

Hambleton District Council

Report To: Cabinet

Date: 7 December 2021

Subject: **2022/23 Draft Capital Programme Budget**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 This report considers a 4 Year Capital Programme covering the financial years 2022/23 to 2025/26, the 2022/23 Capital Programme in line with good practice.
- 1.2 The 4 Year Capital Programme is set within the fiscal parameters of the Financial Strategy, a key feature of which is to ensure that at the end of the 4 Year Strategy sufficient reserve funds – grants, contribution and capital receipts – remain available so that the Council’s capital plans are affordable, sustainable and prudent. In addition to reserves being maintained, the Council can also use borrowing to support the Capital programme.
- 1.3 It is a mandatory requirement under Local Government Act 2003 and CIPFA Prudential Code to ensure a capital programme is affordable, sustainable and deliverable over a 3-year period. The programme before Members meets this requirement.
- 1.4 Prior to expenditure being incurred on any scheme a Value for Money project appraisal occurs for each project and the annual Capital Programme is approved at Council before the commencement of the new financial year. The 2022/23 Capital Programme is detailed in this report.
- 1.5 The Capital Programme is monitored through the setting of the Prudential and Treasury Management Indicators on an annual basis prior to the beginning of the new financial year.
- 1.6 This report seeks approval for
 - (a) the 4-year Capital Programme 2022/23 to 2025/26
 - (b) the Capital Programme for the coming financial year 2022/23, which is informed by the 4-year Capital Programme

2.0 4 Year Capital Programme 2022/23 to 2025/26:

- 2.1 This programme has been influenced by implementation of local government reorganisation (LGR) in North Yorkshire. The 4-year programme includes carry forwards from 2021/22 programme, profiled spend on approved schemes, new schemes identified in this report for 2022/23 and programme commitments over the ensuing years.

- 2.2 There are no new large scale schemes seeking approval in this programme that have significant impact on either capital or revenue resources of the new authority. The programme is heavily weighted to spend in 2022/23 which is also weighted by commitments and carry forwards from previously approved schemes.
- 2.3 Major investment has been made in Hambleton's assets over recent years and will continue in 2022/23. The impact of those investments needs to be reviewed and new asset condition surveys commissioned on the major assets. This will influence the detail of future capital spend and will be determined by the successor organisation. However, experience shows that future maintenance will be required and indicative sums have been included in the programme.
- 2.4 The 4 Year Capital Programme 2022/23 to 2025/26 shows capital expenditure requirement of £15,762,516 which is funded by reserves, contributions, capital receipts and borrowing.
- 2.5 The 4 Year Capital Programme 2022/23 to 2025/26 is financed from earmarked reserves as well as borrowing:

	£
Reserves	923,257
Grants and contributions	6,385,988
Revenue Contributions	293,271
Capital Receipts Reserve	910,000
Borrowing	<u>7,250,000</u>
	15,762,516

3.0 2022/23 Capital Programme Budget:

- 3.1 The detailed capital programme for 2022/23 is shown as year 1 in Annex A, 4 Year Capital Plan. It includes £8,536,445 of carry forwards of expenditure for schemes originally approved in the 2021/22 programme but the profile of expenditure has shifted. These are detailed in the Quarter 2 Capital Programme Monitoring report elsewhere on this Agenda.
- 3.2 It also includes schemes that were previously approved but always profiled to incur expenditure. These include:

Thirsk & Sowerby Sports Village	£350,000
Northallerton Sports Village	£718,892
Heritage Action Zone – Cultural	£27,000
Treadmills	£765,580

- 3.3 New schemes proposed for 2022/23 of £1,486,920 are identified in Annex B and approval is sought to include these in the programme. These schemes have been assessed by Corporate Programme Management Board (PMB) on essential need, meeting Council priorities and deliverability. Most are essential maintenance schemes previously identified in the 10-year Capital Strategy. A key programme of Market Town Investment Plans is seeking approval. This funding is indicative at this stage and part of the Council's continuing commitment to economic vitality. Detailed proposals will be reviewed prior to implementation but will be delivered in 2022/23.

3.4 The Capital Programme 2022/23 totals £12,072,337 and is funded as follows:

	£
Reserves	916,858
Grants and contributions	5,157,109
Revenue Contributions	88,370
Capital Receipts Reserve	910,000
Borrowing	<u>5,000,000</u>
	12,072,337

4.0 Link to Council Priorities

4.1 This report links to the efficient use of Council resources, where the Capital Programme 2022/23 demonstrates value for money in the implementation of the individual capital schemes.

5.0 Risk Assessment

5.1 The main risks associated with setting the Capital Programme 2022/23:

Risk	Implication	Gross Prob	Gross Imp	Gross Total	Preventative action	Net Prob	Net Imp	Net Total
Proposed capital schemes for 2022/23 are not assessed for risk prior to the commencement of the schemes	The Council is unable to control capital expenditure or redirect resources to priority areas	3	5	15	Capital Scheme Proposal Forms are prepared for each individual capital scheme, including the assessment of risk.	2	5	10

6.0 Financial Implications

6.1 The financial implications are contained within the body of the report.

7.0 Legal Implications

7.1 The Council is legally required to set a balanced 3-year Capital Programme budget as set out in Local Government Act 2003. This Council has set a 4 Year Capital Plan to assist with medium term financial planning, budget and Council Tax setting for 2022/23 and future years. This report provides detail of the Capital Programme 2022/23.

8.0 Equality/Diversity Issues

8.1 The equality and diversity implications of the individual schemes will be assessed by individual departments once the Capital Programme 2022/23 has been approved and the schemes are further developed. Any implications will be identified in the individual schemes project plans.

9.0 Recommendations

- 9.1 It is recommended that Cabinet approves the 4-year Capital Plan identified in Annex A and the detailed Capital Programme for 2022/23 of £12,072,337 within that table for consultation with residents and statutory stakeholders. The detail will be reported to February Cabinet when the final budget will be approved and recommended to Council.

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Background papers: None
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