

Report of the Portfolio Holder for Resources and Personnel Policy**Capital Programme – Budget Variations 2024/25****1. Purpose of Report**

To approve a number of necessary budget revisions to the Capital Programme for 2024/25.

2. Recommendation

Cabinet is asked to RESOLVE that the capital budget variations for 2024/25, as set out in the appendix, be approved.

3. Detail

The latest Capital Programme for 2024/25 to 2026/27 was approved by Council on 6 March 2024 following recommendations by Cabinet on 6 February 2024. The total value of the original Capital Programme for 2024/25 was £38.2m (£34.1m excluding 'reserve items'). A number of new capital schemes and variations to the Capital Programme have since been approved by Cabinet.

A number of capital schemes require re-profiling of the budgets to more accurately reflect delivery expectations in the current financial year. In all cases the capital financing will not be adversely affected, with schemes either being funded by capital grants or through previously agreed prudential borrowing which will now be moved back into later periods to match spends.

These schemes include the Disabled Facilities Grants, Housing Capital Works, elements of the Housing Delivery Programme and Economic Regeneration Projects (including Kimberley Means Business and UK Shared Prosperity Fund). These are set out in the **Appendix** including the amendments identified in the current Capital Programme together with likely financing which will be confirmed at the end of the financial year.

Any further changes to the Capital Programme will be reported to Cabinet as necessary for approval.

4. Key Decision

This report a key decision as defined under Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 as it results in in the Council incurring revenue or capital expenditure or savings of £250,000 or more and is significant in terms of its effects on communities living or working in an area comprising two or more Wards or electoral divisions in the Council's area.

5. Updates from Scrutiny

Not applicable.

6. Financial Implications

The comments from the Head of Finance Services were as follows:

The financial implications are included in the report narrative and appendix.

7. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

There are no direct legal implications that arise from this report.

8. Human Resources Implications

Not applicable.

9. Union Comments

Not applicable.

10. Climate Change Implications

The Council's response to Climate Change is a key consideration as part of the budget setting process.

11. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

12. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

13. Background Papers

Nil.

Appendix

Capital Programme 2024/25 – Proposed Capital Budget Changes1. Disabled Facilities Grants and Warm Homes on Prescription

The approved Capital Programme for 2024/25 includes an £800,000 budget for Disabled Facilities Grants (DFG), including the Warm Homes on Prescription scheme (WHOP). This scheme provides grants to improve facilities for disabled people living in private sector dwellings. The budget is financed by Nottinghamshire County Council through the Better Care Fund (BCF). A further £624,600 (DFG) and £53,900 (WHOP) was approved for carry forward from unspent budgets in 2023/24.

The Council has since received confirmation of the DFG budget for 2024/25. An allocation from the BCF of £1,073,265 is expected (less £114,713 retained by NCC as the Council's contribution to the handyman scheme managed by the County on behalf of all Nottinghamshire districts). The finalised budget brought forward from 2023/24 is £685,925. This gives a total net budget of £1,644,500, with the proposed split of £1,544,500 for DFG and £100,000 for WHOP. The additional £166,000 will be recognised in the Capital Programme and be fully funded by capital grants (BCF).

DFG Schemes	Approved Budget 2024/25 £	Budget Brought Forward £	Total Budget 2024/25 £	Revised Budget 2024/25 £
Disabled Facilities Grants	800,000	624,600	1,424,600	1,544,500
Warm Homes on Prescription	-	53,900	53,900	100,000

2. Housing Capital Works

The approved Capital Programme for 2024/25 includes a budget of £316,600 for window and door replacement. This budget is currently forecast to be overspent by at least £16,000 based on works already commissioned. In addition, it is anticipated that emergency works to doors will be required, for example when the emergency services are required to make a forced entry into a property, which will further increase this overspend.

Conversely, the budget for heating replacement and energy efficiency works at £2,536,700 is forecast to be significantly underspent based upon current activity with an indicative total spend of around £1.5m in 2024/25.

Accordingly, it is proposed to transfer £200,000 between these budgets to fund the anticipated overspend on Window and Door Replacement. These schemes are funded by a mixture of contributions from the Major Repairs Reserve and prudential borrowing.

Housing Capital Works Schemes	Approved Budget 2024/25 £	Budget Brought Forward £	Total Budget 2024/25 £	Revised Budget 2024/25 £
Heating Replacement and Energy Efficiency Works	1,940,000	596,700	2,536,700	2,336,700
Window and Door Replacement	300,000	18,600	318,600	518,600

3. Housing Delivery Programme

The nature of the housing delivery programme means that the delivery of some new build schemes can slip, often beyond the control of the Council and its contracted partners.

Where the scheme budgets are unlikely to be fully utilised in 2024/25, it is proposed that a proportion of the budgets is rolled forward into future years to reflect updated delivery profiles for the schemes. The profiling of these budgets in future years will be considered as part of the budget setting process for 2025/26, although at this stage the overall cost of the individual schemes remains the same as approved.

The following variations will be made to the 2024/25 capital budget for the new build schemes below:

- Chilwell and Watnall former garage sites – Total budget £3.95m; completion anticipated for July 2025; roll forward £500k into 2025/26.
- Felton Close, Selside Court and Gayrigg Court – Total budget £3.2m; now on-site and expected to be completed by July 2025; roll forward £1.0m into 2025/26.
- Chilton Drive and Spring Close – Total budget £1.4m; price to be confirmed with developer, although anticipated to be in line with budget; start on-site in January 2025; roll forward £700k into 2025/26.
- Land at Bramcote Crematorium – Total budget £9.37m; contracts due to be exchanged in October; payment structure agreed starting in Q4; only require up to £1.0m in 2024/25, so roll forward £3.7m into 2025/26.

These schemes are being financed from a mixture of housing capital receipts, Section 106 contributions, capital grants and prudential borrowing.

Finally, the capital budget for 'New Build Housing Feasibility Costs' has risen as a result of accumulated budgets underspends being brought forward from earlier years. This has seen the budget increase from £300,000 to almost £919,000 in 2024/25. It is proposed to reduce this back to the original budget.

Housing Delivery Programme Schemes	Approved Budget 2024/25 £	Budget Brought Forward £	Total Budget 2024/25 £	Revised Budget 2024/25 £
New Build – Chilwell and Watnall Garage Sites	2,790,000	1,158,500	3,948,500	3,448,500
New Build - Felton Close Selside Court, Gayrigg Court	1,000,000	2,200,000	3,200,000	2,200,000
New Build - Chilton Drive and Spring Close	800,000	600,000	1,400,000	700,000
New Build - Land at Bramcote Crematorium	2,500,000	2,272,700	4,772,700	1,072,700
New Build - Housing Feasibility Costs	300,000	613,800	913,800	300,000

4. Economic Regeneration – Kimberley Means Business

A total budget of £16.5m for Kimberley Means Business has been included in the Capital Programme, originally spread across the 2023/24 and 2024/25 financial years, to be fully funded by capital grants (LUF). The current year budget of £15.614m includes a carry forward of £3.748m of the underspent budget from the previous year.

The government has released £5.269m in grant funding for the project to date. MHCLG recently announced that the next round of central monitoring reports would be delayed until after the Chancellor of the Exchequer's autumn budget in late October. This means that the next release of grant from the government will also be delayed until February or March 2025.

As such, there is an opportunity to re-profile the budget to recognise that not all of the project will be delivered in this financial year. Following discussion with the Economic Regeneration team, it is considered prudent to deliver the project within the limits of the grants received to date. In order to mitigate any budget risks on the upside, it is also proposed to include half of the anticipated spend in the first quarter of 2025/26 as a 'contingency' in the current financial year, particularly if there is positive news from the autumn budget.

It is therefore proposed to roll forward £8.3m of the current Kimberley Means Business budget into the 2025/26 Capital Programme. The updated 2024/25 capital programme will be as follows:

Kimberley Means Business Schemes	Approved Budget 2024/25 £	Budget Brought Forward £	Total Budget 2024/25 £	Revised Budget 2024/25 £
Overall Total	11,866,000	3,748,100	15,614,100	7,314,100

For information, the total scheme budget of £16.539m has been allocated to the various schemes relating to the Bennerley Viaduct Project (£1.984m); Cycle Routes (£3.330m); Industrial Units (£5.534m); New Sports Facility (£749k); Business Grants (£695k); Kimberley Illuminations (£469k); Kimberley Hub (£3.577m) and Programme Management (RDEL) (£201k).

5. Economic Regeneration – UK Shared Prosperity Fund

The Council will receive an overall allocation of £2.605m in revenue, capital and capacity funding from the UK Shared Prosperity Fund (UKSPF) for the three financial years 2022/23 to 2024/25. The final year funding of £1,643,526 has been received for 2024/25. This funding includes a 4% maximum allocation for administrative purposes (circa £65,750) with a 20% minimum spend as capital.

Given the timing of the confirmation of the grant award, only £200,000 of the total UKSPF budget for 2024/25 was recognised in the Capital Programme, with the balance of £1,443m being included in the revenue budget.

There is now an opportunity to amend the budgets in order to recognise the progress that has been made with these schemes. The revised budgets are shown in the table below following discussions with the Economic Regeneration team. The combined capital and revenue budget in 2023/24 remains at £1,643,526 (excluding underspent budgets brought forward from earlier years) being fully funded by UKSPF grants. The planned spends are fully grant funded so the net impact on the Council's budget is nil.

The revised capital budget of £997,000 has been allocated across various schemes within 'Community and Places' (£517k), 'People and Skills' (£12k) and 'Business Support' (£468k).

UKSPF Schemes	Approved Budget 2024/25 £	Budget Brought Forward £	Total Budget 2024/25 £	Revised Budget 2024/25 £
UK Shared Prosperity Fund (Capital CDEL)	200,000	55,700	255,700	997,000