



Report to: Cabinet Meeting: 21 February 2023
 Portfolio Holder: Councillor David Lloyd, Strategy, Performance & Finance
 Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive
 Lead Officer: Jenna Norton, Senior Accountant – Financial Services Extension 5327

Report Summary	
Type of Report	Open, Key Decision
Report Title	Capital Programme Budget 2023/24 to 2026/27
Purpose of Report	In accordance with the Financial Regulations 6.2.3, Cabinet 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.
Recommendations	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 2023 as committed expenditure in the Capital Programme for 2023/24 to 2026/27.
Alternative Options Considered	If the Council did not have a Capital Programme, this would result in not being able to deliver the schemes and not achieve the objectives in the community plan.
Reason for Recommendations	To enable the Capital Programme to be considered by Cabinet in accordance with Financial Regulation 6.2.3 prior to its submission to Council.

1.0 Background

- 1.1 The Capital Strategy was approved by Council on 9 March 2022. It contains the Capital Appraisal form template and the prioritisation criteria, which is in two stages. The schemes need to meet the criteria in stage 1, to progress to stage 2.
- 1.2 Capital Appraisal forms were circulated to all Business Managers during summer 2022 to enable bids for new Capital schemes. Completed forms were scored in conjunction with the prioritisation criteria. SLT considered the results of this exercise and the proposed Capital

Programme included within this report, contain those schemes that were agreed to be appropriate.

2.0 **Capital Expenditure – General Fund**

2.1 The Council intends to spend £78.631m in general fund capital expenditure from 2023/24 to 2026/27.

2.2 The major schemes in this programme are:

Scheme Name	Summary of Proposed Financing
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.
Glass Recycling Bin Purchase	Funded by Change Management reserve
Vehicles and Plant Replacement	£900k borrowing in relation to the X3 Glass collection vehicles
Cliptone Holding Centre Development	£5m borrowing, with remaining from Change Management Reserve
Southern Link Road Contribution	External Grant supplemented by a revenue contribution
Rural Prosperity Fund	Wholly funded by Grant
A1 Overbridge	Community Infrastructure Levy
Arkwood Developments Regeneration Loan Facility	Borrowing
32 Stodman Street	£2.2m Town Fund, £284k One Public Estate, £400k Rural Prosperity Fund with the remainder supplemented Reserves and borrowing
Contribution to the IASI	Towns Fund Grant

2.3 A number of new schemes have been added to the Capital Programme as part of the budget process. The total over the period of 2023/24 to 2026/27 of £5.097m in General Fund and £5.082m HRA. Details of which can be found labelled 'New' at Appendix A and B, and are summarised below:

Scheme Name	Summary of Proposed Financing
Glass Recycling Transfer Station	Borrowing
Glass Recycling Bin Purchase	Change Management Reserve

Playground Equipment Improvement	Third Party Contribution from Miner 2 Major (£8k) and the remaining from the Capital Reserve
Rural Prosperity Fund	Wholly funded by Grant
Beacon EV Charge Points	Capital Reserve
Security Gates Burma Road, Clipstone, Southwell, SOT & SFACC	Capital Reserve
Shared Prosperity Year 2 & 3	Wholly funded by Grant
Information Technology Investment	Capital Receipts and Capital Reserve
Jubilee Bridge Works	Asset Maintenance Reserve
HRA Playground Equipment Improvement	HRA Efficiencies
HRA Thermal Comfort	Major Repairs Reserve
HRA Housing Management System	Housing Reserve
HRA Carelines	Housing Reserve

2.4 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**.

3.0 Capital Expenditure – Housing Revenue Account (HRA)

3.1 The Council intends to spend £50.607m from the HRA from 2023/24 to 2026/27. This is made up of £27.624m on existing property investment and £22.983m on additional Affordable Housing.

3.2 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.

3.3 Major schemes included in the HRA are:

- Yorke Drive Estate Regeneration
- Phases 5 of the Council House Development Programme
- Replacement of the Housing Management System

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

4.0 Resources Available

4.1 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 the delivery of the capital programme.

4.2 The most significant grants currently forecast over the medium term are from the Towns Fund, Levelling up Fund, Grant from Nottinghamshire County Council (for the Southern Link Road), Rural Prosperity Fund and 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 financial year.

4.3 Grants and Contributions in relation to the Southern Link Road, include £17.5m (the balance estimated to be remaining from the £20m awarded) from the Levelling up Fund and a third party contribution from Nottinghamshire County Council which was secured during 2022/23, to be administered by the Council on behalf of Nottinghamshire County Council in line with the current monitoring process for the other Public Sector grant.

4.4 The Rural Prosperity Fund (RPF) is a wholly Capital allocation, that has been bid through an addendum to the SPF Investment Plan that the Council will be informed of in March 2023. This will provide an allocation of £892k over two years 2023/24 and 2024/25. The programme will include an ability for external stakeholders to bid and will be a multiple series of small capital improvement that will be overseen and approved by the Portfolio Holder for Economic Growth & Visitors.

4.5 Capital Receipts

	General Fund	HRA	1-4-1	Total
	£'m	£'m	£'m	£'m
Estimated Balance @ 1 Apr 2023	0.994	1.710	1.197	3.901
Estimated Receipts 2023/24 – 2026/27	7.900	4.577	3.162	15.639
Approved for Financing 2023/24 – 2026/27	6.080	2.997	1.987	11.064
Unallocated Capital Receipts Balance	2.814	3.290	2.372	8.476

4.6 The general fund capital estimated receipts of £7.9m are made up of the sale of the residential properties on Stodman Street and the land at Lowfield Lane, due to be sold to Arkwood Developments.

4.7 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.

4.8 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.

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.

5.0 **Financing**

5.1 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	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	22.753	1.032	0	0
Government Grants	26.043	2.674	0.860	0.860
Contributions from Third Parties	3.008	0.225	0	0
Community Infrastructure Levy	5.540	0	0	0
Capital Receipts	0.753	1.781	1.762	1.783
Capital Reserve	0.754	0.080	0	0
RCCO	7.442	1.280	0	0
Total	66.294	7.072	2.622	2.643

Housing Revenue Account Capital Programme Financing Summary

HRA	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	7.510	6.474	0	0
Government Grants	0	0	0	0
Contributions from Third Parties	0	0	0	0
Capital Receipts	4.985	0	0	0
RCCO	0.637	0.655	0	0
Revenue Support	9.913	6.846	6.846	6.741
Total	23.045	13.975	6.846	6.741

5.2 At the end of the financial year, once all 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.

6.0 **Implications**

In writing this report and in putting forward recommendation's officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Capital Strategy 2023/24 report to Audit and Governance on 1 February 2023