



Committee	Full Council
Date	21/02/2024
Subject	Capital Programme 2023/24 to 2027/28
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
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Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	N/A
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Purpose/Summary

As part of the budget setting process, the Council is required to agree a programme of capital expenditure for the coming four years. The capital programme plays an important part in the delivery of the Council's Medium-Term Financial Strategy (MTFS), which in turn supports wider service delivery. The report sets out the Council's capital programme including revisions to the current programme for the financial years 2023/24 to 2027/28. This report also forms the basis of Overview & Scrutiny Committee's review of the Budget at its meeting on 18 January 2024 as required under the Budget and Policy Framework.

Recommendation(s)

That Full Council:

1. Approve the General Fund capital programme for 2023/24 to 2027/28 including revisions as shown in **Appendix B**.
2. Approve the Housing Revenue Account capital programme for 2023/24 to 2027/28 including revisions as shown in **Appendix G**.

Strategic plan

How does this proposal support Our Direction 2028?

Environmental Impact	The Council has committed to delivering positive climate, nature and environmental impacts through the decisions we make and the actions we take. All projects in the Programme are intended to contribute to this commitment, ensuring where possible environment and energy efficient processes, materials and equipment are used.
Sustainable Housing	The Housing Revenue Account commits to support safe, suitable and sustainable homes directly through the projects within the capital programme
Tackling Inequalities	As part of the regeneration programme enabling business and charities providing direct services to residents of East Suffolk residents to locate in Council owned assets.
Thriving Economy	<p>The capital programme ensures that economic development and regeneration activity enables residents of East Suffolk to benefit from and contribute to a thriving economy.</p> <p>Specifically, the Council is committed to delivering the Towns Fund Deal project including the regeneration of the Towns Seafront.</p>
Our Foundations / governance of the organisation	<p>At the heart of the capital budget is good financial management and governance which underpins the Councils spending commitments on projects funded by the Council.</p> <p>The financing of the capital programme feeds directly into the Councils Medium Term Financial Strategy (MTFS) which supports the delivery of the strategic direction of East Suffolk Council.</p>

The report forms an important element of good governance, ensuring financial sustainability and putting the Council's assets to good use.

The Capital Programme budget for 2024/25 through to 2027/28 is considered at the following meetings.

- Cabinet 2 January 2024
- Overview & Scrutiny Committee 18 January 2024
- Cabinet 6 February 2024
- Full Council 21 February 2024

Justification for recommendations

1. Background

1.1. The Capital programme feeds directly into the Council's MTFS which in turn is the mechanism by which the key Strategic Plan objective of Financial Sustainability will be delivered over the medium term. The Capital programme contributes directly to the Council's specific actions within the Strategic Plan and identifies the financing for these projects.

2. Introduction

2.1. Capital expenditure within the Council is split into two main components, the General Fund Capital programme, and the Housing Revenue Account (HRA) Capital programme.

2.2. The capital programme has been compiled taking account of the following main principles, to:

- maintain an affordable four-year rolling capital programme.
- ensure capital resources are aligned with the Council's Strategic Plan,
- maximise available resources by actively seeking external funding and disposal of surplus assets; and
- not to anticipate receipts from disposals until they are realised.

3. Proposal

General Fund Capital Programme Summary

3.1. Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset.

3.2. Following the review and revisions to programme by project officers the revised capital programme has been reviewed by the Corporate Leadership Team (CLT) along with the Chief Finance Officer and is presented at:

- **Appendix A:** - General Fund Capital Programme 2023/24 to 2027/28 Summary, shows a summary of the capital programme and planned financing.
- **Appendix B:** - General Fund Capital Programme Revisions 2023/24 to 2027/28, shows budget revisions to previously approved projects.
- **Appendix C:** - General Fund Capital Programme 2023/24 to 2027/28 extract of budget increases greater than £0.500m and budget decreases greater than £0.500m.
- **Appendix D:** - General Fund Capital Programme 2023/24 to 2027/28 new projects, shows the new projects being recommended for approval and inclusion within the existing programme as shown in Appendix B.
- **Appendix E:** - General Fund Capital Programme 2023/24 to 2027/28 extract of externally funded projects, is an extract of the programme showing all projects which are subject to external grants/contributions.

- 3.3. The General Fund capital programme for 2023/24 through to 2027/28 has a total financing requirement of £329.03m which will be financed through both internal and external resources.
- 3.4. The programme from 2023/24 to 2027/28 benefits from £211.08m (64%) of external grants and contributions, the use of £13.85m (4%) of reserves and internal/external borrowing of £104.10m (32%).
- 3.5. Where projects have identified external funding, if this is not secured then those projects will look to secure other funding or will not be pursued. Similarly, where projects require significant borrowing more than £3m, these will require robust business cases to underpin the investment. The project business case should be presented to Council for approval prior to external borrowing being secured.

Housing Revenue Account (HRA) Capital Programme Summary

- 3.6. Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset.
 - **Appendix F:** - HRA Capital Programme 2023/24 to 2027/28 Summary shows a summary of the capital programme and planned financing.
 - **Appendix G:** - HRA Capital Programme 2023/24 to 2027/28, shows an update to the HRA capital budgets.
- 3.7. The HRA capital programme for 2023/24 through to 2027/28 has a total budget requirement £81.95m which will be financed through both internal and external resources.
- 3.8. The programme from 2023/24 to 2027/28 relies upon £8.92m (11%) of external grants and contributions, the use of £38.05m (46%) of capital reserves, direct revenue financing (HRA) of £18.08m (22%) and £16.90m (21%) of capital receipts.

4. Financial Implications

- 4.1. Approval of the capital programme by Full Council is an authority for Council officers to enter into contracts and incur expenditure up to the approved budget amounts and where applicable, secure external funding.

5. Legal Implications

- 5.1. As set out in the Council's Financial Procedure Rules, the Chief Finance Officer is responsible for preparing and submitting capital budgets to Cabinet and Council.
- 5.2. As the Capital Programme budget directly links to the Councils overarching budget the provisions of the Local Government Finance Act 1992 also applies which sets out what the Council has to base its budget calculations upon and requires the Council to set a balanced budget with regard to the advice of its Section 151 Officer.

6. Risk Implications

6.1. The financing of the capital programme is embedded within the Councils MTFS budget therefore there is no additional budget impact directly arising from this report.

6.2. Projects within the programme could be subject to delay for a variety of reasons therefore slippage in the budget may occur.

7. Options

7.1. The capital programme forms part of the Council's Budget and Policy Framework. The Council is required to set an annual budget and therefore no other options have been considered.

8. Recommendations

8.1 Full Council approves the General Fund capital programme for 2023/24 to 2027/28 including revisions as shown in **Appendix B**.

8.2 Full Council approves the Housing Revenue Account capital programme for 2023/24 to 2027/28 including revisions as shown in Appendix.

9. Reasons for Recommendations

9.1. The Council's constitution requires the Chief Finance Officer to prepare and present to Cabinet and Full Council the Council's capital programme for approval.

10. Conclusions/Next Steps

10.1 Full Council approves the Capital Programme as per the Councils constitution.

Areas of consideration comments

Section 151 Officer comments:

The Council programme as presented in the report maintains the principle of affordability over the Medium Term Financial Strategy, however, the scale of the capital programme as currently drafted is such that the Council would begin to approach its borrowing limits over the life of the proposed programme if other sources of finance were not available. The programme as presented does not pre-empt the realisation of capital receipts and only those receipts already received will be used as financing.

Monitoring Officer comments:

This report complies with Section 2 of the Budget and Policy Framework Procedure Rules in the Council's Constitution. The setting of the Budget (Capital Programme, Housing Revenue Account, General Fund and Council Tax) is a matter reserved to Full Council, having considered recommendations made by the Cabinet. Overview & Scrutiny Committee was given the opportunity to scrutinise the Budget, and make recommendations on the Budget to Cabinet, at its meeting on 18 January 2024

Equality, Diversity and Inclusion/EQIA:

There are no direct implications arising from this report.

Safeguarding:

There are no direct implications arising from this report.

Crime and Disorder:

There are no direct implications arising from this report.

Corporate Services implications:

(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)

There are no direct implications arising from this report.

Residents and Businesses consultation/consideration:

External consultation has been conducted on a range of individual projects and programmes within the overall Capital Programme, and a number of programmes such as the Lowestoft Flood Risk Management Project and the Lowestoft Town Investment Plan feature programme boards which include key external stakeholders as part of their governance arrangements. The Overview & Scrutiny Committee also considered the Capital programme as part of the budget process at its meeting on 18 January 2024.

Appendices:

Appendix A	General Fund Capital Programme 2023/24 to 2027/28 Summary
Appendix B	General Fund Capital Programme Revisions 2023/24 to 2027/28
Appendix C	General Fund Capital Programme 2023/24 to 2027/28 extract of budget increases greater than £0.50m and budget decreases greater than £0.50m.
Appendix D	General Fund Capital Programme 2023/24 to 2027/28 New Projects
Appendix E	General Fund Capital Programme 2023/24 to 2027/28 Extract of Externally Funded Projects
Appendix F	HRA Capital Programme 2023/24 to 2027/28 Summary
Appendix G	HRA Capital Programme 2023/24 to 2027/28

Background reference papers:

Date	Type	Available From