

Capital Outturn 2022/23

Report of the Finance and Resources Portfolio Holder

Recommended:

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

SUMMARY:

- This report summarises expenditure on the Capital Programme in 2022/23 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 2023/24 as detailed throughout the report and provides an updated capital programme for 2022/23 to 2024/25.

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 22 February 2023.
- 1.2 The purpose of this report is to present the final 2022/23 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 2023/24 and 2024/25.
- 1.3 Any slippage from 2022/23 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 2022/23

- 3.1 The Annex provides details of the revised estimate for individual schemes in 2022/23 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 £7.2M against an estimate of £10.4M during the 2022/23 financial year.

3.3 The following table shows how the overall variance (with removal of unidentified projects budget for 2022/23) of £3.2M in 2022/23 is broken down between Services:-

Service	Estimate £'000	Actual £'000	Variance £'000
Asset Management Projects	2,634.3	1,702.3	(932.0)
Community & Leisure	1,296.7	878.1	(418.6)
Community Infrastructure Levy Projects	589.1	78.3	(510.8)
Property & Asset Management	830.4	409.7	(420.7)
Project Enterprise	3,676.9	2,850.4	(826.5)
Planning, Policy & Economic Development	45.0	4.3	(40.7)
Housing & Environmental Health	1,300.0	1,232.4	(67.6)
Total	10,372.4	7,155.5	(3,216.9)

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 7th December 2022. 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 cover 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 £932,000 less than budgeted. Detailed explanations of variances within the Asset Management Plan for 2022/23 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 £418,600 against the forecast of £1,296,700.

The main reasons for this are:

3.6.2 The Community Asset Fund (CAF) is showing a variance for 2022/23 due to the timing of grant applications - applicants have a total of two years in which to claim approved grants. A small number of grants have been written off during the year and a total of £341,300 has been carried forward into 2023/24.

3.6.3 Leisure Contract - this project is now complete with a small saving of £44,900.

3.6.4 Fishlake Meadows – there has been additional slippage of £15,200 due to contractor availability.

3.6.5 Public Art Projects

- Picket Twenty Public Art – installation was rescheduled with the artist as a result of additional information being required during the planning process.
- Andover Town Centre Public Art – securing permissions and agreements with third parties has caused a delay.

3.7 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 £513,100 and these projects should be completed in financial year (23/24).
- Valley Park Community Centre project is now complete and has achieved a small saving of £3,900 which will be returned to the CIL reserve.

3.8 Property and Asset Management

3.8.1 Footpath Link, Smannell to Augusta – the contract has been completed by Hampshire County Council and therefore the project has been removed from the capital programme with allocated Section 106 funds being retained in the reserve.

3.8.2 Land at Bury Hill – works are still ongoing at this site therefore the remaining budget has been slipped into 2023/24.

3.9 Project Enterprise

3.9.1 A creditor of £7,500 was entered last year in anticipation of potential consultants' fees, which have not materialised, therefore this sum is being added back into the Capital reserve.

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

3.10 Planning Policy and Economic Development

3.10.1 A budget of £45,000 was budgeted in 2022/23 for potential projects relevant to the Shared Prosperity Fund. No costs have been received so this amount has slipped into 2023/24.

3.10.2 The Rural England Prosperity Fund project was agreed by Council on the 5th April 2023 and has been added to the capital programme. This is funded by a government grant.

3.11 Housing & Environmental Health

3.11.1 The annual budgets for Renovation & Minor Works Grants and Disabled Facilities Grants are an agreed budget on the amount that the Service can commit to individual grants plus any outstanding grant commitments from previous years. The former of these grants are discretionary and are funded from the Capital Receipts Reserve with an annual budget of £100,000, which was reduced to £50,000 in February, of which £13,900 has been awarded this year, leaving an underspend of £36,100.

3.11.2 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 2022/23 there is a total spend of £1,020,000 against a budget of £850,000. As these grants are funded by the Better Care Fund there has been no impact on the Capital Receipts Reserve.

4 **Capital Programme Update**

4.1 A comparison of the latest phasing of the capital programme compared with the budget approved in February (less 2022/23 unidentified projects) is shown in the following table:-

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
February Programme	10,372.4	8,110.1	1,539.5	20,022.0
Current Programme	7,155.5	15,578.6	8,025.1	30,759.2
Increase / (Decrease)	(3,216.9)	7,468.5	6,485.6	10,737.2

4.2 The increase of £10,737,200 is broken down in the table below.

	February Programme £'000	Current Programme £'000	Increase / (Decrease) £'000
Asset Management Projects	4,119.4	4,055.8	(63.6)
Community & Leisure	4,991.5	4,942.4	(49.1)
CIL funded projects	2,323.5	2,319.6	(3.9)

	February Programme £'000	Current Programme £'000	Increase / (Decrease) £'000
Property & Asset Management	1,051.0	989.8	(61.2)
Project Enterprise	3,836.9	5,760.4	1,923.5
Planning Policy & Economic Development	1,149.7	9,663.8	8,514.1
Housing & Env. Health	2,550.0	3,027.4	477.4
Total	20,022.0	30,759.2	10,737.2

- 4.3 The overall AMP budget requirement has decreased by £63,600 and is discussed in a separate report on this agenda.
- 4.4 The total budget for Community and Leisure has decreased by £49,100 mainly due to the saving relating to the Leisure Centre project.
- 4.5 Property and Asset Management service savings have been detailed in paragraphs 3.8.
- 4.6 Project Enterprise – an additional project has been added for Walworth Business Park as agreed by Council 23 February 2023 (minute 493).
- 4.7 Planning Policy and Economic Development – three projects have been added to the programme since the February update, Western Avenue and Nitrate credits as agreed by Council on 23 February 2023 (minute 487 & 488), together with Rural England Prosperity Fund agreed by Council on 5 April 2023.
- 4.8 Disabled Facilities Grants/Loans (DFG) – we have received more applications than expected in 2022/23 and 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 considering 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 2023	Outturn 2022/23
Capital Programme	£'000	£'000
Balance Capital Receipts Reserve (CRR) as at 1 April 2022	7,936.4	7,936.4
Total Capital Expenditure 2022/23 – 2024/25	(26,022.0)	(35,259.2)
Total Capital Financing 2022/23 – 2024/25	21,383.6	30,077.2
Forecast CRR as at 31 March 2025	3,298.0	2,754.4

- 5.4 The table above does not include the £1.5M Planning Policy and Economic Development project for Nitrate Credits 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 £3.2M in 2022/23. 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 the Annex is recommended for approval.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
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
(Portfolio: Finance and Resources) Councillor M Flood			
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