

## Capital Programme Mid-Year Review 2025/26 24 September 2025

### 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 2025/26. It also sets out information regarding any delays surrounding capital expenditure and other matters for Members' consideration.			
<b>Key Decision</b>	<input type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>
<b>Officer Referral</b>	<b>X</b>		
<b>Date of notice of forthcoming key decision</b>	N/A		
<b>This report is public.</b>			

#### RECOMMENDATIONS OF CABINET:

##### That Council:

- (1) Approve the adjustments to the capital programme as set out in Appendix C of the report.
- (2) 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.

#### 1. BACKGROUND

- 1.1. The latest 10-year capital programme was approved by Council on 26 February 2025 shown in **Appendix A**.
- 1.2. The General Fund Capital Programme has been updated to include the following fully grant funded schemes:

UKSPF Affordable Warmth	£0.038M
UKSPF 25/26 External Projects	£0.163M
REPF 25/26 External Projects	£0.150M
UKSPF 25/26 Local Area Energy Plan	£0.095M

Additionally, amounts relating to Wheelie Bins and Salt Ayre Data Centre were moved into the main body of the Capital Programme from Schemes under development following decisions by Cabinet on 20 May 2025 and 8 July 2025 respectively.

- 1.3. The HRA Capital Programme has been updated to include the following fully grant funded scheme:

Warm Homes: Social Housing Fund	£0.780M (split over 2025/26-2027/28)
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In addition, a virement of £0.042M from Housing Renewal & Renovation to Lift Replacements has been include within the update.

- 1.4. The provisional outturn position for 2024/25 was considered by Cabinet on 31 July 2025. As part of this report, the approval of slippage and accelerated expenditure was gained.
- 1.5. An updated working version of the Capital Programme including the changes detailed above is provided in **Appendix B**.
- 1.6. This report provides Cabinet with an update of the latest position regarding the delivery of the approved capital programme for 2025/26 and requests a reprofiling of the current approved programme as appropriate. By doing this it will allow for more robust revenue estimates which will be built into future projections as part of the 2026/27 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:-
  - 2025/26 vehicle replacement budget increased by £0.028M to correct for price of vehicle slipped from 2024/25 but also reduced by £0.205M to amend profile of replacements across years
  - 2026/27 to 2028/29 vehicle replacement programme updated to amend profile of vehicle replacement across years (2026/27 +£0.157M, 2027/28 (-£0.053M), 2028/29 (-£0.054M)
  - Inclusion of £0.622M in 2031/32 and £0.860M in 2032/33 for additional vehicle replacements including RCV's which will be replaced with grant funding in 2025/26 being built into future replacement programme
  - inclusion of £0.036M budget to correct inflation on vehicle replacement programme in 2034/35
  - inclusion of new externally funded grant schemes (DEFRA) totalling £0.183M in 2025/26 relating to National Landscapes
  - inclusion of £0.856M additional Disabled Facilities Grant (DFG) funding awarded in 2025/26
  - inclusion of £2.331M assumed DFG funding in 2033/34 and 2034/35
  - movement of £0.057M from Lancaster Heritage Action Zone to 1 Lodge Street Urgent Structural Repairs to cover a shortfall in budget for grant awarded.
  - £0.182KM moved out of the main capital programme for Coopers Field – BLRF back to schemes under development
  - £0.550M expenditure budget and £0.200M income budget slipped from 2025/26 into 2026/27 for King Street
  - £0.060M moved from development pool to main Capital Programme to cover LCC contribution for DEFRA funded electric vehicle charging hub scheme
  - Inclusion of £0.012M UKSPF grant funded Climate and Nature Strategy scheme
  - Inclusion of £0.975M in 2027/28 for Canal Quarter as per decision by Cabinet 31 July 2025
  - Inclusion of £0.850M in 2026/27 for car park improvements as detailed in the car parking strategy

- £1.176M of Brownfield Land release funding has been reprofiled from 2025/26 into 2026/27
- Parks & Open Spaces £0.871M and Salt Ayre Asset Management Plan £1.267M schemes under development slipped into 2026/27

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

### 3. GENERAL FUND REVENUE IMPLICATIONS

3.1 As previously reported to Cabinet, the provisional outturn for 2024/25 resulted in minimum revenue provision (MRP) savings due to slippage and the use of capital receipts to finance capital acquisitions in 2024/25. The further changes detailed in this report result in further changes to the annual MRP requirement and the following revenue budgetary adjustments will be included in ongoing revenue projections :-

MRP Impact (Revenue Movement)	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Provisional Outturn 2024/25	+£0.221M	+£0.190M	(-£0.015M)	(-£0.026M)	(-£0.017M)	+£0.426M
Mid Year Review 2025/26	-	+£0.159M	(-£0.037M)	(-£0.047M)	(-£0.038M)	(-£0.037M)
<b>Total Revenue Movement</b>	<b>+£0.221M</b>	<b>+£0.349M</b>	<b>(-£0.052M)</b>	<b>(-£0.073M)</b>	<b>(-£0.055M)</b>	<b>+£0.389M</b>

It should be noted that projected impacts are expressed as negative ( ) for adverse and positive + for favourable. Therefore an in-year revenue saving as per the table until 31 March 2027 is currently forecast.

3.2 The monitoring information to be presented to Cabinet on 2 December 2025 as part of the Q2 Delivering Our Priorities 2025/26 report will be updated to include the decision to support/reject the recommendations of this report.

### 4. HOUSING REVENUE ACCOUNT

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

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

- £0.012M UKSPF grant funded budget for Climate and Nature Strategy included under Energy Efficiency/Boiler Replacements in 2025/26

### 5. OPTIONS AND OPTIONS ANALYSIS

5.1 As the report is for consideration and approval, no alternative options are put forward.

### 6. CONCLUSION

6.1 Although the General Fund was able to respond to the financial challenges in 2024/25 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 £2.6M is still forecast for 2026/27 and this rises annually to £5.5M in 2029/30 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.

<b>RELATIONSHIP TO POLICY FRAMEWORK</b> The Capital and Revenue Programmes forms part of the Council budget framework.	
<b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</b> Effective use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.	
<b>LEGAL IMPLICATIONS</b> There are no legal implications directly arising.	
<b>FINANCIAL IMPLICATIONS</b> As set out in the report.	
<b>OTHER RESOURCE IMPLICATIONS</b> <b>Human Resources / Information Services / Property / Open Spaces:</b> References and any related implications are contained within the report and related appendices.	
<b>SECTION 151 OFFICER'S COMMENTS</b> The report has been authored by the Section 151 Officer.	
<b>MONITORING OFFICER'S COMMENTS</b> The Monitoring Officer has been consulted and has no further comments.	
<b>BACKGROUND PAPERS</b> None.	<b>Contact Officers:</b> Paul Thompson Chief Finance Officer & s151 Officer <b>Telephone:</b> 01524 582603 <b>E-mail:</b> <a href="mailto:pthompson@lancaster.gov.uk">pthompson@lancaster.gov.uk</a> <b>Ref:</b>