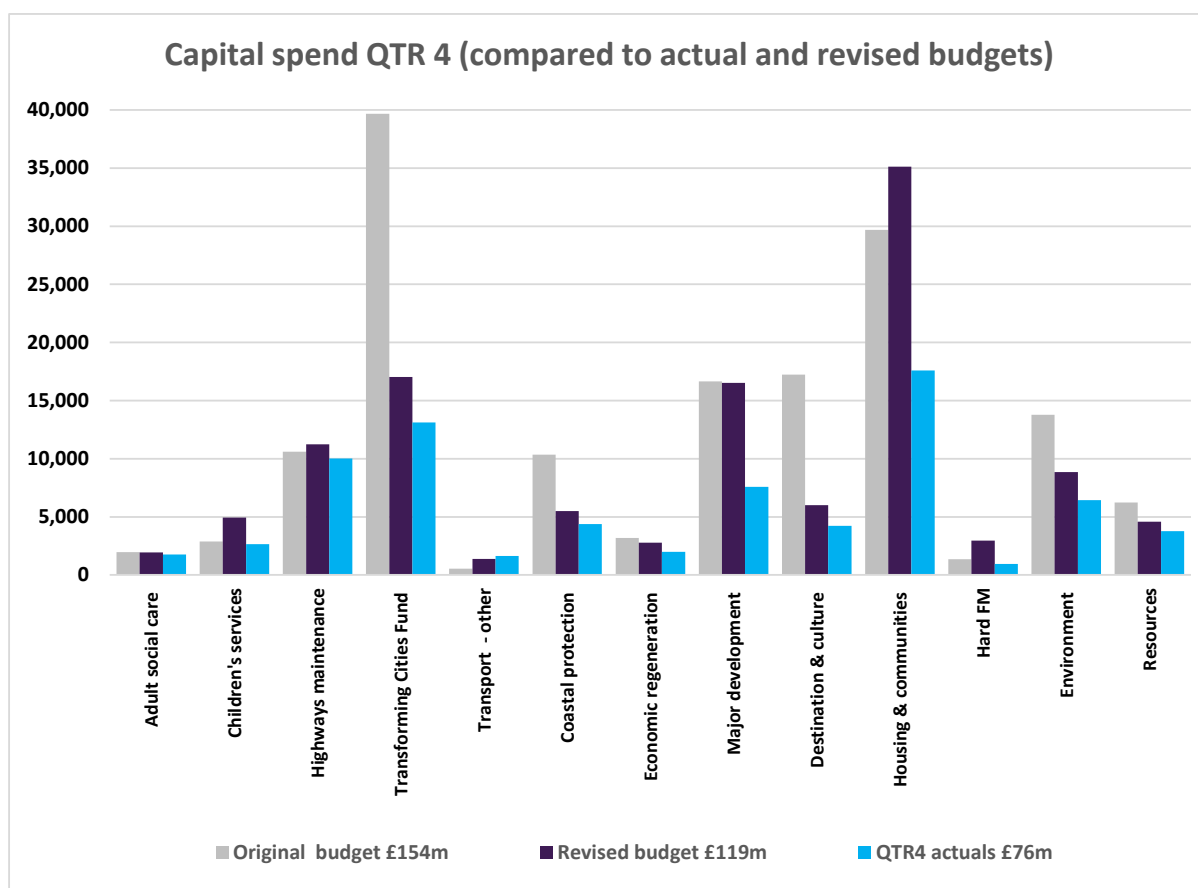


2022-23 Capital Outturn

Capital budget monitoring

1. This appendix covers the council's budgeted capital investment programme (CIP) for general fund capital expenditure only. Housing revenue account (HRA) related capital spend is included separately in Appendix D.
2. The capital investment programme includes only approved capital schemes that are supported by robust business cases. It does not include pipeline projects that are awaiting business case development and subsequent approval. It also excludes capital funding that, whilst approved, has not yet been allocated to capital projects.
3. In February 2022 Council approved a general fund capital investment programme budget of £154.1 million for 2022/23. This budget has since evolved, to include new schemes, inclusion of slippage for 2021/22 and the effect of reprofiling carrying expenditure forward into future years. These have all received appropriate approval in line with BCP financial regulations. The revised capital programme for 2022/23 now stands at £119 million. The chart below reflects quarter four spend against this revised programme.
4. In March 2023, £76 million (64%) of the revised full year capital budget of £119m had been spent.

Figure 1 below summarises capital spend by directorate.



5. At £76 million, final capital expenditure for 2022/23 is 64% of the revised capital programme for 2022/23 which now stands at £119 million. Covid-19 and Brexit continue to have significant impact on market conditions. This includes increases in raw materials prices, construction cost increases, and labour and material supply chain issues. This has impacted on delivery of the capital programme in various

ways. There have been increases in tendered prices compared with original estimates across capital projects, reduced capacity to undertake works to planned timeline because of labour shortages and in some cases fewer than expected responses to tenders issued. Some cost increases have been absorbed within risk / contingency allowances in approved capital budgets. Other price variations have required capital budget increases. These are funded from either BCP funds (for example developer S.106 contributions / community infrastructure levy (CIL)), external grant or additional prudential borrowing.

Capital programme financing 2022/23

6. Figure 2 below summarises the capital funding sources applied to 2022/23 capital spend:

	2022/23 £'000
Government grant	46,227
Third party receipts	682
s106 & Community Infrastructure Levy	1,481
External funding	48,390
Revenue funding for capital	679
Earmarked reserves	245
Futures Fund	768
Prudential borrowing	26,043
BCP funding	27,735
Capital investment programme funding	76,125

7. External sources have funded 64% of 2022/23 capital expenditure. This includes government grants, third party receipts, s106 developer contributions and community infrastructure levy (CIL). Most of the remaining capital expenditure is funded from prudential borrowing.
8. The use of BCP reserves to fund capital spend is restricted to expenditure for which no other sources of capital funding is identified. Examples include feasibility studies for potential future capital projects, earmarked reserves built up in partnership with third parties, and the council's annual corporate funding for BH Live asset maintenance.

Capital budget virements and acceptance of capital grants

9. In accordance with the council's financial regulations the following rules associated with capital virements, and acceptance of grants apply (after advice from the Chief Finance Officer):
- Acceptance of grants greater than £100,000 and up to £1 million require Cabinet approval
 - Virements over £1 million require prior Council approval.
 - Virements over £500,000 and up to £1 million require prior Cabinet approval.
 - Corporate Directors can approve virements over £100,000 up to £500,000.
 - Service Directors can approve virements up to £100,000.

10. The following capital virement to accept new grant requires **Cabinet approval**:

Directorate: **Operations**

Purpose: **Accept £0.7 million grant from the Football Foundation Trust**

This Football Foundation grant and BCP partnership funding will be used to build a 3G artificial turf pitches, connecting paths, cycle parking provision and refurbish the community/Academy changing rooms at Rossmore Leisure Centre.

11. The following capital virements to accept new grants require **Council approval**, as they are above £1 million:

Directorate: **Operations**

Purpose: Accept £20 million of Department of Levelling Up Fund (LUF)

At February 2023 Council accepted £18.2 million of LUF grant funding. This figure was later revised up by the Service to £20m following confirmation from the Department of Levelling Up of the final grant offered. As such Council is requested to accept the additional grant funding of £1.8m due to be received by the council to deliver seafront projects from March 2023 to 2025.

Directorate: **Operations**

Purpose: Accept £3.8 million grant funding (£3.61 million being for capital projects and £0.17 million for revenue) for Highways Active Travel 4 from Active Travel Fund England.

The fund is to invest in the delivery, development, and improvement of a number of walking, wheeling and cycling infrastructure. This includes projects such as the Turbary Park Link, School Streets Permanent Measures, the Wallisdown Road Phase 4 (Boundary Roundabout to University) and Baiter Footpath and Cycleway.

Directorate: **Operations**

Purpose: Accept £1.9 million grant funding for A35 safety works from the Department of Transport.

Funding received is to improve a section of the A35 in Bournemouth between the A338 Wessex Way and the A3060 Iford Roundabout on Castle Lane. This route has recently been identified by the Road Safety Foundation (RSF) as a Mixed Urban high-risk collision route and recommended for safety improvements under round 3 of the Road Safety Fund for Highway Authorities.