

CAPITAL BUDGET MONITORING - QUARTER 3

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1: Update of Capital Project Progress

Summary

This report presents the capital monitoring position at Quarter 3 for the current financial year 2021/22.

Recommendation (s)

The Committee is asked to:

- (1) Receive the capital monitoring position at Quarter 3, as set out in the report;**
- (2) Note the progress of capital projects as set out in Appendix 1.**

1 Reason for Recommendation

- 1.1 To present the capital budget monitoring position to members for Quarter 3 and to provide an update on the progress of individual capital projects.

2 Background

- 2.1 This report summarises the capital monitoring information at the end of the third quarter of 2021/22. It details actual capital expenditure and receipts against capital budgets and financing. The report also provides the forecast outturn position and variances at year-end.
- 2.2 The core capital programme does not include investments made through the property acquisition funds; this activity is summarised within section 5.

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3 Core Capital Programme

3.1 The expenditure budget per Committee for the core capital programme is shown below:

Committee	2021/22 Original Budget £'000	Carry forwards from 2020/21 £'000	Additions during 2021/22 £'000	2021/22 Current Approved Schemes £'000
Strategy & Resources	225	536	0	761
Environment & Safe Communities	455	1,419	9	1,883
Community & Wellbeing	805	609	202	1,616
Total Core Capital Programme	1,485	2,564	211	4,260

3.2 The 2021/22 budget was agreed by full Council in February 2021. The budgets carried forward from 2020/21 were approved at S&R Committee on 27 July 2021, as were the following new budget additions during the year:

3.2.1 an additional £185k for Disabled Facilities Grant projects to align with the grant provided by central government;

3.2.2 an additional £8.5k for the Ashley Centre car park expansion joints project;

3.2.3 an additional £21k for repairs to the Harrier Centre hammer cage, as agreed at Strategy & Resources Committee in November 2021, funded by a £5k external grant and £16k of S106 funds, £4k of which has been vired from the Harrier Centre track repairs project which is forecast to underspend by this amount.

3.3 The carry forward figure for Community & Wellbeing Committee has been updated to include £93k of additional Disabled Facilities Grant funding brought forward from 2020/21.

3.4 Actual expenditure on the core capital programme to the end of December 2021 and a full year forecast is summarised below:

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Committee	2021/22 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	761	187	331	(430)
Environment & Safe Communities	1,883	166	1,212	(671)
Community & Wellbeing	1,616	307	600	(1,016)
Total Core Capital Programme	4,260	660	2,143	(2,117)

3.5 On the core capital programme, projected expenditure for the full year is £2.143m, £2.117m less than the £4.26m budget. The main variances are: the DFG programme (£744k) which was hampered by Covid and resourcing issues earlier in the year; the replacement of EEBC street lamp columns project (£415k) which has been delayed to 2022 due to limited resources; the Replacement of CRM and Data Warehouse project (£380k) which is subject to a procurement exercise; the Hogsmill streams repairs (£252k) the works for which are reliant on suitable weather conditions; the football pitch draining project (£90k) which is on hold whilst further investigations take place; and the Playhouse works (£128k), which are scheduled for August 2022. An update on progress of individual schemes is set out in Appendix 1.

4 Financing of Capital Expenditure 2021/22

4.1 The provisional financing of the 2021/22 core capital programme is summarised below:

Financing of Core Capital Programme	2021/22 Current Approved Budget £'000
Capital Receipts Reserves	922
Capital Grants-DFG	1,243
Budgeted Revenue Contributions	264
Revenue Reserves	34
Section 106	165
Community Infrastructure Levy	1,627
External Grant	5
Total	4,260

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5 Property Acquisition Funds

Commercial Property

- 5.1 The Council retains one in-Borough commercial property acquisition fund, which has a remaining balance of £49.6m available for investment. Please note, this is not a reserve that the Council holds; it is a limit (approved by Full Council) up to which borrowing could be undertaken.

Residential Property

- 5.2 In 2016/17, the Council established a £3m fund to purchase residential property, principally to assist the Council to manage homelessness and reduce associated costs. To date, no new purchases have been identified during 2021/22.
- 5.3 The remaining balances on the Property Acquisition Funds are shown in the following table:

Property Acquisition Funds	Commercial Property (in-Borough) £0	Residential Property £0	Total £0
Opening fund balance	80,000	3,000	83,000
Purchases during 2016/17	-19,206	-811	-20,017
Purchases during 2017/18	-5,148	-562	-5,710
Purchases during 2018/19	0	-257	-257
Purchases during 2019/20	-6,077	-20	-6,097
Purchases during 2020/21	0	-95	-95
YTD purchases during 2021/22	0	0	0
Current commitments	0	-290	-290
Uncommitted balance at 31/12/2021	49,569	965	50,534

- 5.4 Of the Residential Property Acquisition Fund balance, £10.5k is earmarked to fund the remaining modifications required to 87 East Street (Defoe Court) to make it suitable for use as temporary accommodation, as agreed at S&R Committee in December 2018.
- 5.5 A further £280k of the Residential Property Acquisition Fund is earmarked for a scheme to provide temporary accommodation at 24 South Street, as agreed by S&R Committee in March 2021.

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6 S106 Developer Contributions

6.1 The balance of S106 funds held by the authority are set out in the following table:

	£'000	£'000
Section 106 funds held as at 1 April 2021		2,668
Section 106 net receipts to 31 December 2021		4
Balance of S106 Funds held as 31 December 2021		2,672
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(402)	
Funds held for Horton Chapel	(482)	
		(1,014)
Unallocated S106 funds as at 31 December 2021		1,658

6.2 S106 agreements specify for what purpose the funds may be spent. The breakdown of current unallocated balances against the different categories is detailed in the following table:

Breakdown of unallocated S106 balances	£'000
Open Spaces	30
Affordable Housing	1,574
Open Space - Park & Gardens	7
Environmental Improvements	37
Community Facilities	4
Monitoring Charge	6
Total	1,658

6.3 The majority of S106 balances are within Affordable Housing; this funding is used to facilitate provision within the Borough where the development is not financially viable without additional funding. Planning officers work with providers to identify schemes where the affordable housing would not be deliverable without the additional support.

6.4 £145k of Affordable Housing S106 funds have been earmarked for a Rough Sleeper accommodation project agreed at S&R Committee in September 2021.

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7 Community Infrastructure Levy

- 7.1 The Council generated £2.016m of Community Infrastructure Levy (CIL) for the period 1 April 2021 to 31 December 2021. This includes one sum for £1.27m for the Woodcote Grove site development.
- 7.2 Large sums are collected in instalments so not all the cash has been received at this date. Of the £363k of invoices raised but not yet collected, only £15k relates to financial years prior to 2020/21 and is being pursued by the Legal department.
- 7.3 5% is used for administering the scheme and 15% is ring fenced for a local spending fund comprising two schemes, a CIL Neighbourhood Scheme and a Borough Investment Fund. CIL balances are set out in the following table:

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2021	6,809	1,382	227	8,418
CIL invoices raised to 31 Dec 2021	1,613	302	101	2,016
Invoices outstanding at 31 Dec 2021	-290	-55	-18	-363
Receipt held as charge against property	-1	0	0	-1
CIL Payments made to 31 Dec 2021	-116	-179	0	-295
CIL Funds held at 31 December 2021	8,015	1,450	310	9,775
<i>Less commitments:</i>				
Plan E contribution	-1,011	0	0	-1,011
Stoneleigh Station	-500	0	0	-500
Replacement of EEBC Lamp Columns	-425	0	0	-425
Improvements to Great Dam	-75	0	0	-75
Borough Investment Fund	0	-71	0	-71
CIL Neighbourhood Scheme 2019/20	0	-34	0	-34
CIL Neighbourhood Scheme 2020/21	0	-92	0	-92
CIL Neighbourhood Scheme 2021/22	0	-250	0	-250
Monitoring CIL scheme in 2021/22	0	0	-59	-59
Unallocated CIL funds at 31 Dec 2021	6,004	1,003	251	7,258

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8 CIL Neighbourhood Scheme (15%)

- 8.1 A report to S&R Committee in April 2018 agreed a sum of £100k for a Borough Investment Fund. No bids for the Borough Investment Fund have been received in 2021/22 to date. There is still £71k of the original £100k allocation remaining.
- 8.2 The 2021/22 scheme has now been decided and funding allocated to successful schemes. A breakdown of the individual projects for 2021/22, along with expenditure and progress on all years of the CIL Neighbourhood Scheme (15%) is detailed in Appendix 1.

9 Capital Receipts

- 9.1 The expected balances of capital receipt reserves is shown below:

Capital Reserves	Capital Receipts Reserve £'000
Balance brought forward at 1 April 2021	4,050
Estimated use to fund the 2021/22 capital programme	(922)
Earmarked for Residential Property Programme	(189)
Capital receipts received to 31 December 2021	0
Estimated Balance at 31 March 2022	2,939

- 9.2 The Council's Medium Term Financial Strategy states the aim of maintaining a minimum uncommitted level of capital reserves of £1m.

10 Risk Assessment

Legal or other duties

10.1 Impact Assessment

10.1.1 The impact of each scheme is assessed during the capital bidding process.

10.2 Crime & Disorder

10.2.1 None arising directly from the contents of this report.

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10.3 Safeguarding

10.3.1 None arising directly from the contents of this report.

10.4 Dependencies

10.4.1 None arising directly from the contents of this report.

10.5 Other

10.5.1 None arising directly from the contents of this report.

11 Financial Implications

11.1 Financial implications are set out in the body of the report.

11.2 **Section 151 Officer's comments:** The provisional outturn position for 2021/22 will be brought back to Audit Crime & Disorder and Scrutiny Committee in July 2022.

11.3 The Policy Committees will have considered proposed capital schemes for the 2022/23 programme at their January meetings, and the final programme will be presented to Full Council at its meeting in February.

11.4 Any questions relating to the practical progress of any of the capital projects should be directed to the relevant Head of Service or Director.

12 Legal Implications

12.1 There are no direct legal implications arising from this report.

12.2 **Legal Officer's comments:** None arising directly from the contents of this report.

13 Policies, Plans & Partnerships

13.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.

13.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

13.3 **Climate & Environmental Impact of recommendations:** The impact of each scheme is assessed during the capital bidding process.

13.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.

13.5 **Partnerships:** None arising directly from the contents of this report.

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14 Background papers

14.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Capital Budget Monitoring - Quarter 1 to this committee on 1 September 2021
- Capital Budget Monitoring - Quarter 2 to this committee on 18 November 2021.
- Budget Report to Full Council – 16 February 2021.

Other papers:

- None.