

## REPORT TO CABINET

|  |                                     |   |  |                                     |
|--|-------------------------------------|---|--|-------------------------------------|
| <b>Open (with an exempt appendix)</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) Is this a key decision                        | YES                                    |                                     |
| Lead Member: Councillor Brian Long<br>E-mail: cllr.brian.long@west-norfolk.gov.uk  |                                     | Other Cabinet Members consulted:                  |  |                                     |
|  |                                     | Other Members consulted:                          |  |                                     |
| Lead Officer: Ruth Wilson<br>E-mail: ruth.wilson@west-norfolk.gov.uk<br>Direct Dial: 01553 616450                                |                                     | Other Officers consulted: Management Team         |  |                                     |
| Financial Implications<br>YES  | Policy/Personnel Implications<br>NO | Statutory Implications (incl S.17)<br>NO          | Equal Opportunities Implications<br>NO | Risk Management Implications<br>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| If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is paragraph 3 |                                     |   |  |       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: 19 August 2020**

### **Capital Programme and Resources 2019-2024**

#### **Summary**

The report provides details of the outturn of the 2019/2020 capital programme and outlines amendments and rephrasing to the spending on schemes, revising the programme for 2019/2024. The capital programme outturn for 2019/2020 totalled £23,178,541 (£26,938,337 including Exempt and Capital Loans) against an approved budget of £25,622,560 (£30,431,860 including Exempt and Capital Loans). It has been necessary to rephrase a total of £5,439,860 (£6,489,190 including Exempt) of scheme costs to future years. Useable capital receipts generated in the year totalled £23,255,099. The capital resources available to fund expenditure in 2019/2020 are detailed in section 3 of the report.

#### **RECOMMENDATION**

That Cabinet :

1. note the outturn of the capital programme for 2019/2020 of £26,938,337;
2. note the financing arrangements for the 2019/2020 capital programme;
3. approve the revised 2019/2024 capital programme and financing as detailed in the report.

#### **Reason for Decision**

To report the outturn 2019/2020 for the Capital Programme and update members on capital spending and resources for 2020/2024.

## 1 Introduction

- 1.1 This report presents the outturn of the 2019/2020 capital programme and provides details of amendments and rephasing resulting from under and overspends and their impact on the 2019/2024 programme. The report also outlines the financing of the 2019/2020 programme.

## 2 Capital Programme 2019/2020

- 2.1 The full capital programme for 2019/2020 is shown at Appendix 1 and provides details of the outturn for individual schemes, together with amendments and rephasing to/from future years.
- 2.2 A full updated Capital Programme 2019/2020 of £30,431,860 was reported at the Cabinet meeting on 4 February 2020 and approved by Council on 27 February 2020.

| <b>Scheme</b>         | <b>Capital Programme (Cabinet February 2020)</b> | <b>Monitoring - Amendments</b> | <b>Monitoring - Rephasing</b> | <b>Revised Capital Programme 2019/2020</b> |
|-----------------------|--|--------------------------------|-------------------------------|--|
|                       | 4  |                                |                               |  |
|                       | £  | £                              | £                             | £  |
| <b>Core Programme</b> | 25,622,560                                       | -                              | -                             | 25,622,560                                 |
| <b>Exempt Schemes</b> | 4,809,300  | -                              | -                             | 4,809,300                                  |
| <b>Total</b>          | 30,431,860                                       | -                              | -                             | 30,431,860                                 |

- 2.3 The final figures for the outturn on the capital programme show that it has been necessary to carry forward net budget provision of £5,439,680 to 2020/2021 and future years. £1,049,510 has been carried forward on exempt schemes. In a number of cases there were over or under spends which net to a £2,995,661 overspend across the capital programme (£2,995,666 including exempt schemes).

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

|  | <b>(Under)/Over<br/>£</b> |
|--|---------------------------|
| <b><u>MAJOR PROJECTS</u></b>   |                           |
| <b>NORA Joint Venture</b> – Additional expenditure was incurred on NORA Joint Venture, this will be recovered through additional sales revenue   | 768,316                   |
| <b>West Winch Housing Access Road</b> – This is a contribution towards the planning application for the West Winch Housing Access Road to Norfolk County Council. This was not included in the capital programme and is to be funded from general capital resources.   | 225,000                   |
| <b>Seafront Master Plan</b> – This scheme was determined to be revenue in nature and moved to the revenue budget.  | (100,000)                 |
| <b>Town Centre Development (H&amp;M)</b> This development project has been hit extremely hard by the insolvency of the project's principal contractor in 2019 and it is understood that many sub-contractors had not been paid. As a funding development partner, the Borough Council has found it necessary to inject additional capital into the scheme to ensure that the overall project is completed, and the contractual arrangements with H&M were satisfied. | 328,876                   |
| <b>Townscape Heritage Initiative</b> – This is a favourable variance as the contributions from the Heritage Lottery Fund and Historic England hadn't been outlined in the capital programme.   | (163,869)                 |
| <b><u>OPERATIONAL PROJECTS</u></b>   |                           |
| <b>ICT</b> - Additional costs incurred in the development of the new financial ledger that were not foreseen in the planning stage. These costs are to be funded from reserves.  | 73,756                    |
| <b>Arts Centre Complex</b> - Additional expenditure incurred on the works at the Arts Centre. These costs are anticipated to be funded from future year budgets relating to Arts Initiatives due to the continued closure of the site.   | 23,357                    |
| <b>Refuse and Recycling Containers</b> - Extra purchase of bins following builds of new properties and replacements for existing damaged containers. To be funded from unsupported borrowings.   | 49,578                    |
| <b><u>CAPITAL LOANS</u></b>  |                           |
| <b>West Norfolk Housing Company</b> – Capital Loans have been added to the capital programme with effect from 2019/2020. This is the amount loaned to West Norfolk Housing Company for capital purchases in 2019/2020.   | 1,819,528                 |
| <b>Miscellaneous movements</b>   | (28,881)                  |
|  | <b>2,995,661</b>          |

2.4 The following tables show the summary of the programme and actual spend to 31 March 2020. The detailed outturn for the Capital Programme 2019/2020 is presented at Appendix 1.

Table 1

|                                      | <b>Budget<br/>2019/2020</b> | <b>Outturn<br/>2019/2020</b> | <b>Rephasing<br/>(to)/from<br/>2019/2020</b> | <b>Variance<br/>(Under)/Over</b> |
|--------------------------------------|-----------------------------|------------------------------|--|----------------------------------|
|                                      | <b>£</b>                    | <b>£</b>                     | <b>£</b>                                     | <b>£</b>                         |
| Major Projects                       | 19,460,000                  | 17,072,248                   | (3,425,070)                                  | 1,037,318                        |
| Central and<br>Community Services    | 3,343,440                   | 3,623,826                    | 206,630                                      | 73,756                           |
| Commercial Services                  | 2,711,000                   | 640,498                      | (2,143,060)                                  | 72,558                           |
| Environment and<br>Planning          | 7,500                       | -                            | -  | (7,500)                          |
| Finance Services                     | 100,620                     | 22,441                       | (78,180)                                     | 1                                |
| Capital Loans                        | -                           | 1,819,528                    | -  | 1,819,528                        |
| <b>Capital Programme<br/>Outturn</b> | <b>25,662,560</b>           | <b>23,178,541</b>            | <b>(5,439,680)</b>                           | <b>2,995,661</b>                 |

|                                    | <b>Budget<br/>2019/2020</b> | <b>Outturn<br/>2019/2020</b> | <b>Rephasing<br/>(to)/from<br/>2019/2020</b> | <b>Variance<br/>(Under)/Over</b> |
|------------------------------------|-----------------------------|------------------------------|--|----------------------------------|
|                                    | <b>£</b>                    | <b>£</b>                     | <b>£</b>                                     | <b>£</b>                         |
| Exempt Schemes<br>(Major Projects) | 4,809,300                   | 3,759,795                    | (1,049,510)                                  | 5                                |

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

### Major Projects

#### **Enterprise Zone**

Work on the Enterprise Zone Infrastructure is due to take place in 2020/2021, some preliminary works have been undertaken and some costs incurred in 2019/2020. £118,790 has been rephased from 2020/2021.

#### **Major Housing Development and Joint Venture**

There are currently a number of sites being developed by the Council. A total of £847,040 has been rephased to 2020/2021. The table 3 in 2.7 details the units by site. These are all at various stages. NORA 1-3 and Marsh Lane works are complete; Lynnsport 4-5 is nearing completion; NORA 4 and Parkway are in the planning phase; Alexandra Road is in the design phase. The remaining schemes are under construction.

### **Major Housing Development Third Party Contributions**

The capital programme now includes the Accelerated Housing Grant (AHG) as a contribution, this was previously shown in the financing table:

|              | <b>2019/2020</b>   | <b>Total AHG in Capital Programme</b> |
|--------------|--------------------|---------------------------------------|
| Salters Road | (99,560)           | (£1,018,000)                          |
| NORA Phase 4 | (1,296,280)        | (£1,340,000)                          |
| Parkway      | (936,980)          | (£3,035,320)                          |
| <b>Total</b> | <b>(2,332,820)</b> | <b>(£5,393,320)</b>                   |

### **Corn Exchange Cinema**

There was a slight delay in work in March due to Covid 19 which has resulted in an underspend in 2019/2020 of £32,230, this has been rephased and added to the 2020/2021 budget to cover costs.

### **Other Major Projects**

£338,820 has been rephased to 2020/2021. Due to the Future High Street Funding Bid some strategic decisions have been made in relation to the profiling of certain schemes that are being considered towards a cohesive growth and development programme. The South Quay Scheme and the Purfleet Floating Restaurant have been delayed and rephased to 2020/2021.

### Central and Community Services

#### **Careline Replacement Alarm Units**

Not all replacements scheduled for the year were completed. £43,900 has been rephased to 2020/2021 to continue the replacement programme.

#### **Lily Project**

The Living Independently in Later Years project. To enable the grant award criteria to be met £25,000 has been carried forward to 2020/2021.

#### **Private Sector Housing Assistance**

These budgets are committed for grant applications that are either approved but the works are not yet complete, applications are being assessed or cases on the waiting list. Budget provision of £275,530 is to be brought forward from 2020/2021.

### Commercial Services

#### **Princess Theatre Terrace Extension**

£10,000 will be carried forward to 2020/2021 and used to fund works on a terrace extension. This work has been completed in early 2020/2021.

#### **Car Park Resurfacing**

£441,800 rephased to 2020/2021, Works are anticipated to be completed in 2020/21.

### **Car Park Multi Storey Barrier Ticket Machine, Lighting and Controls and Parking Gladstone Server Upgrade**

These projects have been delayed whilst the integration of the back-office systems are reviewed. £38,130 for the ticket machine; £192,000 for the lighting and controls; and £12,030 for the server upgrade has been rephased to 2020/2021. All these schemes have interdependencies.

### **Mintlyn Crematorium – Extend Car Park**

£33,000 rephased to 2020/2021

### **Off Street Car Parks – Vehicles**

£60,000 has been rephased to 2020/2021 due to a delay in receiving notification of the revised engine availability from the manufacturer.

### **CCTV**

£94,700 rephased to 2020/2021. The budget rephased was for CCTV Upgrades in the CCTV Control Room; Kettlewell Gardens; Multi Storey and the Crematorium. These works will be completed around the routine maintenance work programme in 2020/2021.

### **Refuse Vehicles**

£12,650 has been rephased to 2020/2021 due to a delay in lead / delivery times.

### **Replacement Play Area Equipment**

£48,000 to replace play area equipment has been rephased to 2020/2021 due to timing of inspections of existing equipment.

### **Resorts**

The resort signage budgets of £86,000 have been rephased to 2020/2021 due to links with other projects.

### **Vehicles**

Budget provision of £635,770 has been carried forward to 2020/2021 to meet the cost of the on-going vehicle replacement programme for Grounds Maintenance and Public Cleansing Vehicles. Part of the reason for this delay in expenditure is due to issues with Ford over lead/delivery times which has now been addressed.

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

The capital programme includes a number of schemes at the Corn Exchange and Leisure facilities. Several of these projects will now be completed during 2020/2021, mostly due to the implementation of the Re:Fit scheme, the cinema works and the establishing of Alive West Norfolk. The balance of the budget provision of £291,430 will be carried forward to 2020/2021 to meet the cost of the ongoing works.

### **Replacement Christmas Lights**

The £187,550 budget to replace Christmas lights is now scheduled for 2020/2021.

## Finance Services

### **Community Projects – Financial Assistance**

The capital budget for community projects has been committed for contributions to a number of different projects including improvements/extension/new build community facilities. The grants are administered by Norfolk Foundations on behalf of the council and will be paid to the community organisations on completion of the projects. The balance of the budget provision of £78,180 is carried forward to 2020/2021 to meet the grant commitments.

- 2.6 Total useable capital receipts generated in 2019/2020 from preserved right to buy sales of former council houses and land sales were £294,000. The table below shows the summary of useable capital receipts generated in 2019/2020.

Table 2

|                                       | <b>2019/2020</b> | <b>2019/2020</b> |
|---------------------------------------|------------------|------------------|
|                                       | <b>Budget</b>    | <b>Outturn</b>   |
|                                       | <b>£'000</b>     | <b>£'000</b>     |
| Council Houses Preserved Right to Buy | 150              | 294              |
| General Fund – Land                   | 1,689            | 367              |
| Land (NORA)                           | 720              | 571              |
| General Fund – Land (Lynnsport 4&5)   | 1,140            | 1,560            |
| General Fund – Land (Marsh Lane)      | 974              | 812              |
| <b>Total</b>                          | <b>4,673</b>     | <b>3,604</b>     |

- 2.7 Table 3 below illustrates all the units sold to date on the NORA Joint Venture and the Major Housing Project. There were 25 houses on the Nar Valley Park (NORA Development) which were sold in 2019/2020 (3 from Phase 2 and 22 from Phase 3). The total amount received in respect of the house sales was £4,416,638 (this includes £570,672 in respect of the land receipt which is reported as part of the general fund land sales to the Council in 2.6 above). The sales receipts received in 2019/2020 have been used to meet expenditure incurred on the NORA Housing Development in 2019/2020, and to partly repay temporary borrowing which relates to expenditure on the project from prior years. The NORA Housing Development is a joint arrangement with Norfolk County Council.
- 2.8 50 houses were sold on the Marsh Lane Development for a total of £9,056,171 (this includes £811,539 in respect of the land receipt which is reported as part of the general fund land sales to the Council in 2.6 above). 52 houses were sold on the Lynnsport 4/5 Development for a total of £9,415,407 (this includes £1,560,000 in respect of the land receipt). The

sale receipts are used to fund expenditure on the Major Housing Project alongside temporary borrowing.

Table 3

The units sold in 2019/20 on each development are outlined in 2.7 and 2.8. The table below summarises the total number of units sold at 31.03.20 accumulatively:

|  | <i>Total Units</i> | <i>Sold pre<br/>31.03.20</i> | <b>Units in Current<br/>Capital Programme<br/>2020-2024</b> |
|--|--------------------|------------------------------|---|
| <u>Joint Venture</u>                     |                    |                              |   |
| NORA 1                                   | 54                 | 54                           | -   |
| NORA 2 <sup>1</sup>                      | 58                 | 57                           | 1   |
| NORA 3                                   | 50                 | 44                           | 6   |
| <u>Major Housing</u>                     |                    |                              |   |
| Marsh Lane                               | 130                | 124                          | 6   |
| Lynnsport 3                              | 54                 | -                            | 54  |
| Lynnsport 4&5                            | 89                 | 61                           | 28  |
| Lynnsport 1                              | 100                | -                            | 100   |
| NORA 4                                   | 105                | -                            | 105   |
| Columbia Way                             | 70                 | -                            | 70  |
| Alexandra Road,<br>Hunstanton<br>Parkway | 28                 | -                            | 28  |
|  | 380                |                              | 380   |
|  | <b>1,118</b>       | <b>340</b>                   | <b>778</b>  |

<sup>1</sup> show home has been retained and has been reserved for purchase

Table 4

| <b>Capital Receipts</b>               | <b>£'000</b>  |
|---------------------------------------|---------------|
| Council Houses Preserved Right to Buy | 294           |
| General fund - Land                   | 367           |
| Vehicles and Equipment                | 43            |
| Housing Sales Receipts including land | 22,888        |
| Housing Grants                        | 37            |
|                                       | <u>23,629</u> |



### 3 Financing of the Capital Programme 2019/2020

- 3.1 The following table details the sources of finance used to fund capital spending during the year. The strategy adopted in financing is designed to make full use of all specific grants and thereby protect future allocations. Funding is taken from capital and revenue reserves for those specific schemes identified with resources. The strategy is then to make full use of useable capital receipts and the balance of funding to be taken from capital and revenue reserves.

Table 5

|   | £                        |
|---|--------------------------|
| <b>Total Capital Programme Outturn to be Funded 2019/2020</b> | <b>29,879,698</b>        |
| Less Third-Party Contributions                                | <u>(2,941,361)</u>       |
| <b>Capital Programme Expenditure to be Funded</b>             | <b><u>26,938,337</u></b> |
| <b>Sources of Finance:</b>                                    |                          |
| Specific Capital Grant - Better Care Fund                     | 1,563,735                |
| Unsupported Borrowing   | 219,328                  |
| Capital Reserves  | 6,728,910                |
| S106 Contributions from Reserves                              | 6,530                    |
| Capital Receipts applied in year                              | 18,161,698               |
| NCC Share of NORA Joint Venture                               | 384,158                  |
| Capital Creditors   | 723,435                  |
| Capital Debtors   | (332,439)                |
| Capital Advance Receipts                                      | (434,701)                |
| Capital Prepayments   | <u>(82,317)</u>          |
| <b>Total</b>  | <b><u>26,938,337</u></b> |

- Specific capital grant is for Disabled Facilities Grants (DFGs) which is allocated directly from the Government as part of the Better Care Funding and paid via Norfolk County Council.
- Unsupported Borrowing is the level of loans taken on by the Council and paid from within the budgets of services. During 2019/2020 unsupported borrowing was used to purchase vehicles and equipment where previously lease payments were made. In effect the lease payments now pay the debt charge. No help is available from Government to pay the costs – therefore they are classed as unsupported.
- The temporary borrowing included in the funding of the capital programme for 2019/2020 relates to the Major Housing Project. Temporary borrowing is included for cash flow purposes to ensure a

balanced funding of the capital programme in advance of capital receipts. Internal borrowing will be used whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt. Funds currently in short term investments may be withdrawn and used in place of external borrowing.

- Capital Reserves have been previously set aside for particular schemes. In some cases, regular annual contributions are made to the reserves (e.g. sports and arts facilities, offices). Useable capital receipts received in previous years are held in reserves until applied to capital financing.
- S106 contributions from reserves are S106 contributions received in prior periods.
- Capital Receipts come from the sale of assets and the preserved rights from the sale of former council houses.

3.2 The capital debtors and creditors represent payments that will be made or received during 2020/2021. The net sum is actually funded from capital reserves when payments are made/income received in 2019/2020.

#### **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 2019-2020 approved at Council on 26 March 2019 set out the policy proposals for the Borough for 2019/2020.

4.2 The amount of MRP charged to the accounts in 2019/2020 is £345,463 against a budget of £345,470. The actual MRP charge 2019/2020 has been calculated in accordance with the Council's policy based on the capital financing requirement as at 1 April 2019.

#### **5 Capital Programme 2020/2024**

5.1 The Capital Programme 2019/2024 was approved by Council on 27 February 2020. As detailed at section 2 above, it is proposed to carry forward budget provision from 2019/2020 to 2020/2021. In addition, rephasing between years across the period 2020/2021 to 2023/2024 is also reported as the timing of schemes has been reviewed and updated.

- 5.2 The following amendments have been included in the capital programme 2020/2021 and detailed at Appendix 2:

#### **Accelerated Housing Grant (AHG)**

See 2.5. The AHG contribution was previously shown in the financing table but has been added to the capital programme for transparency. This is a contribution of £5,393,320.

#### **Business Rates Pool (BRP)**

Similarly to the AHG, the BRP Contribution has been added for the Gaywood Major Housing Project. This contribution is £1,800,000.

#### **Old Sunway Bridge Works**

The capital programme 2020/2021 has been increased by £30,000 to meet the projected renovation costs for Old Sunway Bridge.

#### **Town Centre Development (H&M)**

An additional £6,330 has been added to the capital programme for 2020/21. This is based on additional costs advised from the Quantity Surveyor.

#### **Sail the Wash**

The Council has been awarded 100% grant funding from the Coastal Communities Fund to develop the waters of the Wash to make them more user friendly and accessible and to safeguard existing jobs and open up opportunities for further indirect employment. The locations benefiting from these projects are King's Lynn and Sutton Bridge. The project will create 60 more permanent berths and generate 3000 visitor boat nights. The budget has been amended in 2020/2021 by £529,930 for these projects with 100% grant (net nil). £26,119 was incurred in 2019/2020 which was 100% funded (net nil).

- 5.3 Table 6 shows in summary form the proposed programme 2020/2024 after allowing for rephrasing and amendments. Details of the individual schemes for 2020/2024 are given at Appendix 2 and 3.2 (Exempt).

Table 6

|                                | <b>2020/2021</b>  | <b>2021/2022</b>  | <b>2022/2023</b>  | <b>2023/2024</b>  |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          |
| Major Projects                 | 36,762,900        | 26,123,540        | 20,540,920        | 16,000,000        |
| Central and Community Services | 2,223,370         | 2,360,000         | 2,360,000         | 2,360,000         |
| Commercial Services            | 3,772,340         | 658,280           | 131,300           | 88,000            |
| Environment and Planning       | 0                 | 0                 | 0                 | 0                 |
| Finance Services               | 128,180           | 50,000            | 50,000            | 50,000            |
| <b>Total Excluding Exempt</b>  | <b>42,886,790</b> | <b>29,191,820</b> | <b>23,082,220</b> | <b>18,498,000</b> |
| Exempt Schemes                 | 11,790,870        | 19,839,700        | 10,224,500        | 0                 |

|                               |                   |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total Including Exempt</b> | <b>54,677,660</b> | <b>49,031,520</b> | <b>33,306,720</b> | <b>18,498,000</b> |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|

#### 5.4 Future High Streets Fund / 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. This is central to the government's ambition to level up the country – creating jobs and building stronger and more resilient local economies and communities. 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 15 January 2020 and the final Business case was submitted on 22 June 2020.

In recognition of the importance of this fund and the pressing need in the towns the council has been offered a grant from government of £750,000 to fund capital projects in 2020/2021. At the time of this report discussions were being undertaken as to what works the council can do with this grant in order to release the money.

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.

### 6 Capital Resources 2020-2024

- 6.1 Table 7 below provides details of the revised estimated capital resources for 2020/2024 updated after funding the 2019/2020 capital programme and including amendments and rephasing as detailed above. Exempt schemes shown in a separate report.

Table 7

|          |  | 2020/21        | 2021/22        | 2022/23        | 2023/24        |
|----------|--|----------------|----------------|----------------|----------------|
|          |  | £'000          | £'000          | £'000          | £'000          |
| <b>1</b> | <b>Capital Programme: Operational Schemes, S106 and Other Major Projects Expenditure</b> | 9,819          | 3,068          | 2,541          | 2,498          |
| 1.1      | <b>SOURCES OF FINANCE</b>  |                |                |                |                |
| 1.2      | Specific Capital Grants (Better Care Fund)   | 1,563          | 1,571          | 1,571          | 1,571          |
| 1.3      | Capital Receipts (6.6)   | 3,795          | 754            | 779            | 779            |
| 1.4      | Reserves   | 2,851          | 155            | 45             | 20             |
| 1.5      | Unsupported Borrowing  | 1,610          | 588            | 146            | 128            |
|          | <b>Total Funding</b>   | <b>9,819</b>   | <b>3,068</b>   | <b>2,541</b>   | <b>2,498</b>   |
| <b>2</b> | <b>Joint Venture – NORA Housing</b>  |                |                |                |                |
| 2.1      | Opening Borrowing Brought forward  | 1,694          |                |                |                |
| 2.2      | Prior Year Borrowing Brought forward   |                | 53             | 53             | 53             |
| 2.3      | In Year Expenditure  | 0              | 0              | 0              | 0              |
| 2.4      | In Year Sale   | (1,641)        | 0              | 0              | 0              |
| 2.5      | <b>Net Borrowing Position</b>  | <b>53</b>      | <b>53</b>      | <b>53</b>      | <b>53</b>      |
| <b>3</b> | <b>Major Housing Development</b>   |                |                |                |                |
| 3.1      | Opening Borrowing Brought forward  | 19,890         |                |                |                |
| 3.2      | Prior Year Borrowing Brought forward   |                | 26,959         | 35,171         | 20,636         |
| 3.3      | In Year Expenditure  | 24,051         | 26,124         | 20,541         | 16,000         |
| 3.4      | Sales Receipts   | (16,953)       | (18,108)       | (36,835)       | (25,342)       |
| 3.5      | Land Value to BCKLWN   | 1,517          | 196            | 1,759          | 195            |
| 3.6      | Funded from Reserves   | (1,546)        |                |                |                |
| 3.7      | <b>Net Borrowing Position</b>  | <b>26,959</b>  | <b>35,171</b>  | <b>20,636</b>  | <b>11,489</b>  |
| <b>4</b> | <b>Enterprise Zone (25 Year Project)</b>   |                |                |                |                |
| 4.1      | Opening Borrowing Brought Forward  | 2,695          |                |                |                |
| 4.2      | Prior Year Borrowing Brought Forward   |                | 11,364         | 11,016         | 10,668         |
| 4.3      | In Year Expenditure  | 9,017          | 0              | 0              | 0              |
| 4.4      | Business Rates Receipts 85% (via NALEP) - Note 2   | (348)          | (348)          | (348)          | (348)          |
| 4.5      | <b>Net Borrowing Position</b>  | <b>11,364</b>  | <b>11,016</b>  | <b>10,668</b>  | <b>10,320</b>  |
| <b>5</b> | <b>TOTAL NET BORROWING POSITION</b>  | <b>38,376</b>  | <b>46,240</b>  | <b>31,357</b>  | <b>21,862</b>  |
|          |  | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> |
|          |  | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| <b>6</b> | <b>Useable Capital Receipts</b>  |                |                |                |                |
| 6.1      | Useable Capital Receipts at 1 April 2020   | 10,879         |                |                |                |
| 6.2      | Prior Year Brought Forward   |                | 10,192         | 10,654         | 12,396         |
| 6.3      | Capital Receipts MHP/NORA Land   | 1,675          | 196            | 1,759          | 195            |
| 6.4      | Capital Receipts Housing   | 150            | 150            | 150            | 150            |
| 6.5      | Capital Receipts General   | 1,283          | 870            | 612            | 300            |
| 6.6      | <b>Capital Receipts used to fund Capital Programme (1.3)</b>                             | <b>(3,795)</b> | <b>(754)</b>   | <b>(779)</b>   | <b>(779)</b>   |
| 6.7      | <b>Capital Receipts Transferred to Reserves</b>  | <b>10,192</b>  | <b>10,654</b>  | <b>12,396</b>  | <b>12,262</b>  |

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

**Table 8**

|  | <b>2020/2021</b> | <b>2021/2022</b> | <b>2022/2023</b> | <b>2023/2024</b> |
|--|------------------|------------------|------------------|------------------|
|  | <b>£'000</b>     | <b>£'000</b>     | <b>£'000</b>     | <b>£'000</b>     |
| Capital Programme: S106 and Other Major Projects and Operational schemes               | 9,819            | 3,068            | 2,541            | 2,498            |
| Joint Venture – NORA Housing   | 0                | 0                | 0                | 0                |
| Major Housing Development  | 24,051           | 26,124           | 20,541           | 16,000           |
| Enterprise Zone  | 9,017            | 0                | 0                | 0                |
| <b>Total Expenditure</b>   | <b>42,887</b>    | <b>29,192</b>    | <b>23,082</b>    | <b>18,498</b>    |
| <b>Cumulative Borrowing/(Receipt) Position (Temporary Internal/External Borrowing)</b> | <b>38,376</b>    | <b>46,240</b>    | <b>31,357</b>    | <b>21,862</b>    |

6.3 The funding for the period 2019/2024 was agreed by Council on 27 February 2020. The above table does contain some changes. Where schemes within the programme have been rephased, the funding has followed and the figures changed accordingly.

## **7. Equality Impact Assessment**

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

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

- Equalities (including impact on issues of race, gender, disability, religion, sexual orientation, age)

- Community cohesion (whether there is a potential positive or negative impact on relations between different communities)

## 8 Financial Implications

- 8.1 The financing arrangements for the capital programme are within budget. Where rephasing to/from 2019/2020 is to be made then the funding will follow. As previously noted, the MRP charge for 2019/2020 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 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 if the resources are not achieved at the estimated level or at the time expected.

| Source of Funding  | Risk Implications and Sensitivity   | Level of Risk |
|--|---|---------------|
| Capital Grants<br><br>Third Party Contributions<br><br>Lottery Funding etc | <p><b>Risk</b><br/>           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 2020/2021 is based on the confirmed level of grant from the Better Care Fund and future years are included at the same level. The level of grant is confirmed by Central Government annually and can vary from year to year.</p> <p>In addition, third party contributions and grants from lottery funding etc of £7.1m are included in the programme 2020/2024.</p> <p><b>Sensitivity/Consequences</b><br/>           This funding represents 40% of total general fund resources over the 4-year period. If the level of grants were to vary significantly the budget allocated for DFGs and the proposed schemes within the programme would need to be revised.</p> | Medium        |

| Source of Funding     | Risk Implications and Sensitivity   | Level of Risk |
|-----------------------|---|---------------|
| Capital Receipts      | <p><b>Risk</b><br/>Capital receipts represent 34% of the general fund resources available over the 4-year period 2020-2024. 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><b>Sensitivity/Consequences</b><br/>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 actual total of capital receipts included in the funding table of £6.1m plus £1.6m of sales receipts from the housing joint venture and £97m from 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> | High          |
| Major Housing Project | <p><b>Risk</b><br/>The impact of market prices as the scheme proceeds to each phase may increase. The housing market may slow and sales may not be achieved as planned.</p> <p><b>Sensitivity/Consequences</b><br/>Business case review prior to proceeding to end stage. Local Authority Housing Company, West Norfolk Property Limited, established to hold any surplus units for rent. This risk has increased significantly due to the pandemic. The viability of all schemes will be monitored closely for rapidly changing market conditions.</p>   | High          |
| Unsupported Borrowing | <p><b>Risk</b><br/>The proposed capital programme 2020-2024 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><b>Sensitivity/Consequences</b><br/>The Council will enter into unsupported borrowing where it can demonstrate that financial savings can be achieved by outright purchase of equipment, as</p>   | Low           |



|  |  |               |
|--|--|---------------|
|  | opposed to the use of an operating lease and payment of an annual lease.   |               |
| Source of Funding                            | <b>Risk Implications and Sensitivity</b>   | Level of Risk |
| Temporary Borrowing<br>External and Internal | <p><b>Risk</b><br/>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><br/>The actual required temporary borrowing will depend on rephasing in the capital programme and capital receipts achieved in each year. Temporary borrowing will be maintained at the minimum level required and reported as part of the outturn. The cost of funding planned temporary borrowing is included in the revenue budget and is confirmed as affordable. In the event that additional temporary borrowing is required during the financial year the impact on the revenue budget will be reported in the monthly monitoring reports to Members.</p> <p>Fixed term external borrowing may be taken and drawn down as expenditure is required and rates are favourable. External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.</p> | Low           |
| Reserves                                     | <p><b>Risk</b><br/>Contributions from reserves are based on actual balances as at 1 April 2020 and take into account budgeted contributions to/from reserves.</p> <p><b>Sensitivity/Consequences</b><br/>The reserves are available and as such the sensitivity is low. In the event that reserves are available as estimated in the capital resources, temporary borrowing would be incurred to ensure a balanced funding of the capital programme in each of the financial years.</p>  | Low           |

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

## **10 Policy Implications**

The establishment and management of the capital programme are in accordance with the Council's Capital Strategy 2017-2021 which was approved by Council on 3 February 2017. The current Capital Strategy 2020/21 was approved by Council on 17 March 2020.

## **11 Statutory Consideration**

None

## **12 Consultations**

Management Team

## **13 Access to Information**

Cabinet Reports  
Background Papers (Government Circulars etc)  
Financial Plan 2019-2024  
Capital Strategy and Local Property Investment Fund 2017-2021  
Capital Strategy 2020/21  
Monthly Monitoring Reports 2019/2020