

COUNCIL, TUESDAY 7 MAY 2024

ITEM 18 – CAPITAL UPDATE

AMENDMENT TO THE CAPITAL UPDATE REPORT SUBMITTED BY COUNCILLOR D BIGBY

I move the amendments to the recommendation to Item 18 Capital Update with amended areas highlighted in red.

AGENDA ITEM 18: CAPITAL UPDATE

Recommendations	THAT COUNCIL APPROVES:
	<ol style="list-style-type: none"><li data-bbox="596 674 1366 1093">1. THE SUPPLEMENTARY ESTIMATE OF £267K IN PARAGRAPH 3.2 BELOW BUT WITH THE 2024/25 ZERO CARBON BUDGET INCREASED BY £1.6M (RATHER THAN £267,287.35) IN ACCORDANCE WITH THE COUNCIL'S CONSTITUTION TO ENSURE THAT THERE ARE SUFFICIENT RESOURCES TO DELIVER THE ADDITIONAL PLANNED ENERGY EFFICIENCY IMPROVEMENTS TO THE COUNCIL'S HOUSING STOCK ENABLED BY THE SOCIAL HOUSING DECARBONISATION FUND WAVE 2.2 GRANT.<li data-bbox="596 1144 1353 1249">2. THE UPDATED HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME AS DETAILED IN REVISED APPENDIX 1.

COMMENTS FROM OFFICERS REGARDING THE AMENDMENT

Director with Responsibility for Housing Comments:

Planning for the Carbon Zero programme as part of the HRA capital programme starts months in advance of budget agreement. There is considerable process involved from stock assessments, works and contractor planning, materials provision and tenant acceptance to name but some. None of this work has been commenced for an extended Carbon Zero programme as set out in the motion.

This pre planning work is likely to take approaching 6 months to complete should the increased budget provision be made over and above that set out in the original motion. The delivery of such as a programme would also include significant resource expansion within the council which again is likely to take months to put in place before this pre-planning can commence.

Considerable replanning of the exiting programme is already taking place to take account of the specific requirements from the SHDF grant, and the planned focus is to deliver as much as possible first against the SHDF grant programme so as to

maximise the use of the government grant before tenant funded works. These funds would then be used to fund works programmes in future years (it would not be lost).

A near doubling of the programme at this late stage in the programming of work is likely to result in a significant underspend, as the budget allocation would have been made without taking into account the above issues.

Section 151 Comments:

The Council's S151 Officer has conducted a review of the proposed amendment to the capital programme, ensuring that the financial implications are clear and manageable within the existing budgetary framework. The assessment indicates that the additional allocation required by the proposal, which exceeds the amount initially approved by Council, can be accommodated without necessitating further borrowing.

This is due to the receipt of grant funding amounting to £2.8 million, which allows the extra £1.3 million to be covered by the funds earmarked in the capital programme that was approved by Council on 22 February 2024. Consequently, the amendment represents a reprofiling of the capital programme rather than an increase in the overall expenditure, maintaining fiscal responsibility while addressing the needs that prompted the proposal.

Robust financial management is at the heart of the Council's ability to achieve its objectives and deliver high quality services to its local community, residents and tenants. The Chartered Institute of Public Finance and Accountancy (CIPFA) definition is 'Public financial management (PFM) is the system by which financial resources are planned, directed, and controlled to enable and influence the efficient and effective delivery of public service goals'. The common objectives of good financial management include:

- giving a reliable account of the money they spend and the income they receive
- ensuring the organisation's conduct demonstrates probity, sound financial administration, accountability of public resources and compliance with regulatory standards
- ensuring value for money: economy, efficiency, effectiveness and equity in how funds are used
- identifying, evaluating and managing risk
- supporting good decision-making and assisting managers and governing structures to assess the financial consequences of policy choices
- analysing costs and trends and using comparisons to drive out further efficiencies, linking costs with activity to lever performance improvements
- enabling the organisation to plan for the future and to align its resource allocation with its business objectives
- collaborating in change programmes, so that the organisation can move forward without compromising core financial management values.

Considering the comments of the Director, to ensure the Council follows good financial management, it would be better to reflect the forecasted expenditure more accurately in the financial year it will be spent.