

## **POLICY & FINANCE COMMITTEE**

**22 FEBRUARY 2021**

### **CAPITAL PROGRAMME 2021/22 TO 2024/25**

#### **1.0 Purpose of Report**

1.1 In accordance with the Financial Regulations 6.2.3, Policy & Finance Committee is required to consider the Capital Programme and recommend to the Council the final Programme for approval. This report details the proposed capital schemes over the medium term, together with the available resources to finance this.

#### **2.0 Background Information**

2.1 During summer 2020, capital appraisal forms were circulated to Business Managers and the Senior Leadership Team (SLT) to inform the proposed capital programme. Completed forms were scored in conjunction with the scoring matrix set within the Capital Strategy (as approved by Council on 9 March 2020), based on a comparison of service priorities against finance costs. SLT considered the results of this exercise and the proposed capital programme included within this report, contains those schemes that were agreed to be appropriate.

#### **3.0 Capital Expenditure – General Fund**

3.1 The Council intends to spend £59.639m in general fund capital expenditure from 2021/22 to 2024/25.

3.2 The major schemes in this programme are:

<b>Scheme Name</b>	<b>Summary of Proposed Financing</b>
Homeless Hostel	Borrowing
Yorke Drive Regeneration and Community Facility	Revenue Contribution
Castle Gatehouse	Third Party Contribution – to be determined
Southern Link Road Contribution	External Grant supplemented by a revenue contribution
A1 Overbridge	Community Infrastructure Levy
Arkwood Developments Regeneration Loan Facility	Borrowing
32 Stodman Street	£2m Town Fund, with the remainder supplemented by borrowing

3.3 The impacts of all borrowing has been included in the Treasury Management Strategy and the Medium Term Financial Plan. Details of individual schemes are shown in **Appendix A**.

#### **4.0 Capital Expenditure – Housing Revenue Account (HRA)**

4.1 The Council intends to spend £56.895m from the HRA from 2021/22 to 2024/25. This is made up of £21.839m on existing property investment and £35.056m on Affordable Housing.

4.2 The Housing, Health and Wellbeing directorate will review and update the property investment programme against the records kept for all properties to ensure budget levels are sufficient for works coming up in the medium term.

4.3 Major schemes included in the HRA are:

- Yorke Drive Estate Regeneration
- Phases 4 and 5 of the Council House Development Programme

4.4 Details of individual schemes are shown in **Appendix B**.

## 5.0 Resources Available

5.1 External Grants and Contributions can provide additional resources to the Capital Programme. Grant funding is subject to a detailed bidding process. Officers continue to liaise with external parties to secure the maximum available inward investment in order to contribute towards delivery of the capital programme.

5.2 The most significant grants currently forecast over the medium term are from the Towns Fund (currently awaiting MHCLG approval), the Better Care Fund (BCF) for Disabled Facilities Grants (DFG's). In addition to this, grants held from previous years for specific purposes are due to be utilised. For example, the Local Enterprise Partnership (LEP) Grant received during 2016/17 in relation to the Southern Link Road, which is forecast to be utilised subject to further external funding being made available to bridge the current funding gap.

5.3 Capital Receipts

	<b>General Fund £'m</b>	<b>HRA £'m</b>	<b>1-4-1 £'m</b>	<b>Total £'m</b>
Balance @ 1 Apr 2021	0.414	1.659	0.402	<b>2.475</b>
Estimated Receipts 2021/22 – 2024/25	3.265	1.000	2.437	<b>6.702</b>
Approved for Financing 2021/22 – 2024/25	3.586	2.584	1.761	<b>7.931</b>
<b>Unallocated Capital Receipts Balance</b>	<b>0.093</b>	<b>0.075</b>	<b>1.078</b>	<b>1.246</b>

5.4 The general fund capital receipts of £3.265m are made up of the sale of the Robin Hood Hotel over and above the original investment made (£0.122m) and the deferred proceeds of the sale of Bowbridge Road Land to Arkwood Developments Ltd (£2.350m) and the anticipated sale of residential units from the Stodman Street Development (£0.792m). There are currently no other sales of general fund land.

5.5 The HRA capital receipts and 1-4-1 figures above relate to forecast Right to Buy (RTB) sales. The 1-4-1's are restricted for replacement homes and must be used as follows:

- Amount to no more than 30% of the total scheme cost
- Spent within 3 years of receipt, or returned to Government with interest

Officers continue to monitor the deadlines closely and maximising use where practicable within the new build programme in order to avoid having to pay the remaining balances to Government with interest.

- 5.6 Where appropriate, the use of finite capital resources is prioritised. Borrowing is utilised for assets with longer asset lives, where the impact of interest and Minimum Revenue Provision (MRP) can be spread over the useful economic life of the asset, whilst minimising the impact on the General Fund. Leasing is also tightly controlled within the revenue budgets for the same reason, and is rarely used as the interest rates remain low, therefore borrowing is currently a more attractive means of financing capital expenditure.

## 6.0 Financing

- 6.1 Subject to the approval of the proposals outlined in section 2.0 and 3.0 above, the current plan for financing the capital programme is shown below.

### General Fund Programme Summary

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Committed Schemes Expenditure</b>				
Other Services	32.326	23.644	2.413	1.256
<b>Total Expenditure</b>	<b>32.326</b>	<b>23.644</b>	<b>2.413</b>	<b>1.256</b>
<b>Capital Expenditure Financing</b>				
Borrowing	15.243	7.190	1.000	0
Government Grants	5.594	7.115	0.860	0.860
Contributions from Third Parties	1.756	1.994	0	0
Community Infrastructure Levy	3.640	1.960	0	0
Capital Receipts	0.509	2.366	0.365	0.346
Capital Reserve	0.554	0.489	0.188	0.050
RCCO	5.030	2.530	0	0
<b>Total Resources Available</b>	<b>32.326</b>	<b>23.644</b>	<b>2.413</b>	<b>1.256</b>

### Housing Capital Programme Financing Summary

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Committed Schemes Expenditure</b>				
Housing Services - HRA	25.035	16.170	10.460	5.229
<b>Total Expenditure</b>	<b>25.035</b>	<b>16.170</b>	<b>10.460</b>	<b>5.229</b>
<b>Capital Expenditure Financing</b>				
Borrowing	12.022	11.609	5.059	0
Government Grants	0	0	0	0
Contributions from Third Parties	0	0	0	0
Capital Receipts	1.880	1.144	0.661	0.660
Housing Services Revenue Support (MRR)	11.133	3.417	4.740	4.569
<b>Total Resources Available</b>	<b>25.035</b>	<b>16.170</b>	<b>10.460</b>	<b>5.229</b>

6.2 At year-end, once all the capital expenditure has been finalised (including accrued expenditure) the financing of the Capital Programme as a whole is arranged by the Section 151 Officer, in line with the Council's Constitution.

## **7.0 RECOMMENDATION**

**That the General Fund schemes set out at Appendix A and the Housing Services schemes set out at Appendix B be recommended to Full Council on 8 March 2021 as committed expenditure in the Capital Programme for 2021/22 to 2024/25.**

### **Reason for Recommendation**

**To enable the Capital Programme to be considered by the Policy & Finance Committee in accordance with Financial Regulation 6.2.3 prior to its submission to Council.**

### **Background Papers**

Capital Strategy 2020/21 report to Council 9 March 2020

Capital Programme 2021/22 – 2024/25 Report to SLT on 17 November 2020

Capital Strategy 2021/22 report to Audit and Accounts 3 February 2021

For further information, please contact Jenna Norton on Ext. 5327.

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