



Cabinet

Title	Chief Finance Officer Report – Capital Programme Approvals, Deletions and Transfers
Date of meeting	16 th April 2024
Report of	Leader of the Council and Cabinet Member for Resources & Effective Council – Councillor Barry Rawlings
Wards	All
Status	Public
Key	Key
Urgent	No
Appendices	Appendix A Updated Capital Programme
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Summary

This report contains a summary of the council's capital programme and additions, deletions and funding transfers requesting approval.

The reports also includes a more detailed breakdown of the capital programme in appendix A.

Recommendations

That cabinet approves:

- 1. The changes to the existing Capital Programme in relation to additions, deletions and funding transfers as set out in section 2 in accordance with the virement rules and appendix A.**

1 Capital Programme

Capital Programme 2023-2028

1.1 The council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). Capital projects are considered within the council's overall medium to long term priorities, and the preparation of the capital programme is an integral part of the financial planning process. This includes taking account of the revenue implications of the projects in the revenue budget setting process.

1.2 The summary of the revised capital programme for Cabinet approval broken down by Portfolio is as follows:

Summary of Proposed Capital Programme after changes

Portfolio	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	£000	£000	£000	£000	£000	£000	£000
Adults and Social Care	5,760	4,882	3,885	3,885	3,885	1,000	23,295
Homes and Regeneration (Brent Cross)	47,419	89,379	43,202	6,500	0	0	186,500
Family Friendly Barnet	10,914	17,052	5,431	5,821	0	0	39,218
Culture, Leisure, Arts and Sports	1,837	508	0	0	0	0	2,345
Environment and Climate Change	39,934	52,751	29,382	20,145	20,237	19,400	181,849
Homes and Regeneration	88,879	91,513	50,498	49,987	1,837	8,617	291,332
Resources and Effective Council	16,380	9,293	816	310	0	0	26,799
Total - General Fund	211,123	265,376	133,215	86,648	25,958	29,017	751,337
Housing Revenue Account	172,026	115,700	75,229	65,333	53,020	9,798	491,108
Total - All Services	383,149	381,077	208,444	151,981	78,979	38,815	1,242,445

1.3 A more detailed breakdown of the capital programme is shown in Appendix A to this report.

Capital program changes since February 2024 Cabinet

Budget Movement Type	2023-24 Budget	2024-25 Budget	2025-26 Budget	2026-27 Budget	2027-28 Budget	2028-29 Budget	Total Budget
	£000	£000	£000	£000	£000	£000	£000
Reported Capital Budget - February 2024	381,457	377,446	208,444	151,980	78,979	38,815	1,237,122
Additions	1,699	3,630	0	0	0	0	5,329
Deletions	(6)	0	0	0	0	0	(6)
March 2024 Revised Programme	383,150	381,076	208,444	151,980	78,979	38,815	1,242,445

Additions

- Highways Improvement (£0.111m) addition for various major highways improvements throughout the Borough
- Pan-London Secure Children's home (£2.127m) grant addition for Pan-London Secure Children's Home and Community project for which the London Borough of Barnet is the lead borough for. This results in a total grant addition to date of £3.610m
- Local Implementation Plan 2016/17 and onwards (£3.091m) grant addition for improvements to the transport network in line with the Mayor's Transport Strategy

Funding Swap (from borrowing to grant)

- Highways Asset Management (Network Recovery Plan) £0.112m funding swap, net nil to the programme.

Deletions

- Greenspaces development project - £0.006m deletion

1.4 The funding for the capital programme is set out below:

Financing of the Proposed Capital Programme

Portfolio	Grants	S106	Capital Receipts	RCCO/MRA	CIL	Borrowing (MEEF)	Borrowing (PWLB)	Total
Adults and Social Care	15,681	0	0	0	7,471	0	143	23,295
Homes and Regeneration (Brent Cross)	59,476	0	17,517	1,011	0	0	108,496	186,500
Family Friendly Barnet	34,644	1,644	116	0	268	0	2,546	39,218
Culture, Leisure, Arts and Sports	387	118	38	0	1,745	0	57	2,345
Environment and Climate Change	19,580	7,636	382	0	116,157	0	38,094	181,849
Homes and Regeneration	58,341	7,093	9,144	0	30,953	4,720	181,079	291,332
Resources and Effective Council	1	45	54	0	0	0	26,699	26,799
Total - General Fund	188,110	16,537	27,251	1,011	156,595	4,720	357,113	751,337
Housing Revenue Account	42,015	3,550	44,145	74,798	0	0	326,599	491,107
Total - All Services	230,126	20,087	71,396	75,810	156,595	4,720	683,712	1,242,444

*MEEF – Mayor’s Energy Efficiency Fund

Borrowing

1.5 £683.712m of the total capital programme will be funded from borrowing of which £125.312m is on-lent to Open Door Homes for the acquisition or delivery of new housing. 1.6 Borrowing is typically, Public Works Loan Board loans to support capital expenditure; this type of capital funding has revenue implications (i.e. interest and provision to pay back loan).

1.6 Included in the total Capital programme, is £4.720m borrowing from the Mayor’s Energy Efficiency Fund. This borrowing is cheaper than PWLB borrowing and is only eligible to use on projects intended to achieve net zero.

Capital Receipts

1.7 The council has previously highlighted a risk in the level of capital receipts that it currently holds or forecasts to receive. Capital Receipts are proceeds of capital sales (land, buildings, etc.) and are re-invested into purchasing other capital assets.

1.8 £71.396m of the above capital programme is planned to be funded by capital receipts. Of the £71.396m, £44.145m will be funded from HRA capital receipt (RTB Receipts) and £27.251m from General Fund Receipts.

1.9 Current receipts are standing at £50.804m with £41.414m being HRA receipts and the remaining £9.390m General Fund receipts. The current disposal programme estimates General Fund disposals of £1.070m in 23/24 and £15.825m in 24/25.

1.10 Assuming no further General Fund disposals, there would be a shortfall of capital receipts which could be replaced by borrowing resulting in additional interest and Minimum Revenue Provision costs, subject to the availability of revenue budget provision or a consequent reduction in the capital programme.

1.11 HRA funding will also finance Open Door Homes new build housing (£7.24m of which £2.67m is expected to be funded from capital receipts), which is shown in the above table under the Homes and Regeneration Portfolio. Current HRA capital receipt balances plus future estimates suggest that there will be enough HRA capital receipts to fund the relevant projects.

Capital Grants & Contributions

2.1 The current capital programme shows £230.126m will be funded from Capital Grants. Section 106 and CIL are standing at £20.087m and £156.595m, respectively.

2.2 Capital grants are mainly received from central government departments (such as the Brent Cross grant from MHCLG) or other partners or funding agencies (such Transport for London, Education Funding Authority).

2.3 S106 contributions are a developer contribution towards infrastructure; confined to specific areas and to be used within a specific timeframe.

2.4 Community Infrastructure Levy (CIL) funds are developer contribution towards infrastructure; they can be used borough wide but still have time restrictions on use.

2.5 Current capital programme forecasts plus future estimates suggest that there will be enough S106 contributions to fund the relevant projects, although this will be kept under review and reported back if shortfalls become apparent.

3. Post Decision Implementation

3.0 None

4 Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.0 This supports the council's corporate priorities as expressed through the Corporate Plan which sets out our vision and strategy for the borough. This includes the outcomes we want to achieve for the borough, the priorities we will focus limited resources on and, our approach for how we will deliver this.

Corporate Performance / Outcome Measures

4.1 None in the context of this report

Sustainability

4.2 None in the context of this report

Corporate Parenting

- 4.3 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

Risk Management

- 4.4 Regular monitoring of financial performance is a key part of the overall risk management approach of the council.

Insight

- 4.5 Whilst not specifically applicable to this report, insight is used to support the future financial forecasts including risks and opportunities highlighted for 2023/24 in this report through activity drivers and place-based understanding.

Social Value

- 4.6 No application to this report

5 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.0 This report considers additions, deletions and funding transfers to the Capital Programme.

6 Legal and Constitutional References

- 6.0 Section 151 of the Local Government Act 1972 states that: “without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.
- 6.1 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority’s financial position is set out in sub-section 28(4) of the Act.
- 6.2 The council’s Constitution, Part 2D sets out the functions of Cabinet. The Cabinet is responsible for the following functions:
- Development of proposals for the budget (including the capital and revenue budgets, the fixing of the Council Tax Base, and the level of Council Tax) and the financial strategy for the Council;
 - Monitoring the implementation of the budget and financial strategy;
 - Recommending major new policies (and amendments to existing policies) to the Council for approval as part of the Council’s Policy Framework and implementing those approved by Council;
 - Approving policies that are not part of the policy framework;
 - Management of the Council’s Capital Programme;
- The council’s Constitution, Part 4A – Financial Regulations – sets out how the Capital Programme should be developed, and paragraph 2.8.6 sets out how amendments to the capital budget can be approved.

7 Consulting and Engagement

- 7.1 None

8 Equalities and Diversity

- 8.0 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties, they are not duties to secure a particular outcome. Consideration of these duties should precede the decision. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:
- 8.1 A public authority must, in the exercise of its functions, have due regard to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act:
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share relevant protected characteristic that are connected to that characteristic.
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 8.3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 8.4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- Tackle prejudices and promote understanding.
- 8.5 Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:
- Age
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - Sexual orientation
 - Marriage and Civil partnership (limited extent)
- 8.6 This is set out in the council's Equalities Policy together with our strategic Equalities Objective – as set out in the Corporate Plan – that, citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.
- 8.7 Progress against the performance measures we use is published on our website at: www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity

9 Background Papers

- 9.0 None

