

## APPENDIX 4

<b>RESOURCES ALLOCATION – CAPITAL PROGRAMME 2022/23 TO 2024/25</b>
--

1. Summary of Proposals

The Council's policy committees considered capital submissions for the three years 2022/23 to 2024/25, of which some are recommended to proceed immediately since funding resources are in place whilst others are awaiting confirmation of receipt of funding. Details are given in the reports to the committees as to which schemes are to proceed immediately and which are on hold until the funding is received or the Finance and Resources Committee (or equivalent) makes a decision to allow the scheme to start and recommends a reduction in reserves or increase in borrowing.

The capital submissions as recommended by the policy committees and the methods of financing the 2022/23 programme are summarised below.

	<b>General Fund £</b>	<b>HRA £</b>
<b>Capital Programme 2022/23</b>		
Housing	797,850	11,035,300
Community Safety	0	
Jobs and Economy	5,720,000	
Leisure and Health	604,000	
Environment and Climate Change	1,048,400	
Finance and Resources	245,000	
<b>TOTAL</b>	<b>8,415,250</b>	<b>11,035,300</b>
<b>Anticipated Funding:</b>		
HRA Depreciation (Major Repairs Reserve)		4,211,000
Better Care Fund (Disabled Facilities Grants)	797,850	
Usable Capital Receipts (Estimated)		748,000
Prudential Borrowing	1,144,400	3,292,000
Revenue Contributions		1,786,300
Section 106 Contributions		188,000
Other Grants	5,770,000	810,000
Shortfall/(surplus)	703,000	
<b>TOTAL</b>	<b>8,415,250</b>	<b>11,035,300</b>

Capital Contingencies of £55,000 (General Fund) and £27,900 (Housing Revenue Account – HRA) have been allowed for in the above table.

## 2. Capital Programme

The Local Government Act 2003 requires local authorities to comply with the Prudential Code for Capital Finance in Local Authorities published by the Chartered Institute of Public Finance and Accountancy (CIPFA) when carrying out their capital budgeting activities. The objectives of the Prudential Code are to ensure that the capital investment plans are affordable, prudent and sustainable. A fundamental part of the Code is the calculation of a number of 'prudential indicators' that form the framework for capital financing and spending decisions. Further details can be found in Appendix 7.

The Local Authority (Capital Financing and Accounting) (England) (Amendment) regulations 2008 place a duty on local authorities to make a prudent provision for the repayment of debt. This is known as the Minimum Revenue Provision (MRP). Further details can be found in Appendix 8.

## 3. Capital Grants and Contributions

A proposed capital scheme for 2022/23 through to 2024/25 that is likely to be funded from capital grants is Disabled Facilities Grants (DFG). Government allocations towards this scheme are channelled through the Better Care Fund, which is administered by Nottinghamshire County Council. The funding for 2022/23 to 2024/25 is assumed to be £797,850 per annum. As disabled adaptations work is demand-led, further capital commitments may be required. Requests for these will be brought forward to the Finance and Resources Committee (or equivalent) for consideration along with details as to how these can be funded if and when they arise.

The Council will also receive funding of up to £21.1 million across five financial years 2021/22 to 2025/26 as part of the Stapleford Town Deal. This award was agreed by the Department for Levelling Up, Housing and Communities (DLUHC) and is based upon Heads of Terms issued on 8 June 2021 and the subsequent completion of the conditions and satisfactory summary documents. Payments in future years will only be made subject to satisfactory spend and progress against agreed project milestones, outputs and outcomes. The three-year Capital Programme 2022/23 to 2024/25 includes £17.0 million of the overall Stapleford Towns Fund schemes, including £5.7m in 2022/23 – all funded by grant.

The Capital Programme 2022/23 also includes contributions from the FCC Communities Foundation (formerly known as WREN) to fund improvement works at parks and recreation grounds.

The Council are also considering the potential to access to Homes England funding towards the Housing Delivery Plan new build programme, although the outcome of these enquiries has not been confirmed at this stage.

#### 4. Capital Receipts

In 2012/13 the Council committed to using any capital receipts from housing right to buy sales towards a new build programme. Government restrictions are such that these monies have to be used within five-years of their receipt or they will be passed over to the government. The calculation of the value of such receipts that can be used in this way is complicated by a formula which takes into account the assumed level of receipts within the HRA self-financing settlement which took place at the end of 2011/12. As at 31 December 2021 accumulated usable HRA capital receipts of around £4,917,000 were calculated as being available. These will be used to finance the housing new build programme and acquisition of properties as set out in the Housing Delivery Plan.

#### 4. Revenue Contributions

Revenue contributions can be used to finance capital expenditure. In 2022/23 the only revenue contribution that is proposed relates to the HRA, which is in line with proposals contained within the HRA revenue budget and the HRA 30-year Business Plan model. No General Fund revenue contributions are proposed.

#### 5. Borrowing

A revenue contribution from the HRA of £1,786,300 and a contribution of £4,211,00 from the Major Repairs Reserve along with HRA capital receipts of £748,000 are proposed in 2022/23 to finance the HRA Capital Programme. Furthermore, there is planned borrowing of £3,292,000 for the development of the proposed new build housing programme and acquisitions of former right to buy and other properties on the open market.

The nature of the HRA is that no Minimum Revenue Provision (MRP) has to be provided on borrowing but it has to be affordable. Appendices 6 and 7 outline the MRP policy and various prudential indicators which can be used to help judge the affordability of any such borrowing.

In respect of General Fund capital schemes, there is a funding shortfall in 2022/23 of £703,000 as shown in section 1 above. The options for addressing this shortfall are as follows:

- Reducing the size of the programme.
- Using existing reserves (i.e. funding the schemes directly from revenue)
- Borrowing
- Creating a reserve list for schemes to be brought forward as and when funding becomes available.

The programme has been compiled in accordance with the Capital Strategy 2022/23 – 2024/25 set out in appendix 5. All of the proposed schemes meet the required criteria and are deemed either essential or beneficial in reducing revenue costs or increasing income (invest to save schemes). There are no grounds for reducing the size of the programme although some re-phasing may be possible.

The Council has sufficient reserves to meet the costs of the programme in full. However, on the basis of the proposals presented in this report, this would reduce the level of General Fund reserves to around £1.9m by 2025/26. More detail on the reserves position in the medium term is provided in Appendix 8.

It is therefore proposed to meet part of the shortfall by prudential borrowing and to place the remaining schemes on a reserve list. The following schemes are proposed to be financed from borrowing in 2022/23:

<b>Scheme</b>	<b>£</b>
Replacement Vehicles & Plant	637,000
Beeston Fields Path	24,200
Kimberley Depot Garage Cladding Replacement	25,000
Kimberley Depot Electrical Upgrades	50,000
Kimberley Depot LED lighting	14,650
Kimberley Depot Oil Storage Base	4,450
New Changing Room Floor - Kimberley Depot	3,850
Pride in Parks	140,250
Replacement/Development Programme	100,000
Technical Infrastructure Architecture	50,000
E-Facilities Initiatives	40,000
Contingency	55,000
<b>Total</b>	<b>1,144,400</b>

The level of financial reserves available to the Council indicates that the borrowing can potentially be financed from internal sources (subject to cash flow considerations). As returns on investment are currently lower than interest rates on borrowing, internal borrowing may be more cost-effective than external borrowing at this point in time. This will be kept under review.

Depending on the date at which the loans are raised this will have a part-year impact in 2022/23 and a full year impact from 2023/24 onwards.

The following schemes are contained within the Capital Programme 2022/23 but are awaiting funding:

<b>Proposed Scheme</b>	<b>£</b>
Asset Management Plan	44,000
Car Parks Resurfacing	25,000
Cemeteries - Footpath and Roadway Impts	30,000
BLC - Refurbishment of Pool Surrounds	80,000
BLC - Replacement Heating Valves	22,500
BLC - Replacement Hot Water Calorifier	20,000
BLC - Replacement Intruder Alarm	20,000
BLC - Replacement of Flat Roofs	120,000
BLC - Replacement of High Voltage Transformer	57,000
BLC - Replacement of Main Pool Windows	93,500
BLC - Replacement of Teaching Pool Windows	33,000
BLC - Main Pool Filter Media Replacement	15,000
BLC - Refurbishment Fitness Changing Rooms	38,500
BLC - Replacement of Teaching Pool Filter	25,000
CO - Refurbishment of Male Changing Rooms	79,500
<b>Total</b>	<b>703,000</b>