

CAPITAL OUTTURN 2023/24

1 SUMMARY

- 1.1 This report outlines the outturn position on the Council’s capital programme for 2023/24 and the financing of that expenditure.
- 1.2 The approved budget for the 2023/24 was £144.8 million and actual spend against this was £176.5 million (excluding the appropriation from the GF to the HRA £32.7 million). The programme includes investment into schools, highways and streetlighting, property, area regeneration, the delivery of new and affordable homes, investment into our response to the Climate Emergency and investment into council-owned homes via the HRA.
- 1.3 Included in the in-year expenditure is the acquisition of 9 Osier Way, at a total cost of £56.4m. This was a one-off strategic acquisition of affordable homes as part of the Council’s Refugee Housing Programme, agreed by Cabinet in November 2023.
- 1.4 Excluding this acquisition, the total expenditure was £120.1 million and an underspend of £24.7 million. This underspend will 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.
- 1.5 £0.6 million capital expenditure has been incurred by maintained schools within the borough. This expenditure has been incorporated as part of the maintained school accounts consolidation.
- 1.6 The key areas of slippage are Neighbourhoods (£3.2 million), Property and Delivery (£4.0 million), Housing Delivery/Operations GF (£4.3 million). Acceleration occurred in Housing Delivery/Operations HRA (£85.7 million acceleration – further details are available in this report), and the School’s Programme (£0.8 million).

2 CAPITAL FINANCIAL POSITION

- 2.1 Capital schemes were financed from a variety of different sources. The table below outlines the funding mix used in 2023/24. The total use of borrowing increases the Council’s MRP commitment in future years.

Financing Sources 23/24	Actual Financing
	£0.0m
Grants and Reserves	49.9
Other Contributions	3.8
Major Repairs Reserve	12.9
Revenue Contributions	1.1

Capital Receipts	15.6
Self-Finance via Future Disposal	12.0
Prudential Borrowing	113.8
Total Financing	209.2

2023/24 CAPITAL RECEIPTS

- 2.2 In 2023/24, the HRA disposals programme realised a total of £7.1million (this consisted of £6.2 million Right to Buy (RTB) receipts and £0.98 million other HRA receipts), less RTB allowable transaction costs of £0.07m and the includes the proportion retained under the ‘pooling’ regime of £4.2 million.
- 2.3 £12.0 million of capital receipts were used to finance HRA capital expenditure. The balance of usable capital receipts at the end of 2023/24 was £22.2 million for the HRA, this is the retained receipts under an agreement with the Government that it is retained solely for the purpose of re-providing lost Council housing.
- 2.4 General Fund disposals receipts were £27.6 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, Juniper House and Central Parade unit sales. In-year, £3.6 million was used to fund capital expenditure in the General Fund. The remaining balance for General Fund capital receipts is £40.2 million.
- 2.5 The balance of Capital Grants Unapplied has decreased from £3.793 million to £3.345 million at the end of 2023/24 to fund in-year capital expenditure.

3 ANALYSIS BY CAPITAL AREA

- 3.1 The following table shows final budgets and the actual capital expenditure as recorded in the Council’s accounts for 2023/24. Further detail for each area is provided on the following pages.

DIRECTORATE	2023/24 Cabinet Approval July 2023/24	2023/24 Expenditure	Variance Adv/(Fav)
	£m	£m	£m
STRONGER COMMUNITIES DIRECTORATE			
ICT	6.6	6.6	0.0
COMMUNITIES	0.1	0.4	0.3
sub-total	6.7	7.0	0.3
PEOPLE DIRECTORATE			
ADULT SOCIAL CARE	0.2	0.0	-0.2
sub-total	0.2	0.0	-0.2
NEIGHBOURHOODS & ENVIRONMENT DIRECTORATE			

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NEIGHBOURHOODS	10.7	8.3	-2.4
CLIMATE EMERGENCY FUNDING	1.5	0.7	-0.8
sub-total	12.2	9.0	-3.2
PLACE DIRECTORATE			
REGENERATION, PLANNING AND DELIVERY	3.2	4.2	1.0
PROPERTY AND DELIVERY	34.6	30.6	-4.0
SCHOOLS PROGRAMME	13.8	14.6	0.8
HOUSING DELIVERY/OPERATIONS (GF)	10.8	6.5	-4.3
HOUSING DELIVERY/OTHER (HRA)	22.8	108.5	85.7
HOUSING ASSETS (HRA)	28.6	28.0	-0.6
sub-total	113.8	192.5	78.7
SCHOOLS CONSOLIDATION			
SCHOOLS CONSOLIDATION	0.0	0.6	0.6
sub-total	0.0	0.6	0.6
CONTINGENCY			
CONTINGENCY (GF)	11.9	0.0	-11.9
sub-total	11.9	0.0	-11.9
FUND			
GENERAL FUND TOTAL	81.5	72.1	-21.3
HRA TOTAL	51.4	136.5	85.1
TOTAL CAPITAL PROGRAMME	144.8	209.2	64.4
Adjustment - Sales from GF to HRA		-32.7	
TOTAL CAPITAL PROGRAMME	144.8	176.5	31.7
Osier Way Acquisition		-56.4	
TOTAL CAPITAL PROGRAMME	144.8	120.1	-24.7

CAPITAL EXPENDITURE FINANCING

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

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Outturn Financing	Grants and Reserves	Other Contributions	Major Repairs Reserve	Revenue Contributions	Capital Receipts	Self-Finance via Future Disposal	Purdenial Borrowing	Total Financing
	£m	£m	£m	£m	£m	£m	£m	£m
STRONGER COMMUNITIES DIRECTORATE								
ICT							6.6	6.6
COMMUNITIES		0.2					0.2	0.4
sub-total	-	0.2	-	-	-	-	6.8	7.0
PEOPLE DIRECTORATE								
ADULT SOCIAL CARE	0.0							0.0
sub-total	0.0	-	-	-	-	-	-	0.0
NEIGHBOURHOODS & ENVIRONMENT DIRECTORATE								
NEIGHBOURHOODS	3.8	1.6	-	1.1	-	-	1.9	8.3
CLIMATE EMERGENCY FUNDING	0.2		-			0.3	0.3	0.7
sub-total	4.0	1.6	-	1.1	-	0.3	2.1	9.0
PLACE DIRECTORATE								
REGENERATION, PLANNING AND DELIVERY	2.9	0.3	-	-	-	0.0	1.0	4.2
PROPERTY AND DELIVERY	0.16	0.88	-	-	3.64	11.77	14.09	30.6
SCHOOLS PROGRAMME	13.9	-	-	-	-	-	0.8	14.6
HOUSING DELIVERY/OPERATIONS (GF)	4.5	-		-	-	-	2.1	6.5
HOUSING DELIVERY/OTHER (HRA)	24.0	0.1			12.0		72.5	108.5
HOUSING ASSETS (HRA)		0.7	12.9				14.4	28.0
sub-total	45.3	2.0	12.9	-	15.6	11.8	104.9	192.5
SCHOOLS CONSOLIDATION								
SCHOOLS CONSOLIDATION	0.6	-	-	-	-	-	-	0.6
sub-total	0.6	-	-	-	-	-	-	0.6
TOTAL FINANCING APPLIED	49.9	3.8	12.9	1.1	15.6	12.0	113.8	209.2

STRONGER COMMUNITIES' DIRECTORATE

DIRECTORATE	2023/24 Cabinet Approval July 2023/24	2023/24 Expenditure	Variance Adv/(Fav)
	£m	£m	£m
STRONGER COMMUNITIES DIRECTORATE			
ICT	6.6	6.6	0.0
COMMUNITIES	0.1	0.4	0.3
sub-total	6.7	7.0	0.3

ICT

3.3 Total capital expenditure on ICT programme was £6.6 million, £5.6 million of which is in relation to the completion of the ERP programme, which has now been completed.

COMMUNITIES

3.4 Total capital expenditure on Communities was £0.43 million against a budget of £0.1 million, an overspend of £0.3 million. Within this expenditure, £0.2 million relates to urgent works conducted on libraries.

NEIGHBOURHOODS AND ENVIRONMENT DIRECTORATE

3.5 The Neighbourhoods and Environment capital programme supports investment into green transport, highways, leisure, parks and open spaces as well as the Council's response to the Climate Emergency.

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DIRECTORATE	2023/24 Cabinet Approval July 2023/24	2023/24 Expenditure	Variance Adv/(Fav)
	£m	£m	£m
NEIGHBOURHOODS & ENVIRONMENT DIRECTORATE			
NEIGHBOURHOODS	10.7	8.3	-2.4
CLIMATE EMERGENCY FUNDING	1.5	0.7	-0.8
sub-total	12.2	9.0	-3.2

NEIGHBOURHOODS

3.6 Total capital expenditure on Neighbourhoods was £8.34 million against a budget of £10.7 million resulting in slippage of £2.4 million.

- Transport for London (TfL) grant capital spend of £2.6 million was funded entirely from TfL grants, out of this, £1.5 million has slipped into 2024/25 for works yet to be completed.
- This grant helps 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. 93% of expenditure was fully funded from DRF and grants, with the remainder being from prudential borrowing.
- Leytonstone Leisure Centre Roof Repair also slipped £1.3 million due to delays in the procurement process.
- Other minor accelerations across the programme of £0.4 million culminated in the overall underspend of £2.4 million.

CLIMATE EMERGENCY

3.7 Total capital expenditure on Climate Emergency was £0.68 million against a budget of £1.5 million resulting in slippage of £0.8 million.

3.8 Projects are the pipeline and expected to go through the approval process in 2024/25.

PLACE DIRECTORATE

DIRECTORATE	2023/24 Cabinet Approval July 2023/24	2023/24 Expenditure	Variance Adv/(Fav)
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PLACE DIRECTORATE			
REGENERATION, PLANNING AND DELIVERY	3.2	4.2	1.0
PROPERTY AND DELIVERY	34.6	30.6	-4.0
SCHOOLS PROGRAMME	13.8	14.6	0.8
HOUSING DELIVERY/OPERATIONS (GF)	10.8	6.5	-4.3
HOUSING DELIVERY/OTHER (HRA)	22.8	108.5	85.7
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REGENERATION, PLANNING AND DELIVERY

- 3.9 Total capital expenditure on Regeneration, Planning and Delivery programme was £4.21 million against a budget of £3.2 million resulting in overspend of £1.0 million.
- 3.10 This is due to new funding being received for the Chingford North LUF programme that was agreed post-cabinet approval in July 2023.
- 3.11 Regeneration projects across the borough’s town centres continue to be delivered, with several budgets in this area experiencing an increase in-year due to the introduction of additional LUF schemes, such as the Walthamstow Public Realm and Chingford Mount and Higham's Park programmes.
- 3.12 Changes to project delivery plans across several schemes have led to reprofiling of spend into future years, including the Sutherland Road public realm programme (£0.8 million), and other projects.

PROPERTY & DELIVERY

- 3.13 Expenditure on the Property & Delivery capital programme was £30.6 million against a budget of £34.6 million resulting in a slippage of £4.0 million. Significant progress has been made to date with the Council’s corporate projects including, with slippages recorded against the following corporate priorities:
 - Mortuary – with a slippage of £1.3 million. The programme was rephased due to minor delays relating to ground works, however, overall completion date expected to remain unchanged.
 - Fellowship Square and Coronation Square – with a slippage of £0.6 million each. The programmes underwent minor scope changes with the reprioritisation of delivery plans undertaken between the housing delivery element of the project and Civic Centre.
 - Juniper House is reporting a slippage of £1.9 million. This relates to unclaimed rights to light and other external fees to be charged.

SCHOOLS’ PROGRAMME

- 3.14 The 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 does not form part of the projection. Early Education for Two-Year-Olds also does not factor into this budget.
- 3.15 Total capital expenditure on the schools’ capital programme was £14.6 million excluding Devolved Formula Capital (DFC) (£15.22 million including DFC), against an in-year budget of £13.8 million which represents an overspend of

£0.8m. The increased spend is due to programme acceleration across a number of school expansion and maintenance projects.

HOUSING DELIVERY/OPERATIONS (GF)

- 3.16 The total capital expenditure for Housing GF in 2023/24 was £6.55 million against a budget of £10.5 million. The resulting slippage of £4.3 million is clarified below.
- 3.17 A paper approved by HIG included an update for the Housing GF budgets and resulted in a decrease of the budgets post-Cabinet July 2023 approval to £7.5m. Therefore, the slippage is £1 million compared to the revised budget.
- 3.18 The Housing GF capital programme's primary function is to fund delivery of the Disabled Facilities Grant (DFG), which funds adaptations that support people to remain living in their homes, as well as Sixty Bricks activity outside of the HRA. 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)

- 3.19 The total capital expenditure in housing delivery for 2023/24 was £108.48 million against a budget of £22.8 million. The additional expenditure is explained in further detail below.
- 3.20 In November 2023, LBWF made the strategic acquisition of 9 Osier Way, resulting in the purchase of 197 units at a value of £56.4 million. A further 11 homes were also purchased, with 8 being intended for TA, this is already included in the Housing General Fund figures, and 3 remaining properties for affordable rents.
- 3.21 Appropriations from the General Fund to the HRA also took place at the end of the financial year at a total value of £32.7 million across the schemes of Central Parade, Leyton Green Partnership, South Grove, and Juniper House.
- 3.22 Slippage of £4 million against budget within the overall HRA programme is primarily due to the pausing of Sixty Bricks Phase 2 schemes in-year. Subsequently, in February 2024 Cabinet agreed to place the company into dormancy with delivery of the Priory Court regeneration scheme transferring from Sixty Bricks to the council to be directly delivered, with Hill Group contracted as our development partner and construction having now commenced.

HOUSING ASSETS (HRA)

- 3.23 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.
- 3.24 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

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retendered works, Friday Hill, Various Flats South, Building Safety works at Northwood, St Georges, and St Patricks.