

TO: EXECUTIVE

Capital Programme 2020/21 Outturn
Director of Finance

1 PURPOSE OF REPORT

- 1.1 At its meeting on 28th February 2020, the Council approved a capital programme for 2020/21-2022/23. This report updates the Executive on the capital outturn expenditure position for 2020/21 and requests approval for the carry forward of the remaining capital programme, the majority of which is committed but not yet spent. The report also sets out how the 2020/21 expenditure is to be financed.

2 RECOMMENDATIONS**2.1 That the Executive:**

- a) **Notes the outturn capital expenditure as outlined in Table 1 and detailed in Annex A**
- b) **Approves the carry forward of £25.007m from the 2020/21 capital programme to 2021/22**
- c) **Notes the financing of capital expenditure as shown in Table 3.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The reasons for the recommendations are set out in section 5 below.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not Applicable

5 SUPPORTING INFORMATION**Outturn Capital Expenditure**

- 5.1 The capital programme for 2020/21 consisted of £53.797m on projects and programmes. The projected outturn is £26.883m (50% of approved budget). These figures remain subject to change, pending external audit. However, no significant movement is anticipated.
- 5.2 Table 1 summarises the outturn position for schemes managed by Directorates based on latest information available.

Table 1: Capital outturn for each Directorate

	Budget	Expenditure	C/Fwd	Underspend
	£'000	£'000	£'000	£'000
Central Departments	23,459	12,842	8,845	-1,772
Delivery	5,335	4,097	1,103	-136
People	25,003	9,944	15,059	0
TOTAL	53,797	26,883	25,007	-1,908

- 5.3 According to Financial Regulations, departments are required to manage their budgets to ensure that the overall department capital programme is not exceeded. As can be seen above the overall capital programme is underspent against budget. However, there are a number of individual variances which are required to be drawn to the attention of Members (>£50,000). The most significant areas of underspends are;
- Vigar Way (£1.604m) –Scheme re-evaluated and funding received from LEP reduced.
 - Capitalisation of Revenue (£0.135m) – Where projects make use of internal project management or professional fees a budget is approved to fund these internal costs. Given the impact of COVID on the capital programme the level of works undertaken were less than anticipated and as such an underspend has been reported on this area.
- 5.4 The total carry forwards requested by service departments amount to £25.007m. Many of the projects are either close to being completed or are contractually committed and underway.
- 5.5 The most significant carry-forwards that have been funded from Council resources (as compared with grant funding which is normally automatically carried forward) are as follows:
- Various IT Schemes (£0.6m) – Budgets have been largely pooled into three main areas – Desktop, Infrastructure and Transformation. The impact of COVID has had a significant impact on the way the Council works digitally – with home working becoming a norm over the last 18 months – this has led to a review of IT expenditure priorities and unspent budget will be used to focus on the new priorities.
 - Town Centre Redevelopment (£3.9m) – The funding set aside for the redevelopment of the Town Centre through various schemes will be drawn down as the programme continues to roll out.
 - Replacement LED Street Lights (£0.8m) – This is a continuing project and is expected to be completed in 2021/22
 - Heathlands Re-development (£7.6m) – This project is expected to complete in 2021/22 and is a long term commitment of the Council

Use of capital resources

- 5.6 Capital expenditure can be financed from four main sources. These are Developers' Contributions (S106 monies and Community Infrastructure Levy), Grants, Capital Receipts and Borrowing. The table below highlights the most significant asset sales.

Table 2: Capital Receipts

Asset	£000
Unit C Waterside	950
Car Spaces – Wellington Business Park	120
Dilapidated Garages Gt Hollands Square	60

- 5.7 A total of £16.3274m of government grants and other external contributions have been used to finance capital projects in 2020/21. Table 3 below summarises how the capital expenditure for 2020/21 will be financed.

Table 3: Financing of Capital Expenditure

	£'000
Total capital expenditure	26,883
To be financed by:	
-Capital receipts (including CIL)	5,222
-Government Grants & Other Contributions	16,327
-Capital Financing Requirement	5,334

Capital Financing Requirement (CFR)

- 5.8 As a result of the capital expenditure in 2020/21 the Council now has an overall capital financing requirement of £214.6m as at the 31 March 2021. The Council will provide for the repayment of this through the minimum revenue provision which will be re-calculated for these out-turn figures using the policy agreed by Council and reflected in the Council's Budget.
- 5.9 The CFR represents the underlying need to borrow to fund capital expenditure that cannot be financed from other income sources. However, the actual need to borrow at any particular time is determined by the Council's overall cashflow requirements. The actual level of borrowing at the end of March 2021 was £80m with investments of £20.3m totalling net debt of £59.7m
- 5.10 Given that the level of capital expenditure incurred was less than budgeted and income from capital receipts greatly exceeded expectations the Council's long-term borrowings are much lower than predicted. This has contributed to an underspend in the capital financing revenue budget, which is explained in more detail in the Revenue Budget Out-turn report elsewhere on the agenda.

6 Consultation and Other Considerations

Legal Advice

- 6.1 The authorisation for incurring capital expenditure by local authorities is contained in the legislation covering the service areas.

Financial Advice

- 6.2 The financial implications are contained within the report.

Other Consultation Responses

- 6.3 None

Equalities Impact Assessment

- 6.4 None

Strategic Risk Management Issues

- 6.5 The most significant risk facing the Council is the impact of the capital programme on the revenue budget. As the outturn is in line with that assumed in setting the 2019/20 budget the risk on the revenue budget has been minimised.

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