

## POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Corporate Performance Panel		
DATE:	24 <sup>th</sup> July 2023		
TITLE:	Council Capital Outturn 2022/2023		
TYPE OF REPORT:	Scrutiny		
PORTFOLIO(S):	Finance – Councillor Chris Morley		
REPORT AUTHOR:	Carl Holland Financial Services Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

### **REPORT SUMMARY/COVER PAGE**

PURPOSE OF REPORT/SUMMARY:
<p>The attached report will be presented to Cabinet on 1<sup>st</sup> August 2023. The report provides details of the outturn of the 2022/2023 capital programme and outlines amendments and rephrasing to the spending on schemes, revising the programme for 2022/2027.</p>
KEY ISSUES:
<p>The capital programme outturn for 2022/2023 totalled £25,347,122 (including Exempt and Capital Loans) against an approved revised budget of £30,689,370 (£33,416,370 including Exempt and Capital Loans).</p> <p>It has been necessary to rephase a total of £6,015,220 (£8,742,220 including Exempt) of scheme costs to future years.</p> <p>It is recommended to Cabinet that the new items to the capital programme as set out in Section 5.4 (Tables 10 to 13) be progressed.</p>
RECOMMENDATIONS:
<p>The Panel are invited to review the report and suggest any recommendations for consideration by Cabinet.</p>
REASONS FOR RECOMMENDATIONS:
<p>Cabinet will consider the report and its recommendations at its meeting on 1<sup>st</sup> August 2022.</p>

## 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 Chris Morley E-mail: cllr.chris.morley@west-norfolk.gov.uk		Other Cabinet Members consulted: All		
		Other Members consulted:		
Lead Officer: Carl Holland E-mail: carl.holland@west-norfolk.gov.uk		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If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is 16-20.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: 1 August 2023**

### Capital Programme and Resources 2022/2027

#### Summary

- The report provides details of the outturn of the 2022/2023 capital programme and outlines amendments and rephasing to the spending on schemes, revising the programme for 2022/2027.
- The capital programme outturn for 2022/2023 totalled £25,347,122 (including Exempt and Capital Loans) against an approved revised budget of £30,689,370 (£33,416,370 including Exempt and Capital Loans).
- It has been necessary to rephrase a total of £6,015,220 (£8,742,220 including Exempt) of scheme costs to future years.
- Useable capital receipts generated in the year totalled £11,189,651.
- The capital resources available to fund expenditure in 2022/2023 are detailed in section 3 of the report.

#### RECOMMENDATION

That Cabinet :

1. note the outturn of the capital programme for 2022/2023 of £25,347,122 including Exempt Schemes;
2. note the financing arrangements for the 2022/2023 capital programme;
3. approve the rephasing (as set out in Section 2.6 and Appendix 1a) into the 2022/2027 capital programme and financing assumptions as detailed in the report noting that further review will be undertaken during monitoring in 2023/24.
4. approve the new items to the capital programme as set out in Section 5.4 (Tables 10 to 13) to be progressed.

## Reason for Decision

To report the outturn 2022/2023 for the Capital Programme and update members on capital spending and resources for 2022/2027.

## 1 Introduction

- 1.1 This report presents the outturn of the 2022/2027 capital programme and provides details of amendments and rephasing resulting from under and overspends and their impact on the 2022/2027 programme. The report also outlines the financing of the 2022/2023 programme.

## 2 Capital Programme 2022/2023

- 2.1 The full capital programme for 2022/2023 is shown at Appendix 1(a) and provides details of the outturn for individual schemes, together with amendments and rephasing to and from future years.
- 2.2 A full updated Capital Programme 2022/2023 of £35,016,370 was reported at the Cabinet meeting on 7 February 2023 and approved by Council on 27 February 2023. Capital budgets were revised throughout 2022/2023 and presented in regular budget monitoring reports. A summary of these are shown in Appendix 1(b).

Further rephasing was amended via the January 2023 monitoring report as detailed below.

Table 1.

Scheme	Capital Programme (Cabinet 7 February 2023)	Monitoring - Rephasing	Revised Capital Programme 2022/2023
	£	£	£
<b>Core Programme</b>	26,929,570	(1,600,000)	25,329,570
<b>Exempt Schemes</b>	8,086,800	0	8,086,800
<b>Total</b>	35,016,370	(1,600,000)	33,416,370

**Major Projects:** Overall, budgets have been reprofiled by £1,600,000 into 2023/24 for the following Projects:

- Enterprise Zone Infrastructure £1,000,000 due to delays in delivery. Now expected to be completed three months into next financial year i.e. July 2023.
- Town Deal in total £400,000, a number of projects have been reprofiled and all have business cases signed off by Department of Levelling Up, Housing and Communities (DLUHC) i.e. Public Realm £100,000, Guildhall £200,000 Riverfront Regeneration £100,000.
- NORA Remediation – reprofiled by £200,000 as currently not required in this financial year.

- 2.3 In addition to the monitoring amendment, the Enterprise Zone Development of units, originally classified as exempt is no longer considered exempt and is now part of the core programme. This movement is reflected in the table below;

Table 2.

<b>Scheme</b>	<b>Capital Programme (Cabinet February 2023)</b>	<b>Monitoring - Rephasing</b>	<b>Revised Capital Programme 2022/2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Core Programme</b>	32,289,370	(1,600,000)	30,689,370
<b>Exempt Schemes</b>	2,727,000	0	2,727,000
<b>Total</b>	35,016,370	(1,600,000)	33,416,370

- 2.4 The final figures for the outturn on the capital programme show that it has been necessary to carry forward net budget provision of £6,015,220 to 2023/2024 and future years as reported in Table 1 below. £2,727,000 has been carried forward on exempt schemes. In a number of cases there were over or under spends which net to a £672,972 overspend across the capital programme.

The main schemes where over/(underspends) exceed £10,000, are reported are detailed in the table below with notes referenced to appendix 1(a):

Table 3

		<b>(Under)/Over £</b>
	<b><u>MAJOR PROJECTS</u></b>	
Note 1	Major housing project Lynnsport 3 has paid funds to the build contractors as part of the profit share scheme agreement of the project. This is funded via the sales receipts.	90,917
Note 2	Decarbonisation Re:Fit 2. The scope of the original works was increased to reduce the cost of related works identified during the project. This has been funded from reserves.	127,287
	<b><u>OPERATIONAL PROJECTS</u></b>	
Note 3	Members' Community Projects funding has been transferred to revenue due to the nature of the purchases. The rolling annual budget of £55,000 has been removed from the capital programme.	(70,900)
Note 4	Princess Theatre Roof Replacement, works completed lower than estimated.	(85,497)
Note 5	Refuse and Recycling bins, collectively costs underspend due to lower than required demand for new additions and replenishment.	(17,143)
	<b><u>CAPITAL LOANS</u></b>	
Note 6	West Norfolk Housing Company has been loaned funds for its programme of capital purchases repayable over 40 years.	648,917
Note 7	Collective programme miscellaneous movements under £10k	(20,609)
		<b>672,972</b>

2.5 The following tables show the summary of the programme and actual spend to 31 March 2023. Table 4 shows the amounts to be rephased to future years and along with the (under) and over spends for the year. The detailed outturn for the Capital Programme 2022/2023 is presented at Appendix 1(a).

Table 4.

	<b>Revised Budget 2022/2023</b>	<b>Outturn 2022/2023</b>	<b>Rephasing (to)/from 2022/2023</b>	<b>Variance (Under)/Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	25,110,300	21,019,249	(4,319,670)	228,619
Operational Projects:				
Community and Partnerships	2,453,830	2,367,206	(7,280)	(79,344)
Resources (S151 Officer)	383,460	136,755	(246,710)	5
Programme and Projects	301,400	102,814	(200,000)	1,414
Property and Projects	329,810	215,583	(30,500)	(83,727)
Operational and Commercial Services	1,253,830	622,540	(610,970)	(20,320)
Leisure and Community Facilities	856,740	234,059	(600,090)	(22,591)
Capital Loans	0	648,917	0	648,917
<b>Core Capital Programme Outturn</b>	<b>30,689,370</b>	<b>25,347,122</b>	<b>(6,015,220)</b>	<b>672,972</b>
	<b>Budget 2022/2023</b>	<b>Outturn 2022/2023</b>	<b>Rephasing (to)/from 2022/2023</b>	<b>Variance (Under)/Over</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Exempt Corporate Schemes	2,727,000	0	(2,727,000)	0
<b>Total</b>	<b>33,416,370</b>	<b>25,347,122</b>	<b>(8,742,220)</b>	<b>672,972</b>

- 2.6 The main areas for the proposed rephasing are detailed below. The detailed outturn is presented at Appendix 1(a). Exempt schemes are in a separate section of this report and also in Appendix 3 and 4.

### **Major Projects**

#### **Major Housing Development Sites £258,850**

There are currently a number of sites being developed by the Council. A collective total of £258,850 has been brought forward and rephased from 2023/2024. Table 3 at section 2.8 details the units by site. These are all at various stages of delivery;

- Lynnsport 3, and Lynnsport 4-5 works are complete.
- NORA 4 site has been completed with 60 houses sold in 2022/2023.
- Parkway and Lynnsport 1 have obtained planning permissions and works are expected to commence later in 2023/2024.
- Salters Road (Columbia Way) and South End Road are in the mobilisation stage.

#### **Towns Fund (£297,430)**

Budgets have been realigned to match spend compared to originally profiled budget, £297,430 has been rephased to 2023/2024.

Key Reasons for Rephasing:-

**Guildhall** – a delay to the commencement of the procurement process following an extensive consideration of the project scope. A lead design team is currently being tendered for and this stage is currently 5 months behind the original schedule.

**Active and Clean Connectivity** - Active Travel Hub timeline remains behind initial target. Procurement process for Design and Build was completed in June 2023.

**Public Realm** - Programme prolongation to late autumn due to requirements for licenses, and planning consent being factored in.

#### **Other Major Projects –**

##### **South Quay and Somerfield Thomas Development; (£120,000) and (£96,320)**

The restoration of the warehouse will continue into 2023/2024, the project expected to complete in this current financial year.

##### **Southgate Regeneration Area; (£493,860)**

Has been rephased to 2023/2024 for the continuation development works for the project.

##### **Active Travel Hub; (£121,060)**

The balance of the budget has been transferred into 2023/2024 to continue with assessments and design fees.

### **UK Shared Prosperity; £29,140**

A budget of £29,140 has been rephased from 2023/2024 to cover expenditure in 2022/2023. There is no change to cost which is funded from grant. The spend has been incurred ahead of what was the projected timescale.

### **Re:Fit Project Street Lighting; (£563,140)**

The replacement of street lighting columns and lamps are continuing into 2023/2024. The remaining budget of £563,140 have been rephased to reflect the revised project delivery timescales.

## **Operational Schemes**

### **Community and Partnerships**

#### **Private Sector Housing Assistance; £63,610**

Budget provision of £63,610 has been brought forward from 2023/2024 to cover additional grants distributed in 2022/2023. This additional demand on housing grants is expected to continue and a review of the impact on funding is currently underway.

#### **Community Projects – Financial Assistance; (£40,890)**

Budget provisions for community projects have not been fully utilised in 2022/2023. The underspend of £40,890 will be rephased and considered for community projects by Norfolk Foundations who administer the grants on behalf of the council.

### **Resources**

#### **ICT Development Programme; (£246,710)**

The budget has been rephased to 2023/2024 where pending developments agreed in 2022/2023 are expected to be completed.

### **Programme and Projects**

#### **Downham Market Public Conveniences; (£200,000)**

The budget has been rephased and design and development plans have begun. The project is expected to complete in 2023/2024.

### **Property and Projects**

#### **Estate Roads Resurfacing; (£30,500)**

The budget, a responsive maintenance fund has not been required in 2022/2023 and been rephased to 2023/2024.

### **Operational and Commercial Services**

#### **Car Parks; (£313,130)**

A collective value of £313,130 has been rephased to 2023/2024 due to limited capacity to deliver and anticipated longer manufacturing lead times. This is for pay and display machine replacements of £60,000; multi-storey barrier ticket machine £38,130; multi storey lighting and controls of £192,000; and Heacham North Beach pay and display infrastructure £23,000.

**CCTV; (£113,510)**

A combined budget of £113,510 has been rephased to 2023/2024. The bulk of this is for the CCTV control room upgrade and CCTV at Kettlewell gardens.

**Grounds Maintenance Equipment; £62,500**

£62,500 has been brought forward to allow for the earlier than anticipated delivery of and need for equipment.

**Replacement Play Area Equipment; (£25,000)**

Due to demands on capacity to deliver and the impact on lead times from manufacturers £25,000 to replace play area equipment has been rephased to 2023/2024.

**Public Realm; (£34,030)**

The underspent budget of £34,030 has been transferred to 2023/2024 the capital programme, to be continued to be spent on public realm improvements in the High Street. There are delays in the supply of materials.

**Events Programme; (£59,080)**

The value of £59,080 to fund equipment for events has been carried forward to 2023/2024.

**Leisure and Community Facilities****Fitness Equipment; (£248,000) and Spin Bikes; (£60,000)**

A total of £308,000 has been rephased to 2023/2024 for the upgrade of the sports centres fitness and spin equipment. This project completed in June 2023.

**Lynnsport Athletics Cage and Lighting; (£30,000)**

Works are expected to complete in 2023/2024 for the remainder of the replacement of the Lynnsport athletics cage and lighting project.

**Lynnsport Wellness Studio; (£150,000)**

This budget has been rephased, and works have completed in June 2023.

**Flooring Replacement; (£85,000)**

Flooring works at three of the sports centres has been rephased to 2023/2024 giving consideration to the best approach for the project.

2.7 Total useable capital receipts generated in 2022/2023 are shown in the table below;

Table 5.

<b>Capital Receipt</b>	<b>£</b>
Council Houses – Preserved right to buy	695,962
General Fund – Major housing sales	10,153,756
General Fund – Land	309,860
General Fund – Housing grants repaid	30,073
<b>Total</b>	<b>11,189,651</b>

2.8 Table 6 below illustrates all the units sold to date on the various Major Housing Projects. The sale receipts are used to fund expenditure on the Major Housing Project alongside temporary borrowing.

**Table 6**

The table summarises the total number of units that are to be built by site and the number of units sold as at 31 March 2023 cumulatively;

Scheme	Total homes	Leased to WNPL	Sold to a RP (Affordable Housing)	Open Market Sale	Units in current capital programme 2023-27
NORA 4	105	20	8	35	42
Marsh Lane	130	-	20	110	0
Lynnsport 3	54	19	8	27	0
Lynnsport 4&5	89	8	13	68	0
Lynnsport 1	96	-	-	-	96
Parkway	226	-	-	-	226
Salters Road	78	-	-	-	78
Southend Road	32	-	-	-	32

### 3 Financing of the Capital Programme 2022/2023

3.1 The following table details the sources of finance used to fund capital spending during the 2022/2023 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 7.**

	£
<b>Total Capital Programme Outturn to be Funded 2022/2023</b>	<b>25,347,122</b>
Less Third-Party Contributions (shown in table 8 below)	(2,615,949)
<b>Capital Programme Expenditure to be Funded</b>	<b>22,731,173</b>
<b>Sources of Finance:</b>	
Specific Capital Grant - Better Care Fund	1,782,807
Unsupported Borrowing	808,529
Temporary Borrowing	7,816,070
Capital Reserves	1,521,095
Capital Loan	648,917
Capital Receipts applied in year	10,153,756
<b>Total</b>	<b>22,731,173</b>

Table 8.

<b>Third-Party Contributions</b>	<b>£</b>
Homes England	14,090
Business Rates Pool	230,691
Ministry of Housing, Communities and Local Government	1,146,428
Norfolk County Council	30,035
Norfolk and Norwich Festival	25,000
Community Infrastructure Levy	70,000
Public Sector Decarbonisation Scheme	942,734
Salix Finance (Department for Energy Security and Net Zero)	150,139
Miscellaneous Contributions	6,831
<b>Total Third-Party Contributions</b>	<b>2,615,949</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 2022/2023 unsupported borrowing was used to purchase vehicles and equipment where previously lease payments were made. In effect the equivalent to lease payments now pay the debt charge. No help is available from Government to pay the costs – therefore they are classed as unsupported.
- 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.
- Capital Receipts come from the sale of assets including the receipts generated from the major housing sales receipts and the preserved rights from the sale of former council houses.

#### **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 2022-2023 approved at Council on 23 February 2022 set out the policy proposals for the Borough for 2022/2023.

- 4.2 The amount of MRP charged to the accounts in 2022/2023 is £398,130 against a budget of £682,270. The actual MRP charge 2022/2023 has been calculated in accordance with the Council's policy based on the capital financing requirement as at 1 April 2022. The MRP is calculated based on the prior year capital programme requirements. The Capital programme for 2021/2022 did not require any additional revenue funding, because it was fully funded from other sources.

## **5 Capital Programme 2022/2027**

- 5.1 The Capital Programme 2022/2027 was approved by Council on 27 February 2023. As detailed at section 2 above, it is proposed to carry forward budget provision from 2022/2023 to 2023/2024, as highlighted in section 2.4; £6,015,222. In addition, rephasing between years across the period 2023/2024 to 2026/2027 is also reported as the timing of schemes have been reviewed and updated.
- 5.2 The following amendments have been included in the capital programme 2023/2027 and detailed at Appendix 2:

**Enterprise Zone Development of Units** – budget provision of £945,890 has been transferred to an exempt project, to reflect a review of scheme phases. Further details are available in the exempt capital outturn report.

**Major housing development – Hunstanton Regeneration Bus Station & NCC Library;** advised to Cabinet on Wednesday 8 February 2023, the Council will not be proceeding with housing on the Hunstanton bus station site in view of external factors affecting the viability of the scheme. As a result, planned expenditure of £715,190 in 2023/2024 and £10,181,380 in 2024/2025 has been removed from the capital programme.

### **Operational Schemes**

**Community Projects Members;** as in section 2.3 the annual budget of £55,000 has been transferred to revenue due to the nature of the grants not qualifying as capital.

- 5.3 Table 9 shows in summary form the proposed programme 2023/2027 after allowing for rephasing and amendment. Details of the individual schemes for 2023/2027 are given at Appendix 2 and 4 (Exempt).

Table 9.

	<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>	<b>2026/2027</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	51,129,190	50,282,230	31,377,810	10,979,810
Community and Partnerships	2,324,130	2,260,000	2,260,000	2,260,000
Resources (S151 Officer)	396,710	450,000	300,000	150,000
Programme and Projects	200,000	0	0	0
Property and Projects	308,500	0	0	0
Operational and Commercial Services	2,835,080	770,780	430,640	348,570
Leisure and Community Facilities	1,176,180	512,250	235,000	185,000
<b>Total Excluding Exempt</b>	<b>58,369,790</b>	<b>54,275,260</b>	<b>34,603,450</b>	<b>13,923,380</b>
Exempt Schemes	8,301,520	0	0	0
<b>Total Including Exempt</b>	<b>66,671,310</b>	<b>54,275,260</b>	<b>34,603,450</b>	<b>13,923,380</b>

#### **5.4 New items reported to Cabinet and Council in February 2023.**

The following items were new to the Capital programme when presented to Cabinet and approved by Council in February 2023. Cabinet requested that these items be brought back to Cabinet for further consideration. These are presented below with supporting narrative for their inclusion in the programme.

The items in Table 10 reflect the advice from an independent condition survey. It prioritised necessary work in earlier years and reflects anticipated life expectancy given current usage and condition for items in future years.

Table 10.

	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
<b>Funded from General Capital Resources</b>				
DMLC - Flooring Replacement		40,000		
DMLC - Replacement Lighting Pool	20,000			
DMLC - Replacement Distribution Boards	25,000			
DMLC - Changing room refurb		30,000		
DMLC - Pool Cover				15,000
DMLC - Window Replacement (dryside)		15,000		
DMLC - Plate Heat Exchanger	10,000			
L/Sport Track and Barn Line marking			15,000	
L/Sport Window replacement			40,000	
St James Flooring (changing area)	50,000			
St James Pool Hall replacement lighting	20,000			
St James Cubical replacement	50,000			
St James wetside toilet refurb	25,000			
St James Fire Alarm System				50,000
Oasis Pool Hall lighting			15,000	
Oasis Cubicles replacement			50,000	
Oasis distribution board replacement				30,000
Town Hall Redecoration			30,000	30,000
TH Replacement flooring/stairs			20,000	20,000
TH Stone Mason external works			20,000	
<b>Subtotal</b>	<b>200,000</b>	<b>85,000</b>	<b>190,000</b>	<b>145,000</b>
<b>Funded from Unsupported Borrowing</b>				
St James Locker replacement	50,000			
Oasis lockers replacement	20,000			
<b>Subtotal</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funded from Reserves</b>				
Corn Exchange - Auditorium LED Lighting		30,000		
L/Sport 3G LED Lighting	25,000			
L/Sport Roof		160,000		
L/Sport Flooring (changing/toilets/reception)			30,000	
L/Sport Cubical and locker replacement	10,000			
L/Sport Basket Ball fittings replacement		15,000		
St James Flooring (reception/corridors/viewing)		15,000		
St James Pool plate heat exchange	10,000			
Oasis Fitness Flooring bowls hall/fitness stairs		10,000		
Town Hall (TH) Roofing	10,000	60,000		
Town Hall Electrical Switch Replacement		40,000		
Town Hall Redecoration		30,000		
TH Replacement flooring/stairs				
TH Stone Mason external works		20,000		
TH Prep Kitchen Replacement		10,000		
Fairstead Replacement Flooring				15,000
<b>Subtotal</b>	<b>55,000</b>	<b>390,000</b>	<b>30,000</b>	<b>15,000</b>
<b>Total</b>	<b>325,000</b>	<b>475,000</b>	<b>220,000</b>	<b>160,000</b>

Table 11 shows operational items that are required on a rolling basis to maintain adequate levels of service delivery in future years.

Table 11.

	2023/ 2024	2024/ 2025	2025/ 2026	2026 / 2027
<b>Funded from General Capital Resources</b>				
Adapt grant				367,193
Community Projects				50,000
Community Projects - Members				55,000
ICT Development				150,000
<b>Subtotal</b>	-	-	-	<b>622,193</b>
<b>Funded from Grants</b>				
Disabled facilities grants				618,200
Adapt grant				1,014,607
Low level prevention grants				150,000
<b>Subtotal</b>	-	-	-	<b>1,782,807</b>
<b>Funded from Reserves</b>				
Replacement Play Area Equipment				20,000
<b>Subtotal</b>	-	-	-	<b>20,000</b>
<b>Funded from Unsupported Borrowing</b>				
Careline-Replacement Alarm Units				60,000
Waste and Recycling Bins (all colours)				160,000
Grounds Maintenance Vehicles				118,570
<b>Subtotal</b>	-	-	-	<b>338,570</b>
<b>Total</b>	-	-	-	<b>2,763,570</b>

The schemes in Table 12 are included in the Capital Programme as follows:-

- a) Bergen Way Industrial Unit - replacement of asbestos roofs to resolve water ingress which is impacting tenants. Two of the properties in this row of 6 industrial units are used as operational units.
- b) Factory Unit 1 new depot - to replace flat roof which is beyond its economic life and resolve water ingress issues
- c) Town Centre Replacement Stage – Part funding towards stage for use by the Council and Festival Too. Needs to be procured in 2022/2023 to be available for the 2024 events season.
- d) Public Toilets – The works are required to enhance and renew well used facilities. Work will not commence until the latter part of 2023/2024, until and subject to satisfactory lease negotiations being concluded.
- e) CCTV Safer Streets – An extension of existing facilities. The running costs will not materially impact existing budgets.
- f) The Walks Crazy Golf Equipment – A business case is to be reported to Cabinet, before commencing this project. A trial was undertaken using equipment from another site and using a ground area prepared for a single season. This proved to be popular and affordable, which presents the opportunity to specific equipment and a more permanent ground.
- g) Bandstand roof replacement, Hunstanton – Roof in poor state. Repairs are needed to maintain the longevity of the structure below.

- h) Resort Chalet Windows and Doors Replacement - Current Frontages in poor condition due to use and proximity to the coastal elements. The Chalets are revenue earning and fees charged could transition to a more favourable level of return following the works. Enhancements to doors will also improve administrative efficiency with the introduction of digital locks allowing for online sales and last-minute changes not requiring a physical presence.
- i) For Lynn Sport 3G Replacement the pitch is worn to the point of patches becoming detached and a subsequent risk to health and safety.

Table 12.

	2023/ 2024	2024/ 2025	2025/ 2026	2026 / 2027
	£	£	£	£
<b>Funded from General Capital Resources</b>				
Bergen Way Industrial Estate roof replacement	250,000			
Factory Unit 1 - New Depot Site	72,000			
<b>Subtotal</b>	<b>322,000</b>	-	-	-
<b>Funded from Grants</b>				
Town Centre Replacement Stage	50,000			
<b>Subtotal</b>	<b>50,000</b>	-	-	-
<b>Funded from Reserves</b>				
Public Toilets	400,000			
CCTV Safer Streets	50,000			
The Walks Crazy Golf Equipment	120,000			
Bandstand Roof Replacement Hunstanton	30,000			
Resort Chalet Window Replacement	100,000			
L/Sport 3G Replacement	300,000			
<b>Subtotal</b>	<b>1,000,000</b>	-	-	-
<b>Total</b>	<b>1,372,000</b>	-	-	-

The items below are new bids since the programme was reported in February 2023.

Table 13.

	2023/2024
<b>Funded from Reserves</b>	£
North Promenade Erosion	45,000
Replacement Play Area Equipment	30,000
Grounds Maintenance Equipment	80,000

**North Promenade, Hunstanton;** due to health & safety concerns there is a need to build a retaining wall at the base of North Promenade, Hunstanton. A cost estimate was received early in the year at approximately £36,000 however, this will have to be revised due to inflation. A revised estimate to include contingency is sought for £45,000.

**Replacement Play Area Equipment;** £30,000 has been added to the capital programme in 2023/2024 for the replacement of play area equipment at Edma Street, North Lynn. This increase is fully funded by an earlier section 106 contribution currently held in reserves.

**Grounds Maintenance Equipment;** £80,000 is to be added to the capital programme to purchase a specific piece of equipment to aid the grass cutting workload.

Restrictions at certain areas of the borough means existing equipment is unable to gain access due to its size. This is to be funded from reserves subject to agreement.

## 6 Capital Financing 2023/2027

6.1 Table 14 provides details of the revised estimated capital financing for 2023/2027 updated after funding 2022/2023. Exempt schemes shown in a separate report.

Table 14.

Source of Funding	2023/2024 £	2024/2025 £	2025/2026 £	2026/2027 £
Specific Capital Grants (Better Care Fund)	1,782,807	1,782,807	1,782,807	1,782,807
Specific Capital Grants (Towns Fund)	2,276,404	13,987,718	6,743,888	0
Misc. Government Grants	849,880	1,471,420	0	3,031,910
Business Rate Pool	201,191	1,507,937	313,822	0
Misc. Contributions	348,000	348,000	348,000	348,000
Capital Receipts	37,120,558	33,931,405	24,864,100	7,576,900
Reserves/Revenue Contributions	4,760,940	841,800	80,000	45,000
Unsupported Borrowing	2,747,310	368,980	470,640	388,570
Temporary Borrowings	8,202,700	35,000	0	750,000
<b>Total Funding</b>	<b>58,369,790</b>	<b>54,275,260</b>	<b>34,603,450</b>	<b>13,923,380</b>

## 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 2022/2023 is to be made then the funding will follow. As previously noted, the MRP charge for 2022/2023 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 2023/2027 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.

Theme	Risk Implications and Sensitivity	Level of Risk
<p>Capital Grants</p> <p>Third Party Contributions</p>	<p><b>Risk</b></p> <p>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 2022/2023 is based on the confirmed level of grant from the Better Care Fund. Future years show no assumed growth rate but remain at a constant level for the rest of the programme as no indications of growth have been provided. The level of grant is confirmed by Central Government annually and can vary from year to year.</p> <p><b>Sensitivity/Consequences</b></p> <p>This funding represents 20% of total general fund reserve balance. If the level of grants were to vary significantly the budget allocated for DFGs and the proposed schemes within the programme would need to be revised.</p>	<p>Medium</p>
<p>Capital Receipts</p>	<p><b>Risk</b></p> <p>Capital receipts over the 5 year capital programme 2022-27 represent 100% of the current general fund reserve. 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></p> <p>Capital receipts represent a high proportion of the total general fund resources available to fund the capital programme. The level of capital receipts achieved is sensitive to market conditions including demand for land and buildings, values and interest rates. The sum total of capital receipts in the funding is £3.2m plus £131m of sales receipts the Major Housing Project, is a challenging target in the current economic climate. If capital receipts are not achieved at the level or within the year estimated, it may be necessary to take on additional temporary borrowing at the prevailing interest rates.</p>	<p>High</p>
<p>Major Housing Project</p>	<p><b>Risk</b></p> <p>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>High</p>

Theme	Risk Implications and Sensitivity	Level of Risk
	<p><b>Sensitivity/Consequences</b>  Business case review prior to proceeding to end stage. Local Authority Housing Company has been established to hold any surplus units for rent. The viability of all schemes will be monitored closely for rapidly changing market conditions.</p>	
Unsupported Borrowing	<p><b>Risk</b>  The proposed capital programme 2023-2027 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 payment of an annual lease.</p>	Low
Reserves	<p><b>Risk</b>  Contributions from reserves are based on actual balances as at 1 April 2023 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
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</p>	Low

Theme	Risk Implications and Sensitivity	Level of Risk
	<p>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>	
<p>Sales Value Reduces / Costs Increase</p>	<p><b>Risk</b> Pandemic</p> <p><b>Sensitivity/consequences</b> Whilst the Coronavirus Pandemic (Covid-19) has predominantly passed, the possibility of a similar event occurring and its effects is now realised and better understood. Such events affect market confidence and access to supply of materials and labour. The Pandemic may also impact on delivery timescales. The Council will review regularly in determining how to proceed with schemes and, for example, whether to sell or rent properties through the Housing Company.</p>	<p>High</p>
<p>Towns Fund</p>	<p><b>Towns Fund</b></p> <p>The Towns Deal is a Towns Fund Grant from Department of Levelling Up, Housing and Communities (DLUHC).</p> <p>There are currently 6 Projects and BCKLWN was awarded DLUHC Town Deal Grant of £25m to be completed by 2025/2026.</p> <p><b>Youth and Retraining Pledge / Boost</b></p> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Project has been a success and is due to completed in 2023/2024 but will this legacy be funded for the future</li> </ul> <p><b>Sensitivity/consequences:</b></p> <ul style="list-style-type: none"> <li>• Budget available for the Project is funded on a permanent basis</li> </ul> <p><b>Town Centre Public Realm</b></p> <p><b>Risks:</b></p>	<p>Low</p>

Theme	Risk Implications and Sensitivity	Level of Risk
	<ul style="list-style-type: none"> <li>• Requirements for licenses/easements for connection of Purfleet Street arch – negotiations with major property</li> <li>• Not procuring one stop shop for manufacture of pop ups and street furniture, leads to poor quality design and finish</li> </ul> <p><b>Sensitivity/consequences:</b></p> <ul style="list-style-type: none"> <li>• Delay in the Project, costs overrun and could lead to poor quality design and finish</li> </ul> <p><b>St. Georges Guildhall</b></p> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>▪ Following the delay in commencing the procurement process, Haworth Thompkins (HT) have been identified as the preferred Lead Design Team, the appointment is 5 months behind what had been originally scheduled.</li> <li>▪ Alongside the unsuccessful NLHF application, delays to Lead Design Team appointment meant the project was behind the projected spend for 2022/2023. The project is seeking permission from the DLUHC to reprofile the budget</li> </ul> <p><b>Sensitivity/consequences:</b></p> <ul style="list-style-type: none"> <li>• The Project Business Plan agreed with DLUHC regarding Town Deal grant of £8.097m needs to be achieved within the agreed the timeframe i.e. 2025/26</li> <li>• External Funding to support the Project is obtained. Paper is due to be submitted to Cabinet in January 2024 for a formal decision advising the progress made.</li> </ul> <p><b>Active And Clean Connectivity</b></p> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Tennyson Avenue LCWIP intervention risk of non-delivery due to negotiation with Network Rail. Engagement meetings continue to take place, dialogue on options slow.</li> </ul> <p><b>Sensitivity/consequences:</b></p> <ul style="list-style-type: none"> <li>• Scheme has to be descoped as not fit for purpose</li> </ul>	<p>Medium</p> <p>Medium</p> <p>Low</p>



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. The current Capital Strategy 2023/2024 was approved by Council on 23 February 2023.

## **11 Statutory Consideration**

None

## **12 Consultations**

Management Team

## **13 Access to Information**

Cabinet Reports Approved Financial Plan 2022/2026 - 9 February 2022  
Council Approved Financial Plan 2022/2026 - 23 February 2022  
Financial Plan 2022/2027  
Capital Strategy 2023/2024  
Capital Strategy 2022/2023  
Monthly Monitoring Reports 2022/2023