

POLICY & FINANCE COMMITTEE

21 FEBRUARY 2022

CAPITAL PROGRAMME 2022/23 TO 2025/26

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 2021, 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 2021), 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 £74.719m in general fund capital expenditure from 2022/23 to 2025/26.

3.2 The major schemes in this programme are:

Scheme Name	Summary of Proposed Financing
Homeless Hostel	Borrowing
Yorke Drive Regeneration and Community Facility	Borrowing plus external grant
Castle Gatehouse	Currently £1m borrowing together with anticipated contribution from the Towns Fund and HLF. This project will be further updated once Full business case is approved. This is likely to move the current proposed timeline
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 £54.326m from the HRA from 2022/23 to 2025/26. This is made up of £28.220m on existing property investment and £26.106m on additional 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 DLHUC 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 over the next two financial years.
- 5.3 Capital Receipts

	General Fund £'m	HRA £'m	1-4-1 £'m	Total £'m
Balance @ 1 Apr 2022	0.501	1.027	0	1.528
Estimated Receipts 2022/23 – 2025/26	5.550	4.530	3.162	13.242
Approved for Financing 2022/23 – 2025/26	4.897	4.607	0.791	10.295
Unallocated Capital Receipts Balance	1.154	0.950	2.371	4.475

- 5.4 The general fund capital estimated receipts of £5.550m are made up of the sale of Bowbridge Road Land to Arkwood Developments Ltd (£2.350m) and other estimated sales of GF land. The residual unallocated balance is not expected to be utilised for financing capital, over the four year capital programme period, due to the expected timing of the receipt other anticipated sales over the proposed capital programme period.

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 40% of the total scheme cost
- Spent within 5 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 3.0 and 4.0 above, the current plan for financing the capital programme is shown below.

General Fund Capital Programme Financing Summary

General Fund Financing	22-23	23-24	24-25	25-26
Net Internal and External Borrowing	21,569,123	1,063,000	0	0
EU & Gov't Grants	23,699,779	10,860,000	860,000	860,000
RCCO	3,670,000	0	750,000	0
Contributions from Third Parties	0	0	225,000	0
Community Infrastructure Levy	5,540,000	0	0	0
Capital Receipts	2,635,000	365,000	346,000	1,497,885
Capital Reserve	488,863	188,287	50,400	50,400
Total Financing - GF	57,602,765	12,476,287	2,231,400	2,408,285

Approval Summary

Approved Full Council	23,643,575	2,413,287	1,256,400	N/A
Movements in Year approved at P&F	35,299,987	10,050,000	0	N/A
Approved to date	58,943,562	12,463,287	1,256,400	N/A
To be approved:				
Inflation on Vehicle Purchases	70,203	13,000	0	1,277,285 *
Additions - Capital bids 22-23	89,000	0	0	1,131,000 **
Reductions - Capital bids 22-23	-525,000			0
Reprofile - SLC	-975,000	0	975,000	0
Total Approvals	-1,340,797	13,000	975,000	2,408,285
Total revised programme	57,602,765	12,476,287	2,231,400	2,408,285

*£1,277,285 is the new vehicles programme in its entirety - not just inflation

** Rolling programme, BCF, ICT

Housing Capital Programme Financing Summary

HRA Financing	22-23	23-24	24-25	25-26
Net Internal and External Borrowing	13,370,000	2,670,000	0	0
EU & Gov't Grants	0	0	0	0
MRR	15,164,980	5,491,270	6,152,930	6,079,130
1-4-1 Capital Receipts	790,545	0	0	0
RTB/Other Receipts	217,151	3,464,500	463,200	462,000
Total Financing - HRA	29,542,676	11,625,770	6,616,130	6,541,130

Approvals Summary

Approved Full Council	16,169,990	10,460,130	5,228,900	N/A
Movements in Year approved at P&F	11,900,846	0	0	N/A
Approved to date	28,070,836	10,460,130	5,228,900	N/A
To be approved:				
Inflation on Investment Budgets 20%	1,122,640	1,094,190	1,045,780	6,274,680 *
Additions - Capital bids 22-23	349,200	71,450	341,450	266,450
Total Approvals	1,471,840	1,165,640	1,387,230	6,541,130
Total revised programme	29,542,676	11,625,770	6,616,130	6,541,130

*£6,274,680 is the new Investment programme in its entirety - not just inflation

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 to the report, and the Housing Services schemes set out at Appendix B to the report, be recommended to Full Council on 8 March 2022 as committed expenditure in the Capital Programme for 2022/23 to 2025/26.

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 2021/22 report to Council 9 March 2021

Capital Programme 2022/23 – 2025/26 Report to SLT on 14 December 2021

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

For further information, please contact Mike Marriott on Ext. 5327.

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