

REPORT TO CABINET

Partly Exempt		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: Portfolio Holder for Finance E-mail: cllr.chris.morley@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Michelle Drewery E-mail: michelle.drewery@west-norfolk.gov.uk Direct Dial: 01553 616432		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
If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is 16-20.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: 4 February 2025

CAPITAL PROGRAMME AND RESOURCES 2024-2029

<p>Summary This report:</p> <ul style="list-style-type: none"> revises the 2024/2025 projections for spending on the capital programme sets out an estimate of capital resources that will be available for 2024-2029 details new capital bids that are recommended to be included in the capital programme for the period 2024-2029 outlines provisional figures for capital expenditure for the period 2024-2029 <p>Recommendations It is recommended that:</p> <ol style="list-style-type: none"> Cabinet recommends to Council the amendments to capital schemes and resources for the 2024-2029 capital programme as detailed in the report. Cabinet recommends to Council that new capital bids as set out in section 5 table 6, are to be funded from available capital resources and included in the capital programme 2024-2029 as detailed (subject to pending approval from SLT) <p>Reason for Decision To report amendments, rephrasing and resources to the 2024-2029 Capital Programme.</p>
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1. Introduction

- 1.1 This report presents the capital programme for the period 2024 to 2029. The capital programme forms part of the Council's longer-term Financial Strategy and is updated as part of the overall budget and council tax setting process.
- 1.2 The Council faces circumstances where capital resources to fund the capital programme continue to be limited. There are competing demands for use of these resources, including investment in projects which will deliver revenue savings.
- 1.3 This report sets out a programme for 2024-2029 that can be delivered subject to the outcomes from revised forecasts reflecting continuing changes in costs and capital receipt levels. Certain capital funds come from grants and use of reserves, a large part of funds is to come from anticipated receipts from the Major Housing Development.
- 1.4 The capital programme 2024-2029 includes a number of major housing projects, summarised in the table below. 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.

Table 1 – Units to be delivered under Major Housing Schemes.

	Units in Current Capital Programme 2024-2029
Major Housing	
Lynnport 1	96
Florence Fields	226
Salters Road	78
South End Road, Hunstanton	32
	432

- 1.5 The Council has set out to deliver as ambitious a capital programme as possible to meet its corporate priorities and to deliver new income streams and savings to support the revenue budget and will continue to aim to do so even in these difficult times.

2. Supporting Delivery of the Financial Strategy

- 2.1 The Financial Strategy for 2024-2029 sets out the council's latest proposed budget over the term of the plan. The Council has previously conducted a deep review of its earmarked reserves and capital programme to identify any savings. These reviews will continue in future years to identify any opportunities that may arise to help to meet savings targets and/or support the General Fund Reserve. Any revisions will be reported and updated accordingly.
- 2.2 Future phases of the major housing development projects will continue to include delivery of houses for rent. The Council's wholly owned local authority company 'West Norfolk Property Ltd' will hold and manage these private rented sector homes. The rental income will meet the financing costs and generate ongoing additional revenue income.

2.3 Strategic land acquisitions are also considered which have potential to provide development opportunities.

3. Capital Programme 2024/2025

3.1 This part of the report updates the Capital Programme for the current year 2024/2025.

3.2 An approved Capital Programme updated for rephasing is shown in the table below with expenditure to 31 December 2024. The spend percentage is an indication of how the actual spend is currently utilised against the planned budget;

Table 2

	Approved Budget Adjusted for Rephasing 2024/2025 £	Actual as at 31st December 2024 £	Spend Percentage £
Major Projects	43,438,520	25,030,012	57.62
Community and Partnerships	2,240,000	1,273,515	56.85
Resources	517,380	121,503	23.48
Programme and Projects	50,000	42,615	85.23
Property and Projects	47,730	0	-
Operational and Commercial Services	1,211,590	881,909	72.79
Leisure and Community Facilities	656,910	267,182	40.67
Total Core Capital Programme	48,162,130	27,616,736	57.34
Exempt Schemes	660,000	563,518	85.38
Total Capital Programme	48,822,130	28,180,254	57.72

3.3 The table below shows changes between the above approved budget adjusted for rephasing and now the estimate preparation 2024/2025. A detailed view can be seen in appendices 1 and 2.

Table 3

	Approved Budget Adjusted for Rephasing 2024/2025 £	UPDATED Estimates Budget 2024/2025 £	Actual as at 31st December 2024 £	Spend Percentage %
Major Projects	43,438,520	43,864,950	25,030,012	57.06
Community and Partnerships	2,240,000	2,210,000	1,273,515	57.63
Resources	517,380	517,380	121,503	23.48
Programme and Projects	50,000	50,000	42,615	85.23
Property and Projects	47,730	47,730	0	0.00

Operational and Commercial Services	1,211,590	1,211,590	881,909	72.79
Leisure and Community Facilities	656,910	369,430	267,182	72.32
Total Core Capital Programme	48,162,130	48,271,080	27,616,736	57.21
Exempt Schemes	660,000	660,000	563,518	85.38
Total Capital Programme	48,822,130	48,931,080	28,180,254	57.59

3.4 Assistant Directors have been asked to carry out a review of their areas of the Capital Programme. Rephrasing and amendments have been made to some schemes to reflect timing of works. These items and values are listed below.

Table 4

Project	Estimates Movements 2024/2025 to/(from) £	Estimates Movements 2025/2026 to/(from) £	Estimates Movements 2026/2027 to/(from) £	Notes and Overall Reduction
Nora 5	(1,586,320)	0		Budget removed
Southgate Regen Area Business Rate Pool Contribution	(279,780)	279,780		
Lynn Sport New 3G Pitch	(870,000)	870,000		
Community Safety Vehicle	(30,000)	30,000		
DMLC - Replacement Lighting Pool	(15,000)			Budget removed
DMLC - Replacement Distribution Boards	(25,000)	25,000		
DMLC - Changing room refurb	(30,000)	30,000		
L/Sport Fire Alarm Upgrade	(70,000)	70,000		
L/Sport Toilets & Changing Room	(52,480)	52,480		
St James Flooring (reception/corridors/viewing)	(15,000)	15,000		
Town Hall Roofing	(50,000)	50,000		
Town Hall Stone Mason external works	(20,000)		20,000	
Town Hall Prep Kitchen Replacement	(10,000)	10,000		
Town Hall redecoration		(15,000)	(15,000)	Budget reduced
	(3,053,580)	1,417,260	5,000	(1,631,320)

3.5 A change to an existing budget is recommended for major projects as detailed below.

3.5.1 Major Projects (£1,586,320) Nora 5; has been removed from the main body of this report across all years. This will allow officers time to review the project. An update will follow from the major housing development team. This is shown in the table above.

3.5.2 Major Projects £3,162,530 Local Authority Housing Fund; The Central Government Local Authority Housing Fund (LAHF) is an innovative capital fund that supports local authorities in England to obtain housing for those who are unable to find settled accommodation on resettlement schemes. There are now 3

LAHF rounds from government.

The addition of the £3,162,530 expenditure in 2024/2025 is to bring this into line with the project for LAHF 1 and LAHF 2.

LAHF 3 is on the assumption that the properties are to be acquired by West Norfolk Housing Company Limited (WNHC) and are therefore not included in the capital expenditure. The value of round 3 expenditure is £2.8m.

Collectively acquisitions for rounds 1 and 2 will be funded from a combination of grant monies received from the Ministry of Housing, Communities and Local Government (MHCLG), section 106 monies and capital receipts.

A summary of LAHF 1 and 2 is shown below;

Table 5

LAHF Round	Planned Expenditure £	MHULG Grant Income £	S106 Grant Income £	Capital Receipt via loan facility £	Total Income £
Round 1	3,456,120	(1,719,141)	(211,840)	(1,525,139)	(3,456,120)
Round 2	3,246,151	(1,578,461)		(1,667,691)	(3,246,151)
	* 6,702,272	(3,297,602)	(211,840)	(3,192,830)	(6,702,272)

* Note: £1,352k of this was spent in 2023/2024, the remaining £5,350k includes the additional £3.162k added above.

Table 6

Summary of 2024/2025 Movements	£
Opening Budget 2024/2025	48,822,130
Rephasing and removals from table 4	(3,053,580)
Addition from 3.5	3,162,530
Revised 2024/2025 Forecast	48,931,080

4. Major Projects

4.1 Major Projects - Major Housing Development

For each approved Phase of the Major Housing Development project the monitoring arrangements are:

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

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

- a. Cabinet - Recommendations to Council re Programme approval and sign off of each phase;
- b. Council - Programme approval, sign off, commencement of each phase.

4.2 Major Projects – Guildhall

A report went to Cabinet on 30 July 2024 to seek approval to progress with RIBA stage 4 for a full scheme. An updated report is to be submitted to Cabinet in early spring where it is expected an informed decision can be taken on approving the continued progress of this project.

5. Capital Programme “New” Bids

The Council now operates a three tier system of adding items to the capital programme where by new items require a business case and approval before being added to the programme. The tiers are explained below;

- Tier 1 Projects designated by Cabinet as a 'Major Project', delivery of which is to be monitored by the Member Major Projects Board.
- Tier 2 Projects actively being progressed operationally, with decisions made as appropriate, by Officers and/or Portfolio Holders, taken to policy review and development panels at key stages, as appropriate.
- Tier 3 Projects that are identified as initiatives to be taken forward 'at some point', for example, when capacity allows, or when funding opportunities arise; discussed with Portfolio Holders.

Appendices will identify which projects fall into which tier.

Table 7

	2024/2025	2025/2026	2026/2027	2027/2028	
	£	£	£	£	
Funded from General Capital Resources					
Adapt grant				205,326	*
Funded from Grants					
Disabled facilities grants				618,200	*
Adapt grant				1,343,974	*
Low level prevention grants				250,000	*
Funded from Unsupported Borrowing					
Grounds Maintenance Equipment				86,000	*
Public Cleansing Vehicles				231,280	*
Careline-Replacement Alarm Units				60,000	*
Waste and Recycling Bins (all colours)				160,000	*
Funded from Reserves					
L/Sport Gymnastics - Acro Floor and Tumble Track replacement		20,000	30,000		
Mintlyn Crematorium - Customer Toilets Refurb		40,000			
Mintlyn Crematorium - Memorial Gardens - Drainage for paths		20,000			
Mintlyn Cremator 1 - Refactory reline		100,000			
Mintlyn Crematorium - redecoration		30,000			
Corn Exchange -Refurbish Seating			15,000	15,000	*
Total	-	210,000	45,000	2,969,780	

5.1 Items marked with an asterisk * above are operational items that are on a rolling requirement to maintain the current levels of service.

5.2 The following is a brief summary of the additional new items above, please note these projects and values are provisional and are subject to a separate approval from senior leadership team. They have been included in this report for completeness.

Lynnsport Gymnastics; replacement of the carpet on the sprung Acro Floor £20,000 and the replacement of the tumble track £30,000. (tier 2 pending approval)

Mintlyn Crematorium;

- £40,000 for the refurbishment of the customer toilets at Mintlyn.
 - £20,000 is required for the installation of drainage in primary pathways in gardens of remembrance.
 - £100,000 is required for the replacement parts of one of the cremators to expand its useful life.
 - £30,000 for redecoration and the replacement of curtains and carpets in the chapel and other public and bearers areas.
- (all tier 2 pending approval)

6. Capital Programme 2024-2029

6.1 This part of the report deals with the medium-term capital programme 2025-2028 and first looks at a revision to the current approved programme.

The full Capital Programme 2025-2028 previously reported are summarised in the table below.

Original Capital Programme 2025 – 2028 updated for rephasing

Table 8

	Budget 2025/2026 £	Budget 2026/2027 £	Budget 2027/2028 £
Major Projects	38,174,000	28,748,520	5,813,570
Community and Partnerships	2,266,850	2,210,000	2,210,000
Resources	500,000	350,000	200,000
Programme and Projects	150,000	0	0
Property and Projects	264,000	0	0
Operational and Commercial Services	2,075,020	288,000	160,000
Leisure and Community Facilities	225,000	220,000	0
Total	43,654,870	31,816,520	8,383,570
Major Projects (Exempt)	67,000	7,574,520	0
Total Capital Programme	43,721,870	39,391,040	8,383,570

Amendment to the mid-section;

Major Projects Nora 5;

As advised in 3.4 Nora 5 has been removed from the main body of this report across all years. (£3,266,780 in 2025/2026; £4,061,730 in 2026/2027)

Community and Partnerships;

The budget under the umbrella of Private Sector Housing Assistance (PSHA), which includes disabled facility grants (DFG) has increased in 2025/2026 onwards by £267,500 to reflect the advanced notice that the grant income will be increasing by this value. These high demand services will remain flexible how the budget is allocated across the PSHA, the funding is applicable across all projects and will be managed in year.

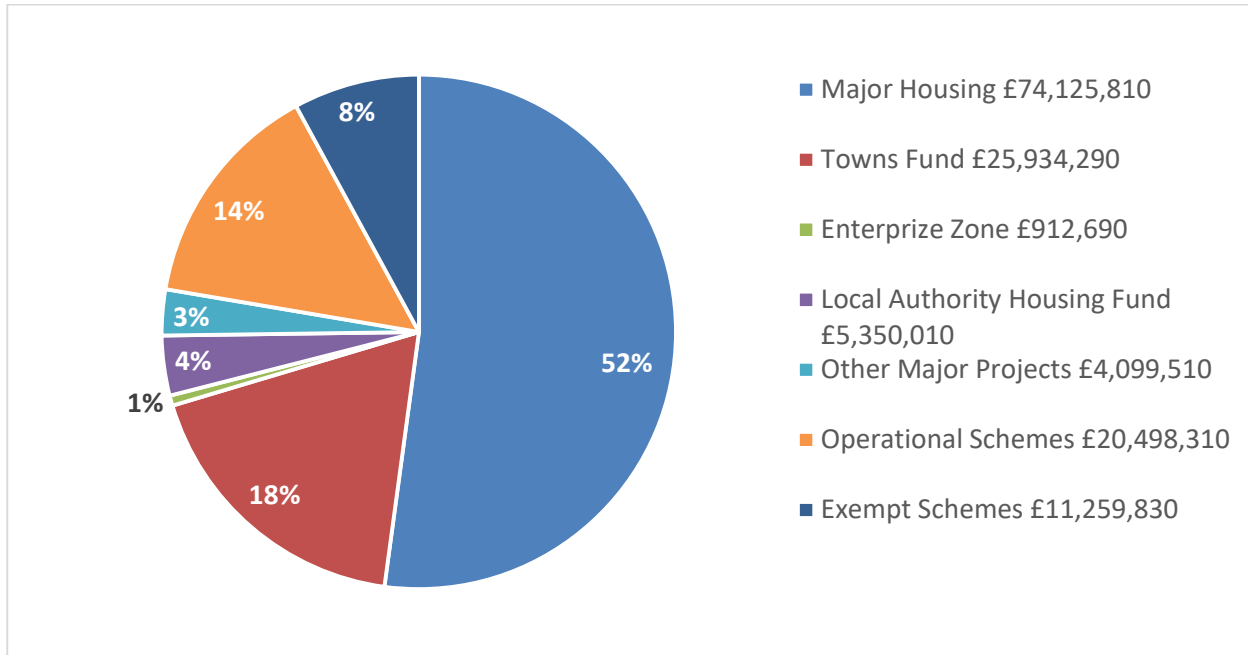
- 6.2** The table below supersedes the table in 6.1 summarising the revised Capital Programme 2025-2029 and includes all amendments (above), rephasing and new bids detailed above and in section 5. The detailed Programme is presented at Appendix 3 and 4.

Table 9

	2025/2026 £	2026/2027 £	2027/2028 £	2028/2029 £
Major Projects	36,057,000	24,686,790	5,813,570	0
Community and Partnerships	2,564,350	2,477,500	2,477,500	2,477,500
Resources	850,000	350,000	200,000	0
Programme and Projects	150,000	0	0	0
Property and Projects	264,000	0	0	0
Operational and Commercial Services	2,421,820	406,000	213,750	477,280
Leisure and Community Facilities	472,480	260,000	15,000	15,000
Total	42,779,650	28,180,290	8,719,820	2,969,780
Major Projects (Exempt)	167,000	3,104,320	3,266,780	4,061,730
Total Capital Programme	42,946,650	31,284,610	11,986,600	7,031,510

Capital Programme - Distribution of spend 2024- 2029

Chart 1



7. Capital Financing and Resources 2024-2029

7.1 It has been possible to fund the proposed capital programme 2024-2029. However, due to the continued risk of increases in material costs and reduced capital receipts from property sales, heightened monitoring will be ongoing and may require revision to funding sources or reprofiling and rephasing of schemes as appropriate. Appendix 5 and 6 shows how each project in the Programme for 2024 -2029 is funded.

7.2 The Table below provides details of the revised estimated capital resources for the period 2024-2029, updated for items detailed in the proceeding sections. 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 Strategy 2024-2029 on this Cabinet Agenda.

Table 10

Source of Funding	2024/2025 £	2025/2026 £	2026/2027 £	2027/2028 £	2028/2029 £
Specific Capital Grants (Better Care Fund)	1,944,598	2,212,174	2,212,174	2,212,174	2,212,174
Specific Capital Grants (Towns Fund)	13,479,760	2,883,410	472,930	3,140,510	-
Specific Capital Grants (LAHF)	1,945,340	-	-	-	-
Misc Government Grants	2,515,390	3,649,140	168,800	-	-
Business Rate Pool	301,190	1,960,650	-	-	-
General Capital Receipts Reserve	1,743,222	1,579,216	555,326	405,326	205,326
Major Housing Capital Receipts Applied	10,911,463	27,170,910	21,968,838	2,956,603	4,061,730
Reserves/Revenue Contributions	2,601,670	2,095,640	338,000	15,000	15,000
Unsupported Borrowing	934,490	1,395,510	388,000	273,750	537,280
Temperary Borrowings	12,553,957	-	5,180,542	2,983,237	-
Total Funding	48,931,080	42,946,650	31,284,610	11,986,600	7,031,510

7.3 The Council's commitment to a number of major projects means that the disposals programme and generation of capital receipts, and securing external funding is crucial.

7.4 The table below (table11) shows the updated budgets and full capital programme in tier summary. Reporting and appendices going forward will be presented in this tier format. Both have been included as users are familiar with the directorship view.

Table 11

	Budget 2024/2025 £	Budget 2025/2026 £	Budget 2026/2027 £	Budget 2027/2028 £	Budget 2028/2029 £
Tier 1 Major projects					
Enterprise Zone (Property and Projects):	912,690	-	-	-	-
Major Housing Development (Companies and Housing)	20,830,250	26,877,440	23,895,060	2,523,060	-
Other Major Projects	21,691,770	8,512,030	641,730	3,140,510	-
Total Tier 1	43,434,710	35,389,470	24,536,790	5,663,570	-
Tier 2 Operational Schemes					
Health, Wellbeing & Public Protection	2,210,000	2,477,500	2,477,500	2,477,500	2,477,500
Leisure and Community Facilities:	539,730	20,000	30,000	-	-
Operational and Commercial:	1,212,590	1,278,430	278,000	160,000	477,280
Programme and Projects:	50,000	111,000	-	-	-
Property and Projects:	74,170	-	-	-	-
Resources:	424,950	-	-	-	-
Total Tier 2	4,511,440	3,886,930	2,785,500	2,637,500	2,954,780
Tier 3 Operational Schemes					
Health, Wellbeing & Public Protection	-	86,850	-	-	-
Leisure and Community Facilities:	123,000	452,480	230,000	15,000	15,000
Operational and Commercial:	65,000	1,443,390	128,000	53,750	-
Programme and Projects:	-	39,000	-	-	-
Property and Projects:	44,500	390,470	150,000	150,000	-
Regeneration, Housing & Place:	-	241,060	-	-	-
Resources:	92,430	850,000	350,000	200,000	-
Subtotal	324,930	3,503,250	858,000	418,750	15,000
Tier 3 Exempt Schemes					
Exempt Schemes	660,000	167,000	3,104,320	3,266,780	4,061,730
Subtotal	660,000	167,000	3,104,320	3,266,780	4,061,730
Total Tier 3	984,930	3,670,250	3,962,320	3,685,530	4,076,730
Total Capital Programme (Tiers 1, 2, 3)	48,931,080	42,946,650	31,284,610	11,986,600	7,031,510

8. Equality Impact Assessment

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

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

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

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

9. Prudential Framework

9.1 The Prudential Framework for local authority capital investment was introduced as part of the Local Government Act 2003 with effect from the 1 April 2004. This was developed by CIPFA as a professional code of practice to support local authorities' decision making on the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.

The key objectives of the Prudential Code are:

- Capital plans and investment plans are affordable and proportionate
- All borrowing and other long-term liabilities are within prudent and sustainable levels
- Risks associated with investment are proportionate to financial capacity
- Treasury management decisions are in accordance with good professional practice

The prudential code was revised in December 2021 and the Authority is required to formally adopt the reporting requirements in 2023-2024. One of the key changes to the Prudential Code is the explicitly stated requirement that authorities must not borrow to invest primarily for financial return, and this requirement came into force with immediate effect.

9.2 Within the Revenue Budget 2024-2029 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 2024-2029 includes details of the borrowing under the framework and this is confirmed as being affordable and is included within the Budget and Council Tax calculations.

9.3 The proposed borrowing will be met within the Prudential Indicators set as the Operational Boundary (Limit of Borrowing) under the Treasury Management Strategy. The current Operational Boundary in 2024/2025 is set at £74m with a maximum of 40% of the total value being held as short-term loans or variable rate loans. The revised Treasury Management Strategy, also on the agenda for Cabinet on 4 February 2025, is recommending to Council that the Operational Boundary is revised to £67m.

10. Financial Implications

10.1 The financing arrangements for the capital programme are within budget. Where rephasing is to be made then the funding will follow.

10.2 The revenue implications of all capital schemes will be included in the estimates reported to the Cabinet meeting on 4 February 2025.

10.3 On delivery income / cost savings relating to cost management will be fed into the revenue budget as they are achieved.

11. Risk Implications and Sensitivity Analysis

11.1 Risk is inherent in any projection of future funding. The estimated resources available to fund the capital programme 2024-2029 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 2024-2029 if the resources are not achieved at the estimated level or at the time expected. This section has been updated to reflect the position in the Capital Programme and Resources for 2024-2029.

Source of Funding	Risk Implications and Sensitivity	Level of Risk
<p>Capital Grants</p> <p>Third Party Contributions</p>	<p>Risk</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 2024/2025 and 2025/2026 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>Sensitivity/Consequences</p> <p>This funding represents 20% of current 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>Risk</p> <p>Capital receipts over the 5-year capital programme 2024-2029 represent 100% of the current general fund reserve balance. 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</p> <p>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 £5m and £90m from the Major Housing Project is a challenging target in the current economic climate. In the event that capital receipts are not achieved at the level or within the year estimated it may be necessary to take on additional temporary borrowing at the prevailing interest rates.</p>	<p>High</p>

Major Housing Project	<p>Risk The impact of market prices as the scheme proceeds to each phase may increase. The housing market may slow and sales may not be achieved as planned.</p> <p>Sensitivity/Consequences Business case review prior to proceeding to end stage. Local Authority Housing Company has been established to hold any surplus units for rent.</p>	High
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Source of Funding	Risk Implications and Sensitivity	Level of Risk
Unsupported Borrowing	<p>Risk The proposed capital programme 2024-2029 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.</p>	Medium

	<p>External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.</p> <p>The interest rates of external loans and PWLB loans are at a higher rate due to the current Bank of England base rate.</p>	
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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 2024 and take into account budgeted contributions to/from reserves.</p> <p>Sensitivity/Consequences The reserves are available and as such the sensitivity is low. In the event that reserves are not available as estimated in the capital resources, temporary borrowing would be incurred to ensure a balanced funding of the capital programme in each of the financial years.</p>	Low
Sales Value Reduces / Costs Increase	<p>Risk Macro-economic issues</p> <p>Sensitivity/consequences Market confidence continues to be impacted by inflation and high interest costs, albeit it is deemed to continue to gradually reduce (following on from Brexit and the pandemic). Sales values and cost of materials and labour will require regular review in determining how to proceed with schemes and, for example, whether to sell or rent properties through the Housing Company.</p>	Medium

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

12. Policy Implications

The establishment and management of the capital programme are in accordance with the Council's Capital, Treasury Management and Investment Strategy.

13. Statutory Considerations

None

14. Consultations

Management Team

15. Access to Information

Cabinet Reports
 Financial Strategy 2024-2029
 Monitoring Reports 2024/2025
 The Capital Strategy 2025/2026
 The Treasury Management and Investment Strategy 2025/2026