

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

### **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
<b>Capital Expenditure</b>						
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
<b>Grand Total</b>	<b>29,758</b>	<b>13,600</b>	<b>11,050</b>	<b>10,218</b>	<b>11,155</b>	<b>75,781</b>
<b>Capital Financing</b>						
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
<b>Sub Total - Area Schemes</b>	<b>564</b>	<b>932</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>1,554</b>
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
<b>Sub Total - General Fund</b>	<b>22,699</b>	<b>3,365</b>	<b>2,513</b>	<b>1,753</b>	<b>1,664</b>	<b>31,994</b>
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
<b>Sub Total - HRA</b>	<b>6,495</b>	<b>9,303</b>	<b>8,479</b>	<b>8,465</b>	<b>9,491</b>	<b>42,233</b>
<b>Grand Total</b>	<b>29,758</b>	<b>13,600</b>	<b>11,050</b>	<b>10,218</b>	<b>11,155</b>	<b>75,781</b>

**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
<b>Area</b>						
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
<b>Total</b>	<b>564</b>	<b>932</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>1,554</b>
<b>Funded by</b>						
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
<b>Total</b>	<b>564</b>	<b>932</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>1,554</b>

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
<b>Expenditure Approved</b>	<b>1,229</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,436</b>
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
<b>Total Proposed Expenditure to be Approved</b>	<b>564</b>	<b>932</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>1,554</b>

## 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
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### **Kirkby Area**

Morven Park Play Area	0	25	0	0	25
West Park Play Area	0	18	0	0	18
<b>Grand Total</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>43</b>

## 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
<b>Hucknall Area</b>						
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
<b>Sub Total</b>	<b>-58</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25</b>
<b>Sutton Area</b>						
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
<b>Sub Total</b>	<b>-219</b>	<b>219</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Kirkby Area</b>						
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
<b>Sub Total</b>	<b>-370</b>	<b>362</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b>Rural Area</b>						
Holly Hill	-8	8	0	0	0	0
Jacksdale Bridge Links	-10	10	0	0	0	0
<b>Sub Total</b>	<b>-18</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>-665</b>	<b>682</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>75</b>

### **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
<b>New Projects</b>						
Demolition of Butlers Hill Changing Rooms	22	0	0	0	0	22
<b>Grand Total</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22</b>

#### **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 1<sup>st</sup> 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
<b>Changes to Current Projects</b>						
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
<b>Grand Total</b>	<b>-10,370</b>	<b>1,024</b>	<b>1,208</b>	<b>-813</b>	<b>-1,045</b>	<b>-9,996</b>

**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
<b>Current Capital Programme</b>	<b>33,047</b>	<b>2,341</b>	<b>1,305</b>	<b>2,566</b>	<b>2,709</b>	<b>41,968</b>
New Projects	22	0	0	0	0	22
Changes to Current Projects	-10,370	1,024	1,208	-813	-1,045	-9,996
<b>Proposed February 2017</b>	<b>22,699</b>	<b>3,365</b>	<b>2,513</b>	<b>1,753</b>	<b>1,664</b>	<b>31,994</b>

### **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
<b>Current Capital Programme</b>	<b>33,047</b>	<b>2,341</b>	<b>1,305</b>	<b>2,566</b>	<b>2,709</b>	<b>41,968</b>
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
<b>Proposed February 2018 Capital Programme</b>	<b>22,699</b>	<b>3,365</b>	<b>2,513</b>	<b>1,753</b>	<b>1,664</b>	<b>31,994</b>

### 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	<b>24,469</b>
Less Unused Borrowing Funding 2016/17	-254	0	0	0	0	<b>-254</b>
Total Borrowing	19,664	1,284	1,588	884	795	<b>24,215</b>
Capital Strategy	26,900	1,900	1,900	1,900	1,900	<b>34,500</b>
<b>Diff</b>	<b>7,236</b>	<b>616</b>	<b>312</b>	<b>1,016</b>	<b>1,105</b>	<b>10,285</b>
<b>Cumulative Diff</b>	<b>7,236</b>	<b>7,852</b>	<b>8,164</b>	<b>9,180</b>	<b>10,285</b>	

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

**Report Author and Contact Officer**

Sharon Lynch  
Corporate Finance Manager  
[s.lynch@ashfield.gov.uk](mailto:s.lynch@ashfield.gov.uk)

Craig Bonar  
Service Director – Resources and Business Transformation  
[C.Bonar@ashfield.gov.uk](mailto:C.Bonar@ashfield.gov.uk)