

Capital Programme Update – 2021/22 to 2023/24

Report of the Finance and Resources Portfolio Holder

Recommended:

That the revised estimates and financing for the 2021/22 to 2023/24 Capital Programme, as shown in Annex 1 to the report, be approved.

SUMMARY:

- This report updates Councillors on the progress of the existing 2021/22 Capital programme and includes forecast changes to its timescale and total cost.
- It also provides an update on projects where the timetable has changed from that currently approved, in particular where projects are expected to slip from the current year.

1 Introduction

- 1.1 The progress of the Capital Programme is reported to Councillors each year usually in May, November and February.
- 1.2 The last update was presented on 8th December 2021 and gave details of the overall expenditure and financing of the Capital Programme for 2021/22 to 2023/24.
- 1.3 This report provides an update on the Capital Programme presented to that meeting and also examines how the costs of the updated programme will be financed.

2 Background

- 2.1 It is always difficult to assess accurately the cost, timescale and progress of a project when an initial bid is made. This is exacerbated by the fact that bids are often made a year before a project is expected to commence and before exact costs have been agreed.
- 2.2 As a result of this the timing and total cost of the Capital Programme is constantly changing.
- 2.3 All capital budget holders have been asked to review the projects under their control. The objective is to provide an up to date assessment of the latest estimate for the total cost and timescale for each project.
- 2.4 Major changes to schemes need to be reported in accordance with the schedule of limits in the Council's Financial Regulations.

3 Existing Capital Programme

- 3.1 The following paragraphs summarise the main changes to the Capital Programme since the December report. A full breakdown of each Service's Capital Programme and a summary of the General Fund Capital Programme Financing are shown in Annex 1.
- 3.2 The table below analyses the movement in the capital programme since the December 2021 update.

	£'000
2021/22 to 2023/24 capital budget per December report	44,509.7
Queen's Platinum Jubilee Artworks	200.0
Andover BMX Floodlights	75.0
Portersbridge Properties	5.6
Renovations & Minor Works Grants	(30.0)
Disabled Facilities Grants/Loans	(200.0)
Discretionary Grants/Loans	(71.0)
2021/22 to 2023/24 capital budget per Annex 1	44,489.3

- 3.3 The paragraphs below provide some detail of the reasons for the above changes to budgets and also identifies projects that are expected to slip from 2021/22 to 2022/23.

3.4 Asset Management Projects

The Asset Management Plan (AMP) was presented to Cabinet on 8th December 2021.

The report identified a number of projects that fall into one of three main categories; land and buildings, vehicles and plant and IT equipment. Some of these projects are revenue in nature whilst others represent capital expenditure.

The total cost of the capital items is summarised by category in Annex 1. The detailed expenditure across all AMP projects will be reported at the end of the financial year.

3.5 Community and Leisure

Two projects have been added to the capital programme for Community and Leisure.

Queen's Platinum Jubilee Artwork – Cabinet recommended that two pieces of art be commissioned for the Jubilee with a cost of £200,000 to be funded from new Homes Bonus. This project was approved by Council on the 26th January 2022.

Andover BMX track floodlighting – Andover BMX club requested that floodlighting be installed at the track to enable coaching and use of the track be extended during winter months. The club has secured funding from British Cycling, fund raising and the council's Community Grant fund to cover the cost of £75,000. This project was approved by Council on the 26th January 2022.

Charlton Leisure Centre Car Park – this project has slipped into 2022/23 so that the required utility infrastructure works for the above BMX track floodlighting project can be undertaken first.

3.6 Property and Asset Management

The Hampshire Community Bank has not reached the trigger point for the final instalment of initial shareholder funding. The budget will therefore be carried forward to 2022/23.

Strategic Land purchase – Planning permission is being sought to change the use of land which will delay completion of the project.

Multi storey Car park lighting refurbishment – the contractor is due to return to site but is unlikely to return before year end.

3.7 Project Enterprise

Due to the proximity to the end of the year it is unlikely that any more projects will be identified therefore, the £3,000,000 budget for 2021/22 has been carried forward to 2023/24.

3.8 Housing and Environmental Health

Due to lack of applications for minor work grants the budget for these has been reduced to zero. Private sector housing grants are demand led and spend in this area is influenced accordingly. In addition to factors associated with demand, there have been longer lead in times for contractors to undertake works, and the impacts of the pandemic have further generated delay. There has been a reduction of budget for both Disabled Facility Grants and Loans and Discretionary Grants accordingly to reflect the reported spend.

4 **Resource Implications**

- 4.1 The Capital Strategy is based on the principle that the Capital Programme will be self-financing over the medium to long-term. The strategy permits expenditure ahead of receiving capital receipts which may create a temporary deficit on the programme.

- 4.2 The forecast of funding remaining at 31 March 2024 for the Capital Programme is £8.337M, a reduction of £2.5M from the level of the Capital Receipts Reserve as at 1st April 2021.

Slippage within the Capital Programme

- 4.3 Some slippage within a Capital Programme is entirely normal. Expenditure can be delayed for many reasons and this is frequently outside the Council's control.
- 4.4 This report identifies total slippage of £16.028M. The reasons for the additional slippage have been explained in the paragraphs above and previous reports to Cabinet.

5 Financing the Capital Programme.

Capital Receipts Reserve

- 5.1 The balance on the Capital Receipts Reserve as at 1st April 2021 was £10.817M.
- 5.2 The maximum use of grants and contributions from external bodies and other internal reserves has been taken into account in the proposed financing of the Capital Programme.

The following table shows the level of capital receipts available to allocate to capital projects after considering the implications of past years' expenditure and the recommendations of this report.

Existing Capital Programme	December 2021 £'000	February 2022 £'000
Capital Receipts Reserve (CRR) as at 1 April 2021	10,817.1	10,817.1
Total Capital Expenditure 2021/22 – 2023/24	(25,707.7)	(25,687.3)
Total Capital Financing 2021/22 – 2023/24	23,030.5	23,207.0
Capital Receipts Reserve as at 31 March 2024	8,139.9	8,336.8

- 5.3 The difference between the figures in the above table and the total expenditure in Annex 1 relates to the property investment shown in the Project Enterprise sections (Ref 3.2) which is anticipated to be self-funding and is not financed through the CRR.

6 Revenue Consequences of the Capital Programme

- 6.1 The ongoing revenue impact of the capital budget has been built into Service estimates for 2022/23 and will be monitored throughout the year.

7 Corporate Objectives and Priorities

- 7.1 The capital programme enables capital investment to support the Council's priorities and to maintain its assets so that services may continue uninterrupted in the future.

8 Risk Analysis

- 8.1 Each individual project will have specific risks attached to it. These will be identified by the responsible officer at the start of each project.
- 8.2 The Capital Programme presented for approval takes into account all known future capital receipts. If there are no future sources of capital receipts, there is a risk that the Council will not be able to fund a sustainably financed Capital Programme beyond 2023/24.

9 Equality Issues

- 9.1 An EQIA screening has been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination or negative impact has been identified, therefore a full EQIA has not been carried out.

10 Consultations

- 10.1 Portfolio Holders, Heads of Service and project managers were consulted in the update of the 2021/22 to 2023/24 Capital Programme.

11 Conclusion and reasons for recommendation

- 11.1 The report also provides an update on the existing approved Capital Programme. There are very few changes to the previous update that was approved in December 2021.

Background Papers (Local Government Act 1972 Section 100D)

None

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	1	File Ref:	n/a
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(Portfolio: Finance and Resources) Councillor M Flood

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Report to:	Cabinet	Date:	23 February 2022
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