

## REPORT TO CABINET

<b>Partly Exempt section</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>NO</b>	
		(b) Need to be recommendations to Council	<b>YES</b>	
		(c) Be partly for recommendations to Council and partly within Cabinets powers –	<b>NO</b>	
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If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is para 3.				

**Date of meeting: 2 February 2021**

### **CAPITAL PROGRAMME AND RESOURCES 2020-2025**

<p><b>Summary</b> This report:</p> <ul style="list-style-type: none"> <li>• revises the 2020/2021 projections for spending on the capital programme</li> <li>• sets out an estimate of capital resources that will be available for 2020-2025</li> <li>• details new capital bids that are recommended to be included in the capital programme for the period 2020-2025</li> <li>• outlines provisional figures for capital expenditure for the period 2020-2025</li> <li>• Exempt section details corporate capital projects</li> </ul> <p><b>Recommendations</b> It is recommended that:</p> <ol style="list-style-type: none"> <li>1) Cabinet recommends to Council the amendments to capital schemes and resources for the 2020-2025 capital programme as detailed in the report.</li> <li>2) Cabinet recommends to Council that new capital bids are to be funded from available capital resources and included in the capital programme 2020-2025 as detailed in the report.</li> </ol> <p><b>Reason for Decision</b> To report amendments, rephrasing and resources to the 2020-2025 Capital Programme</p>
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## 1. Introduction

- 1.1 This report presents the capital programme for the period 2020 to 2025. 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. 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. The outbreak of the Coronavirus pandemic (Covid-19) has had little impact on the sale of new homes but the impact of the pandemic and the impact of Brexit will be continuously assessed to enable mitigating action to be taken.
- 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 2020-2025 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 2020-2025 are anticipated receipts from identified sites, phase 2 (final show home) and phase 3 of the Housing Joint Venture on the NORA site and the Major Housing Development.
- 1.5 The capital programme 2020-2025 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 31.03.20</i>	<b>Units in Current Capital Programme</b>
<u>Joint Venture</u>			
NORA 1	54	54	-
NORA 2 <sup>1</sup>	58	57	1
NORA 3 <sup>2</sup>	50	44	6
<u>Major Housing</u>			
Marsh Lane <sup>2</sup>	130	124	6
Lynnsport 3 <sup>2</sup>	54	-	54
Lynnsport 4&5 <sup>2</sup>	89	61	28
Lynnsport 1	100	-	100
NORA 4 <sup>3</sup>	105	-	105
Columbia Way <sup>4</sup>	76	-	76
Alexandra Road, Hunstanton	28	-	28
Parkway, Gaywood <sup>5</sup>	379	-	379
	<b>1,123</b>	<b>340</b>	<b>783</b>

<sup>1</sup> 1 show home which has now been sold.

<sup>2</sup> NORA 3 – As at 31 October 2020 all units have been sold.

Marsh Lane – All 130 sales completed at 30/11/19.

Lynnsport 3 – 19 sales completed to 30/11/20 with a further 16 exchanged/reserved.

Lynnsport 4/5 – 88 sales completed to 30/11/20 with 1 left to complete.

- 3 NORA 4 planning permission granted, now on site.
- 4 Planning has not been completed so the number of units has not been confirmed.
- 5 Planning has not been completed.

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.

2.2 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 generate ongoing additional revenue income.

2.3 Strategic land acquisitions are being considered which provide development opportunities.

2.5 Exempt section of report – delivery of cost reduction.

## **3. Capital Programme 2020/2021**

3.1 This part of the report updates the Capital Programme for the current year 2020/2021.

3.2 A full updated Capital Programme 2020/2021 of £54,677,660 was reported at the Cabinet meeting on 19 August 2020.

3.3 A summary of the monitoring position of the budget to 31 October 2020 is shown in the table below:

	Capital Programme 2020/21 (Old Management Structure)	Capital Programme 2020/21 (New Management Structure)	2020/21 Actual as at 31 October 2020	Percentage
	£	£	£	%
Major Projects	36,762,900	36,762,900	5,072,034	13.80
Operational Projects:				
Central and Community Services	2,223,370			
Commercial Services	3,772,340			
Environment and Planning	-			
Finance Services	128,180			
Community and Partnerships	-	2,131,550	1,213,920	56.95
Resources (S151 Officer)	-	220,000	71,150	32.34
Regeneration	-	-	-	-
Property and Projects	-	70,000	38,000	54.29
Operational and Commercial Services	-	2,517,470	570,360	22.66
Alive West Norfolk	-	1,184,870	116,713	9.85
Exempt Corporate Schemes	11,790,870	11,790,870	4,698,169	39.85
<b>Total Capital Expenditure</b>	<b>54,677,660</b>	<b>54,677,660</b>	<b>11,780,346</b>	<b>21.55</b>

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 (£766,290) and rephasing of (£33,268,920) to the 2020/2021 capital programme as summarised in the table below and detailed in sections 3.5 to 3.6 and the exempt report. The Revised Capital Programme 2020/2021 is detailed at Appendix 1 and Appendix 3.

	<b>Capital Programme 2020/2021 October Monitoring</b>	<b>Amendments</b>	<b>Rephasing to future years</b>	<b>Revised Budget 2020/2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	36,762,900	(1,190,550)	(23,981,740)	11,590,610
Operational Schemes:				
Community and Partnerships	2,131,550	211,570	-	2,343,120
Resources (S151 Officer)	220,000	245,680	-	465,680
Regeneration	-	21,350	-	21,350
Property and Projects	70,000	-	(28,000)	42,000
Operational and Commercial Services	2,517,470	154,500	(1,683,980)	987,990
Alive West Norfolk	1,184,870	-	(1,116,010)	68,860
Central Services	-	-	-	-
<b>Total</b>	<b>42,886,790</b>	<b>(557,450)</b>	<b>(26,809,730)</b>	<b>15,519,610</b>
Exempt Corporate Schemes	11,790,870	(208,840)	(6,459,190)	5,122,840
<b>Total Capital Programme</b>	<b>54,677,660</b>	<b>(766,290)</b>	<b>(33,268,920)</b>	<b>20,642,450</b>

3.5 The main proposed amendments to the capital programme 2020/2021 are detailed below:

### **Major Projects**

#### **Major Housing Development: Phase 1 - Marsh Lane and Lynnsport 3**

Phase 1 is now complete and the expenditure budget that had been rephased to 2020/2021 can be reduced by £1,737,010 to reflect the actual final costs of this phase of the development.

#### **Town Centre Development**

The final costs for this scheme have been allocated in accordance with the Development Funding Agreement resulting in an additional budget requirement of £143,750 for 2020/2021.

#### **Factory Unit 1**

This scheme was agreed at the Officers Major Project Board in December 2020. Due to considerable problems at the waste transfer station it is necessary to relocate the Public Open Space and Waste Management service areas. Factory Unit 1, Old Meadow Road, Hardwick Industrial Estate was identified as being suitable premises for these teams. The costs to carry out all necessary works to ensure a smooth transition are £312,710. It is hoped that the works will be completed in this financial year. These works will be funded from general capital resources.

### **Southgate Regeneration Area**

An additional contribution of £90,000 was agreed as Business Rates Pool Funding which is matched funding. This has increased the expenditure budget by £180,000 (net effect an additional £90,000 expenditure on the capital programme).

### **COWA School of Nursing**

£597,000 has been added to the capital programme for the College of West Anglia School of Nursing capital grant for building refurbishment work and equipment, this has been fully funded by a third-party contribution.

### **King's Lynn Innovation centre (KLIC) Move-On Centre**

This project is to carry out further technical studies to bring forward the delivery of up to 4,800 square feet of new 'move on' space for the King's Lynn Innovation Centre, together with associated car parking for approximately 270 spaces to serve the Move On Centre, the original KLIC building and the wider Enterprise Zone. This scheme has been added to the capital programme with a budget of £250,000 fully funded by the Norfolk Strategic Fund.

## **Community and Partnerships**

### **Disabled Facilities Grant**

Additional funding of £211,570 has been awarded to the council to help people make the adaptations they need to live safely and independently in their own homes. This has been added to the capital programme as fully funded expenditure.

## **Resources**

### **ICT**

£245,680, made up of three elements, has been added to the capital programme for the ICT Development Programme, £173,180 rephasing was omitted from the closedown report for the rephasing of ongoing projects; Standard Desktop Refresh; £34,500 Teams Telephony £38,000 to enable home working methods to work on existing technologies.

## **Regeneration**

### **Arts Centre Complex**

£21,350 has been added to the capital programme, this is due to additional unforeseen works being considered and agreed as necessary during the project.

## **Operational and Commercial Services**

### **Car Park Vans**

£150,000 has been added to the capital programme for the replacement of parking vehicles. The cost of these vans will be externally funded from third party contributions.

### **Street Furniture / Public Realm**

An expenditure budget totalling £333,000 has been added to the capital programme for spend on social distancing signage, waste facilities, street furniture and public realm improvements to aid social distancing. This budget is fully funded from third party contributions from 'Reopening High Streets Safely Fund; and the 'Norfolk Tourism Support Package'.

### **Events Programme**

The council successfully bid for funding from the Norfolk Strategic Fund to fund equipment for events including a screen and 4 light projectors. The total budget for this scheme that has been added to the capital programme is £155,000. Norfolk Strategic Fund contribution is £120,000. This scheme will assist the council in modifying the current events programme considering Covid-19 with 'a little and often' style approach rather than large crowd events in the future.

### **Heacham Toilets – South Beach**

£27,500 has been added to the capital programme for the replacement for the South Beach toilets in Heacham. The total project is £75,000, this is to be part funded by third party contributions, the remaining cost of £27,500 will be funded from the Councils' reserves.

### **Refuse and Recycling**

£92,000 has been added to the capital programme for additional bins for all refuse services. This additional budget is required for:

- Additional brown bin sales requiring the purchase of bins as a result of Covid-19;
- Additional green bin requests as more people are at home and recycling more as a result of Covid-19;
- Wear and tear on bins which are between 8 and 14 years of age becoming end of life;
- Additional trade bins for increased numbers of homes going in to NNDR as a result of Covid-19 financial support measures.

3.6 The review of the capital programme identified schemes provisionally set for 2020/2021 that will not be completed in the year or will be completed earlier than anticipated. A total of (£33,268,920) will be rephased from / (to) future years, of this (£26,809,730) 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 (£8,645,480) and NORA Remediation (£830,000)** - Infrastructure works will not be completed in 2020/21, works will now be completed in 2021/22.

**Major Housing Development (£13,840,860)** – capital programme rephased from 2020/21 to reflect the current planned build out programme including delays caused by the pandemic.

### **Future High Street Funding / Heritage Action Zone**

The Heritage Action Zone (including High Street 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. The Council submitted the final Business Case on 30 April 2020 but recently learnt that this bid was not successful. There is currently ongoing dialogue with Government regarding alternative funding options for the proposals set out in the Future High Street funding submission.

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. These schemes have now been rephased to 2021/2022 to enable a review considering the unsuccessful bid and include:

- Chapel Street (£122,500);
- Nelson Quay Redevelopment (£95,000);
- Purfleet Floating Restaurant (£65,080);
- South Quay Somerfeld & Thomas (£32,820)
- South Quay Stage 3 (£350,000).

### **Operational Schemes**

A number of schemes have had to be rephased to 2021/22 due to resourcing issues and the impact on lead times due to production issues from manufacturers because of Covid-19 including:

- **Sewage Treatment Works (£28,000)**
- **Car Parks (£868,610)** – all car park budgets have been carried forward to 2021/2022. This includes budgets for resurfacing; replacing equipment and car park vehicles.
- **Christmas Lights Replacement (£187,550)**
- **Gayton Road Cemetery Extension (145,800)**
- **Old Sunway Bridge Works (£25,000)** – Works have begun in 2020/2021 with the bulk of the work expected to complete in 2021/2022.
- **Leisure Card Gladstone Server Upgrade (£12,030)**
- **Refuse Vehicle (£12,650)**
- **Replacement Play Area Equipment (£68,000)**
- **Tourist Signs A47 (£21,000)**
- **Vehicles (£343,340)**
- **Leisure Sites and Corn Exchange (£1,116,010)** – All capital projects in 2020/21 for the leisure sites will be rephased to 2021/22 unless essential (eg fire doors). Full details in Appendix 1.

**Corporate Schemes, Exempt (£6,459,190)** – 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 the Exempt Report and Appendix 3.

## **4. Capital Programme 2021-2025**

4.1 This part of the report deals with the medium-term capital programme 2021-2024 and first looks at a revision to the current approved programme. The full Capital Programme 2021-2024 was last reported at the Cabinet meeting on 19 August 2020 and is summarised in the table below.

<b>Old Management Structure</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	26,123,540	20,540,920	16,000,000
Operational Schemes:			
Central and Community Services	2,360,000	2,360,000	2,360,000
Commercial Services	658,280	131,300	88,000
Environment and Planning	-	-	-
Finance Services	50,000	50,000	50,000



<b>Total Excluding Exempt</b>	<b>29,191,820</b>	<b>23,082,220</b>	<b>18,498,000</b>
Exempt Corporate Schemes	19,839,700	10,224,500	1,941,660
<b>Total Including Exempt</b>	<b>49,031,520</b>	<b>33,306,720</b>	<b>20,439,660</b>

<b>New Management Structure</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	26,123,540	20,540,920	16,000,000
Operational Schemes:			
Community and Partnerships	2,260,000	2,260,000	2,260,000
Resources	150,000	150,000	150,000
Regeneration	-	-	-
Property and Projects	-	-	-
Operational and Commercial Services	512,800	106,300	88,000
Alive West Norfolk	145,480	25,000	-
Central Services	-	-	-
<b>Total Excluding Exempt</b>	<b>29,191,820</b>	<b>23,082,220</b>	<b>18,498,000</b>
Exempt Corporate Schemes	19,839,700	10,224,500	1,941,660
<b>Total Including Exempt</b>	<b>49,031,520</b>	<b>33,306,720</b>	<b>20,439,660</b>

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

#### **Major Projects - Major Housing Development**

Parkway – Gaywood Development – 2021-2023 show additional third-party contributions from an Accelerated Housing Grant; Towns Fund and Norfolk County Council totalling £5,232,370 over the two years. £32,448,200 has been added to the expenditure budgets due to the profiling of this scheme which is forecast to be completed by 2027.

Salters Road – Additional costs in 2022-2024 of £2,189,430 this will be offset by an increase in projected income for the scheme.

Lynnsport 1 and 3 – Additional costs 2023-2025 of £4,327,040. The original costs for this development were estimated a number of years ago and have subsequently been revised based on contracted sums. This additional expenditure will be offset by revised projected income for the scheme.

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 2020/2021 as detailed in section 3.6, or where schemes are now not expected to be completed as originally planned in 2021/2022, 2022/23 and 2023/2024.

## 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 to generate additional revenue income to support the revenue budget are commercially sensitive and the capital programme has been updated. The details of these projects are attached as 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 2021-2025 capital programme:

	2021/22	2022/23	2023/24	2024/25
	£	£	£	£
<b>Funded from General Capital Resources</b>				
Community projects				50,000
ICT development				150,000
<b>Funded from Grants</b>				
Disabled facilities grants				1,381,800
Adapt grant				618,200
Low level prevention grants				150,000
<b>Funded from Reserves</b>				
<b>Funded from Unsupported Borrowing</b>				
Careline alarm units (rolling programme)				60,000
Careline – Replacement Vehicles	56,850			
Refuse and Recycling - Bins	32,000	32,000	32,000	100,000
Refuse and Recycling - Vehicles	5,360			
Public Cleansing Vehicle	76,870		349,790	
<b>Total</b>	<b>171,080</b>	<b>32,000</b>	<b>381,790</b>	<b>2,510,000</b>

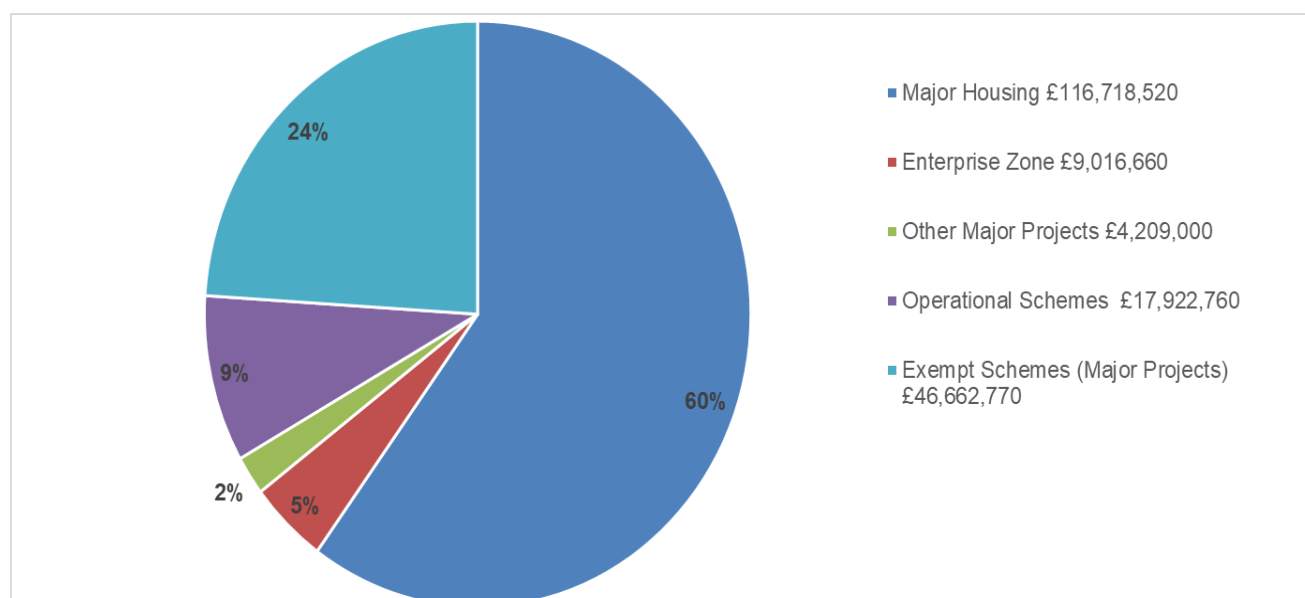
## 6. Capital Programme 2020/2025

6.1 The table below summarises the revised Capital Programme 2020-2025 including all amendments, rephasing and new bids detailed above. The detailed Programme 2020-2025 is presented at Appendix 2.



	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	£	£	£	£	£
<b>Major Projects</b>	11,590,610	29,711,470	44,307,400	26,289,520	18,045,180
<b>Community and Partnerships</b>	2,343,120	2,316,850	2,260,000	2,260,000	2,260,000
<b>Resources</b>	465,680	150,000	150,000	150,000	150,000
<b>Regeneration</b>	21,350	-	-	-	-
<b>Property and Projects</b>	42,000	28,000	-	-	-
<b>Operational and Commercial Services</b>	987,990	2,204,150	170,500	507,770	100,000
<b>Alive West Norfolk</b>	68,860	1,261,490	25,000	-	-
<b>Central Services</b>	-	-	-	-	-
<b>Total</b>	<b>15,519,610</b>	<b>35,671,960</b>	<b>46,912,900</b>	<b>29,207,290</b>	<b>20,555,180</b>
<b>Exempt Corporate Schemes</b>	5,122,840	19,230,000	18,848,270	3,461,660	-
<b>Total Capital Programme</b>	<b>20,642,450</b>	<b>54,901,960</b>	<b>65,761,170</b>	<b>32,668,950</b>	<b>20,555,180</b>

## Capital Programme 2020-2025



## 7. Capital Resources 2019-2024

7.1 The report to Cabinet on the 19 August 2020 updated the total capital resources available for the period 2020 to 2024. It has been possible to fund the proposed capital programme 2020-2025.

7.2 The Table below provides details of the revised estimated capital resources for the period 2020-2025, 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 2020-2025 on this Cabinet Agenda.

		2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
1	<b>Capital Programme: Operational Schemes, S106 and Other Major Projects Expenditure</b>	<b>6,675</b>	<b>7,423</b>	<b>2,606</b>	<b>2,918</b>	<b>2,510</b>	<b>22,132</b>
1.1	<b>SOURCES OF FINANCE</b>						
1.2	Specific Capital Grants (Better Care Fund)	1,775	1,775	1,775	1,775	1,775	8,875
1.3	Capital Receipts (6.6)	3,319	2,142	575	575	575	7,186
1.4	Reserves	889	1,527	45	20	0	2,481
1.5	Unsupported Borrowing	692	1,979	211	548	160	3,590
	<b>Total Funding</b>	<b>6,675</b>	<b>7,423</b>	<b>2,606</b>	<b>2,918</b>	<b>2,510</b>	<b>22,132</b>

2	<b>Joint Venture – NORA Housing</b>						
2.1	Opening Borrowing Brought forward	1,694					1,694
2.2	Prior Year Borrowing Brought forward		43	43	43	43	
2.3	In Year Expenditure	0	0	0	0	0	0
2.4	In Year Sale	(1,651)	0	0	0	0	(1,651)
2.5	<b>Net Borrowing Position</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>43</b>

3	<b>Major Housing Development</b>						
3.1	Opening Borrowing Brought forward	19,890					19,890
3.2	Prior Year Borrowing Brought forward		13,210	31,974	50,063	27,603	
3.3	In Year Expenditure	8,473	19,603	44,307	26,290	18,045	116,718
3.4	Sales Receipts	(16,670)	(839)	(25,472)	(51,615)	(35,989)	(130,585)
3.5	Land Value to BCKLWN	1,517	0	800	2,865	2,775	7,957
3.6	Funded from Reserves			(1,546)			(1,546)
3.7	<b>Net Borrowing Position</b>	<b>13,210</b>	<b>31,974</b>	<b>50,063</b>	<b>27,603</b>	<b>12,434</b>	<b>12,434</b>

4	<b>Enterprise Zone (25 Year Project)</b>						
4.1	Opening Borrowing Brought Forward	2,695					2,695
4.2	Prior Year Borrowing Brought Forward		2,717	11,019	10,671	10,323	
4.3	In Year Expenditure	370	8,650	0	0	0	9,020
4.4	Business Rates Receipts 85% (via NALEP)	(348)	(348)	(348)	(348)	(348)	(1,740)
4.5	<b>Net Borrowing Position</b>	<b>2,717</b>	<b>11,019</b>	<b>10,671</b>	<b>10,323</b>	<b>9,975</b>	<b>9,975</b>

5	<b>TOTAL NET BORROWING POSITION</b>	<b>15,970</b>	<b>43,036</b>	<b>60,777</b>	<b>37,969</b>	<b>22,450</b>	<b>22,450</b>
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		2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
6	<b>Useable Capital Receipts</b>						
6.1	Useable Capital Receipts at 1 April 2019	6,153					6,153
6.2	Prior Year Brought Forward		5,264	3,992	5,641	8,231	
6.3	Capital Receipts MHP/NORA Land	1,675	0	1,084	2,865	2,775	8,399
6.4	Capital Receipts General	755	870	1,140	300	0	3,065
6.5	<b>Capital Receipts used to fund Capital Programme (1.3)</b>	<b>(3,319)</b>	<b>(2,142)</b>	<b>(575)</b>	<b>(575)</b>	<b>(575)</b>	<b>(7,186)</b>
6.6	<b>Capital Receipts Transferred to Reserves</b>	<b>5,264</b>	<b>3,992</b>	<b>5,641</b>	<b>8,231</b>	<b>10,431</b>	<b>10,431</b>

7.4 The corporate schemes to deliver cost reductions/new income streams will be funded using 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.

- 9.2 Within the Revenue Budget 2020-2025 the Council will enter 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 2020-2025 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 2020/2021 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 2 February 2021.
- 10.3 On delivery income / cost savings relating to cost reduction 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 2020-2025 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 2020-2025 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 2020-2024 report to Cabinet on 19 August 2020.

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><b>Risk</b> 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. Future years show no assumed growth rate but remain at a constant level for the rest of the programme as no indications of growth have been provided. The level of grant is confirmed by Central Government annually and can vary from year to year.</p> <p><b>Sensitivity/Consequences</b> This funding represents 53% 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><b>Risk</b> Capital receipts represent 14% of the general fund resources available over the 5-year period 2020-2025. 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> 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 £3m plus £2m of sales receipts from the housing joint venture and £131m 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><b>Risk</b> 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> 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
<p>Unsupported Borrowing</p>	<p><b>Risk</b>  The proposed capital programme 2020-2025 includes unsupported borrowing for the purchase of equipment and vehicles. The unsupported borrowing will be funded through internal borrowing whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt.</p> <p><b>Sensitivity/Consequences</b>  The Council will enter 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>	<p>Low</p>
<p>Temporary Borrowing External and Internal</p>	<p><b>Risk</b>  Temporary borrowing is included for cash flow purposes to ensure a balanced funding of the capital programme in each of the financial years and in advance of capital receipts. Internal borrowing will be used whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt. Funds currently in short term investments may be withdrawn and used in place of external borrowing.</p> <p><b>Sensitivity/Consequences</b>  The actual required temporary borrowing will depend on rephasing in the capital programme and capital receipts achieved in each year. Temporary borrowing will be 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. If additional temporary borrowing is required during the financial year the impact on the revenue budget will be reported in the monthly monitoring reports to Members.</p> <p>Fixed term external borrowing may be taken and drawn down as expenditure is required and rates are favourable. External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.</p>	<p>Low</p>

Source of Funding	Risk Implications and Sensitivity	Level of Risk
Reserves	<p><b>Risk</b> Contributions from reserves are based on actual balances as at 1 April 2020 and consider budgeted contributions to/from reserves.</p> <p><b>Sensitivity/Consequences</b> The reserves are available and as such the sensitivity is low. If 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><b>Risk</b> Brexit</p> <p><b>Sensitivity/consequences</b> The Brexit situation 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>	Medium
Sales Value Reduces / Costs Increase	<p><b>Risk</b> Pandemic</p> <p><b>Sensitivity/consequences</b> The Coronavirus Pandemic (Covid-19) situation affects market confidence. This could impact on sales values and cost of materials and labour. The Pandemic may also impact on delivery timescales. The Council will review regularly in determining how to proceed with schemes and, for example, whether to sell or rent properties through the Housing Company.</p>	High

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 2019-2024  
Financial Plan 2020-2025  
Monitoring Reports 2020/2021  
The Capital and Local Property Investment Fund Strategy 2018-22