

Capital Programme Update 2024/25 to 2026/27

Report of the Finance and Resources Portfolio Holder

Recommended:

1. That the new capital schemes with a total cost of £450,220 as shown in Annex 2 to the report, be added to the 2024/25 to 2026/27 Capital Programme.
2. That the continuation of statutory capital projects, as shown in Annex 2 to the report, be added to the 2024/25 to 2026/27 Capital Programme.
3. That the revised estimates and financing for the 2024/25 to 2026/27 Capital Programme, as shown in Annex 1 to the report, be approved.
4. That the Head of Housing & Environmental Health, in consultation with the Head of Finance and Revenues; the Finance and Resources Portfolio Holder; and the Housing and Environmental Health Portfolio Holder, be authorised to allocate the Affordable Housing Grants budget to new projects when they are identified.

Recommendation to Council

SUMMARY:

- This report provides an update on the progress of the existing 2024/25 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 2024/25 to 2026/27.
- The total cost of new projects recommended for inclusion in the Capital Programme is £2.150M. After taking into account external funding and contributions from reserves, the net cost of these bids is £411,720.

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 29 May 2024 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 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 details of the bids that were received and are recommended for approval. Alongside the continuation of statutory capital grants, these include:

- Providing in-cab devices (tablets) within the waste vehicles.
- The creation of a new surfaced circular access route around the lower field at Harewood Common.
- The creation of an accessible path/ramp for users requiring step free access at the Ganger Farm Sports Park
- An electric connection for Knightwood BMX Club to enable their container and start gates to be connected to a mains power supply.
- Two new vans for the Building Maintenance team.

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 2024/25 to 2026/27

3.1 The 2024/25 to 2026/27 Capital Programme approved in May (2023/24 outturn) had a total cost of £36.88M. There have been some changes since that time and these are summarised below.

	£'000
Approved Budget for 2024/25 to 2025/26	36,883.8
Changes to Asset Management Plan Requirement	1,918.6
Changes to Community Asset Fund Requirement	250.0
CIL/S106 Funded Projects	333.3
Property Development – approved by Council in July 2024	600.0
UK Shared Prosperity Fund Projects	80.0
Changes to Housing Grants	(368.7)
Affordable Housing Grants – projects yet to be identified	350.0
Other changes within individual project budgets	(12.6)
Sub-total – movements in the existing Capital Programme	40,034.4
Cost of new bids for inclusion in programme. See Annex 2	2,150.2
Updated Estimate for 2024/25 to 2026/27	42,184.6

- 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 2025/26. The capital element of the report's recommendations is built into the figures above.

Community and Leisure Projects

- 3.3 The Town Centre Public Art project will not be delivered in this financial year and the budget is recommended to be moved to 2025/26.
- 3.4 The Picket Twenty sports pavilion planning application submission is due January 2025 so delivery will now not commence until 2025/26.

Community Infrastructure Levy Projects/S106

- 3.5 CIL projects – one project is no longer required following feasibility by Hampshire County Council resulting in an £85,200 variance.
- 3.6 Four additional projects have been added which were approved by Council on the 28 April 2024. These projects will be funded from the s106 contributions identified for the sites.

Property and Asset Management

- 3.7 The Land at Bury Hill scheme will not be delivered in accordance with the initial site layout due to proximity to the Scheduled Ancient Monument and potential land use implications. It is recommended that the remainder of the budget be moved to 2025/26.
- 3.8 Additional costs have been identified for the Town Mill Phase 2 scheme in respect of the provision of power to the park for public events, and in conjunction with this, the new statue of Queen Elizabeth II. The original advice provided to TVBC by statutory utilities companies has been updated and trenching across roads and pavements is now required to connect to an appropriate cable at a cost of £30,000.

Project Enterprise

- 3.9 An additional £600,000 was approved at Council on the 24 July 2024 in respect of a property development in Andover.

Planning, Policy and Economic Development

- 3.10 Progress on projects in respect of the UK Shared Prosperity Fund Projects has identified an additional £80,000 as being capital that was previously allocated as a revenue cost. The MHCLG has confirmed that revenue can be transferred to capital. This 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 £50,000 has been identified for Affordable Housing Grants across 2024/25 and 2025/26. There is no net cost to the Council arising from this change as it is funded from s106 contributions.

- 3.12 The final payment related to the Local Authority Housing Fund phase 2 was less than forecast due to a change in the way the project was delivered.
- 3.13 An additional £363,200 will be received in respect of the Local Authority Housing Fund phase 3 from what was originally reported and is now included within the Capital budget. This funding is to provide sustainable housing to those needing temporary accommodation 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 £2.150M. After applying external funding and internal reserves, the net cost of bids for consideration is £411,720.
- 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 2023/24	November 2024
Capital Programme	£'000	£'000
Balance Capital Receipts Reserve (CRR) as at 1 April 2024	12,606.0	12,606.0
Total Capital Expenditure 2024/25 – 2026/27	(36,883.8)	(42,184.6)
Total Capital Financing 2024/25 – 2026/27	25,598.3	32,004.5
Capital Receipts Reserve Forecast as at 31 March 2027	1,320.5	2,425.9

- 5.5 The difference between the Total Capital Financing above and the summary tab on Annex 1 is expected internal borrowing approved for the purchase of nitrate credits.
- 5.6 The table shows that the forecast Capital Receipts Reserve is expected to decrease from a balance of £12.6M to £2.4M over the life of the existing programme.
- 5.7 Following the national Budget on 30th October, MHCLG has advised that the £18.3M funding under the Levelling Up Fund for regeneration projects in Andover will be confirmed. This additional funding is not built into the forecasts at this time and will be incorporated in February 2025 when the regeneration financial strategy is updated.

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. The introduction of In-Cab Technology will result in additional revenue costs of £30,000 per annum. The remainder 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 Capital Programme shown in Annex 1 to the report is fully funded. The Council's ability to fund long term capital projects is, in part, reliant on receipts from disposal of assets where the timing and extent of the receipt cannot be readily forecast in advance. This risk is mitigated by maximising use of external funding; 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.

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 2024/25 to 2026/27 Capital Programme.

11 Conclusion and reasons for recommendation

- 11.1 This report identifies new capital bids with a total cost of £2.152M (net cost of £411,720 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.
- 11.2 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			
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Report to:	Cabinet	Date:	20 November 2024