

FINAL CAPITAL PROPOSALS - 2024/25

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 - Summary of 2024/25 Draft Capital Programme for consideration Appendix 2 – Paperwork of Proposals Appendix 3 - Proposed Capital Programme for 2024/25 to 2028/29 Appendix 4 - Provisional summary of available capital resources

Summary

This report sets out the final proposals for the 2024/25 Capital Programme and seeks guidance as to which of these should be taken to the relevant policy committee in January 2024 to seek support for inclusion within the 2024/25 Capital Programme.

Recommendation (s)

The Group is asked to:

- (1) provide guidance on which of the final proposals should be taken to the relevant policy committee in January 2024 to seek support for inclusion within the 2024/25 Capital Programme.**

1 Reason for Recommendation

- 1.1 To review and advise which final capital proposals should be taken to the relevant policy committee in January 2024 to seek support for inclusion within the 2024/25 capital programme.

2 Background

- 2.1 On 29 September 2023 Financial Strategy Advisory Group (FSAG) received eleven initial capital proposals to be considered for inclusion in the 2024/25 capital programme. The Group assessed each proposal against the agreed criteria detailed in paragraph 3.1.

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- 2.2 FSAG requested that seven of the proposals progress to the final stage, and recommended deferral or rejection for not meeting the criteria of the other four. Of the progressed proposals, FSAG requested further information to be included in the final appraisal. This information has been provided in the updated final proposals at Appendix 2.
- 2.3 FSAG are now asked to consider each final proposal and agree which should be recommended to policy committees for inclusion in the 2024/25 capital programme.

3 Criteria for Assessing Capital Proposals

- 3.1 Full Council agreed the Capital Strategy in February 2023, which stipulated the criteria for assessing capital proposals to take account of the limited resources available. With the level of capital receipts projected at £2.87m after funding 2023/24's capital programme, the Capital Strategy confirmed proposals should only be considered if they meet one of the following criteria:
 - 3.1.1 Where there is a guarantee of the scheme being fully externally funded and is classed as a high priority.
 - 3.1.2 Spend to save projects (see below).
 - 3.1.3 Where it is mandatory for the Council to provide the scheme (eg Disabled Facilities Grants and Health and Safety).
 - 3.1.4 Essential for business continuity, the minimum required to continue to deliver the services of Council (eg minimum level of building maintenance and IT).
 - 3.1.5 Where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years.
- 3.2 For the purpose of appraising any of the proposals funded as a 'spend to save', the following criteria should be applied;
 - 3.2.1 Payback of the amount capital invested within the project within 5 years (10 years for renewable energy projects).
 - 3.2.2 The return required on capital employed should be linked to the potential cost of borrowing (MRP) rather than potential loss of investment income.
 - 3.2.3 Risk of not achieving return on investment is low.
 - 3.2.4 Clear definition of financial cost/benefits of the scheme.

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4 Capital Proposals for Consideration

4.1 The proposals that FSAG agreed to progress to detailed project appraisal are as follows:

Proposal	Title	Amount (£'000s)
Strategy & Resources 1	Longmead Depot - Works to prevent accidental contamination of water sewerage system	50
Environment 1	Ashley Centre Car Park - Barrier Controlled Parking System	240
Environment 5	Streetlight Replacement Phase 2	200
Community & Wellbeing 1	Bourne Hall - Solar PV battery storage and Flat roof replacement	306
Community & Wellbeing 2	Community & Wellbeing Centre - Solar PV panels with battery storage	60
Community & Wellbeing 3	Community & Wellbeing Centre - Window Replacement	100
Community & Wellbeing 4	Disabled Facilities Grant Programme	785
	Total	1,741

4.2 Members of FSAG are asked to consider the detailed project appraisals in Appendix 2 and agree which should be taken to the relevant policy committee in January 2024 to seek support for inclusion within the 2024/25 Capital Programme.

4.3 Members are also informed that although the Business Assurance Performance Software proposal did not meet the criteria for inclusion in the capital programme at September's FSAG meeting, this workstream is being separately progressed to be funded by operational revenue savings generated by the software.

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5 5-year Capital Programme 2024/25 to 2028/29

- 5.1 Appendix 3 details the proposed capital programme for 2024/25 to 2028/29. From 2025/26, the property-related works are indicative and based on the current Asset Management Plan. Also included within this programme are the annual Disabled Facilities Grant programme and an estimate for ICT projects, to reflect the ICT Strategy agreed at Strategy & Resources Committee (September 2023).
- 5.2 The annual ICT programme and budget is subject to approval at S&R each year.
- 5.3 The 5-year programme detailed in Appendix 3 is not an exhaustive list but will have further items added over time as future schemes are identified through other workstreams such as the Climate Change Action Plan and Annual Plan cycle. Each year, the forthcoming annual programme will be reviewed by FSAG through the annual capital budget setting process, and the 5-year plan updated accordingly.

6 Statement of Estimated Capital Resources

- 6.1 After funding the 2023/24 current approved capital programme the capital receipts balance is forecast to be £2.87m.
- 6.2 A provisional summary of available capital resources is set out at Appendix 4. In addition to capital receipts, the summary includes funding from CIL, S106, government grant, repairs and renewals reserve, residential property fund and planned revenue contributions. Officers will continue to review where CIL funding can be used to finance projects to ease the pressure on the capital receipts reserve. The only new S106 receipts relate to Affordable Housing, as the remaining balance for other projects has now been fully earmarked.
- 6.3 For 2024/25 no new capital receipts are anticipated from asset disposals. DSG funding is assumed at a similar level as received for 2023/24, at £785k; and CIL income is anticipated at £1.04m each year, which represents 80% of an annual forecast of £1.3m.
- 6.4 The indicative schemes from the 5-year capital programme in Appendix 3 have been included as capital expenditure items in the summary of available resources. If all were to be agreed, including those works deferred from prior years, the programme would be unaffordable.

7 Remaining Timetable

- 7.1 The remaining timetable for the 2024/25 capital budget setting process is as follows:

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Action	Deadline
Policy committees receive revenue estimate reports and draft capital programme with appraisal forms	16 – 25 January 2024
Council agrees budget and capital programme	13 February 2024

8 Risk Assessment

Legal or other duties

8.1 Equality Impact Assessment

8.1.1 None for the purposes of this report.

8.2 Crime & Disorder

8.2.1 None for the purposes of this report.

8.3 Safeguarding

8.3.1 None for the purposes of this report.

8.4 Dependencies

8.4.1 None for the purposes of this report.

8.5 Other

8.5.1 None for the purposes of this report.

9 Financial Implications

9.1 **Section 151 Officer's comments:** Financial implications are included in the body of the report and associated Appendices.

10 Legal Implications

10.1 There are no legal issues arising directly from this report, should any such issues arise during a subsequently approved scheme, then these matters will be addressed.

10.2 **Legal Officer's comments:** As above

11 Policies, Plans & Partnerships

11.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council

11.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

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11.3 **Climate & Environmental Impact of recommendations:** The environmental impact of schemes is considered through the proposal appraisal process.

11.4 **Sustainability Policy & Community Safety Implications:** None for the purposes of this report.

11.5 **Partnerships:** None for the purposes of this report.

12 Background papers

12.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Initial Capital Proposals - 2024/25 – Financial Strategy Advisory Group - 19 September 2023

Other papers:

- None