

## REPORT TO CABINET

<b>Open</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) Be partly for recommendations to Council and partly within Cabinet's powers	<b>NO</b>	
Lead Member: Councillor Chris Morley E-mail: cllr.chris.morley@west-norfolk.gov.uk		Other Cabinet Members consulted: All		
		Other Members consulted:		
Lead Officer: Carl Holland E-mail: carl.holland@west-norfolk.gov.uk		Other Officers consulted: Senior Leadership Team		
Financial Implications YES	Policy/Personnel Implications NO	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if not for publication, the paragraph of Schedule 12A of the 1972 Local Government Act considered to justify that is 16-20.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: 30 July 2024**

### Capital Programme Outturn 2023/2024

#### Summary

- The report provides details of the outturn of the 2023/2024 capital programme and outlines amendments and rephrasing to the spending on schemes, revising the programme for 2023/2028.
- The capital programme outturn for 2023/2024 totalled £36,446,601 (including Exempt items) against an original budget of £58,369,790 (£66,671,310 including Exempt items).
- It has been necessary to rephrase a total of £23,331,560 (£31,633,080 including Exempt) of scheme costs to future years.
- Useable capital receipts generated in the year from housing, land and property sales totalled £13,179,446.
- The capital resources available to fund expenditure in 2023/2024 are detailed in section 3 of the report.

#### RECOMMENDATION

That Cabinet :

1. note the outturn of the capital programme for 2023/2024 of £36,446,601 including Exempt Schemes;
2. note the financing arrangements for the 2023/2024 capital programme;

#### Reason for Decision

To report the outturn 2023/2024 for the Capital Programme and receive an update to the Capital Programme 2023/2028.

## 1 Introduction

- 1.1 This report presents the outturn of the 2023/2028 capital programme and provides details of amendments and rephasing resulting from under and overspends and their impact on the 2023/2028 programme. The report also outlines the financing of the 2023/2024 programme.

## 2 Capital Programme 2023/2024

- 2.1 The original budget was presented to Council on 23 February 2023 and the impact of rephasing the unspent budget form 2022/2023 was reported to Cabinet on 1 August 2023. The full capital programme for 2023/2024 is shown at Appendix 1.
- 2.2 A revised forecast for the Capital Programme 2023/2024 of £44,224,370 was reported at the Cabinet meeting on 7 February 2024. Capital budgets were monitored monthly and reported upon quarterly to Audit Committee throughout 2023/2024.

	<b>Original Budget 2023/24 (Cabinet 1 August 2023)</b> £	<b>Forecast 31 December 2023 (Cabinet 7 February 2024)</b> £	<b>Actual Capital Outturn 31 March 2024</b> £
Core Programme	58,369,790	44,044,370	36,446,601
Exempt Programme	8,301,520	180,000	0
<b>Total Capital Programme</b>	<b>66,671,310</b>	<b>44,224,370</b>	<b>36,446,601</b>

- 2.3 This report details the variances between original budget and actual outturn of the Core Programme. The Exempt Programme detail is shown in a separate report.

2.4 The table below shows a breakdown of the core programme by directorate.

Table 1 – Variance between Actual and Original Budget

Capital Expenditure	Original Budget 2023/24 (Cabinet 1 August 2023) £	Actual Capital Outturn £	Variance to Original Budget 2023/24 (Under)/Over £	Note
Major Projects	51,129,190	32,253,722	(18,875,468)	3.2
Community and Partnerships	2,324,130	2,613,448	289,318	3.3
Resources	396,710	121,757	(274,953)	3.4
Programme and Projects	200,000	36,928	(163,072)	3.5
Property and Projects	308,500	37,827	(270,673)	3.6
Operational and Commercial Services	2,835,080	694,896	(2,140,184)	3.7
Leisure and Community Facilities	1,176,180	688,023	(488,157)	3.8
<b>Total Excluding Exempt</b>	<b>58,369,790</b>	<b>36,446,601</b>	<b>(21,923,189)</b>	
Exempt Schemes	8,301,520	0	(8,301,520)	See exempt report
<b>Total Including Exempt</b>	<b>66,671,310</b>	<b>36,446,601</b>	<b>(30,224,709)</b>	

### 3 Major differences between the original budget and the actual expenditure

3.1 The following pages show the major differences between the original budget and the actual expenditure. Under each heading the format shows “Movements to be explained”, which are outlined as major variances and explained in the narrative that follows.

#### 3.2 Major Projects – Underspend (£18,875,468)

Movements to be explained:		£
1	<b>Enterprise Zone</b> The partner authority Norfolk County Council reported potential overspend due to continued delays to contract completion, impact of AWS, UKPN, Cadent issues and Phosphor Gypsum removal. Budget to be reviewed and reported to future Cabinet.	579,140

<b>Movements to be explained:</b>		<b>£</b>
2	<p><b>Major Housing Development</b></p> <ul style="list-style-type: none"> <li>Alexandra Road underspend (£2,451,328), Scheme not progressed and withdrawn from Programme.</li> <li>Salter's Road underspend (£1,932,377), Florence Fields (£12,420,963) and Lynnsport 1 Phase 3 spend behind budget (£1,143,164). Project timelines impacted following cessation in trading of groundworks contractor ceased trading during period.</li> <li>Southend Road Car Park spend behind budget (£527,037). Programme impacted by weather and zinc schedule.</li> <li>Other variances net spend ahead of budget £28,669.</li> </ul>	(18,446,201)
3	<p><b>Towns Fund</b></p> <ul style="list-style-type: none"> <li>St Georges Guildhall Complex ahead of profile £179,955. Following a heritage building assessment the scope and complexity of the scheme being increased. Additional time has been included for the RIBA stage 3 and 4 design processes and the Main Contract Tender Period and the RIBA stage 3 approval period.</li> <li>Active and Clean Connectivity behind profile (£785,022). Elements of scheme progressing ahead of schedule (Fairstead Cycle Way) however risk increasing regard delivery of Tennyson Avenue Road crossing.</li> <li>Riverfront Regeneration ahead of profile £143,277. Increase of costs in the ground in Devil's Alley plus increased materials costs. Changes to scope, materials and curation of the area will assist to meet cost plan.</li> <li>Multi-user community Hub ahead of profile £981,671. Budget to be reprofiled for 2024/25 due to delays of demolition and strip out works in March 2024.</li> <li>Other spend behind budget (£3,579)</li> </ul>	516,302
4	<p><b>NORA Remediation</b></p> <p>Spend behind profile budget. Compulsory decontamination works necessary to the site are expected to begin in 2024/2025</p>	(206,776)
5	<p><b>Southgate Regeneration Area</b></p> <p>Tender issued for RIBA stage 1-3 architectural design and property advice for redevelopment sites quarter 4 2023/2024. Budget reprofiled to 2024/2025.</p>	(479,783)

<b>Movements to be explained:</b>		<b>£</b>
6	<b>Local Authority Housing Fund</b> The opportunity and funding to purchase affordable housing for refugees was announced at short notice after approval of the original budget. This is funded by Central Government and Section 106 funds previously collected by the Council.	1,352,264
7	<b>Public Conveniences</b> The programme for this spend is being scoped and now likely to incur spend in 2024/2025. In 2024/2025, £34k of this budget will partly fund the Changing Places facility at St James' leisure facility, with the balance grant funded (£40k).	(400,000)
8	<b>Re:Fit Project</b> The replacement of street lighting columns and lamps are continuing into 2024/2025 on a needs basis.	(466,469)
9	<b>Lynn Sport 3G Replacement</b> The works are to fully begin in 2024/2025. There is an additional need for contingency resource subject to ground conditions beneath the covering, which is proposed to be funded by a revenue contribution as proposed in the 2023/2024 Revenue Outturn report.	(293,300)
10	<b>Lynn Sport New 3G Pitch</b>	(900,000)
11	Other minor variances where spend is behind profile.	(130,645)
<b>Surplus</b>		<b>(18,835,958)</b>

### 3.3 Community and Partnerships – Overspend £289,318

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Private Sector Housing Assistance</b> An overspend is reported, reflecting increasing demand for supported adaptations along with the impact of inflation on equipment costs. £158,480 is funded from an increase in the Better Care Grant received, it is proposed to fund the additional £157,678 from capital reserves.	316,158
2	<b>Careline-Replacement Alarm Units</b> The replacement of alarm units has increased reflecting a switchover to digital connection. The alarms are financed via unsupported borrowings, the extra cost will be charged to revenue over a period of time for these extra costs.	141,333
3	<b>Careline - Replacement Vehicles</b> There are ongoing nationwide resourcing issues with vehicles, the budget is transferred to 2024/2025	(56,850)
4	<b>Community Projects</b> An underspend is reported and is to be rephased and earmarked to 2024/2025.	(81,323)
5	<b>Community Safety Vehicle</b>	(30,000)

	There are ongoing nationwide resourcing issues with vehicles, the budget is transferred to 2024/2025	
<b>Overspend</b>		<b>289,318</b>

### 3.4 Resources – Underspend £274,953

<b>Movements to be explained:</b>		<b>£</b>
1	<b>ICT Development Programme</b> Committed projects are to continue into 2024/2025	(269,580)
2	<b>Other minor variances</b>	(5,373)
<b>Underspend</b>		<b>(274,953)</b>

### 3.5 Programme and Projects – Underspend £163,072

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Downham Market Public Conveniences</b> The programme for this spend is being scoped and now likely to incur spend in 2024/2025.	(200,000)
2	<b>Changing Places Toilet - St James's</b> A grant of £40,000 towards these works has been received, to fund this expenditure. The £34,000 from the Public Conveniences major project is to be transferred to 2024/2025 to continue with the project.	36,928
<b>Underspend</b>		<b>(163,072)</b>

### 3.6 Property and Projects – Underspend £270,673

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Sewage Treatment Works</b> A start date is yet to be determined for this work and dependant upon the external service provider. The budget is to be rephased into 2024/2025.	(28,000)
2	<b>Estate Roads - Resurfacing</b> The budget is to be rephased to 2024/2025.	(30,500)
3	<b>Bergen Way Industrial Estate roof replace</b> Works are yet to be undertaken; it is necessary to transfer the budget to 2024/2025.	(250,000)
4	<b>North Promenade Erosion</b> Gabion wall installation works were performed to prevent continued erosion to the north promenade in Hunstanton with an expected total cost of £45,000, the remaining budget of £3,230 is to be moved into 2024/2025.	41,774

5	<b>Other minor variances</b>	(3,947)
<b>Underspend</b>		<b>(270,673)</b>

### 3.7 Operational and Commercial Services – Underspend £2,140,184

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Mintlyn Crematorium – car park</b> This work completed in 2023/2024 below budget by (£20,753)	(20,753)
2	<b>Gayton Road Cemetery Extension</b> This is to be removed from the capital programme while options are considered.	(145,800)
3	<b>Refuse and Recycling Bins</b> The purchase of bins was lower than the original budget, the bin replacement schedule is funded via unsupported borrowings resulting in a reduced charge to revenue 2023/2024.	(83,572)
4	<b>Refuse Vehicles</b> Its was necessary to replace smaller refuse vehicles, this overspend to budget is funded from reserves.	154,798
5	<b>Grounds Maintenance Equipment</b> There are ongoing nationwide resourcing issues with large equipment, the budget will be transferred to 2024/2025.	(161,300)
6	<b>Grounds Maintenance Vehicles</b> There are ongoing nationwide resourcing issues with vehicles, the budget will be transferred to 2024/2025.	(199,620)
7	<b>Public Cleansing Vehicles</b> There are ongoing nationwide resourcing issues with vehicles, the budget will be transferred to 2024/2025.	(256,758)
<b>The remaining items listed below have budgets earmarked, but have not incurred spend in 2023/2024 and therefore are reprofiled to future years.</b>		
8	<b>Car Parks</b> Resurfacing £100k, Pay and Display equipment £121k; lighting and safety £232k;	(452,707)
9	<b>CCTV</b> Control Room Upgrade £121k; Safer Streets CCTV at various locations £92k	(213,510)
10	<b>Events</b> Christmas £188k; Emergency planning radios and Digital signage £73k	(260,550)
11	<b>Public Realm</b> Play equipment and dog bins £96k; Tourist signs £21k.	(117,000)
12	<b>Resorts and Trading</b> Chalet windows £100k; Hunstanton bandstand £30k; Play equipment £148k digital signage £50k.	(328,000)
13	<b>Other minor variances</b>	(55,412)
<b>Underspend</b>		<b>(2,140,184)</b>

### 3.8 Leisure and Community Facilities – Underspend £488,157

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Lynnsport - Fitness Equipment</b> The upgrades of the gym sites were done as a collective. Budgets from all sports sites were moved to single project. This improved buying power and helped to reduce costs to below budget.	(51,820)
2	<b>L/Sport Floor Surface Reseal</b> This project is to be removed from the capital programme as it is not necessary at this current time. The budget provision of £17,000 is to be transferred towards the enhancements at the Lynnsport Gymnastic centre flooring following flooding which will complete in early 2024/2025.	(17,000)
3	<b>St James Pool Hall replacement lighting</b> This project is to be removed from the capital programme as its not necessary at this current time. The budget provision of £20,000 is to be transferred towards the enhancements at the Lynnsport Gymnastic centre flooring following flooding which will complete in early 2024/2025.	(20,000)
4	<b>Town Hall Roofing</b> This project is to be removed from the capital programme as its not necessary at this current time. The budget provision of £10,000 is to be transferred towards the enhancements at the Lynnsport Gymnastic centre flooring following flooding which will complete in early 2024/2025.	(10,000)
<b>The remaining items listed below have budgets earmarked, but have not incurred spend in 2023/2024 and therefore are reprofiled to future years.</b>		
5	<b>Downham Market Leisure Centre</b> Replacement Lighting Pool and electrical upgrade	(45,000)
7	<b>LynnSport</b> Fire Alarm Upgrade £70k; Toilets and cubical refurbishment £42k	(112,480)
10	<b>St James</b> Floor and surface refurbishment £75k; locker and cubical replacement £100k; Toilet refurbishment £25k.	(200,000)
16	<b>Oasis</b> Locker replacement	(20,000)
17	Other minor variances	(11,856)
<b>Underspend</b>		<b>(488,157)</b>

#### 4 2023/2024 Revised Forecast.

4.1 During the year the Capital programme is monitored monthly and budgets are rephased quarterly. The table below shows the impact of revised budgets and the amounts to be rephased from 2023/2024.



**Table 2 – Variance between Actual and revised budget 2023/2024.**

Capital Expenditure	Forecast 31 December 2023 (Cabinet 7 February 2024) £	Actual Capital Outturn £	Variance to Revised Budget 2023/24 (Under) /Over £	Virement	Committed under / (over) spend	Rephased to future years	Note
Major Projects	38,324,400	32,253,722	(6,070,678)	34,000		(6,036,678)	4.2
Community and Partnerships	2,410,810	2,613,448	202,638		(301,921)	(99,283)	4.3
Resources	287,970	121,757	(166,213)			(166,213)	
Programme and Projects	200,000	36,928	(163,072)	(34,000)		(197,072)	
Property and Projects	0	37,827	37,827			37,827	
Operational and Commercial Services	1,898,060	694,896	(1,203,164)		(71,226)	(1,274,390)	4.4
Leisure and Community Facilities	923,130	688,023	(235,107)			(235,107)	
<b>Total Excluding Exempt</b>	<b>44,044,370</b>	<b>36,446,601</b>	<b>(7,597,769)</b>	<b>0</b>	<b>(373,147)</b>	<b>(7,970,916)</b>	
Exempt Schemes	180,000	0	(180,000)			(180,000)	See exempt report
<b>Total Including Exempt</b>	<b>44,224,370</b>	<b>36,446,601</b>	<b>(7,777,769)</b>	<b>0</b>	<b>(373,147)</b>	<b>(8,150,916)</b>	

#### 4.2 Major Projects

A report to consider the impact in conjunction with partners, of a likely overspend in the NORA Enterprise Zone will be presented to committee. The outcome of which will then be reflected in the Capital Programme.

The £400k budget for public conveniences is currently being scoped. However, it is proposed to vire £34k from this budget to the St James Changing Places facility to support grant funding of £40k under the Assistant Director - Programme and Projects Operational Programme budget.

#### 4.3 Community and Partnerships.

An overspend of net £301k reflecting increasing demand for supported adaptations along with the impact of inflation on equipment costs. This financed by Better Care grant and Capital reserves. This leaves a balance of £99k that is rephased to future years.

#### 4.4 Operations and Commercial.

An underspend of £84k has been achieved for replacement of refuse and recycling bins. An overspend incurred of £155k funded from reserves to replace smaller refuse vehicles.

- 4.5 As a result of the capital outturn position detailed in the activities above the carry forward net budget provision of £7,970,916 to 2024/2025 is possible.
- 4.6 Total useable capital receipts generated in 2023/2024 are shown in the table below;

Table 3 – Capital Receipts 2023/2024

<b>Capital Receipt</b>	<b>£</b>
Council Houses – Preserved right to buy	237,195
General Fund – Major housing sales	10,852,696
General Fund – Land and property	2,326,750
General Fund – Housing grants repaid	10,000
<b>Total</b>	<b>13,426,641</b>

- 4.7 Table 4 below illustrates all the units sold to date on the various Major Housing Projects. The sale receipts are used to fund expenditure on the Major Housing Project alongside temporary borrowing.

Table 4

The table summarises the total number of units that are to be built by site and the number of units sold as at 31 March 2024 cumulatively;

Scheme	Total homes	Leased to WNPL	Sold to a RP (Affordable Housing)	Open Market Sale	Units in current capital programme 2024-28
NORA 4	105	48	21	35	1
Marsh Lane	130	-	20	110	0
Lynnsport 3	54	19	8	27	0
Lynnsport 4&5	89	8	13	68	0
Lynnsport 1	96	19	11	66	0
Florence Fields	226	-	-	-	226
Salters Road	78	-	23	-	55
Southend Road	32	-	-	-	32

## 5 Financing of the Capital Programme 2023/2024

- 5.1 The following table details the sources of finance used to fund capital spending during the 2023/2024 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 2023/2024</b>	<b>36,486,111</b>
Less Third-Party Contributions (shown in table 8 below)	<u>(5,723,728)</u>
<b>Capital Programme Expenditure to be Funded</b>	<b><u>30,762,383</u></b>
<b>Sources of Finance:</b>	
Specific Capital Grant - Better Care Fund	1,941,287
Unsupported Borrowing	1,032,936
Temporary Borrowing	15,586,223
Capital Reserves	553,758
Capital Loan	0
Capital Receipts applied in year	<u>11,648,179</u>
<b>Total</b>	<b><u>30,762,383</u></b>

Table 6.

**Funded 2023/2024**

<b>Third-Party Contributions</b>	<b>£</b>
Business Rates Pool	253,650
Department for Levelling Up, Housing and Communities	4,791,836
Norfolk County Council	537,971
Community Infrastructure Levy	50,000
Alive West Norfolk	90,000
Miscellaneous Contributions	270
<b>Total Third-Party Contributions</b>	<b>5,723,728</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 2023/2024 unsupported borrowing was used to purchase vehicles and equipment where previously lease payments were made. In effect the equivalent to lease payments now pay the debt charge. No help is available from Government to pay the costs – therefore they are classed as unsupported.
- 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.

- Capital Receipts come from the sale of assets including the receipts generated from the major housing sales receipts and the preserved rights from the sale of former council houses.

## 6 Minimum Revenue Provision

6.1 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 2023/2024 approved at Council on 23 February 2023 set out the policy proposals for the Borough for 2023/2024.

6.2 The amount of MRP charged to the accounts in 2023/2024 is £387,575, against a budget of £896,920. The actual MRP charge 2023/2024 has been calculated in accordance with the Council's policy based on the capital financing requirement as at 1 April 2023. The MRP is calculated based on the prior year capital programme requirements.

## 7 Capital Programme 2023/2028

7.1 The Capital Programme 2023/2028 was approved by Council on 22 February 2024 and is provided at Appendix 2. As detailed at section 4 above, it is proposed to carry forward budget provision of £8,150,916 from 2023/2024 to future years of the programme. This requires careful evaluation of the impact of scheme delays on compliance with funding terms and conditions, costs and capacity for delivering against reprioritised deadlines. A full impact assessment and reprofiling of the programme will be presented in the results of Quarter 1 monitoring 2024/2025.

Table 7 –Capital Programme 2024 – 2028 (February 2024)

	2024/2025 £	2025/2026 £	2026/2027 £	2027/2028 £
Major Projects	48,873,120	34,104,630	22,598,520	4,719,380
Community and Partnerships	2,290,000	2,260,000	2,260,000	2,260,000
Resources	258,740	450,000	300,000	150,000
Programme and Projects	0	0	0	0
Property and Projects	353,500	0	0	0
Operational and Commercial Services	1,260,200	692,440	348,570	180,000
Leisure and Community Facilities	574,480	235,000	185,000	0
<b>Total</b>	<b>53,610,040</b>	<b>37,742,070</b>	<b>25,692,090</b>	<b>7,309,380</b>
Major Projects (Exempt)	547,000	0	7,574,520	0
<b>Total Capital Programme</b>	<b>54,157,040</b>	<b>37,742,070</b>	<b>33,266,610</b>	<b>7,309,380</b>

## 8 Capital Financing 2024/2028

8.1 Table 8 provides details of the revised estimated capital financing for 2024/2028 updated after funding 2023/2024. Exempt schemes are shown in a separate report.

Table 8.

Source of Funding	2023/2024 £	2024/2025 £	2025/2026 £	2026/2027 £
Specific Capital Grants (Better Care Fund)	1,944,598	1,944,598	1,944,598	1,944,598
Specific Capital Grants (Towns Fund)	10,575,990	6,888,900	3,782,240	3,140,510
Misc. Government Grants	5,119,250	168,800	0	0
Business Rate Pool	1,820,760	0	0	0
Capital Receipts	16,140,770	22,574,610	14,102,799	1,467,079
Reserves/Revenue Contributions	6,646,773	972,193	772,193	587,193
Unsupported Borrowing	1,260,210	470,640	388,570	220,000
Temporary Borrowings	38,549,829	1,583,709	0	0
<b>Total Funding</b>	<b>82,058,180</b>	<b>34,603,450</b>	<b>20,990,400</b>	<b>7,359,380</b>

## 9 Equality Impact Assessment

9.1 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.

9.2 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)

## 10 Financial Implications

10.1 The financing arrangements for the capital programme are within budget. Where rephasing to/from 2023/2024 is to be made then the funding will follow. As previously noted, the MRP charge for 2022/2023 can be met from within the overall revenue outturn for the year.

10.2 The revenue implications of all capital schemes will be met from within existing budgets.

## 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 2023-2028 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 2023-2028 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 2023-2028.

Source of Funding	Risk Implications and Sensitivity	Level of Risk
<p>Capital Grants</p> <p>Third Party Contributions</p>	<p><b>Risk</b></p> <p>The capital grant and specific grant included in the resources is a contribution towards private sector housing assistance - Disabled Facilities Grants (DFG). The level of grant included for 2023/2024 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></p> <p>This funding represents 20% of current total general fund reserve balance. If the level of grants were to vary significantly the budget allocated for DFGs and the proposed schemes within the programme would need to be revised.</p>	<p>Medium</p>
<p>Capital Receipts</p>	<p><b>Risk</b></p> <p>Capital receipts over the 5-year capital programme 2023-2028 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></p> <p>Capital receipts represent a high proportion of the total general fund resources available to fund the capital programme. The actual level of capital receipts that are achieved is sensitive to market conditions including demand for land and buildings, values and interest rates. The sum total of capital receipts included in the funding table of £5m and £105m from the Major Housing Project is a challenging target in the current economic climate. In the event that capital receipts are not achieved at the level or within the year estimated it may be necessary to take on additional temporary borrowing at the prevailing interest rates.</p>	<p>High</p>

Source of Funding	Risk Implications and Sensitivity	Level of Risk
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
Unsupported Borrowing	<p><b>Risk</b> The proposed capital programme 2023-2028 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.</p>	Medium

Source of Funding	Risk Implications and Sensitivity	Level of Risk
	<p>External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.</p> <p>The interest rates of external loans and PWLB loans are at a higher rate due to the current Bank of England base rate.</p>	
Reserves	<p><b>Risk</b> Contributions from reserves are based on actual balances as at 1 April 2023 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> Macro-economic issues</p> <p><b>Sensitivity/consequences</b> Market confidence continues to be impacted by inflation and high interest costs (following on from Brexit and the pandemic). Sales values and cost of materials and labour will require regular review in determining how to proceed with schemes and, for example, whether to sell or rent properties through the Housing Company.</p>	Medium

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

## 12 Policy Implications

The establishment and management of the capital programme are in accordance with the Council's Capital Strategy. The current Capital Strategy 2024/2025 was approved by Council on 22 February 2024.

13 See separate Exempt Report.

## 14 Statutory Consideration

None

## 15 Consultations

Management Team

## 16 Access to Information



Cabinet Reports Approved Financial Plan 2022/2027 - 7 February 2023  
Council Approved Financial Plan 2022/2027 - 23 February 2023  
Financial Plan 2023/2028 - 22 February 2024  
Capital Strategy 2023/2024 - 22 February 2024  
Capital Strategy 2022/2023 - 23 February 2023  
Monthly Monitoring Reports 2023/2024