

CAPITAL OUTTURN 2022/23

1 SUMMARY

- 1.1 This report outlines the outturn position on the Council's capital programme for 2022/23 and the financing of that expenditure.
- 1.2 The final approved budget for the 2022/23 was £165.4m and actual spend against this was £114.9m (excluding School's consolidation). The £50.5m that has not been spent will all be carried forward into 2023/24 as slippage and profiled as part of the capital first review. Table 1 below provides a summary of the budget and expenditure by directorate.
- 1.3 £0.9m capital expenditure has been incurred by maintained schools within the borough. This expenditure has been incorporated as part of the maintained school accounts consolidation. This increases the Council's overall capital expenditure for 2022/23 to £114.9m.
- 1.4 The key areas of slippage are, Property and Delivery (£15.4m slippage), Housing Delivery/Other (HRA) (£11.6m slippage) and Housing Assets (HRA) (£15.2m slippage) the spend profile of Housing Delivery/Operations (GF) has also accelerated and realised expenditure earlier than anticipated.

CAPITAL FINANCIAL POSITION

- 1.5 Capital schemes were financed from a variety of different sources. The table below outlines the funding mix utilised in 2022/23. The total use of borrowing naturally increase the Council's MRP commitment in future years.

FINANCING SOURCES 2022/23	Actual Financing
	£0.0m
Grant & Reserves	33.1
Other Contributions	10.1
Major Repairs Reserve	12.4
Revenue Contributions	1.4
Capital Receipts	13.2
Self-Finance via Future Disposal	22.4
Prudential Borrowing	22.3
Total Financing	114.9

2021/22 CAPITAL RECEIPTS

- 1.6 In 2022/23, the HRA disposals programme realised a total of £21.1 million (this consisted of £14.4 million RTB receipts and £6.7 million other HRA receipts), less RTB allowable transaction costs of £0.2m and the includes the proportion retained under the 'pooling' regime of £11.3 million. The balance of usable capital receipts at the end of 2022/23 was £24.0 million, this is the retained receipts under an agreement with the Government that it be retained solely for the purpose of re-providing lost Council housing.

- 1.7 General Fund disposals receipts was £9.2 million for the year. The disposals relate to the actual and deferred receipt from the Score Centre and Grove Road site with the remaining element from the Elder Close unit sales.

2 ANALYSIS BY CAPITAL AREA

- 2.1 The following table shows final budgets and the actual capital expenditure as recorded in the Council's accounts for 2022/23. Further detail for each area is provided on the following pages.

Outturn Expenditure	2022/23 Budget (MTFS)	2022/23 Revised Budget	2022/23 Expenditure	Variance Adv/(Fav) -	2022/23 Month 10 Forecast Spend	Movement from Month 10 Forecast
	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m
ICT	6.5	6.7	5.4	(1.3)	6.1	(0.7)
STRATEGY INSIGHT AND COMMUNITIES	0.0	0.0	0.0	0.0	0.2	(0.2)
CLIMATE EMERGENCY FUNDING	1.5	1.5	0.5	(1.0)	1.5	(1.0)
DEPUTY CHIEF EXEC'S DIRECTORATE	8.1	8.2	6.0	(2.3)	7.8	(1.9)
ADULT SOCIAL CARE	0.2	0.2	0.0	(0.2)	0.2	(0.2)
PEOPLE DIRECTORATE	0.2	0.2	0.0	(0.2)	0.2	(0.2)
NEIGHBOURHOODS	9.5	11.0	6.4	(4.6)	8.0	(1.6)
REGEN, PLANNING AND DELIVERY	3.5	5.1	2.2	(2.9)	3.2	(1.0)
PROPERTY AND DELIVERY	53.4	53.9	38.5	(15.4)	42.7	(4.2)
SCHOOLS PROGRAMME	15.7	15.7	13.5	(2.2)	15.0	(1.5)
HOUSING DELIVERY/OPERATIONS (GF)	8.8	8.8	11.8	3.0	7.5	4.3
HOUSING DELIVERY/OTHER (HRA)	23.6	23.6	12.0	(11.6)	16.0	(4.0)
HOUSING ASSETS (HRA)	30.8	38.9	23.7	(15.2)	24.4	(0.7)
PLACE DIRECTORATE	145.2	156.9	108.0	(48.0)	116.8	(8.8)
SCHOOL CONSOLIDATION	0.0	0.0	0.9	0.0	0.0	0.9
TOTAL PLANNED CAPITAL EXPENDITURE	153.4	165.4	114.9	(50.5)	124.8	(9.9)

CAPITAL EXPENDITURE FINANCING

- 2.2 The below table provides a summary of the financing sources used to finance capital expenditure by service area.

Outturn Financing	Grant & Reserves	Other Cont.	Major Repairs Reserve	Revenue Cont.	Capital Receipts	Self- Finance via Future Disposal	Prudential Borrowing	Total
	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	£0.0m	
ICT							5.4	5.4
STRATEGY INSIGHT AND COMMUNITIES							0.0	0.0
CLIMATE EMERGENCY FUNDING							0.5	0.5
DEPUTY CHIEF EXEC'S DIRECTORATE	-	-	-	-	-	-	6.0	6.0
ADULT SOCIAL CARE	0.0							0.0
PEOPLE DIRECTORATE	0.0	-	-	-	-	-	-	0.0
NEIGHBOURHOODS	2.7	1.2		1.3			1.2	6.4
REGEN, PLANNING AND DELIVERY	1.0	0.7					0.4	2.2
PROPERTY AND DELIVERY	1.3					22.4	14.8	38.5
SCHOOLS PROGRAMME	13.2	0.3		0.1				13.5
HOUSING DELIVERY/OPERATIONS (GF)	2.3	7.0			2.5			11.8
HOUSING DELIVERY/OTHER (HRA)	10.4		0.2		1.4			12.0
HOUSING ASSETS (HRA)	2.3	0.0	12.2		9.3			23.7
PLACE DIRECTORATE	33.1	9.2	12.4	1.4	13.2	22.4	16.4	108.0
SCHOOL CONSOLIDATION		0.9						0.9
TOTAL FINANCING APPLIED	33.1	10.1	12.4	1.4	13.2	22.4	22.3	114.9

DEPUTY CHIEF EXEC'S DIRECTORATE

	2022/23 Revised Budget	2022/23 Expenditure	Variance Adv/(Fav)
	£0.0m	£0.0m	£0.0m
ICT	6.7	5.4	-1.3
STRATEGY INSIGHT AND COMMUNITIES	0.0	0.0	0.0
CLIMATE EMERGENCY FUNDING	1.5	0.5	-1.0
DEPUTY CHIEF EXEC'S DIRECTORATE TOTAL	8.2	6.0	-2.3

ICT

- 2.3 Total capital expenditure on ICT programme was £5.4 million against a budget of £6.7 million resulting in slippage of £1.3 million.
- 2.4 Most of this slippage (£1.2m) relates to the ERP programme and is due to small delays to the implementation date mainly due to data migration works. All residual budget programmed and expected go live date in Autumn 2023.

CLIMATE EMERGENCY FUNDING

- 2.5 Total capital expenditure on Climate Emergency programme was £0.5 million against a budget of £1.5 million resulting in slippage of £1.0 million. Much of the slippage relates to future years pot which is yet to be programmed against live schemes.

PLACE DIRECTORATE

	2022/23 Revised Budget	2022/23 Expenditure	Variance Adv/(Fav)
	£0.0m	£0.0m	£0.0m
NEIGHBOURHOODS	11.0	6.4	-4.6
REGENERATION, PLANNING AND DELIVERY	5.1	2.2	-2.9
PROPERTY AND DELIVERY	53.9	38.5	-15.4
SCHOOLS PROGRAMME	15.7	14.4	-1.3
HOUSING DELIVERY/OPERATIONS (GF)	8.8	11.8	3.0
HOUSING DELIVERY/OTHER (HRA)	23.6	12.0	-11.6
HOUSING ASSETS (HRA)	38.9	23.7	-15.2
DEPUTY CHIEF EXEC'S DIRECTORATE TOTAL	156.9	108.9	-48.0

NEIGHBOURHOODS

- 2.6 Total capital expenditure on Neighbourhoods was £6.4 million against a budget of £11.0 million resulting in slippage of £3.4 million.
- Transport for London (TfL) grant capital spend of £1.4 million was funded entirely from TfL grants.
 - Highways & Traffic Management spend on Service Priorities and related programmes was £2.4million which helped improve pedestrian infrastructure, develop a South Leytonstone Low Traffic Neighbourhood, deliver on new borough Cycle routes, increase cycle hangar infrastructure investment and

deliver on flood mitigation programmes. All expenditure was fully financed from Grants and Direct Revenue Financing.

- The spend of £0.1 million on Highways s106 projects largely aided road safety and the underspend will carry forward as the projects continue.
- The spend on improvement and development works for a variety of parks was £1.2 million and this was funded from a combination of s106 and Community Infrastructure Levy funding.

REGENERATION, PLANNING AND DELIVERY

- 2.7 Total capital expenditure on Regeneration, Planning and Delivery programme was £2.2 million against a budget of £5.1 million resulting in slippage of £2.9 million.
- 2.8 Regeneration projects across the borough's town centres continue to be delivered, including Leyton Sports Ground Phase 3 and Walthamstow Town Centre Public Realm. There are plans to rephase some of these projects to take into consideration some potential changes to programme delivery plans to take into consideration levelling up funding recently awarded.

PROPERTY & DELIVERY

- 2.9 Expenditure on the Property & Delivery capital programme was £42.7 million against a budget of £55.6 million resulting in a slippage of £12.9 million.
- 2.10 Significant progress has been made to date with the Council's corporate projects including:
- Mortuary – rephasing of programme spend due to minor delays but overall completion date expected to remain unchanged.
 - Fellowship Square – whole programme under review with reprioritisation of delivery plans undertaken between the housing delivery element of the project and Civic Centre.
 - Soho Theatre Walthamstow (Former EMD Cinema) – delays to programme relating to unexpected works required due to the nature of the heritage asset.
 - Juniper House – revised phasing of the projects due to minor delays, planned completion expected summer 2023.
 - Central Parade – previously there were minor delays to scheme completion, project site now complete.
 - Families & Homes Hub – minor delay against the original phasing of the project but overall project remains on track and aligns to the original completion dates.

SCHOOLS

- 2.11 Total capital expenditure on the Schools' capital programme was £13.5 million excluding Devolved Formula Capital (DFC) (£14.4 million including DFC), against an in-year budget of £15.7 million which represents a slippage against the anticipated profile. Some of the key factors and outcomes associated with this spend are noted below:
- DFC programme sits outside of the main schools' capital programme but forms part of the final outturn. This programme is funded from the Devolved Formula Capital grant. The Department for Education allocates funding for individual maintained schools to use on their own capital priorities such as renovations, vehicle, plant, ICT and communications priorities. The grant can be spent over a period. This is not factored into budget setting and doesn't form part of the projection. Early Education for Two-Year-Olds also does not factor into this budget.
 - The change in spend profile is predominantly due to delays in project expenditure on schemes including North Birkbeck Road and Kelmscott Phase 2 which have a delayed start on site and of which expenditure will carry forward into 2023/24.

HOUSING DELIVERY/OPERATIONS (GF)

- 2.12 The Housing General Fund capital programme captures financial instruments relating to payments to Third Parties and Loan/Equity payments to Sixty Bricks along with Disabled Facilities Grant (DFG) spend. The change in phasing for Housing General Fund has been mostly driven by the in year DFG not being fully utilised as well as the split between HRA and General Fund for Sixty Bricks.

HOUSING DELIVERY/OTHER (HRA)

- 2.13 Within housing regeneration, the Avenue Road and Marlowe Road schemes have both underspent against their annual budgets, by £1.8m and £1.1m respectively. With the additional acquisition budgets which are now approved and to be included in the capital programme from 2023/24 onwards, it was noted that a full review and reprofile of the existing scheme budgets was required to be in line with the programme of works. Budget holders have reviewed the profiles for inclusion in the updated HRA Capital programme

HOUSING ASSETS (HRA)

- 2.14 For Housing Assets, in previous months it was reported that a significant increase in activity was required in the last quarter in order to achieve the forecast position being presented. The service had advised they were confident that this increase in activity was likely as there was a number of projects which were due to commence in January and February. These included Southfields Court, Montague Road retendered works, Friday Hill, Various Flats South, Building Safety works at Northwood, St Georges and St Patricks. Although activity did increase, it was still not significant enough to meet the month 11 forecast, resulting in the variance to the forecast.