

**TITLE OF REPORT: Capital Programme and Prudential Indicators 2023/24
– Third Quarter Review****REPORT OF: Darren Collins, Strategic Director, Resources and Digital**

Purpose of the Report

1. This report sets out the latest position on the 2023/24 Capital Programme and Prudential Indicators at the end of the third quarter to 31 December 2023. The report assesses reasons for the variances from the approved programme and details the proposed financing of the capital programme. In addition, the report considers the impact of CIPFA's Prudential Code on the capital programme and the monitoring of performance against the statutory Prudential Indicators.

Background

2. The original budget for the capital programme for 2023/24, as agreed by Council on 23 February 2023, totalled £112.1m. This was increased to £113.5m at the first quarter review and decreased to £106.8m at the second quarter review to accommodate re-profiling to future years. The third quarter review of progress has resulted in a revised estimate for capital expenditure of £78.0m by the year end, £52.8m General Fund and £25.2m HRA.
3. The proposed reduction in the capital programme at the third quarter comprises of the following movements:

	£m
Additional capital expenditure	2.176
Re-profiling of capital expenditure to future years	(30.929)
Total Variance	(28.753)

4. The proposed increase of £2.176m relates to variations of less than £0.500m for a number of projects within the General Fund due to accelerated spend and £1.3m within the HRA for new home acquisitions.
5. The re-profiling of expenditure to future years of £30.929m relates to the following schemes:
 - (£8.153m) Quays – slippage due to collating final plans and costs.
 - (£7.562m) Transforming Cities - schemes have been designed and costed with some started on site.
 - (£5.000m) Flood Alleviation – schemes are being designed and costed.
 - (£3.000m) Schools Basic Need – schools are to submit their funding requests to meet the demand for places.

- (£2.000m) West Askew Road – junction works have been approved and waiting to commence on site.
- (£1.000m) Schools Special Education Needs High Needs – work is ongoing to determine how to best utilise the funding.
- (£0.750m) Local Transport Plan – Integrated Transport – slippage on some schemes which require more design and modelling work.
- (£0.650m) High Street South – work is ongoing to determine how to best progress the development.

Proposal

6. The report identifies planned capital expenditure of £78.0m for the 2023/24 financial year. The expected resources required to fund the Capital Programme are as follows:

	£m
Prudential Borrowing	23.711
Projected Capital Receipts	0.679
Capital Grants and Contributions	28.420
Major Repairs Reserve (HRA)	19.264
Capital Grants and Contributions (HRA)	1.541
Right to Buy Receipts (HRA)	4.387
Total Capital Programme	78.002

7. CIPFA's Prudential Code advises the regular monitoring of performance against the prudential indicators which regulate borrowing and investment. Targets and limits for the prudential indicators for 2023/24 were agreed at Council on 23 February 2023 and borrowing and investment levels have remained within these limits. Performance against the indicators for 2023/24 is set out in Appendix 5.

Recommendations

8. It is recommended that
- (i) Cabinet recommends to Council the revision to the capital programme.
 - (ii) Cabinet recommends to Council the financing of the revised programme.
 - (iii) Cabinet confirms to Council that the capital expenditure and capital financing requirement indicators have been revised in line with the revised budget and that none of the approved Prudential Indicators set for 2023/24 have been breached.

For the following reason(s)

- (i) To ensure the optimum use of the Council's capital resources in 2023/24
- (ii) To accommodate changes to the Council's in-year capital expenditure plans.
- (iii) To ensure performance has been assessed against approved Prudential Limits.

CONTACT: Clare Tait

extension: 3417

APPENDIX 1

Policy Context

1. The proposals within this report are consistent with the objectives contained within the Council's corporate Capital Strategy and will contribute to achieving the objectives set out by the Council's Thrive Agenda. The financial implications of the capital programme are incorporated within the Council's Medium-Term Financial Strategy (MTFS).

Background

2. The original budget for the capital programme for 2023/24, as agreed by Council on 23 February 2023, totalled £112.1m which increased to £113.5m at the first quarter review, but then reduced to £106.8m at the second quarter review.
3. The third quarter review has reprofiled the capital programme to reflect in year changes within capital schemes, resulting in a revised estimate of £78.0m.
4. All variations contributing to the £28.8m reduction since the quarter two review are detailed in Appendix 2.
5. Appendix 3 summarises the original budget and forecasted year end positions by Corporate Priority. The budget, projected year end positions and comments on the progress of each scheme are detailed in Appendix 4.
6. The prudential code sets out a range of Prudential Indicators that were agreed by Council on the 23 February 2023. Performance against the indicators for 2023/24 is set out in Appendix 5.

Consultation

7. The Leader of the Council has been consulted on this report.

Alternative Options

8. The proposed financing arrangements are the best available in order to ensure the optimum use of the Council's capital resources in 2023/24.

Implications of Recommended Option

9. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that the financial implications are as set out in the report.
 - b) **Human Resources Implications** – There are no human resources implications arising from this report.
 - c) **Property Implications** - There are no direct property implications arising from this report. Capital investment optimises the use of property assets to

support the delivery of corporate priorities. The property implications of individual schemes will be considered and reported separately.

10. **Risk Management Implication** - Risks are assessed as part of the process of monitoring the programme and in respect of treasury management. The Cabinet will continue to receive quarterly reports for recommendation of any issues to Council, together with any necessary action to ensure expenditure is managed within available resources.
11. **Equality and Diversity Implications** - There are no equality and diversity implications arising from this report.
12. **Crime and Disorder Implications** – There are no direct crime and disorder implications arising from this report.
13. **Health Implications** – There are no health implications arising from this report.
14. **Climate Emergency and Sustainability Implications** - The climate emergency and sustainability implications are considered as part of developing and implementing individual capital projects. Planned investment within the capital programme is expected to result in improvements throughout the Borough.
15. **Human Rights Implications** - There are no direct human rights implications arising from this report.
16. **Ward Implications** - Capital scheme investment will improve wards across the borough.

Background Information

17. Report for Cabinet, 21 February 2023 (Council 23 February 2023) – Capital Programme 2023/24 to 2027/28.

Report for Cabinet 18 July 2023 (Council 20 July 2023) – Capital Programme and Prudential Indicators 2023/24 First Quarter Review.

Report for Cabinet 21 November 2023 (Council 23 November 2023) – Capital Programme and Prudential Indicators 2023/24 Second Quarter Review.