

Report to the Cabinet

Report reference: C-021-2021/22
Date of meeting: 11th October
2021



Portfolio: Finance, Qualis Client & Economic Development – Cllr Philip
Subject: Capital Programme Update 2022/23 to 2026/27
Responsible Officer: Andrew Small (01992 564278)
Democratic Services: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

- 1) To note the contents of the report, including both the updated General Fund and Housing Revenue Account Capital Programmes (2022/23 to 2026/27) at Appendix A; and**
- 2) Discuss and agree actions required (in the context of the updated Medium-Term Financial Plan) for the further refinement of the Capital Programme as part of developing integrated draft budget proposals for further consideration by Cabinet in December 2021.**

Executive Summary:

The Cabinet approved an updated Financial Planning Framework (2022/23 to 2026/27) at its meeting on 13th September 2021 and committed to receiving and considering an updated Capital Programme for 2022/23 to 2026/27. This provides essential context and is a key part of early budget preparations for 2022/23.

The updated (indicative) Capital Programme is in two parts and comprises total investment of £277.834 million (General Fund £107.537 million, Housing Revenue Account £170.297 million) over the five-year period 2022/23 to 2026/27.

The purpose of this report is to present and provide context for consideration by Members – alongside the Medium-Term Financial Plans (for both the General Fund and Housing Revenue Account) – an indicative draft Capital Programme for 2022/23 to 2026/27.

General Fund Capital: Updated Summary (Indicative only)

Based on available intelligence at 30th September 2021, the 2021/22 Capital Programme has been re-profiled, with savings removed and indicative growth added (based on initial feedback from service areas). This results in an indicative General Fund Capital Programme totalling £107.537 million, which is summarised by service area in the table below.

| Draft General Fund Capital Programme 2022/23 to 2026/27: Service Analysis | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Service | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | Total |
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Community & Wellbeing | 1,440 | 0 | 0 | 0 | 0 | 1,440 |
| Commercial & Technical | 17,937 | 13,551 | 1,061 | 1,131 | 1,046 | 34,727 |
| Corporate Services | 3,134 | 1,179 | 1,064 | 1,219 | 1,024 | 7,620 |
| Housing (General Fund) | 300 | 300 | 300 | 300 | 300 | 1,500 |
| Place | 250 | 0 | 0 | 0 | 0 | 250 |
| Qualis | 25,000 | 37,000 | 0 | 0 | 0 | 62,000 |
| Totals | 48,061 | 52,030 | 2,475 | 2,650 | 2,370 | 107,537 |

The largest area of growth is the ICT Strategy, with emerging spending pressures (as presented to Stronger Council Select Committee in April 2021) being provisionally included.

Members should note that growth items are indicative only at this point (rather than representing budget proposals), and the views of Cabinet are sought at this stage to help enable the development of firmer proposals for inclusion in the initial draft budget in December 2021.

Housing Revenue Account: Updated Summary (Indicative only)

The updated Programme totals £170.297 million and is summarised in the table below.

| Draft HRA Capital Programme 2022/23 to 2026/27 | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Description | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | Total |
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Housing Development Programme | 26,053 | 28,481 | 11,536 | 6,674 | 0 | 72,744 |
| Capital Works | 16,553 | 23,816 | 24,140 | 13,720 | 13,993 | 92,222 |
| Other Housing Schemes | 2,759 | 624 | 637 | 649 | 662 | 5,331 |
| Totals | 45,365 | 52,921 | 36,313 | 21,043 | 14,655 | 170,297 |

The Programme is dominated by Housing Development (£72.744 million over 4 years) and routine Capital Works (£92.222 million over 5 years).

The Housing Development Programme includes both New Build Properties and Qualis Acquisitions. There has been an upturn in demand for capital investment resources for Capital Works in the light of updated lifecycle assumptions for Gas Boilers and Flat Roofs.

The next stage in the process will see the assumptions and projections in both the General Fund and HRA Capital Programmes further refined in accordance with the direction provided by Cabinet and emerging intelligence. This will include making the necessary adjustments to the 'capital consequences' assumed in revenue budgets.

Reasons for Proposed Decision:

To provide an updated (initial) draft Capital Programme for the Cabinet's consideration, to allow discussion and direction in the further development of the Programme in order to balance the need to deliver on the Council's corporate priorities, whilst maintaining a balanced budget and achieving long-term financial sustainability.

Legal and Governance Implications:

The Council has a legal duty under the Local Government Finance Act 1992 to set a balanced budget. The revenue-related financial implications of the capital expenditure plans presented, are embedded in the draft Medium-Term Financial Plans (2022/23 to 2026/27).

Safer, Cleaner and Greener Implications:

The Capital Programme forms a key part of the Council's commitment to a 'Safer, Cleaner and Greener' (SCG) district. Most notably the General Fund Programme includes an allocation of £500,000 towards Environmental Projects over the two-year period 2021/22 to 2022/23. The Housing Revenue Account Capital Programme also includes many SCG features including a range of environmentally friendly features within the planned Housebuilding Programme.

Consultation Undertaken:

The potential capital investment opportunities available to the Council are a key consideration in developing policy and strategy, that is informed by the public consultation process. Both the General Fund and Housing Revenue Account capital programmes are purposely focussed around the delivery of the Council's Corporate Plan 2018-2023 and its three core ambitions of Stronger Communities, Stronger Place and Stronger Council.

Background Papers:

None.

Risk Management:

The consideration of risk will form an integral part of the development of the proposals in the report. In particular, the Capital Programme is based on a series of estimates and assumptions that are informed by varying forms of intelligence (some certain, some uncertain); that process, including any residual risk in the decision-making process will be clearly indicated.