

# Capital and Treasury Budget Report 2024-25 to 2027-28



<b>Report to:</b>	Cabinet
<b>Date:</b>	15 February 2024
<b>Portfolio Holder:</b>	Councillor James Leppard, Portfolio Holder for Finance and Governance
<b>Lead Officer:</b>	Simon Freeman, Deputy Chief Executive and Director of Finance (01279) 446228
<b>Contributing Officer:</b>	Jacqueline Van Mellaerts, Assistant Director – Finance (01279) 446251  Senior Management Board (01279) 446676
<b>Key Decision:</b>	Yes
<b>Forward Plan:</b>	Forward Plan number I015987
<b>Call In:</b>	This item is not subject to call in procedures because the decision stands as a recommendation to Full Council
<b>Corporate Priorities:</b>	All Corporate Priorities
<b>Wards Affected:</b>	None specifically

**RECOMMENDED** that Cabinet recommends to Full Council to:

- A** Approve the 2024/25 Housing Capital Programme (HCP) totalling £60.409 million as set out in Appendix A.
- B** Approve the 2024/25 Non-Housing Capital Programme totalling £32.782 million as set out in Appendix A.
- C** Approve the following Capital and Treasury Reports:
  - i) The Capital Strategy Report (Appendix B to the report);

- ii) The Treasury Management Strategy Statement 2023/24 (Appendix C to the report);
- iii) The Investment Strategy Report 2023/24 (Appendix D to the report); and
- iv) The MRP Statement 2023/24 (Appendix E to the report).

## **Reason for decision**

- A** Approval of the capital programme (attached as Appendix A) is a responsibility reserved for the Full Council and reflects the corporate priorities and health and safety obligations. This is necessary because the approved programme gives authority for the procurement and resourcing of individual projects so that corporate plan can be delivered.
- B** The Capital Strategy Report 2024/25 (attached as Appendix B to the report) covers the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2021, including the prudential indicators. The report should be approved by Full Council before the start of the new financial year.
- C** The Treasury Management Strategy Statement 2043/25 (Appendix C) covers the requirements of the CIPFA Treasury Management Code of Practice 2021, including the treasury management indicators.
- D** The Investment Strategy Report 2024/25 (Appendix D) covers the requirements of the Department for Levelling Up, Housing and Communities (DLUHC) (formerly that Ministry of Housing, Communities and Local Government or MHCLG) Investment Guidance 2018, including the investment indicators.

## **Other Options**

- A** Considerations of other options do not apply; the agreement of the Capital Programme & Treasury Management is laid out in the council's constitution and is a matter for determination by Full Council.

## **Background**

1. In February 2023, the council approved the 2023/24 Housing and Non-Housing Capital Programmes, together with the 2023/24 to 2025/26 Medium Term Financial Strategy and the 2023/24 Housing Revenue Account (HRA) Budgets.
2. On 30 November 2023, the Housing and Non-Housing Capital programmes were reviewed for the Financial Performance Report – Quarter 2, and Cabinet approved a number of changes to both programmes.

3. Both Capital programmes have been prepared in line with the council's Corporate Plan and Housing Revenue Account Business Plan priorities. Over recent months Portfolio Holders and Officers have carried out an extensive review of the current Capital Programmes and robust scrutiny of new proposed projects in order to ensure ambitious but deliverable Capital Programmes are produced.
4. The HCP has been prepared in conjunction with the updated Housing Asset Management Plan (AMP) and the HRA Business Plan.
5. The AMP is compiled from the stock condition survey which identifies the capital expenditure required to maintain the housing stock over the next 30 years. Expenditure is broken down over individual components which form the core capital programme.
6. The HRA Business Plan shows the HCP has been prepared in accordance with the following principles:
  - a) That the HCP core projects are financed from contributions from the Major Repairs Reserve. Any shortfall will be financed from available housing capital receipts, direct revenue contributions and borrowing.
  - b) All other new build projects are financed from retained right to buy receipts and borrowing.
7. This report brings together a number of documents in order to comply with new Government and accountancy professional (CIPFA) guidance.
8. The council is required to produce an overarching document, a Capital Strategy Statement, which sets out the council's longer-term plan for capital expenditure, and the way in which it is to be funded. The approval of the Strategy (as set out in Appendix B to the report) is a requirement of council.
9. A medium-term Treasury Management strategy for the Capital Programme 2023/24 – 2025/26 is given in Appendix C. The Capital Programmes 2024/25-2027/28 is included within Appendix A.
10. Treasury management is defined as “the management of the Council's investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.”
11. The primary requirements of the current guidance are as follows:
  - a) Creation and maintenance of a Treasury Management Policy Statement;
  - b) Creation and maintenance of Treasury Management Practices (TMP);

- c) Receipt of an annual Treasury Management Strategy Statement (TMSS);
- d) Presentation of a mid-year review of the TMSS and an annual report (stewardship report) to Full Council;
- e) Delegation by the Council for responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;
- f) Delegation by the council of the role of scrutiny of treasury management strategy and policies to a specific named body. For the council the current TMSS specifies the responsibility for the delegated scrutiny role is delegated to the Cabinet, as well as to the Audit and Standards Committee as may be required;
- g) Submission of an Investment Strategy (as set out in Appendix D to the report)

## **Issues/Proposals**

### **Key highlights of 2024/25 Non-Housing and Housing Capital Programmes**

12. The key highlights of the proposed 2024/25 Non-Housing Capital Programme include:

- a) A total £32.782 million investment programme into non-housing assets.
- b) £660,000 investment to upgrade the facilities at the Harlow Museum.
- c) £351,000 investment to upgrade the facilities at the Playhouse.
- d) A £35,000 project to upgrade the central island of Pets' Corner to enhance visitor experience.
- e) Significant new investment into infrastructure for which Harlow council is responsible including unadopted highways and roads, drainage clearance, flood alleviation and council-owned car parks.
- f) Investment into further upgrade the much-loved paddling pools and splash parks.
- g) A project to install protective barriers around green spaces to stop unauthorised traveller encampments.
- h) Significant investment to further roll out CCTV and crack down on anti-social behaviour and crime.

- i) Over £830,000 investment into enhancing the Latton Bush Centre to support local SMEs, charities and community organisations.
- j) Over £1.2 million investment into upgrading council-owned assets such as hatches and neighbourhood shopping centres.
- k) Over £23 million of Government grant funding into town centre regeneration schemes.
- l) Over £451,000 investment into more efficient service delivery as a result of upgrades to IT systems.

13. The key highlights of the proposed 2024/25 Housing Capital Programme include:

- a) A total £60.4 million investment programme into the council's housing stock.
- b) Increased funding to deliver the garage demolition programme to create new car parking in estates.
- c) Over £37 million to deliver new council homes for Harlow families.
- d) Over £7.2 million to deliver the decant of the Sycamore Field flat blocks to allow for demolition in line with fire safety reviews.
- e) Over £7 million towards upgrading the external features of existing council homes.
- f) £2 million towards roof replacements on council homes.
- g) £12.6 million wards fire safety and compliance works across council homes and flat blocks.
- h) Over £255,000 investment into more efficient service delivery as a result of upgrades to IT systems.
- i) Significant investments into energy efficiency, upgrading housing estates, aids and adaptations, garages, internal works and structural works.

## **Implications**

### **Equalities and Diversity**

This report does not require an Equality Assessment as the recommendations will not have a disproportionate adverse impact on anybody with a protected characteristic.

## **Climate Change**

This report has no direct impact on climate change, however individual projects and services may have an impact and would have been considered within the commentary of the report.

## **Communities and Environment**

As contained within the report and appendices.

Author: Simon Freeman, Deputy Chief Executive & Director of Finance (S151)

## **Finance**

Any specific implications are set out within the report and supporting appendices. The strategies are key documents underpinning key aspects of financial management across the Council which enable sound financial management to be applied and for resources and assets to be protected.

Author: Simon Freeman, Deputy Chief Executive & Director of Finance (S151)

## **Governance and Corporate Services**

As contained within the report.

Author: Simon Hill, Director of Governance and Corporate Services

## **Housing**

As contained within the report and appendices

Author: Wendy Makepeace, Assistant Director – Housing and Property

## **Strategic Growth and Regeneration**

As contained within the report.

Author: James Gardner, Assistant Director – Regeneration and Commercial

## **Appendices**

Appendix A – Capital Programme 2024/25 – 2027/28

Appendix B – Capital Strategy Report 2024/25

Appendix C – The Treasury Management Strategy Statement 2024/25

Appendix D – The Investment Strategy Report 2024/25

Appendix E – The Minimum Revenue Provision Statement 2024/25

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

HDC	Harlow District Council
MTFP	Medium Term Financial Plan
HRA	Housing Revenue Account
HCP	Housing Capital Programme
NHCP	Non Housing Capital Programme

AMP	Asset Management Plan
MRR	Major Repairs Reserve
RTB	Right to Buy
DLUHC	Department of Levelling Up, Housing and Communities

RCCO	Revenue Contribution to Capital Outlay
CHBP	Council House Build Programme
EZ	Enterprise Zone
HTS	Harlow Trading Services