

Cabinet

24 February 2021



Title	Draft Capital Programme and Strategy 2021/22 to 2024/25
Purpose of the report	To make recommendations to Council
Report Author	Terry Collier
Cabinet Member	Councillor Sati Buttar
Confidential	No
Corporate Priority	Financial Sustainability
Recommendations	Cabinet is asked to review the proposed Capital Programme for 2021/22 to 2024/25 and Prudential Indicators for 2021/22 to 2024/25 as set out in report
Reason for Recommendation	To enable the authority to develop its Capital Investment Programme and agree the inclusion of the new Capital bids within the Capital Programme.

1. Key issues

- 1.1 The report is to consider and approve the proposed Capital Programme for 2021/22 to 2024/25 in the light of the available resources and corporate priorities. The report covers progress on current schemes and includes future schemes for consideration.
- 1.2 The Council has a substantial Capital Programme and as part of the development of the Capital Programme, all of the Capital Schemes have been reviewed by Budget managers and reprofiled to reflect the latest capital monitoring information and expectation of when budgeted expenditure will be incurred. This reflects the impact of delays in the Capital Programme arising from the impact of Covid-19, delays in obtaining planning permission and changes to schemes requested by Members. The detailed changes resulting from the reprofiling exercise are shown in the draft Capital Programme 2021/25 in Appendix A.
- 1.3 A number of new bids are also proposed for inclusion in the Capital Programme and these bids also include additional funding for a number of existing development schemes. The detail of information relating to the new bids is set out in Appendices C & D. The Programme follows on from the Extraordinary Council Meeting in January and includes provision for the six residential schemes support by Council at that meeting.
- 1.4 The detail on the funding of the draft Capital Programme 2021/25 is shown in Appendix B

- 1.5 The detailed draft Capital Programme 2021/25 which is set out in Appendix A identifies the current approved Capital Programme 2020/21 together with the planned changes made because of reprofiling and the addition of the new bids and proposed additional funding for several development schemes.
- 1.6 The table below summarises the proposed Capital Programme 2021/25 by portfolio. The budgeted cost of the schemes proposed in the 2021/25 programme is shown as £249,874,000. The budget for the financial year 2021/22 is £36,053,000.

Table on Capital Programme 2021/22 to 2024/25

Portfolio	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total 2021/22 to 2024/25
	Approved	Revised					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
			(a)	(b)	(c)	(d)	(a) to (d)
Cllr Attewell - Community Wellbeing and Housing	913	913	2,008	881	861	861	4,611
Cllr Barratt - Compliance, Waste & Risk	356	204	183	60	1,360	60	1,663
Cllr Chandler - Leisure Centre Development	2,980	750	7,253	23,347	7,143	644	38,387
Cllr McIlroy - Housing & Regeneration	134,426	30,514	25,608	78,220	63,166	37,023	204,017
Cllr Boughtflower - Housing Opportunities	20,000	750	0	0	0	0	0
Cllr Noble - Corporate Management	809	334	1,001	65	65	65	1,196
Total	159,484	33,465	36,053	102,573	72,595	38,653	249,874

The largest items in the 2021/25 programme relate to funding the cost of developing Housing on Council owned assets which will deliver additional housing and an ongoing revenue stream which will improve the Council's revenue position in future years.

- 1.7 Apart from some small schemes funded by specific grant, the majority of the Capital Programme is now funded from borrowing in compliance with the Prudential Code and revenue contributions as the Council has very limited capital receipts or capital reserves.

Proposed Programme

- 1.8 All bids to go on the Capital Programme for 2021/25 have been critically assessed and reviewed by Management Team and Cabinet. Moving forward the project delivery of major schemes will be overseen by the new Programme Board. The level of spend proposed has also been reviewed to reflect the level of capital resources now available to finance future capital expenditure.
- 1.9 All capital projects in 2020/21 have been reviewed and these schemes have been reprofiled, to reflect anticipated expenditure in 2020/21. Each project has been reprofiled by Project Managers to reflect the latest progress of each capital scheme. The reprofiled budgets resulted in reduction in the 2020/21 budget with compensating increases in the budget in 2021/22 and future years. This is shown in the above table as a reduction to £33,465,000 from £159,484,000.
- 1.10 It should also be noted that there are a number of new capital bids identified for inclusion in the Capital Programme in 2021/22. There are a number of proposed additions to the funding for a several major development schemes. The additional funding arises from changes to the scope and specifications of several major development schemes. The increase in budget reflects expansion of the schemes which are supported by increased revenue streams.
- 1.11 The Capital Programme also includes provision for a number of on-going schemes and upgrades on specific areas including Information Technology. The various IT schemes include equipment refresh, upgrades to systems and improvements to ways of working which will help facilitate efficiencies.
- 1.12 A summary of the proposed new additions to the Capital Programme and funding are set out in the tables below, and the detail in relation to the proposed new bids are set out in Appendix C & D.

Table on New Growth Bids 2020/21 to 2024/25

Portfolio	New Bids 2020/21	New Bids 2021/22	New Bids 2022/23	New Bids 2023/24	New Bids 2024/25	Total New Bids
	£'000	£'000	£'000	£'000	£'000	£'000
	(a)	(b)	(c)	(d)	(e)	(a) to (e)
Cllr Attewell - Community Wellbeing and Housing	0	1,147	20	0	861	2,028
Cllr Barratt - Compliance, Waste & Risk	0	0	0	0	60	60
Cllr Chandler - Leisure Centre Development	0	0	0	5,164	644	5,808
Cllr McIlroy - Housing & Regeneration	216	1,457	10,891	7,975	2,158	22,697
Cllr Boughtflower - Housing Opportunities	0	0	0	0	0	0
Cllr Noble - Corporate Management	11	515	65	65	65	721
Total	227	3,119	10,976	13,203	3,788	31,314

Table on Funding of New Growth Bids 2020/21 to 2024/25

Portfolio	Borrowing	GF Reserves	Homes England	Capital Receipts	DFG	Total New Bids Funding
	£'000	£'000	£'000	£'000	£'000	£'000
	(a)	(b)	(c)	(d)	(e)	(a) to (e)
Cllr Attewell - Community Wellbeing and Housing	1,127	40	0	30	831	2,028
Cllr Barratt - Compliance, Waste & Risk	0	60	0	0	0	60
Cllr Chandler - Leisure Centre Development	5,808	0	0	0	0	5,808
Cllr McIlroy - Housing & Regeneration	21,575	292	0	831	0	22,697
Cllr Boughtflower - Housing Opportunities	0	0	0	0	0	0
Cllr Noble - Corporate Management	0	721	0	0	0	721
Total	28,510	1,113	0	860	831	31,314

2. Options analysis and proposal

- 2.1 Under the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code regime, councils have a requirement to set out how the financing of their Capital Programme is prudent and affordable and to publish prudential indicators. Any new borrowing would of course result in a charge to the General Fund for principal and interest on completion of schemes. However, that relating to residential schemes will be offset by interest and principal repayments from Knowle Green which will be equal to or larger than the payments being made by the Council. It is the rental income streams from the residential schemes delivering housing for the borough's residents which makes the financing affordable and prudent for the Council.
- 2.2 If borrowing is not undertaken the programme would need to be financed from additional capital receipts through the selling of assets or a significant revenue contribution to Capital from the services proposing the capital works.
- 2.3 The calculation for the Prudential Indicators is attached as Appendix E.

3. Financial implications

- 3.1 As set out within the report and appendices the recommended Capital Schemes for 2021/22 is estimated at £36,053,000.
- 3.2 The Council is looking to retain most of its freeholds, which means that future capital receipts will be limited. There will still be a small amount of receipts from the Council's share of Right to Buy. To improve the resiliency of the Capital Programme, the Council is maintaining its revenue contribution to capital and over time its repair and renewal funds. Borrowing will be undertaken to fund acquisitions and developments where future income streams or cashable savings are generated, for example reducing the office footprint.

3.3 The Planned financing of the 2021/22 Capital Schemes is as follows:

Type of Funding	Amount £'000	Revenue Impact
Capital Receipts	250	Interest foregone to allow for future income streams and cashable savings to be generated
External Funding - Disabled Facilities Grant	831	None
General Fund Reserves	1,419	Interest foregone to allow for future income streams and cashable savings to be generated
Grants & Other Contributions	472	Interest foregone to allow for future income streams
Borrowing	33,081	Financing and borrowing repayments
Total	36,053	

4. Other considerations

4.1 There are none

5. Timetable for implementation

5.1 Schemes included in the Capital Programme are programmed to commence in 2021/22 and will be monitored monthly to ensure that any slippage of schemes is identified at an early date and the programme is adjusted accordingly.

5.2 Any schemes incomplete at the end of March 2021 may be incorporated as part of the revised programme for 2021/22.

5.3 Bi Monthly reports are prepared for MAT to show the current status of the schemes and presented to Cabinet and Overview and Scrutiny Committee quarterly for revisions and updates to both estimates and projected.

Background papers: None

Appendices: A Detail of 2021/22 to 2024/25 Capital Programme Estimates

B Detail of 2021/22 to 2024/25 Capital Programme Funding

C Detail of New Capital Bids 2020/21 to 2024/25

D Detail of New Capital Bids Funding 2020/21 to 2024/25

E Prudential Indicators for 2021/22 to 2024/25

F Confidential Paper - Detail of a Capital Scheme summarised in Appendix A