

## CAPITAL BUDGET MONITORING QUARTER 1

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

### Summary

This report presents the capital monitoring position at Quarter 1 for the current financial year 2023/24. The Committee is asked to review the progress of capital projects as set out in Appendix 1.

### Recommendation (s)

#### The Committee is asked to:

- (1) Receive the capital monitoring position at Quarter 1, as set out in the report.

### 1 Reason for Recommendation

- 1.1 To present the capital budget monitoring position to members for Quarter 1 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 first quarter of 2023/24. 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.

### 3 Core Capital Programme

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

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Committee	2023/24 Original Budget £'000	Carry forwards from 2022/23 £'000	Additions during 2023/24 £'000	2023/24 Current Approved Schemes £'000
Strategy & Resources	0	318	1,000	<b>1,318</b>
Environment	281	768	0	<b>1,049</b>
Community & Wellbeing	1,183	1,106	33	<b>2,322</b>
Licensing & Planning Policy	0	0	0	<b>0</b>
<b>Total Core Capital Programme</b>	<b>1,464</b>	<b>2,192</b>	<b>1,033</b>	<b>4,690</b>

- 3.2 The 2023/24 budget was agreed by Full Council in February 2023. The budgets carried forward from 2022/23 were approved at S&R Committee on 13 July 2023.
- 3.3 The additions also include £500k CIL funding for the Step Free Access project at Stoneleigh Station, agreed by S&R on 24 October 2018; £440k for the ICT Programme of Works which was agreed by S&R Committee on 28 March 2023; £60k for the Tea Rooms Electrical Supply at Ewell Court House, as agreed by S&R Committee on 26 July 2022; and £33k for Playhouse refurbishment works, agreed by the Chair of S&R Committee in March 2023.
- 3.4 Actual expenditure on the core capital programme to the end of June 2023 and a full year forecast is summarised below:

Committee	2023/24 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	1,318	39	1,131	<b>(187)</b>
Environment	1,049	0	714	<b>(335)</b>
Community & Wellbeing	2,322	245	2,257	<b>(65)</b>
Licensing & Planning Policy	0	0	0	<b>0</b>
<b>Total Core Capital Programme</b>	<b>4,690</b>	<b>284</b>	<b>4,102</b>	<b>(587)</b>

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- 3.5 On the core capital programme, projected expenditure for the full year is £4.102m, £587k less than the £4.69m budget. Of the £587k forecast variance, £335k relates to the Plan E project which is not expected to incur any further expenditure; and £187k relates to the Replacement of CRM and Data Warehouse project which is expected to continue into 2024/25. The remaining £65k relates to the project to install solar PV panels to the Playhouse roof which has come in under budget due to less storage batteries being required than had been assumed in the original proposal.
- 3.6 In general terms, global events and rising inflation is causing firms to significantly increase their quotes for works, which is having an impact on the ability to source contractors within budget. It is expected this will continue to impact council projects for the foreseeable future.
- 3.7 An update on the progress of individual schemes is set out in Appendix 1.

### 4 Financing of Capital Expenditure 2023/24

- 4.1 The financing of the 2023/24 core capital programme is summarised below:

<b>Financing of Core Capital Programme</b>	<b>2023/24 Current Approved Budget</b>
	<b>£'000</b>
Capital Receipts Reserve	1,068
Capital Grants – DFG	1,743
Budgeted Revenue Contributions	500
Revenue Reserves	67
S106	81
Community Infrastructure Levy	1,231
<b>Total</b>	<b>4,690</b>

### 5 Property Acquisition Funds

Commercial Property

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- 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 2023/24.
- 5.3 The remaining balances on the Property Acquisition Funds are shown in the following table.

Committee	Commercial Property (in-Borough) £'000	Residential Property £'000	Total £'000
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)
Purchases during 2021/22	0	(238)	(238)
Purchases during 2022/23	0	(39)	(39)
Purchases during 2023/24	0	0	0
Current commitments	0	0	0
<b>Fund balances at 30/06/2023</b>	<b>49,569</b>	<b>978</b>	<b>50,547</b>

- 5.4 The properties owned by the Council are detailed within the Strategic Asset Management Plan, which can be found here: [Four Year Plan | Epsom and Ewell Borough Council \(epsom-ewell.gov.uk\)](https://www.epsom-ewell.gov.uk/strategic-asset-management-plan).

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### 6 S106 Developer Funds

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

Section 106 Balances	Earmarked	Total
	£'000	£'000
<b>Section 106 funds held as at 1 April 2023</b>		<b>2,311</b>
Section 106 net receipts to 30 June 2023		0
<b>Balance of S106 Funds held as 30 June 2023</b>		<b>2,311</b>
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(420)	
Funds held for Horton Chapel	(187)	
		(737)
<b>Unallocated S106 funds as at 30 June 2023</b>		<b>1,574</b>

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
Affordable Housing	1,574
<b>Total</b>	<b>1,574</b>

6.3 The remaining uncommitted 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 The £420k funds allocated for specific schemes include £145k of Affordable Housing S106 funds earmarked for a Rough Sleeper accommodation project agreed at S&R Committee in September 2021 and £81k for the capital project to provide a new fence enclosure to the Court Rec Astro turf facility. The balance of £194k is earmarked to fund a number of smaller ad hoc projects including playground works.

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### 7 Community Infrastructure Levy

- 7.1 The council generated £619k of Community Infrastructure Levy (CIL) for the period 1 April 2023 to 30 June 2023.
- 7.2 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:

	<b>Main Fund (80%) £'000</b>	<b>Community Fund (15%) £'000</b>	<b>Admin Fee (5%) £'000</b>	<b>Total £'000</b>
<b>CIL funds held at 1 April 2023</b>	<b>7,456</b>	<b>1,398</b>	<b>466</b>	<b>9,320</b>
CIL invoices raised to 30 Jun 2023	495	93	31	619
Invoices outstanding at 30 Jun 2023	(430)	(81)	(27)	(538)
Receipt held as charge against property	(1)	0	0	(1)
CIL Payments made to 30 Jun 2023	0	0	0	0
<b>CIL Funds held at 30 Jun 2023</b>	<b>7,520</b>	<b>1,410</b>	<b>470</b>	<b>9,400</b>
<i>Less commitments:</i>				
Plan E contribution	(335)	0	0	(335)
Stoneleigh Station	(500)	0	0	(500)
Replacement of EEBC Lamp Columns	(396)	0	0	(396)
CIL Neighbourhood Fund 2021/22	0	(65)	0	(65)
CIL Neighbourhood Fund 2022/23	0	(61)	0	(61)
CIL Neighbourhood Fund 2023/24	0	(250)	0	(250)
Monitoring CIL scheme in 2023/24	0	0	(118)	(118)
<b>Unallocated CIL funds at 30 Jun 2023</b>	<b>6,289</b>	<b>1,034</b>	<b>352</b>	<b>7,675</b>

- 7.3 Large sums are collected in instalments so not all the cash has been received at this date. Of the £538k 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.

### 8 CIL Neighbourhood Scheme

- 8.1 Updates on CIL 15% Neighbourhood Fund projects will be reported separately through the new Member News channel.

### 9 Capital Receipts

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

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<b>Capital Reserves</b>	<b>Capital Receipts Reserve £'000</b>
<b>Balance brought forward at 1 April 2023</b>	<b>3,940</b>
Estimated use to fund the 2023/24 capital programme	(1,068)
Capital receipts received to 30 Jun 2023	0
<b>Estimated Balance at 31 March 2024</b>	<b>2,872</b>

## 10 Risk Assessment

Legal or other duties

### 10.1 Equality 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.

### 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 As detailed in section 3, global events and rising inflation have caused firms to significantly increase their quotes for works, having an impact on the Council's ability to source contractors within budget. This is likely to impact on both current and future capital projects.

## 11 Financial Implications

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

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11.2 **Section 151 Officer's comments:** If members have a detailed question(s) on particular capital projects, it is requested that these be submitted in advance where possible, to enable officers to investigate with the relevant scheme manager.

11.3 Updated capital projections at Quarter 2 will be brought to Audit and Scrutiny Committee in November 2023.

### 12 Legal Implications

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

12.2 **Legal Officer's comments:** None arising from the content 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.

### 14 Background papers

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

**Previous reports:**

- Budget Report to Full Council – 14 February 2023.

**Other papers:**

- None.