LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE 2022/23 Update on the Council's Medium Term Financial Position (CS/2022/14)	
REPORT OF Cabinet Member for Finance and Cost of Living	
FOR SUBMISSION TO - Resources and Corporate Performance Scrutiny Committee - Cabinet	**DATE** 18th July 2022 20th July 2022

STRATEGIC CONTEXT

The Council continues to face a number of significant challenges following the global pandemic and the current cost of living emergency. This report presents an updated overview of the Council's financial position as it seeks to support our citizens, communities and businesses through the impacts of the COVID-19 pandemic and the cost of living emergency.

During the pandemic the Council stepped in and mobilised staff, organisations and volunteers to ensure that the most vulnerable have the homes, food, social contact and financial support they needed. At the same time, we have continued to provide those critical services that we know our communities rely on. The cost of living emergency means that the Council will need to provide ongoing additional support to the residents of the borough.

The report also provides an update on the Council's financial position and the financial risks and issues facing the Council as a result of the financial environment. The Council is facing a period of great uncertainty with a lack of clarity about future government funding and significant inflationary pressures on the cost of services meaning it is difficult to forecast the Council's medium term financial position, however it is clear the Council will need to make significant savings over the medium term to ensure it can continue to remain financially resilient.

The Council's financial strategy and its use of resources is informed by We Make Camden, the Council's refreshed corporate strategy that builds on the original Camden 2025 strategy, but also begins to set out how we make change and the steps that we need to take to reach the ambitions we have set for ourselves –

what the Council can do, examples of what we can do in partnership, and what we can do as a community.

We Make Camden is built upon the deeper dialogue we have developed with our partners and citizens over the last four years. We have changed the themes that were contained within Camden 2025 to better reflect what our communities have said is important now and what has changed. We Make Camden also builds on learning from the Renewal Commission, and the Cabinet's decision in December 2021 to take learning from the missions-orientated approach and embed this in future planning. We Make Camden adopts the missions as a core part of the framework, building on them by establishing a series of 'Camden Challenges'.

SUMMARY OF REPORT

This report provides an update on:

- The ongoing impact of Covid on the Borough including the impact on the local tax base
- Our response to the cost of living emergency
- Supporting the refugee crisis
- An update on the 'Fair Funding' Review
- The Council's Medium Term Financial Forecast and the progress in developing a new Medium Term Financial Strategy
- 2021/22 Revenue outturn and allocation of reserves
- 2021/22 Capital outturn and updated capital programme
- The finances of the Housing Revenue Account including the expected medium term budget gap

Local Government Act 1972 – Access to Information

No documents that require listing were used in the preparation of this report.

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RECOMMENDATIONS

Resource and Corporate Performance Scrutiny Committee is asked to;

(a) Consider the report and make any recommendations to the Cabinet

Cabinet is recommended to:

(a) Note the continued challenging and uncertain funding outlook for the council set out in sections 2.24 to 2.28.

(b) Note the impact of inflation and the cost of living emergency on the borough and the steps being taken to help support residents detailed in paragraphs 2.14 to 2.17.

(c) Note the 2021/22 General Fund & Housing Revenue Account revenue and capital outturn positions set out in paragraphs 2.31 to 2.33.

(d) Agree the allocations to and from earmarked reserves as set out in sections 2.34 to 2.38 and Appendix B, for inclusion in the Statement of Accounts.

(e) Agree the revised Capital Programme, funding and capital receipts targets summarised and presented in sections 2.43 – 2.53 of the report, and Appendix C.

(f) Note the forecast medium term budget gap for the General Fund detailed in paragraph 2.28 and the Housing Revenue Account budget gap detailed in paragraph 2.64.

(g) Note the risks associated with our financial position outlined in section four of the report.

Agreed by:
Date:

1. CONTEXT AND BACKGROUND

1.1 The impact of the Covid pandemic over the past two years has placed considerable strain on the Council's finances. The consequences are still being felt, with a reducing local tax base and less income from commercial rents as well as additional expenditure outlay in supporting the most vulnerable in the borough. Increased pressure on Public Health and Social Care services is also prevalent creating additional demand and cost pressure on those services. The impact on local residents, businesses and all of our community has been profound and will continue to be felt for the foreseeable future.

1.2 Inflation is also expected to impact on the cost of Council services. In May 2022 inflation was 9% with the Bank of England warning that it could rise to 10% within the next few months. Long term inflationary pressures will increase the cost of delivering services (each additional 1% on supplies and services costs the Council £3.6m per year). In addition uncertainty about future funding from the government and additional demand for services means that the Council is facing a difficult financial environment over the medium term.

1.3 Residents and businesses are also facing a cost of living emergency with inflation increasing the cost of food and energy costs. Although the underlying rate of inflation is expected to reach 10%, the Institute for Fiscal Studies has forecast that the impact of inflation felt by lower income households will reach as high as 14% by the middle of this financial year. This is because lower income households typically spend a far greater proportion of their budgets on gas and electricity, and are far less likely to have savings and more likely to take on high-cost debt.

1.4 The cost of living emergency and increasing inflationary pressures is also leading to financial pressures for the Housing Revenue Account. This is mainly driven by a loss of income from our residential tenants, leaseholders and commercial tenants, all of whom are facing significant financial challenges as a result of the cost of living emergency.

2. PROPOSAL AND REASONS

2.1 This report provides an update on a number of financial matters:

- The ongoing impact of Covid on the Borough including the impact on the local tax base
- Our response to the cost of living emergency
- Supporting the refugee crisis
- An update on the 'Fair Funding' Review
- The Council's Medium Term Financial Forecast and the progress in developing a new Medium Term Financial Strategy
- 2021/22 Revenue outturn and allocation of reserves
- 2021/22 Capital outturn and updated capital programme
- The finances of the Housing Revenue Account including the expected medium term budget gap

COVID IN THE BOROUGH AND IMPACT ON THE LOCAL TAX BASE

Impact of Covid on the Borough

2.2 The pandemic had a significant impact on the Council's finances which continued to be felt during 2021/22. It is estimated that the Council spent an additional £13.6m as a direct result of Covid whilst losing £5.6m worth of income plus £1.2m of its share of Council Tax receipts – a total financial impact of £20.4m *(2020/21 £68.3m)*.

2.3 This included additional expenditure on activities including vaccinations, contact tracing, providing public health information and support for vulnerable people, much of which was covered by a series of government grants. In addition to these activities, the Council distributed £56.2m of government-funded grants to local businesses and £4.6m of support to adult social care providers.

2.4 All Covid restrictions in England ended in February 2022 and consequently much of the Council's response was gradually wound down by the end of the financial year. Nevertheless the Council is continuing to combat vaccine hesitancy, manage smaller scale outbreaks, provide scaled-back contact tracing and provide support for clinically vulnerable people as part of the current approach to living with Covid. In addition, pressure continues to build on public health and social care services.

2.5 A key element of the Council's financial strategy has been to set aside funding to ensure that the long term financial impacts of Covid can be met. As part of this strategy the Council has continued to hold reserves earmarked for this purpose. At the beginning of 2022/23 the Council held balances totalling c£8.5m in reserve to help fund the ongoing financial impacts of Covid. The government has indicated that no further funding for local authorities will be available so this reserve will be critical for managing any future outbreaks.

2.6 The longer-term consequences of Covid continue to play out. Data on the number of people travelling to workplaces in Camden is still 40% lower than pre-pandemic levels and people travelling for retail & recreation is 36% lower. These figures are still considerably lower than for the UK as a whole (25% and 11% lower respectively)[1]. Recent Office for National Statistics (ONS) data found that nationally 13% of people considered to be clinically extremely vulnerable continue to follow previous shielding advice and 69% were no longer shielding but were taking extra precautions[2]. These longer-term impacts are part of a worrying wider economic picture, the consequences of which for the borough and the council are considered throughout this report and which feed into the Council's Medium Term Financial Planning.

[1] COVID-19 Community Mobility Reports (google.com)
[2] Coronavirus (COVID-19) latest insights - Office for National Statistics (ons.gov.uk)

The Local Tax Base

2.7 The economic consequences of Covid have had a detrimental impact on the Council's local tax base. The Council is responsible for collecting two main local taxes, Council Tax levied on residential dwellings and; National Non-Domestic Rates (NNDR) or Business Rates which are levied on local businesses.

<u>Council Tax</u>

2.8 Each year in order to budget for the expected level of income, the Council must forecast a number of elements relating to council tax. Some of these include the expected number of exemptions and discounts that will apply to properties, the value of the Council Tax Support scheme (CTSS) or the level of bad or doubtful debt as a result of residents being unable pay their council tax.

2.9 Camden's CTSS reduces the amount of council tax that a person has to pay when they are on a low income. The scheme applies a means test to determine if any person is entitled to a reduction. It is an important element of the Council's work in reducing poverty across the borough and will ensure that 16,352 households (including pensioners) in Camden receive 100% support and are not required to pay any council tax. In addition the Council provides an exemption to council tax for foster carers and young people leaving care.

2.10 The impact of the CTSS on the Council is to reduce the amount of council tax income it is able to collect and so reduce the level of resources it has available. One of the impacts of the Covid pandemic has been to push more households into hardship to the extent that they qualify for the scheme. In 2019/20 the cost of delivering the CTS scheme was c£25m, in 2022/23, due to more households falling into hardship, this is expected to increase by 20% or £5.3m to £30.2m.

<u>Business Rates</u>

2.11 During the Covid pandemic the government issued significant additional rate relief (reductions in the amount of business rates payable by individual businesses) across Camden totalling £188m in 2021/22. Despite the additional rate reliefs many businesses have continued to struggle with many closing or downsizing over the past two years.

2.12 This has impacted on the number of businesses paying business rates in the borough over the past two years. In 2020/21 the amount of collectable business rates across Camden was £664m, but by 2022/23 the business rates tax base is estimated to be £606.7m, a reduction of £57m (9%).

2.13 Business Rates are part of a complex national system with the Council only retaining a percentage of the tax it collects based on a 'needs assessment' calculated by the government. In the current business rates national system each local authority bears a level of risk and the net impact of the reductions in the business rates tax base on the Council's resources has been a reduction in the amount of rates it can retain in 2022/23 compared with 2021/22. It is difficult to predict if the local tax base for business rates will recover to pre-Covid levels over the medium term or if the reduction represents a permanent reduction that will continue to adversely impact the level of resources available to the Council.

Table One: Share of Business Rates

	Share of Business Rates			
Years	**Council**	**GLA**	**Government**	**Total Business Rates Collectable (including Rate Relief)***
	£m	**£m**	**£m**	**£m**
2022/23	84	224	298	**606**
2021/22	92	239	314	**645**
2020/21	94	246	324	**664**

**The total amount collectable is based on the start of year estimate of the total collectable tax base, including the value of rate relief issued by the government, the share allocated to the GLA is subject to its own Tarriffs and Levies to the government.*

INCREASE SUPPORT FOR THE COST OF LIVING EMERGENCY

2.14 The Covid pandemic, Brexit, the war in Ukraine and other national and international factors have all contributed to the highest inflation rates for over 30 years[3]. Camden along with other local authorities is in the frontline of the supporting households and businesses through what is now widely acknowledged as a cost of living emergency.

2.15 The pandemic demonstrated to central government that local government is able to provide fast and effective support to households in a crisis. Consequently once again it has turned to the sector to deliver key elements of its response to the cost of living emergency:

- £150 energy rebate scheme - as of 7 June, the Council has made over 45,900 payments with a total value of £6.890m to households in Band A to Band D properties and in properties in higher bands who receive Council Tax Support.
- The Government has announced it is continuing to fund the Household Support Fund for a further year. The Council will use the funding for the first part of the year to continue to provide vouchers for school holidays for children in receipt of benefits or free school meals until at least the October half-term[4].
- The Council is currently making payments to eligible businesses from the much-delayed COVID-19 Additional Relief Fund (CARF). This Fund is intended to support those businesses affected by the pandemic but that have been ineligible for existing support linked to business rates.

[3] Consumer price inflation, UK - Office for National Statistics. See Appendix 1 for more details.
[4] Between November 2021 and March 2022, over £2m was issued through the Household Support Fund. This includes: £1.4m in food vouchers, £546,000 in over 3,000 direct awards to residents, £49,000 distributed to food co-ops and £125,000 to foodbanks

2.16 While these measures are much needed by hard-pressed Camden households and businesses, the Council has taken additional steps to provide more support to residents and businesses. The Council's new corporate strategy We Make Camden sets out a 2030 renewal mission around access to nutritious and sustainable food, and a focus on poverty reduction, debt and financial security. In support of this mission, in 2022/23 the Council is investing:

- £30m in the Council Tax Reduction Scheme
- £2m in a Cost of Living Crisis Fund in addition to the Household Support Fund
- £1.5m in the Good Work Camden programme which helps local people to find and stay in good work

2.17 Further information on the cost of cliving crisis including the ways the Council will work with residents and partner organisations in response is included in a separate report on the agenda.

SUPPORTING THE REFUGEE CRISIS

2.18 The Council and the residents of Camden have mobilised to provide assistance and support to refugees arriving in the UK following the takeover of Afghanistan by the Taliban and the war in Ukraine.

2.19 St Pancras International is a welcome point for Ukrainian refugees arriving in the UK and the Council has been providing support for new arrivals by providing them with immediate assistance and help to get to their final destination. The Government has made available a one-off grant of £140,000 to support this work, however, given the known challenges and risks the Council has made representations to the government to increase this funding in recognition of the additional costs that will be incurred in providing the welcome point.

2.20 The Homes for Ukraine scheme has resulted in 360 Ukrainian refugees having arrived in the borough by the end of June having been matched with Camden residents who have signed up to the Homes for Ukraine scheme. The government is providing funding of £10,500 per person to cover all the checks required, initial cash payments to refugees, support in areas such as finding work, accessing benefits and learning English, rematching refugees with new hosts should the relationship break down and helping them move on to other suitable accommodation when the hosting comes to an end.

2.21 The main financial risks of the scheme are that the government has so far only committed to funding the programme for one year and there remains potential for significant costs helping refugees find alternative accommodation and housing them in temporary accommodation if the host relationship breaks down and/or when the scheme comes to an end.

2.22 With the focus on Ukraine, Afghan refugees should not be forgotten, 694 people are still living in hotels in Camden supported by Camden staff while they await resettlement elsewhere in the country. The government is providing time limited funding, based on the number of Afghan refugees in the borough. The successful settlement of Afghan refugees permanently in the borough will require the Council to provide ongoing services to many of the refugees including support to move into permanent secure housing and education.

2.23 If suitable accommodation is not found for refugees there is a real risk that some will become homeless causing additional stress and exacerbate existing problems. The homelessness costs will fall on the Council along with cost of providing long term support needed by many refugee families.

FAIR FUNDING REVIEW

2.24 The Government’s review of relative needs and resources (funding requirements), referred to as the “Fair Funding Review”, was first announced in 2016. The review has been delayed a number of times due to the need to re-divert resources to manage Brexit and then later by the Covid pandemic. As part of the 2022 Spending Review the Government re-emphasised its commitment to the ‘fair funding’ review and its ‘levelling up’ agenda. While it is hoped that ‘levelling up’ will focus on providing additional funding for all deprived areas across the country there is some concern that the practical impact will be to re-direct resources away from London boroughs such as Camden despite their high levels of need.

2.25 There is a risk that the ‘fair funding’ review could lead to further reductions in the level of funding that the Council receives from the government but at present there is no certainty regarding central government funding beyond this current financial year. The government has provided a one-year funding settlement to local authorities for 2022/23, the fourth year running that a one-year settlement has been received, making it difficult to plan over the medium term to support residents and businesses.

MEDIUM TERM FINANCIAL FORECAST (MTFF)

2.26 The Council produces and regularly updates a medium term financial forecast (MTFF). The pressures described throughout this report and others mean that the Council’s expenditure is forecast to rise faster than the funding available to it, creating a funding gap if no action is taken. Furthermore, the uncertainty surrounding these factors make it very difficult to forecast the size of this gap. Figure 1 shows that the potential funding gap could reach somewhere between £32m and £68m by the financial year 2025/26.

2.27 All forecasts include common assumptions around core inflation, modest increases in council tax and modest growth in service demand. However the very large range of forecasts reflects a high level of uncertainty, particularly around general inflation and future government funding. The main risks included in the forecasting model are driven by:

- High inflation which drives higher than usual pay awards for staff and increased payments to providers and contractors – which account for 37% and 41% of the Council’s expenditure budgets respectively.

- The government does not allow local authorities to raise council tax to keep pace with higher inflation.
- The cost to the Council of the government's reforms in Adult Social Care is greater than the funding provided and the costs of young people with complex needs moving from Children's to Adult services continue to rise.
- Special Education Needs reforms and the need to ensure the Council continues to provide high quality fully funded services to meet these needs.
- There is a major new variant of Covid which necessitates a public health response for which there is no new government funding and the costs of which have to be funded from existing resources.
- The Council's income from sales, fees and charges, much of which comes from businesses, fails to recover to pre-pandemic levels.
- The business rates tax base takes longer to recover to and grow beyond pre-pandemic levels.
- Increases in the cost of borrowing along with rising costs for labour and materials putting pressure on capital and revenue budgets.
- The Fair Funding Review and the rebase of business rates are used as a key plank for the government's "levelling up" agenda, shifting resources away from the south of England and large cities, resulting in a considerable reduction in funding for the Council.
- Overall funding for local government fails to keep pace with inflation during the next Spending Review period from 2024/25.

2.28 If all of these risks were to materialise, the funding gap could be as high as £68m and if very few occur it could be as low as £32m. The core forecast used for planning purposes is £40m. That the core forecast is closer to the low forecast than the high forecast demonstrates that the Council is exposed to a lot of "downside" risk i.e. the uncertainties it faces would largely increase costs and/or reduce funding. Nevertheless it is unlikely that there would be a "perfect storm" hitting Camden with all of the risks materialising simultaneously.

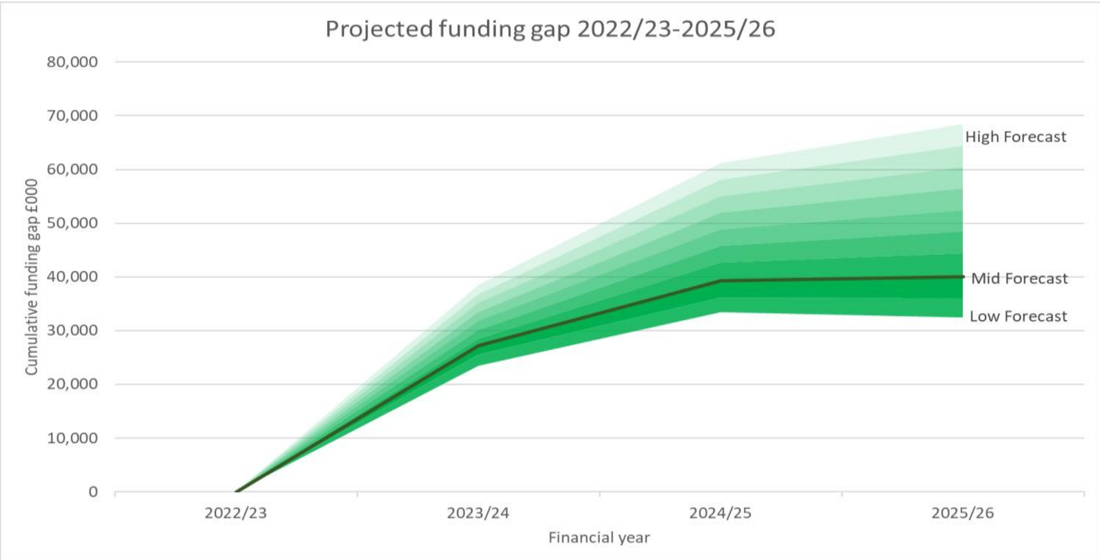


Figure One: Projected funding gap to 2025/26

DEVELOPING A NEW MEDIUM TERM FINANCIAL STRATEGY

2.29 The MTFF is a key financial planning tool for the Council. The estimated £40m funding gap must be managed by reducing expenditure or increasing income because the Council must by law set a balanced budget and just as importantly must have sustainable, resilient finances so it can continue to provide essential services to the borough's residents, businesses and visitors.

2.30 Officers are currently developing options for delivering savings to budgets to ensure that the Council remains financially resilient over the medium term. Proposals are being shaped by the Council's commitment to outcome-based budgeting to ensure that investment decisions are made that will allow the Council to deliver on its We Make Camden missions.

21/22 REVENUE OUTTURN AND RESERVES POSITION

General Fund

2.31 The Council has completed the closing of the financial year to 31 March 2022 and is finalising preparations of the draft accounts. Despite the continued financial stresses still felt through the impact of the pandemic along with the continuous funding uncertainty, the Council is expected to report a marginal underspend of £0.125m for the year. This has been achieved through careful budget management and control of expenditure whilst focusing efforts to recover from the worst of the pandemic.

2.32 As was the case last year it has been difficult to forecast the financial pressure faced by the Council through the financial year. This was mainly due to the uncertainty the Omicron variant brought and it was not until late in the year that the true picture around income generation levels and how council tax and business rates collection rates were affected was known.

2.33 Whilst the Council made every effort to control expenditure throughout the year the additional expenditure directly attributable to the pandemic remains high - £20.4m in 2021/22 (in 2020/21 it was £68.3m). Despite this, in 2021/22, the final General Fund revenue outturn (after transfers to reserves) shows an underspend of £0.125m.

Table Two: Revenue Outturn Position

	Full Year Budget £m	Outturn £m	Final Outturn Variance £m
Supporting People	167.0	165.0	**(2.0)**
Supporting Communities	108.4	112.6	**4.2**
Corporate Services	(7.1)	(8.0)	**(0.9)**
Public Health	21.9	21.9	**0.0**
Cross Cutting Budgets	(57.1)	(58.5)	**(1.4)**
Total: GF	**233.1**	**233.0**	**(0.1)**
Housing Revenue Account	-	1.4	1.4
Total: HRA	**0.0**	**0.0**	**1.4**

Earmarked Reserve Balances

2.34 The Council holds one-off balances in specific earmarked reserves (funds which are committed to finance known or predicted future costs, or to manage corporate and medium-term risks). The 2021/22 opening balances on earmarked general fund reserves totalled £149.5m. This includes funding received to support the long term impacts of Covid. With proposed transfers to reserves set out in Appendix B, there will be a net movement into earmarked reserves of £5.3m during 2021/22 and a total closing balance of £154.8m as at 31 March 2022.

2.35 Pre-Covid, the Council was following a strategy of low reserves to allow for the maximum amount of resources to be allocated to achieving the aims of Camden 2025. Our General Fund balances currently stands at £14.9m or roughly 3.6% of our net budgeted expenditure and our earmarked reserves stand at £154.8m or 37.1% of net expenditure.

2.36 This is at the lower end of the acceptable range, but this historic approach has been based on the Council's confidence in our ability to deliver MTFS savings and strong track record of living within our means. The COVID-19 crisis along with the impact of the Cost of Living Emergency and uncertainty around government funding, means both of those things are now in doubt over the medium term and we will be operating with a substantial reduction in our financial flexibility. This position will need to be closely monitored moving forward to ensure that reserve levels remain at an appropriate level to provide a strong level of resilience and flexibility to respond to any emerging financial shocks.

2.37 In support of the Council's financial resilience Members agreed to increase the Council's general reserve balance by £1m a year over the medium term. The need to increase general reserve balances to support the Council's financial resilience has been driven by a number of compounding issues:

- As a sector, local government has seen significant cuts to its funding over the past decade. This leads to additional pressure and if the Council doesn't build up resilience this could impact its ability to serve its residents and communities.
- The financial outlook also remains uncertain due to central government agreeing a one-year settlement for 2022/23 and the outcome of local government funding reforms still being unknown.
- The long-term impact of Covid-19, Brexit and the war in Ukraine means the Council remain to experience an unprecedented level of uncertainty over the medium term.

2.38 Planned contributions to reserves include the setting aside of funding to meet future demands from the North London Waste Authority as part of the Council's medium-term financial planning.

21/22 CAPITAL OUTTURN

2.39 The expenditure budget for the Capital Programme was set at £261.9m for 2021/22. As shown in Table Three below, actual expenditure came to £173.3m, representing a 33.8% underspend, with all five divisions and a large majority of work areas spending considerably less than budget. This was due to a range of challenges, many of which are indicative of wider economic headwinds, including procurement and supplier challenges, inflationary pressures and scheme delays or reprofiling. Detailed commentary setting out the reasons for this slippage by division is given in Appendix C.

Table Three: Summary of 2021/22 Capital Outturn

Division	2021/22 Budget £m	2021/23 Outturn £m	2021/24 Variance £m	% of Budget
Development (CIP & Major Projects)	122.6	88.1	(34.5)	28%
Community Services	7.4	3.2	(4.2)	57%
ICT & Corporate Services	9.0	4.8	(4.1)	46%
Environment & Sustainability	26.4	20.6	(5.7)	22%
Property Management	96.5	56.6	(39.9)	41%
Total	**261.9**	**173.3**	**(88.6)**	

Capital Receipts and Disposals Programme

2.40 The Council set a capital receipts budget of £72m for 2021/22. As shown in Table Four below, this was exceeded by just under £10m.

Table Four: Summary of 2021/22 Capital Receipts

	Target Receipts £m	Actual Receipts £m	Variance £m
General Fund	31.750	41.473	9.723
Housing Revenue Account	40.269	40.513	0.244
Total	**72.019**	**81.986**	**9.967**

2.41 The primary reason for this was overperformance against target in the General Fund, with three large one-off sales forming the bulk of these receipts, including the £9.6m Highgate Centre, which was not expected to complete in year. Housing Revenue Account receipts were £0.2m over target, with slippage totalling £11.1m on Community Investment Programme (CIP) residential sales being offset by £3.1m of additional HRA Small Sites receipts and £8.2m of additional Right to Buy (RTB) receipts.

2.42 RTB receipts remained high for the entire 2021/22 financial year, including after the government's stamp duty holiday ended in September 2021. Whilst the demand-led nature of these receipts makes them difficult to accurately predict, it is possible that cost of living pressures and anticipated future increases in interest rates will curb the pattern of high recent sales.

REVIEW OF THE CAPITAL PROGRAMME FROM 2022/23

2.43 The annual review of the Council's Capital Programme provides an opportunity to re-examine and update spending plans in light of the previous year's outturn, the availability of new external resources and current projections of the cost and delivery timetables for individual schemes. Where new funding has been secured, additional projects are also added to the programme. Given the significant underspend recorded in 2021/22 and the wider climate of economic uncertainty, the capital review has offered an opportunity to reprofile planned expenditure to reflect adjustments to delivery of the programme and the extended timelines of some schemes.

2.44 A summary of the capital programme and the changes made following the review are shown in Table Five below. More details on changes to funding sources are provided in Appendix C.

Table Five: Summary of Revisions to the Capital Programme – 2021/22 & Future Years

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28+ £m	Total £m
Approved Budget	261.903	305.227	161.501	138.858	85.481	58.706	49.614	**1,061.290**
Revised Budget	173.320	308.328	223.182	171.824	72.152	69.052	39.613	**1,057.471**
Total	**(88.583)**	**3.101**	**61.681**	**32.966**	**(13.329)**	**10.346**	**(10.001)**	**(3.819)**
% change	-33.8%	1.0%	38.2%	23.7%	-15.6%	17.6%	-20.2%	-0.4%

2.45 Whilst the Capital Review has resulted in only modest changes to the total budget required across the life of the capital programme, more significant changes have been made to budgets within individual financial years. Whilst the budget for 2022/23 remains steady, the following two years see much larger budget increases, effectively absorbing the large underspend from 2021/22. This partly reflects the reprofiling of a range of schemes in Property Management to establish more realistic delivery timeframes.

2.46 Later years in the capital programme also see notable changes to total budget, with much of this due to the reprofiling and increases in costs of a number of CIP schemes to recognise the latest project forecasts and the announcement of additional government funding for capital work on High Needs education provision.

2.47 There has also been a shift in the funding used to support this expenditure. Additional detail is provided in Appendix C, though in general, the use of the Council's own resources to fund the programme has decreased, with these resources replaced by new specific grants and contributions from third parties. This will allow the Council to get best use from its various funding sources.

2.48 Additional grants and contributions include:

- £10.8m of additional High Needs Provision grant from the Department for Education
- £2.6m in grants from other government departments for a series of decarbonisation initiatives
- £3.8m in Transport for London (TfL) funding to support the Council's Transport Strategy
- £1.6m increase in Greater London Authority (GLA) grant funding for a temporary accommodation scheme at North Villas.
- A £4.2m increase in Section 106 contributions and £0.4m from the Community Infrastructure Levy

2.49 The Capital Programme is frequently monitored and emerging risks are proactively managed throughout the year. A degree of flexibility and contingency is built into the programme to ensure that it remains affordable and to reduce the cashflow challenges of a programme that relies to a significant extent upon capital receipts. Where the market conditions for disposal are unfavourable, alternative funding sources will be explored and plans enacted for making alternative use of these assets over the medium term, generating additional income or supporting the Council in meeting its We Make Camden objectives.

2.50 The Council's Capital Programme remains affordable, sustainable and based on prudent expenditure and funding assumptions. Nonetheless, our wide-ranging programme faces a number of risks and challenges, exacerbated by emerging economic trends. This includes the impact of inflation driving rising costs in supplies, labour and materials, responding to new regulation such as social housing reforms and the prospect of rising interest rates and its impact on the cost of borrowing. This is mainly managed through the use of contingencies and regular updating of estimates as part of the capital review.

2.51 In addition to wider economic risks that are affecting the whole of the Council, the last five years have brought major unexpected challenges which have fundamentally reshaped Camden's priorities and its Capital Programme. The Grenfell Tower fire in 2017 raised questions around fire safety which continue to drive much of our HRA programme of works, with over £378m currently budgeted for future works. More recently, the Covid-19 pandemic has required significant reshaping of the borough, requiring investment in our public spaces and roads.

2.52 In both cases, government support was provided, but fell significantly below the cost of the actual response. In the absence of sufficient flexibility to respond to future unexpected challenges, the Council could expose itself to potentially unmanageable risk while trying to meet the needs of the borough for capital investment in its infrastructure.

2.53 The Council has therefore pooled resources for the Capital Strategy in a prudent manner, which strikes an appropriate balance between the clear need to invest in local priorities and the need to maintain sufficient flexibility to respond to unexpected demands on capital resources. The development of a pipeline approach for allocating capital resources over the longer term further enhances this strategic focus and flexibility.

Community Investment Programme

2.54 The Capital Programme includes approved Community Investment Programme (CIP) schemes. We expect to bring forward new proposals to Cabinet in the next 12 months, including new homes and employment space at Camley Street, the regeneration of West Kentish Town and Wendling estates and new homes on infill sites as part of our Small Sites Programme. We will also be bringing forward proposals to deliver new homes as part of the second phase of Bacton Low Rise. As proposals are agreed by Cabinet they will be added to the Capital Programme. The cost of any additional borrowing to fund new social housing within the CIP programme will fall onto the HRA, therefore increases in interest on borrowing and other HRA cost pressures limit the level of borrowing that can be undertaken to help fund the CIP Programme.

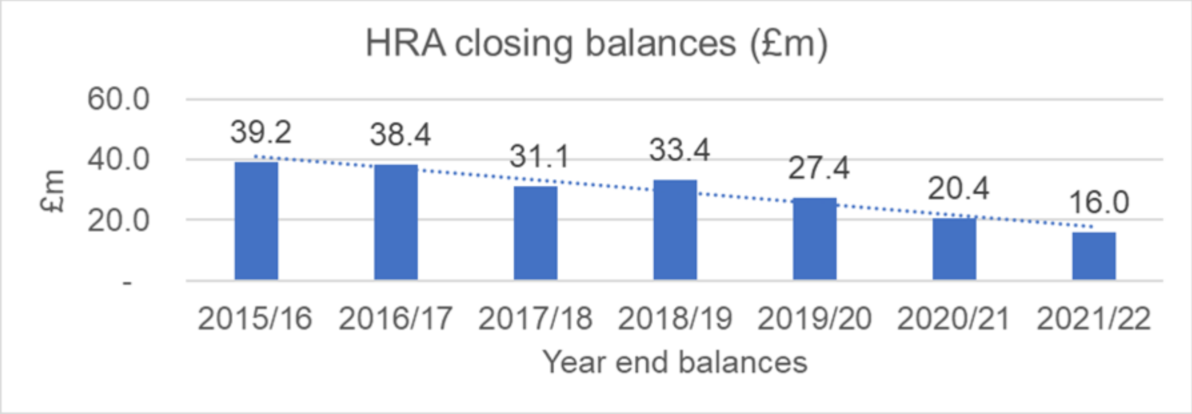
HOUSING REVENUE ACCOUNT

2.55 The Council has completed the closing of Housing Revenue Account (HRA) for the financial year to 31 March 2022 and is finalising the draft accounts. The HRA overspent by £1.4m (around 0.7% of total expenditure budgets), predominantly driven by demand on repairs budgets, but this was anticipated due to some work being held because of the pandemic. Services continue to closely monitor their expenditure and manage down unbudgeted pressures within the year where possible. However, the planned drawdowns from reserve were lower than forecasted at 22/23 budget setting so the HRA reserve at 31 March 2022 is £16m (vs £14m January 2022 forecast).Table 6 below shows the decreasing HRA reserve balance since 2015.

Table Five: Housing Revenue Account Outurn Position

HRA	2021/22 Budget £m	2021/22 Outturn £m	2021/22 Variance £m	% of Budget
HRA Service Budgets	(60.59)	(55.97)	4.61	-8%
Cross Cutting Budgets	60.59	57.37	(3.22)	-5%
Total	**0**	**1.4**	**1.4**	

Table Six: Housing Revenue Account Reserve Balance



2.56 Although this is a reduction from £20.4m at 31 March 2021, an additional £2m budget has been allocated in 22/23 to begin to rebuild the reserve balance over the medium term to ensure the HRA can remain financially resilient.

2.57 As with the General Fund, the outlook for the next few years look particularly challenging due to a range of macroeconomic factors. The majority of Council spending on materials and energy, two areas most impacted by current and forecast prices rises, fall within the HRA as they relate to the Council's housing stock and the energy needs of tenants respectively.

Inflation Pressures

2.58 Cost inflation is expected to increase at a faster rate than income – the Council increased dwelling rents by 4.1% for the financial year to 31 March 2023. Whilst this is a significant rise compared with previous years, it is likely to be insufficient to cover price increases. Rent increases are restricted to a maximum of the September CPI + 1%. In October 2021 when the September CPI was released, CPI was only 3.1% but since then it has increased significantly to 9%. The HRA has always had inflationary pressure because whilst rental increases are tied to the CPI, some materials and other costs are tied to industry standard contracts that increase at a faster rate, but for 22/23, all the inflationary indices including CPI are increasing dramatically. The Council will need to continue to carefully monitor this in-year cost pressure and where possible make in-year savings to counter-balance these pressures. Without action, in year overspends will have to be funded from HRA reserves, which the Council is currently working hard to rebuild.

2.59 The cost of gas and electricity is continuing to increase and although the Council has some mitigation from its procurement strategy (via LASER - which enables forward purchasing) it is likely that the budgeted heating charges for residents within the heating pool will not cover the actual costs. The Council will be reviewing updated forecasts during the year and looking at mitigation options.

Regulation

2.60 The Building Safety Act received Royal assent on 28 April 2022. The Council has included significant new budgetary provision in 22/23 for this however details around timescales and resource requirements may change, leading to further cost pressures over and above those already incorporated. The Social Housing white paper sets out an intention to increase regulation on HRAs, the impact of which is yet to be included in budgets. As yet, no additional funding from central government is expected, meaning that these additional activities represent an additional budget pressure for the HRA.

Borrowing & Interest costs

2.61 The Council continues to invest in better homes and CIP regeneration. The HRA has an interest budget which is sufficient to cover historic debt and the existing level of capital investment. However, increases in borrowing or changes in interest rates on existing variable rate loans, may result in increased costs for the HRA. There are a range of CIP development schemes that are ramping up over the next couple of years and will require significant resources during a time of uncertainty, particularly for future income from capital receipts (sales of land or private homes). Delays in capital receipts could lead to additional borrowing and therefore additional interest costs charged to the HRA.

Retrofit

2.62 There is an acknowledged pressing need to decarbonise and it is vital that the Council seeks to reduce carbon emissions from HRA housing stock. However, the challenge is paying for extensive works to retrofit properties to achieve net zero emissions in the absence of significant investment from central government. Extensive research is underway at present as to which strategies and policies need to be put into place to achieve this as well as the approach to investment models that is required.

2.63 The business plan will need to be refreshed to reflect changing inflationary pressures and build in additional capacity to borrow to fund capital investment across existing stock, new development and retrofit. As the HRA is ringfenced, there are only two ways to fund budgetary pressure - raise income (within the constraints of the rent standard and affordability considerations) or make savings.

Savings programme for the HRA

2.64 As with the General Fund, the Council produces and regularly updates a medium term financial forecast for the HRA. The pressures described (above) mean that the HRA's expenditure is forecast to rise faster than rental income available to it, creating a funding gap if no action is taken.

2.65 The predicted medium term funding gap identified earlier in the report totalling approx £35m to £40m over the period 23/24-25/26 does not include HRA pressures, however, officers are currently developing savings options for the

HRA alongside the work being undertaken on the GF. HRA savings will therefore be captured as part of this work and proposals will be subject to the same level of rigour and review. Figure 2 below shows that the potential funding gap is forecast to be between £6.5m and £15m (with the mid-forecast being £8m) by the financial year 2025/26:

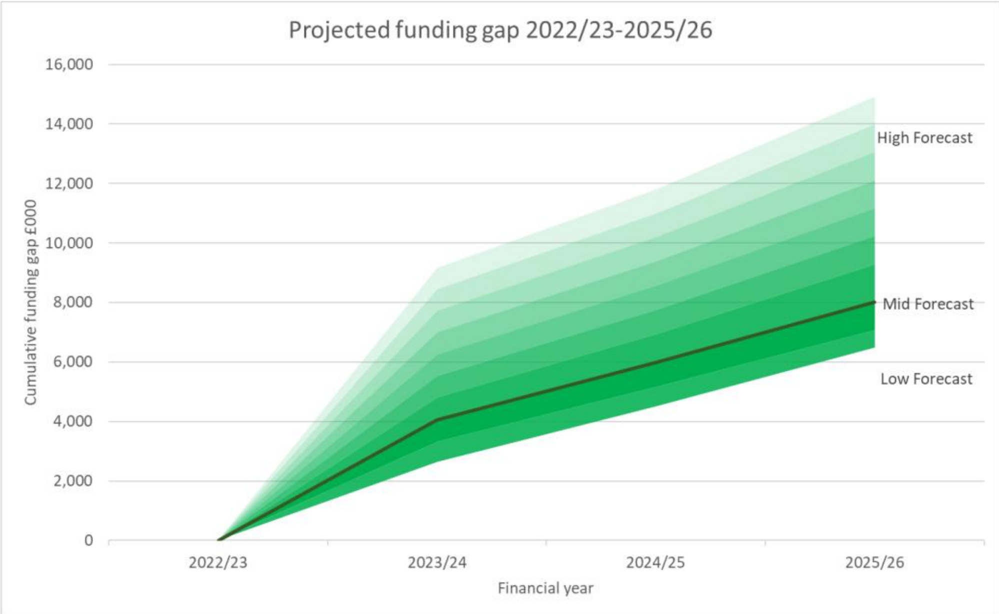


Figure Two: HRA projected funding gap to 2025/26

2.66 The funding gap, and therefore the scale of savings required, will depend on the amount of forecasted pressure (from inflation, new regulatory cost pressures, required reserve levels, significant ramp up of the capital programme covering delivery of new social housing, investment in existing stock as part of better homes and retrofit) and assumptions on rent increases. Overall, the medium-term outlook for the HRA is extremely challenging, but the financial strategy will remain focused on delivering efficiency improvements to protect front-line services, invest in housing stock and build in longer-term financial resilience by increasing reserves.

2.67 The savings programme for the HRA will run in parallel with the General Fund savings programme as part of a joint Medium Term Finance Strategy for both the General Fund and the HRA.

3. OPTIONS APPRAISAL

3.1 The report proposes the allocation of 2021/22 year end revenue balances to reserves. Cabinet could make allocations to other reserves to finance alternative future spend, however, if different allocations were made, this could impact upon funding of the Council’s strategic priorities.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

Financial Risks

4.1 The current economic situation, including the cost of living emergency and the impact of inflation on both the Council and on local residents and business is a major risk to the Council's ability to control its costs and collect income from local taxes and fees & charges. These risks are discussed in more detail along with proposed mitigations and actions throughout the report.

Adult Social Care Risks

4.2 Adult Social Care continues to manage significant financial risks which have arisen from an increase in people seeking support together with an increase in complexity of need. This is the experience nationally and local government bodies have been successful in putting forward the case for increased funding in Adult Social Care, but it is not certain that increased funding will keep pace with growth in costs.

4.3 Learning Disability budgets are under pressure as more young people transition into adult services from children's services with significant care needs and from an increase in community provision for individuals arising from the Transforming Care programme which aims to reduce institutional care. The combination of improvements in support for individuals with complex needs and ageing family carers means that we are also seeing an increase numbers and complexity of care needs in the cohort of older people with Learning Disability.

4.4 The Covid-19 pandemic has presented additional costs for adult social care although most have been funded by the government, either directly or through NHS funding, during the pandemic. The long-term impact of the outbreak on the number of clients the council will need to support is not yet known. Many more people have been discharged from hospital than usual which has resulted in significant increases in homecare hours required. It is not yet known whether the increase in numbers of people being supported will be a long-term trend.

4.5 The NHS has made various forms of funding available for people discharged from hospital through the Covid-19 period however these funding streams are reducing and work is underway across NCL to develop a sustainable hospital discharge system which may lead to further financial pressures.

4.6 Social care providers are also experiencing financial challenges due to the combination of recruitment difficulties, increases in the London Living Wage and National Minimum Wage, and energy and food inflation which are expected to result in requests for increased rates of pay.

Social Care Reform

4.7 The government has made announcements relating to the reform of social care funding. The changes can be summarised into two main areas:

- Cap on care and extended means test – changes to social care charging rules so that no one pays more than £86k for their care (excluding a “hotel” charge for people in residential or nursing care) together with other changes to how people are assessed to contribute towards their care. This will result in the council paying for costs which are currently paid for by individuals
- Sustainable or fair fee rates – councils are required to determine sustainable fee rates for care to ensure they are paying a “fair rate” for care. The expectation is that council fee rates sholuld represent the full costs of care and enable self-funders to pay the same rate as councils, for the same level of service, without destabilising providers. This may result in the council paying more to providers for some of the care it purchases or for the Council being asked to arrange more care on behalf of self-funders.

4.8 The proposed reforms will increase costs to the council and there are risks associated with these reforms:

- Estimates on the national costs of the reforms are based on complex models with a range of assumptions which may underestimate costs.
- The distribution methodology for grant funding is yet to be determined
- There are delivery risks particularly around sustainable fee rates where the council is expected to publish draft information by October 2022 and a final market sustainability plan by February 2023, including a statement of how the Council will increase rates to a “fair” level.
- Workforce risks from an expectation that Councils can find & recruit additional social workers to manage the anticipated increase in self-funders approaching the Council for support
- The ability of social care IT system suppliers to develop, test and deliver the required technology changes.

Children’s Social Care Risks

4.9 Children’s Social Care are struggling to recruit staff on a permanent basis, due to demand and shortfall in the market, therefore frequently having to rely on high-cost agency staff.

4.10 There are increasing numbers of Unaccompanied Asylum Seeking Children (UASC). In 2020/21 Government recognised the funding shortfall in this area and confirmed a funding increase per child. The additional funding per child has continued into 2021/22, and while UASC numbers exceed 0.007% of the borough’s child population we will continue to receive the higher level of funding. However, the steady increase in the number of older UASC seeking support from Camden, along with the age distribution of the Council’s population of non-UASC Looked After Children is creating pressures on the Leaving Care services and creating an increased demand for semi-independent/supported living placements.

Education and School Funding Risk

4.11 Schools continue to experience financial pressures arising from Dedicated School Grant failing to meeting the inflationary pressures within the schools and the ongoing impacting of a declining birth rate on the financial sustainability of some schools.

4.12 Special Educational Needs (SEN) funding has increased as the Government has recognised the severity of the financial pressure within the system. Camden's SEN budgets are meeting the current demand and plans are being developed with partners to ensure that we maintain a sustainable system.

5. LINKS TO OUR CAMDEN PLAN

5.1 The vision and ambition set out in We Make Camden sit at the heart of our medium term financial strategy. Through our outcomes-based budgeting approach, we have aligned our financial resources in support of the outcomes detailed in Our Camden Plan. We will maintain this approach and commitment as we develop our response to the Covid-19 crisis.

6. CONSULTATION/ENGAGEMENT

6.1 There has been no formal public consultation. The Council has undertaken extensive engagement with residents and businesses throughout the Covid-19 crisis to date.

7. LEGAL IMPLICATIONS

7.1 The Borough Solicitor has been consulted and has no comments to add.

8. RESOURCE IMPLICATIONS

8.1 Comments of the Executive Director Corporate Services are included within this report.

9. TIMETABLE FOR IMPLEMENTATION

9.1 Implementation of proposals will occur as outlined in the body of the report, with reserve allocations being agreed in line with timescales for the Statement of Accounts.

10. APPENDICES

10.1 Further information is provided in the attached appendices:

Appendix A – Economic Outlook
Appendix B – A Summary of the Council's Reserves
Appendix C – Details of the Council's Capital Programme
REPORT ENDS

APPENDIX A: ECONOMIC OUTLOOK

Inflation

A1: Inflation has a critical impact on the council's finances but has been relatively stable recent history. However this has changed in significantly over the past year. The latest ONS figures estimate that CPI inflation was 9% in the 12 months to April 2022, compared with 1.5% in April 2021 – see Chart C1. This is the highest recorded rate since comparable data began in January 1989.

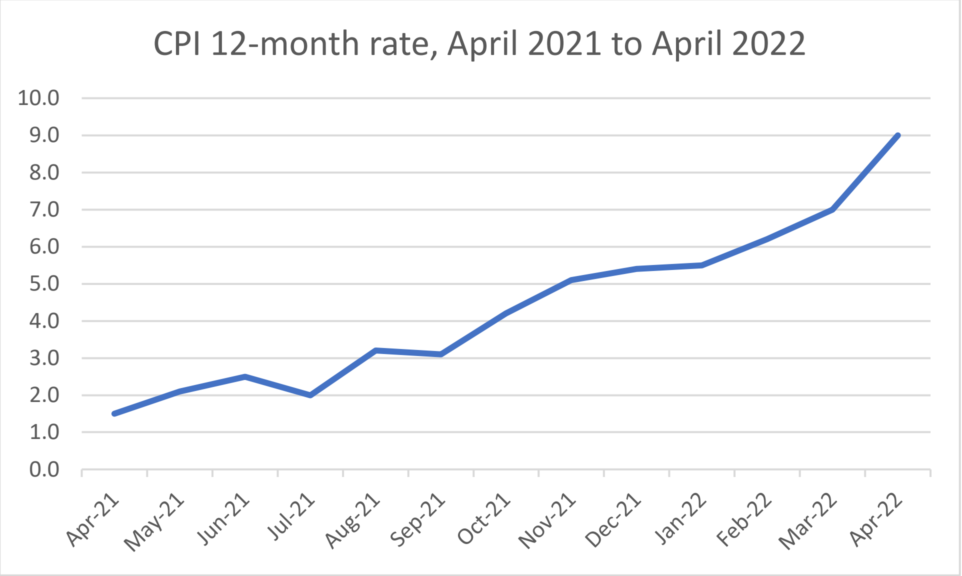
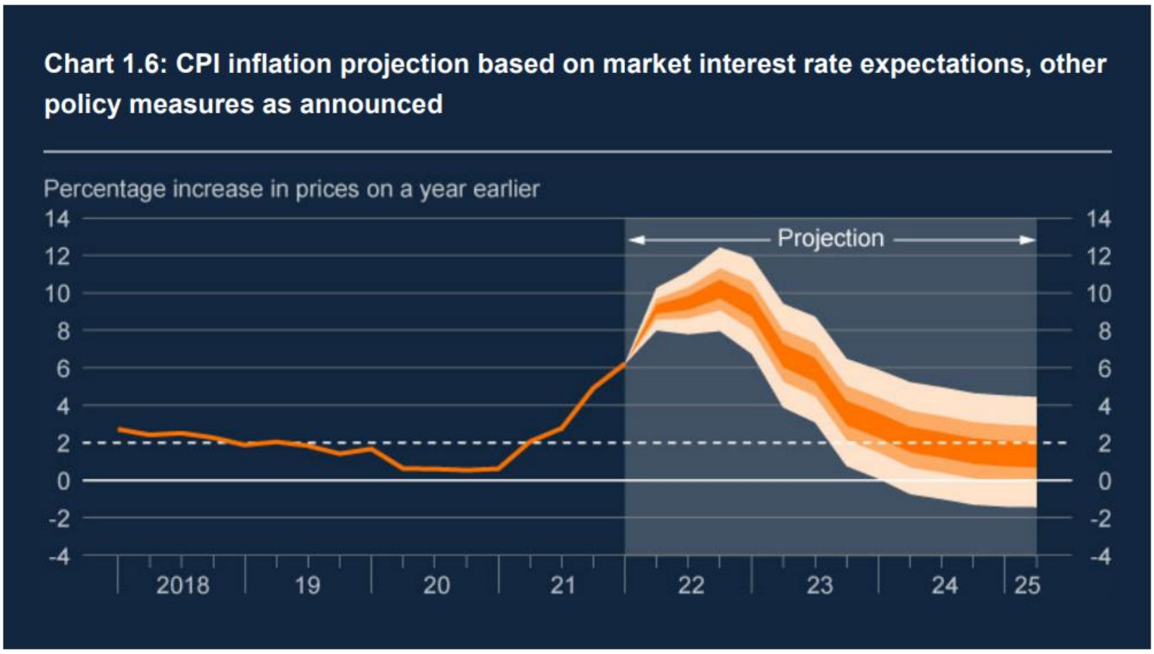


Chart C1: CPI inflation April 2021 to April 2022

A2: The Bank of England's May 2022 Monetary Policy Report forecasts CPI inflation peaking at 10% in late 2022 – see Chart C2 below. The average of its quarterly CPI forecast for the financial year 2022/23 is 9.5%. It is forecast to decrease almost as rapidly as it increased but will still be above recent historical levels in 2023/24.



Gross Domestic Product

A3: Nationally, gross domestic product (GDP) is estimated to have fallen by 0.3% in April 2022, and is 0.9% above its pre-coronavirus (COVID-19) pandemic level (February 2020)[1]. However the Office for Budget Responsibility (OBR) and other forecasters believe there has been permanent economic damage done by the pandemic – see chart C1 below.

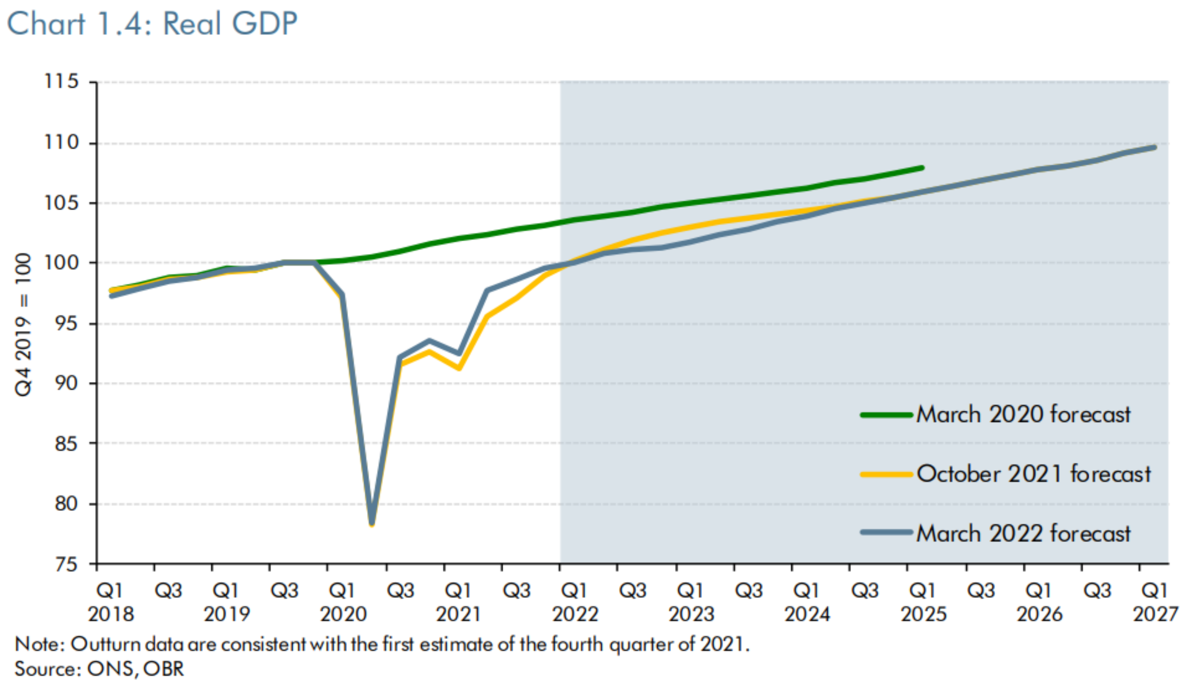


Chart C1 Real gross domestic product (GDP), 2018–25[2]

A4: Camden's economy in common with much of the UK is highly reliant on the Service industry. Services output fell by 0.3% in April 2022, reflecting a large decrease (5.6%) in human health and social work, where there was a significant reduction in NHS Test and Trace activity[3].

Footfall and mobility in the borough

A5: Footfall is a useful proxy for local economic activity particularly in the Central London part of Camden because so much economic activity in the borough involves commuters and other visitors and many local businesses rely on them. Although Covid restrictions have largely formally ended, footfall in Central London is still far below pre-pandemic levels. Tube journeys in March/April 2022 were 27% lower than in February 2020, pre-lockdown[4]. Google Mobility data show how visits and length of stay at different places change compared to a pre-pandemic baseline (in January 2020)[5]. Recent data in Table C1 shows that across the borough as a whole, visits and length of stay at workplaces and retail & recreation locations in Camden are still

[1] GDP monthly estimate, UK - Office for National Statistics (ons.gov.uk) April 2022, published 13 June 2022
[2] https://obr.uk//docs/dlm_uploads/CCS0222366764-001_OBR-EFO-March-2022_Web-Accessible-2.pdf
[3] *Ibid.*
[4] Public Transport Journeys by Type of Transport - London Datastore
[5] COVID-19 Community Mobility Reports (google.com)

well below pre-pandemic levels, whereas they are much closer for the UK as a whole.

Location type	UK	London	Camden
Retail and Recreation	-8%	-20%	-26%
Supermarket and pharmacy	+4%	-6%	-9%
Parks	+55%	+31%	+28%
Public Transport	-10%	-15%	+14%
Workplaces	-1%	-6%	-7%
Residential	-1%	-1%	-2%

Table C1: Google Mobility data for different types of places, UK, London and Camden, 15 June 2022

A6: The Google workplace data suggests that many workers whose workplace is in Camden are still working from home i.e. outside the borough in most cases. ONS data from April 2022 states that 46.1% of London businesses are intending to use homeworking as a permanent business model compared to 30.9% across the UK. This suggests a permanent reduction in the number of commuters travelling to work in Camden[6]. International tourism is also important to the borough's economy and tourist visits to the UK from abroad in 2022 are forecast by Visit Britain to be 52% of the 2019 level[7].

A7: The Google data does show a gradual movement towards pre-pandemic mobility levels. This should accelerate as tourists and other visitors gradually return to London provided there are no further Covid variants of concern or lockdowns.

A8: While the economy in the more residential parts of the borough may benefit from continued homeworking, the Central London part of Camden generates most of the borough's business rates revenue; reduced footfall has an immediate impact on those businesses which rely on face-to-face customers and clients. In the longer term, larger businesses based in Camden may review their office space requirements if widespread homeworking continues, with a potential impact on business rates revenue.

Unemployment and labour market

A9: The unemployment claimant count in Camden has increased considerably since the beginning of the pandemic. However at 3.8% it is still below Great Britain and London levels and other parts of London have experienced a greater increase in unemployment. Unemployment in the borough peaked in March 2021 but is now decreasing[8]. Furthermore, in May 2022, the number of pay-rolled employees in the

[6] Business insights and impact on the UK economy - Office for National Statistics (ons.gov.uk) Wave 57 1 June 2022
[7] 2022 tourism forecast | VisitBritain
[8] Labour Market Profile - Nomis - Official Labour Market Statistics (nomisweb.co.uk)

borough was 3.9% higher than the previous May; the number of pay-rolled employees was up by 2.2% since February 2020[9].

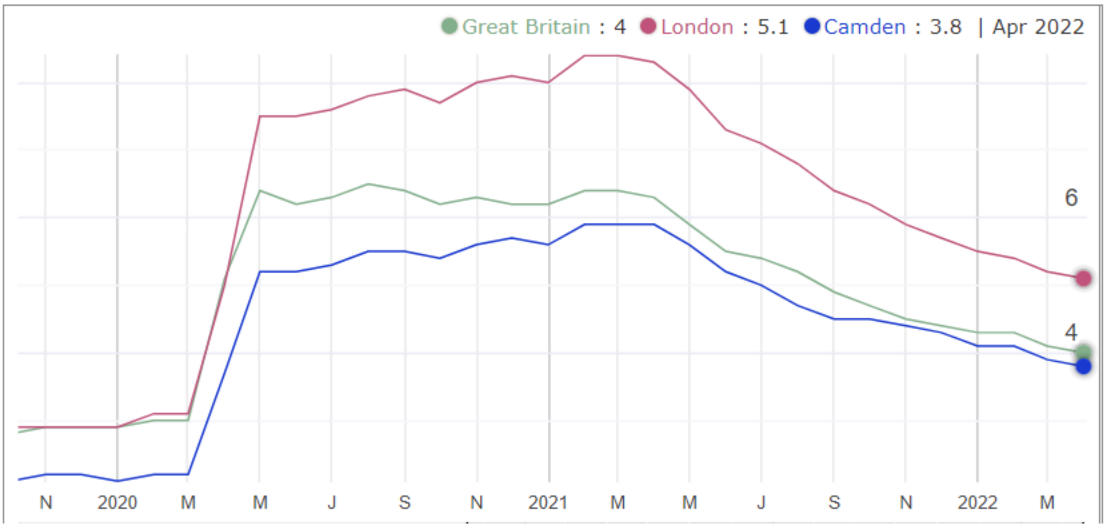


Chart C2: Unemployment Claimant Count as a proportion of resident population of area aged 16-64, Great Britain, Greater London and Camden, September 2021

[9] [Earnings and employment from Pay As You Earn Real Time Information, UK - Office for National Statistics (ons.gov.uk)](https://www.ons.gov.uk) June 2022

APPENDIX B

Allocation of Reserves

In 2021/22 at year end there are proposals for a net contribution to reserves of £5.3m offset by a drawdown against the Housing Revenue Account reserve £1.4m. These end of year contributions are driven by a combination of unspent in year Covid Funding which is to be utilised in the event of future outbreaks or to support addressing the Collection Fund deficit and other service specific requests.

Most of the discretionary Covid Reserves for Businesses has been used in 21/22 with a small balance remaining which is expected to be used in 22/23.

Public Health Funding has been used in part to fund the Council's continued response to the Covid crisis during 2021/22. It is expected that some of this will need to be returned to Central Government if not fully used.

The Ringfenced Covid Reserves is set aside to support the ongoing Covid pressures. In addition, the fund can be used to support additional expenditure incurred with renewal of the borough including ongoing capital costs.

There has also been a further contribution to cover the Council's share of non-collected taxes that the Council will need to pay into the Collection Fund in 2022/23 to make good the loss.

Earmarked Reserves	Actual Reserves 31/03/21 £m	Movement Out of Reserves £m	Transfer Into Reserves £m	Reserves 31/03/22 £m
Reserves to support key Council priorities	44.256	-5.388	5.431	44.298
Reserves holding funds with conditions	18.304	-0.403	10.287	28.188
Reserves supporting ongoing capital activity & asset management	30.928	-13.646	11.434	28.716
Reserves to mitigate future corporate risk	36.725	-6.076	10.398	41.047
Sub Total	**130.212**	**-25.513**	**37.550**	**142.249**
Covid Related Reserves				
Additional Restrictions Grant	7.578	-7.410	0.000	0.168
Ringfenced Covid Reserves	11.718	-0.070	0.747	12.395
Sub Total	**19.296**	**-7.480**	**0.747**	12.563
Total Earmarked Reserves	**149.508**	**-32.993**	**38.297**	**154.812**

General Balances				
General Balances	14.808	-0.075	0.125	**14.858**
Housing Revenue Account	20.437	-5.398	1.000	**16.039**
Schools Balances	15.753	0.000	1.718	**17.471**
Total General Reserves	**50.998**	**-5.473**	**2.843**	**48.368**

APPENDIX C – Capital Programme

Table One: Proposed Utilisation of Capital Receipts – 2021/22 & Future Years

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 + £000	Total £000
Total Revised Capital Expenditure	173,320	308,328	223,182	171,824	72,152	69,052	39,613	**1,057,471**
Funding Required from Capital Receipts	33,887	40,633	75,428	99,825	26,300	62,515	39,613	**378,200**
% of Total Capital Funding	**19.6%**	**13.2%**	**33.8%**	**58.1%**	**36.5%**	**90.5%**	**100.0%**	**35.8%**

The capital receipts generated from the Housing Revenue Account and General Fund also need to be considered individually, because they can only be applied to fund certain types of expenditure in accordance with regulation and local policy. The slippage of HRA capital receipts and their high use over the coming years (both to fund the Capital Programme and to repay existing borrowing) will mean the need for additional HRA borrowing, as set out in Table F below:

Table Two: Comparison of Existing and Revised Funding - 2021/22 & Future Years

	Existing Funding £000	Revised Funding £000	Change £000
External Funding:			
Department for Education Grants	15,348	26,227	10,879
NHS & Public Health Grants	5,479	5,860	381
Other Government Grants	9,281	11,868	2,587
GLA Housing Grants	116,715	112,168	-4,547
Transport for London Grants	4,494	8,318	3,824
Other Grants	3,802	4,699	897
Community Infrastructure Levy	12,246	12,688	442
Section 106 Contributions	71,909	76,069	4,160
Other Contributions	6,704	6,920	216
Total External Funding	**245,978**	**264,817**	**18,839**
HRA Resources:			
Major Repairs Reserve	165,268	165,268	0
Leaseholder Capital Contributions	13,000	13,000	0
Total HRA Resources	**178,268**	**178,268**	**0**
Corporate Resources:			
Revenue Contributions - GF	24,636	24,566	-70
Prudential Borrowing - GF	75,339	76,970	1,631
Prudential Borrowing - HRA	138,931	133,652	-5,279
Community Municipal Investment - GF	800	800	0
Community Municipal Investment - HRA	200	200	0
Capital Receipts - HRA (Non-RTB)	324,062	303,781	-20,281
Capital Receipts - HRA (RTB Retained)	10,394	13,250	2,855
Capital Receipts - GF	62,684	61,170	-1,514
Total Corporate Resources	**637,046**	**614,388**	**-22,658**
Total Capital Funding	**1,061,292**	**1,057,473**	**-3,819**