



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 January 2023
Council	22 February 2023

Wards affected: All

Capital Programme 2022-23 to 2025-26 and Capital Strategy

Report of Head of Finance

1. Purpose of report

1.1 To seek approval of the Capital Strategy & Capital Programme for the years 2022/2023 – 2025/2026.

2. Recommendation

2.1 The Capital Strategy is approved.

2.2 That Council approves the proposed Capital Programme for the years 2022/2023 – 2025/2026.

2.3 That Council approves the growth bids detailed in section 3.30 of this report

3. Background to the report

Capital Strategy

3.1 CIPFA's updated prudential code & Treasury Management Code of Practice require local authorities to produce capital strategies from 1st April 2019. This requirement has also been confirmed by DLUHC.

3.2 The key drivers for the requirement are summarised below: -

- Understanding risks associated in investing in non-financial products with the primary aim of making a return (e.g., Local authorities investing in shopping malls and not understanding associated risks)
- Understanding risks and funding involved with third sector entities, wholly owned companies as part of regeneration etc.

- Underlying issues of how such investments are financed and setting aside a borrowing provision & due diligence.

Details of this Council's process regarding creation, approval and monitoring of schemes are included within section 7 of the financial procedure rules

- 3.3 There is a requirement that the strategy is approved by Council.
- 3.4 This report should be read in conjunction with the Treasury Management report.

Capital Programme

- 3.5 Capital expenditure is expenditure that results in the creation of an asset that has a life expectancy of more than one year and where use of the asset will result in benefits in future years. Capital expenditure may be used to generate assets for the Council's own use or to provide support for third party capital enhancements. The Capital Strategy looks at the longer-term risks associated with capital expenditure and governance arrangements.
- 3.6 Any plans for capital expenditure must be financed through an approved method of funding. The main streams of such financing are summarised in paragraph 3.21: -
- 3.7 The Capital Programme (the Programme) is produced on an annual basis to cover the current year and forecasts for the next three financial years. The Programme supports the Council's Corporate Plan and Medium-Term Financial Strategy and ensures that resources are allocated and are used effectively to achieve corporate targets. At the same time, the Programme is an integral element of the financial planning procedures of the Council and forecasts how the Council will deliver key projects affordably and within relevant Prudential Limits. The Programme should therefore be read in conjunction with these documents, alongside the Council's Corporate Asset Management Strategy and Housing Revenue Account Investment Plan.
- 3.8 The Capital Programme is prepared in conjunction with budget holders and Directors. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Directors and the Strategic Leadership Team. Growths are assessed in terms of their contribution to corporate objectives and funding availability.
- 3.9 The overall Capital Programme for 2022/2023 – 2025/2026 is contained within Appendix 1 along with supporting schedules showing spend by scheme.

CAPITAL STRATEGY

Capital Expenditure

- 3.10 Primary legislation regarding capital finance is included in The Local Government Act 2003. The act refers to the following types of expenditure that fall under the capital financing regime.
- "expenditure of the authority which falls to be capitalised in accordance with proper practices" (i.e., the creation of an asset that has a useful life of more than one year).
 - expenditure under regulation prescribed by the Secretary of State which can or can't be treated as capital expenditure.

- The Council’s definitions of the capital programme are included within Section 7 of the financial procedure rules. An extract is provided below: -

“Capital expenditure means the acquisition, construction, or enhancement of tangible/intangible fixed assets (land, buildings, vehicles, plant, equipment, hardware, and software). Capital assets shape the way services are delivered in the long-term and create financial commitments for the future in the form of financing and revenue running costs.

An enhancement is defined as:

- *Works that lengthen substantially the useful market value life of an asset.*
- *Works that increase substantially the market value of an asset.*
- *Works that increase the extent to which the property can be used for purposes of functions of the council. “*

3.11 The Capital programme and its funding are summarised below. Details of individual schemes are presented within Appendix 1 of the Capital Programme Report. The future year’s capital programme will continue to be reliant on external funding and rental income for HRA schemes.

General Fund Schemes

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	COST	2022-2023	2023-2024	2024-2025	2025-2026
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure					
Corporate & Support Services	35,286	6,554	22,605	5,340	787
Community Services	8,590	3,480	2,654	1,228	1,228
Total Capital Expenditure	43,876	10,034	25,259	6,568	2,015
Financing					
Capital Receipts	3,149	784	1,913	295	157
External Contributions	9,492	3,590	2,660	2,031	1,211
Borrowing GF	29,820	5,298	19,693	4,212	617
Contribution from reserves GF	1,415	362	993	30	30
Total Financing	43,876	10,034	25,259	6,568	2,015

HRA Schemes

	TOTAL	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
	COST	2022-2023	2023-2024	2024-2025	2025-2026
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure					
HRA	23,688	5,325	6,501	5,756	6,106
Service Investment	61	61	0	0	0
Affordable Housing	12,644	1,680	6,940	4,024	0
Vehicles	40	0	40	0	0
Total Capital Expenditure	36,433	7,066	13,481	9,780	6,106
Financing					
Major Repairs Reserve	12,647	3,009	3,620	3,009	3,009
Regeneration Reserve	12,130	2,594	5,644	1,946	1,946
Earmarked Reserves	60	60	0	0	0
Borrowing	5,623	0	1,626	2,876	1,121
External Funding	555	405	150	0	0
Grants	1,450	0	900	550	0
Capital Receipts	3,968	998	1,541	1,399	30
Total Financing	36,433	7,066	13,481	9,780	6,106

Capital Project Planning & Approval Framework.

3.12 The Capital Programme is prepared in conjunction with budget holders and Directors. Project officers are invited as part of the budget setting process to submit requests for capital growths which are considered by Directors and the Strategic Leadership Team. Growths are assessed in terms of their contribution to corporate objectives and funding availability. Prior to consideration a capital bid form is submitted which details the following: -

- Brief description of scheme and how the scheme meets the Councils priorities.
- Profiled spending proposals over 4 years.
- Sets out external contributions and grant funding for the scheme.
- Ongoing revenue implications (e.g., IT, Staffing costs).

3.13 Any additional bids that are agreed by SLT during the financial year are approved in accordance with financial procedure rules.

3.14 SLT will monitor progress and review the capital programme to ensure that the council's corporate objectives are being met and that there is consistency between the capital programme and the corporate plan.

Governance Arrangements

3.15 Scheme budgets are monitored monthly. Project Officers receive monthly reports and are discussed as part of the monthly meetings with their respective Accountant. A monthly outturn report is presented to SLT with appropriate corrective action. Finance and Performance Committee receive quarterly updates. Additionally, budget variations are reported and approved in accordance with financial procedure rules.

3.16 For larger schemes a Project Board and Project Team oversee the scope and delivery of key strategic projects. The Project Board will usually include a member

lead and senior manager within the Council. The Project Manager will head the Project Team, supported where necessary with specialist consultants. The Project Team will also draw on in-house expertise of officers and includes financial, legal, and planning representatives. The Project Team will report to the Project Board at agreed intervals and is responsible for delivering targets that the Project Board set against an agreed programme for delivery.

Prior to project approval and sign off the Project Initiation Document a scoping and feasibility exercise will be carried out to identify the project objectives, project cost and project risks. If the feasibility study findings are supported by the Directors and Chief Executive of the Council the project will be forwarded to Executive or Full Council for sign off dependant on the capital investment required.

Throughout the project both the Project Team and Project Board will monitor progress and the Project Board will receive Highlight Reports and an updated Project Risk Register. Within the Highlight report key issues and budget figures will be reported. Updates may also be reported to Executive and Full Council for major capital projects.

Longer Term Financial Planning

- 3.17 The availability of financing options is becoming restricted over the medium term as asset sales become less frequent and the availability of funding from central government becomes restricted. An innovation and enterprise board has been set up which look at various potential opportunities that may arise. Within the existing capital programme, the Crematorium scheme once completed will help to underpin the general fund resources by generating cost reductions and or a net income.

In the longer term the Council's Heavy vehicle fleet will need to be replaced. A decision will need to be made whether funds are set aside in preparation to fund the replacement. The Council will also have to set aside funds to ensure that parks, play areas, commercial units and corporate assets are maintained at a decent standard. A building maintenance reserve has been set aside to fund such developments.

- 3.18 Currently, the Councils capital activity for the general fund can be split into 2 areas. New one-off schemes and recurring schemes are required to maintain the current level of service provision. i.e., this is the minimum value of the ongoing capital programme. The indicative cost for this is presented below.

	2023-24 Budget £000's
Enhancement & Improvement Works	325
Grants	5,099
Parks	326
Property, Plant and Equipment	2,899
Total	8,649

- 3.19 Resources are needed to ensure that this level of support can be maintained, and new commitments can be funded. In essence if no reserves or external funding is available, the cost of the capital programme is met by borrowing, the costs of which

are charged to the revenue account through Minimum Revenue Provision (principal repayment of debt funding) and any interest cost if actual borrowing has taken place.

- 3.20 The HRA Capital Programme is based on the 30 Year Business Plan which was refreshed to reflect the Council Housing Asset Management strategy (Approved by Council in April 2022) and the council house new build and acquisition ambitions, which will be updated in the forthcoming HRA Investment Strategy. Since 2017 alongside the enhancements to current stock, the council has developed 76 council properties and acquired a further 16 properties to add to the total.

Capital Funding

- 3.21 The following areas of funding are available to fund the programme.

- Government Grants – Typically these are received to enable Councils to focus resources on central government priorities. e.g., disabled facilities grant. The grants have conditions attached so spending must focus on the area concerned and will normally only be given if a Council can also commit its own resources.
- Contributions and other grants Government Grants – Typically these are like government grants. Expenditure will be limited to those set out in the conditions of the grant or legal contracts and may require a level of match funding by the local authority.
- Earmarked Reserves – Capital Expenditure can also be funded through the Council's earmarked reserves. Typically, these reserves are used to fund specific schemes or used for match funding to support partly funded projects. These reserves are reported as part of the MTFs and the revenue budget reports.
- Capital Receipts – These balances are the net sales proceeds that the Council can use to fund future capital projects. Part of the proceeds from the sale of Council Dwellings must be earmarked for the increase in affordable housing supply.
- Direct Revenue Financing – This is where the General Fund or HRA Balance is used to fund projects. Due to pressures on the revenue budget this is only used occasionally. Typically, this will arise when additional funding is received which can be used to fund either revenue or capital expenditure, or where specific underspends are used to part finance a capital project.
- Borrowing – the Council is permitted to set within its "Prudential Indicators" a level of borrowing that can be obtained to fund capital expenditure. The Council must be satisfied that this borrowing is used to fund projects that are prudent, sustainable, and affordable

Borrowing

- 3.22 The Council is allowed to borrow funds to finance capital expenditure as long as it is affordable (i.e., future MRP and interest Payments affordable).
- 3.23 The Council has long term surplus cash balances, and these funds can also be used for fund expenditure. Although this will not attract an interest cost MRP still has to be provided.

- 3.24 The Council's borrowing requirement, risks and affordability are considered as part of the Treasury Management and prudential Indicator report approved by Council in February.

Asset Management Overview

- 3.25 The Council's asset management plan was reviewed and agreed by Council in April 2022. The key strategic objectives of the plan are:
- Provide opportunities for increasing the commercial estate and accommodation for "business start ups."
 - Promoting new affordable Housing for rent and delivering Council House new build & affordable housing schemes.
 - To complete the Crematorium Project.
 - Disposal of surplus land & buildings that have no operational uses.
 - Maximise efficiency through co-location and improved conference facilities.

Asset Management Overview

- Council proposes to actively pursue the acquisition of assets and the development of land in accordance with a new Acquisition and Development Strategy". The strategy was agreed at Council in November 2022
- Council proposes to concentrate acquisitions and development undertaken through the strategy within the borough boundary to ensure maximum localised impact, but the Council acknowledges that its functional economic geography (FEG).

Commercial Activity & non-Treasury investments

- 3.26 On the Council's Balance sheet the Council does not hold any investment properties. Investment properties are assets that are solely held for an investment return or capital appreciation and no other reason. For all our assets although a future return is one of the aims, there are other aims as well e.g., economic regeneration, employment etc.

Major income generation activity using council assets is listed below: -

Activity	Value £000's	Due Diligence
Leisure Centre Management Fee	1,120	This is a fixed Fee based on a design build operate and maintain contract. The fee is payable regardless of the value of fees collected by the Leisure Provider. Due diligence was undertaken at pre contract stage with detailed financial checks, references and off site meets at centres where the provider has successfully implemented such schemes.

Hinckley Hub	482	The partners occupy the premises on a Licence agreement. Each agreement has contractual provisions for uplift of rent.
Commercial Estates Income	916	Before award of the lease, a financial check is undertaken, and trading references are also taken. This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees
Car Parking	550	Income is monitored monthly and changes to the fee base are subject to Council Approval.
Block C	372	Before award of the lease, a financial check is undertaken, and trading references are also taken. This may either result in refusal of a lease, granting of a lease, or granting of the lease with additional guarantees
New projects		At feasibility stage key risks are identified and any potential on going costs and or income are approved in accordance with financial procedure rules.

Knowledge & Skills - Capital Projects

3.27 The Council has the following resources to ensure projects are delivered successfully.

- 1 X Estates & Asset Manager
- 1 X Housing Repairs Manager (Housing Schemes)
- 3 X Estates & Building Surveyors

These officers have experience of: -

- Developing capital projects
- Acquiring and selling properties
- Commissioning partners to deliver the capital programme
- Managing properties as a landlord

To support the Council own resources external support is also used for advice, due diligence, property assessments and valuations and project support. Architectural, Quantity Surveying and Engineering support is also used as and when required.

CAPITAL PROGRAMME

Proposed Capital Programme - General Fund

3.28 The General Fund Capital Programme is concentrated around achievement of the priority capital projects namely:

- Green Spaces Delivery Plan
- Private Sector Housing Assistance
- Crematorium Scheme funding has been updated to reflect the change in funding.
- Heritage Action Zone.

3.29 New Schemes

Use of Right to Buy receipts in current year 2022/23

In 2022/23 there are £257,000 pounds of RTB that are at risk of being returned as not used within a five-year period. To do so we will need to spend between £650,000 and £800,000 by the year end or risk losing the funds. This is in addition to capital budgets agreed at the beginning of the 2022/23 year. This has been given the support of the current administration, but due to its value requires Council approval as well. Action is being taken to try and ensure purchase of new housing stock can be achieved before the year end to prevent the return of the unused RTB receipts.

New schemes 2022/23-2025/26

The following requests have been received in respect of new schemes for inclusion in the revised capital programme and require approval for inclusion. They have been reflected in the Capital Programme shown at Appendix 1.

Members ICT Equipment

The scheme is to provide all councillors with ICT equipment built and managed by ICT leading to improved councillor support arising from consistency in device management.

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	30,000	30,000	0	0

Emergency Generator

The scheme is to provide an Emergency Generator with the aim of protecting corporate information and minimising recovery disruption. Additionally, it would protect ICT equipment from uncontrolled power loss thus preventing damage to equipment

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	12,000	12,000	0	0

UPS Replacement

The scheme is for the enhancement of the existing UPS (Uninterrupted Power Supply) protection to enable ICT operations to be shut down in an orderly fashion. This will ensure information is protected from corruption, minimising recovery disruption and preventing damage to equipment.

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	33,000	33,000	0	0

MFA Non-Corp Mobiles

The scheme is to enable the Microsoft Authenticator App to be installed on all corporate devices as a means of ensuring compliance with best practice for MFA (Multi Factor Authentication)

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	8,000	8,000	0	0

Load Balancers

The Scheme is for the purchase of load balancers to enable our servers to be used in a more effective manner leading to greater reliability of connection for users, increased flexibility in the event of a server requiring emergency maintenance and increased system performance.

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	12,000	12,000	0	0

Installation of solar panels on Hinckley Leisure Centre

The Scheme is for the installation of solar panels at Hinckley Leisure centre based on an invest to save proposal. Aim is to reduce Energy benchmarking costs aligned to the Leisure Service Management Contract

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	200,000	200,000	0	0

UK Shared Prosperity Schemes

The Council has successfully made a bid under this schemes projects will support 5 key local priorities

- Cost of Living challenges
- Climate Change impacts
- Town Centre enhancements
- Employment & Skills
- Health & Well Being

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost	740,000	35,000	125,000	580,000
External Contributions	(740,000)	(35,000)	(125,000)	(580,000)
HBBC Element	0	0	0	0

Rural Prosperity Schemes

This scheme relates to a series of capital projects to be undertaken under the Rural Prosperity scheme umbrella and will be entirely funded from the external grant contributions received for this purpose

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost	400,000	0	100,000	300,000
External Contributions	(400,000)	0	(100,000)	(300,000)
HBBC Element	0	0	0	0

Movement in Connection Fund

This scheme relates to the provision of towpath improvements at Ashby Canal in the vicinity of the Sketchley Brook Development. The scheme is entirely funded from section 106 contributions

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost (all HBBC)	160,000	160,000	0	0
Less Section 106 contributions	(160,000)	(160,000)	0	0
HBBC Element	0	0	0	0

Burbage Common – The Greens

Additional play area provision

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	52,250	52,250	0	0

Machinery Procurement

The Scheme relates to the phased replacement of existing equipment which is at the end of its economic life

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	188,513	40,642	83,002	64,869

New Green Spaces Delivery Strategy

This is the bid for the new Green Spaces Delivery Plan to be phased over the next 5 years.

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Annual Expenditure	351,504	27,250	132,712	101,542
Less Section 106 contributions	(222,300)	(14,970)	(105,462)	(101,868)
Special Expenses Reserve	(117,444)	(9,280)	(22,250)	(85,914)
HBBC ELEMENT	11,760	3,000	5,000	3,760

Burbage Common Pay and Display

The Scheme relates to costs for Burbage Common Pay and Display

	Total	2023-24	2024-25	2025-26
	£	£	£	£
Total Cost (all HBBC)	10,878	10,878	0	0

Partnership IT Schemes

This scheme relates to costs changes in the IT partnership and is covered by contributions

	Total	2022-23	2023-24	2024-25
	£	£	£	£
Total Cost (all HBBC)	715,000	340,000	375,000	0
External Contributions	(715,000)	(340,000)	(375,000)	0
HBBC Element	0	0	0	0

Hinckley Hub upgrade

Additional upgrade to make the space more lettable.

	Total	2022-23	2023-24	2024-25
	£	£	£	£
HBBC Element	200,000	0	200,000	0

Regeneration LLEP Enterprise Zone

Additional schemes primary around fitness and landscaping funded by monies set aside in reserves

	Total	2022-23	2023-24	2024-25
	£	£	£	£
HBBC Element (reserves)	295,911	0	295,911	0

Acquisition and Development

To pursue opportunities which may be appropriate for either the wholly owned company or the Council for the proposes of the acquisition of assets and the development of land in accordance with a new approved Acquisition and Development Strategy

	Total	2022-23	2023-24	2024-25
	£	£	£	£
HBBC Element (reserves)	15,000,000	0	15,000,000	0

3.30 Schemes Re-phased

The following schemes have been rephrased as set out below:

	22/23 £000's	23/24 £000's	24/25 £000's	25/26 £000's	
Making Tax Digital	(12)	12	0	0	Project re-phased due to software changes.
Network Upgrades – Phase 2	(48)	48	0	0	Re-phasing of budget
Wi-Fi Upgrades	(50)	50	0	0	Re-phasing of budget
Bosworth 1485 Sculpture Trail Project	(603)	603	0	0	Re-phasing of budget
New Crematorium	(3,501)	843	3,649	95	Re-phasing of approved budget and adjusted for latest build cost
MIRA Technology Park	(1,049)	3,553	0	0	Re-phasing based on final legal agreement
Total	(5,263)	5,109	3,649	95	

Existing schemes

3.31 The remainder of the Programme contains ongoing schemes which have been in place for several financial years. The following points should be noted when reviewing these schemes:

- Hinckley Area Community Initiatives grant (funded from the Special Expenses Reserves).
- Green Space strategy schemes have been re-profiled based on anticipated developer receipts and grant funding. HAC has reviewed and endorsed these schemes. These schemes are funded by SEA reserves or be external contributions. There is no General Fund capital funding earmarked for these schemes.
- The Crematorium scheme has been reprofiled to reflect the latest expenditure profile

3.32 Future General Fund Schemes

The programme does not currently include the following schemes

- New HGV purchases due in 2025. If an assumption is made that a vehicle cost £0.170m, the cost for say 25 vehicles will be £4.25m. This will potentially cost another £0.178m per year in capital financing charges to the general fund.
- Changes to associated with food waste collection, changes to the garden waste service and recycling collection. Initial roll out costs are expected to be around £2.9m. Based on the latest information available this will be funded via New Burdens Support.

Proposed Capital Programme - Housing Revenue Account

3.33 The proposed Capital Programme for the Housing Revenue Account (the HRA Programme) is included in Section 4 of Appendix 1. The HRA Programme reflects the main investment priorities included in the Housing Revenue Account Investment Plan which was approved by Council in November 2018 and allow for rephrasing of current expenditure but no additional increases. These were:

- Ongoing investment to existing stock
- Service improvements
- Affordable Housing

Stock Enhancement/Investment

3.34 £23.7 million of investment has been proposed over the life of the HRA Programme into existing stock. The sequence of these works is based on the outputs from the Asset Management System which is informed by the most recent stock condition survey.

Affordable Housing/Housing Delivery.

3.35 At the date of drafting this report, the Affordable Housing arm of the Programme includes

- Potential new 21unit development at Peggs Close (23/24)

- Additional £7.6m for New Housing Delivery between 2022/23 and 2024/25. This will ensure that Council is committed to use up its allocated of right to buy capital receipts.

Financing

3.36 Expenditure in the Capital Programme will be funded by the following key streams:

- Contributions from the Major Repairs Reserve for the cyclical stock programmes
- Use of the HRA “Regeneration Reserve” which has been set up following the introduction of self-financing
- Use of earmarked reserves
- Grant Funding & External Contributions.
- Use of Right to Buy “Capital Receipts” obtained from the sale of HRA properties

Funding Implications

3.37 The main methods of financing the Capital Programme are detailed in section 3.21 of this report. The availability of financing options is becoming restricted over the medium term as asset sales become less frequent and the availability of funding from central government becomes restricted.

Capital Receipts Reserve

3.38 The estimated impact of the proposed programme on the Capital Receipts reserve is summarised below. It is estimated that £3.235m will be used in 2022/23 to reduce the Council's overall borrowing position. Failure to pay of this debt will result in an additional MRP cost chargeable to the general fund from 2023/24 onwards. These costs have been allowed for within the MTFs. At the end of 2025/26 there will be an estimated £4,198m in the reserve.

	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Opening Balance	(9,917)	(6,360)	(3,931)	(3,262)
In Year Receipts	(1,460)	(1,025)	(1,025)	(1,123)
Repayment of Debt Leisure Centre	3,235	0	0	0
In Year Application	1,752	1,798	1,566	187
In Year Application Crem	30	1,656	128	0
Closing Balance	(6,360)	(3,931)	(3,262)	(4,198)

3.39 Receipts assumptions are based on the following:

	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Right to Buys	(1,300)	(975)	(975)	(1,073)
Misc. Sales	(160)	(50)	(50)	(50)
Total Receipts	(1,460)	(1,025)	(1,025)	(1,123)

Due to the current economic climate Right to Buy receipts in 2023/24 and 2024/25 receipts are expected to fall then will start to pick up again in 2025/26.

Borrowing

- 3.40 As outlined in section 3.2, the Council is permitted to borrow within approved limits to finance capital expenditure. This “authorised limit” is recommended as part of the Treasury Management Policy and Prudential Indicators each year and is based on the level of borrowing that is recommended by the S151 officer as being sustainable, affordable, and prudent.
- 3.41 The Council has loans of £58,828,000 within the Housing Revenue Account relating to the self-financing settlement. These started being repaid from March 2020.
- 3.42 In line with relevant accounting standards, the Council is required to budget for the cost of borrowing, to include any interest payable and a provision for the repayment of debt (the Minimum Revenue Position). Based on the current borrowing need detailed in the Programme, the additional cost of borrowing has been calculated as follows:

	2023/24 £	2024/25 £	2025/26 £
Interest	66,030	159,683	244,186
MRP	37,771	47,085	186,436
Total	103,801	206,768	430,622

- 3.43 Further details of the Council’s borrowing limits and indicators will be outlined in the 2023/2024 Treasury Management Policy.

Use of Reserves

- 3.44 The following reserves (excluding special expenses) have been used to finance specific capital schemes outlined in the Programme:

	2022/23 £000’s	2023/24 £000’s	2024/25 £000’s	2025/26 £000’s
ICT reserve	15	30	15	15
Developing Communities Fund	283	0	0	0
Waste Management Reserve	15	15	15	15
Asset Management Reserve	0	200	0	0
Enterprise Zone - Covid	0	296	0	0
Crematorium	48	452	0	0
Total General Fund	361	993	30	30

- 3.45 All transfers to/from reserves (i.e., including revenue expenditure and transfers from balances) are detailed in the General Fund budget report contained on this agenda

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report

6. Legal implications [MR]

- 6.1 The Local Government Act 2003 set out a framework for the financing of capital investments in Local Authorities
- 6.2 The Council is legally required to set a balanced 3-year capital programme.
- 6.3 Whilst there are no implications arising directly from the recommendation of this report there are some legal considerations which should be noted:
- 6.4 In relation to the property transactions identified within the report, relevant officers will need to ensure that authority is obtained from Council for any acquisition or disposal of land. This applies in relation to the Affordable Housing purchases detailed within the body of the report.
- 6.5 Any contracts will need to be dealt with in accordance with the constitution and all relevant authorities for spending secured, as necessary.

7. Corporate Plan implications

- 7.1 The report provides a refresh of the Council's rolling Capital Programme. Any item included in the programme has been evaluated to ensure it contributes towards achievement of a Corporate Plan objective.

8. Consultation

- 8.1 Major schemes have been subject to individual consultations as part of the viability and design process.

9. Risk implications

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with these report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
[S.11 - Failure to successfully deliver the Medium Term Financial Strategy.	<p>A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.</p> <p>The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.</p>	A Wilson

	Sufficient levels of reserves and balances have been maintained to ensure financial resilience	
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10. Knowing your community – equality and rural implications

- 10.1 The programme contains schemes which will assist in equality and rural development. Equality and rural issues are considered separately for each project.

11. Climate implications

- 11.1 There are no direct implications arising from this report. However financial planning is a key tool for delivering the corporate priorities of the Council. Included in those priorities are the Climate change considerations for services. The budget decisions made by members in relation to issues such as Council tax, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the council will mean it become increasing difficult to meet it carbon emergency targets by 2030.
- 11.2 The council currently wish to reduce the carbon emissions by a range of key initiatives as set out in the adopted Climate Change Strategy, including the program of installing electric charging points to car parks and increase biodiversity through management of our green spaces. The Council also has funds ring fenced to support voluntary and community sector organisations and consider environmental impact as key criteria of where these funds are used.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector

Background papers: Capital Submissions, Civica Reports
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