

Title of Report	CAPITAL UPDATE	
Presented by	Paul Stone Director of Resources	
Background Papers	Social Housing Decarbonisation Fund Grant Acceptance – Cabinet 23 April 2024	Public Report: Yes
Financial Implications	The report is to ensure the Council is following good financial governance in line with its Financial Procedure Rules and capital governance arrangements. The financial implications are set out in the report.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	There are no direct legal implications arising from this report.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no direct staffing or corporate arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To consider for approval additions to the Council’s Housing Revenue Account Capital Programme in line with the Constitution.	
Recommendations	<p>THAT COUNCIL APPROVES:</p> <ol style="list-style-type: none"> 1. THE SUPPLEMENTARY ESTIMATE OF £267K IN PARAGRAPH 3.2 BELOW IN ACCORDANCE WITH THE COUNCIL’S CONSTITUTION TO ENSURE THAT THERE ARE SUFFICIENT RESOURCES TO DELIVER THE PLANNED ENERGY EFFICIENCY IMPROVEMENTS TO THE COUNCIL’S HOUSING STOCK. 2. THE UPDATED HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME AS DETAILED IN APPENDIX 1. 	

1.0 BACKGROUND

- 1.1 On an annual basis the Council approves its Budget and Capital Programme in February ahead of the subsequent financial year. The Budget is based on the best available intelligence at that point in time.
- 1.2 However, the external environment within which the Council operates is constantly evolving and during the financial year there can be changes to funding, for example the Council

being successful in a grant bid for additional Government funding or by securing extra resources through partnership working.

- 1.3 These changes in funding and therefore spending are required to be managed in line with the Council's Financial Procedure Rules which form part of the Constitution, which came into effect on 9 May 2023. The delegation levels were updated to provide greater clarity regarding the inclusion of additional resources secured during a financial year that were not included when the Council sets its annual budget in February.
- 1.4 This report provides an update on additional funds secured (see section 2 below) during the financial year since the budget was set by full Council on 22 February 2024 and requests specific approval of the additional £267k funding i.e. the difference between the £2.8m grant awarded and the £2.5m approved as part of the HRA Capital Programme in February 2024. This is in line with the requirements of the Financial Procedure Rules.

2.0 SOCIAL HOUSING DECARBONISATION FUND GRANT

- 2.1 The Council has been awarded a grant of £2.8m from the Social Housing Decarbonisation Fund (SHDF). The grant offers up to 50% match funding to improve its Energy Performance Certificate (EPC) ratings of the Council's Council homes by a fabric first approach. A report was considered by Cabinet on the 23 April 2024, where Cabinet approved the acceptance of the grant. The funding is a single year allocation and must be spent by 31 March 2025, although the programme runs for two years enabling the Council's match funding to run up to 31 March 2026.
- 2.2 The approved 2024/25 Housing Revenue Account (HRA) Capital Programme has approval of up to £2.5m of funding identified for carbon zero works to the Council's housing stock as approved by Council on 22 February 2024. The SHDF grant will be used as a substitution basis, replacing planned HRA spend where it can, to enable this to be spent in future years. This has the effect of extending the carbon zero element of the HRA programme.
- 2.3 The grant conditions are that whilst the grant funding must be match funded by the Council over two years, the full £2.8m grant must be spent within the current financial year. To comply with the match funding grant conditions will require a budget increase of £267k for each year of the financial years 2024/25 and 2025/26 but will reduce the contribution from Council resources by £2.2m over the period.

3.0 SUPPLEMENTARY ESTIMATES

- 3.1 A supplementary estimate is an addition to the Council's approved budget. In line with the Council's Financial Procedure Rules, a supplementary estimate of £250,000 or more requires Council approval to include it in its Budget.
- 3.2 As outlined in paragraph 2.3 above, a supplementary estimate, as set out in the table below, is required for approval by Council.

Table 1: Supplementary Estimate for Approval

	2024/25 £	2025/26 £
Social Housing Decarbonisation Fund Grant	267,287.35	267,287.35

4.0 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

- 4.1 The Council agreed its Capital Programme as part of the annual Budget in February 2024. The latest version of the Capital Programme is shown at Appendix 1. It incorporates the following changes since the Programme was approved in February 2024:
- Movements between the Development Pool and the Active Programme as schemes have progressed through their project lifecycle. These schemes were all within their budget envelope approved by Council in February 2024.
 - The supplementary estimate as detailed in section 3.

Policies and other considerations, as appropriate	
Council Priorities:	<ul style="list-style-type: none"> - Communities and housing - Clean, green and Zero Carbon
Policy Considerations:	None
Safeguarding:	N/A
Equalities/Diversity:	N/A
Customer Impact:	Works of the type covered by this funding can be disruptive for tenants. The Housing Service will work with its engagement teams to seek to both communicate clearly on planned works and the longer-term benefits of the works being completed for the tenants.
Economic and Social Impact:	N/A
Environment, Climate Change and zero carbon:	The programme of works will improve the EPC rating and therefore efficiency of Council homes where works are undertaken. This will assist in both warming homes and reducing running costs, as well as contributing to the Council's 2050 carbon targets.
Consultation/Community Engagement:	See Customer Impact.
Risks:	<p>There are Risks to any project – the main ones impacting on these works are:</p> <ul style="list-style-type: none"> - Inability to deliver on the basis of supplier, contractor or other resource constraints. - Tenant resistance to works being undertaken - Non-compliance with grant conditions. <p>A full risk assessment is in place as part of the grant process.</p>
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