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|----------------------------|--|--------------|--------------------------------------|
| Report To: | CABINET | Date: | 19th FEBRUARY 2018 |
| Heading: | PROPOSED CAPITAL PROGRAMME 2017/18– 2021/22 | | |
| Portfolio Holder: | CORPORATE SERVICES | | |
| Ward/s: | ALL | | |
| Key Decision: | YES | | |
| Subject to Call-In: | YES | | |

Purpose of Report

This report outlines requirements for the Capital Programme over the period 2017/18 to 2021/22. This includes an update on the proposed expenditure for existing projects, seeking approval where project costs are likely to increase.

Recommendation(s)

- 1) the changes to the strategies and revised capital programme covering 2017-18 – 2021-22 be approved and recommended to Council.**

Reasons for Recommendation(s)

To approve changes to projects and to extend capital investment in projects for the years 2020/21 to 2021/22.

Alternative Options Considered

None.

Detailed Information

Summary Capital Programme

The proposed Capital Programme and funding is summarised as follows. Appendix 1 shows a detailed breakdown of all the schemes below.

The three areas of the Capital Programme are discussed in more detail within the report.

Table 1 – Capital Programme (2017/18 to 2021/22)

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|---|------------------|------------------|------------------|------------------|------------------|----------------|
| Capital Expenditure | | | | | | |
| Area Schemes | 564 | 932 | 58 | 0 | 0 | 1,554 |
| General Fund | 22,699 | 3,365 | 2,513 | 1,753 | 1,664 | 31,994 |
| Housing Revenue Account | 6,495 | 9,303 | 8,479 | 8,465 | 9,491 | 42,233 |
| Grand Total | 29,758 | 13,600 | 11,050 | 10,218 | 11,155 | 75,781 |
| Capital Financing | | | | | | |
| Developers Contributions - Area Schemes | 402 | 866 | 58 | 0 | 0 | 1,326 |
| Direct Revenue Financing | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Capital Grants and Contributions - Area Schemes | 162 | 66 | 0 | 0 | 0 | 228 |
| Sub Total - Area Schemes | 564 | 932 | 58 | 0 | 0 | 1,554 |
| Prudential Borrowing - General Fund | 19,918 | 1,284 | 1,588 | 884 | 795 | 24,469 |
| Capital Receipts - General Fund | 34 | 0 | 0 | 0 | 0 | 34 |
| Direct Revenue Financing - General Fund | 469 | 113 | 56 | 0 | 0 | 638 |
| Developers Contributions - General Fund | 460 | 93 | 0 | 0 | 0 | 553 |
| Other Capital Grants and Contributions - General Fund | 1,818 | 1,875 | 869 | 869 | 869 | 6,300 |
| Sub Total - General Fund | 22,699 | 3,365 | 2,513 | 1,753 | 1,664 | 31,994 |
| Funded from HRA Reserves | 5,418 | 8,531 | 7,707 | 7,693 | 8,719 | 38,068 |
| Future 1-4-1 Capital Receipts | | | | | | |
| Funding Recently Built and New Schemes | 305 | 0 | 0 | 0 | 0 | 305 |
| Non 1-4-1 Capital Receipts | 772 | 772 | 772 | 772 | 772 | 3,860 |
| Sub Total - HRA | 6,495 | 9,303 | 8,479 | 8,465 | 9,491 | 42,233 |
| Grand Total | 29,758 | 13,600 | 11,050 | 10,218 | 11,155 | 75,781 |

2. Area Capital Programme

These consist of self-financed schemes that enhance the local environment. These are mainly financed by developers' contributions (known as Section 106 funding) but additional grant funding is sought wherever possible to maximise the benefit to local communities. Area schemes are included in the table below.

Table 2 – Area Schemes (2017/18 to 2021/22)

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|--|------------------|------------------|------------------|------------------|------------------|----------------|
| Area | | | | | | |
| Hucknall Area | 94 | 235 | 0 | 0 | 0 | 329 |
| Kirkby Area | 374 | 415 | 58 | 0 | 0 | 847 |
| Sutton Area | 88 | 264 | 0 | 0 | 0 | 352 |
| Rural Area | 8 | 18 | 0 | 0 | 0 | 26 |
| Total | 564 | 932 | 58 | 0 | 0 | 1,554 |
| Funded by | | | | | | |
| Nottinghamshire County Council (NCC) | 96 | 52 | 0 | 0 | 0 | 148 |
| Waste Recycling and Environment (WREN) | 50 | 0 | 0 | 0 | 0 | 50 |
| Hucknall & Linby Collieries Joint History & Heritage Committee | 1 | 0 | 0 | 0 | 0 | 1 |
| Network Rail | 7 | 0 | 0 | 0 | 0 | 7 |
| Rural Payments Agency | 2 | 0 | 0 | 0 | 0 | 2 |
| Selston Parish Council | 5 | 0 | 0 | 0 | 0 | 5 |
| Skanska | 1 | 14 | 0 | 0 | 0 | 15 |
| Sustainable Transport S106 | 104 | 90 | 0 | 0 | 0 | 194 |
| Section 106 | 298 | 776 | 58 | 0 | 0 | 1,132 |
| Total | 564 | 932 | 58 | 0 | 0 | 1,554 |

Table 3 below shows where changes to capital schemes by Area have been made from the previous approved Capital Programme.

Table 3 – Area Schemes (changes in proposed expenditure)

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|--|------------------|------------------|------------------|------------------|------------------|----------------|
| Expenditure Approved | 1,229 | 207 | 0 | 0 | 0 | 1,436 |
| Changes to Hucknall Schemes | -58 | 83 | 0 | 0 | 0 | 25 |
| Changes to Sutton Area Schemes | -219 | 219 | 0 | 0 | 0 | 0 |
| Changes to Kirkby Area Schemes | -370 | 405 | 58 | 0 | 0 | 93 |
| Changes to Rural Area Schemes | -18 | 18 | 0 | 0 | 0 | 0 |
| Total Proposed Expenditure to be Approved | 564 | 932 | 58 | 0 | 0 | 1,554 |

2.1 Area Projects New Schemes

Table 4 shows new area schemes. The actual allocation to each project is shown at Appendix 1.

Morven Park Play Area – Replacement of play equipment.

West Park Play Area – Replacement of play equipment.

Table 4 – New Area Schemes

| 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|------------------|------------------|------------------|------------------|------------------|----------------|
|------------------|------------------|------------------|------------------|------------------|----------------|

Kirkby Area

| | | | | | | |
|-----------------------|----------|-----------|----------|----------|----------|-----------|
| Morven Park Play Area | 0 | 25 | 0 | 0 | 0 | 25 |
| West Park Play Area | 0 | 18 | 0 | 0 | 0 | 18 |
| Grand Total | 0 | 43 | 0 | 0 | 0 | 43 |

2.2 Changes to Existing Area Projects

Table 5 shows the changes in budget scheme by scheme. Many of the schemes planned for 2017/18 are not expected to be completed until 2018/19. The actual allocation to each project is shown at Appendix 1. There are several schemes where there have been significant change in budget allocation:

Titchfield Park and Hucknall Cemetery: implementation of park masterplan – Improvements to Youth Area and other Management Plan priorities.

Football Changing Rooms Sutton – Scheme Reduced to fund higher priority Sutton Lawn Play Area and Roundhill Ground schemes.

Kingsmill Reservoir footpath links – Scheme increased funded from monies no longer utilised for the cancelled Sutton Trails Network.

Roundhill Recreation Ground – Replacement of play equipment.

Sutton Lawn Play Area – Replacement of play equipment.

Sutton Trails Network – Scheme cancelled with funding being moved to Kingsmill Reservoir Links.

Kingsway Park: implementation of management plan – Review of lighting on the park including the floodlights and lighting to the outside of the building.

Table 5 – Area Schemes (changes in budget – by scheme)

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|--|------------------|------------------|------------------|------------------|------------------|----------------|
| Hucknall Area | | | | | | |
| Butlers Hill Allotment Access | 2 | 0 | 0 | 0 | 0 | 2 |
| Common Farm | -10 | 10 | 0 | 0 | 0 | 0 |
| Hucknall Mining Memorial | -2 | 0 | 0 | 0 | 0 | -2 |
| Lime Tree Recreation Ground | -50 | 50 | 0 | 0 | 0 | 0 |
| Papplewick Green Public Art Work | 2 | -2 | 0 | 0 | 0 | 0 |
| Titchfield Park and Hucknall Cemetery: implementation of park masterplan | 0 | 25 | 0 | 0 | 0 | 25 |
| Sub Total | -58 | 83 | 0 | 0 | 0 | 25 |
| Sutton Area | | | | | | |
| Ashfield Estate Play Area | -15 | 15 | 0 | 0 | 0 | 0 |
| Brierley Forest Park Management Plan | -37 | 37 | 0 | 0 | 0 | 0 |
| Football Changing Rooms | -69 | 15 | 0 | 0 | 0 | -54 |
| Kingsmill Reservoir footpath links | -17 | 41 | 0 | 0 | 0 | 24 |
| Kingsmill Reservoir management plan: Implementation Works | -14 | 14 | 0 | 0 | 0 | 0 |
| Oval Play Area | -33 | 33 | 0 | 0 | 0 | 0 |
| Roundhill Recreation Ground | 0 | 20 | 0 | 0 | 0 | 20 |
| Sutton Lawn management Plan | -10 | 10 | 0 | 0 | 0 | 0 |
| Sutton Lawn Play Area | 0 | 34 | 0 | 0 | 0 | 34 |
| Sutton Trails Network | -24 | 0 | 0 | 0 | 0 | -24 |
| Sub Total | -219 | 219 | 0 | 0 | 0 | 0 |
| Kirkby Area | | | | | | |
| Acacia Avenue Rec - General Improvements | -1 | 1 | 0 | 0 | 0 | 0 |
| Annesley Art Project | -153 | 95 | 58 | 0 | 0 | 0 |
| Annesley Traffic Lights | 0 | 0 | 0 | 0 | 0 | 0 |
| Beacon Drive/ Coniston Road | 0 | 0 | 0 | 0 | 0 | 0 |
| Forest Road Nature Area | -30 | 30 | 0 | 0 | 0 | 0 |
| Kingsway Park: implementation of management plan | -18 | 68 | 0 | 0 | 0 | 50 |
| Kirkby footpaths/cycle ways | -15 | 15 | 0 | 0 | 0 | 0 |
| Kirkby Regeneration and Civic Centre | -7 | 7 | 0 | 0 | 0 | 0 |
| Lindleys Lane Play/Youth Area | -101 | 101 | 0 | 0 | 0 | 0 |
| Portland Park Management Plan: General Improvements | -6 | 6 | 0 | 0 | 0 | 0 |
| Sports pavilion, Titchfield Park | -39 | 39 | 0 | 0 | 0 | 0 |
| Warwick Close | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total | -370 | 362 | 58 | 0 | 0 | 50 |
| Rural Area | | | | | | |
| Holly Hill | -8 | 8 | 0 | 0 | 0 | 0 |
| Jacksdale Bridge Links | -10 | 10 | 0 | 0 | 0 | 0 |
| Sub Total | -18 | 18 | 0 | 0 | 0 | 0 |
| Grand Total | -665 | 682 | 58 | 0 | 0 | 75 |

3. General Fund Capital Programme

Changes to the General Fund Capital Programme are explained below and summarised in the tables overleaf.

3.1 New Schemes.

The following new schemes have been added to the Capital Programme:

Table 6 – General Fund (New Projects – by scheme)

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|---|------------------|------------------|------------------|------------------|------------------|----------------|
| New Projects | | | | | | |
| Demolition of Butlers Hill Changing Rooms | 22 | 0 | 0 | 0 | 0 | 22 |
| Grand Total | 22 | 0 | 0 | 0 | 0 | 22 |

3.2 Changes to Existing General Fund Projects.

The Council profiles its capital programme but inevitably there will be some slippage to project timetables. The Council will endeavour to ensure that costs are projected accurately however in some projects costs will vary from the budget due to market forces or unexpected circumstances. The main movements in budget are outlined below:-

Investment Properties – The Government has issued statutory guidance in February 2018 on Investments and Minimum Revenue Provision (MRP) which are effective from the 1st April 2018. This change has made it less feasible for Authorities to invest in Investment Properties. Therefore it is proposed not to increase the Investment Property portfolio beyond those properties that have currently been purchased or at advanced stage of negotiation until further analysis has been undertaken as to the implications of the new guidance. It seems unlikely at this point that further investments of a similar nature will be made due to the new more restrictive guidance. The Council will however continue to explore and assess commercial investments more broadly to reduce the impact of reduced grants from central government.

Better Care Grants – Amounts previously included on this scheme have been moved to the Disabled Facility Grant.

Hucknall Car Park – Titchfield Street – This scheme previously included a provision for Station Road Car Park in Hucknall this has now been removed.

Improvement Grants 1996 Act Disabled Facility Grant – See above now includes money from Better Care Grants. The scheme has now been evenly profiled over five years.

Office Accommodation Works to Accommodate DWP at Central Offices – Scheme costs less than originally anticipated.

Purchase of Vehicles – There is an ongoing review of vehicle purchases to determine the optimum replacement cycle. Once the outcome of the review is complete the capital programme will be updated.

Table 7 – General Fund Projects (changes in budget – by scheme)

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|--|------------------|------------------|------------------|------------------|------------------|----------------|
| Changes to Current Projects | | | | | | |
| Ada Lovelace Business Centre Development | 2 | 0 | 0 | 0 | 0 | 2 |
| Better Care Grants | -331 | -169 | 0 | 0 | 0 | -500 |
| Cemeteries | -60 | 60 | 0 | 0 | 0 | 0 |
| Demolition of Hucknall Toilets | 1 | 0 | 0 | 0 | 0 | 1 |
| Hucknall Car Park - Titchfield Street | -227 | 115 | 0 | 0 | 0 | -112 |
| Improvement Grants 1996 Act Disabled Facility Grant | 70 | 272 | 91 | 40 | 27 | 500 |
| Investment Properties | -9,900 | 0 | 0 | 0 | 0 | -9,900 |
| Northern Depot Office Rationalisation and Wireless CCTV Infrastructure | 6 | 0 | 0 | 0 | 0 | 6 |
| Office Accommodation Works to Accommodate DWP at Central Offices | -15 | 0 | 0 | 0 | 0 | -15 |
| Office Accommodation Works to Accommodate Police at Central Offices | -2 | 0 | 0 | 0 | 0 | -2 |
| Purchase of Vehicles | 88 | 745 | 1,117 | -853 | -1,072 | 25 |
| Solar Panels - Northern Depot | -2 | 1 | 0 | 0 | 0 | -1 |
| Grand Total | -10,370 | 1,024 | 1,208 | -813 | -1,045 | -9,996 |

Table 8 General Fund Schemes Reconciliation of Current Capital Programme to Proposed February 2018 Capital Programme

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Current Capital Programme | 33,047 | 2,341 | 1,305 | 2,566 | 2,709 | 41,968 |
| New Projects | 22 | 0 | 0 | 0 | 0 | 22 |
| Changes to Current Projects | -10,370 | 1,024 | 1,208 | -813 | -1,045 | -9,996 |
| Proposed February 2017 | 22,699 | 3,365 | 2,513 | 1,753 | 1,664 | 31,994 |

3.4 General Fund Capital Programme Funding

The tables below show the changes in financing required to move from the existing Capital Programme to the proposed 2017/18 – 2021/22 Capital Programme.

Table 9 – General Fund – Financing of the Capital Programme

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|---|------------------|------------------|------------------|------------------|------------------|----------------|
| Current Capital Programme | 33,047 | 2,341 | 1,305 | 2,566 | 2,709 | 41,968 |
| Capital Grants | -261 | 103 | 91 | 40 | 27 | 0 |
| Prudential Borrowing | -10,109 | 828 | 1,117 | -853 | -1,072 | -10,089 |
| Capital Receipts | 22 | 0 | 0 | 0 | 0 | 22 |
| Developers Contributions - General Fund | 0 | 93 | 0 | 0 | 0 | 93 |
| Direct Revenue Financing | 0 | 0 | 0 | 0 | 0 | 0 |
| Proposed February 2018 Capital Programme | 22,699 | 3,365 | 2,513 | 1,753 | 1,664 | 31,994 |

3.5 Capital Strategy

The Capital Strategy is on the same agenda as this report. The Capital Strategy is seeking to approve additional borrowing of £10.054m. This includes £6m borrowing for the proposed Kirkby Leisure Centre. This figure is indicative at this time and will be dependent on more accurate cost assessments and the level of external funding available. The options for the Kirkby Leisure Centre are still being evaluated and the scheme is not included in this report. A Cabinet report will follow once this scheme has been fully assessed. The remaining £4.054m is to extend the strategy by £1.9m for each of the two years 2020/21 and 2021/22 and to include £254k unused borrowing from 2016/17.

Table 10 – Comparison to the Proposed February 2018 Capital Strategy (excluding New Kirkby Leisure Centre)

| | 2017/18 Proposed £'000 | 2018/19 Proposed £'000 | 2019/20 Proposed £'000 | 2020/21 Proposed £'000 | 2021/22 Proposed £'000 | Total £'000 |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------|
| Borrowing | 19,918 | 1,284 | 1,588 | 884 | 795 | 24,469 |
| Less Unused Borrowing Funding 2016/17 | -254 | 0 | 0 | 0 | 0 | -254 |
| Total Borrowing | 19,664 | 1,284 | 1,588 | 884 | 795 | 24,215 |
| Capital Strategy | 26,900 | 1,900 | 1,900 | 1,900 | 1,900 | 34,500 |
| Diff | 7,236 | 616 | 312 | 1,016 | 1,105 | 10,285 |
| Cumulative Diff | 7,236 | 7,852 | 8,164 | 9,180 | 10,285 | |

4. Housing Revenue Account (HRA) Capital Programme

There have been changes to the profiling and mix of Decent Homes Schemes. This has resulted in an overall capital expenditure reduction of £1.5m for these schemes for the years 2017/18 – 2021/22. There will be an update to the 30 year investment model that may result in variations to the proposed schemes. Any future changes to these schemes will continue to be agreed by Cabinet.

The HRA Vehicles Purchases have reduced overall by £445k. There is a vehicle review currently being undertaken. Once the outcome of this review is known, the Capital Programme will be updated. There has been small changes to the Final charges for Darlison Court and the Brook Street Development. The Bin Stores (Brand and Mill Close) are not expected to be completed until 2018/19.

The expected 1-4-1 and Non 1-4-1 Housing Capital Receipts is based on receipts received in the 2016/17 financial year. These have been extrapolated to provide full year estimates for 2017/18 and future years. If future Right to Buy receipts are more or less than the estimate then this will affect HRA balances.

Table 11 – Housing Revenue Account (changes to budget)

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Total £'000 |
|---|------------------|------------------|------------------|------------------|------------------|----------------|
| Expenditure Approved | 8,225 | 9,061 | 8,945 | 8,659 | 9,317 | 44,207 |
| Changes to Current Projects | | | | | | |
| Management Fee | 0 | -32 | -21 | -10 | 1 | -62 |
| Catch up and Major Repairs | -803 | 270 | -237 | 382 | 368 | -20 |
| Service Improvements | 17 | -640 | -15 | -565 | -215 | -1,418 |
| Contingent Major Repairs | -57 | 0 | 0 | 0 | 0 | -57 |
| Exceptional Extensive Works | -496 | 337 | 143 | 0 | 0 | -16 |
| Disabled Adaptations | 50 | 0 | 0 | 0 | 0 | 50 |
| Investment in Additional Council Dwellings in Hucknall | -317 | 317 | 0 | 0 | 0 | 0 |
| Darlison Court (New Builds) | 4 | 0 | 0 | 0 | 0 | 4 |
| Brook Street Development | -10 | 0 | 0 | 0 | 0 | -10 |
| Housing Vehicles | -118 | -10 | -336 | -1 | 20 | -445 |
| Grand Total | 6,495 | 9,303 | 8,479 | 8,465 | 9,491 | 42,233 |
| Capital Funding | | | | | | |
| Funded from HRA Reserves | 5,418 | 8,531 | 7,707 | 7,693 | 8,719 | 38,068 |
| Future 1-4-1 Capital Receipts | | | | | | |
| Funding Recently Built and New Schemes | 305 | 0 | 0 | 0 | 0 | 305 |
| Non 1-4-1 Capital Receipts | 772 | 772 | 772 | 772 | 772 | 3,860 |
| Total Capital Funding | 6,495 | 9,303 | 8,479 | 8,465 | 9,491 | 42,233 |

Implications

Corporate Plan:

The Capital Programme reflects the priorities in the Corporate Plan.

Legal:

If approved by Cabinet, this report will require approval by Council as this forms part of the Council's Budgetary Framework (Financial Regulation B.1 and Article 4 of the Constitution).

Finance:

This report is effective from 19/02/2018 and has the following financial implications:

| Budget Area | Implication |
|---|--|
| General Fund – Revenue Budget | The average annual MRP charge for the next five years after 2017/18 is expected to be £2.2m. |
| General Fund – Capital Programme | The General Fund Capital Programme has reduced overall by £10m for years 2017/18 to 2021/22. |
| Housing Revenue Account – Revenue Budget | The HRA reserves will be adjusted in line with Capital Expenditure. |
| Housing Revenue Account – Capital Programme | The HRA Capital Programme has reduced overall by £1.973m for years 2017/18 to 2021/22. |

Risk:

| Risk | Mitigation |
|---|---|
| Risk of under or overspend against the Capital Programme resulting in additional /reduction in costs and variation to Budget & Forecasting. | Monthly monitoring of capital spend is taking place and being reported to management with exceptions reported to members. |

Human Resources:

There are no HR implications.

Equalities:

There are no Equalities implications.

Other Implications:

None

Reason(s) for Urgency

N/A

Reason(s) for Exemption

N/A

Background Papers

None

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