

<u>AGENDA ITEM</u>	
REPORT TO:	Resources Overview and Scrutiny Committee
DATE:	10 December 2024
PORTFOLIO	Councillor Noordad Aziz– Deputy Leader of the Council Councillor Vanessa Alexander – Resources & Council Operations
REPORT AUTHOR:	Martin Dyson, Executive Director – Resources
TITLE OF REPORT:	Capital Programme Monitoring 2024/25 – 2nd Quarter Update to 30th September 2024
EXEMPT REPORT:	No
KEY DECISION:	No If yes, date of publication:

1. **Purpose of the Report**

- 1.1 This report provides an update for the Resources Overview and Scrutiny Committee on the Council’s Capital Programme Monitoring. It sets out the latest phasing of the programme including the latest estimate of available resources and any additions or changes in forecast outturn since the last monitoring position was presented to the Cabinet on 24th July 2024.

2. **Recommendations**

- 2.1 The Committee notes the progress on capital expenditure to date.

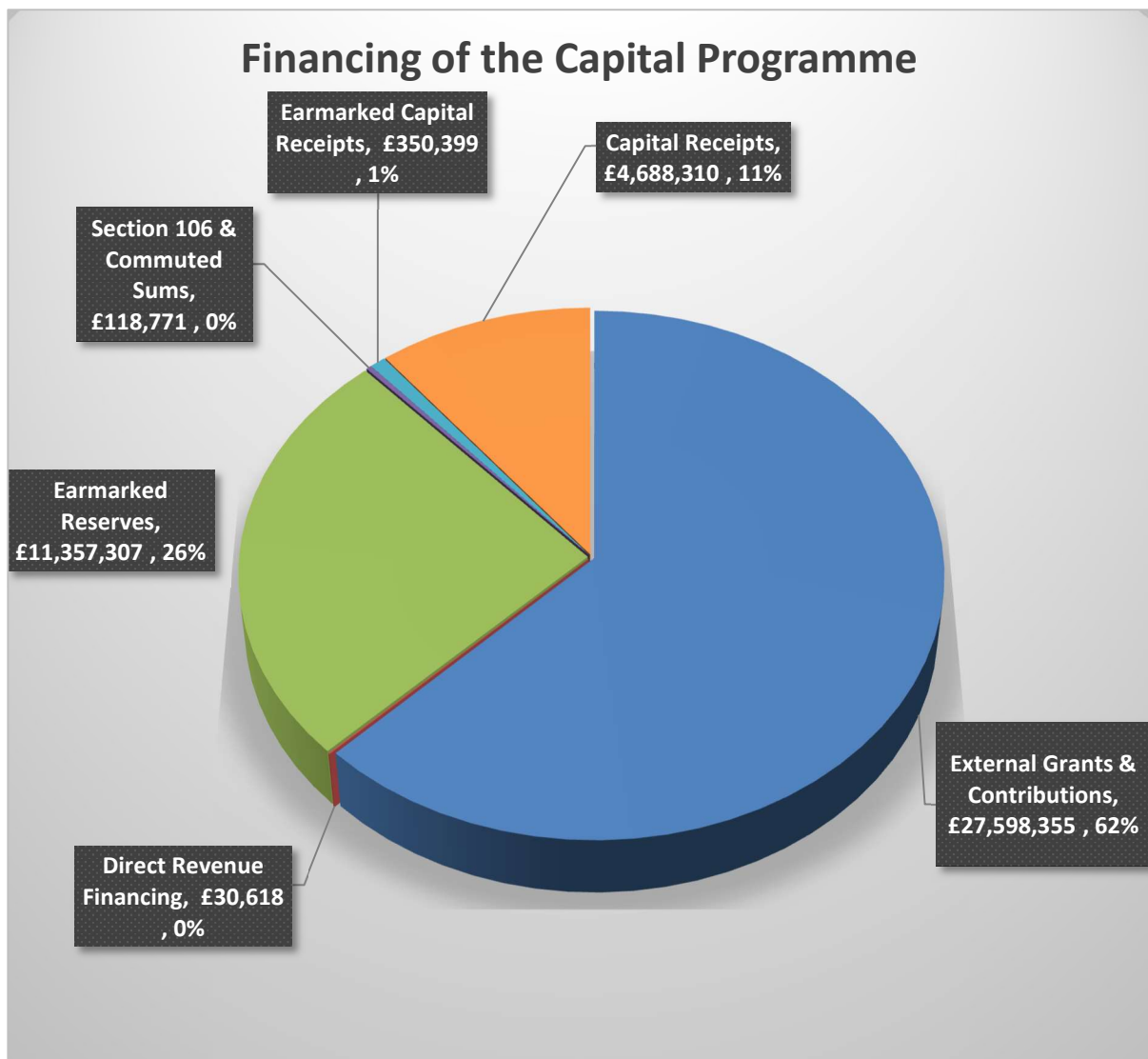
3. **2024/2025 Capital Programme**

- 3.1 The Council authorised new additions to the capital programme of £4.404m at its meeting on the 27th February 2024.
- 3.2 Since the Council meeting in February 2024 new schemes totalling £0.531m have been approved and added to the programme. The additional expenditure approved is to be fully funded from by external grants and receipts that have been awarded and or / received.
- 3.3 In addition, the capital spend outturn from 2023/2024 slipped £40.656m into 2024/2025, of which £37.769m relates to the Levelling Up scheme for Accrington Town Centre, the Leisure Estate Investment and Housing Schemes including Disabled Facilities Grants.

3.4 The total approved Capital programme now totals £44.144m and is shown in the table below:

	£m
New Additions to the Capital Programme (Reported at February Council 2024)	4.404
Budget Changes	
Slippage from 2023/24	40.656
Budgets removed from the programme	-1.558
New Schemes and Additional Funding approved in year	0.642
Current Approved Capital Programme Budget 2024/25	44.144

3.5 The financing of the programme in 2024/2025 is as follows:



3.6 The current programme of £44.144m will not be capable of being delivered in the current financial year and it is proposed to now rephrase the programme into the years in which it is now expected to be spent. The phasing of the programme is now summarised as below.

3.7 Summary of the Scheme Profiles over the Medium-Term Financial Strategy.

Programme Area	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000
Operational Buildings	788	291	-	1,079
Parks and Open Spaces	669	830	-	1,499
IT Projects	234	-	-	234
Recreation and Sport	-	-	-	-
Vehicles and Equipment	101	666	-	767
Community Projects	78	-	-	78
Planned Asset Improvement Programme	210	-	-	210
Leisure Estate Investment Programme	10,625	1,000	-	11,625
Public Sector Decarbonisation Scheme	-	-	-	-
Levelling Up Fund	19,386	6,937	-	26,323
UK Shared Prosperity Fund	388	-	-	388
Transitional Housing Programme	-	-	-	-
Housing Improvement Programme	1,941	-	-	1,941
Total	34,420	9,724	-	44,144

4. 2nd Quarter Update Position

4.1 The Actual expenditure to 30th September 2024 is £8.589m against the latest rephrased budget for 2024/2025 of £34.420m. This equates to 24.95% spend.

4.2 As shown in the table above, there is expected to be £9.724m of budget to be rephrased into 2025/2026, in respect of capital schemes which will now not be completed during the current year.

4.3 As the programme has been rephrased, the latest forecasts remain in line with the budgeted profile and are expected to be spent in year.

4.4 The significant elements of the programme to be spent in year are shown in the table below with a more detailed breakdown shown in Appendix 1.

Programme Area	Total Budget £000	Spend to Date £000	Forecast Spend for Remainder of Year £000	Forecast Outturn Position for the Year £000	Variance (Under) / Overspend £000
Operational Buildings	788	29	759	788	-
Parks and Open Spaces	669	363	306	669	-
IT Projects	234	101	139	240	6
Recreation and Sport	-	-	-	-	-
Vehicles and Equipment	101	31	70	101	-
Community Projects	78	40	38	78	-
Planned Asset Improvement Programme	210	32	178	210	-
Leisure Estate Investment Programme	10,625	3,292	7,333	10,625	-
Public Sector Decarbonisation Scheme	-	(3)	3	-	-
Levelling Up Fund	19,386	3,683	15,703	19,386	-
UK Shared Prosperity Fund	388	104	284	388	-
Transitional Housing Programme	-	-	-	-	-
Housing Improvement Programme	1,941	917	1,024	1,941	-
Total	34,420	8,589	25,837	34,426	6
% of Budget Spend		24.95%	75.06%	100.02%	0.02%

4.5 Close monitoring of the capital programme will be undertaken throughout the year to ensure that the projects are kept in line with spend forecasts and are considered in the council's cash flow forecasts. Deviations from the spending profiles and any financial implications will be considered in future treasury and revenue budget forecasts.

5. Financial Risks of the Capital Programme

5.1 Capital Receipts

The financing of the programme is reliant on using receipts of £4.688m, which have been generated from the sale of Council land and buildings. To date the Council still needs to sell land and buildings to the value of £1.555m to achieve all its required financing from capital receipts. It is now not expected that all these receipts will be achieved by the end of 2024/2025. Work will be progressing on the sale of the assets identified in these receipts. If some of these asset sales are delayed, the Council has sufficient reserves in place to fund the existing programme in the short term. It is crucial that the planned sales continue to be progressed to ensure the Council achieves the required receipts that will enable future capital programme works to be undertaken.

This is a medium level risk.

5.2 External Grants and Contributions

The Capital Programme is reliant on £27.598m in external funding, with the Council providing additional match funding. It is crucial that the external funding is secured, and grant works are claimed on a frequent basis. To date £8.440m has been received, leaving £19.158m still to be received / claimed over the next two years.

The majority of external funding is to be provided by:

- **Levelling Up Project (LUF)** – this scheme is largely funded by a government grant of £20m and a further £1.5m contribution from Lancashire Council. To date the Council has received £10.409m of this funding and further claims are being submitted on a quarterly basis to minimise the impact on cash flow. The government has prepaid some elements of this grant to assist councils with their cash flows.
- **UK Shared Prosperity** – The council has already received the full allocation £1.030m for 2023/24 and 2024/25. All these works must be completed within the agreed timescales to ensure that there is no threat of clawback.
- **Disabled Facilities Grant** – the Council receives grant funding from the Better Care Fund via Lancashire County Council which includes £1.195m of funding which the council has received.
- **Leisure Estate Investment Programme** – The Council was successful in obtaining external funding of around £2.4m from Sport England. Most of this grant has already been received by the Council, with the remainder to be claimed at a later stage of this scheme.

This is a medium level risk.

5.3 Major Schemes in Capital Programme

The programme contains some major schemes that require close monitoring to ensure they are on target and that any external financing has been secured and is being claimed frequently. Major schemes include:

- Levelling Up Programme - with £19.386m in year and £6.937m in 2025/26
- Disabled Facilities Grant - with £1.941m in year
- UK Shared Prosperity Grant – with £0.388m in year
- Leisure Estate Investment Programme – Originally forecast £10.625m in year & £1m in 2025/26. The profile of these works will be updated when further information is known regarding the recommencement of works on the Wilson playing field site following the recent administration of the main contractor.
- Asset Programme works £2.080m in year and £1.787m in 2025/26. These works include maintenance of operational buildings and the continued investment in Parks and Playgrounds

6. **Conclusion**

- 6.1 The capital programme has significantly grown over the past two financial years to a current programme totalling £44.144m. Although the programme is approximately 63% funded from external grants and contributions, it nevertheless puts a strain on the Councils staffing resources to be able to procure and deliver these projects. It is therefore key to ensure that projects are well planned and phased to deliver within the required time limits.
- 6.2 The Programme will continue to be carefully monitored, and it may require further revisions in its phasing in the future.

7. **Alternative Options considered and Reasons for Rejection**

- 7.1 Not applicable

8. **Consultations**

- 8.1 Not applicable

9. **Implications**

Financial implications (including mainstreaming) As outlined in this report

Legal and human rights implications None

Assessment of risk None

Equality and diversity implications None
A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.

10. **Local Government (Access to Information) Act 1985: List of Background Papers**

Council 27th February 2024 – Capital Programme 2024/25

11. **Freedom of Information**

- 11.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 20