

REPORT TO CABINET

OPEN - 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: Councillor Brian Long E-mail: cllr.brian.long@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Ruth Wilson E-mail: ruth.wilson@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
If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is paragraph 3.				

Date of meeting: 4 February 2020

CAPITAL PROGRAMME AND RESOURCES 2019-2024

Summary

This report:

- revises the 2019/2020 projections for spending on the capital programme
- sets out an estimate of capital resources that will be available for 2019-2024
- details new capital bids that are recommended to be included in the capital programme for the period 2020-2024
- outlines provisional figures for capital expenditure for the period 2019-2024
- Exempt section details proposed future corporate capital projects

Recommendations

It is recommended that:

- 1) Cabinet recommends to Council the amendments to capital schemes and resources for the 2019-2024 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 2019-2024 as detailed in the report.

Reason for Decision

To report amendments, rephrasing and resources to the 2019-2024 Capital Programme

1. Introduction

- 1.1 This report presents the capital programme for the period 2019 to 2024. 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. The interest in new homes delivered through the Council's housing developments continues to be strong, with homes being sold off of plan. At the same time the Council aims to deliver a number of major projects within limited resources. The Council consider the impact of market prices as the schemes progress and the possibility that the housing market may slow and to mitigate this risk has established West Norfolk Property Limited (Cabinet 8 January 2018) for Private Rental Properties.
- 1.3 The Council is faced with a situation 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.
- 1.4 This report sets out a programme for 2019-2024 that can be delivered if predicted land sales come about. Certain capital funds come from grants and use of reserves but a large part of funds are to come from land sales. The sums included in 2019-2024 are anticipated receipts from identified sites, phase 2 (final 2 show homes) and phase 3 of the Housing Joint Venture on the NORA site and the Major Housing Development.
- 1.5 The capital programme 2019-2024 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.

	<i>Total Units</i>	<i>Sold at 31.03.19</i>	Units in Current Capital Programme
<u>Joint Venture</u>			
NORA 1	54	54	-
NORA 2 ¹	58	56	2
NORA 3 ²	50	20	30
<u>Major Housing</u>			
Marsh Lane ²	130	70	60
Lynnsport 3	54	-	54
Lynnsport 4&5 ²	89	12	77
Lynnsport 1	82	-	82
NORA 4 ³	105	-	105
Columbia Way ⁴	76	-	76
Alexandra Road, Hunstanton	30	-	30
Parkway, Gaywood	385		385
	1,113	212	901

1 2 show homes have been retained.

2 NORA 3 – As at 30 November 2019, 13 sales completed in 2019/20 and a further 4 units have been reserved.
Marsh Lane - 41 sales completed to 30/11/19 and a further 13 units have exchanged/reserved.

Lynnsport 4/5 – 28 sales completed to 30/11/19 with a further 10 exchanged/reserved.

3 NORA 4 will require a new planning permission and will likely be for 105 units.

4 Planning has not been completed so the number of units has not been confirmed.

1.6 This Council has always 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 Delivering the Efficiency Plan

2.1 In taking up the Government's offer of a four year funding settlement the Council was required to publish an efficiency plan in 2016 and this included a focus on the following:

- Identify capital investment opportunities to maximise the use of assets, generate a revenue return, in excess of that achieved from traditional banking investments, promote housing development, increased council tax base and new homes bonus, promote local economic and business growth and increased business rates. Some of the identified areas include a major housing project, commercial investment and development, review of car parking strategy.

2.2 It is proposed that future phases of the major housing development projects will include delivery of houses for rent. The wholly owned local authority company 'West Norfolk Property Ltd' will hold these private rented sector homes (See Cabinet Report 8 January 2018). The rental income will meet the financing costs and also generate ongoing additional revenue income.

2.3 Strategic land acquisitions are being considered which provide development opportunities. These include the recent acquisition of a property at South Quay, King's Lynn acquired under the Council's Local Property Investment Fund arrangements.

2.5 Exempt section of report – delivery of cost reduction.

3. Capital Programme 2019/2020

3.1 This part of the report updates the Capital Programme for the current year 2019/2020.

3.2 A full updated Capital Programme 2019/2020 of £75,093,350 was reported at the Cabinet meeting on 18 June 2019. Since that date further amendments to the programme have been reported as part of the monitoring reports, as summarised below:

	£
Capital Programme 2019/2020 (Cabinet 18 June 2019)	75,093,350
Further Additions to the Capital Programme:	
Housing Grants Additional funds received from central government	62,370
Major Housing Rephasing reported in the July monitoring was understated within the housing projects.	1,002,630
Re:Fit Project The commencement of the Re:Fit energy performance project will begin in this financial year. The scheme will achieve savings that are guaranteed to payback over 9.87 years and could lead to the Council's co2 emissions being reduced by 155 tonnes per year (15% of current electricity related emissions).	1,320,000
Rephasing Budgets rephased in last year's account, brought back into this current financial year.	2,034,170
Revised Capital Programme 2019/2020	79,512,520

3.3 A summary of the monitoring position of the budget to 30 November 2019 is shown in the table below:

	Capital Programme 2019/2020 £	Revised Capital Programme 2019/2020 £	Spend to November 2019 £	Percent age %
Major Projects	48,704,390	52,843,520	10,193,214	19.29
Central and Community Services	2,868,070	3,343,440	2,051,604	61.36
Commercial Services	2,970,520	3,306,800	894,715	27.06
Environment and Planning	0	7,500	-	-
Finance Services	100,620	100,620	22,592	22.45
Total (Excluding Exempt)	54,643,600	59,601,880	13,162,125	22.08
Major Projects (Exempt)	20,449,750	19,910,640	3,759,671	18.88
Total Capital Programme	75,093,350	79,512,520	16,921,796	21.28

- 3.4 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 £2,235,090 and rephasing of (£51,315,750) to the 2019/2020 capital programme as summarised in the table below and detailed in sections 3.5 to 3.6 and sections 16 to 18 of the exempt report. The Revised Capital Programme 2019/2020 is detailed at Appendix 1 and Appendix 3.

	Revised Capital Programme 2019/2020 November Monitoring £	Amendments £	Rephasing to future years £	Revised Budget 2019/2020 £
Major Projects	52,843,520	2,285,650	(35,669,170)	19,460,000
Central and Community Services	3,343,440	-	-	3,343,440
Commercial Services	3,306,800	(60,560)	(535,240)	2,711,000
Environment and Planning	7,500	-	-	7,500
Finance Services	100,620	-	-	100,620
Total	59,601,880	2,225,090	(36,204,410)	25,622,560
Major Projects (Exempt)	19,910,640	10,000	(15,111,340)	4,809,300
Total Capital Programme	79,512,520	2,235,090	(51,315,750)	30,431,860

- 3.5 The main proposed amendments to the capital programme 2019/2020 are detailed below:

Major Projects

Phase 1 - Marsh Lane

The capital programme has been updated to include an additional £2,240,650 for Marsh Lane expenditure to reflect current costs. Details of this scheme were reported to Cabinet on 21 August 2018. All expenditure on this scheme will be complete in the current financial year. Income from sales receipts will cover the additional costs.

Commercial Services

£10,000 has been allocated for an extension to the Terrace at the Princess Theatre. The cost of this will be recovered through the lease agreement.

The budget for the sewage treatment works has been reduced to £30,000 from £55,560 as there are only two remaining treatment works that could require replacement.

- 3.6 The review of the capital programme identified schemes provisionally set for 2019/2020 that will not be completed in the year or will be completed earlier than anticipated. A total of (£51,315,750) will be rephased from / (to) future years, of this (£36,204,410) relates to Operational and Major Schemes. The schemes for the proposed rephasing are detailed below and a full list of schemes is included at Appendix 1.

Major Projects

Enterprise Zone (£9,135,450) and NORA Remediation (£852,400) - Infrastructure works will not be completed in 2019/20, works will now be completed in 2020/21. Both infrastructure and phase 1 premises elements of the project have been delayed owing to ongoing planning issues relating to a bridleway across the site. Some redesign and adjustment has been made to accommodate a revised diverted bridleway running through the site with this planning process now underway. The gas main work has now been completed.

Major Housing Development (£24,524,070) – capital programme rephased from 2019/20 to reflect the current planned build out programme including the delayed start on NORA phase 4 due to review of the construction options for this site, see separate report on the agenda.

Better Broadband for Norfolk (BBfN) £250,000 – When Better Broadband began in 2012, 28% of King's Lynn and West Norfolk properties had access to speeds of 15Mbps or more. The County Council provided £15 million funding which Government matched. This saw coverage in King's Lynn and West Norfolk increase to 83% by late 2015.

The current BBfN rollout included King's Lynn and West Norfolk's contribution of £500,000 (£250,000 had been included in 2020/2021 and has been rephased to 2019/20). As at the end of June 2019 coverage had reached 95%.

Re:Fit Project (£492,800) – This work will not be completed until 2020/2021. This work was delayed due to changes to the provision of leisure services.

Future High Street Funding / Heritage Action Zone

The Heritage Action Zone is a four year partnership commencing from April 2020 and is a programme of heritage led regeneration in the King's Lynn area.

The Future High Streets Fund aims to renew and reshape town centres and high streets to drive growth, improve experience and ensure future sustainability. It will do this by providing co-funding to successful applicants to support transformative and structural changes. The Council has submitted an expression of interest which has been successful. The draft Business Case was submitted on the 15th January 2020 and the final Business Case is to be submitted on 30 April 2020.

The Town Fund is an opportunity to access government grant to increase economic growth. The focus will be on regeneration, improved transport, better connectivity (Broadband), skills and culture. Each town can access up to £25m.

The Council is working towards a cohesive growth and development programme which has resulted in several schemes being delayed due to the announcement of these potential partnerships which will increase viability of the projects. These schemes have been rephased to 2020/2021 and include:

- Chapel Street (£175,000);
- Nelson Quay Redevelopment (£100,000);
- Purfleet Floating Restaurant (£64,450);
- South Quay Stage 3 (£350,000);
- Southgate Regeneration Area (£225,000).

Operational Schemes

Estate Roads, Resurfacing (£30,500) – the budget for resurfacing the estate roads has been carried forward to 2020/2021. This is for a number of unadopted roads being left from the Housing Transfer that are now in need of works.

Gayton Road Cemetery Extension (£145,800) – Investigations taking place due to water levels and the budget to be carried forward.

Sewage Treatment Works (£30,000) – See 3.5. This work is now due to be completed in 2020/2021.

Leisure Sites and Corn Exchange (£328,940) – All capital projects in 2019/20 for the leisure sites will be rephased to 2020/21 unless essential. £198,000 of this relates to fitness equipment, £130,940 relates to changing areas, air conditioning and other plant at the facilities.

Commercial Schemes, Exempt (£15,111,340) – The majority of the exempt schemes will now commence work later than anticipated. This will be reported separately due to the commercially sensitive nature of the schemes. See Sections 16-18 and Appendix 3.

4. Capital Programme 2020-2024

4.1 This part of the report deals with the medium-term capital programme 2020-2023 and first looks at a revision to the current approved programme. The full Capital Programme 2020-2023 was last reported at the Cabinet meeting on 18 June 2019 and is summarised in the table below.

Service Head	2020/2021	2021/2022	2022/2023
	£	£	£
Major Projects	20,829,110	-	-
Central and Community Services	2,430,000	2,360,000	2,360,000
Commercial Services	513,540	575,800	131,300
Environment and Planning	-	-	-
Finance Services	50,000	50,000	50,000
Total Excluding Exempt	23,822,650	2,985,800	2,541,300
Exempt Schemes	28,769,550	18,181,670	15,361,660
Total Including Exempt	52,592,200	21,167,470	17,902,960

- 4.2 Following the detailed review of the Capital Programme, amendments have been made to a number of schemes to reflect updated costs and timing of vehicle and equipment replacement schedules, other major amendments include –

Major Projects - Major Housing Development

The land adjacent to South of Parkway Gaywood housing development, Cabinet report 6 August 2019 refers, has been transferred into major schemes from the exempt section of the programme as the main works contract is now in place and work has commenced. This is for a new development of mixed housing as part of the Accelerated Construction Programme with a potential for 385 units, 15% of which need to be affordable and a number of units will be retained for private rental to provide revenue. £4,300,000 has been added to 2023/24 as this scheme is expected to complete in 2025/26 with a total cost of £59,500,000. The capital programme currently includes £40,000,000 of this cost up to 2023/24. Public consultation due to take place in March 2020.

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

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

For 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.

- 4.3 Rephasing is proposed where schemes have been carried forward to/from 2019/2020 as detailed in section 3.6, or where schemes are now not expected to be completed as originally planned in 2020/2021, 2021/22 and 2022/2023.

5. Capital Programme New Bids

- 5.1 New schemes that are required to maintain the current levels of service are detailed in the table at 5.4.
- 5.2 A number of corporate capital projects are being investigated which would generate additional revenue income to support the revenue budget. Some of these projects are commercially sensitive and the capital programme has been updated but the details of these projects are attached as an exempt Appendix 3. Reports will be presented to future Cabinet meetings as necessary.
- 5.3 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.

5.4 The following operational schemes are proposed for inclusion in the 2020-2024 capital programme:

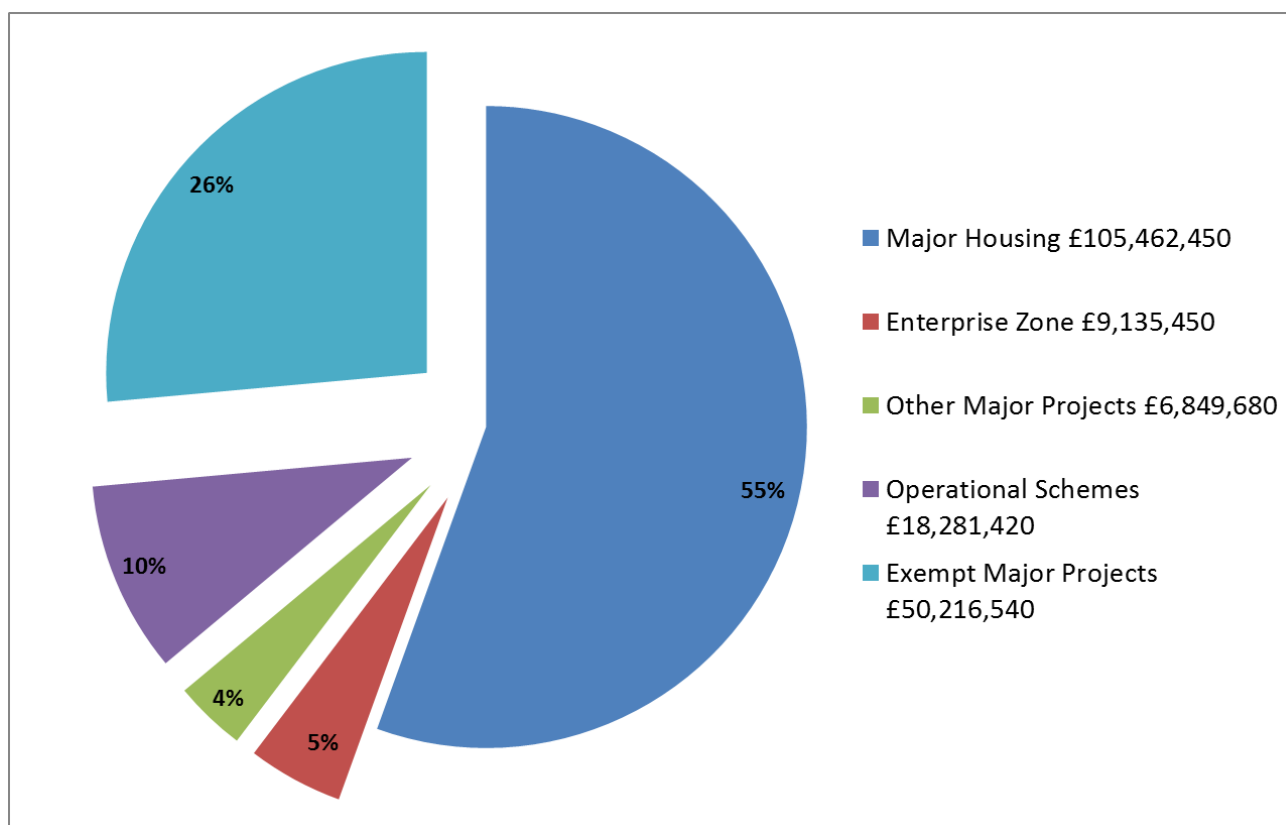
	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Funded from General Capital Resources				
Community projects				50,000
ICT development				150,000
Princess Theatre terrace extension	30,000			
Funded from Grants				
Disabled facilities grants				1,381,800
Adapt grant				618,200
Low level prevention grants				150,000
Funded from Reserves				
Downham Market Sports Centre heating/cooling unit	25,000			
Lynnsport floor/surface reseal		40,000		
Oasis fire doors	15,000			
Play area equipment Kings Lynn	30,000			
The Walks Car Park Resurfacing and Pay & Display Meters	50,000			
Play areas replacement equipment (rolling programme)				20,000
Funded from Unsupported Borrowing				
Careline alarm units (rolling programme)				60,000
Lynnsport new 3G pitch	350,000			
Lynnsport toning studio	100,000			
Total	600,000	40,000	0	2,430,000

6. Capital Programme 2019/2024

6.1 The table below summarises the revised Capital Programme 2019-2024 including all amendments, rephrasing and new bids detailed above. The detailed Programme 2019-2024 is presented at Appendix 2.

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£	£	£	£	£
Major Projects	19,460,000	44,646,660	20,800,000	20,540,920	16,000,000
Central and Community Services	3,343,440	2,430,000	2,360,000	2,360,000	2,360,000
Commercial Services	2,711,000	1,599,280	658,280	131,300	20,000
Environment and Planning	7,500	-	-	-	-
Finance Services	100,620	50,000	50,000	50,000	50,000
Total	25,622,560	48,725,940	23,868,280	23,082,220	18,430,000
Exempt Schemes (Major Projects)	4,809,300	24,415,240	16,708,000	4,284,000	-
Total Capital Programme	30,431,860	73,141,180	40,576,280	27,366,220	18,430,000

Capital Programme 2019/2024



7. Capital Resources 2018-2023

- 7.1 The report to Cabinet on the 18 June 2019 updated the total capital resources available for the period 2019 to 2023. It has been possible to fund the proposed capital programme 2019-2024.
- 7.2 The Table below provides details of the revised estimated capital resources for the period 2019-2024, updated for amendments and rephasing detailed in sections 3 and 4 above and new bids detailed in section 5 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 2019-2024 on this Cabinet Agenda.

		2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
1	Capital Programme: Operational Schemes, S106 and Other Major Projects Expenditure	9,687	7,404	3,068	2,541	2,430	25,130
1.1	SOURCES OF FINANCE						
1.2	Specific Capital Grants (Better Care Fund)	1,563	1,563	1,564	1,564	1,564	7,818
1.3	Capital Receipts (6.6)	3,552	4,305	761	786	786	10,190
1.4	Reserves	3,035	844	175	45	20	4,119
1.5	Unsupported Borrowing	1,537	692	568	146	60	3,003
	Total Funding	9,687	7,404	3,068	2,541	2,430	25,130

2	Joint Venture – NORA Housing						
2.1	Opening Borrowing Brought forward	4,562					4,562
2.2	Prior Year Borrowing Brought forward		385	53	53	53	
2.3	In Year Expenditure	0	0	0	0	0	0
2.4	In Year Sale	(4,177)	(332)	0	0	0	(4,509)
2.5	Net Borrowing Position	385	53	53	53	53	53

3	Major Housing Development						
3.1	Opening Borrowing Brought forward	23,459					23,459
3.2	Prior Year Borrowing Brought forward		20,572	19,154	33,854	23,242	
3.3	In Year Expenditure	15,935	32,186	20,800	20,541	16,000	105,462
3.4	Sales Receipts	(17,520)	(34,070)	(9,285)	(31,701)	(23,229)	(115,805)
3.5	Land Value to BCKLWN	2,114	3,982	3,185	548	0	9,829
3.6	Funded from Reserves	(1,546)					(1,546)
3.7	Grants	(1,870)	(3,516)	0	0	0	(5,386)
3.8	Net Borrowing Position	20,572	19,154	33,854	23,242	16,013	16,013

4	Enterprise Zone (25 Year Project)						
4.1	Opening Borrowing Brought Forward	2,622					2,622
4.2	Prior Year Borrowing Brought Forward		2,527	11,314	10,966	10,618	
4.3	In Year Expenditure	0	9,135	0	0	0	9,135
4.4	Business Rates Receipts 85% (via NALEP) - Note 2	(95)	(348)	(348)	(348)	(348)	(1,487)
4.5	Net Borrowing Position	2,527	11,314	10,966	10,618	10,270	10,270

5	TOTAL NET BORROWING POSITION	23,484	30,522	44,874	33,914	26,337	26,337
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		2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
6	Useable Capital Receipts						
6.1	Useable Capital Receipts at 1 April 2019	6,099					6,099
6.2	Prior Year Brought Forward		7,220	10,720	13,844	14,006	
6.3	Capital Receipts MHP/NORA Land	2,834	4,010	3,185	548	0	10,577
6.4	Capital Receipts Housing	150	150	150	150	150	750
6.5	Capital Receipts General	1,689	3,645	550	250	250	6,384
6.6	Capital Receipts used to fund Capital Programme (1.3)	(3,552)	(4,305)	(761)	(786)	(786)	(10,190)
6.7	Capital Receipts Transferred to Reserves	7,220	10,720	13,844	14,006	13,620	13,620

7.4 The corporate schemes to deliver cost reductions/new income streams will be funded through the use of capital receipts reserve or borrowing.

7.5 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 is crucial.

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. The Prudential Code was comprehensively updated in 2017 and these changes apply from 2018/19.

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;
- to demonstrate that treasury management decisions are taken in accordance with good professional practice and;
- local strategic planning, asset management and proper option appraisal is supported.

The key strategic change to the Prudential Code is the introduction of a requirement to formally report the Capital Strategy annually. The Strategy will be presented to Cabinet in March 2020. The core categories will include:

- Governance process;
- Knowledge, awareness and skills;
- Strategy (asset management, service asset planning, commercial property investment);
- Technical property (valuations, leases);
- Technical finance (sensitivity analysis, risk assessment, borrowing, depreciation and componentisation).

9.2 Within the Revenue Budget 2019-2024 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 2019-2024 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 2019/2020 is set at £53m with a maximum of 40% of the total value being held as short term loans or variable rate loans.

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 to be reported to the Cabinet meeting on 4 February 2020.

10.3 On delivery income / cost savings relating to cost reduction will be fed into the revenue budget as they are actually 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 2019-2024 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 2019-2024 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 2019-2023 report to Cabinet on 18 June 2019.

Source of Funding	Risk Implications and Sensitivity	Level of Risk
<p>Capital Grants</p> <p>Third Party Contributions</p> <p>Lottery Funding etc</p>	<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 2019/2020 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 This funding represents 35% 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 34% of the general fund resources available over the 5 year period 2019-2024. 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 £9m plus £1m of sales receipts from the housing joint venture and £121m from the Major Housing Project is a challenging target in the current economic climate. In the event that capital receipts are not achieved at the level or within the year estimated it may be necessary to take on additional temporary borrowing at the prevailing interest rates.</p>	High
Major Housing Project	<p>Risk The impact of market prices as the scheme proceeds to each phase may increase. The housing market may slow and sales may not be achieved as planned.</p> <p>Sensitivity/Consequences Business case review prior to proceeding to end stage. Local Authority Housing Company has been established to hold any surplus units for rent.</p>	High

Source of Funding	Risk Implications and Sensitivity	Level of Risk
Unsupported Borrowing	<p>Risk The proposed capital programme 2019-2024 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 2019 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 Brexit</p> <p>Sensitivity/consequences The Brexit situation remains fluid and affects market confidence. This could impact on sales values and cost of materials and labour. 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>	

- 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 updated Council's Capital and Local Property Investment Fund Strategy 2018-22.

13. Statutory Considerations

None

14. Consultations

Management Team

15. Access to Information

Cabinet Reports

Financial Plan 2018-2023

Financial Plan 2019-2024

Monthly Monitoring Reports 2019/2020

The Capital and Local Property Investment Fund Strategy 2019/20