

## REPORT TO CABINET

<b>Partly Exempt</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: Cllr Angie Dickinson, Portfolio Holder for Finance E-mail: cllr.angie.dickinson@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Carl Holland E-mail: carl.holland@west-norfolk.gov.uk Direct Dial: 01553 616549		Other Officers consulted: Management Team, Service Managers		
Financial Implications YES	Policy/Personnel Implications YES	Statutory Implications (incl S.17) NO	Equal Opportunities Implications NO	Risk Management Implications YES
If not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is 16-20.				

**Date of meeting: 7 February 2023**

### **CAPITAL PROGRAMME AND RESOURCES 2022-2027**

<p><b>Summary</b> This report:</p> <ul style="list-style-type: none"> <li>• revises the 2022/2023 projections for spending on the capital programme</li> <li>• sets out an estimate of capital resources that will be available for 2022-2027</li> <li>• details new capital bids that are recommended to be included in the capital programme for the period 2022-2027</li> <li>• outlines provisional figures for capital expenditure for the period 2022-2027</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 2022-2027 capital programme as detailed in the report.</li> <li>2) Cabinet recommends to Council that new capital bids as set out in section 5 Table 6, are to be funded from available capital resources and included in the capital programme 2022-2027 as detailed</li> <li>3) Cabinet recommends to Council that a report on the new capital bids in section 5 table 6, is brought back to Cabinet for further review before new capital projects can be progressed.</li> </ol> <p><b>Reason for Decision</b> To report amendments, rephrasing and resources to the 2022-2027 Capital Programme.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## 1. Introduction

- 1.1** This report presents the capital programme for the period 2022 to 2027. 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. Despite the strong demand, the Council's main housing contractor has seen development costs rise on average by 13.5%, and sales prices unable to match this increase. Consequently, work is underway to rigorously review costs and offer alternative solutions e.g. move towards Private Rental Scheme, with West Norfolk Property Ltd and consider delays in Housing Developments.
- 1.3** The Council faces circumstances where capital resources to fund the capital programme continue to be limited. There are competing demands for use of these resources, including investment in projects which will deliver revenue savings.
- 1.4** This report sets out a programme for 2022-2027 that can be delivered subject to the outcomes from revised forecasts reflecting continuing changes in costs and capital receipt levels. Certain capital funds come from grants and use of reserves, a large part of funds is to come from land sales and anticipated receipts from the Major Housing Development.
- 1.5** The capital programme 2022-2027 includes a number of major housing projects, summarised in the table below. The delivery of new homes through this project provides essential funding to support the revenue budget, both through new homes bonus and increases to the council tax base.

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

	Units in Current Capital Programme 2022-2027
<b>Major Housing</b>	
Lynnsport 1	96
NORA 4	105
Columbia Way	78
Alexandra Road, Hunstanton	26
Bus Station, Hunstanton*	42
South End Road, Hunstanton	32
Parkway	226
	<b>605</b>

\* This scheme is subject to a separate Cabinet Report.

- 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. Supporting Delivery of the Financial Plan

- 2.1** The Financial Plan for 2022-2027 sets out the council's latest proposals for a funded budget over the medium term with an estimated shortfall in 2026/2027 requiring actions to achieve savings, repurpose reserves and generate revenue income. The Council has previously conducted a deep review of its earmarked reserves and capital programme. A programmed review of reserves is required to release funds totalling £2,887,680. Reserves include amounts set aside for investment in proposals to help to meet the savings target or support the General Fund Reserve. Plans to release further earmarked reserves may impact capital projects that currently intend to be financed from reserves. Any such revisions will be reported for decision and update accordingly.
- 2.2** Future phases of the major housing development projects will continue to include delivery of houses for rent. The council's wholly owned local authority company 'West Norfolk Property Ltd' will hold 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 also considered which have potential to provide development opportunities.

## 3. Capital Programme 2022/2023

- 3.1** This part of the report updates the Capital Programme for the current year 2022/2023.
- 3.2** A full updated Capital Programme of £68,634,070 was reported at the Cabinet meeting on 2 August 2022. Since that date a comprehensive evaluation of project profiles was undertaken and resulted in the following revisions to the forecast spend in 2022/2023.

Table 2 – Summary of Changes to Capital Budget 2022/2023

Project	£
Further changes to the Capital Programme as reported in the October Monitoring report:	
<b>Major Projects</b>	
Major Housing projects reprofiling/project realignment;	
Southend Road	(500,000)
Hunstanton Bus Station	(3,823,130)
Salters Road	(4,766,890)
Lynnsport 1	(5,887,900)
Parkway Gaywood	(6,000,000)
Small Major Housing Project transferred to Operation and Commercial Services to cover the additional spend required to complete Heacham Toilets, due to inflationary rises and changes within the project.	(34,200)
Towns Fund project reprofiling/project realignment	(1,220,540)

<b>Project</b>	<b>£</b>
Air Source Heat Pump - associated works and instillation of an air source heat pump at Enterprise Works.	296,720
Purfleet Floating Restaurant budget has been removed; the development of this area will now be part of the Towns Deal riverfront regeneration project.	(75,080)
Chapel Street is no longer viable, this budget has been removed.	(291,190)
UK Shared Prosperity Fund project has been added to the capital programme.	55,720
	<b>(22,246,490)</b>
<b>Community and Partnerships</b>	
For the purchase of a vehicle for use in assisting with environmental issues.	<b>30,000</b>
<b>Programme and Projects</b>	
As above transferred from Major Housing Project to cover the additional spend required to complete Heacham Toilets.	34,200
Refurbishment of public conveniences on Downham Market Town Centre.	200,000
	<b>234,200</b>
<b>Operational and Commercial</b>	
Infrastructure works at Heacham Beach North car park for the installation of power supply.	<b>23,000</b>
<b>Leisure and Community Facilities</b>	
Replacement of Athletics lighting at Lynnsport.	<b>30,000</b>
<b>Central Services</b>	
Removal of the Flexible Working equipment budget.	<b>(250,000)</b>
<b>Exempt Scheme removed</b>	<b>(2,987,500)</b>
<b>Budget Movement 2022/2023</b>	<b>(25,166,790)</b>

**3.3** A summary of the monitoring position of the budget reported in the October 2022 monitoring report is shown in the table below:

Table 3 – Capital Monitoring Forecast 2022/2023

Original Format	Capital Programme 2022/23	Capital Programme 2022/23 to reflect movements between Ads	Revised Budget to 31st Oct 2022	Budget Movement	Actual as at 31st Oct 2022	Spend
	£	£	£	£	£	%
Major Projects	49,981,110	50,331,110	28,084,620	(22,246,490)	6,167,200	22%
Community and Partnerships	2,480,680	2,480,680	2,510,680	30,000	1,076,797	43%
Resources	383,460	383,460	383,460	0	99,040	26%
Programme and Projects	0	19,700	253,900	234,200	90,501	36%
Property and Projects	309,330	339,830	339,830	0	25,581	8%
Operational and Commercial Services	2,705,510	2,655,310	2,678,310	23,000	101,397	4%
Leisure and Community Facilities	1,306,080	956,080	986,080	30,000	119,217	12%
Central Services	250,000	250,000	0	(250,000)	0	-
<b>Total Excluding Exempt</b>	<b>57,416,170</b>	<b>57,416,170</b>	<b>35,236,880</b>	<b>(22,179,290)</b>	<b>7,679,732</b>	<b>22%</b>
Exempt Schemes	11,217,900	11,217,900	8,230,400	(2,987,500)	3,155,950	38%
<b>Total Including Exempt</b>	<b>68,634,070</b>	<b>68,634,070</b>	<b>43,467,280</b>	<b>(25,166,790)</b>	<b>10,835,682</b>	<b>25%</b>

**3.4** The Capital Programme above has included some projects which netted off grant funding to show the cost to the Council rather than the project budget. These funding/grants have now been removed from tables and this report now reflects the gross budget based on the revised table shown below.

Table 4 – Gross Budget Capital Monitoring 2022/2023

Revised Format	Capital Programme 2022/23	Revised Budget as at 31st Oct 2022	Budget Movement	Actual as at 31st Oct 2022	Spend Percentage
	£	£		£	%
Major Projects	53,082,350	30,835,860	(22,246,490)	7,515,881	25%
Community and Partnerships	2,480,680	2,510,680	30,000	1,076,797	43%
Resources	383,460	383,460	0	99,040	26%
Programme and Projects	67,200	301,400	234,200	100,501	33%
Property and Projects	339,830	339,830	0	25,581	8%
Operational and Commercial Services	2,897,460	2,920,460	23,000	244,397	8%
Leisure and Community Facilities	1,016,080	1,046,080	30,000	119,217	11%
Central Services	250,000	0	(250,000)	0	-
<b>Total Excluding Exempt</b>	<b>60,517,060</b>	<b>38,337,770</b>	<b>(22,179,290)</b>	<b>9,181,414</b>	<b>24%</b>
Exempt Schemes	11,217,900	8,230,400	(2,987,500)	3,155,950	38%
<b>Total Including Exempt</b>	<b>71,734,960</b>	<b>46,568,170</b>	<b>(25,166,790)</b>	<b>12,337,364</b>	<b>27%</b>

**3.5** 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 (3,729,430) and rephasing of (£7,128,770) to the 2022/2023 capital programme as summarised in the table below and detailed in section 3.7 to 3.11 and section 1 of the exempt report. The Revised Capital Programme 2022/2023 is detailed at Appendix 1 and Appendix 2.

Table 5 – Changes between Monitoring and Estimate preparation 2022/2023

	<b>Revised Capital Programme 2022/2023 October Monitoring</b>	<b>Amendments</b>	<b>Rephasing to future years</b>	<b>Revised Budget 2022/2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Major Projects	30,835,860	(3,872,410)	(5,612,950)	21,350,500
Community and Partnerships	2,510,680	-	(56,850)	2,453,830
Resources	383,460	-	-	383,460
Programme and Projects	301,400	-	-	301,400
Property and Projects	339,830	17,980	(28,000)	329,810
Operational and Commercial Services	2,920,460	60,000	(1,726,630)	1,253,830
Leisure and Community Facilities	1,046,080	(35,000)	(154,340)	856,740
Central Services	-	-	-	-
<b>Total</b>	<b>38,337,770</b>	<b>(3,829,430)</b>	<b>(7,578,770)</b>	<b>26,929,570</b>
Major Projects (Exempt)	8,230,400	1,856,400	(2,000,000)	8,086,800
<b>Total Capital Programme</b>	<b>46,568,170</b>	<b>(1,973,030)</b>	<b>(9,578,770)</b>	<b>35,016,370</b>

**3.6 Major Projects** The two main amendments are:-

- NORA 4 total reduction of £3,180,090 in 2022-23, due to a Capital Swap with LEP for £1,856,400 which transferred to an exempt project, effectively reversing a previous swap (net effect nil) in order to utilise eligible grant.
- a further £1,323,690 was re-profiled budget into future years for remedial work and completion of the work as per revised Project plan. Secondly, Salter Road a reprofiled budget of £570,000 was undertaken into future years.
- rephasing of Enterprise Zone Infrastructure budget of £2,800,000 to 2023/24, as a result of the Main Developer encountering adverse weather conditions leading to a delay of 3 months.
- The Two Housing Developments in Hunstanton i.e. Bus Station £738,000 & Southend Road £1,690,000 effectively on hold, with reports submitted, waiting on further instructions and advice.

**3.7 Community and partnerships** £56,850 has been rephased to 2023/2024 for replacement vehicles due to lead times in new vehicles.

**3.8 Property and Projects**

- £17,980 has been added to the capital programme for the final works of the original Arts Centre Complex works.

- £28,000 has been rephased to 2023/2024 for the sewage treatments works refurbishment which remains a statutory need.

### **3.9 Operational and Commercial.**

- £60,000 has been added to the capital programme for the purchase of refuse and recycling bins.
- £1,726,630 has been rephased to future years for various projects as shown in appendix 2. The larger of these projects are;
  - £556,250 for replacement vehicles, to reflect manufacturing times
  - £361,800 for car park resurfacing
  - £200,000 CCTV control room upgrade, now on a rolling programme of £50,000 each year.
  - £187,550 is rephased for the purchase of replacement Christmas lights.
  - £180,000 is moved to 2024/2025 for replacement pay and display ticket machines.

### **3.10 Leisure and Community Facilities.**

- £35,000 has been removed from the current capital programme for the replacement boiler and plant at Lynnsport. It is now expected to last beyond the current programme.
- A collective £154,340 has been rephased to future years, the larger of these being;
  - £31,610 for the completion of the Lynnsport athletics cage and lighting upgrade is to complete in 2023/2024.
  - £25,000 moved to 2023/2024 and £22,250 moved to 2024/2025 for works within Downham Market leisure centre dance studio.

## **4. Major Projects - Major Housing Development**

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

- a. Monthly update by the corporate projects team liaising with Finance;
- b. Weekly and monthly meetings with the contractor;
- c. Monthly Officer Project 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).

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

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



## 5. Capital Programme New Bids

### 5.1 Table 6 - schemes proposed for inclusion in the 2023-2027 capital programme.

	2023/2024	2024/2025	2025/2026	2026/2027	
	£	£	£	£	
<b>Funded from General Capital Resources</b>					
Bergen Way Industrial Estate roof replacement	250,000				
Factory Unit 1 - New Depot Site	72,000				
Adapt grant				367,193	*
Community Projects				50,000	*
Community Projects - Members				55,000	*
ICT Development				150,000	*
DMLC - Flooring Replacement		40,000			#
DMLC - Replacement Lighting Pool	20,000				#
DMLC - Replacement Distribution Boards	25,000				#
DMLC - Changing room refurb		30,000			#
DMLC - Pool Cover				15,000	#
DMLC - Window Replacement (dryside)		15,000			#
DMLC - Plate Heat Exchanger	10,000				#
L/Sport Track and Barn Line marking			15,000		#
L/Sport Window replacement			40,000		#
St James Flooring (changing area)	50,000				#
St James Pool Hall replacement lighting	20,000				#
St James Cubical replacement	50,000				#
St James wetside toilet refurb	25,000				#
St James Fire Alarm System				50,000	#
Oasis Pool Hall lighting			15,000		#
Oasis Cubicles replacement			50,000		#
Oasis distribution board replacement				30,000	#
Town Hall Redecoration			30,000	30,000	#
TH Replacement flooring/stairs			20,000	20,000	#
TH Stone Mason external works			20,000		#
<b>Funded from Grants</b>					
Disabled facilities grants				618,200	*
Adapt grant				1,014,607	*
Low level prevention grants				150,000	*
Town Centre Replacement Stage	50,000				
<b>Funded from Reserves</b>					
Public Toilets	400,000				
Replacement Play Area Equipment				20,000	*
CCTV Safer Streets	50,000				
The Walks Crazy Golf Equipment	120,000				
Bandstand Roof Replacement Hunstanton	30,000				
Resort Chalet Window Replacement	100,000				
L/Sport 3G Replacement	300,000				
<b>Funded from Unsupported Borrowing</b>					
Careline-Replacement Alarm Units				60,000	*
Waste and Recycling Bins (all colours)				160,000	*
Grounds Maintenance Vehicles				118,570	*
St James Locker replacement	50,000				#
Oasis lockers replacement	20,000				#
<b>Funded from Reserves TBC</b>					
Corn Exchange - Auditorium LED Lighting		30,000			#
L/Sport 3G LED Lighting	25,000				#
L/Sport Roof		160,000			#
L/Sport Flooring (changing/toilets/reception)			30,000		#
L/Sport Cubical and locker replacement	10,000				#
L/Sport Basket Ball fittings replacement		15,000			#
St James Flooring (reception/corridors/viewing)		15,000			#
St James Pool plate heat exchange	10,000				#
Oasis Fitness Flooring bowls hall/fitness stairs		10,000			#
Town Hall (TH) Roofing	10,000	60,000			#
Town Hall Electrical Switch Replacement		40,000			#
Town Hall Redecoration		30,000			#
TH Replacement flooring/stairs					#
TH Stone Mason external works		20,000			#
TH Prep Kitchen Replacement		10,000			#
Fairstead Replacement Flooring				15,000	#
<b>Total</b>	<b>1,697,000</b>	<b>475,000</b>	<b>220,000</b>	<b>2,923,570</b>	

**5.2** During 2022 a survey was completed across the leisure and community facilities. The items marked with a hashtag # are a result of this survey for replacement. There fall within funding from both general capital resources and reserves.

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

**5.4** Additions funded via general capital resources;

£250,000 has been added to the capital programme for the replacement roofs at North Lynn industrial estates in Bergen Way. These were earmarked for replacement for some time as the roof structure is beyond its economic life and we are no longer in a position to patch repair effectively.

The flat roof at the depot has failed and is beyond its economic life, it is now necessary to replace the roof, £72,000 has been added to the project in 2023/2024.

**5.5** Additions funded via grants;

£50,000 has been added to the capital programme for a replacement stage for the town centre for use during Festival Too. This is to be funded from a Community Infrastructure Levy grant.

**5.6** Additions funded via reserves;

A budget has been created to refurbish public toilets at a cost of £400,000.

CCTV Safer Streets £50,000 has been added to encompass main-road walking routes to Gaywood, South Lynn including the South Gates areas and Wisbech Road and retain the temporary cameras to South Wootton.

Crazy Golf Equipment is to be installed at The Walks following a successful Jubilee Event trial at a cost of £120,000.

£30,000 is required for the replacement roof of the bandstand at Hunstanton.

£100,000 is required to fund the replacement windows at the North Promenade Chalets. These are long overdue for replacement.

The existing 3G pitch at Lynnsport is due for a surface replacement at a cost of £300,000.

**5.7** The Recommendations to this report set out that the above will be presented to Cabinet with details of scope and funding, before they are commenced.

## **6. Capital Programme 2023-2027**

**6.1** This part of the report deals with the medium-term capital programme 2023-2027 and first looks at a revision to the current approved programme.

The full Capital Programme 2021-2026 was last reported at the Cabinet meeting

on 2 August 2022 and years 2023-2026 from this report are summarised in the table below.

Table 7 – Original Capital Programme 2023 - 2026

	2023/2024	2024/2025	2025/2026
	£	£	£
Major Projects (see note 1)	44,877,550	27,693,050	23,215,110
Community and Partnerships	2,315,000	2,315,000	2,315,000
Resources (S151 Officer)	150,000	450,000	300,000
Property and Projects	0	0	0
Operational and Commercial Services	789,390	149,680	20,000
Leisure and Community Facilities	90,000	15,000	15,000
Central Services	0	0	0
<b>Total Excluding Exempt</b>	<b>48,221,940</b>	<b>30,622,730</b>	<b>25,865,110</b>
Exempt Schemes	5,466,130	1,941,660	0
<b>Total Including Exempt</b>	<b>53,688,070</b>	<b>32,564,390</b>	<b>25,865,110</b>

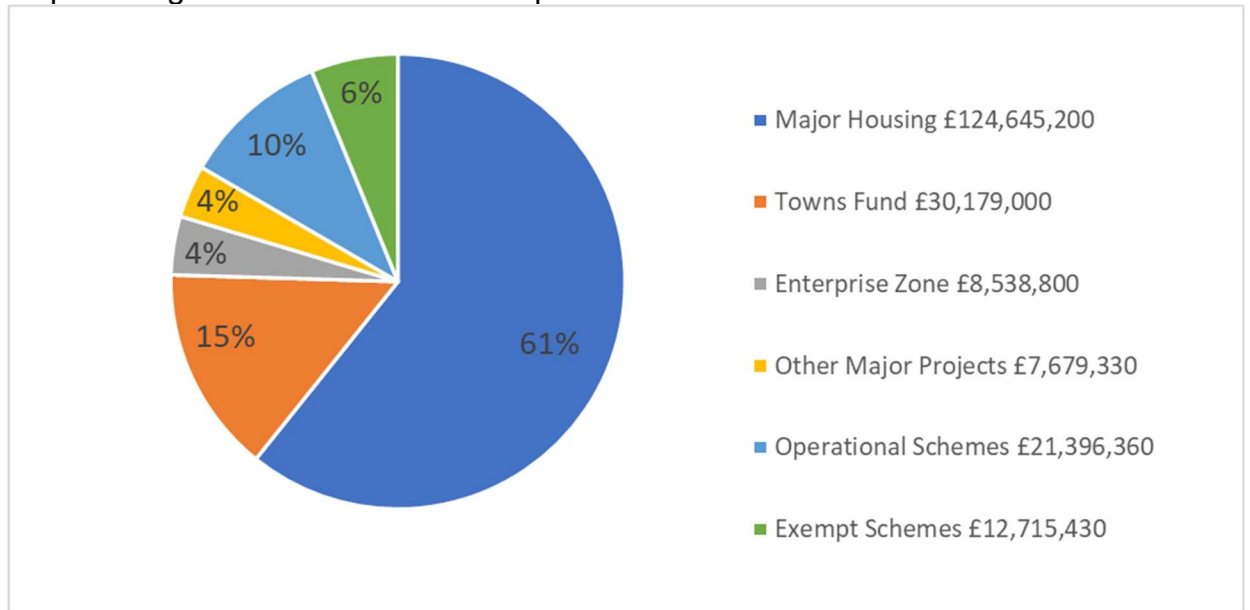
Following the detailed review of the Capital Programme, amendments have been made to some schemes to reflect updated costs and timing of works. Rephrasing is also proposed where schemes have been carried forward to/from 2022/2023 as detailed in section 3, or where schemes are now not expected to be completed as originally planned in 2023/2024, 2024/2025 and 2025/2026.

**6.2** The table below supersedes the table in 6.1 summarising the revised Capital Programme 2023-2027 and includes all amendments, rephrasing and new bids detailed above in section 5. The detailed Programme 2023-2027 is presented at Appendix 2.

Table 8 – Revised Capital Programme 2022 - 2027

	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£	£	£	£	£
Major Projects	21,350,500	49,751,110	57,649,360	32,670,560	9,620,800
Community and Partnerships	2,453,830	2,371,850	2,315,000	2,315,000	2,315,000
Resources	383,460	150,000	450,000	300,000	150,000
Programme and Projects	301,400	0	0	0	0
Property and Projects	329,810	278,000	0	0	0
Operational and Commercial Services	1,253,830	2,114,110	770,780	430,640	348,570
Leisure and Community Facilities	856,740	576,090	512,250	235,000	185,000
Central Services	0	0	0	0	0
<b>Total Excluding Exempt</b>	<b>26,929,570</b>	<b>55,241,160</b>	<b>61,697,390</b>	<b>35,951,200</b>	<b>12,619,370</b>
Exempt Schemes	8,086,800	4,628,630	0	0	0
<b>Total Capital Programme</b>	<b>35,016,370</b>	<b>59,869,790</b>	<b>61,697,390</b>	<b>35,951,200</b>	<b>12,619,370</b>

## Capital Programme - Distribution of spend 2023- 2027



### 7. Capital Resources 2022-2027

- 7.1** The Capital Outturn report to Cabinet on the 2 August 2022 updated the total capital resources available for the period 2021 to 2026. It has been possible to fund the proposed capital programme 2022-2027. However, the risk of increasing cost for materials and the impact on capital receipts of slower property sales will be subject to heightened monitoring and may require revision to funding sources or reprofiling and rephasing of schemes.
- 7.2** The Table below provides details of the revised estimated capital resources for the period 2022-2027, 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 2022-2027 on this Cabinet Agenda.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Capital Programme: Operational Schemes, S106 and Other Major Projects Expenditure</b>	<b>10,725</b>	<b>11,613</b>	<b>16,846</b>	<b>4,975</b>	<b>2,999</b>	<b>47,158</b>
1.1 SOURCES OF FINANCE						
Specific Capital Grants						
1.2 (Better Care Fund)	1,783	1,783	1,783	1,783	1,783	8,915
Specific Capital Grants						
1.3 (Towns Fund)	1,701	3,371	10,162	1,356	0	16,590
Specific Government Grants						
1.4 (Decarbonisation)	1,239	0	0	0	0	1,239
1.5 Misc Government Grants	471	1,371	2,091	338	0	4,271
1.6 Capital Receipts (6.5)	3,147	1,539	1,315	1,228	1,111	8,339
1.7 Reserves	1,228	1,743	842	80	45	3,938
1.8 Unsupported Borrowing	1,156	1,806	654	190	60	3,866
1.9 <b>Total Funding</b>	<b>10,725</b>	<b>11,613</b>	<b>16,846</b>	<b>4,975</b>	<b>2,999</b>	<b>47,158</b>
<b>Major Housing Development</b>						
2.1 Opening Borrowing Brought forward	13,210					13,210
2.2 Prior Year Borrowing Brought forward		2,435	11,176	30,285	29,338	
2.3 In Year Expenditure	12,636	37,575	42,916	24,320	7,198	124,645
2.4 Sales Receipts	(24,495)	(30,153)	(26,583)	(25,267)	(7,980)	(114,478)
2.5 Land Value to BCKLWN	1,084	2,865	2,775	0	0	6,724
2.6 Funded from Reserves	0	(1,546)				(1,546)
2.7 <b>Net Borrowing Position</b>	<b>2,435</b>	<b>11,176</b>	<b>30,285</b>	<b>29,338</b>	<b>28,556</b>	<b>28,556</b>
<b>Enterprise Zone (25 Year Project)</b>						
3.1 Opening Borrowing Brought Forward	2,717					2,717
3.2 Prior Year Borrowing Brought Forward	0	5,616	10,525	10,212	9,864	
3.3 In Year Expenditure	3,247	5,257	35	0	0	8,539
Business Rates Receipts						
3.4 85% (via NALEP)	(348)	(348)	(348)	(348)	(348)	(1,740)
3.5 <b>Net Borrowing Position</b>	<b>5,616</b>	<b>10,525</b>	<b>10,212</b>	<b>9,864</b>	<b>9,516</b>	<b>9,516</b>
<b>St Georges Guildhall Complex</b>						
4.1 Opening Borrowing Brought Forward	0					0
4.2 Prior Year Borrowing Brought Forward		109	326	846	2,665	
4.3 In Year Expenditure	321	796	1,900	6,657	2,423	12,096
Government Grant Towns						
4.4 Fund	(212)	(578)	(1,381)	(4,837)	(1,011)	(8,020)
Business Rates Pool						
4.5 Contribution	0	0	0	0	(750)	(750)
4.5 <b>Net Borrowing Position</b>	<b>109</b>	<b>326</b>	<b>846</b>	<b>2,665</b>	<b>3,327</b>	<b>3,327</b>
<b>TOTAL NET BORROWING POSITION</b>	<b>8,160</b>	<b>22,028</b>	<b>41,342</b>	<b>41,867</b>	<b>41,398</b>	<b>41,398</b>
	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>6 Useable Capital Receipts</b>						
Useable Capital Receipts at						
6.1 1 April 2022	4,947					4,947
6.2 Prior Year Brought Forward	0	4,024	5,650	7,110	5,882	
6.3 Capital Receipts MHP Land	1,084	2,865	2,775	0	0	6,724
6.4 Capital Receipts General	1,140	300	0	0	0	1,440
Capital Receipts used to fund Capital Programme						
6.5 (1.3)	(3,147)	(1,539)	(1,315)	(1,228)	(1,111)	(8,339)
<b>Capital Receipts Transferred to Reserves</b>	<b>4,024</b>	<b>5,650</b>	<b>7,110</b>	<b>5,882</b>	<b>4,771</b>	<b>4,771</b>

**7.3** The corporate schemes to deliver cost managements/new income streams will be funded using capital receipts reserve or borrowing.

**7.4** 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. This was developed by CIPFA as a professional code of practice to support local authorities' decision making on the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.

The key objectives of the Prudential Code are:

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

The prudential code was revised in December 2021 and the Authority is required to formally adopt the reporting requirements in 2023-2024. One of the key changes to the Prudential Code is the explicitly stated requirement that authorities must not

borrow to invest primarily for financial return, and this requirement came into force with immediate effect.

**9.2** Within the Revenue Budget 2022-2027 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 2022-2027 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 2021/2022 is set at £72m 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 07 February 2023.

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

## **11. Risk Implications and Sensitivity Analysis**

**11.1** Risk is inherent in any projection of future funding. The estimated resources available to fund the capital programme 2022-2027 and the risk implications and sensitivity/consequences are detailed in the table below. The level of risk is based on the impact on the funding of the capital programme 2022-2027 if the resources are not achieved at the estimated level or at the time expected. This section has been updated to reflect the position in the Capital Programme and Resources for 2022-2027.

Source of Funding	Risk Implications and Sensitivity	Level of Risk
<p>Capital Grants</p> <p>Third Party Contributions</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 2022/2023 is based on the confirmed level of grant from the Better Care Fund. Future years show no assumed growth rate but remain at a constant level for the rest of the programme as no indications of growth have been provided. The level of grant is confirmed by Central Government annually and can vary from year to year.</p> <p><b>Sensitivity/Consequences</b> This funding represents 20% of current total general fund reserve balance. If the level of grants were to vary significantly the budget allocated for DFGs and the proposed schemes within the programme would need to be revised.</p>	Medium
Capital Receipts	<p><b>Risk</b> Capital receipts over the 5-year capital programme 2022-2027 represent 100% of the current general fund reserve balance. The actual amount and timing of capital receipts can vary significantly. The achievement of capital receipts is monitored and reported in the monthly monitoring reports to ensure no over commitment.</p> <p><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 £2m plus £7m of sales receipts from the housing joint venture and £110m 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
Unsupported Borrowing	<p><b>Risk</b> The proposed capital programme 2022-2027 includes unsupported borrowing for the purchase of equipment and vehicles. The unsupported borrowing will be funded through internal borrowing whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt.</p> <p><b>Sensitivity/Consequences</b> The Council will enter into unsupported borrowing where it can demonstrate that financial savings can be achieved by outright purchase of equipment, as opposed to the use of an operating lease and the payment of an annual lease.</p>	Low
Temporary Borrowing External and Internal	<p><b>Risk</b> Temporary borrowing is included for cash flow purposes to ensure a balanced funding of the capital programme in each of the financial years and in advance of capital receipts. Internal borrowing will be used whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt. Funds currently in short term investments may be withdrawn and used in place of external borrowing.</p> <p><b>Sensitivity/Consequences</b> The actual required temporary borrowing will depend on rephasing in the capital programme and capital receipts achieved in each year. Temporary borrowing will be 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><b>Risk</b> Contributions from reserves are based on actual balances as at 1 April 2022 and take into account budgeted contributions to/from reserves.</p> <p><b>Sensitivity/Consequences</b> The reserves are available and as such the sensitivity is low. In the event that reserves are 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 continues to affect 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

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

**12. Policy Implications**

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

**13. Statutory Considerations**

None

**14. Consultations**

Management Team

**15. Access to Information**

Cabinet Reports  
Financial Plan 2021-2026  
Financial Plan 2022-2027  
Monitoring Reports 2022/2023  
The Capital Strategy 2023-2024  
The Treasury Management and Investment Strategy 2023/24