

<b>Report To:</b>	CABINET	<b>Date:</b>	20th FEBRUARY 2017
<b>Heading:</b>	CAPITAL PROGRAMME 2016/17– 2019/20		
<b>Portfolio Holder:</b>	CLLR JACKIE JAMES - CORPORATE SERVICES		
<b>Ward/s:</b>			
<b>Key Decision:</b>	YES		
<b>Subject To Call-In:</b>	YES		

### **Purpose Of Report**

The Capital Programme sets the detailed plans for capital investment by the Council for the period 2016/17 to 2019/20 based on the February 2017 Capital Strategy which is on the same agenda as this report.

In summary Capital Programme expenditure will increase by £152k over the life of the programme for the General Fund, decrease by £2.3m for the Housing Revenue Account (HRA) and increase by £94k for Area Committee Schemes all of which will be funded from S106 and other grants.

The total amount of external funding is £8.7m of which £2.0m is S106 monies.

### **Recommendation(s)**

- 1) It is recommended that the revised capital programme be approved and recommended to Council.
- 2) All Capital projects including the S106 and grant funded projects should follow the Council Corporate Project Management Framework.
- 3) Note that projects will be assessed for their contribution to the Corporate Plan and impact on the Councils budget with those that contributed positively to our priorities and impact positively on our Medium Term Financial Strategy (MTFS) given priority.

### **Reasons For Recommendation(s)**

The recommendations are to agree projects to allow capital investment for the period 2016/17 to 2019/20.

## Alternative Options Considered (With Reasons Why Not Adopted)

No alternative projects have been submitted. The capital programme has been updated based upon information supplied regarding the status of projects and an update in terms of funding available.

### 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 (2016/17 to 2019/20)**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>Capital Expenditure</b>					
Area Committees	1,163	898	70	0	2,131
General Fund	4,419	5,649	3,087	1,882	15,037
Housing Revenue Account	9,417	9,036	10,889	9,409	38,751
<b>Grand Total</b>	<b>14,999</b>	<b>15,583</b>	<b>14,046</b>	<b>11,291</b>	<b>55,919</b>
<b>Capital Financing</b>					
Developers Contributions - Area Committees	848	803	70	0	1,721
Direct Revenue Financing	108	0	0	0	108
Other Capital Grants and Contributions - Area Committees	207	95	0	0	302
<b>Sub Total - Area Committees</b>	<b>1,163</b>	<b>898</b>	<b>70</b>	<b>0</b>	<b>2,131</b>
Prudential Borrowing - General Fund	1,341	3,887	1,158	1,185	7,571
Capital Receipts - General Fund	75	0	0	0	75
Direct Revenue Financing - General Fund	133	404	113	56	706
Developers Contributions - General Fund	295	0	0	0	295
Other Capital Grants and Contributions - General Fund	2,575	1,358	1,816	641	6,390
<b>Sub Total - General Fund</b>	<b>4,419</b>	<b>5,649</b>	<b>3,087</b>	<b>1,882</b>	<b>15,037</b>
Funded from HRA Reserves	8,114	7,920	10,100	8,620	34,754
Future 1-4-1 Capital Receipts Funding Recently Built and New Schemes	514	327	0	0	841
Non 1-4-1 Capital Receipts	789	789	789	789	3,156
<b>Sub Total - HRA</b>	<b>9,417</b>	<b>9,036</b>	<b>10,889</b>	<b>9,409</b>	<b>38,751</b>
<b>Grand Total</b>	<b>14,999</b>	<b>15,583</b>	<b>14,046</b>	<b>11,291</b>	<b>55,919</b>

#### Area Committee Capital Programme

These consist of self-financed schemes which 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 Committee schemes are included in the table below.

**Table 2 – Area Committee Schemes (2016/17 to 2019/20)**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>Area Committees</b>					
Hucknall Area Committee	313	208	0	0	521
Kirkby Area Committee	487	500	10	0	997
Sutton Area Committee	243	172	60	0	475
Rural Area Committee	120	18	0	0	138
<b>Total</b>	<b>1,163</b>	<b>898</b>	<b>70</b>	<b>0</b>	<b>2,131</b>
<b>Funded by</b>					
Nottinghamshire County Council (NCC)	85	20	0	0	105
Waste Recycling and Environment (WREN)	100	50	0	0	150
Donations	5	2	0	0	7
Hucknall & Linby Collieries Joint History & Heritage Committee	3	0	0	0	3
Network Rail	12	8	0	0	20
Direct Revenue Financing	108	0	0	0	108
Rural Payments Agency	2	0	0	0	2
Skanska	0	15	0	0	15
Sustainable Transport S106	421	30	5	0	456
Section 106	427	773	65	0	1,265
<b>Total</b>	<b>1,163</b>	<b>898</b>	<b>70</b>	<b>0</b>	<b>2,131</b>

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

**Table 3 – Area Committee Schemes (changes in proposed expenditure)**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>Expenditure Approved</b>	<b>1,140</b>	<b>877</b>	<b>20</b>	<b>0</b>	<b>2,037</b>
Changes to Hucknall Area Committee Schemes	7	14	0	0	21
Changes to Sutton Area Committee Schemes	3	-38	40	0	5
Changes to Kirkby Area Committee Schemes	13	45	10	0	68
Changes to Rural Area Committee Schemes	0	0	0	0	0
<b>Total Proposed Expenditure to be Approved</b>	<b>1,163</b>	<b>898</b>	<b>70</b>	<b>0</b>	<b>2,131</b>

## 2.1 Changes to Existing Area Committee Projects

Table 5 overleaf shows the changes in budget scheme by scheme. The actual allocation to each project is shown at Appendix 1. There are several schemes where there have been significant change in budget allocation:

**Butlers Hill Allotment - Road Access** – Scheme not expected to be completed until 2017/18.

**Jenny Burton Way** – Scheme not expected to be completed until 2017/18.

**Combine Nabbs Lane Cycle Track & West Hucknall Young Peoples Provision**

– Scheme not expected to be completed until 2017/18.

**Papplewick Green Public Art Work** - There have been minor changes to the profiling of this scheme but is expected that the overall expenditure will remain unchanged.

**Titchfield Park and Hucknall Cemetery: implementation of Park Masterplan**

– Additional increase in expenditure for this Scheme which is funded by NCC.

**Butlers Hill Recreation Ground** - There have been changes to the profiling of this scheme but is expected that the overall expenditure will remain unchanged.

**Brierley Forest Park Management Plan** – Additional increase in expenditure for this Scheme which is funded by Donations.

**Roundhill Recreation Ground** – The start and completion of this scheme has been deferred for one year.

**Taylor Crescent Recreation Ground** – The start and completion of this scheme has been deferred for one year.

**Annesley Art Project** – There have been several changes to the profiling of this scheme but is expected that the overall expenditure will remain unchanged.

**Beacon Drive/ Coniston Road** - Scheme not expected to start or be completed until 2017/18.

**Forest Road Nature Area** – Changes to capital expenditure profiling for this scheme. The overall cost of the scheme is expected to be unchanged.

**Kirkby Footpath and Cycleways** - The start and completion of this scheme has been deferred for one year.

**Kirkby Regeneration and Civic Centre** – The scheme is not expected to be completed until 2018/19. The total expenditure for this project is expected to be £13k less than estimated in the November 2016 Capital Programme.

**Portland Park Management Plan: General Improvements** - Additional increase in expenditure for this Scheme which is funded by NCC.

**Table 4 – Area Committee Scheme (changes in budget – by scheme)**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>Hucknall Area Committee</b>					
Butlers Hill Allotment - Road Access	-8	8	0	0	0
Jenny Burton Way	-2	2	0	0	0
Combine Nabbs Lane Cycle Track & West					
Hucknall Young Peoples Provision	1	-1	0	0	0
Papplewick Green Public Art Work	-7	7	0	0	0
Titchfield Park and Hucknall Cemetery: implementation of park masterplan	21	0	0	0	21
Butlers Hill Recreation Ground	2	-2	0	0	0
<b>Sub Total</b>	<b>7</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>21</b>
<b>Sutton Area Committee</b>					
Brierley Forest Park Management Plan	3	2	0	0	5
Roundhill Recreation Ground	0	-30	30	0	0
Taylor Crescent Recreation Ground	0	-10	10	0	0
<b>Sub Total</b>	<b>3</b>	<b>-38</b>	<b>40</b>	<b>0</b>	<b>5</b>
<b>Kirkby Area Committee</b>					
Annesley Art Project	-6	1	5	0	0
Beacon Drive/ Coniston Road	-11	11	0	0	0
Forest Road Nature Area	-10	10	0	0	0
Kirkby footpaths/cycle ways	-15	15	0	0	0
Kirkby Regeneration and Civic Centre	-23	5	5	0	-13
Portland Park Management Plan: General Improvements	16	3	0	0	19
<b>Sub Total</b>	<b>-49</b>	<b>45</b>	<b>10</b>	<b>0</b>	<b>6</b>
<b>Grand Total</b>	<b>-39</b>	<b>21</b>	<b>50</b>	<b>0</b>	<b>32</b>

## 2.2 New Area Committee Schemes

**Annesley Traffic Lights** – The Authority is contributing £62k to Nottinghamshire County Council for changes to Traffic Lights at the Derby Road / Forest Road Junction in Annesley.

**Table 5 – New Area Committee Scheme**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>Hucknall Area Committee</b>					
Annesley Traffic Lights	62	0	0	0	62
<b>Grand Total</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62</b>

## **General Fund Capital Programme**

There is an increase of £152k in the overall cost of General Fund schemes compared to those previously agreed by Cabinet.

All the changes are explained below and summarised in the tables overleaf.

### **3.1 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:-

**Idlewells Market Hall Asbestos Removal and Refurbishment** – The award of a £375k Local Growth Fund Grant has allowed for innovative added value work to be included in the project and has therefore increased the cost of the project to £1.8m.

**Kings Mill Reservoir (The King and Miller to Kingfisher)** – There has been a small change to the expenditure profiling of this scheme, however, there is not expected to be an increase in its overall cost.

**Kirkby Town Centre Shops** – The remaining balance of grant monies available is proposed to be transferred to the Retail Improvement Scheme.

**Market Stalls** – The existing stalls at Hucknall are not now planned to be replaced but refurbished resulting in a reduction in cost of £48k.

**Retail Improvement Scheme** – See above – proposed grant transfer from Kirkby Town Centre Shops to this scheme.

**Office Accommodation Works to Accommodate DWP at Central Offices** - There has been a change to the expenditure profiling of this scheme, however, there is not expected to be an increase in its overall cost.

**Cemeteries** - The start and completion of this scheme has been deferred for one year.

The table below shows the changes in budget. The actual allocation to each project is shown in the Appendix to this report.

**Table 6 – General Fund Projects (changes in budget – by scheme)**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>Changes to Current Projects</b>					
<b>Economy</b>					
Kings Mill Reservoir (The King and Miller to Kingfisher)	-20	20	0	0	0
Kirkby Town Centre Shops	-13	0	0	0	-13
Market Stalls	-48	0	0	0	-48
Retail Improvement Scheme	13	0	0	0	13
<b>Sub Total</b>	<b>-68</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>-48</b>
<b>Corporate Services</b>					
Idlewells Market Hall Asbestos Removal and Refurbishment	-393	593	0	0	200
Office Accommodation Works to Accommodate DWP at Central Offices	-428	428	0	0	0
<b>Sub Total</b>	<b>-821</b>	<b>1,021</b>	<b>0</b>	<b>0</b>	<b>200</b>
<b>Environment</b>					
Cemeteries	-96	96	0	0	0
<b>Sub Total</b>	<b>-96</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>-985</b>	<b>1,137</b>	<b>0</b>	<b>0</b>	<b>152</b>

### 3.2 General Fund Capital Programme Funding

The tables below show the changes in financing required to move from the existing Capital Programme to that now proposed. This table now includes £75k of capital receipts from the sale of land at the Butlers Hill Site.

**Table 7 – General Fund – financing of the Capital Programme**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>November 2016 Capital Programme</b>	<b>5,404</b>	<b>4,512</b>	<b>3,087</b>	<b>1,882</b>	<b>14,885</b>
Capital Grants	-73	448	0	0	375
Prudential Borrowing	-987	689	0	0	-298
Capital Receipts	75	0	0	0	75
Direct Revenue Financing	0	0	0	0	0
<b>October 2016 Capital Programme</b>	<b>4,419</b>	<b>5,649</b>	<b>3,087</b>	<b>1,882</b>	<b>15,037</b>

### 3.3 Capital Strategy

The Capital Strategy which is on the same agenda as this report this recommends that the average annual General Fund capital borrowing requirement shall not exceed £7.6m plus £366k unused borrowing requirement carried forward from 2015/16 for years 2016/17 to 2019/20.

The table below compares the proposed borrowing to the existing Capital Strategy. The table indicates that the overall Capital Expenditure is currently within the total agreed in the Capital Strategy.

**Table 8 – General Fund – Capital Strategy**

	<b>2016/17 Proposed £'000</b>	<b>2017/18 Proposed £'000</b>	<b>2018/19 Proposed £'000</b>	<b>2019/20 Proposed £'000</b>	<b>Total £'000</b>
Borrowing	1,341	3,887	1,158	1,185	7,571
Less Unused Borrowing Funding 2016/17	-366	0	0	0	-366
Total Borrowing	975	3,887	1,158	1,185	7,205
Capital Strategy	1,900	1,900	1,900	1,900	7,600
<b>Diff</b>	<b>925</b>	<b>-1,987</b>	<b>742</b>	<b>715</b>	<b>395</b>
<b>Cumulative Diff</b>	<b>925</b>	<b>-1,062</b>	<b>-320</b>	<b>395</b>	

### **HRA Capital Programme**

The Capital Programme includes £675k for the investment in new dwellings in Hucknall. The Cabinet Report for this scheme is on the same agenda as this report. In addition the Council plans to spend £26k to purchase the capital assets of Ashfield Homes Limited.

There have been changes to the profiling and mix of Decent Homes Schemes. This has resulted in an overall capital expenditure reduction of £2.3m for these schemes. There will be an update to the 30 year investment model which may result in variations to the proposed schemes. Any future changes to these schemes will continue to be agreed by Cabinet.

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



**Table 9 – Housing Revenue Account (changes to budget)**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<b>Expenditure Approved</b>	<b>9,816</b>	<b>11,007</b>	<b>10,877</b>	<b>8,673</b>	<b>40,373</b>
<b>Changes to Current Projects</b>					
Catch up and Major Repairs	-245	-2,374	-123	402	-2,340
Service Improvements	-224	48	-220	339	-57
Contingent Major Repairs	-26	-5	5	-5	-31
Exceptional Extensive Works	55	-315	350	0	90
Disabled Adaptations	15	0	0	0	15
<b>Sub Total</b>	<b>9,391</b>	<b>8,361</b>	<b>10,889</b>	<b>9,409</b>	<b>38,050</b>
<b>New Schemes</b>					
Purchase of Former AHL Assets	26	0	0	0	26
Investment in Additional Council Dwellings	0	675	0	0	675
<b>Sub Total</b>	<b>26</b>	<b>675</b>	<b>0</b>	<b>0</b>	<b>701</b>
<b>Grand Total</b>	<b>9,417</b>	<b>9,036</b>	<b>10,889</b>	<b>9,409</b>	<b>38,751</b>
<b>Capital Funding</b>					
Funded from HRA Reserves	8,114	7,920	10,100	8,620	34,754
Future 1-4-1 Capital Receipts Funding					
Recently Built and New Schemes	514	327	0	0	841
Non 1-4-1 Capital Receipts	789	789	789	789	3,156
<b>Total Capital Funding</b>	<b>9,417</b>	<b>9,036</b>	<b>10,889</b>	<b>9,409</b>	<b>38,751</b>

**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.

**Finance:**

This report is effective from 20/02/2017 and has the following financial implications:

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	There will be a reduction in the Minimum Revenue Provision (MRP) of approximately £26.4k per annum as a result of the reduction in the Market Stalls expenditure, use of capital receipts to fund vehicle purchases and reduction in borrowing requirement for the Idlewells Market Hall Asbestos and Removal scheme.
General Fund – Capital Programme	There will be an overall £152k increase in Capital Expenditure.
Housing Revenue Account – Revenue Budget	See below. There is a reduction in the HRA Capital Programme which will mean that the amount required from the HRA reserves will reduce by £2.3m.
Housing Revenue Account – Capital Programme	The latest HRA Capital Programme is expected to reduce by £2.3m from the previous November 2016 Capital Programme.

**Human Resources / Equality and Diversity:**

No direct HR implications arising from the report.

**Other Implications:**

None

**Reason(s) for Urgency (if applicable):**

N/A

**Background Papers**

None

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**CHIEF EXECUTIVE**