

Date of meeting:	20 November 2023
Title of Report:	<b>Capital Monitoring Report September 2023</b>
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey, (Interim Service Director for Finance)
Author:	Helen Slater, Lead Accountancy Manager Wendy Eldridge, Lead Accountancy Manager (Capital and Treasury Management)
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Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

This report sets out the capital monitoring position of the Council forecast to the end of the financial year 2023/24 at Period 6.

## Recommendations and Reasons

That Council agrees the Capital Budget 2023-2028 is revised to £629.924m as shown in Table 1.

*Reason: controlling the outturn within budget is essential to maintain financial control with full transparency on the Capital Investments.*

## Alternative options considered and rejected.

There are no alternative options – our Financial Regulations require us to produce regular monitoring of our finance resources.

## Relevance to the Corporate Plan and/or the Plymouth Plan

The report is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

## Implications for the Medium-Term Financial Plan and Resource Implications:

Robust and accurate financial monitoring underpins the Council's Medium Term Financial Plan (MTFP). The Council's MTFP is updated based on on-going monitoring information, both on a local and national context. Any adverse variations from the annual budget will place pressure on the MTFP going forward and require additional savings to be generated in future years.

## Financial Risks:

Financial risks concerning period 6 reporting are discussed in the body of the report and relate to the attainment of a balanced budget position in financial year 2023/24.

**Carbon Footprint (Environmental) Implications:**

There are no impacts directly arising from this report.

**Other Implications: e.g., Health and Safety, Risk Management, Child Poverty:**

The reducing revenue and capital resources across the public sector has been identified as a key risk within our Strategic Risk register. The ability to deliver spending plans within budget is paramount to ensuring the Council can achieve its objectives

**Appendices**

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must why it is not for publication by virtue of Part 1 of Sched of the Local Government Act 1972 by ticking the relev</i>						
		1	2	3	4	5	6	7

**Background papers:**

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

**Sign off:**

Fin	CH 02.11.23 1719	Leg	LS LS/000 01312/ 2/AC/2 /11/23	Mon Off	tba	HR		Assets		Strat roc	
Originating Senior Leadership Team member: David Northey (Interim Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Date agreed: 20/10/2023											
Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance) Date approved: 30/10/2023											

## Capital Finance Report Q2 2023/24

The approved Capital Budget (representing forecast resources) includes the Capital Programme made up of approved projects and future funding assumptions.

These assumptions include the estimates of capital funding requests the Council is likely to receive in the future or has received and is awaiting business case approval to add to the capital programme.

The forecast for the Five-Year Capital Budget 2023-2028 is £373.765m as at 30 September 2023, compared to the forecast of £338.052m as at 30 June 2023. This shows an increase to the Capital Programme of £35.713m. The future funding assumptions add a further £256.159m to the budget and the revised Capital Budget for approval for 2023 to 2028 is £629.924m. Annex I provides a further breakdown of new projects added to capital programme.

### Capital Programme movement.

Table 1 The Capital Budget consists of the following elements:

Description	£m
Capital Programme as at 30 June 2023 for 5 year period 2023 - 2028	338.052
New Approvals – July to September see Annex I for breakdown	36.922
Variations – July to September 2023	-1.172
Re-Profiling into future years outside 5 year programme	-0.037
Capital Programme as at 30 September 2023	373.765
Future Funding Assumptions	256.159
<b>Total Revised Capital Budget for Approval (2023/24 -2027/28)</b>	<b>629.924</b>

A breakdown of the current approved capital budget by directorate and by funding is shown in Table 2 below.

**Table 2 Capital Programme by Directorate**

Directorate	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Children's Services	3.547	0.225	0.130	-	-	3.903
People	11.192	12.933	0.105	0.750	-	24.980
Place - Economic Development	29.921	60.524	24.532	14.734	10.407	140.118
Place - Strategic Planning & Infrastructure	63.677	62.805	2.126	0.066	0.608	129.282
Place - Street Services	29.273	17.666	1.712	0.103	0.042	48.795
Customer & Corporate Services	5.911	4.928	1.256	-	-	12.095
Office for Director of Public Health	10.822	3.772	-	-	-	14.594
<b>Total</b>	<b>154.342</b>	<b>162.851</b>	<b>29.862</b>	<b>15.653</b>	<b>11.057</b>	<b>373.765</b>
Finance by:	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	5.470	2.428	0.811	0.776	0.571	10.057
Grant Funding	67.899	52.759	1.436	0.023	0.023	122.140
Corporate Funded borrowing	44.080	45.707	6.134	0.276	0.073	96.269
Service dept. supported borrowing	31.758	54.634	21.199	14.487	10.373	132.451
Developer contributions	4.023	7.190	0.196	0.046	0.018	11.474
Other Contributions	1.112	0.133	0.086	0.043	-	1.375
<b>Total</b>	<b>154.342</b>	<b>162.851</b>	<b>29.862</b>	<b>15.653</b>	<b>11.057</b>	<b>373.765</b>

Based on the £154.342m latest forecast, actual spend as at 30 September 2023 was £30.579m which equates to 19.81% of the forecast Capital Programme for 2023-24.

As at 30 June 2023 the forecast Capital Programme for 2023/24 was £189.657m. In September this has reduced to £154.342m and this includes £32.653m in month slippage agreed with project officers.

Analysing the outturn figures for 2018 – 2022 has identified that the average spend as at 30 September represents 33% of the final outturn position. Therefore, using the actual spend figure above would indicate a 2023/24 outturn forecast closer to £109m. The August assumption of £100m was based on average spend of 26.5% of the total budget, this method of trend analysis is easier to predict in year as we get closer to outturn (generally from October to Q3).

Finance officers continue to work with Project Officers reviewing forecasts to ensure any necessary reprofiling is reported.

Of the 5-year programme, £96.269m is forecast to be funded from corporate borrowing which equates to 26% of programme. The affordability of the capital programme and future funding assumptions is under review. Continuing high interest rates against the borrowing required to finance the current programme will create a revenue pressure in 2024/25 if action is not taken to limit borrowing now.

Governance	Funding Source	Forecast Year of Spend		
		23/24	24/25 - 27/28	5 Year Programme
		£m	£m	£m
Executive Decision	Grant / external funding	8.318	6.444	14.761
Executive Decision	Grant / CB	0.090	2.893	2.983
Executive Decision	Grant / SB	2.490	8.406	10.896
Executive Decision	Grant / S106	1.212	0.404	1.616
Executive Decision	SB	5.210	0.000	5.210
Executive Decision	CB	0.210	0.000	0.210
<b>Executive Decision</b>	<b>Total</b>	<b>17.530</b>	<b>18.146</b>	<b>35.676</b>
S151	CB	0.543	0.000	0.543
S151	SB	0.225	0.000	0.225
S151	Grant	0.147	0.073	0.220
S151	S106/ RCCO	0.096	0.013	0.110
S151	SB / RF Cont	0.148	0.000	0.148
<b>S151</b>	<b>Total</b>	<b>1.160</b>	<b>0.086</b>	<b>1.246</b>
<b>Total Additions</b>		<b>18.690</b>	<b>18.231</b>	<b>36.922</b>

Governance	Funding Source	New Approvals Q2	5 Year Programme Approvals
			£m
Executive Decision	RF Grant / RF S106	Civic Centre District Energy - Phase 2	0.600
Executive Decision	RF Grant	Social Housing Decarbonisation Wave 2.1	7.062
S151	RF Grant	St Levan Park Flood Defence	0.036
		<b>Subtotal Strategic Planning &amp; Infrastructure</b>	<b>7.698</b>
Executive Decision	RF Grant / RF S106	Derriford Community Park - Phase 5	1.616
S151	RF Cont	Improving Outdoor Play Phase 3	0.007
S151	RF S106	Minor Traffic Schemes	0.035
S151	RF S106	Marine Academy Plymouth 3G Pitch	0.054
Executive Decision	SB	Car Parks - Capital Maintenance	0.400
S151	RF S106	Improvements of Allotments PL9	0.016
S151	RF Grant	Flytipping Intervention Scheme	0.050
		<b>Subtotal Street Services</b>	<b>2.177</b>
S151	SB / RF Cont	Mount Edgcumbe Orangery Toilets	0.120
Executive Decision	SB	Land at Embankment Road	4.810
Executive Decision	RF Grant	Plymouth and South Devon Freeport – Millbay Terminal Development	1.300
S151	RF Cont / RCCO	Mount Edgcumbe Play Park	0.021
Executive Decision	RF Grant / CB	National Marine Park - Tinside Pool	2.983
Executive Decision	RF Grant	Love Plymouth	0.060
Executive Decision	RF Grant / SB	Langage Tax Site - Freeport	8.646
		<b>Subtotal Economic Development</b>	<b>17.940</b>
Executive Decision	RF Grant	Disabled Facilities (incl Care & Repair works)	2.814
Executive Decision	CB	Young Devon Loan	0.210
Executive Decision	RF Grant	Efford Youth & Community Centre	0.509
Executive Decision	RF Grant	Honicknowle Youth & Community Centre	0.414
Executive Decision	RF Grant	Frederick Street Centre	0.934
S151	RF Grant	Family Hubs	0.134
Executive Decision	RF Grant / SB	Local Authority Housing Fund Phase 2	2.250
Executive Decision	RF Grant / External Contribution	Disabled Facilities (incl Care & Repair works)	0.646
		<b>Subtotal People</b>	<b>7.910</b>

Governance	Funding Source	New Approvals Q2	5 Year Programme Approvals
			£m
Executive Decision	RF Grant	Schools Emergency Condition Works	0.200
Executive Decision	RF Grant	Cann Bridge - Hydrotherapy Pool	0.047
Executive Decision	RF Grant	Laira Green - Foundation Classroom Floors	0.018
Executive Decision	RF Grant	Laira Green - Kitchen Floors	0.009
Executive Decision	RF Grant	Longcause - Lift	0.041
Executive Decision	RF Grant	Mary Deans - Roof	0.038
Executive Decision	RF Grant	Yealmpstone Farm - Boiler	0.054
Executive Decision	RF Grant	Yealmpstone Farm - Roof	0.016
S151	SB	Foster Home Adaptation - Child PER26650	0.083
		<b>Subtotal Children's Services</b>	<b>0.506</b>
S151	SB	Pebble Beach Work	0.142
S151	RCCO	Broadley Park Road	0.004
S151	CB	Mountbatten Sea Wall	0.172
S151	CB	Devil's Point Tidal Pool	0.150
S151	CB	Prince Rock Exhaust Extract	0.034
S151	CB	Mount Wise Pool Filters	0.126
S151	CB	Langdale Gardens Retaining Wall	0.011
S151	CB	Plymouth Life Centre Light Replacements	0.049
		<b>Subtotal Customer &amp; Corporate Services</b>	<b>0.690</b>

<b>Total Capital Approvals Q2</b>	<b>36.922</b>
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Glossary	
SB	Service Borrowing
CB	Corporate Borrowing
RF	Ring Fenced
URF	Un-ring fenced
Cont	Contribution
CIL	Community Infrastructure Levy
RCCO	Revenue Contribution Capital Outlay (internal borrowing)
Cap Rec	Capital Receipt
S106	Section 106 monies / developer contributions