

## **4. CAPITAL AND COMMERCIAL STRATEGY**

### **The wider context and capital investment objectives**

- 4.1. Norwich City Council's Capital and Commercial Strategy provides a valuable opportunity for engagement with full council to ensure that overall strategy, investment ambition, risk appetite and governance procedures are fully understood by all elected Members and other Council stakeholders.
- 4.2. It is also a requirement of the Investment Code and the Prudential Code that a commercial strategy exists to inform investments, which are not Treasury Management investments, but which include investing in assets, shares or loans to companies and third parties in support of its corporate priorities. The approach to commercial investments has changed significantly in recent times through changes to the prudential code and capital regulations.
- 4.3. The overall strategy sets out the council's programme and budget for capital investment over the next five years in support of all its capital expenditure items. It describes how the council will manage, finance, and allocate capital investment towards assets that will help to achieve the council's priorities, as well as its operational and statutory requirements.
- 4.4. It covers projects and programmes and investments financed through both the council's General Fund and Housing Revenue Account (HRA).
- 4.5. At the highest level the council's community-led plan sets out our vision for Norwich "A fair and thriving city, full of ambition" and our five priorities that the council wishes to deliver, either directly, or through leading, influencing and working in partnership with others, namely:
  - An open and modern council
  - A prosperous Norwich
  - A fairer Norwich
  - A climate responsive Norwich
  - A future-proof Norwich
- 4.6. There are however additional drivers or needs for capital expenditure. These comprise:
  - Using assets to support the improvement of council services, asset investment in services can be designed to generate both new sustainable income streams as well as improving efficiency of service delivery and the reduction of costs.
  - The need to maintain or improve the physical condition of existing assets as they deteriorate, are less "fit-for-purpose", or fail to comply with regulatory requirements. These considerations are part of the Council's asset management planning processes.
- 4.7. The council's investment objectives for capital expenditure are shown in table 4.1 Specific projects, either within the capital budget or future projects, will deliver these objectives.
- 4.8. The council holds increasingly comprehensive data regarding the condition of its HRA property, but continues to undertake condition surveys on both general fund and HRA assets.

- 4.9. This strategy continues to evolve as the council learns more about the condition of its assets. It continues to be reviewed on an annual basis and officers will also keep under review good practice amongst other local authorities.

### **Commercial property investment**

- 4.10. The council has held commercial property for decades and previously purchased new property investments in line with its former Commercial Property Investment Strategy and within the council's approved capital expenditure budget. Because of changes to the Treasury Management and Prudential Codes of practice, the Council no longer makes new investments in commercial property primarily for yield where this would be funded by borrowing and the capital programme has been amended accordingly.
- 4.11. For those authorities utilising Public Works Loans Board (PWLB) borrowing, the government now requires a high-level outline of their capital planning for the years ahead, categorising projects as service delivery, housing, regeneration, or the refinancing of existing debt, based on the S151 officer's assessment of which category is the best fit for the project. At the point of applying for a PWLB loan, applicants will be asked to confirm that this outline remains current, and that the authority does not intend to buy commercial assets primarily for yield.
- 4.12. However, the Code's statement that authorities 'must not borrow to invest for the primary purpose of financial return' is not intended to require the forced sale of existing commercial investments, whether commercial properties or financial investments. Selling these investments and using the proceeds to net down debt does, however, reduce treasury risks and is therefore an option which should be kept under review, especially if new long-term borrowing is being considered.
- 4.13. The Code requires that authorities which are net borrowers should review options for exiting their financial investments for commercial purposes in their annual treasury management or investment strategies. The options should include use of the sale proceeds to repay debt or reduce new borrowing requirements. Authorities should not take new borrowing if financial investments for commercial purposes can reasonably be realised, based on a financial appraisal which takes account of financial implications and risk reduction benefits.
- 4.14. This enables authorities to weigh the risk reduction benefits of sale against the loss of income and the current sale value of the investments; the code also makes it clear that where an authority has existing commercial properties, the requirement that an authority must not borrow to invest for the primary purpose of financial return, is not intended to prevent authorities from appropriate capital repair, renewal or updating of existing properties.

### **Commercial property earmarked reserve**

- 4.15. The council has agreed to the establishment of a commercial property earmarked reserve. The reserve is held to help mitigate the financial risks of holding commercial property and can be used to fund any future void periods, the granting of rent-free periods to new tenants, and any landlord repairs.

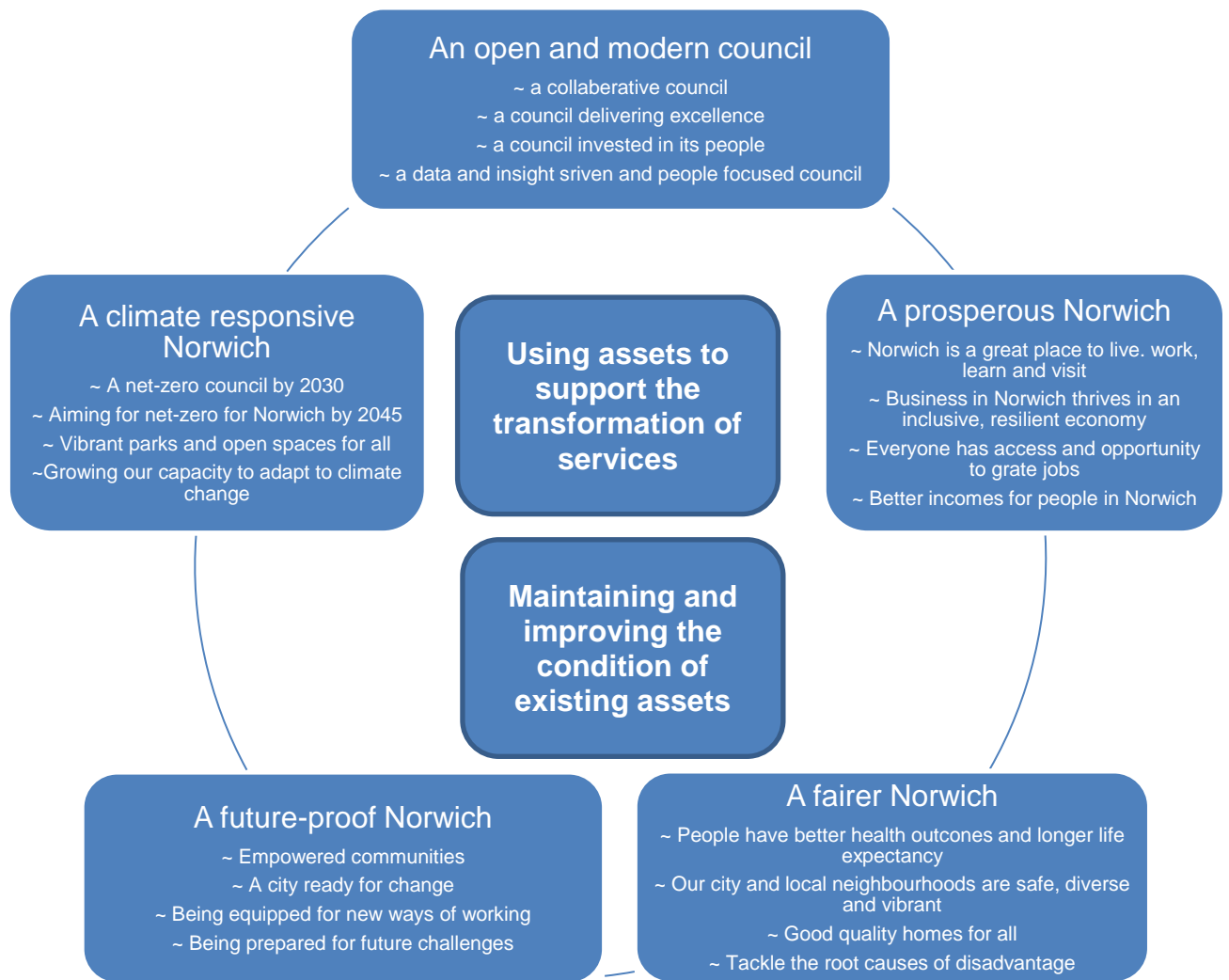
## **Capital Loans**

- 4.16. The Council can borrow funds at preferential rates to fund capital expenditure from the PWLB. Once borrowed, current capital rules allow these funds to be used to make capital loans (onward lending) to other organisations including those that do not have access to PWLB loans.
- 4.17. In being a provider of capital finance, the Council is subject to statutory controls that restrict the loans that can be offered to avoid subsidy control (previously State Aid) issues. Specifically, the Council:
- Must lend funds at a rate that is competitive with market rates for similar loan products.
  - Must not on-lend funds at a rate lower than its own average borrowing rate, even if such rates are subsequently competitive; and
  - Must not use the loan to provide subsidy in other ways, e.g. full or partial discounts on fees or charges incurred for: deferred instalment repayments; late payment of instalments; and full or partial premature loan redemption.
- 4.18. The council has a loan book of £8.397m with three borrowing organisations (as at 31 Dec 24): Lion Homes (Norwich) Ltd (formerly Norwich Regeneration Limited) (£6.150m), Norwich City Services Limited (£2.200m) and the Norwich Preservation Trust (£0.047m).
- 4.19. In making loans the council is exposing itself to the risk that the borrower defaults on repayments. The council must therefore ensure that the loan is prudent and that the risk implications have been fully considered, both regarding the individual loan and the cumulative total of the loan book. The application of a charge on assets is a way of mitigating risk on external loans.

## **Lion Homes Limited (formerly Norwich Regeneration Limited)**

- 4.20. An expected credit loss model calculation is undertaken annually to measure the credit risk of the loan book and reported in the council's Statement of Accounts. This is a requirement of International Financial Reporting Standards.
- 4.21. At the end of 2021-2022 there was an impairment on the council's loan to NRL. This was based on an assessment of how much of the current loan balance may not be recoverable from the company. The Council established an earmarked reserve to cover the assessed cost of the impairment, which can be drawn down if the future business plan is not able to fully recover the investment to date. It is proposed that, based upon an updated review of this assessment, the earmarked reserve is increased to £4.5 million via a transfer from the Budget Risk Reserve.

**Chart 4.1: The proposed key drivers for capital investment**



**Table 4.1: The council's priorities and proposed capital programme**

An open and modern council	A prosperous Norwich	A fairer Norwich	A climate responsive Norwich	A future-proof Norwich
<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>IT investment in hardware, software and mobile technology to enable the council to be data and insight driven and people focused.</li> <li>City Hall Ground Floor Accessibility Improvements will support inclusion by modernising facilities.</li> </ul>	<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>Investment in the Castle Gardens, Guildhall and St Andrews Hall, making Norwich a great place to live, work, learn and visit.</li> </ul>	<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>Investment in the Riverside Leisure Centre and providing Disabled Facilities Grants enabling people to have better health outcomes and longer life expectancy.</li> <li>City Hall Ground Floor Accessibility Improvements will support inclusion by modernising facilities.</li> <li>Significant investment to upgrade existing and provide new council housing providing good quality homes for all.</li> </ul>	<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>Implementing energy efficient measures at community centres and installing solar/photovoltaic technology, renewable heating systems and energy efficiency measures in existing and new council homes to support a net-zero council by 2030, a net zero Norwich by 2045 and growing our capacity to adapt to climate change.</li> <li>Investment in new play equipment in parks, access improvements at Riverside Walk and significant works at Sloughbottom Park to provide vibrant parks and open spaces for all</li> </ul>	<p>The Council aims to be financially self-sufficient, to ensure the long-term sustainability of service delivery to residents and businesses. Capital expenditure plans can contribute to this aim by:</p> <ul style="list-style-type: none"> <li>Implementation of digital systems to ensure the council is equipped for new ways of working</li> <li>Maintain or improve the physical condition of assets owned by the City through the Strategic Property Remediation Fund to ensure that the city is ready for change and our streets are vibrant and busy and have the right facilities for our communities.</li> <li>Stafford Park, Telford upgrade works will support the maximisation of income from commercial property to support Council funding for core services.</li> </ul>

## **Asset management planning**

- 4.22. The overriding objective of asset management planning is to ensure that the council's land and property is appropriate, fit-for-purpose, and affordable.
- 4.23. The council holds a significant and diverse asset portfolio in comparison to similar district councils within the CIPFA comparator group. The total value of the council's land and property assets as at the end of 2023-2024 was £1.2Bn.

## **General Fund asset management planning**

- 4.24. The council has adopted a Strategic Asset Management Framework and in March 2023 adopted a revised action plan to guide decisions over the next five years. This was adopted following external consultancy advice to help inform asset specific decisions and a full review of the investment portfolio has been undertaken. Work is progressing to gather improved condition and valuation data on assets which will help inform updates to the action plan and guide capital and revenue forecasts relating to assets
- 4.25. In the past focus has been largely on using the council's limited capital resources on responsive rather than planned improvements. As condition data is gathered on assets the Strategy Property Remediation Fund is being used to deliver any immediate and urgent capital expenditure needed in response to condition data. However, with good quality data decisions can be made on asset retention or disposal. Where assets are to be retained the aim will be to develop planned larger improvements and investments in assets to prolong their life and improve their performance.
- 4.26. Going forward the aim is for capital spend to be planned to follow the asset review work and informed decision making in relation to the assets' future.

## **Housing Revenue Account asset management planning**

- 4.27. Condition surveys exist for HRA assets, these were reviewed by way of an external stock condition survey that surveyed 50% of the current stock, 100% of communal areas and the structure of blocks. The surveys provided a greater understanding of future requirements, including an understanding of the investment needs of the existing stock of HRA dwellings which are typically built with a 60-80 year life span in mind. There is a requirement for ongoing stock condition surveys set out by the Consumer Standards overseen by the Regulator of Social Housing. These will continuously update our understanding of the condition of our stock and its investment requirements. The implementation of a cyclical stock condition survey is now under review where we will need to target a minimum of 20% of the stock every year
- 4.28. The proposed HRA capital programme seeks to contribute towards achieving these goals. Further detail is included within section 3 of this report – HRA business plan and 2025-2026 budget

## **Capital expenditure plans**

- 4.29. The expenditure plans consist of two kinds:

### Short to medium term plans (1 to 5 years):

- These are the projects and programmes that are being proposed to council as part of the 2025-2026 to 2029-2030 capital programme for delivery within that period.

### Medium to long-term plans (5 to 10 years):

- There is typically a long lead in time from identifying investment need or opportunities to implementation. Additional future projects that may arise will require a full business case for cabinet and council approval before they can be incorporated into the capital programme and implemented.

### **Forecast 2024-2025 outturn**

- 4.30. The latest forecast position as at period 6 shows the general fund capital programme is forecast to underspend by £0.050m and the Housing Revenue Account (HRA) capital programme is forecast to underspend by £0.832m. However, it is anticipated that an element of this will form a carry-forward request to enable some of the unspent budgets to be utilised in 2025-2026.

### **2025-2026 to 2029-2030 capital programme**

- 4.31. The focus of the capital strategy is towards the delivery of schemes within an approved budget. Traditionally, the focus used to be on an annual investment plan for the next financial year, however, the council has now moved to a five-year rolling capital programme, which provides greater certainty for delivery as well as for financial and resource and procurement planning
- 4.32. Table 4.2 below summarises the proposed 2025-2026 overall capital budget along with indicative spending plans from 2026 to 2030, which has been categorised into the projects that have already been agreed as part of the five year programme in previous years, new projects that are proposed as part of the capital programme and may proceed upon approval of the budget and projects that are proposed to form part of the capital programme but require a business case to be approved before they may proceed and any expenditure be incurred. Details setting out the proposed projects and programmes within the general fund and HRA are found in Appendix 4 (B).

**Table 4.2 Capital Programme 2025 – 2030**

	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
<b>General Fund Summary programme (Approved)</b>						
Housing & Community Safety	1,982	1,622	1,673	1,700	0	<b>6,977</b>
Resources	360	315	275	275	0	<b>1,225</b>
Development and City Services	15,418	1,192	923	1,366	0	<b>18,899</b>
Capital Loans	7,000	1,000	0	0	0	<b>8,000</b>
<b>Total General Fund Summary programme (Approved)</b>	<b>24,760</b>	<b>4,129</b>	<b>2,870</b>	<b>3,341</b>	<b>0</b>	<b>35,100</b>
<b>General Fund Summary Programme (Proposed)</b>						
Housing & Community Safety	231	(65)	0	0	1,742	<b>1,908</b>
Resources	0	5	45	45	320	<b>415</b>
Development and City Services	(1,514)	312	615	(810)	3,065	<b>1,667</b>
<b>Total General Fund Summary Programme (Proposed)</b>	<b>(1,283)</b>	<b>252</b>	<b>660</b>	<b>(765)</b>	<b>5,127</b>	<b>3,991</b>
<b>General Fund Summary Programme (Business Case Required)</b>						
Housing & Community Safety	31	0	0	0	0	<b>31</b>
Resources	0	1,200	0	0	0	<b>1,200</b>
Development and City Services	6,425	50	50	50	50	<b>6,625</b>
<b>Total General Fund Summary Programme (Business Case Req'd)</b>	<b>6,456</b>	<b>1,250</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>7,856</b>
<b>Total General Fund Programme</b>	<b>29,933</b>	<b>5,630</b>	<b>3,581</b>	<b>2,626</b>	<b>5,177</b>	<b>46,947</b>
<b>Housing Revenue Account Summary Programme (Approved)</b>						
HRA - Development and City Services	15,729	14,281	12,641	8,130	0	<b>50,782</b>
HRA - Housing & Community Safety	30,209	27,791	25,845	25,845	0	<b>109,690</b>
<b>Housing Revenue Account Summary Programme (Proposed)</b>						
HRA - Development and City Services	(7,654)	249	(5,199)	(5,834)	6,712	<b>(11,726)</b>
HRA - Housing & Community Safety	(878)	13,106	13,313	15,791	40,853	<b>82,185</b>
<b>Housing Revenue Account Summary Programme (Business Case Required)</b>						
HRA - Housing & Community Safety	114	0	0	0	0	<b>114</b>
<b>Total Housing Revenue Account Programme</b>	<b>37,520</b>	<b>55,427</b>	<b>46,600</b>	<b>43,932</b>	<b>47,565</b>	<b>231,044</b>
<b>Total Proposed Capital programme</b>	<b>67,453</b>	<b>61,057</b>	<b>50,181</b>	<b>46,558</b>	<b>52,741</b>	<b>277,990</b>



- 4.33. In 2025-2026 the capital programme aims to deliver the following key outcomes:

General Fund:

- £8.37m of investment at Sloughbottom Park funded by Levelling Up grant.
- £1.61m to improve private homes for older or disabled residents to enable them to continue living in their own home.

Housing Revenue Account:

- Meeting housing need - delivering 151 council homes by 2029-2030.
- Upgrade of existing housing stock - £29.5m including 950 upgraded heating systems, 810 electrical upgrades, 395 new kitchens, 395 new bathrooms, 150 solar/photovoltaic installations, 100 air-source heat pumps and approximately 3,000 upgraded fire doors.
- Improving the use and management of the existing housing stock - £2.75m disabled adaptation programme.
- Improving neighbourhoods - including 30 door entry system upgrades and an estate aesthetics programme.

### **Future capital programme**

- 4.34. As well as the proposed capital programme, the council is continuing with its ambitions to make sustainable improvements to the city and the lives of the residents. The Council continues to recognise that it is likely to need significant investment to advance the priorities and ambitions and continues to explore the possibility of working with both the private sector and other public sector bodies to identify new funding streams and delivery mechanisms that can deliver this.
- 4.35. These schemes will all need to follow the principles as set out in this Capital Strategy and full business cases will need to be submitted and approved before the schemes are recommended for inclusion in the capital budget.

### **Funding the capital strategy**

- 4.36. The availability of funding plays a key part in the size and content of the capital programme. The impact of national cuts in grant funding has significantly reduced the level of government support for capital investment and the council must now rely more on its own funding and leveraging in other sources of external funding where this is possible.
- 4.37. The sources of funding available for capital investment by both the general fund and HRA and the proposed strategy for their use is found in Appendix 4 (C). It needs to be emphasised that many of these funding sources can only be used to fund capital expenditure and not the day-to-day costs of providing services.

### **Proposed funding of the general fund capital programme**

- 4.38. There are two main influences on the overall size of the general fund capital programme, namely:
- The level of capital resources available, and
  - The extent to which the revenue consequences of the programme, in terms of cost of borrowing or direct revenue funding, can be accommodated within the revenue budget.

**Table 4.3: Projected General Fund Capital Receipts 2025 – 2030**

Capital Receipts Analysis	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000
Existing capital receipts reserve brought forward from previous year	(1,860)	(1,403)	0	0	0
Capital receipts required in year	0	(117)	(320)	(320)	(320)
<b>Total capital receipts</b>	<b>(1,860)</b>	<b>(1,520)</b>	<b>(320)</b>	<b>(320)</b>	<b>(320)</b>
Funding requirement based on capital programme	457	1,520	320	320	320
<b>Balance at end of year</b>	<b>(1,403)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 4.39. The level of capital receipts relies upon the completion of asset sales which cannot be guaranteed and therefore, no additional capital receipts have been assumed at this stage. Furthermore, additional potential capital liabilities such as costs arising from the future review of assets or other expenditure requirements that generate no income may arise, which would place a further demand on resources. To fund additional capital costs, further capital receipts will need to be raised from the disposal of existing assets or revenue budget contributions will need to be increased either to make direct revenue contributions or in support of additional borrowing.

**5. Table 4.4: Proposed funding of the General Fund capital programme**

GF funding	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000	5 year Total
Capital Receipts	457	1,520	320	320	320	<b>2,937</b>
Grants & Contributions	9,942	1,903	2,288	2,256	4,765	<b>21,154</b>
Borrowing	15,917	1,907	973	50	92	<b>18,939</b>
CIL/GNGB/S106	3,617	300	0	0	0	<b>3,917</b>
<b>Total</b>	<b>29,933</b>	<b>5,630</b>	<b>3,581</b>	<b>2,626</b>	<b>5,177</b>	<b>46,947</b>

### Proposed funding of the HRA capital programme

- 5.1. The funding of the HRA capital programme follows the funding strategy set out in Appendix 4 (C).
- 5.2. It is proposed to utilise a total of £1.153m of Section 106 contributions to fund the proposed HRA capital programme; £0.374m towards the Mile Cross Depot site development in 2025-2026 and £0.779m towards the Argyle Street development in 2026-2027.
- 5.3. The HRA general reserves (forecast at £48.643m at the end of 2025-2026) will be held to provide a versatile resource to support priorities identified within the HRA Strategy, including the regeneration of existing assets and provision of new social housing.

**Table 4.5: Proposed funding of the HRA capital programme HRA Funding**

HRA funding	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000	5 year Total
HRA Capital Receipts	4,440	26,075	9,736	1,050	1,050	<b>42,351</b>
Retained One for One Receipts	7,702	6,909	2,908	1,098	3,356	<b>21,973</b>
Major Repairs Reserve	24,754	14,572	16,880	17,428	18,154	<b>91,788</b>
HRA Grants & Contributions	624	1,029	250	350	250	<b>2,503</b>
HRA Revenue contribution	0	6,842	16,826	24,007	8,866	<b>56,540</b>
HRA Borrowing	0	0	0	0	15,889	<b>15,889</b>
<b>Total HRA Capital Programme Funding</b>	<b>37,520</b>	<b>55,427</b>	<b>46,600</b>	<b>43,932</b>	<b>47,565</b>	<b>231,044</b>

### Enabling our future vision

- 5.4. The capital programme captures the council's vision and desire for projects and investment at a point in time. However, as the vision continues to grow, new projects and investments will continue to be developed throughout the year, which will require business cases and financing plans to be formulated prior to approval by Cabinet and Council. If the project requires funding from external borrowing, we will need to consider the costs of the associated financing and minimum revenue provision or explore opportunities to fund outside the council's balance sheet through alternative delivery routes.

### Alternative delivery routes

- 5.5. The Council will review the best delivery routes for implementing new capital projects as part of the options appraisal undertaken in the business case. These delivery routes largely fall into the following categories:
- Self-develop: this involves the council undertaking the project independently and therefore provides the greatest level of potential return and control but also the greatest cost and exposure to risk.
  - Partnerships: these allow the council to use its assets (usually land and buildings) and possibly some finance, to attract long term investment from the private sector, in order to deliver socio-economic development and regeneration. They are designed to encourage parties to pool resources to deliver projects, with an acceptable balance of risk and return for all involved. A recent example of such an approach is the purchase of Anglia Square, which was funded via a grant from Homes England, with the further development of the site anticipated to be undertaken within an Investment Partnership.
  - Developer led: this usually involves selling the opportunity to a developer, perhaps with an outline planning consent and Development Agreement in place. As an example, the council takes a developer led approach with housing associations.
  - Community Involvement: changes in legislation brought in under the Localism Act introduced the concept of Community Asset Transfer, Community Right to Challenge and Community Right to Bid for services.

This has opened up a whole spectrum of opportunities of private sector investment in community-led capital projects, where deemed appropriate.

## **Delivering the capital strategy**

### **Governance**

- 5.6. The council undertakes democratic decision-making and scrutiny processes which provide overall political direction and accountability for the investment proposed in the capital strategy. These processes include:
- The Council which is ultimately responsible for approving investment in the Capital Strategy.
  - The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the Capital Strategy.
  - Scrutiny Committee which is responsible for the annual scrutiny of the proposed budget including the Capital Strategy and which can make recommendations to the Cabinet.
  - Audit Committee which scrutinises the capital investment made in any financial year as reported in the annual Statement of Accounts and the risk of future capital investment proposals. The committee can also make recommendations to the Cabinet.
  - Treasury Management Committee providing review and advice on all investment activity to the Cabinet and Council.
  - Additionally, the Capital Programme Board and Capital Working Group supports the committee structure and Senior Leadership Team with governance and the delivery of projects.
- 5.7. The capital programme is approved by full Council as part of its annual budget report which sets out the funding of the capital programme, the schemes being proposed and how they contribute to the achievement of the Council's priorities, any consequential revenue budget implications, and information on the affordability, proportionality, and risk of the proposals.
- 5.8. Officers can seek approval from Cabinet to approve the inclusion of schemes where they are fully funded from additional grants, that can only be expended on the proposed scheme, and where it meets the Council's aims. This will permit such schemes to progress at pace where alternative application of the funding is not permitted, and where there is no need for additional Council resources to be used.
- 5.9. Some projects have been included in the proposed capital programme, as their strategic importance to one or more of the Council's objectives has been recognised. However, the detailed business case has not been sufficiently developed to identify the expected costs and benefits of these proposals now. These projects have been separately identified within the proposed capital programme, the broad financing has been included but these projects cannot commence until a full business case has been approved; any funding variances will also need to follow the council's financial regulations in relation to capital virements.
- 5.10. In addition, new projects not included within the existing or proposed capital programme, require a full business case to be submitted for approval as and when the information and analysis is available to make a robust decision.

- 5.11. All capital expenditure must be carried out in accordance with the Council's constitution, financial regulations, and contract procedures. Internal audit undertake regular audits of compliance. The monitoring of expenditure against the approved budget, and the forecasting of the year-end outturn, is coordinated by Finance and reported to Cabinet every quarter as part of the overall corporate budget monitoring process.

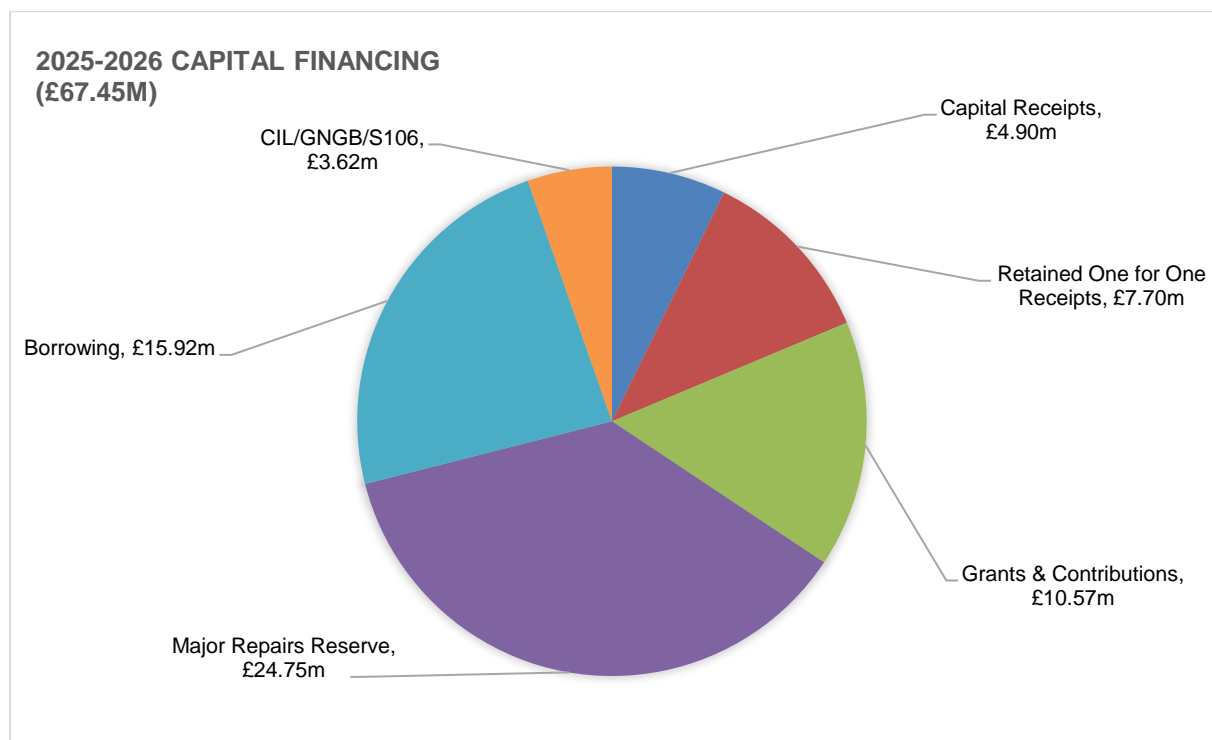
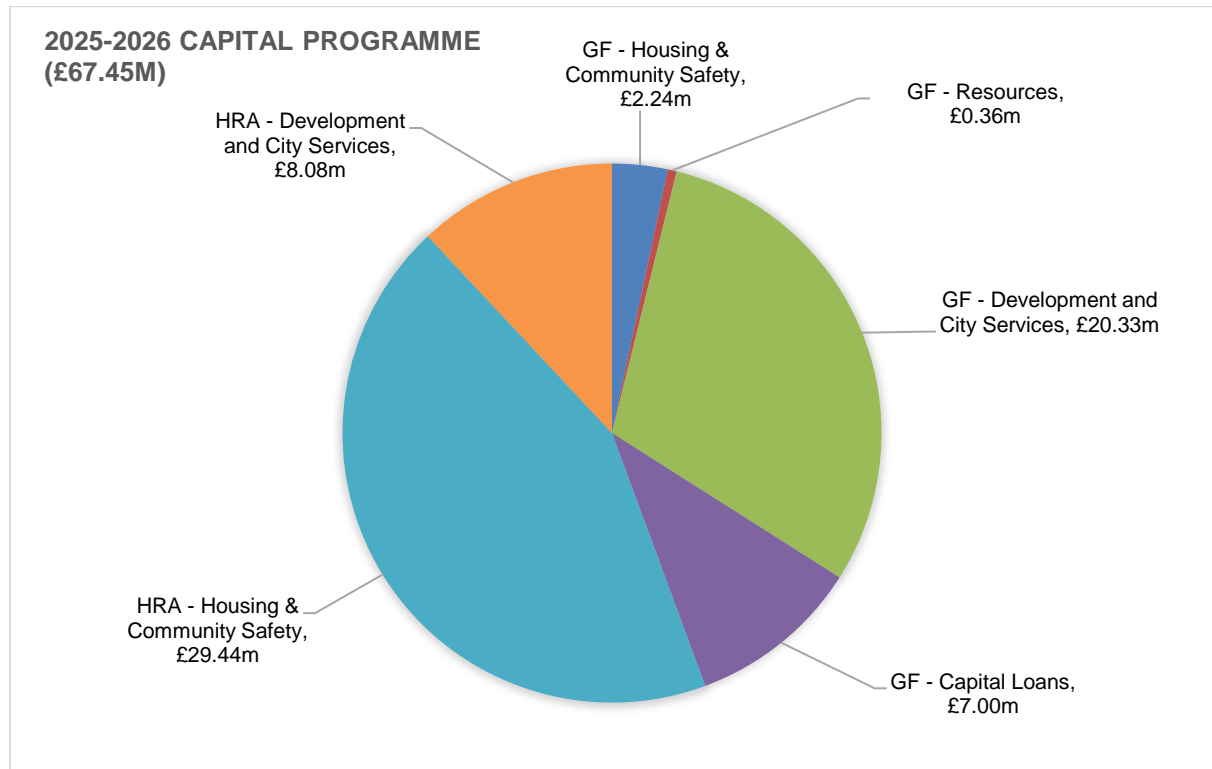
### **Corporate Planning Process**

- 5.12. Capital project proposals form part of the council's annual resource planning processes. Each year, capital project proposals for the following year(s) that align with the priorities identified in the council's community-led plan, are prepared for the corporate and political governance processes, which culminate in the annual budget setting meeting of the Council in February.

### **Knowledge and skills**

- 5.13. The council has professionally qualified staff, or access to such staff across a range of disciplines including finance, legal, planning and property that allow for capital investment decisions to be robustly considered. These individuals follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
- 5.14. External professional advice is taken as and when required and will always be sought in consideration of any major regeneration investment decision or joint venture development.
- 5.15. Internal and external training continues to be offered to members to ensure they have up-to-date knowledge and expertise to understand and challenge capital investment decisions.

## Appendix 4 (A): Proposed capital programme and financing 2025-2026



#### Appendix 4 (B): Proposed capital projects 2025-2026 to 2029-2030

Approved General Fund Programme	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000	5 year Total £000
<b>Housing &amp; Community Safety</b>						
Riverside Leisure replace plant/equipment	142	7	73	0	0	222
Towns' Fund Make space at The Halls	0	65	0	0	0	65
Community Centre energy efficiency measures	340	0	0	0	0	340
Disabled Facilities Grant	1,500	1,550	1,600	1,700	0	6,350
<b>Approved Programme - Housing &amp; Community Safety</b>	<b>1,982</b>	<b>1,622</b>	<b>1,673</b>	<b>1,700</b>	<b>0</b>	<b>6,977</b>
<b>Resources</b>						
IT Investment Fund	75	75	75	75	0	300
Mobile Handsets Refresh	45	40	0	0	0	85
IT hardware upgrade rolling programme	200	200	200	200	0	800
Revenues & Benefits Programme Improvements	40	0	0	0	0	40
<b>Approved Programme - Resources</b>	<b>360</b>	<b>315</b>	<b>275</b>	<b>275</b>	<b>0</b>	<b>1,225</b>
<b>Development &amp; City Services</b>						
Park Play Equipment Refurbishment	300	300	0	0	0	600
NCS Ltd machinery costs	110	100	100	0	0	310
Eaton Park Pavilion	306	0	0	0	0	306
Parking in Parks (phase 2)	38	0	0	0	0	38
CIL Contribution Strategic	2,067	792	823	1,366	0	5,047
Castle Gardens	393	0	0	0	0	393
Lakenham Way highway and footway upgrades	175	0	0	0	0	175
Exacom planning obligations system	66	0	0	0	0	66
Riverside Walk access improvement	112	0	0	0	0	112

<b>Approved General Fund Programme</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
GNGB Marriot's Way/Hellesdon Station	152	0	0	0	0	152
Transforming Cities Fund Contribution	12	0	0	0	0	12
Strategic Property Remediation Fund	919	0	0	0	0	919
Guildhall Long Term External Repairs	54	0	0	0	0	54
St Andrews MSCP Structural Repair works	93	0	0	0	0	93
St Andrews Hall	498	0	0	0	0	498
Kings Court	1,750	0	0	0	0	1,750
Sloughbottom Park works	8,373	0	0	0	0	8,373
<b>Approved Programme - Development and City Services</b>	<b>15,418</b>	<b>1,192</b>	<b>923</b>	<b>1,366</b>	<b>0</b>	<b>18,899</b>
<b>Capital Loans</b>						
Norwich Preservation Trust Loan	1,000	0	0	0	0	1,000
Lion Homes Loan Facility	6,000	1,000	0	0	0	7,000
<b>Approved Programme - Capital Loans</b>	<b>7,000</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,000</b>
<b>Total General Fund Approved Programme</b>	<b>24,760</b>	<b>4,129</b>	<b>2,870</b>	<b>3,341</b>	<b>0</b>	<b>35,100</b>



<b>Proposed Adjustments to General Fund Capital Schemes for approval</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
<b>Housing &amp; Community Safety</b>						
Riverside Leisure replace plant/equipment	(42)	0	0	0	42	0
TF make space at The Halls	72	(65)	0	0	0	7
UK Shared Prosperity Fund	96	0	0	0	0	96
Disabled Facilities Grant	105	0	0	0	1,700	1,805
<b>Proposed Adjustments to Programme - Housing &amp; Community Safety</b>	<b>231</b>	<b>(65)</b>	<b>0</b>	<b>0</b>	<b>1,742</b>	<b>1,908</b>
<b>Resources</b>						
IT Investment Fund	0	0	0	0	75	75
Mobile Handsets Refresh	0	5	45	45	45	140
IT hardware upgrade rolling programme	0	0	0	0	200	200
<b>Proposed Adjustments to Programme - Resources</b>	<b>0</b>	<b>5</b>	<b>45</b>	<b>45</b>	<b>320</b>	<b>415</b>
<b>Development &amp; City Services</b>						
Eaton Park pavilion	674	0	0	0	0	674
CIL Contribution Strategic	(1,853)	(438)	(135)	(810)	3,065	(171)
Strategic Property Remediation Fund	(335)	750	750	0	0	1,165
<b>Proposed Adjustments to Programme - Development and City Services</b>	<b>(1,514)</b>	<b>312</b>	<b>615</b>	<b>(810)</b>	<b>3,065</b>	<b>1,667</b>
<b>Total Proposed Adjustments to General Fund Programme</b>	<b>(1,283)</b>	<b>252</b>	<b>660</b>	<b>(765)</b>	<b>5,127</b>	<b>3,991</b>

<b>Proposed General Fund Capital Schemes for approval - subject to Business Case</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
Housing & Community Safety						
CCTV camera upgrades GF	31	0	0	0	0	31
<b>Proposed Programme - Housing &amp; Community Safety</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>
Resources						
IT infrastructure refresh	0	550	0	0	0	550
Network Equipment	0	500	0	0	0	500
IT Unix Server Refresh	0	150	0	0	0	150
<b>Proposed Programme - Resources</b>	<b>0</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,200</b>
<b>Proposed General Fund Capital Schemes for approval - subject to Business Case</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
Development & City Services						
Lion Wood	507	0	0	0	0	507
UEA area transport project	65	0	0	0	0	65
Henderson Park contribution	38	0	0	0	0	38
Bluebell Road bus shelter	10	0	0	0	0	10
Marl Pit Play Spaces	17	0	0	0	0	17
Food waste collection vehicles	300	0	0	0	0	300
Sweet Briar Marshes	546	0	0	0	0	546
Earlham and Rosary cemetery signage	50	0	0	0	0	50
NCSL grounds maintenance machinery	500	0	0	0	0	500
Shrub bed reduction programme	50	50	50	50	50	250
Stafford Park Telford upgrade works	2,000	0	0	0	0	2,000
Strangers Hall roof upgrade	250	0	0	0	0	250

<b>Proposed General Fund Capital Schemes for approval - subject to Business Case</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
St Benedicts/St Bartholomew towers	300	0	0	0	0	300
City Hall Ground Floor Accessibility Improvements	525	0	0	0	0	525
Market provision improvements	260	0	0	0	0	260
Lawrence House	88	0	0	0	0	88
Blackfriars Hall roof upgrade	920	0	0	0	0	920
<b>Proposed Programme - Development and City Services</b>	<b>6,425</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>6,625</b>
<b>Total General Fund Proposed Programme subject to business case</b>	<b>6,456</b>	<b>1,250</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>7,856</b>

<b>Total General Fund Programme</b>	<b>29,933</b>	<b>5,630</b>	<b>3,581</b>	<b>2,626</b>	<b>5,177</b>	<b>46,947</b>
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<b>Approved Housing Revenue Account Programme</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
<b>Development &amp; City Services</b>						
HRA Mile Cross Depot Site	10,722	12,711	11,071	6,560	0	41,064
Argyle Street Development	3,437	0	0	0	0	3,437
Development pipeline projects	70	70	70	70	0	280
New Build Opportunities	500	500	500	500	0	2,000
Capital Grants Housing Associations	1,000	1,000	1,000	1,000	0	4,000
<b>Approved Programme - Development and City Services</b>	<b>15,729</b>	<b>14,281</b>	<b>12,641</b>	<b>8,130</b>	<b>0</b>	<b>50,782</b>
<b>Housing &amp; Community Safety</b>						
HRA upgrades - Electrical	2,000	2,000	2,000	2,000	0	8,000
HRA upgrades - Whole House Improvements	1,000	1,000	1,000	1,000	0	4,000
HRA upgrades - Kitchens	1,653	2,363	2,163	2,163	0	8,340
HRA upgrades - Bathrooms	1,503	1,403	1,553	1,553	0	6,010
HRA upgrades - Heating/Boilers Communal	1,350	1,000	1,000	1,000	0	4,350
HRA upgrades - Heating/Boilers Domestic	600	400	200	200	0	1,400
HRA upgrades - Thermal Comfort	200	200	200	200	0	800
HRA upgrades - Solar Thermal/Photovoltaic	500	500	500	500	0	2,000
HRA upgrades - Windows	2,000	2,000	2,000	2,000	0	8,000
HRA upgrades - Doors	5,500	4,000	4,000	4,000	0	17,500
HRA upgrades - Door Access Controls	703	623	727	727	0	2,778
HRA upgrades - Estate Aesthetics	200	200	200	200	0	800
HRA upgrades - HRA Shops	100	100	100	100	0	400
HRA upgrades - Sheltered Housing Communal Facilities	38	38	38	38	0	150
HRA upgrades - Re-Roofing	1,500	1,500	1,500	1,500	0	6,000

<b>Approved Housing Revenue Account Programme</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
HRA upgrades - Structural	500	500	500	500	0	2,000
HRA upgrades - Lift Upgrades	500	500	500	500	0	2,000
HRA upgrades - Water Hygiene Upgrades	50	50	50	50	0	200
HRA Upgrades - Tower Blocks	4,125	5,125	3,125	3,125	0	15,500
HRA upgrades - Community Alarm	0	0	0	0	0	0
HRA upgrades - Renewable Heating	1,000	1,200	1,400	1,400	0	5,000
HRA upgrades - Stock Condition Survey	100	100	100	100	0	400
HRA upgrades - Property Services fees	691	691	691	691	0	2,764
HRA upgrades - Compliance Upgrades	0	0	0	0	0	0
HRA upgrades - Disabled Adaptations	2,300	2,300	2,300	2,300	0	9,200
HRA upgrades - Energy efficiency measures	2,098	0	0	0	0	2,098
<b>Approved Programme - Housing &amp; Community Safety</b>	<b>30,209</b>	<b>27,791</b>	<b>25,845</b>	<b>25,845</b>	<b>0</b>	<b>109,690</b>
<b>Development &amp; City Services</b>						
HRA Mile Cross Depot Site	(7,244)	(597)	(5,199)	(5,935)	5,142	(13,833)
Argyle Street Development	(410)	846	0	100	0	537
Development pipeline projects	0	0	0	0	70	70
New Build Opportunities	0	0	0	0	500	500
Capital Grants Housing Associations	0	0	0	0	1,000	1,000
<b>Proposed Adjustment to Housing Revenue Account Programme - Development and City Services</b>	<b>(7,654)</b>	<b>249</b>	<b>(5,199)</b>	<b>(5,834)</b>	<b>6,712</b>	<b>(11,726)</b>
<b>Housing &amp; Community Safety</b>						
HRA upgrades - Electrical	(485)	438	188	0	1,118	1,258
HRA upgrades - Whole House Improvements	500	(200)	(300)	(300)	700	400
HRA upgrades - Kitchens	493	75	575	1,346	4,453	6,941

<b>Proposed Adjustment to Housing Revenue Account</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
HRA upgrades - Bathrooms	18	0	(150)	(184)	1,251	935
HRA upgrades - Heating/Boilers Communal	(400)	(1,000)	(1,000)	(1,000)	0	(3,400)
HRA upgrades - Heating/Boilers Domestic	2,500	965	1,110	528	393	5,496
HRA upgrades - Thermal Comfort	(200)	(200)	(200)	(200)	0	(800)
HRA upgrades - Solar Thermal/Photovoltaic	100	4,486	4,486	4,596	5,636	19,303
HRA upgrades - Windows	(650)	(804)	(813)	(752)	616	(2,403)
HRA upgrades - Doors	(1,295)	(2,745)	(2,675)	(2,825)	719	(8,821)
HRA upgrades - Door Access Controls	200	0	0	(27)	458	631
HRA upgrades - Estate Aesthetics	50	300	300	300	500	1,450
HRA upgrades - HRA Shops	(100)	0	0	0	100	0
HRA upgrades - Sheltered Housing Communal Facilities	143	13	13	13	50	230
HRA upgrades - Re-Roofing	500	2,666	2,305	3,449	5,446	14,365
HRA upgrades - Structural	0	194	240	1,612	1,986	4,033
HRA upgrades - Lift Upgrades	(300)	(425)	(425)	(425)	75	(1,500)
HRA upgrades - Water Hygiene Upgrades	0	200	200	200	275	875
HRA Upgrades - Tower Blocks	(3,125)	(125)	(125)	(125)	3,000	(500)
HRA upgrades - Community Alarm	180	150	150	150	150	780
HRA upgrades - Renewable Heating	95	8,219	8,786	8,786	10,186	36,072
HRA upgrades - Stock Condition Survey	200	200	200	200	300	1,100
HRA upgrades - Property Services fees	0	(0)	(0)	(0)	691	691
HRA upgrades - Compliance Upgrades	250	250	250	250	250	1,250
HRA upgrades - Disabled Adaptations	450	450	200	200	2,500	3,800
<b>Proposed Adjustment to Housing Revenue Account Programme - Housing &amp; Community Safety</b>	<b>(878)</b>	<b>13,106</b>	<b>13,313</b>	<b>15,791</b>	<b>40,853</b>	<b>82,185</b>

<b>Proposed Adjustment to Housing Revenue Account</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
<b>Housing &amp; Community Safety</b>						
CCTV camera upgrades HRA	114	0	0	0	0	114
<b>Proposed Programme subject to business case - Housing &amp; Community Safety</b>	<b>114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114</b>
<b>Total HRA Programme</b>	<b>37,520</b>	<b>55,427</b>	<b>46,600</b>	<b>43,932</b>	<b>47,565</b>	<b>231,044</b>
<b>Total Overall Capital Programme</b>	<b>67,453</b>	<b>61,057</b>	<b>50,181</b>	<b>46,558</b>	<b>52,741</b>	<b>277,990</b>

**Appendix 4 (C): The council's capital funding sources & strategy for their use**

Funding source	Description and proposed strategy for its use
Revenue budget	<p><b>Description:</b> The use of the annual revenue budget to directly fund capital expenditure (also known as a Revenue Contribution to Capital Outlay (RCCO)).</p> <p><b>General Fund strategy:</b> The revenue budget can be used to fund capital projects where there is no financial return from the investment to cover the costs of borrowing.</p> <p><b>HRA strategy:</b> The HRA RCCO is the most versatile funding source and is therefore only utilised for capital expenditure after first taking into account resources available from grants, contributions, the Major Repairs Reserve (MRR), and retained one for one Right to Buy capital receipts.</p>
Capital receipts	<p><b>Description:</b> Income receipt arising from the sale of assets or repayment of capital loans. Can only be used to fund capital expenditure or repay capital debt.</p> <p><b>General Fund strategy:</b> Capital receipts are held centrally and used as a corporate resource. Capital receipts income (along with the revenue budget) is usually used to fund capital projects where the anticipated life of the asset is short (e.g. IT equipment and vehicles). Where proceeds from the disposal of commercial properties, which were originally funded by borrowing, are received, where appropriate those sums will be applied to reduce debt.</p> <p><b>HRA strategy:</b> Non-Right-to-Buy HRA capital receipts arise from the disposal of HRA property and land other than dwellings and may be utilised to fund any HRA capital expenditure, except for projects that are being part funded by Right to Buy Retained 'One for One' Receipts. Due to this restriction, this resource is utilised to fund the HRA capital upgrade programme after resources arising from grants, contributions and the MRR have been applied, but prior to the use of general reserves and borrowing.</p> <p><b>Use of capitalisation flexibilities:</b> Regulations around the flexible use of capital receipts allow the council to use new capital receipts to fund the revenue costs of council service reviews that will generate savings in future years. This is subject to the council approving a policy on the flexible use of capital receipts. The council currently has sufficient funds in its earmarked spend-to-save reserves and therefore has no proposal to make use of these flexibilities.</p>



Funding source	Description and proposed strategy for its use
Leasing	<p><b>Description:</b> A lease is a contractual arrangement between the lessee (user) to pay the lessor (owner) for use of an asset. Property, equipment and vehicles are common assets that are leased. Leasing offers a way of financing the use of assets over a period of time without actually having to buy them outright.</p> <p><b>Strategy for its use:</b> Some assets used by the Council are financed by a lease arrangement; for example, vehicles. There may be instances where leasing can offer value for money, and it will remain a consideration when options are being appraised. However, if the cost of borrowing through PWLB is low compared to the implicit interest rates within any leased asset arrangement, it is likely to be better value for money if the council funds the asset itself via borrowing. Leasing cannot be undertaken without the specific approval of the S151 Officer to ensure that new accounting arrangements have been considered fully.</p>

Funding source	Description and proposed strategy for its use
Right-to-buy capital receipts	<p><b>Description:</b> Income arising from Right-to-Buy sales of Council dwellings comprise three elements, the Treasury Share, which is passed to the government, the local authority share and the retained 'one for one' receipts. These funding sources are only available to the HRA.</p> <p><b>Local Authority Share:</b> An element of capital receipts arising from the sale of an HRA dwelling under Right-to-Buy that may be retained indefinitely by the council and utilised to fund any HRA capital expenditure.</p> <p><b>Strategy for its use:</b> As with other HRA capital receipts, these may be utilised to fund any HRA capital expenditure, except for projects that are being part funded by Right to Buy Retained 'One for One' Receipts. Due to this restriction, this resource is utilised to fund the HRA capital upgrade programme after resources arising from grants, contributions and the MRR have been applied, but prior to the use of general reserves and borrowing.</p> <p><b>Retained 'One for One' Receipts:</b> The use of this share is limited under statute and can only be used to fund up to 50% of the overall cost of new social housing and must be utilised within 5 years of the date of retention or be returned to central government along with a punitive interest charge. However, for 2024-2025 and 2025-2026, increased flexibilities enable 100% of the cost of new social housing to be funded from this resource.</p> <p><b>Strategy for its use:</b> The use of this resource is maximised, and monitoring is undertaken during the year to ensure the council is not at risk of having to pay the receipts plus interest to central government. Council has prioritised the funding of its own HRA capital programme in utilising these receipts, but when unable to do so the priorities are:</p> <ol style="list-style-type: none"> <li>1. Providing grant to Registered Providers to develop additional social rented housing, or when unable to do so.</li> <li>2. Providing grant to Registered Providers to develop additional affordable rented housing.</li> </ol>
General Reserves	<p><b>Description:</b> General (non-earmarked) reserves can be used to fund either revenue or capital expenditure.</p> <p><b>General Fund strategy:</b> The general fund reserve is planned to be used to help finance the revenue budget over the MTFs until the reserve reaches the prudent minimum level. There are no plans for it to be used to fund capital expenditure.</p> <p><b>HRA strategy:</b> The HRA general reserve is planned to be used as necessary to finance revenue and capital budgets in line with the HRA business plan, until the reserve reaches the prudent minimum balance.</p>
Major Repairs Reserve (MRR)	<p><b>Description:</b> The Major Repairs Reserve is created from an annual depreciation charge to HRA revenue budgets.</p> <p><b>Strategy for its use:</b> This is used as the first source of funding for the HRA capital upgrade programme.</p>

Funding source	Description and proposed strategy for its use
Capital grants	<p><b>Description:</b> Grants given to the council to fund, either in whole or in part, specific capital projects</p> <p><b>Strategy for their use:</b> the council will actively pursue grants and other contributions as well as other innovative solutions for the funding of capital investment schemes. This funding will be utilised in the first instance if the capital projects they fund meet the city's priorities and have no revenue budget or other onerous implications.</p>
Section 106, GNGB and CIL	<p><b>Description:</b> Contributions paid by developers to mitigate the impact of new development across the city.</p> <p><b>Section 106:</b> Contributions may be utilised to fund capital schemes but must be used in accordance with any obligations imposed by each legal agreement, such as time limits, area restrictions or service restrictions. These are now diminishing as S106s have instead largely been replaced by CIL contributions.</p> <p><b>CIL (Community Infrastructure Levy):</b> 80% of CIL contributions collected are paid to the Greater Norwich Growth Board (GNGB) to fund the Infrastructure Investment Fund in accordance with an existing memorandum of understanding. Where appropriate the council submits bids which may be utilised to fund capital schemes.</p> <p>15% of CIL contributions are retained for local neighbourhood sponsored schemes. Contributions may provide matched funding to secure grant funding from central government or the local enterprise partnership.</p>
Borrowing	<p><b>Description:</b> <b>Internal borrowing</b> is the <i>temporary</i> use of the council's cash holdings to fund capital expenditure. <b>External borrowing</b> is the process of taking debt finance from an external institution.</p> <p>Where capital expenditure is to be funded from borrowing, consideration will be given to the additional costs arising, such as interest charges and any Minimum Revenue Provision (MRP) costs. The council's borrowing will be proportionate to the size of the council's balance sheet and revenue budget.</p> <p>All executive decisions on borrowing, investment or financing, within the limits and principles agreed by Council in the annual Treasury Management Strategy, are delegated to the Section 151 officer (chief finance officer), under the council's constitution, who is required to act in accordance with CIPFA's Treasury Management Code of practice. The Section 151 officer will decide whether to use internal instead of external borrowing as a temporary source of financing if at the time:</p> <p>(a) The council's overall cash holdings are above the minimum amount of cash deemed necessary for working capital purposes– (see the Treasury Management Strategy in part 6).</p> <p>(b) The current interest rate environment remains volatile and as such opportunities to redeem debt or other capital financing decisions will be kept under review in conjunction with advice from the council's treasury advisers, Link Asset Services, if necessary.</p>

