

Capital Programme Mid Year Review 2024/25 22 October 2024

Report of Chief Finance Officer

PURPOSE OF REPORT			
This report provides information regarding the latest position regarding the delivery of the approved capital programme for 2024/25. It also sets out information regarding any delays surrounding capital expenditure and other matters for Members' consideration.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Officer Referral	<input checked="" type="checkbox"/>
Date of notice of forthcoming key decision	N/A		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR HAMILTON COX:

- (1) That Cabinet endorse the adjustments to the capital programme as set out in Appendix C of the report and refers to Council for full approval.
- (2) That Cabinet note that relevant revenue adjustments in respect of minimum revenue provision and future borrowing requirements will be built into projected revenue estimates and considered alongside future reports to Cabinet in respect of the budget and policy framework updates.
- (3) That Cabinet endorses the use of capital receipts to fund the acquisition of properties and other additional works identified within the Housing Revenue Account subject to it having a nil impact on the net position of the account.

1. BACKGROUND

- 1.1. The latest 10 year capital programme as attached at **Appendix A** was approved by Council on 28 February 2024.
- 1.2. The provisional outturn position for 2023/24 was considered by Cabinet on 10 September 2024. As part of this report, the approval of slippage and accelerated expenditure was gained as attached at **Appendix B**.
- 1.3. This report provides Cabinet with an update of the latest position regarding the delivery of the approved capital programme for 2024/25 and requests a reprofiling of the current approved programme as appropriate. By doing this it will allow for more robust revenue estimates required and will be built into future projections as part of the 2025/26 budget process which is currently underway.

2. CHANGES TO THE GENERAL FUND CAPITAL PROGRAMME

2.1 The changes that this report is requesting to the programme with detailed explanations of the reasoning can be found at **Appendix C**.

2.2 To summarise, the following changes have been presented for consideration :-

- net slippage requests totalling £3.035M into future year projections
- £118K assumed inflation in relation to the vehicle replacement programme removed from budgets
- inclusion of £38K budget for the mayor's vehicle to be financed from capital receipts
- new externally funded grant schemes (DEFRA/LTA) totalling £156K
- accountable body request (externally funded) for a new play area in Warton £60K
- £380K moved out of the EGR Development Pool into the main capital programme for Coopers Field – BLRF as per ICMD 21 March 2024
- £200K moved from development pool to main Capital Programme and £400K bought forwards from 2025/26 for Burrow Beck Solar as per Cabinet 9 July 2024
- £345K moved from development pool to main Capital Programme as per ICMD 5 August 2024
- acceleration of expenditure relating to property decarbonisation works due to grant funding reprofiled as this will now be received in 2025/26

2.3 The proposed revised capital programme can be found at **Appendix D**.

3. GENERAL FUND REVENUE IMPLICATIONS

3.1 The above changes impact on minimum revenue provision (MRP) and will result in the following revenue budgetary adjustments :-

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Movement in MRP	no change	(180,733)	(307,424)	90,850	98,850	105,850

It should be noted that brackets reflect an in-year saving and as per the table the revenue impact until 31 March 2027 is positive.

3.2 The monitoring information to be presented to Cabinet on 3 December 2024 as part of the Q2 Delivering Our Priorities 2024/25 report will be updated to include the decision to support/reject the recommendations of this report plus also the slippage agreed as part of the provisional outturn report presented to Cabinet on 10 September 2024 which is not included in the above information.

4. HOUSING REVENUE ACCOUNT

4.1 Members are requested to approve additional funding, utilising the balance held in the Major Repairs Reserve (due to increased depreciation charge) and accumulated useable capital receipts, with no direct impact on the revenue account, to allow the following changes to the HRA capital programme for 2024/25:

- to extend the current year's boiler replacement programme to minimise the impact on revenue budgets and inconvenience for tenants due to increased failure of older gas boilers
- to achieve 10 year replacement cycle for smoke / heat / carbon monoxide detectors at agreed specification
- to continue whole house major void refurbishment programme to the end of the financial year to minimise rent loss
- to adjust the funding of the redevelopment scheme at Alder Grove to release HRA earmarked reserves to support revenue activities, and provide for additional costs relating to changes to specifications
- to seek to acquire a maximum of five leasehold properties on Mainway, Lancaster, and a single family home in Morecambe, to serve the purpose of increasing council housing stock.

5. OPTIONS AND OPTIONS ANALYSIS

- 5.1 As the report is for consideration and progressing to Full Council, no alternatives are put forward.

6. CONCLUSION

- 6.1 Although the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2023/24 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context, a budget gap of £1.4M is still forecast for 2025/26 and this rises annually to £4.6M in 2028/29 for which the cumulative effect is not sustainable.
- 6.2 Reviewing the Capital Programme will allow for more robust revenue projections which in turn will improve financial planning. This will ensure that funds are allocated according to a set of predefined outcomes, or priorities to ensure that funds are directed toward the Council's key ambitions and statutory functions and away from areas which contribute less or not at all against the predetermined objectives.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p>
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<p>The Capital and Revenue Programmes forms part of the Council budget framework.</p>

<p>CONCLUSION OF IMPACT ASSESSMENT</p>

<p>(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p>
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<p>Effective use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.</p>
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<p>LEGAL IMPLICATIONS</p>

<p>There are no legal implications directly arising.</p>
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<p>FINANCIAL IMPLICATIONS</p>

<p>As set out in the report.</p>

<p>OTHER RESOURCE IMPLICATIONS</p>

Human Resources / Information Services / Property / Open Spaces:

References and any related implications are contained within the report and related appendices.

SECTION 151 OFFICER'S COMMENTS

The report has been written by the Section 151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None.

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