

# **Capital Programme Update – 2023/24 to 2025/26**

Report of the Finance and Resources Portfolio Holder

## **Recommended:**

**That the revised estimates and financing for the 2023/24 to 2025/26 Capital Programme, as shown in the Annex to the report, be approved.**

## **Recommendation to Council**

### **SUMMARY:**

- This report updates Councillors on the progress of the existing 2023/24 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.
- One new project, related to depot reconfiguration is recommended to be added to the Capital Programme.

## **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 15 November 2023 and gave details of the overall expenditure and financing of the Capital Programme for 2023/24 to 2025/26.
- 1.3 This report provides an update on the Capital Programme presented to that meeting and recommends that one new project is added. It 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 November report. A full breakdown of each Service's Capital Programme and a summary of the Capital Programme financing are shown in the Annex.

- 3.2 It is anticipated that Council will receive a report on 29<sup>th</sup> February that considers approval of a financial strategy for the next delivery phase of the regeneration programmes in Andover and Romsey. This is also expected to recommend approval for additional capital costs that are not included in this report. The Capital Programme will be updated to reflect any decisions made at that Council meeting.

- 3.3 The table below analyses the movement in the capital programme since the November 2023 update.

	£'000
<b>2023/24 to 2025/26 capital budget per December report</b>	<b>35,975.2</b>
Changes to Community & Leisure Projects	(2.3)
Increase in budget to Charlton Leisure Centre car park upgrade	100.0
Remove East Anton Sports Hall project	(690.5)
Public Sector Decarbonisation Scheme at Bourne House	(250.4)
Changing Places Toilet Facilities	(30.0)
Multi-Storey Car Park – Lighting Refurbishment	14.3
Project Enterprise – Projects yet to be identified	(1,000.0)
Professional and Architectural fees for theatre development	3,740.0
Housing Grants	103.0
Waste Service Changes	(1,552.5)
Depot Expansions	334.7
<b>2023/24 to 2025/26 capital budget per Annex</b>	<b>36,741.5</b>

- 3.4 The paragraphs below provide details of the reasons for the above changes to budgets and also identifies projects that are expected to slip from 2024/25 to 2025/26.

### 3.5 Asset Management Projects

The Asset Management Plan (AMP) was presented to Cabinet on 15 November 2023 and subsequently approved by Council on 17 January 2024.

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 the Annex. The detailed expenditure across all AMP projects will be reported at the end of the financial year.

### 3.6 Community and Leisure

Fishlake Meadows – there has been some re-profiling of the budget due to contractor availability. This will extend the project into 2024/25.

It was reported previously that the Picket Twenty Pavilion/Pitch scheme will slip to 2024/25. This has not changed but the budget profiling has been adjusted to reflect the latest development programme.

The Charlton Leisure Centre car park upgrade has slipped to 2024/25 due to delays in delivering the BMX flood lighting and track improvement works, which are now complete. An initial review of the framework that will be used to procure the surfacing works suggests that there is considerable volatility in the potential cost of delivery. It is not yet possible to confirm the total cost; however, it is possible that a further £100,000 may be needed to complete the works. It is therefore recommended that the maximum potential cost be added to the Capital Programme to prevent further delays. Section 106 contributions are available to fund this additional cost.

In 2022, Council approved a capital project to increase the sports facility provision at East Anton's southern local centre. This sum will no longer be required in the capital programme, and the developer will be submitting their scheme for Planning Permission in the coming months, as per the approved s106 agreement (subject to planning and other statutory permissions).

### 3.7 Property & Asset Management

In the November report, it was reported that the council had been awarded £145,000 from the Department of Levelling Up, Housing & Communities for the installation of three changing places toilets. The total cost of the installations was anticipated to be £200,000, with the shortfall of £55,000 to be funded from the New Homes Bonus Reserve.

This scheme has now been costed at £170,000 and will be spent across 2023/24 and 2024/25. It is anticipated that the external funding will be reduced by a similar amount, though officers will continue to seek the maximum amount of contribution possible for the project.

Public Sector Decarbonisation Scheme – Bourne House was reported in November at a cost of £435,400, to be part-funded by a grant of £221,900, with other contributions of £177,000 from Special Projects and £40,800 from Asset Management Plan reserves.

Following a detailed tendering exercise, the total cost of the scheme has now been reduced to £185,000. There is no longer the requirement to draw from Asset Management Plan Reserves and the draw from Special Projects has been reduced to £50,000.

The remaining budget for the Land at Bury Hill project relates to improving access across the site for users and will be delivered in 2024/25.

### 3.8 Project Enterprise

The New Street properties refurbishment has slipped and will now be delivered in 2024/25.

No Investment Properties have been identified to be purchased in 2023/24 so the forecast of £1M is now zero for the current year.

### 3.9 Planning Policy and Economic Development

One new project has been added in respect of professional and architectural fees for the new theatre that was approved by Council on 17 January 2024. The scheme will be started in 2024/25 and run throughout the construction phase of the theatre.

### 3.10 Housing and Environmental Health

There has been an increase in budget in the current year for Affordable Housing Grants. These grants are funded by S106 Affordable Housing Contributions and therefore there is no impact to the overall financing of the Capital Programme.

An additional £120,000 has been received from DLUHC via HCC for Disabled Facilities Grants.

### 3.11 Environmental Service

The requirements of national waste reform and the introduction of weekly food waste collections will require an increase in capacity for a new fleet of vehicles at both depot sites. Therefore, it is necessary and timely to undertake work at each depot to expand the space within the confines of the yards and increase car parking availability for new staff.

The costs of required changes to Portway and Bourne House depots are estimated to cost £335,000 and are recommended to be funded from the Environment Act Reserve.

Related to the introduction of food waste collection, the government has recently announced the first funding allocations to support the implementation of the new system. This council's allocation is £1.33M, which is broadly in line with the forecast cost of vehicle and bin purchases, though does not cover bin delivery nor depot changes. Officers will seek clarification on whether these latter two areas will attract funding in a later phase.

Whilst the Council is in a position to progress towards readiness for the implementation of food waste collection, there has been a change in national policy with regard to the wider collection of recyclable materials from the kerbside. Accordingly, it is recommended that the capital expenditure that was approved in April 2023 for twin-stream collections be removed from the Capital Programme. An updated approval will be sought once the national picture becomes clearer.

#### **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 balance on the Capital Receipts Reserve at 31 March 2025 is expected to be £5.2M. This is a reduction of £2.1M from the level of the forecast in November 2023.
- 4.3 Some budgetary re-profiling 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 The reasons for any change to forecast cost profiling 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 1 April 2023 was £7.929M.
- 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.
- 5.3 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.

<b>Existing Capital Programme</b>	<b>November 2023 £'000</b>	<b>February 2024 £'000</b>
Capital Receipts Reserve (CRR) as at 1 April 2023	7,929.7	7,929.7
Total Capital Expenditure 2023/24 – 2025/26	(34,475.2)	(36,741.5)
Total Capital Financing 2023/24 – 2025/26	33,781.6	33,975.4
<b>Capital Receipts Reserve as at 31 March 2026</b>	<b>7,236.1</b>	<b>5,163.6</b>

## **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 and built into the budget for 2024/25.

## **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 further sources of capital receipts, there is a risk that the Council will not be able to fund a sustainably financed Capital Programme in the future.

## **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 Portfolio Holders, 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 The report provides an update on the existing approved Capital Programme. There are changes to the previous update that was approved in November 2023.

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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Report to:

Cabinet

Date:

28 February 2024