

Report to Cabinet – 15 November 2023

Capital Programme Update 2023/24 to 2025/26

Report of the Finance and Resources Portfolio Holder

Recommended:

- 1. That the new capital schemes with a total cost of £2,009,000, as shown in Annex 2 to the report, be added to the 2023/24 to 2025/26 Capital Programme.**
- 2. That the revised estimates and financing for the 2023/24 to 2025/26 Capital Programme, as shown in Annex 1 to the report, be approved.**

Recommendation to Council

SUMMARY:

- This report provides an update on the progress of the existing 2023/24 Capital Programme and includes forecast changes to its timescale and total cost.
- It also puts forward proposals for new capital schemes recommended to be added to the Capital Programme over the period 2023/24 to 2025/26.
- The total cost of new projects recommended for inclusion in the Capital Programme is £2.009M. After taking into account external funding and contributions from reserves, the net cost of these bids is £259,000.

1 Introduction

- 1.1** The progress of the Capital Programme is reported to Councillors each year, usually in June, November, and February.
- 1.2** The last update was presented on 7 June 2023 and gave details of the overall expenditure and financing of the Capital Programme for 2022/23 to 2024/25.
- 1.3** This report provides an update on the Capital Programme approved at that meeting, together with proposals for new projects to be added to the programme. It also examines how the costs of the proposed new programme will be financed.

2 New Capital Bids

- 2.1** All Services were invited to submit bids for new projects to be added to the Capital Programme. The summary in Annex 2 shows that a number of bids were received. These include:

ANNEX 2

- Grants and loans relating to Housing which are submitted each year.
- A project in respect of enhancing the public realm to the south and west of the Former Magistrates Court (FMC) in Romsey.
- An extension of the project relating to the enhancement of the Town Mills Park area.

2.2 All new capital schemes are considered with regard to their relative merits in continuing the Council's priorities, legislative requirements, sustainability and a number of other factors including the level of financing available.

3 Proposed Capital Programme 2023/24 to 2025/26

3.1 The 2023/24 to 2024/25 Capital Programme approved in June (2022/23 outturn) had a total cost of £32.85M. There have been some changes since that time and these are summarised below.

	£'000
Approved Budget for 2023/24 to 2024/25	32,853.7
Changes to Asset Management Plan Requirement	2,244.6
Changes to Community and Leisure Projects	(0.2)
CIL/S106 Funded Projects	169.1
Multi-Storey Car Park – Lighting Refurbishment	55.0
Project Enterprise – Property Refurbishments	24.0
Project Enterprise – Projects yet to be identified	(3,000.0)
UK Shared Prosperity Fund Projects	20.0
Local Authority Housing Fund	1,600.0
Sub-total – movements in the existing Capital Programme	33,966.2
Cost of new bids for inclusion in programme. See Annex 2	2,009.0
Updated Estimate for 2023/24 to 2025/26	35,975.2

3.2 An Asset Management Plan (AMP) update report is also on the agenda for this meeting. That report provides an update on the current year's programme and recommended projects for 2024/25 The capital element of the report's recommendations is built into the figures above.

Community and Leisure Projects

- 3.3 There have been a few small changes within Community and Leisure, St Mary's Cemetery Uplighting Project has increased by £1,300 due to additional SSE connection charges. The East Anton Public Art Project is complete and resulted in an underspend of £2,500. There is an increase of £1,000 on the Andover BMX Floodlights Project costs.
- 3.4 The Picket Twenty sports pavilion project is in the early stages of scoping and pre-planning. It is anticipated that more detailed designs and forecasts of future project costs will be known by spring 2024.

Community Infrastructure Levy Projects/S106

- 3.5 CIL projects – one project has been completed resulting in an underspend of £2,300.
- 3.6 An additional project has been added for sports pitch drainage at North Baddesley which was approved at Council on 25th October 2023, this is funded by S106 contributions. Since that approval was confirmed, the Parish Council have identified that a further £15,000 is required for the project. As this additional sum can be contained with s106 contributions designated for use at that site, it is recommended that the increased cost be approved.

Property and Asset Management

- 3.7 Following the tender process, the installation of the Lighting Column at the Multi-Storey Car Park has come in at an estimated £75,000.

Project Enterprise

- 3.8 The New Street Properties refurbishment project has increased by £24,000 following tendering of the works.
- 3.9 At its meeting on 13th September, Council approved changes to the amount that the Head of Property and Asset Management can approve, in consultation with the Project Enterprise Member Panel, for new property investments. This report recommends that the amount included in the Capital Programme is similarly reduced. Any new Project Enterprise projects that come forward which exceed this amount will be reported separately for approval, supported by an appropriate business case.

Planning, Policy and Economic Development

- 3.10 Following reconciliations of the grants received in respect of the UK Shared Prosperity Fund Projects an additional £20,000 was identified as being capital and not revenue so is now included within the capital budget. There is no net cost to the Council arising from this change.

Housing and Environmental Health

- 3.11 An additional £1,600,000 has been received in year in respect of the Local Authority Housing Fund and is now included within the Capital budget. This funding is to provide sustainable housing to those on the Ukrainian and Afghan resettlement schemes.

4 New Capital Projects

- 4.1 The total cost of new bids recommended to be added to the Capital Programme is £2.009M. After applying external funding and internal reserves, the net cost of bids for consideration is £259,000.
- 4.2 Annex 1 shows a summary of capital projects by Service. The new projects recommended to be added to the Capital Programme are included in this.
- 4.3 Annex 2 shows a summary of all new capital projects together with an explanation of the project and its key deliverables.

5 Financing the Capital Programme

- 5.1 It is recommended that the new capital projects are financed from Government grants, specific reserves and the Capital Receipts Reserve.

Resource Implications

- 5.2 The level of capital spending is entirely dependent on the resources that are available to finance the programme. The ability to add new schemes to the programme is influenced by forecasts of future resources. However, once a scheme is in the programme it is assumed that it will be completed and financed irrespective of whether resource forecasts are entirely accurate.
- 5.3 The maximum use of grants and contributions from external bodies and other internal reserves has been considered in the proposed financing of the Capital Programme.
- 5.4 The level of capital resources as at outturn for the capital programme is compared to those for the current programme in the following table:-

	Outturn 2022/23	November 2023
Capital Programme	£'000	£'000
Balance Capital Receipts Reserve (CRR) as at 1 April 2023	7,929.7	7,929.7
Total Capital Expenditure 2023/24 – 2025/26	(28,753.7)	(34,475.2)
Total Capital Financing 2023/24 – 2025/26	26,168.9	33,781.6

Capital Receipts Reserve Forecast as at 31 March 2026	5,344.9	7,236.1
--	----------------	----------------

- 5.5 The table shows that the forecast Capital Receipts Reserve is expected to decrease from a balance of £7.9M to £7.2M over the life of the existing programme.
- 5.6 The difference between the total capital expenditure shown in the table above and Annex 1 represents the cost of the Nitrate Credits on the Planning Policy and Economic Development page. This project is to be initially funded from internal borrowing rather than the Capital Receipts Reserve.

6 Revenue consequences of the Capital Programme

- 6.1 The ongoing revenue impact of the projects recommended for inclusion in the Capital Programme have also been considered. These are minimal and can be contained within existing budgets.

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 The schemes laid out in the proposed capital programme for the coming years are reliant on future capital receipts – the timing and extent of which are by no means certain. This risk is mitigated by maximising use of external funding and cautious valuations of receipt values and through cash flow management to ensure schemes are not delayed for financial reasons.
- 8.2 Each individual project will have specific risks attached to it. These will be identified by the responsible officer at the start of each project.
- 8.3 The Capital Programme presented for approval takes into account all known future capital receipts.

9 Equality Issues

- 9.1 No equalities issues have been identified in the preparation of the report 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 Heads of Service and project managers were consulted in the update of the 2023/24 to 2025/26 Capital Programme.

11 Conclusion and reasons for recommendation

- 11.1 This report identifies new capital bids with a total cost of £2.009M (net cost of £259,000 allowing for funding from external sources). These bids will help to deliver the Council's key priorities and are recommended to be added to the Capital Programme.

The report also provides an update on the existing approved Capital Programme.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
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:	2	File Ref:	N/A
(Portfolio: Finance and Resources) Councillor M Flood			
Officer:	Karen Green	Ext:	8238
Report to:	Cabinet	Date:	15 November 2023