

Report of the Portfolio Holder for Resources and Personnel Policy**Capital Programme 2025/26 – Capital Budget Variations****1. Purpose of Report**

To approve a series of budget revisions to the Capital Programme for 2025/26, in accordance with all the Council's priorities.

2. Recommendation

Cabinet is asked to RESOLVE that the capital budget variations for 2025/26 as set out be approved.

3. Detail

The Capital Programme for 2025/26 to 2027/28 was approved by Council on 5 March 2025 following recommended by Cabinet on 4 February 2025. The total value of the original Capital Programme for 2025/26 was £34.966m (£32.484m excluding 'reserve items').

Several capital schemes require amendments to the budgets to more accurately reflect 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 be adjusted accordingly to match spends.

These schemes include Capital Works for the Housing Revenue Account (HRA) and the ICT Delivery Programme. These are set out in the **Appendix** which includes the proposed amendments to the current Capital Programme together with likely financing that 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 is not considered a key decision as defined under Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

5. Updates from Scrutiny

Not applicable.

6. Financial Implications

The comments from the Assistant Director Finance Services were as follows:

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

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

There were no comments from the Human Resources Manager.

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 2025/26 – Proposed Capital Budget Changes**1. Social Housing Decarbonisation**

The Capital Programme 2025/26 includes a £2.0m budget for Social Housing Decarbonisation. This scheme is in response to non-binding Government targets for social housing to achieve an Energy Efficiency Certificate (EPC) 'C rating' by 2030 (which is expected to become law).

Works are required to around 1,500 houses over the coming years to achieve these targets. Measures to be installed include cavity/external wall insulation and roof/loft insulation, alongside low carbon technologies such as solar PV and air source and ground source heat pumps. There are presently 577 Council owned dwellings that do not have a valid EPC (mainly due to access issues). These properties represent a managed risk, as there is only limited data available to support if the units meet the rating target or if they require remedial action. Officers are working to secure access to complete the EPC programme in 2025/26.

The initial capital budget was for £6.0m over three years, made up equally from external grant funding and internally from the HRA Major Repairs Reserve. It has since been announced that the "WH:SHF Wave 3" funding allocations have been scaled back, with the confirmed amount being lower than anticipated at £1.6m over the term. Although the external funding has been reduced, there is a commitment for the HRA contribution to remain as planned.

The total budget over three years should therefore be updated to £4.6m. The budget for 2025/26 will be revised to £1.530m to be funded from capital grants (£530k) and the HRA Major Repairs Reserve (£1.0m).

Capital Works – Housing Schemes	Approved Budget 2025/26 £	Revised Budget 2025/26 £
Social Housing Decarbonisation	2,000,000	1,530,000

2. Housing Capital Works

The Council is committed to the timely delivery of improvements to its social housing stock. Capital investment is key to achieving this and the approved budget for 2025/26 includes over £11.8m of HRA capital works schemes.

To enable the effective planning and delivery of annual housing investment programmes, the Council has moved towards a position that dictates all investment must be made through data-led decisions and be based on standard lifecycle criteria.

The capital works programme should be identified by examining stock condition data and understanding the serviceable life of key components. In 2024/25, the Council committed to updating stock condition data through the completion of individual surveys to each of its 4,300 HRA owned dwellings. This work continues to progress and was required due to historical data held within systems being considered inaccurate. To that end, the Council shall be undertaking stock condition surveys on around 20% of its stock annually to ensure that datasets are refreshed every five years.

Stock condition surveys are being undertaken across all asset types including communal blocks and shared areas for residential assets. The Council also commissioned the completion of an EPC where required. The number of surveys completed during the initial contract period was 2,000, with a further 2,300 commissioned for 2025/26.

The existing Capital Programme is based on a hybrid dataset of actual and extrapolated data. The updated stock conditions surveys will ensure that the budget provision is as accurate as possible, meeting service needs, and be based upon actual delivery targets.

The data collected will be used to formulate capital budget setting for future years and to inform the HRA Business Plan and ongoing affordability. The completion of EPC information alongside the stock condition surveys will enable the Council to compile an evidence-based bid to the SHDF (Social Housing Decarbonisation Fund), which has previously brought in additional match funding to further address the energy efficiency requirements of the stock. This not only supported the Council in its climate change commitments, it also helps to reduce fuel poverty to some of the most vulnerable households.

In addition, annual capital budgets will often vary, particularly with the likes of electrical improvement works (rewires) and window/door replacements. This can be due to factors such as changing compliance requirements, unforeseen maintenance needs and better stock condition data. As a result of enhanced base data, it has been demonstrated that:

- The Council has been proactive in investing in electrical installations within its portfolio and this is now being reflected in strong electrical compliance performance.
- Some electrical upgrades and window/door replacements activity have previously been completed within other work streams (voids and repairs) rather than as part of a planned programme.
- In delivering a proactive capital programme for electrical upgrades, and alongside the fact that the Council has largely addressed the investment

in this component, the legacy value of the base budget is no longer relevant or accurate.

These variations highlight the dynamic nature of capital budgeting and the need to adjust plans based on evolving needs, especially in the immediate transition to a more data led approach to stock investment.

Accordingly, following a detailed line-by-line review, it is proposed to reduce the Capital Programme by £1.997m (being the net difference between the approved budget and the revised budget in the table below). This will be better aligned to meet need and service delivery. It will also increase the financial capacity of the HRA Major Repairs Reserve and thereby reduce the call on prudential borrowing. Revising the baseline budget to more accurately reflect the outcomes of the stock condition surveys will generate savings on prudential borrowing that could potentially be reassigned to housing delivery opportunities.

Capital Works – HRA Schemes (Changes)	Approved Budget 2025/26 £	Revised Budget 2025/26 £
Housing Modernisations	2,422,000	1,525,000
Heating Replacements and Energy Efficiency Works	1,495,000	650,000
Electrical Periodic Improvement Works	200,000	10,000
Aids and Adaptations - Disabled Persons Works	385,000	425,000
Window and Door Replacement	600,000	400,000
Major Relets	140,000	150,000
Asbestos Surveys and Remedial Works	450,000	500,000
Garage Refurbishment and Replacement	250,000	275,000
Damp Proofing Works	100,000	110,000

3. ICT Development Programme

At the time of budget setting in Autumn 2024, the Council was in negotiations with suppliers on several ICT systems contracts. These included systems relating to Revenues and Benefits; Financial Management (general ledger, budget management, purchasing, creditors and debtors); Committee Management and Property Management.

There were no significant changes in terms for the Committee Management system (contract renewed). The Property Management system had already been included in a report to Cabinet in July 2024 and the negotiations resulted in the overall cost of the solution being reduced.

The contracts for the Revenues and Benefits system and the Financial Management suite expired on 31 March 2025, so it was necessary to renew or replace the current solutions. Negotiations resulted in new contracts for both systems with the existing supplier, purchased via a framework for a period of five years.

Whilst the new contracts will increase costs, considerations that informed the decision to remain with the current supplier included the cost of change including training, data transfer and the cost of integrations (e.g. BACS etc). In addition, the Revenues and Benefits solution included functionality with online billing which, if fully implemented, will reduce postage costs to the extent necessary to mitigate the increase contract costs.

The one-off capital costs of £136,750 will be funded from prudential borrowing. The additional revenue costs will be absorbed within existing budgets for 2025/26 and then, going forward, built into base budgets to be met from General Fund Reserves.

ICT Development Programme – Capital	Approved Budget 2025/26 £	Revised Budget 2025/26 £
ICT - Revenues and Benefits System	-	46,600
ICT - Financial Management Suite	-	90,150

4. Capital Grants to Voluntary Organisations – Mayors Charity/The Helpful Bureau

The Council receives an annual donation from Efficiency East Midlands (EEM). As a not-for-profit organisation, EEM chooses to distribute operating surpluses to its membership in the form of community donations. The donations are split proportionally between members based upon spends through EEM procurement frameworks. The donation must be spent on projects that benefit a community and is not something that the Council's budgets should cover as standard.

In 2023/24, the General Management Team (GMT) agreed to allocate the annual EEM donation of around £15,000, as a revenue contribution to the Mayor's Charity in support of the Broxtowe Community Fund. In 2024/25, GMT agreed that the latest EEM donation of around £11,000 should be allocated as a revenue contribution towards the cost of a mental health conference, to be organised through the Community Safety team.

The Mayor of Broxtowe 2024/25 is raising funds for The Helpful Bureau in Stapleford towards the purchase of a new minibus for community use. It has been requested if the Mayor's Charity could receive a contribution from earlier unused EEM donations, totalling £7,800, that were treated as capital grants. This request would meet with the objectives of the EEM donation and be an ideal use for these unallocated capital resources.

Accordingly, it is proposed to transfer the unused EEM capital grants to the Mayor's Charity Account and recognise this in the Capital Programme under 'Capital Grants to Voluntary Organisations'. This proposal has the support of the Chief Executive and the Deputy Chief Executive and Section 151 Officer.

Miscellaneous	Approved Budget 2025/26 £	Revised Budget 2025/26 £
Capital Grants to Voluntary Organisations	-	7,800