



Capital Programme 2024-2029 – General Fund and Capital Strategy 2025-26

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Lead Member/Relevant Portfolio Holder	Councillor Sarah Cox , Portfolio Holder for Corporate Finance, Property and Resources

Corporate Priority:	Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 This report provides information on the forecast outturn position for 2024/25 for General Fund Capital schemes for both General and Special Expenses and also sets out the proposed General Fund Capital Programme for 2024-29 based on a review of spending in the current year's programme and new and existing schemes included in the programme for later years.

- 1.2 The current CIPFA Prudential Code for Capital Finance in Local Authorities includes the requirement to produce a capital strategy and for the Chief Finance Officer to report explicitly on the affordability and risk associated with it. This report contains the updated version of the Capital Strategy for all council funds for 2025/26.

2 Recommendations:

That Cabinet:

- 2.1 **Note the capital programme forecast outturn for 2024/25 as set out in Appendix A.**
- 2.2 **Recommend that Council:**
- 2.2.1 **Delegate authority to the Director for Communities and Housing in consultation with the Director for Corporate Services to access additional funding from capital receipts to fund the purchase of up to 5 food waste collection vehicles;**
 - 2.2.2 **Approve the General Expenses Capital Programme for 2025-26 and associated funding as set out in Appendix B**
 - 2.2.3 **Approve the indicative 5 year General Expenses Capital Programme for 2025-29 as set out in Appendix C;**
 - 2.2.4 **Delegate authority to the Director for Corporate Services to amend the amount in the capital programme for Disabled Facilities Grants once funding confirmation has been received as referred to in para 5.10;**
 - 2.2.5 **Approve the Capital Strategy 2025-26 as attached at Appendix D.**

3 Reason for Recommendations

- 3.1 Approving the capital programme and capital strategy will support the Council in delivering its commitment to manage its assets effectively and to ensure the benefits from them are maximised for the benefit of the Council and community as a whole. These Capital plans will support the effective delivery of these ambitions and will ensure appropriate levels of capital expenditure and investment are in place to meet Corporate priorities and objectives whilst ensuring that plans are affordable, prudent and sustainable. It is a requirement of the CIPFA Prudential Code for Capital Finance in Local Authorities to produce a capital strategy and for the Chief Finance Officer to report explicitly on the affordability and risk associated with it.
- 3.2 The Capital Programme for 2025-29 for General Expenses is attached at Appendix B. The Programme gives the total cost of each scheme, the spending profile, the amounts authorised to be spent and the stage each scheme has reached within the Capital Programme.
- 3.3 There are no items proposed for the Special Expenses capital programme.

4 Background

- 4.1 It is good financial practice to incorporate the financial effects of capital spending plans into revenue budgets prior to the consideration and approval of the revenue budgets. As such Cabinet are asked at this meeting to consider and make recommendations to Council on the projects for General Expenses to be funded in the capital programme for 2025/26 in addition to those which have already had funding approved.

- 4.2 The capital programme proposals for the HRA are included elsewhere on this agenda and are contained with the HRA budget proposals due to the interlinked nature of the HRA funding requirements across revenue and capital. The capital strategy at Appendix D as an overarching corporate document includes proposals for all funds including the HRA.

5 Main Considerations

2024/25 Forecast Position

General Fund

- 5.1 The forecast outturn for the 2024/25 General Fund capital programme is expected to be £7,617k against a latest approved budget of £7,446k resulting in an overall forecast overspend of £171k. Details are set out in Appendix A and summarised below:

	Total Budget 24-25 (£'000)	Year End Forecast (£'000)	Variance (-) = Underspend (£'000)
Great Council	339	339	0
People	3,422	3,672	250
Place	3,684	3,605	(79)
Total General Expenses	7,445	7,616	171

- 5.2 The key areas to note are:

Great Council

This relates to the ICT capital programme which has a number of projects that will be delivered but the majority of spend is anticipated to be undertaken in the final quarter of this financial year.

People

There are two main schemes in this area - Leisure improvement works and food waste vehicles. The leisure improvement works have mainly been completed with some further works to be concluded by year end alongside the energy efficiency works. The food waste vehicle programme is still under review regarding the best approach with the contractor discussions are ongoing, but there is the likelihood that the DEFRA funding won't be sufficient leading to a potential overspend of £241k. An alternative is to fund via the contract which would have a revenue impact. Should the best financing route be capital then additional funding will need to be provided from capital receipts.

There is also a small overspend on the EMT vehicles of £9k due to change in the scheduled replacement programme and the type of vehicles which have been switched between financial years resulting in a reduced need in 2025/26. This will be funded from the repairs and renewal funds.

Place

The most significant items in this priority are the delivery of the Levelling Up Fund scheme (Stockyard project) and the Asset Development Programme (ADP) which are spread over a number of financial years.

On the ADP programme, costings have been received back from the design team regarding Parkside as a GP surgery and discussions are ongoing with Health colleagues

around financials to ensure any proposals are not financial disadvantages for the Council. Work will need to be undertaken at the Cove and Phoenix house to accommodate relocation and refurbishments needed for the temporary move should this progress.

The Stockyard project is progressing well with planning permission submitted and the previous funding allocated to the theatre project subsumed into the overall programme now. The majority of spend will occur in 2025/26 during the main construction phase.

UKSPF capital grants have been awarded now and payments being made. Based on the latest reporting profile to government there will be some additional spend of £21k which will be fully funded and is an increase on the previous amount originally allocated in the capital programme.

With the programme there are a number of asset management plan activities which are ongoing such as the Lake Terrace refurb and MSV drainage works, others such as the car parks works which are out to tender and street lighting which are subject to programme review. The estate management module has been procured but as the solution needs to be accounted for as revenue will show as an underspend on the capital programme but the funding source of the Regeneration and Innovation reserve remains the same.

There are also likely to be proposals coming forward regarding replacement car parking machines which was expected to be included in the 2025/26 capital programme but in light of the change in car parking charges agreed to come into force from 1st April 2025 any new machines will need to be calibrated in advance for this. This is likely to be presented to the Cabinet in January 2025 for approval.

Special Expenses

- 5.3 There are no Special Expenses capital schemes in 2024/25 to report on.

2025/26 Capital Programme

General Fund

- 5.4 The proposed General Fund capital programme for 2025/26 and associated funding is outlined in Appendix B and totals £10,497k covering the key areas as summarised below:
- £65k for next replacement cycle of Environmental Maintenance vehicles
 - £345k of DFG grants all funded externally.
 - £50k on street lighting replacement programme
 - £9.965m Stockyard project – mainly externally funded
 - £72k UKSPF capital allocation for 2025/26 which is externally funded
- 5.5 The overall programme, if approved, would be financed through repairs and renewals fund £65k, Capital receipts £1,050k and capital grants from external sources of £9,382k as outlined in Appendix B.
- 5.6 As part of the Council's rolling programme for the environmental maintenance team vehicle and frontline service machine replacements the next allocation for 2025/26 is £65k.
- 5.7 The Asset Management Plan (AMP) approved in February 2024 set out a 5-year plan for works required to maintain and improve General Fund council assets. This included street light upgrades with an annual allocation of £50k included as part of the rolling replacement programme over the 5 year AMP period with each year being considered on its merits for

funding against other priorities. This is currently being reviewed to ensure works carried out are capital and not revenue based but in line with the AMP has been included in the capital programme for next year.

- 5.8 The £9.965m for the Stockyard project represents the profiled amount expected to be spent during 2025/26 as part of the overall programme previously approved in totality by Council.
- 5.9 The government have recently confirmed a further allocation for UKSPF in 2025/26 which includes a capital element and therefore has been included in the proposed programme. Further detail regarding the exact awards will take place during the coming financial year. The estimate of £72k has been added into the programme which is lower than the current year which reflects an overall reduction in the annual UKSPF allocation.
- 5.10 In respect of DFGs the current amount included in the capital programme for 2025/26 is £345k, but final funding figures have yet to be confirmed. Should there be any minor changes required to the capital programme it is proposed that Council give delegated authority to the Director for Corporate Services to amend the amount in the capital programme once funding confirmation has been received.
- 5.11 Whilst not included in the programme for next year due to the uncertainty around the new waste requirements there is going to be a business case around proposals to deliver the new food waste and co-mingled collections coming forward during the next financial year once exact plans are known. This could result in further capital expenditure.
- 5.12 The summary 5 year capital programme linked to the capital strategy covering the period 2025-29 along with the associated funding is outline in Appendix C which is mainly focused around externally funded schemes or those funded through repairs and renewals.

Special Expenses

- 5.13 For 2025/26 there are no schemes proposed.

Capital Strategy

- 5.14 As part of the updated Prudential Code for Capital Finance in Local Authorities there is a requirement to produce a Capital Strategy which links into the Treasury Management Strategy. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how a local authority determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It need not duplicate other documents but should include cross references where relevant. It should provide enough detail to ensure that all members understand how the authority is delivering stewardship of the authority's resources, prudence and sustainability and meeting the authority's reporting requirements. The strategy links to the priorities as set out in the Corporate Strategy.
- 5.15 The strategy sets out the links to external influences and partners as well as the linkages to the Council's own priorities and planned activities. In terms of the financial implications and links to affordability, as set out in the strategy, work has been undertaken on refreshed stock condition surveys which have been reviewed and built in the Council's investment strategy. These will then feed into Asset Management Plans for both the General Fund and the Housing Revenue Account (HRA). Due to the unaffordable level of investment required on the general fund assets, it is proposed to focus on essential repairs which will be reviewed annually by the corporate property team to then feed into the annual budget process.

5.16 An updated HRA business plan was approved during 2022/23 which provides a framework for capital investment planning. The Asset Management Plan will be used to set budgets each year and will be updated on an annual basis. This will ensure that it remains current and relevant in line with a changing financial context and regulatory environment. The Asset Management Plan is an evidence led document. It is informed by a comprehensive condition survey of almost 90% of the Council's housing stock and by consultation with residents as part of the development of the HRA Business Plan

5.17 With the limited capital resources at the Council's disposal it is highly likely that future funding needs may need to be met from borrowing which will impact on the council's revenue budget unless investment is met by savings in expenditure or additional income being generated. The stock condition surveys for the General Fund have been used to develop an asset management plan which has been considered alongside the baseline revenue budget available for repairs to assess ongoing affordability. The capital repairs identified from the surveys will be used to update the capital strategy and inform future capital needs.

6 Options Considered

6.1 No other options considered. If the report was not provided councillors would not be aware of ongoing developments and therefore would not be able to represent their residents effectively. In order to access reserves and incur capital expenditure, Council approval is required.

7 Consultation

7.1 The Scrutiny Committee has considered the budget proposals and the outcome of their consideration is set out elsewhere on the agenda. All members were invited to the Scrutiny committee. Prior to this formal meeting a Budget Scrutiny Workshop was held.

7.2 Budget holders, managers and staff have been engaged at various stages in the process as the budget has been developed.

8 Next Steps – Implementation and Communication

8.1 Council provide formal approval of the Capital Programme for 2025-26 alongside the Capital Strategy at the meeting on the 12th February 2025.

9 Financial Implications

9.1 The majority of financial implications have been addressed in section 5.

9.2 The key source of internal funding for the capital programme are capital receipts. It should be noted based on the anticipated financing of the 2025/26 General Fund capital programme the estimated balance on Capital Receipts will be only £68k. Whilst this doesn't take into account any further capital receipts that may be generated it does show that the Council's resources are limited to fund future capital schemes. Once capital receipts are exhausted this leaves the Corporate Priorities Reserve which is a revenue fund available to support capital or borrowing which would have revenue implications. Therefore, the prioritisation of capital schemes and the need to focus on the Asset Development Programme will be key, including generation of further capital receipts. If insufficient capital funds are available the Council would then need to consider borrowing to fund such investments and would need to ensure any schemes are affordable in revenue terms through reductions in net expenditure.

- 9.3 For Special Expenses the estimated balance on Capital Receipts will be £227k, and whilst there are no further schemes identified at present there is an emerging need to identify land for future cemetery provision which coupled with the associated development costs will require significantly more funding than the estimated balance currently.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 Regulations made under the Local Government Act 2003 require the Council to have regard to the CIPFA Code referred to above when setting its capital programme and any associated controls on borrowing.
- 10.2 Since the Capital Programme forms part of the budget policy framework, the law states that the recommendation to review it must be approved by full Council.
- 10.3 Similarly, as the Capital Strategy forms part of the Budget and Policy Framework, the law states that this must also be approved by Council.
- 10.4 Any legal implications arising from new schemes set out in the Capital Programme will be identified and appropriate advice given at the business case and implementation stages.

Legal Implications reviewed by: Monitoring Officer.

11 Equality and Safeguarding Implications

- 11.1 There are no equalities issues arising from this report. Any equalities issues arising from individual schemes will be taken account of as part of the associated projects arising from those capital schemes.

12 Data Protection Implications (Mandatory)

A Data Protection Impact Assessments (DPIA) has not been completed as the recommendations do not present any risks to the rights and freedoms of natural persons. The Council's Data Protection Policies will apply when the schemes set out in the programme are implemented, at which point a DPIA will be carried out if appropriate.

13 Community Safety Implications

- 13.1 No implications have been identified.

14 Environmental and Climate Change Implications

- 14.1 No implications have been identified.

15 Other Implications (where significant)

- 15.1 No other implications have been identified.

16 Risk & Mitigation

- 16.1 The risks relating to individual projects will be considered as part of the project management process for each scheme. Detailed risks are set out within the capital strategy itself.

Risk No	Risk Description	Likelihood	Impact	Risk
1	There are inadequate resources in place to deliver projects.	Significant	Critical	Medium Risk

Risk No	Risk Description	Likelihood	Impact	Risk
2	ADP capital spend to date has to be charged to revenue due to no capital expenditure having been incurred and therefore capital receipts funding can't be used.	High	Critical	High Risk
3	The initial funding allocations for implementing the new weekly food waste collections requirements aren't sufficient to cover the capital costs and associated revenue implications.	Significant	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High			2	
	4 Significant			1,3	
	3 Low				
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Refreshed AMP and consideration of funding requirements alongside the MTFS and future budget requirements
2	The ADP project delivers a capital development project in a timely manner so that the funding can meet the capital accounting requirements.
3	A detailed report will go to cabinet on the detail of the spend once discussions have been held with our waste management contractor and costs actual costs are known before any decisions are taken.

17 Background Papers

17.1 None

18 Appendices

18.1 Appendix A – General Expenses Capital Monitoring 2024-25

18.2 Appendix B – General Expenses Capital Programme 2025-30

18.3 Appendix C – General Expenses Capital Budget 2025-26 Anticipated Financing

18.4 Appendix D – Capital Strategy 2025-26