

## **POLICY & FINANCE COMMITTEE**

**20 FEBRUARY 2020**

### **CAPITAL PROGRAMME 2020/21 TO 2023/24**

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

1.1 In accordance with Financial Regulation 6.2.3, Policy & Finance Committee is required to consider the Capital Programme and recommend to Council the final Programme. This report details the available resources, the Council's existing committed programme and the priority schemes identified.

#### **2.0 Capital Expenditure – General Fund**

2.1 The Council intends to spend £39.727m in general fund capital expenditure from 2020/21 to 2023/24.

2.2 The major schemes in this programme are:

- Dukeries Leisure Centre new pool
- Southwell Leisure Centre Improvements
- The rolling replacement programme for Vehicles, Plant, Equipment and Technology
- The Southern Link Road contribution
- The Castle Gatehouse project
- New Homeless Hostel in Newark
- Contribution to the Robin Hood Development

2.3 The most significant scheme in the programme is the loan facility that has been made available for Arkwood Developments to ensure that the company has the cash flow required to deliver its objectives. This expenditure will all be financed by borrowing as this will be replenished when the principal is repaid. Details of individual schemes are shown in **Appendix A**.

#### **3.0 Capital Expenditure - Housing Revenue Account (HRA)**

3.1 The Council intends to spend £56.471m from the HRA from 2020/21 to 2023/24. This made up of £21.398m on existing property investment and £35.073m on Affordable Housing.

3.2 One of the annual requirements of Newark and Sherwood Homes was that the Company should submit to the Council its written proposals for the next year's arrangements for a number of operational and strategic activities including, an Asset Management Programme, this was undertaken by the Company before management of the Council's Housing stock was transferred back to the District Council. In future years, this will be the responsibility of the Director – Housing and their team. Details of the proposed investment can be found at **Appendix B**.

3.3 This HRA capital budget includes costs in relation to phase 3 to 5 of the new build programme which commenced in August 2017. To date, in addition to the 60 units delivered at Gladstone House, Newark (*an extra care scheme*), the first two phases of the development programme have delivered 120 new council homes. As reported at Homes & Communities Committee on 20 January 2020.

3.4 Ollerton & Boughton Extra Care scheme is progressing with works starting on site in October 2019 to deliver the 40 unit extra care scheme, comprising 30 apartments and 10 bungalows This scheme has been successful in a bid to Homes England for grant of £2.080m (£1.560m 2019/20 and £0.520m in 2020/21). Details of the full development programme are available at **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.

4.2 The most significant grants currently expected over the medium term are from the Better Care Fund (BCF) for Disabled Facilities Grants (DFG's), Homes England (HE) for Ollerton & Boughton Extra Care Scheme, and Section 106 (S106) monies. In addition to this, grants held from previous years for specific purposes are due to be utilised i.e. Local Enterprise Partnership (LEP) Grant that has been received in relation to the Southern Link Road.

4.3 Capital Receipts

	<b>General Fund £'m</b>	<b>HRA £'m</b>	<b>1-4-1 £'m</b>	<b>Total £'m</b>
Balance @ 1 Apr 2020	0.958	2.187	1.756	<b>4.901</b>
Estimated Receipts 2020/21 – 2023/24	0	2.021	2.434	<b>4.455</b>
Approved for Financing 2020/21 – 2023/24	0.956	4.208	4.126	<b>9.292</b>
<b>Unallocated Capital Receipts Balance</b>	<b>0.002</b>	<b>0.000</b>	<b>0.064</b>	<b>0.066</b>

4.4 The HRA capital receipts and 1-4-1 figures above relate to 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 are monitoring the deadlines closely and maximising use where practicable within the new build programme in order to avoid having to return the receipts with interest.

4.3 In keeping to the Council's Capital Strategy, unsupported borrowing is minimised to prevent any destabilisation of the General Fund from the interest and Minimum

Revenue Provision (MRP) that results from borrowing. Leasing is also tightly controlled within the revenue budgets for the same reason, and is rarely used, as the interest rates over the last few years has meant that the costs of borrowing are lower than leasing costs.

## 5.0 Financing

5.1 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

	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>
<b>COMMITTED SCHEMES EXPENDITURE</b>				
Other Services	29.227	5.803	3.666	1.032
<b>Total Expenditure</b>	<b>29.227</b>	<b>5.803</b>	<b>3.666</b>	<b>1.032</b>
<b>CAPITAL EXPENDITURE FINANCING</b>				
Net Internal and External Borrowing Approval	16.224	2.418	2.966	0.332
Government Grants	4.566	3.148	0.700	0.700
Contributions from Third Parties	3.906	0	0	0
Capital Receipts	0.724	0.233	0	0
Capital Reserve	1.020	0.004	0	0
RCCO	2.787	0	0	0
<b>Total Resources Available</b>	<b>29.227</b>	<b>5.803</b>	<b>3.666</b>	<b>1.032</b>

### HOUSING CAPITAL PROGRAMME FINANCING SUMMARY

	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>
<b>COMMITTED SCHEMES EXPENDITURE</b>				
Housing Services - HRA	23.909	15.314	12.166	5.081
<b>Total Expenditure</b>	<b>23.909</b>	<b>15.314</b>	<b>12.166</b>	<b>5.081</b>
<b>CAPITAL EXPENDITURE FINANCING</b>				
Net Internal and External Borrowing Approval	7.514	7.254	6.352	3.366
Government Grants	0.520	0	0	0
Contributions from Third Parties	0.211	0	0	0
Capital Receipts	4.574	2.339	1.422	0
Housing Services Revenue Support (MRR)	11.091	5.722	4.392	1.715
<b>Total Resources Available</b>	<b>23.909</b>	<b>15.314</b>	<b>12.166</b>	<b>5.081</b>

5.2 Once the capital expenditure has been incurred, the financing of the Capital Programme as a whole is arranged by the Section 151 Officer, in line with the Council's Constitution.

- 5.3 All bids for new capital projects are allocated scores in accordance with the Capital Prioritisation Process (details of which are provided in the Capital Strategy 2020/21).
- 5.4 The process is designed to demonstrate a level of objectivity in the selection of projects. It is numerically based, and allocates points to projects dependent on the categories into which they fall. The aim is to demonstrate how the Council selects projects that will achieve its overall objectives and is not biased towards particular service interests.

## **6.0 RECOMMENDATION**

**That General Fund schemes set out at Appendix A and the Housing Services schemes set out at Appendix B are recommended to Full Council on 9 March 2020 as committed expenditure in the Capital Programme for 2020/21 – 2023/24.**

### **Reasons 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**

Nil.

For further information please contact Jenna Norton on Ext 5327.

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