

CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO DECEMBER 2022

1. Table 1 shows the changes to the individual portfolio programmes. The updated programme for the General Fund is £356.25M and £267.12M for the HRA.
2. Due to the current financial environment, there has been a need to review the programme, against the backdrop of rising inflation which is significantly increasing construction costs and rising interest rates which has seen the cost of borrowing more than double since the budgets were set in February 2022.
3. Details of changes made since the quarter 1, totalling a net increase of £3.12M can be found in annex 2.1. All additions were made in previous Cabinet/Council papers.

Table 1 – Changes to Portfolio Programmes

	Latest Programme £M	Previous Programme £M	Total Change £M
Children & Learning	71.34	71.34	0.00
Communities & Customer Engagement	0.72	0.72	0.00
Economic Development	4.37	4.37	0.00
Finance & Change	22.90	19.90	3.00
Health, Adults & Leisure	18.35	18.35	0.00
Housing & the Green Environment	32.85	32.85	0.00
Leader	9.72	9.72	0.00
Safer City	0.66	0.66	0.00
Transport & District Regeneration	195.35	195.23	0.12
Total GF Capital Programme	356.25	353.13	3.12
Housing Revenue Account	267.12	267.12	0.00
Total Capital Programme	623.37	620.25	3.12

NB. there may be small arithmetic variations in the table as figures have been rounded

20202/23 MONITORING POSITION

4. The forecast performance of individual capital programmes in 2022/23 is summarised in table 2 below.

Table 2 – Summary of the General Fund & HRA Capital Forecast 2022/23

	Revised Programme £M	Forecast £M	Forecast Variance £M	Forecast Variance %
Children & Learning	21.29	20.80	(0.49)	(2.30)
Communities & Customer Engagement	0.72	0.72	0.00	0.00
Economic Development	2.92	1.78	(1.15)	(39.16)
Finance & Change	9.06	8.31	(0.75)	(8.28)
Health, Adults & Leisure	3.04	2.82	(0.22)	(7.25)

	Housing & the Green Environment	14.53	11.13	(3.40)	(23.39)
	Leader	3.55	2.17	(1.38)	(38.91)
	Safer City	0.66	0.66	0.00	0.00
	Transport & District Regeneration	62.90	58.13	(4.77)	(7.58)
	Total General Fund	118.68	106.53	(12.15)	(10.24)
	Housing Revenue Account	46.20	38.25	(7.95)	(17.20)
	Total Capital Programme	164.88	144.78	(20.10)	(12.19)
	<u>Financed by</u>				
	*CR - GF Borrowing	(43.93)	(30.89)	(13.04)	(29.68)
	*CR - HRA Borrowing	(15.22)	(11.88)	(3.34)	(21.94)
	Capital Receipts	(4.81)	(4.24)	(0.57)	(11.85)
	Contributions	(13.98)	(19.10)	5.12	36.62
	Capital Grants	(59.02)	(54.22)	(4.80)	(8.13)
	Direct Revenue Financing	(2.18)	(2.00)	(0.18)	(8.26)
	HRA – MRA	(25.74)	(22.45)	(3.29)	(12.78)
	Total Funding	164.88	144.78	(20.10)	(12.19)
	*CR – Council Resources NB there may be small arithmetic variations in the table as figures have been rounded				
5.	The forecast spend for 2022/23 is £144.78M, giving a total forecast favourable variance of £20.10M, which is a combination of £17.66M net slippage and rephasing and £2.43M potential surplus, as detailed in table 3 below.				
6.	<u>Table 3 – Breakdown of 2022/23 Forecast Variance</u>				
		(Surplus)/ Deficit £M	(Slippage)/ Rephasing £M	Total £M	
	Children & Learning	(0.08)	(0.41)	(0.49)	
	Communities & Customer Engagement	0.00	0.00	0.00	
	Economic Development	(0.09)	(1.06)	(1.15)	
	Finance & Change	(0.05)	(0.70)	(0.75)	
	Health, Adults & Leisure	0.00	(0.22)	(0.22)	
	Housing & the Green Environment	0.09	(3.49)	(3.40)	
	Leader	0.00	(1.38)	(1.38)	
	Safer City	0.00	0.00	0.00	
	Transport & District Regeneration	(0.42)	(4.35)	(4.77)	
	Total General Fund	(0.54)	(11.61)	(12.15)	
	Housing Revenue Account	(1.89)	(6.05)	(7.95)	
	Total Capital Programme	(2.43)	(17.66)	(20.10)	
	NB. there may be small arithmetic variations in the table as figures have been rounded				

7.	The General Fund programme forecast position is a surplus of £0.54M and the HRA is £1.89M. The reasons for the major forecast surplus/deficit variance are detailed in Annex 2.2.
8.	Slippage occurs where works are not expected to take place according to the provisions agreed in the capital programme. Re-phasing of capital expenditure is due to works being carried out sooner than anticipated, budget and funding is brought forward from future years to match the expenditure. Following the continuing review to ensure that all projects are accurately profiled, and budgets are suitably aligned to anticipated works and spend, there is £11.61M of General Fund and £6.05M of HRA anticipated work in 2022/23 where work has slipped into later years. Details of schemes with major slippage and where any rephasing has been applied are provided in annex 2.3. These changes in spend profile will be reflected in the February budget report.
CAPITAL RESOURCES	
9.	The resources which can be used to fund the capital programme are as follows: <ul style="list-style-type: none"> • Central Government Grants and from other bodies • Contributions from third parties • Council Resources - Capital Receipts from the sale of HRA assets • Council Resources - Capital Receipts from the sale of General Fund assets • Revenue Financing • Council Resources – Borrowing
10.	Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes.
11.	It should be noted that the revised General Fund Capital programme is based on prudent assumptions of future government grants to be received. Most of these grants relate to funding for schools and transport and are un-ringfenced. However, in 2022/23 these grants have been passported to these areas.
12.	Annex 2.4 details the current level of available resources. This shows that the largest resource currently un-earmarked is S106 developer contributions. This relates to receipts in the latter part of 2021/22 and in 2022/23 for which the works are still being scoped and will be added to the programme as part of the February budget paper. All S106 contributions come with specific conditions as to how the money must be spent.
OVERALL CAPITAL PROGRAMME AND FINANCING	
13.	The revised overall programme by year, including amendments that are being requested as part of this report and use of resources, can be found in Annex 2.5.
14.	The most significant amount of funding for the General Fund programme is provided by capital grants. Previously council resources, which at present, is mainly through borrowing. There has been a drive to reduce borrowing costs, due to increasing interest rates, to avoid an unbudgeted pressure on the GF revenue account. The HRA programme is primarily funded by Major Repairs Reserve (direct revenue contribution).
<u>SUPPORTING DOCUMENTATION</u>	
Annexes	

1.	GF & HRA Programme Changes Since Last Reported Position
2.	GF & HRA Major Forecast Variances as at December 2022
3.	GF & HRA Slippage & Rephasing as at December 2022
4.	GF Capital Resources Available as at December 2022
5.	GF & HRA Revised 5 Year Programme and Use of Resources.