

REPORT TO: Executive Board

DATE: 11 July 2024

REPORTING OFFICER: Finance Director

PORTFOLIO: Corporate Resources

SUBJECT: 2024/25 to 2026/27 Capital Programme

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 Council approved the capital programme for 2024/25 on 6 March 2024. Since then new capital grant allocations have been received and slippage to capital projects for 2023/24 has been rolled forward to 2024/25. The purpose of this report is to bring all the separate elements together and report on the Council's total planned capital programme expenditure and associated funding over the next three years.

2.0 RECOMMENDED: That Council be recommended to approve the updated capital programme for 2024-27, including forecast spend and funding, as set out in Table 1 and Table 2;

3.0 SUPPORTING INFORMATION

3.1 The 2024/27 Capital Strategy Statement was approved by Council on 6 March 2024. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It summarised the expected capital spend over the medium term and the sources of funding available.

3.2 At the time of writing the Capital Strategy Statement estimates of capital allocations at that time were known to be subject to variations. This report updates the latest position, which includes confirmed and indicative capital grant allocations for 2024/25 and future years.

3.3 The capital programme is subject to regular review and monitoring reports are presented on a quarterly basis. Information is presented to show the actual spend incurred to date and how this compares to the capital allocation for the year. A forecast is provided to indicate if the capital programme will be utilised in full during the year or if there is any expected slippage to capital schemes.

Planned Capital Programme Expenditure

3.4 Table 1 below presents the planned Capital Programme for 2024/25 onwards based on current information for approved schemes, funding available and slippage of scheme expenditure from 2023/24. The capital programme is subject to continuous change as new resources and projects are identified, and will be updated throughout the year as revisions are approved by Council.

Table 1 - Planned Capital Programme Expenditure 2024/25 to 2026/27

	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Childrens Directorate				
Schools Capital Repairs	749.0	-	-	749.0
Basic Need Projects	600.8	-	-	600.8
SEND Capital Allocation	3,355.2	-	-	3,355.2
SCA Unallocated	255.6	-	-	255.6
Childcare Expansion	314.8	-	-	314.8
Family Hubs & Start for Life	53.2	-	-	53.2
Childrens Directorate Total	5,328.6	-	-	5,328.6
Adults Directorate				
Halton Carers Centre	199.0	-	-	199.0
Disabled Facilities Grant	600.0	600.0	600.0	1,800.0
Stairlifts	270.0	270.0	270.0	810.0
Joint Funding RSL Adaptations	270.0	270.0	270.0	810.0
St Patricks Care Home	1,200.0	-	-	1,200.0
Adults Directorate Total	2,539.0	1,140.0	1,140.0	4,819.0
Environment & Regeneration Directorate				
Stadium Minor Works	30.0	30.0	30.0	90.0
Open Spaces Schemes	600.0	600.0	600.0	1,800.0
Upton Improvements	13.0	-	-	13.0
Halton Leisure Centre	8,997.0	-	-	8,997.0
Children's Playground Equipment	67.8	65.0	65.0	197.8
Landfill Tax Credit Schemes	340.0	340.0	340.0	1,020.0
Crow Wood Park Play Area	12.0	-	-	12.0
Runcorn Town Park	468.6	280.0	280.0	1,028.6
Spike Island / Wigg Island	1,933.5	-	-	1,933.5
Pickerings Pasture Cafe	503.0	-	-	503.0
Litter Bins	20.0	20.0	20.0	60.0
3MG	134.5	-	-	134.5
Murdishaw Redevelopment	21.2	-	-	21.2
Equality Act Improvement Works	293.2	300.0	300.0	893.2
Foundary Lane Residential Area	1,160.0	-	-	1,160.0
Runcorn Town Centre Mgmt	76.6	-	-	76.6

	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Runcorn Station Enterprise Hub	11.4	-	-	11.4
Property Improvements	185.2	200.0	200.0	585.2
Unlock Runcorn	2,882.0	250.0	-	3,132.0
Brindley Development	2,825.8	1,497.6	-	4,323.4
Runcorn Town Centre – Creative & Digital	2,563.7	442.7	-	3,006.4
Town Centre New Homes	63.1	-	-	63.1
Health & Education Hub	22.2	-	-	22.2
High St Connectivity	1,175.1	1,462.5	-	2,637.6
Runcorn Station Quarter	484.7	-	-	484.7
UK Shared Prosperity Fund	51.9	-	-	51.9
Runcorn Waterfront Development	268.7	-	-	268.7
Changing Places	24.1	-	-	24.1
Sci-Tech Daresbury Project Violet	2,200.0	-	-	2,200.0
CRSTS funded Schemes	5,288.6	-	-	5,288.6
CRSTS SJB Lighting	530.8	-	-	530.8
Street Lighting - Structural Maintenance	1,025.6	200.0	200.0	1,425.6
Street Lighting - Upgrades	969.4	-	-	969.4
East Runcorn Connectivity	5,851.7	5,851.7	5851.7	17,555.0
Risk Management	597.8	120.0	120.0	837.8
Fleet Replacements	4,927.4	1,423.3	-	6,350.7
Mersey Gateway Land Acquisition	212.4	-	-	212.4
Environment & Regeneration Directorate Total	46,831.9	13,082.8	8,006.7	67,921.4
Chief Executives Directorate				
IT Rolling Programme	1,026.9	700.0	700.0	2,426.9
Halton Smart Micro Grid	11,000.0	-	-	11,000.0
Transformation Programme	3,740.0	1,000.0	-	4,740.0
Chief Executives Directorate Total	15,766.9	1,700.0	700.0	18,166.9
Total Capital Programme	70,466.4	15,922.8	9,846.7	96,235.9

3.5 The Council receives one principal source of funding from Government, City Region Sustainable Transport Settlement (CRSTS). This is received from Liverpool City Region Combined Authority (LCRCA), as the co-ordinating body. This replaces the previous two principal sources of formula based capital funding from Government to improve local transport conditions, namely Integrated Transport Block (ITB) used to fund small

transport improvements and Highways Maintenance Block (HM) used to maintain the highway, associated structures and covering works such as resurfacing, bridge maintenance and street lighting.

Funding the Programme

- 3.6 Table 2 below summarises how the capital programme will be funded.

Table 2 Capital Programme Funding 2024/25 to 2026/27

	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Specific & General Grants	31,608.4	10,644.5	6,991.7	49,244.6
External Contributions	3,342.3	1,186.0	1,186.0	5,714.3
Borrowing	30,975.8	2,692.3	1,669.0	35,337.1
Revenue Contributions	-	-	-	-
Capital Receipts	4,540.0	1,400.0	-	5,940.0
Total Funding	70,466.4	15,922.9	9,846.7	96,236.0

- 3.7 The Council will continue to seek and secure further additional external resources to reduce on-going revenue implications and enhance the capital programme. For example, through Section 106 agreements.
- 3.8 Borrowings undertaken to support the capital programme are undertaken in line with the Prudential Code and Council's Treasury Management Strategy. This ensures that external borrowings are affordable and within prudent and sustainable levels. Borrowings to fund the capital programme over the three years will be repayable in future years from either Government grant, forecast capital receipts or funded from future revenue streams.
- 3.9 Prudential borrowing remains an option to fund future capital schemes, but the financing costs as a result of the borrowing will need to be found from savings within the revenue budget.

Capital Receipts

- 3.10 Available capital receipts are used to fund the capital programme. Sales from the disposal of surplus land and buildings may only be used to fund capital expenditure. These funds cannot be used to fund revenue expenditure, with the exception of up to 4% of the proceeds of the sale of capital assets being allowable to fund the revenue cost of disposing of an asset.
- 3.11 Estimates of capital receipts over the medium term are based on forecast land and building sales.

- 3.12 Table 3 below shows the expected balance of capital receipts over the next three years. The Council attempts to maintain a minimum value of £3m of retained receipts towards funding the capital programme.

Table 3 Capital Receipts

	2024/25 £'000	2025/26 £'000	2026/27 £'000
Balance B/F	4,980.6	3,440.6	5,040.6
In-Year Anticipated Receipts	3,000.00	2,000.0	1,000.0
Receipts Utilised	-4,540.0	-1,400	-
Balance C/F	3,440.6	4,040.6	5,040.6

4.0 POLICY IMPLICATIONS

- 4.1 None

5.0 FINANCIAL IMPLICATIONS

- 5.1 The financial implications are as set out within the report.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

6.2 Employment, Learning & Skills in Halton

6.3 A Healthy Halton

6.4 A Safer Halton

6.5 Halton's Urban Renewal

There are no direct implications, however, the capital programme support the delivery and achievement of all the Council's priorities

7.0 RISK ANALYSIS

- 7.1 There is a risk that slippage to the capital programme, could result in increases to the cost of delivering schemes. Additional revenue costs could be incurred if the schemes are not delivered in time.
- 7.2 Many grants which fund capital expenditure come with conditions to how funding can be used and outcome targets for when the asset is brought into use. Deviation against these conditions may result in requests for clawback to the funding from approving bodies.

- 7.3 The capital programme is heavily funded from prudential borrowing; of total capital expenditure, £35m or 40% will come from future and existing borrowings. Risks exist in schemes funded from prudential borrowing. It is important to recognise on undertaking borrowing that a clear plan exists which identifies how the principal and interest will be re-paid on the borrowing end date.
- 7.4 There is a cashflow risk to capital schemes funded from future capital receipts, the cost to the Council of the short to medium term cashflow impact needs to be recognised at the start of each scheme.
- 7.5 Regular monitoring and reporting of spending against the capital programme will seek to mitigate the above risks.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 There are no equality and diversity issues.

9.0 CLIMATE CHANGE IMPLICATIONS

- 9.1 Schemes within the capital programme will have climate change implications, these will be reported and presented at the time the specific scheme is approved by Council.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 9.1 None under the meaning of the Act.