



REPORT FOR: CABINET

Date of Meeting:	15 February 2024
Subject:	Final Capital Programme 2024/25 to 2026/27
Key Decision:	Yes
Responsible Officer:	Sharon Daniels, Interim Director of Finance and Assurance
Portfolio Holder:	Councillor David Ashton - Portfolio Holder for Finance and Human Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 – Proposed Capital Programme 2024/25 to 2026/27 (including new additions in Appendix 2) Appendix 2 – Additions to the Capital Programme

Section 1 – Summary and Recommendations

This report sets out proposals for the capital programme for the financial years 2024/25 to 2026/27.

Recommendations:

Cabinet is requested to:

1. Note the Capital Programme, as detailed within Appendix 1, and recommend it to Council for approval.

Reason (for recommendations): To enable the Council to have an approved Capital Programme for 2024/25 to 2026/27.

Section 2 – Report

Capital Programme 2024/25 to 2026/27

1. This report sets out the Council's proposals for capital investment over the financial years 2024/25 to 2026/27, which provide significant investment in the General Fund and Housing Revenue Account (HRA). The focus of this report and the implications relate to the General Fund as the HRA has already been covered in a separate report at the Cabinet meeting in January 2024. The HRA Capital Budgets are included in Appendix 1 for completeness.

Development of the Capital Programme

2. The Capital Programme agreed at Cabinet and Council in February 2023 included provision for capital proposals for 2023/24 to 2025/26. Although it is the intention to maintain a 3-year Capital Programme, it is considered that the 3rd year of the Programme, in this case 2026/27, is too far ahead for any detailed investment proposals to be developed in order to provide accurate capital budget estimates. In addition, the capital financing costs arising from 2026/27 capital proposals will not be incurred until 2027/28 which falls outside the period of the 2024/25 Medium Term Financial Strategy (MTFS).
3. As detailed in the Draft Capital Programme 2024/25 to 2026/27 report (December 2023 Cabinet), a review was undertaken on the existing Capital Programme and the outcome of which was used to refresh the programme by re-profiling existing budgets where applicable into 2026/27 to form a 3-year Capital Programme in the MTFS. Any new capital allocation for 2026/27 will form part of the 2025/26 budget and MTFS process. The review has also identified a reduction of £2.1m in the existing Capital Programme (£1.65m in 2023/24 and £450k in 2024/25 to 2025/26).
4. Since the preparation of the Draft Capital Programme 2024/25 to 2026/27 report, new capital proposals have been developed and therefore will be included in the Final Capital Programme. These are detailed in a separate section in this report. Appendix 2 sets out all new capital proposals being added to the programme over and above that agreed by Cabinet in February 2023.

5. The criteria used for the inclusion of new capital bids remain unchanged from previous years which is for capital to be contained within the following categories.
 - a. Life and Limb/Health and Safety
 - b. Statutory Requirement/legislation
 - c. Schemes fully funded by external sources
 - d. Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs and make a savings contribution)

6. In addition, with the approval of the Council's Corporate Plan, capital investment in the borough aims to support the delivery of our priorities to residents and businesses. The Corporate Plan includes a number of flagship actions, many of which will be supported by the investment in the Final Capital Programme.
 - a. A council that puts residents first
 - Investment in IT to deliver organisational efficiencies and improvements in residents experience on IT channels.
 - Investment in Regeneration Programme to deliver new homes including affordable ones as part of the Harrow Strategic Development Partnership.
 - b. A borough that is clean and safe
 - Investment in parks infrastructure to achieve Green Flag status on further parks and open spaces, to enhance biodiversity and to deliver flood defence and water quality schemes.
 - Investment in highways, street lighting and transport to improve our road and cycling network.
 - Investment in Housing retrofit decarbonisation programme to improve energy efficiencies of our council homes.
 - c. A place where those in need are supported
 - Investment in Property Acquisition Programme to provide better housing for homelessness.

Cost of the Capital Programme

7. The Capital Programme can be funded from a variety of funding sources. Where the Capital Programme is funded from capital grants, external partnership funding, Borough Community Infrastructure Levy (BCIL), S106 funding (developer contributions) and revenue funding such as reserves, this will not attract any form of capital financing cost and has no impact on the revenue budget. Schemes funded from borrowing will attract a capital financing cost and therefore a direct impact on the revenue budget.

8. Although there are no specific limits to borrowing in order to fund capital expenditure, the Council must be prudent when considering the revenue implications in the context of the overall revenue budget commitments in the medium term, and the Capital Programme must be affordable.

9. Table 1 shows the revised capital financing cost budgets that are factored into the MTFs from 2024/25 to 2026/27 in relation to the Capital Programme that is to be agreed in February 2024 and it shows what proportion of the 2024/25 net revenue budget of £202.6m is made up of Capital Financing costs.

Table 1 - Capital Financing Costs as % of the Net Revenue Budget for 2024/25 of £202.6m

	Capital Financing Costs	Capital financing costs as % of 2024/25 Net Budget
	£m	%
2024/25	33.1	16.3%
2025/26	34.1	16.8%
2026/27	36.0	17.8%

10. The capital financing cost of the Capital Programme 2024/25 to 2026/27 (**to be agreed at Council in February 2024**) is £33.1m in 2024/25 and then increases to £36.0m by 2026/27. These figures include the cost of historic capital programmes.
11. The figures in Table 1 will also include capital financing costs which relate to projects put into the programme to generate enough revenue to cover their capital financing costs and therefore are cost neutral and do not impact on the revenue budget as a direct cost. If these costs were removed from the figures in Table 1, it would reduce the overall percentage figure. However, for prudence the figures are included on the basis that the requirement on borrowing is definite but the requirement to generate revenue is not guaranteed.

Capital proposals put forward 2024/25 to 2026/27

12. The total proposed Capital Programme for 2024/25 to 2026/27 is detailed in Appendix 1 and summarised in Table 2. The additions to the Programme, which are over and above what was in the existing Capital Programme (agreed February 2023) are detailed in Appendix 2.

Table 2 – Total Capital Programme 2024/25 to 2026/27

Project Title	2024/25			2025/26			2026/27			Total		
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000
Total Resources Directorate	2,300	0	2,300	2,300	0	2,300	0	0	0	4,600	0	4,600
Total Schools	2,700	2,700	0	9,071	9,071	0	0	0	0	11,771	11,771	0
Total People's Directorate	2,700	2,700	0	9,071	9,071	0	0	0	0	11,771	11,771	0
Total Environment	9,866	2,141	7,725	14,152	2,641	11,511	214	0	214	24,232	4,782	19,450
Total Inclusive Economy, Leisure & Culture	307	144	163	366	0	366	30	0	30	703	144	559
Total Regeneration & Development	1,925	1,925	0	2,550	1,900	650	650	0	650	5,125	3,825	1,300
Total Housing General Fund	11,655	1,722	9,933	12,528	1,722	10,806	0	0	0	24,182	3,443	20,739
Total Place Directorate	23,753	5,932	17,821	29,596	6,263	23,333	894	0	894	54,242	12,194	42,048
Total General Fund	28,753	8,632	20,121	40,967	15,334	25,633	894	0	894	70,613	23,965	46,648
Total Housing Revenue Account	20,524	16,091	4,433	47,206	25,393	21,813	62,181	18,412	43,769	129,911	59,896	70,015
Total General Fund & HRA	49,277	24,723	24,554	88,173	40,727	47,447	63,075	18,412	44,663	200,524	83,861	116,663

13. The gross value of the General Fund proposed Capital Programme for 2024/25 to 2026/27 as detailed in Appendix 1 and summarised in Table 2 is **£70.613m**. Of the total cost, **£23.965m** is funded by external sources such as grants as well as internal sources such as the Borough Community Infrastructure Levy (BCIL). This leaves a net cost of **£46.648m**. The net cost figure is the element of the Programme which requires financing from borrowing.

Change to the original Capital Programme agreed in February 2023

14. Overall, the net increase in the Programme in relation to new proposals is £20.619m as detailed in Appendix 2 and summarised in Table 3. The total of capital proposals across the 3-year period amounts to £23.319m, of which £2.700m can be funded from external grants, which leaves a net figure £20.619m which would require funding from borrowing.

Table 3 – New Capital Proposals for 2024/25 to 2026/27

Project Title	2024/25			2025/26			2026/27			Total		
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000
People's Directorate:												
Total Schools	2,700	2,700	0	0	0	0	0	0	0	2,700	2,700	0
Total People's Directorate	2,700	2,700	0	0	0	0	0	0	0	2,700	2,700	0
Total Housing General Fund	9,873	0	9,873	10,746	0	10,746	0	0	0	20,619	0	20,619
Total Place Directorate	9,873	0	9,873	10,746	0	10,746	0	0	0	20,619	0	20,619
Total General Fund	12,573	2,700	9,873	10,746	0	10,746	0	0	0	23,319	2,700	20,619
Housing Revenue Account :												
Planned investment												
Main Programme	3,602		3,602	3,602		3,602	3,472		3,472	10,676	0	10,676
Decarbonisation-Retrofit	2,630	2,630	0	3,050	3,050	0	3,050	3,050	0	8,730	8,730	0
Aids & Adaptations												
Total Planned Investment	6,232	2,630	3,602	6,652	3,050	3,602	6,522	3,050	3,472	19,406	8,730	10,676
Grange Farm Infrastructure and Costs	75		75	0		0	0		0	75	0	75
Total Housing Revenue Account	6,307	2,630	3,677	6,652	3,050	3,602	6,522	3,050	3,472	19,481	8,730	10,751
Total General Fund & HRA	18,880	5,330	13,550	17,398	3,050	14,348	6,522	3,050	3,472	42,800	11,430	31,370

15. The new proposals are profiled across 2024/25 and 2025/26, as £12.573m and £10.746m respectively.

16. The new capital proposals are summarised below.

Property Acquisition Programme PAP (Housing General Fund) £20.619m

The Council has previously delivered the PAP to help alleviate the budget pressure on temporary accommodation. Since 2015, around 170 properties have been bought within and near Harrow to house homeless families.

It is proposed to extend the PAP to purchase further 50 properties. Total capital costs are estimated at £20.619m (£9.873m in 2024/25 and £10.746m in 2025/26). The capital financing costs of this investment are assumed to be met from savings in the temporary accommodation budget, resulting in a cost neutral position.

At the time of this report, external grants are being explored to part fund this project. The outcome of funding applications is not yet known. The authority to commence this project will be subject to a further cabinet report confirming any grant funding towards the project costs and an updated financial model to reflect that.

Schools Condition Allocation (SCA) £2.700m

The SCA capital grant is provided by the Department for Education to help local authorities maintain and improve the condition of maintained school buildings and grounds. Funding is announced annually, and is usually

notified in late February or early March prior to the start of the new financial year. In 2023-24 the grant is £2.700m, therefore it is proposed to add an additional £2.700m to the 2024-25 Capital Programme in order that maintenance to buildings is not impacted. The final grant allocation will be reported to Cabinet in the new financial year and the Capital Programme will be updated.

As the capital cost is fully funded from external grant, the project will not increase capital financing costs.

17. Table 4 sets out the changes between the existing Capital Programme (which covers the period 2024/25 to 2025/26) and the proposed programme which extends a further year to 2026/27. The reconciliation below shows that there is a net increase of £20.169m between the 2 Programmes which is the total of the additions in Appendix 2 (£20.619m) minus the capital saving (£450k) arising from the review of the existing Capital Programme undertaken during the financial year. There has also been some movement between years where some existing capital projects have been realigned between financial years to better reflect when the spend will take place.

Table 4 - Changes to the Capital Programme between February 2023 and February 2024

	2024/25			2025/26			2026/27			2024/25 to 2026/27		
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Original General Fund Capital Programme agreed by Cabinet in February 2023	28,767	15,253	13,514	18,978	6,013	12,965				47,744	21,265	26,479
Total General Fund Capital Programme to be agreed by Cabinet in February 2024	28,753	8,632	20,121	40,967	15,334	25,633	894	0	894	70,613	23,965	46,648
Movement between 2023 and 2024 Programmes	-14	-6,621	6,607	21,989	9,321	12,668	894	0	894	22,869	2,700	20,169
Analysis of the Movement												
New Capital Proposals from Appendix 2	12,573	2,700	9,873	10,746	0	10,746	0	0	0	23,319	2,700	20,619
Capital Programme Review:												
Realignment of IT projects	250		250	-700		-700			0	-450	0	-450
Realignment of Schools Expansion Programme	-9,071	-9,071	0	9,071	9,071	0			0	0	0	0
Realignment of crematoriums at Breakspear Crematorium	-700		-700	700		700			0	0	0	0
Realignment of Climate Emergency energy emissions schemes	-250	-250	0	250	250	0			0	0	0	0
Realignment of Vehicle Procurement	-2,086		-2,086	1,872		1,872	214		214	0	0	0
Realignment of Libraries & Leisure capital	-20		-20	-10		-10	30		30	0	0	0
Realignment of High Priority Plan Maintenance	-650		-650	0		0	650		650	0	0	0
Realignment of Empty Property Grant	-60		-60	60		60			0	0	0	0
Total Movement	-14	-6,621	6,607	21,989	9,321	12,668	894	0	894	22,869	2,700	20,169

New Capital proposals and the impact on the Revenue Budget

18. The new capital proposals in Appendix 2 of £23.619m are funded by borrowing as well as other sources (government grants).

19. The projects funded by other sources (excluding borrowing) amount to £2.700m as follows:

- Schools Condition Allocation £2.700m Govt grant

20. The remaining new project to be funded from borrowing totals £20.619m.

- Property Acquisition Programme (PAP) £20.619m

21. The additional capital financing cost associated with the proposed Capital Programme is £543k in 2025/26, increasing to £1.134m in 2026/27. As the PAP is an invest to save initiative, the capital financing cost is assumed to be funded from revenue savings on the temporary accommodation budget. Therefore this will not increase the net revenue budget requirement. A saving target of the equivalent amount has been included in the MTFS to reflect cost neutrality.

Table 5 – Additional Capital Financing Costs of the Proposed Capital Programme and funding source

	202/26	2026/27	Total
	£'000	£'000	£'000
MRP	197	215	412
Interest	346	376	722
Total Capital Financing Costs	543	591	1,134
Funded from:			
Temporary accommodation budget saving in the MTFS	-543	-591	-1,134

Community Infrastructure Levy (CIL) Funding

22. The Community Infrastructure Levy (CIL) enables the council to raise funds for infrastructure from new development. It is levied on the net increase in floor space arising from new developments and is paid when that development starts. The Community Infrastructure Levy (CIL) is a tool for local authorities to support the development of their area by funding the provision, improvement, replacement, operation or maintenance of infrastructure. The focus of CIL is on the delivery of new infrastructure to meet and mitigate the impacts of new development in an area.

23. CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities.

24. Of all CIL monies collected, 85% is used to fund strategic borough wide infrastructure projects, which includes a 5% allowance to cover the administrative costs of CIL. The decisions on where to spend CIL at a borough-wide level is determined by the Council. The remaining 15% is allocated to Neighbourhood CIL (NCIL) and must be spent on projects that have taken account of the views of the communities in which the income was

generated, and these projects (capital and revenue) should support the development of the area.

25. In 2017, the principle was adopted by the Major Development Panel (14th November 2017) and Cabinet (7th December 2017) that the allocation of Borough and Neighbourhood CIL is included as part of the Annual Budget Setting process and included in the Capital Programme report which goes to Cabinet in draft (in December each year) and in its final version in February (this report). In agreeing the Borough CIL allocations process, Cabinet also indicated that this should be informed by the Harrow Local Plan, Infrastructure Delivery Plan (IDP), corporate priorities and external funding opportunities.
26. In this regard, a new Local Plan is currently being prepared and this will be informed by an updated IDP (due mid-2024). The IDP will provide an up to date assessment of infrastructure required to support the development envisaged in the new Local Plan, including the increased housing targets set by the London Plan. In this context, it is considered prudent not to fully allocate current BCIL balances / anticipated receipts as the forthcoming IDP may identify infrastructure needs that would benefit from BCIL to ensure timely provision.
27. In terms of the Neighbourhood element of CIL (NCIL) a review of the process was undertaken during 2022/23, and the outcomes and recommendations were presented to Cabinet in February 2023. A new process of NCIL allocation and project delivery is now in place.
28. The Borough CIL element is used to fund the core Capital Programme where projects relate to infrastructure to support development in accordance with CIL Regulations. Schemes in the Capital Programme that have been funded by BCIL between 2017/18 to 2022/23 are set out in Table 6 and total £18.176m. Of this total, £2.076m of schemes remain outstanding as at 31st March 2023 and this sum has been carried forward as a commitment for 2023/24 and included in Table 8. Therefore, for the period covering 2017/18 to 2022/23, BCIL of £16.100m has been used to fund the Capital Programme.

Table 6 – Schemes funded from BCIL up to 2022/23

Financial year	Description	BCIL	17/18 Actual Exp	18/19 Actual Exp	19/20 Actual Exp	20/21 Actual Exp	21/22 Actual Exp	22/23 Actual Exp	Outstanding commitment
2017/18	Highway projects	4,800,000	4,800,000						0
2018/19	Headstone Manor (Parks for People)	300,000		51,293	233,081	15,626			0
2018/19	Rayners Lane Triangle project	40,000		40,000					0
2018/19	Parks Infrastructure (Playground replacement)	545,000		219,138	325,862				0
2019/20	Parks Infrastructure (Playground replacement)	350,000			227,458	122,542			0
2019/20	Harrow Arts Centre - refurbishment & new build	1,150,000			71,737	841,490	26,978		209,795
2019/20	Flood Defence	300,000			300,000				0
2019/20	Highway Drainage	200,000			199,999				1
2019/20	Green Grid	75,000			39,761	35,239			0
2019/20	New Town Centre Library	2,090,000			1,569,662	520,338			0
2020/21	Headstone Manor (Flood alleviation scheme)	500,000				30,574	469,426		0
2020/21	Parks Infrastructure (Playground replacement)	250,000				204,329			45,671
2020/21	Harrow Arts Centre - refurbishment & new build	599,000						599,000	0
2020/21	Harrow Arts Centre Capital Infrastructure	300,000				266,212	11,201	22,587	0
2020/21	Flood Defence	300,000				300,000			0
2020/21	Highway Drainage	200,000				149,607	38,067	12,326	0
2020/21	Green Grid	150,000				150,000			0
2020/21	High Street Fund	250,000				152,733	97,267		0
2021/22	Green Grid	150,000					130,270	19,697	33
2021/22	Flood Defence and Highway Drainage	500,000					414,953	12,410	72,637
2021/22	High Street Fund	1,300,000					568,199	731,801	0
2021/22	Wealdstone Major Transport Infrastructure projects - Bus Improvement	900,000						666,039	233,961
2021/22	Harrow Arts Centre - refurbishment & new build	1,177,000						749,885	427,115
2022/23	Green Grid	150,000						149,999	1
2022/23	Flood Defence & Highway Drainage	500,000						428,584	71,416
2022/23	High Street Fund	1,100,000						84,546	1,015,454
Total		18,176,000	4,800,000	310,431	2,967,560	2,788,690	1,756,361	3,476,874	2,076,084

29. Table 7 sets out the balance of CIL funding remaining as at 31st March 2023, plus CIL received in 2023/24 to 10th January 2024, which shows that £9.967m of BCIL and £3.063m of NCIL is available to fund projects in Table 8, from 2023/24 onwards.

Table 7 - CIL Funding available as at 10 January 2024

	BCIL	NCIL	Total
	£'000	£'000	£'000
Balance as at 31.3.2023	7,650	2,672	10,322
2023/24 Receipts (up to 10.01.2024)	2,317	391	2,708
Total Balance (up to 10.01.2024)	9,967	3,063	13,030

30. The projects in the Capital Programme covering the period 20223/24 to 2026/27, to be funded from BCIL totals £6.471m. In addition, there are revenue projects of £627k being funded from BCIL, resulting in total BCIL funding commitments of £7.044m. These are set out in Table 8 below.

Table 8 - Schemes funded from BCIL from 2023/24 to 2026/27

	2023/24	2024/25	2025/26	2026/27	Total
(N.B. Amount shown in the BCIL element only)	£'000	£'000	£'000	£'000	£'000
Flood Defence and Highway Drainage	644	500	500		1,644
Green Grid	150	150	150		450
Harrow Arts Centre - refurbishment & new build	637				637
Parks Playground replacement	46				46
Harrow High Street Fund (capital £638k; revenue £377k)	1,015				1,015
Wealdstone Future High Street Fund	1,135				1,135
Wealdstone Major Transport Infrastructure projects - Bus Improvement	234				234
Biodiversity Net Gains in Harrow	300	275	250		825
Chandos Recreation Ground Infrastructure	200				200
Additional Carriageway Surfacing Programme	608				608
Leisure Investment Strategy (revenue spend)	250				250
Total BCIL funding requirements	5,219	925	900	0	7,044
<i>Split into:</i>					
Projects in Capital Programme	4,592	925	900	0	6,417
Projects of revenue nature	627	0	0	0	627

31. The total BCIL available as at 10th January 2024 amounts to £9.967m as set out in Table 7. The total requirement for BCIL funding to cover the total commitments of the Capital Programme and other revenue projects is £7.044m. This means that there is uncommitted BCIL funding of £2.923m available for further eligible projects at the time of writing this report.

32. Given that BCIL averages £2m per annum, a further estimated £6m could be received in the 3 years from 2024/25 to 2026/27 which would be available to either fund existing projects in the Capital Programme or could be used for future Capital Programme additions. In the case, where schemes currently funded from borrowing could be substituted for BCIL funding instead, this would then lead to a reduction in borrowing costs. As detailed in paragraph 25, considerations should also be given on the allocation of BCIL funding while the updated IDP and Harrow Local Plan are being prepared.

33. With any source of capital funding, if the estimated level is not received, then it would be necessary to fund the schemes from other sources or remove them from the Capital Programme. If the alternative source is borrowing, then this will impact upon future year's budgets as it will increase the cost of borrowing and impact the revenue budget.

Housing Revenue Account (HRA)

34. The proposed HRA Capital Programme was approved by Cabinet in January 2024 and is included in Appendix 1 for completeness. Any implications from the HRA Capital Programme are funded from the Housing Revenue Account and do not impact upon the General Fund Budget.

Options considered

35. A review of the current Capital Programme was undertaken during the budget settling process. The outcomes form the basis for preparing the Final

Capital Programme 2024/25 to 2026/27. A number of capital proposals were considered during the budget setting process before finalisation on which would be taken forward. As detailed in paragraph 5, capital proposals were assessed to determine if they met the criteria to be included in the Capital Programme. This assessment results in the proposed Capital Programme that addresses these criteria. The capital proposals also support the delivery of flagship actions included in the Corporate Plan. The proposals in this report are to enable the Council to have an approved Capital Programme for 2024/25 to 2026/27.

Legal Implications

36. Under the Council’s Constitution, Part 4K - Financial Regulations, paragraph B2 states that Full Council is responsible for agreeing the authority’s policy framework which is proposed by the Cabinet and this includes the Capital Programme. Under paragraph B41 in the Financial Regulations, the Chief Finance Officer (Director of Finance) is responsible for producing an annual capital strategy for Cabinet to recommend to Council.

Financial Implications

37. Financial matters are integral to the report. The capital financing costs of all capital investment must be provided for within the revenue budget.

Procurement Implications

38. There are no procurement implications arising from this report.

Performance Issues

39. The capital programme proposed represents a significant investment by the Council in infrastructure. This will have an impact on a range of performance indicators across the Council’s services.

40. Monitoring of the approved programme is ongoing and is essential for good financial management.

Risk Management Implications

41. Risks included on corporate or directorate risk register? **Yes/No**

42. Separate risk register in place? **Yes/No**

43. The relevant risks contained in the register are attached/summarised below. **Yes/No/n/a**

44. The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Proposals put forward by Directorates are not part of an	<ul style="list-style-type: none"> Two of the key criteria for including projects in the capital Programme are 	AMBER

<p>agreed Corporate Asset Management Plan(s) and therefore it is not possible to confirm that the proposals put forward cover the full estate which could lead to an increase in health and safety risks and additional costs in replacing assets if they deteriorate too much to repair.</p>	<p>those projects that are needed to ensure that we continue to invest in our capital assets to ensure the Council meets its requirements for both Life and Limb/Health and Safety requirements and to fulfil the Council's Statutory and legislative duties.</p>	
<p>The cost of the Capital Programme is not affordable.</p>	<ul style="list-style-type: none"> The additional capital financing costs (borrowing) of the Capital proposals are included in the 3 year MTFS up to 2026/27. There is no new capital proposal for 2026/27 that impacts the Revenue Budget in 2027/28. 	<p>GREEN</p>
<p>The risk that the required level of BCIL does not materialise.</p>	<ul style="list-style-type: none"> As the Capital Programme is an annual process and the BCIL funding is now included in the report each year to Cabinet, the availability of BCIL to fund the Capital Programme is kept under review. In normal circumstances, should the level of BCIL not be sufficient then either the schemes can be removed from the programme or funded from an alternative source. If that source is borrowing, then the revenue cost of borrowing will need to be included in the revenue budget. However, as set out in paragraph 30, the BCIL already received is more than sufficient to fund the commitments in the Final Capital Programme 2024/25 to 2026/27. 	<p>GREEN</p>

Equalities implications / Public Sector Equality Duty

45. One of the aims of the Capital Strategy is to ensure the responsible allocation of funding in line with the Council's priorities and legislative requirements such as equalities legislation. Equalities implications form part of the way that the projects are prioritised. Initial views are that no protected group is adversely affected by the proposals in this report. The projects proposed in the programme may require full Equality Impact Assessments before they commence.

46. Decision makers should have due regard to the public sector equality duty in making their decisions. Consideration of the 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:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

The relevant protected characteristics are:

- *Age*
- *Disability*
- *Gender reassignment*
- *Pregnancy and maternity*
- *Race,*
- *Religion or belief*
- *Sex*
- *Sexual orientation*
- *Marriage and Civil partnership (to a limited extent)*

Council Priorities

47. The Council's Final Capital Programme for 2024/25 to 2026/27 has been prepared in line with the Council's priorities:

- A council that puts residents first
- A borough that is clean and safe
- A place where those in need are supported

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed by the Chief Financial Officer

Date: 18/01/2024

Statutory Officer: Paresh Mehta

Signed on behalf of the Monitoring Officer

Date: 23/01/2024

Chief Officer: Alex Dewsnap

Signed by the Managing Director

Date: 22/01/2024

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 19/01/2024

Head of Internal Audit: Neale Burns

Signed on behalf of the Head of Internal Audit

Date: 22/01/2024

Has the Portfolio Holder(s) been consulted? Yes

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqIA carried out: NO as these capital proposals are in the main rolling programme items which will improve the Council's infrastructure and assets

EqIA cleared by: N/A

Section 4 - Contact Details and Background Papers

Contact: Jessie Man, Interim Head of Strategic and Technical Finance (Deputy S151), jessie.man@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee - NO