

CABINET - THURSDAY, 8 FEBRUARY 2024

Report of the Director Finance, Governance and Contracts Lead Member: Executive Member for Finance, Customer & Support Services, Revenues and Benefits

Part A

NEW CAPITAL PLAN 2024-25 TO 2026-27)

Purpose of Report

To consider a new three year Capital Plan for the period 2024-25 to 2026-27.

Recommendation

That Cabinet endorses the new three year Capital Plan 2024-25 to 2026-27 for the General Fund and HRA schemes at Appendix 1, for recommendation to Council on 26th February 2024.

Reason

So that the Plan becomes the basis for capital spending by the Council for the period.

Policy Justification and Previous Decisions

The Council's Capital Plan is an integral element of all policies.

A draft of the Plan was considered by the Cabinet on 14th December 2023 and endorsed for the purposes of consultation.

Implementation Timetable including Future Decisions

The Plan will be submitted to Council on 26th February 2024 for approval. If approved, it will come into effect on 1st April 2024. Any subsequent changes to the Plan will be considered by Cabinet, and Council if necessary, as part of the capital plan amendment process.

Report Implications

Financial Implications

None related to the recommendation in this report. However, if the Plan is approved by Council, there will be financial implications for the Council as set out in Part B of this report. Overall, the Capital Plan will be fully funded through the use of revenue and capital resources.

Risk Management

None related to the recommendation in this report. However, if the Plan is approved by Council, there will be associated risks as set out in Part B of this report.

Equality and Diversity

None related to the recommendation in this report. Issues affecting particular schemes will be considered as part of those schemes' formal appraisals.

Climate Change and Carbon Impact

None related to the recommendation in this report. Issues affecting particular schemes will be considered as part of those schemes' formal appraisals.

Crime and Disorder

None related to the recommendation in this report. Issues affecting particular schemes will be considered as part of those schemes' formal appraisals.

Wards Affected

All wards.

Publicity Arrangements

Not applicable.

Consultations

Consultation was undertaken on the draft Plan with key partners, including Towns and Parishes and via the Budget Scrutiny Panel

Links to the Corporate Strategy

Caring for the Environment	Yes
Healthy Communities	Yes
A Thriving Economy	Yes
Your Council	Yes

Key Decision: Y

Date included on Forward Plan 10/01/2024

Background Papers: None

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Part B

Background

1. It may be noted that no changes have been made to the proposed 2024 – 2027 Capital Plan since the draft Plan was submitted for consultation at the Cabinet meeting of 14 December 2023. The following paragraphs replicate the text in that report.
2. The Council operates the Capital Plan on a three-year basis to reflect the longer-term nature of capital expenditure and in accordance with best practice. Heads of Service held discussions with their Lead Members and Directors before submitting Capital Appraisals to the Senior Leadership Team (SLT) for initial appraisal. These appraisal forms cover areas such as enhancements of an existing asset, planned improvements to existing assets and scheme affordability. Schemes are categorised as either Live, Provisional, Major or Third-Party. Live schemes are project managed by Charnwood Borough Council with relatively known costings and timescales, Provisional schemes are committed in principal but with no known costings and timescales, Major schemes are separately categorised for presentational purposes to avoid dilution of performance alongside more 'business as usual' schemes (although no new schemes are categorised as such). Third-Party schemes are fully funded by external resources.
2. New schemes have been originated either by Members, in line with manifesto commitments, or by senior officers responsible for the maintenance and upgrade of existing Council assets.
3. New schemes have been reviewed by the Senior Leadership Team, with informal approval from relevant Lead Members prior to schemes being put forward for consultation. Following this appraisal process a New Draft Capital Plan for 2024/25 to 2026/27 was produced for the General Fund and HRA as set out at Appendix 1.
4. Notable schemes coming forward in this plan for approval are:
 - Housing*
 - a. A 'warm homes' fund of £0.25m to be created for Council tenants (HRA project)
 - b. Additional funding of over £2m to be allocated within the HRA to purchase 'off plan' homes from developers to add to our housing stock
 - Climate change*
 - c. Delivery support for carbon neutral projects - £0.2m to be set aside for additional resource to facilitate delivery of the Council's climate change agenda
 - d. Solar array – £0.25m to be allocated for a feasibility study re the creation of a solar array. A solar array has various practical challenges, including that of connectivity to the National Grid, but the feasibility study will investigate in detail whether such challenges can be overcome and will also look at other options for solar power related to existing Council assets.

5. It should be noted that only limited information is available at present on many schemes, and the costings are presented on a 'best estimate' basis. Firm quotations or tender prices have not been obtained in most cases, but in any event would need updating as and when approval for the new Capital Plan is achieved.

New Draft Capital Plan 2024/25 to 2026/27

6. The tables below show a summary of the new schemes, split between General Fund and Housing Revenue Account schemes, and the anticipated funding positions.

Table 1 – GENERAL FUND

	2024/25	2025/26	2026/27	TOTAL
	£'000	£'000	£'000	£'000
<u>General Fund New 3 Year Plan</u>				
Total Gross Cost of Schemes	1,026	1,701	1,659	4,386
External Funding	99	720	1,127	1,946
CBC Capital Receipts	927	981	532	2,440
Total Funding	1,026	1,701	1,659	4,386

7. Table 1 shows total proposed schemes of £4.4m requiring council capital receipts funding of £2.4m, and external funding of £1.9m. As at 31 March 2027 there will be approximately £11.4m Usable Capital Receipts estimated in balances, therefore the draft 3-year Capital plan is affordable from current resources. This assumes that there are no major asset disposals, apart from council house sales, during the next three years of the plan.
8. Anticipated External Funding is in respect of grants and capital contributions which are expected over the next three years. It should be noted that the grants are scheme specific and cannot be used to fund other schemes.
9. In addition to the Council's Usable Capital Receipts, the Council also maintains a Capital Plan Reserve which is available to support either Capital or Revenue one-off expenditure. This fund will be supplemented by Business Rate Pool receipts and will be used to fund projects which can be viewed as having 'regeneration' or 'economic development' characteristics.

Table 2 – HOUSING REVENUE ACCOUNT

	2024/25	2025/26	2026/27	TOTAL
	£'000	£'000	£'000	£'000
<u>Housing Revenue Account</u>				
Total Gross Cost HRA Schemes	6,210	12,528	10,829	29,567
Capital Receipts	0	449	449	898
Revenue Contribution to Capital Major Repairs Reserve/HRA Finance Fund	2,947	2,947	2,947	8,841
	3,263	9,132	7,433	19,828
Total Funding	6,210	12,528	10,829	29,567

10. Appendix 1 shows all the new HRA schemes for the capital plan period.
11. The Major Repairs Reserve, or equivalent, effectively represents the amount set aside for depreciation each year and this becomes a cash amount that will be spent on capital works. The draft Housing Revenue Account report shows that in 2024/25 the depreciation budget is £4,278k and the RCCO budget is £2,947k. It can be reasonably assumed that these levels will continue for 2025/26 and 2026/27 so the plan is fully funded.
12. The level of capital expenditure will be set to ensure that the housing stock is kept in good repair and at a level that allows the Council to service the £79.19m borrowing that it undertook to pay the government in March 2012. Between 2024/25 and 2026/27, £5m of this borrowing is due to be repaid or refinanced as the debts taken out in 2012 reach maturity. The £1m maturing in 2024/25 is budgeted to be paid in full from the Major Repairs Reserve, whilst decisions on the other loans maturing over this three-year period will be based on the impact of actual spend on the level of HRA reserves and the Council's Treasury Management policy and interest rates at that time. As such, the HRA Capital Plan will be adequately funded over the three years.
13. Further detail of schemes within the new Capital Plan are set out at Appendix 1.
14. It should be noted that the current (2022/23 – 2024/25) Capital Plan is still extant. Once approved the new Capital Plan (2024/25 – 2026/27) will be merged with the current Capital Plan (as may be amended via the usual Capital Plan amendment and Outturn reports) for the 2024/25 financial year.

Prudential Code

15. To comply with the Prudential Code capital expenditure must be affordable in the long term, and therefore sustainable, which requires that the decision-making process must be prudent. The revenue impact of the capital expenditure must be contained within the forward plans of the authority which provides a level of Council Tax that the Council considers acceptable. Implementation of the proposed General Fund Capital Plan would result in net

revenue savings and therefore is in line with the proposed Revenue Budget and the Medium-Term Financial Strategy.

16. Consideration has been given to undertaking prudential borrowing to fund General Fund capital expenditure. However, this would incur additional revenue costs for both interest and repayments which the council would have to be able to fund as well as the savings programme which is required to continue to fund services in the light of reduced central government funding. In view of this and as set out in the current Medium Term Financial Strategy, the Council does not intend to undertake any such material borrowing in the medium term.

Risk Management.

17. The risks associated with any future decision to approve the proposed Capital Plan and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Insufficient funding	Remote (1)	Major (4)	Low (4)	The funding of the Capital Plan is regularly monitored, and any apparent shortfalls are brought to the attention of Cabinet with suggested solutions
General Risks associated with capital expenditure	Unlikely (2)	Serious (3)	Moderate (6)	The Capital Plan is controlled through Capital Monitoring & Senior Leader Team and Cabinet.

Appendices

A list of Capital Plan schemes is attached at Appendix 1.

Scheme Details	2024/25	2025/26	2026/27
	New Plan £	New Plan £	New Plan £
SUMMARY OF CAPITAL PLAN			
<u>Live Schemes</u>			
Commercial & Economic Development	210,000	65,000	70,000
Finance, Governance & Contracts	100,000	0	0
Customer Experience	345,000	450,000	220,000
Housing & Wellbeing - General Fund	148,700	833,200	1,240,000
Housing & Wellbeing - HRA	5,680,100	9,905,200	9,206,200
Sub-total Live Schemes	6,483,800	11,253,400	10,736,200
<u>Provisional Schemes</u>			
Commercial & Economic Development	50,000	200,000	0
Finance, Governance & Contracts	172,000	152,500	128,500
Housing & Wellbeing - HRA	530,000	2,623,000	1,623,000
Sub-total Provisional Schemes	752,000	2,975,500	1,751,500
GF Total	1,025,700	1,700,700	1,658,500
HRA Total	6,210,100	12,528,200	10,829,200
Grand Total	7,235,800	14,228,900	12,487,700
Commercial & Economic Development			
<u>Live Schemes</u>			
CG Replacement Loughborough Christmas Lights	150,000	0	0
JH Delivery Support - Carbon Neutral Projects	60,000	65,000	70,000
Sub-total Live Schemes	210,000	65,000	70,000
<u>Provisional Schemes</u>			
JH Solar Farm - Feasibility to delivery	50,000	200,000	0
Sub-total Provisional Schemes	50,000	200,000	0
Commercial & Economic Development - Total	260,000	265,000	70,000
Finance, Governance & Contracts			
<u>Live Schemes</u>			
MB Sports Pavilion - Nanpantan Sports Grounds	100,000	0	0
Sub-total Live Schemes	100,000	0	0
<u>Provisional Schemes</u>			
MB (Wheelchair) Accessible Parks Programme	50,000	100,000	50,000
MB Green Spaces Refurbishment Programme	122,000	52,500	78,500
Sub-total Provisional Schemes	172,000	152,500	128,500

Scheme Details	2024/25	2025/26	2026/27
	New Plan £	New Plan £	New Plan £
Finance, Governance & Contracts - Total	272,000	152,500	128,500
Customer Experience			
<u>Live Schemes</u>			
AK Z085 Hardware Replacement Programme	45,000	90,000	90,000
AK Z354 Infrastructure Development	0	30,000	30,000
KB Revenue and Benefits - IT Systems	250,000	0	0
GH Z744 Beehive Lane Car Park Improvements and refurbishment scheme	50,000	100,000	100,000
GH Loughborough Parking Equipment Upgrade	0	150,000	0
GH Car Parks Pay Machines	0	80,000	0
Sub-total Live Schemes	345,000	450,000	220,000
Customer Experience - Total	345,000	450,000	220,000
Housing & Wellbeing - General Fund			
<u>Live Schemes</u>			
VG Z348 Charnwood Community Facilities Grants	0	50,000	50,000
VG Z427 Members Grants - Members Choice	50,000	63,000	63,000
KM Z210 Disabled Facilities Grants - Block Sum	98,700	720,200	1,127,000
Sub-total Live Schemes	148,700	833,200	1,240,000
Housing & Wellbeing - General Fund - Total	148,700	833,200	1,240,000
Housing & Wellbeing - HRA			
<u>Live Schemes</u>			
NG Z761 Major Adaptations	0	450,000	450,000
DB Z301 Minor Adaptations	0	50,000	50,000
AM Z302 Stairlifts	0	60,000	60,000
DB Z762 Major Void Works	0	280,000	280,000
<u>Compliance</u>			
AM Z434 Asbestos Removal	140,000	200,000	200,000
NG Z771 Communal Area Improvements	0	75,200	75,200
AM Z742 Communal Area Electrical Upgrades	0	68,000	68,000
NG Z773 Fire Safety Works	0	50,000	50,000
<u>Stock Maximisation</u>			
NG Z375 Garages	100,000	10,000	10,000
<u>Decent Homes</u>			
NG Z763 Kitchens	1,681,600	1,794,100	1,794,100
NG Z764 Bathrooms	2,225,900	1,876,800	1,876,800
AM Z765 Electrical Upgrades	0	100,000	100,000
NG Z766 Window Replacement	121,200	955,000	245,000
AM Z767 Central Heating & Boiler Installation	460,400	1,199,000	1,446,000
DB Z743 Sheltered Housing Improvements	190,000	190,000	190,000

PROPOSED 3 YEAR CAPITAL PLAN 2024/25 - 2026/27

			2024/25	2025/26	2026/27
Scheme Details			New Plan £	New Plan £	New Plan £
NG	Z768	Door Replacement	0	700,000	700,000
NG	Z769	Roofing Works	350,000	600,000	600,000
NG		Insulation	250,000	50,000	50,000
NG	Z770	Major Structural Works	0	250,000	250,000
General Capital Works					
NG	Z776	Estate and External Works	15,000	200,000	200,000
BD	Z857	Housing Capital Technical Costs	0	438,100	438,100
NG	Z378	Door Entry Systems	46,000	159,000	73,000
PO		Create a 'Warm Homes' Fund - HRA tenants	100,000	150,000	0
Sub-total Live Schemes			5,680,100	9,905,200	9,206,200
Provisional Schemes					
KM	Z760	Acquisition of Affordable Housing to meet housing need	0	1,123,000	1,123,000
SR		Replacement of the Lifeline Priority Notification Centre ('PNC')	30,000	0	0
PO		Create fund to purchase 'Off Development' properties	500,000	1,500,000	500,000
Sub-total Provisional Schemes			530,000	2,623,000	1,623,000
Housing & Wellbeing - HRA - Total			6,210,100	12,528,200	10,829,200