

Committee(s): Finance Committee	Dated: 18/07/2023
Subject: Capital and Supplementary Revenue Project Outturn 2022/23 for City Fund and City's Cash	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Capital and SRP projects impact across most areas of service delivery and property investment
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chief Financial Officer and Chamberlain	For Information
Report author: Keisha Thomas – Interim Group Accountant (Capital)	

Summary

This report provides a summary of the 2022/23 outturn for Capital and Supplementary Revenue Projects (SRPs) for City Fund and City's Cash. In accordance with changes arising from the governance review, the Bridge House Estates figures have been excluded and will be reported direct to the Bridge House Board.

Actual capital and SRP expenditure in 2022/23 amounted to £284.8m comprising £114.2m and £170.6m across City Fund and City's Cash respectively, representing a combined net £131.6m less than the approved Capital Programme of £416.4m. The difference is largely due to delays in attaining planning permissions, grant payments, and some contract management challenges within the large schemes. Finance colleagues will work with project managers to ensure that an accurate profile of planned expenditure is reflected in the budget.

Recommendation(s)

Members are asked to note the contents of this report.

Main Report

Background

1. In March each year, the Court of Common Council approves the Capital and SRP programmes as part of the annual budget setting process.
2. Chief Officers, in liaison with the Town Clerk's Programme Office, provide regular reports on the progress of individual schemes against milestones.
3. Capital expenditure generally results in an increase in asset values and typically relates to acquisitions/new build and enhancements, whereas supplementary revenue projects are one-off items which do not fulfil the capital criteria e.g. feasibility and option appraisal costs, major cyclical repairs and maintenance.
4. The Court of Common Council has delegated to the Chamberlain authority to determine the methods of financing capital and supplementary revenue project expenditure. In making such decisions consideration is taken of the strategic and tactical interests of the three funds.
5. The purpose of this report is to provide a summary of the 2022/23 actual expenditure for City Fund and City's Cash against the projects approved by the Court of Common Council in March and to set out the actual Prudential Indicators for the City Fund.
7. The total expenditure incurred in 2022/23 was £284.8m, a net £131.6m less than the approved Capital Program of £416.4m. A breakdown of expenditure analysed by fund is set out below:

Committee	City Fund Outturn £m	City's Cash Outturn £m	Total £m	March 2023 Approved Programme £m	Variance £m
Investment Property	2.2	88.7	90.9	116.5	25.6
Major Projects	58.4	66.5	124.9	164.9	40.0
Operational	53.6	15.4	69.0	135.0	66.0
Total	114.2	170.6	284.8	416.4	131.6

Table 1: Capital Expenditure Summary by fund

Source of Funding	City Fund Outturn £m	City's Cash Outturn £m	Total £m	March 2023 Approved Programme £m	Variance £m
Internal	42.9	145.1	188.0	292.2	104.2
External	71.3	25.5	96.8	124.2	27.4
Total	114.2	170.6	284.8	416.4	131.6

Table 2: Capital Financing Summary by fund

CITY FUND

8. The provisional City Fund Capital outturn position against the final budget for each committee is shown in Table 3 below.

Committee	Budget £m	Outturn £m	Variance £m
Barbican Centre	2.9	4.0	(1.1)
Barbican Residential	2.5	1.8	0.7
Culture Heritage & Libraries	2.0	0.4	1.6
Investment	4.9	2.2	2.7
Open Spaces, City Gardens	0.4	-	0.4
Planning & Transportation	21.8	7.5	14.3
Policy & Resources	4.8	7.1	(2.3)
Port Health	4.9	3.5	1.4
Community Services	1.3	0.8	0.5
Housing Revenue Account	20.7	17.0	3.7
Education	-	0.3	(0.3)
Finance	3.5	2.7	0.8
Police	12.6	8.5	4.1
Major Projects	87.2	58.4	28.8
Total	169.5	114.2	55.3

Table 3: City Fund Capital Expenditure by Committee

Key Variations

9. **Major Projects** outturn of £58.4m is a net £28.8m less than approved budget of £87.2m. This is primarily due to a short delay in the payment of the grant due to the Museum of London in March 2023 (subsequently paid in April 2023), and slippage in the Salisbury square project.
10. **Planning and Transport** spent £7.6m, a net £14.3m less than the estimated approved project budgets of £21.8m. This is due to a delays in attaining relevant planning permission due to several legal and stakeholder challenges, and residual impacts of Covid.
11. The **Housing Revenue Account** spent £17.0m during the year, a net underspend of £3.7m less than approved programme of £20.7m. Large projects such as Richard Cloudsley experienced contract exchange delays and planning issues, contributing to the slippage.
12. **Police** spent £8.5m - a net £4.1m less than the approved budget. This is due to the unused 'New Projects Provision' built into the budget.

CITY'S CASH

13. The provisional City's Cash Capital outturn position against the final budget for each committee is shown in Table 4 below.

Committee	Budget £m	Outturn £m	Variance £m
Finance	15.7	3.2	12.5
GP Aldermen	0.2	0.1	0.1
Guildhall School of Music & Drama	0.5	1.3	(0.8)
Markets	0.5	0.6	(0.1)
Open Spaces	2.1	1.1	1.0
Policy & Resources	28.0	-	28.0
City of London School For Girls	9.6	7.5	2.1
City of London School	-	1.0	(1.0)
City of London Freeman's School	1.0	0.6	0.4
Investment Properties	111.6	88.7	22.9
Major Projects	77.7	66.5	11.2
Total	246.9	170.6	76.3

Table 3: City's Cash Capital Expenditure by Committee

Key Variations

15. **Policy & Resources** spend is nil, against a budget of £28.0m. This is due to the planned payment of the first half of the £50m grant to Crossrail in 2022/23, now expected to be paid in 2023/24.
16. **Investment Properties'** underspend is £22.9m less than the approved budget of £111.6m, as the property purchase provision was not utilised in 2022/23.
17. **Major Projects** is underspent by a net £11.2m less than the approved budget of £77.7m. This is due to £11.9m being granted to City Fund for the Salisbury Square Development (Combined Courts element), rather than forecast of £20.9m. The remaining is due to be spent in subsequent years.
18. **Finance** reported a net underspend of £12.6m less than the approved programme. This is mainly due to unused provision for emergency bids and delays in a number Guildhall projects.

Strategic implications – None

Financial implications – As set out above

Resource implications – As set out above

Legal implications - None

Risk implications - None

Equalities implications – None

Climate implications - None

Security implications - None

Conclusion

19. The 2022/23 position is subject to audit review so remains provisional until that process has been completed. The final position will be presented to Finance Committee as part of the accounts sign off process.