | 0 | 0 | (820) |
| Net Borrowing/(Receipt) Position | 1,214 | 9,086 | 11,428 | 2,299 | (5,739) | (5,739) |

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

| | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
|--|---------------|---------------|---------------|---------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Programme: S106 and Other Major Projects and Operational schemes | 7,457 | 6,280 | 3,250 | 2,619 | 2,612 |
| Joint Venture – NORA Housing | 5,465 | 3,029 | 0 | 0 | 0 |
| Major Housing Development | 2,825 | 14,104 | 19,990 | 10,682 | 9,376 |
| Total Expenditure | 15,747 | 23,413 | 23,240 | 13,301 | 11,988 |
| Net Cumulative Borrowing/(Receipt) Position (Temporary Internal/External Borrowing) | 5,773 | 5,013 | 11,428 | 2,299 | (5,739) |

6.4 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.

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)

7.3 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.

8. Prudential Framework

- 8.1 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.
- 8.2 Within the Revenue Budget 2015-2020 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 2015-2020 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.
- 8.3 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 2015/2016 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 2016/2017 will be submitted for approval to Council in March 2016 and will take account of any future borrowing requirements.

9. Financial Implications

- 9.1 The financing arrangements for the capital programme are within budget. Where rephasing is to be made then the funding will follow.
- 9.2 The revenue implications of all capital schemes will be included in the estimates to be reported to the Cabinet meeting on 2 February 2016.

10. Risk Implications and Sensitivity Analysis

- 10.1 Risk is inherent in any projection of future funding. The estimated resources available to fund the capital programme 2015-2020 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 2015-2020 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 2015-2018 report to Cabinet on 10 June 2015.

| Source of Funding | Risk Implications and Sensitivity | Level of Risk |
|--------------------------|--|----------------------|
| Capital Grant | <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 2015/2016 is based on the confirmed level of grant and future years are included at this the same level as 2015/2016. The level of grant is confirmed by Central Government annually and can vary from year to year. Grant funding for DFGs is now part of the Better Care Fund.</p> <p>Sensitivity/Consequences This funding represents 16% 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> | Medium |
| Capital Receipts | <p>Risk Capital receipts represent 26% of the general fund resources available over the 5 year period 2015-2020. 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 £6.2m plus £15.5m of sales receipts from the housing joint venture and £61.1m 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 |

| Source of Funding | Risk Implications and Sensitivity | Level of Risk |
|---|--|---------------|
| Unsupport- ed Borrowing | <p>Risk The proposed capital programme 2015-2020 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 2015 and take into account budgeted contributions to/from reserves. In the case of the VAT Shelter, the Council receives a share of the VAT recovered by Freebridge Community Housing from housing improvement works. The monies are held in reserve and will be used to fund capital expenditure. The final year of monies being received under the VAT sharing agreement is 2015/2016.</p> <p>Sensitivity/Consequences The reserves are available and as such the sensitivity is low. In the case of the VAT Shelter there is a contractual agreement between the Borough and Freebridge Community Housing for the sharing of VAT reclaimed. 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 |

10.2 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

11. Policy Implications

The establishment and management of the capital programme are in accordance with the Council's Capital Strategy 2009. The capital strategy will be revised during 2016/2017.

12. Statutory Considerations

None

13. Consultations

Management Team

14. Access to Information

Cabinet Reports
Financial Plan 2014-2018
Financial Plan 2015-2020
Monthly Monitoring Reports 2015/2016