

Capital Outturn 2021/22

Report of the Finance and Resources Portfolio Holder

Recommended:

That the updated Capital Programme, as shown in Annex 1 to the report, be approved.

Summary:

- This report summarises expenditure on the Capital Programme in 2021/22 and explains the reasons for variances from the forecast, including a summary of the total budget slippage within the Capital Programme.
- The report makes recommendations for the carry forward of certain unspent capital budgets into 2022/23 as detailed throughout the report and provides an updated capital programme for 2021/22 to 2023/24.

1 Introduction

- 1.1 The progress of the Capital Programme is reported to Cabinet regularly throughout the year. The most recent update was presented on 23rd February 2022.
- 1.2 The purpose of this report is to present the final 2021/22 expenditure for the Capital Programme and explain significant variances compared to the estimated expenditure for the year. The report also updates the expected budget for 2022/23 and 2023/24.
- 1.3 Any slippage from 2021/22 and other changes in the programme have been considered in updating the cost and phasing of schemes within the updated programme presented for approval.

2 Background

- 2.1 In updating the Capital Programme, the main issues relate to changes in the cost or phasing of existing schemes and changes to the level of capital resources that will influence the way in which the programme is financed.
- 2.2 Additional capital requirements for new projects are included in the report. Where additional resources are necessary, the report addresses the reasons why they are requested and the method of funding them.

3 Capital outturn 2021/22

- 3.1 Annex 1 provides details of the revised estimate for individual schemes in 2021/22 and the actual amount that was spent in the year. It also shows an updated estimate of the remaining costs and timescale of all projects in the Capital Programme.

3.2 Overall, the Capital Programme has spent £8.7M against an estimate of £14.5M during the 2021/22 financial year.

3.3 The following table shows how the overall variance (with removal of unidentified projects budget for 2021/22) of £5.8M in 2021/22 is broken down between Services:-

Service	Estimate £'000	Actual £'000	Variance £'000
Asset Management Projects	2,070.5	886.0	(1,184.5)
Community & Leisure	3,063.6	621.5	(2,442.1)
Property & Asset Management	1,490.3	1,371.9	(118.4)
Project Enterprise	6,354.6	4,047.7	(2,306.9)
Housing & Environmental Health	679.0	961.2	278.6
Affordable Housing	810.0	810.0	
Total	14,468.0	8698.3	(5,769.7)

3.4 The main reasons for the variance in the year are explained in the following paragraphs.

3.5 Asset Management Projects

3.5.1 The Asset Management Plan was last reported to Cabinet on 8th December 2021. This identified the Council's requirement for maintaining its asset base over three categories; land & property; vehicles & plant and IT equipment.

3.5.2 The budgets approved covered both revenue and capital items, with the capital element introduced to the Capital Programme. All costs are to be met from the Asset Management reserve.

3.5.3 Overall, capital expenditure in the year was £1.2M less than budgeted. Detailed explanations of variances within the Asset Management Plan for 2021/22 are included in the Asset Management Plan Outturn report elsewhere on this agenda.

3.6 Community & Leisure

3.6.1 The Community and Leisure capital programme has a variance of £2,442,000 against the forecast of £3,063,600.

The main reasons for this are:

- 3.6.2 The Community Asset Fund (CAF) is showing a variance for 2021/22 due to the timing of grant applications - applicants have a total of two years in which to claim approved grants. A lower application rate together with adjusted timing resulted in a total of £145,200 being carried forward into 2022/23.
- 3.6.3 Andover War Memorial project has slipped by £29,700 due to additional time being required to seek necessary consents from local Diocese and wayleaves for the electricity supply from local networks.
- 3.6.4 Budget has been carried forward into 2022/23 for the main Leisure Contract, with the project to be completed for Charlton Lakes.
- 3.6.5 Fishlake Meadows – there has been slippage of £76,300 as capital work to paths, fencing and trees at the site were delayed due to contractor availability.
- 3.6.6 Ganger Farm slippage – the majority of work to the sports pavilion and field is complete and discussions are underway to finalise the remaining payment for works.
- 3.6.7 The budget for the project at Sherfield English has slipped by £25,000 as the construction of a boardwalk was delayed due to the ground being waterlogged. This is expected to be completed in Summer 2022.
- 3.6.8 Four public art projects have a total slippage of 70,000
 - Picket Piece Public Art £20,000 – the pandemic caused delays in the community consultation and the design process. Planning approval is now awaited.
 - Abbotswood Public Art £26,000 – again the pandemic has caused delays in both the community consultation and availability at the galvanising factory.
 - Picket Twenty Public Art £20,000 – the decision to have a joint planning pre-application with the sports team due to the close proximity to the proposed MUGA site, has caused a delay in the project.
 - Andover Town Centre Public Art £4,000 – securing permissions and agreements with third parties has caused delay.

Community Infrastructure Levy (CIL) Projects

- The majority of CIL funded projects are controlled by the local Parish Councils, so TVBC have no control over timings etc. There is a large amount of slippage amounting to £1,336,100 and therefore these projects should be completed in financial year (22/23).
- Ampfield Recreation Ground project has achieved a small saving of £1,800.

3.7 Property and Asset Management

- 3.7.1 Footpath Link, Smannell to Augusta – the main contract has been completed by Hampshire County Council and improvements to areas are now being considered, resulting in slippage of £58,000 to 2022/23.
- 3.7.2 Southampton Rd, Pedestrian & Cycle Route – this project was completed with a saving of £19,000. As this was funded from Community Infrastructure Levy savings will be returned to the reserve.
- 3.7.3 Chantry House Works project - elements of this project were not able to be completed before year end resulting in a small delay in payment of funding from the Local Enterprise Partnership.
- 3.7.4 The initial land purchase completed in 2021/22 but improvements to the land will be finalised in 2022/23 resulting in slippage of £13,800.

3.8 Project Enterprise

- 3.8.1 Information on projects relating to Project Enterprise is included in the Project Enterprise Outturn report elsewhere on this agenda.

3.9 Housing & Environmental Health

- 3.9.1 The annual budgets for Renovation & Minor Works Grants and Disabled Facilities Grants are a limit on the amount that the Service can commit to individual grants plus any outstanding grant commitments from previous years.
- 3.9.2 Disabled Facilities Grants are a statutory requirement and require a referral from an Occupational Therapist, therefore, it is difficult to predict the amount of referrals in one year. Some works require planning permission for other major works to be completed before the adaptations can be completed. For 2021/22 there is a total spend of £847,000 against a budget of £650,000. As these grants are funded by the Better Care Fund there has been no impact on the Capital Receipts Reserve. In relation to the Renovation and Minor Works grants, there has been a small expenditure of £6,000 against a reduced zero budget - it is difficult to predict demand for these types of works.

3.10 Slippage

- 3.11 Slippage from one year to the next is regularly monitored as part of the Capital Programme update reports.
- 3.12 Some slippage within a Capital Programme is entirely normal. Expenditure can be delayed for many reasons and is frequently outside the Council's control.
- 3.13 Projects included in the Capital Programme will improve the delivery of services directly to the public or improve the service that the Council provides. Slippage in the Capital Programme delays the implementation of these projects and therefore also delays any benefit seen by the public.

4 Capital Programme Update

4.1 A comparison of the latest phasing of the capital programme compared with the budget approved in February (less 2021/22 unidentified projects) is shown in the following table:-

	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
February Programme	14,468.0	23,771.3	0.0	38,239.3
Current Programme	8,698.3	29,731.4	0.0	38,429.7
Increase / (Decrease)	(5,769.7)	5,960.1	0.0	190.4

4.2 The increase of £186,800 is broken down in the table below.

	February Programme £'000	Current Programme £'000	Increase / (Decrease) £'000
Asset Management Projects	3,851.0	3,863.2	12.2
Community & Leisure	5,512.2	5,430.8	(81.4)
Property & Asset Management	2,230.5	2,207.9	(22.6)
Housing & Env. Health	1,929.0	2,211.2	282.2
Total	13,522.7	13,713.1	190.4

4.3 The overall AMP budget requirement has increased by £12,200 and is discussed in a separate report on this agenda.

4.4 The total budget for Community and Leisure has decreased by £81,400 mainly due to lower applications for community grants resulting in a decrease of drawings by £79,000.

4.5 Property and Asset Management service savings have been detailed in paragraphs 3.7.2.

4.6 Disabled Facilities Grants/Loans (DFG) – we have received more applications than expected in 2021/22. As they are funded by the Better Care Fund, there is no impact to the Capital Receipts Reserve.

5 Resource Implications

- 5.1 The level of capital spending is entirely dependent on the resources that are available to finance the programme. The ability to add new schemes to the programme is influenced by forecasts of future resources. However, once a scheme is in the programme it is assumed that it will be completed and financed irrespective of whether resource forecasts are entirely accurate.
- 5.2 This means that any shortfalls in resources are either made good initially through use of balances or by taking into account future capital receipts that would otherwise have been used for new capital expenditure. As a result, the financing of the programme will always be equal to the estimated costs.
- 5.3 The level of capital resources per the February programme is compared to those for the current programme in the following table:-

	February 2022	Outturn 2022/23
Capital Programme	£'000	£'000
Balance Capital Receipts Reserve (CRR) as at 1 April 2021	10,817.1	10,817.1
Total Capital Expenditure 2021/22 – 2023/24	(25,687.3)	(25,877.7)
Total Capital Financing 2021/22 – 2023/24	23,207.0	23,835.4
Forecast CRR as at 31 March 2023	8,336.8	8,774.8

- 5.4 The table above does not include the £18.8M Project Enterprise investment (para 4.) as this will initially be financed through internal borrowing rather than the Capital Receipts Reserve.

6 Conclusion and reasons for recommendation

- 6.1 The variance between budgeted and actual expenditure was £5.8M in 2021/22. Reasons for this variance are explained in paragraph 3 of the report.
- 6.2 The ongoing budget requirements for all outstanding projects have been reviewed in the preparation of this report and the updated Capital Programme as shown in Annex 1 is recommended for approval.

Background Papers (Local Government Act 1972 Section 100D)

None

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	1	File Ref:	N/A
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Report to:	Cabinet	Date:	22 June 2022
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