

---

**Decision Maker:** EXECUTIVE

**Date:** 10<sup>th</sup> July 2024

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** CAPITAL PROGRAMME OUTTURN 2023/24

**Contact Officer:** Abdul Munim, Principal Accountant  
Tel: 020 8313 4334 E-mail: Abdul.Munim@bromley.gov.uk

**Chief Officer:** Peter Turner, Director of Finance  
Tel: 020 8313 4668 E-mail: peter.turner@bromley.gov.uk

**Ward:** All

---

1. Reason for report

1.1. This report sets out the final outturn on capital expenditure and receipts for 2023/24. Capital expenditure in the year was £50.2m, compared to the final approved budget of £70.0m, resulting in a total net variation of Cr £19.8m. For funding purposes, £10.0m slippage was assumed in the quarter 3 capital monitoring report, so there was an overall variation of Cr £9.8m in the use of capital receipts and external and revenue contributions.

---

2. **RECOMMENDATIONS**

2.1. **The Executive is requested to:**

(a) note the report which details the capital outturn position for 2023/24

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable
- 

## Transformation Policy

1. Policy Status: Existing Policy: Capital programme monitoring and review is part of the planning and review process for all services. Capital schemes help to maintain and improve the quality of life in the borough. Effective asset management planning (AMP) is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. For each of our portfolios and service priorities, the Council reviews its main aims and outcomes through the AMP process and identifies those that require the use of capital assets. The primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in the Corporate Strategy.
  2. Making Bromley Even Better Priority: To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
- 

## Financial

1. Cost of proposal: Not Applicable: No additional cost
  2. Ongoing costs: Not Applicable: No additional cost
  3. Budget head/performance centre: Capital programme
  4. Total current budget for this head: £70.0m in 2023/24
  5. Source of funding: Capital grants, capital receipts, external borrowing and earmarked revenue reserves.
- 

## Personnel

1. Number of staff (current and additional): 1 FTE
  2. If from existing staff resources, number of staff hours: 36 hours per week
- 

## Legal

1. Legal Requirement: Non-statutory – government guidance
  2. Call-in: Applicable
- 

## Procurement

1. Summary of Procurement Implications: Not applicable
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
- 

## Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not applicable
2. Summary of Ward Councillors' comments: Not applicable

### 3. COMMENTARY

#### Capital programme outturn 2023/24

3.1.1 The final capital outturn for the year was £50.2m, compared to the final revised budget of £70.0m. The total net variation is Cr £19.7m, which is primarily due to slippage in the Renewal, Recreation & Housing portfolio (Cr £13.6m), Environment and Community Services (Cr £2.6), Resources, Commissioning and Contracts Management (Cr £2.0m), Children, Education and Families portfolio (Cr £1.0m) and Adult Care and Health (Cr £0.6m).

<b>Portfolio</b>	<b>Approved budget 23/24</b>	<b>Final outturn 23/24</b>	<b>Variance 23/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Care and Health	0.8	0.2	Cr 0.6
Children, Education and Families	4.1	3.1	Cr 1.0
Environment and Community Services	6.4	3.8	Cr 2.6
Resources, Commissioning & Contracts	29.1	27.1	Cr 2.0
Renewal, Recreation and Housing	29.6	16.0	Cr 13.6
<b>Approved capital programme</b>	<b>70.0</b>	<b>50.2</b>	<b>Cr 19.8</b>
Less: further slippages approved for financing	Cr 10.0	0.0	10.0
<b>Final outturn 23/24</b>	<b>60.0</b>	<b>50.2</b>	<b>Cr 9.8</b>

3.1.2 These slippages will be re-phased into 2024/25 as shown in Appendix A.

3.1.3 As set out in the capital programme monitoring (quarter 3) report to the Executive on 7<sup>th</sup> February 2024, further slippage of £10.0m was assumed for financing purposes. However, additional slippage has resulted in a variation in the overall use of capital receipts, external grants and contributions, and revenue contributions of Cr £9.8m.

#### 3.2 Adult Care and Health portfolio

3.2.1 Slippage of £0.6m against a total budget of £0.8m. This is mainly due to slippage in NHS Learning Disability re-provision programme (£0.6m). This is ring-fenced fund in support of adults with learning disability, this fund will be spent in support of the Operational Property Review recommendations for Astley Day Centre.

#### 3.3 Children, Education and Families portfolio

3.3.1 Slippage of £1.0m against a total budget of £4.1m. This is mainly due to slippage in the Basic Need programme (£0.4m), in Capital Maintenance in Schools (£0.2m), in Refurbishment of Saxon Family Contact Centre (£0.1m) and in Transforming Children's & Family Centres (£0.1m).

#### 3.4 Environment and Community Services portfolio

3.4.1 There was overall slippage of £2.6m compared to a total portfolio budget of £6.4m. Most of this slippage was relating to the Street lighting and Highway schemes, the pace of works has now picked up, but previous delays have had an impact on the outturn position.

#### 3.5 Resources, Commissioning and Contracts Management portfolio

3.5.1 There was overall slippage of £2.0m against a total portfolio budget of £29.1m. This is primarily due to Churchill Court programme (£0.6m), IT Transformation programme (£0.4m) and Financial System programme (£0.3m).

#### 3.6 Renewal, Recreation and Housing portfolio

3.6.1 There was net slippage of £13.6m against a total portfolio budget of £29.6m, mainly due to slippage in Bromley North Housing scheme (£5.5m), Provision of Library and Housing Improvements in West Wickham (£3.3m), Affordable Housing (£1.5m) and Crystal Palace Park Subway (£1.0m).

### 3.7 Block capital provisions

3.7.1 The outturn position for 2023/24 is shown in the table below:

<b>Portfolio and scheme</b>	<b>Approved budget 23/24 £'000</b>	<b>Final outturn 23/24 £'000</b>	<b>Variance 23/24 £'000</b>
<b>Renewal, Recreation and Housing</b>			
Disabled Facilities Grant (DFG)	2,096	2,623	527
<b>Final outturn 23/24</b>	<b>2,096</b>	<b>2,623</b>	<b>527</b>

### 3.8 Financing of the capital programme

3.8.1 The financing of 2023/24 capital expenditure is compared below with the estimates reported in the third quarter capital monitoring:

<b>Source of finance</b>	<b>Approved budget 23/24 £m</b>	<b>Final outturn 23/24 £m</b>	<b>Variance 23/24 £m</b>
Approved capital programme	70.0	50.2	Cr 19.8
Less: further slippages assumed for financing	Cr 10.0	0.0	10.0
<b>Final outturn 23/24 (net of assumed slippage)</b>	<b>60.0</b>	<b>50.2</b>	<b>Cr 9.8</b>
<b>Financed by:</b>			
Usable capital receipts	19.2	28.3	9.1
Revenue contributions	5.2	2.2	Cr 3.0
Government grants	18.8	5.7	Cr 13.1
Internal borrowing	1.7	1.3	Cr 0.4
External borrowing*	3.6	0.0	Cr 3.6
Other contributions	5.9	8.9	3.0
Contribution from earmarked reserves	5.6	3.8	Cr 1.8
<b>Total</b>	<b>60.0</b>	<b>50.2</b>	<b>Cr 9.8</b>

3.8.2 In January 2022, the Capital Strategy report requested approval of the use of up to £10m of earmarked reserves to support the financing of the capital programme, in order to help address the capital financing shortfall. Total of £4.4m earmarked reserves was utilised in 2022/23 and no earmarked reserves was applied in 2023/24 to fund any capital programmes (£3.8m in the table above is from the Growth Fund and other earmarked reserves already identified).

3.8.3 During 2023/24, capital monitoring reports have been considered by the Executive on a quarterly basis, in September 2023, November 2023 and February 2024, and reported changes have been incorporated in revised approved capital programmes. These have similarly been reported quarterly to individual PDS committees. For information, Appendix B provides a comparison between the latest approved budget and the original approved budget for the year (agreed in January 2023).

### 3.9 Capital receipts

- 3.9.1 Under the “prudential” capital system in operation from 1 April 2004, most capital receipts are “usable” and may be applied to finance capital expenditure. The final outturn in 2023/24 for new capital receipts from asset disposals and other receipts was £41.9m a variance against the estimated figure reported to the Executive in February 2023 (£43.8m). This variance was mainly due to private sales receipts not being received from the West Wickham Housing scheme of £3.3m as reported to Executive in March 2024 with the scheme becoming fully affordable housing. This was offset by £1.9m Broomleigh (Clarion) RTB receipt which was due in 22/23 but not received until 23/24.
- 3.9.2 The table below provides a breakdown of the unapplied capital receipts totalling £42.9m that will be carried forward to finance expenditure in 2024/25 and later years. As has been the case for the last 18 years, no contribution from the General Fund was required in 2023/24. To date, £20.3m of capital receipts have been earmarked to supplement the Investment Fund for the purchase of investment properties, of which £7.6m has been utilised to date, leaving £12.7m.

<b>Usable receipts</b>	<b>£m</b>
Unapplied balance b fwd 1 April 2023	29.3
Total receipts from asset disposal during 2023/24	39.7
Total other receipts during 2023/24	2.2
Receipts applied to finance expenditure	28.3
<b>Unapplied balance c fwd 31 March 2024</b>	<b>42.9</b>
Receipts earmarked for investment properties	Cr 12.7
<b>Balance available to fund future expenditure</b>	<b>30.1</b>

- 3.9.3 It is highly likely that borrowing will be required for any further capital expenditure not funded by directly attributable capital receipts or grants unless significant levels of additional financing are identified in the medium and longer term. This also recognises the expectation that the Council’s level of earmarked reserves will reduce significantly over the next few years.

### 3.10 Section 106 receipts

- 3.10.1 In addition to capital receipts, the Council is holding funds in respect of section 106 capital contributions received from developers in recent years. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. Section 106 receipts are held as a receipt in advance on the Council’s balance sheet, the revised balance of which decreased from £6.7m as at 31 March 2023 to £5.0m as at 31 March 2024, as fewer receipts were received than were used to finance actual capital expenditure. The balance will be used to finance capital expenditure from 2024/25 onwards. Balances and in-year movements are shown in the following table:

<b>Service area</b>	<b>Bal b fwd</b>	<b>Receipts</b>	<b>Expenditure</b>	<b>Bal c fwd</b>
	<b>01-Apr-23</b>	<b>23/24</b>	<b>23/24</b>	<b>31-Mar-24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing provision	Cr 116	0	0	Cr 116
Education	Cr 4,224	Cr 465	86	Cr 4,603
Local economy	Cr 646	0	0	Cr 646
Healthcare	Cr 42	0	0	Cr 42
<b>Total</b>	<b>Cr 5,028</b>	<b>465</b>	<b>86</b>	<b>Cr 5,407</b>

### **3.11 Investment Fund and Growth Fund**

3.11.1 Appendix C provides a detailed analysis of the Funds dating back to their inception in September 2011. To date, schemes totalling £126.1m have been approved (£98.3m on the Investment Fund, and £24.2m on the Growth Fund), and the uncommitted balances as at end of March 2023 stand at £6.8m for the Investment Fund and £14.9m for the Growth Fund.

3.11.2 A sum of £6.8m was set aside in the Growth Fund for opportunity schemes relating to potential regeneration projects in the Cray Valley and Biggin Hill, as reported to Executive in November 2014. Given the new pressure on the Council's reserves, needing to set aside monies to fund the future capital programme and that there are no longer priority regeneration opportunities for Cray Valley and Biggin Hill, these monies will be retained as part of the Council's Growth Fund with no commitment to the utilisation at this stage. Any future utilisation of these monies will be reported to Executive for Members' consideration.

### **3.12 Post-completion reports**

3.12.1 Under approved capital programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are due to be submitted to the relevant PDS committees and the relevant budget holders have been notified directly.

- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement of MD110 Telephone Switch
- Review of Corporate Customer Services I.T Systems
- Upgrade of MS Dynamics CRM System
- Windows Server 2003 Replacement Programme
- Glebe School Expansion
- Seed Challenge Fund/Schools Access Initiative/Security Works
- Performance Management/Children's Services IT scheme
- Bromley My Time Investment Fund
- Relocation of Exhibitions - Bromley Museum
- Norman Park Athletics Track
- Crystal Palace Park Improvements/Alternative Management Options
- Star Lane Traveller Site
- Betts Park Canal Bank Stabilisation Project
- Biggin Hill Memorial Museum
- Relocation of Exhibitions – Bromley Museum
- Orpington Public Realm Improvements
- Street Lighting Invest to Save Initiative

#### 4. POLICY IMPLICATIONS

4.1 Capital programme monitoring is part of the planning and review process for all services. Capital schemes help to maintain and improve the quality of life in the borough. Effective asset management planning is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. The primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in "Building a Better Bromley".

#### 5. FINANCIAL IMPLICATIONS

5.1 There was no requirement for a General Fund contribution to finance capital expenditure in 2023/24.

5.2 A revised capital programme and capital financing statement will be included in the next quarterly monitoring report.

<b>Non-applicable sections:</b>	Personnel Implications; Impact on Vulnerable Adults and Children; Legal Implications Procurement Implications.
<b>Background documents:</b> (access via Contact Officer)	Capital programme monitoring Q1 23/24 (Executive 20/09/2023) Capital programme monitoring Q2 23/24 (Executive 29/11/2023) Capital programme monitoring Q3 23/24 (Executive 07/02/2024) Capital programme Outturn 22/23 (Executive 05/07/2023)