

# Capital Budget for 2024/25 and Capital Investment Programme 2024-29

## REPORT TO EXECUTIVE



<b>DATE</b>	<b>12 February 2024</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
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### PURPOSE

1. To recommend approval of the capital budget for 2024/25.

### RECOMMENDATION

2. a) That Full Council be recommended to;
  - (i) Approve the 2024/25 Capital Budget, totalling £16,290,933, as set out in Appendix 1,
  - (ii) Note the 2024-29 Capital Investment Programme as set out in Appendix 1.
  - (iii) Note the estimated position on capital resources as set out in Appendix 2.
- b) That subject to 2a) i) above the Executive approve the release of capital scheme budgets including slippage from 2023/24, subject to compliance with the Financial Procedure Rules and that there will be full compliance with Standing Orders for Contracts.
- c) Approve the Capital Strategy 2024-29, as set out in Appendix 4

### REASONS FOR RECOMMENDATION

3. To establish a capital budget that reflects the Council's overall priorities and provides a framework for capital spending to be undertaken during 2024/5.

### SUMMARY OF KEY POINTS

#### 4. **Background:**

In formulating the 2024/25 Capital Programme, Management Team declared that new bids would be limited, given the forecast position of available Capital Resources. The

existing schemes and new bids were prioritised in accordance with the Council's Strategic Objectives as identified within the Council's Strategic Plan.

5. **Capital Budget / Programme Review Process:**

Officers have been asked to submit information for inclusion in the proposed 2024/25 capital budget and the 2024-29 CIP.

The review process has included:

- A review and revision of the existing schemes approved in the 2023-28 CIP, in February 2023.
- Provision of a breakdown of the type of capital expenditure to be incurred for each scheme to assist in estimating the level of capitalised staff recharges involved in delivering capital works.
- A review of the level of Resources within the Council.

Any use of Prudential Borrowing must be based upon the creation of an asset, repayment over the useful life of the asset, and the production of a business case outlining any income generation and future revenue costs.

6. **2024/25 Capital Budget:**

Appendix 1 provides Members with a summary of the capital investment programme for 2024/25 to 2028/29 and a list of those schemes being proposed for the 2024/25 capital budget totalling £16.4291m, showing the financing elements for each individual scheme. It also shows draft capital budgets for 2025/26 to 2028/29 along with the financing elements for those years.

Members are asked to note that the level of estimated general capital receipts is sufficient to finance the £644,286 required for all the schemes put forward for 2024/25 but on current estimates, general capital receipts will near exhaustion by 31 March 2029.

It should be noted, that of the £39,054,487 within the proposed CIP 2024-29, external funding totalling £21,322,532 (55%) is to be used as financing of the schemes.

7. **Capital Resources:**

Appendix 2 provides Members with an analysis of the capital receipts and S106 / 3<sup>rd</sup> Party Contributions balances as follows;

- balances in hand as at 1<sup>st</sup> April 2023
- 2023/24 commitments approved to date
- level of resources assumed to be available as at 31<sup>st</sup> March 2024
- estimated "new" receipts to be received during 2023/24 to 2028/29
- resources required to finance part of the 2024/25 proposed capital budget
- resources required to finance the schemes proposed for future years
- anticipated balance as at 31<sup>st</sup> March 2029.

The resources are reducing each financial year, with a requirement that will see forecast general capital receipts near exhaustion by 31 March 2029. This is due to reduced opportunities to realise capital receipts, as the estate reduces, which will leave a lesser capital programme going forward.

8. **Revenue Budget Implications:**

Capitalised Salaries

Members will be already aware that capitalised salaries are a major element in balancing the Council's revenue budget. The expected revenue income for staff time recharged against identified capital projects is £452k in 2023/24, and £399k for 2024/25.

Costs of Prudential Borrowing

Of the proposed £6,182,055 prudential borrowing requirement for 2024/25, there are no new schemes.

9. **2024-29 Capital Investment Programme:**

As previously stated, Appendix 1 outlines a summary of the proposed 2024-29 capital investment programme, by Service Unit.

Appendix 4 provides Members with a brief scheme narrative, for all Capital Schemes within the 2024/25 proposed budget.

**2024-29 Capital Strategy:**

Appendix 4 provide Members with the 2024-29 proposed Capital Strategy.

The Council is committed to ensuring that the investment of capital resources reflects the Council's corporate priorities and is affordable, financially prudent and sustainable. This Capital Strategy is designed to assist in the delivery of that commitment.

The Capital Strategy is a key document and forms part of the Council's corporate strategic and planning framework with links to the overarching Strategic Plan, the Asset Management Strategy, the Treasury Management Strategy and individual Service Plans which, in turn, link the Strategic Plan to service delivery on the ground.

Providing a high level overview of how capital expenditure and capital financing contribute to the provision of Council services, the strategy also addresses the management of related risks and the implications for future financial sustainability. It outlines the governance processes for prioritisation and approval of capital scheme bids and the monitoring of the approved capital programme.

The preparation and publication of a capital strategy is a requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code of Capital Finance in Local Authorities (the Prudential Code).

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

10. As referred to in the body of the report.

**POLICY IMPLICATIONS**

11. The Capital programme gives authority for a number of policy decisions to be actioned in meeting the Council's corporate objectives.

**DETAILS OF CONSULTATION**

12. None.

**BACKGROUND PAPERS**

13. None.

**FURTHER INFORMATION**

**PLEASE CONTACT:**

**Howard Hamilton Smith - Director of Resources**

**ALSO**

**Amy Johnson – Finance Manager**