

CAPITAL BUDGET MONITORING QUARTER 3

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	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 2023/24, covering the period 01/04/2023 to 31/12/2023. 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 3, as set out in the report.

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 2023/24, covering the period 01/04/2023 to 31/12/2023. 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 in the following table:

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1 February 2024

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	1,318
Environment	281	768	105	1,154
Community & Wellbeing	1,183	1,106	234	2,523
Licensing & Planning Policy	0	0	0	0
Total Core Capital Programme	1,464	2,192	1,339	4,995

- 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 include:
- 3.3.1 £500k CIL funding for the Step Free Access project at Stoneleigh Station, agreed by S&R on 24 October 2018;
 - 3.3.2 £440k for the ICT Programme of Works agreed by S&R Committee on 28 March 2023;
 - 3.3.3 £60k for the Tea Rooms Electrical Supply at Ewell Court House, agreed by S&R Committee on 26 July 2022;
 - 3.3.4 £33k for Playhouse refurbishment works, agreed by the Chair of S&R Committee in March 2023;
 - 3.3.5 £145k of Affordable Housing S106 funds earmarked for a Rough Sleeper accommodation project agreed at S&R Committee in September 2021;
 - 3.3.6 £56k for a new playground at Bourne Hall agreed by Environment Committee, and the Chair of S&R Committee, in March 2023;
 - 3.3.7 £105k for the Poole Rd pavilion roof scheme, agreed at S&R Committee on 21 September 2023.
- 3.4 Actual expenditure on the core capital programme to the end of December 2023 and a full year forecast is summarised below:

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Committee	2023/24 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	1,318	277	746	(572)
Environment	1,154	101	847	(307)
Community & Wellbeing	2,523	1,047	2,304	(219)
Licensing & Planning Policy	0	0	0	0
Total Core Capital Programme	4,995	1,425	3,897	(1,098)

- 3.5 On the core capital programme, projected expenditure for the full year is £3.897m, £1.098m less than the £4.995m budget. Of the £1.098m forecast variance, £335k relates to the Plan E project which is not expected to incur any further expenditure; £300k relates to the ICT Programme of Works; £272k relates to the Replacement of CRM and Data Warehouse project which is expected to continue into 2024/25; and £135k relates to the Alex Rec Dojo scheme which is on hold until further funding can be identified; £69k relates to the project to install solar PV panels to the Playhouse roof which has come in under budget due to fewer storage batteries being required than had been assumed in the original proposal.
- 3.6 These favourable variances are partially offset by £19,780 relating to the new fence enclosure to the Court Rec Astro turf facility, and £8,000 relating to the Ashley Centre car park expansion joints scheme, due to inflationary increases on tender prices.
- 3.7 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.
- 3.8 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:

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Financing of Core Capital Programme	2023/24 Current Approved Budget £'000
Capital Receipts Reserve	1,173
Capital Grants – DFG	1,743
Budgeted Revenue Contributions	500
Revenue Reserves	67
S106	281
Community Infrastructure Levy	1,231
Total	4,995

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.

5.3 To date, no new purchases have been identified during 2023/24.

5.4 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

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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
Fund balances at 31/12/2023	49,569	978	50,547

5.5 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/4-year-plan).

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
Section 106 funds held as at 1 April 2023		2,311
Section 106 net receipts to 31 December 2023		0
Section 106 payments made		(461)
Balance of S106 Funds held as 31 December 2023		1,850
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(706)	
		(836)
Unallocated S106 funds as at 31 December 2023		1,014

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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	1,014
Total	1,014

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 £706k funds allocated for specific schemes include £435k to support the delivery of temporary accommodation at Fairview Road agreed at S&R in January 2023; and £125k to refurbish Ewell Court House Flat 1 for use as temporary accommodation agreed at S&R in September 2023. The balance of £146k is earmarked to fund a number of smaller ad hoc schemes.

7 Community Infrastructure Levy

7.1 The council generated £731k of Community Infrastructure Levy (CIL) for the period 1 April 2023 to 31 December 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:

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2023	7,859	1,243	194	9,296
CIL invoices raised to 31 Dec 2023	585	110	37	731
Invoices outstanding at 31 Dec 2023	(196)	(37)	(12)	(245)
Receipt held as charge against property	(1)	0	0	(1)
CIL Payments made to 31 Dec 2023	(101)	(65)	0	(166)
CIL Funds held at 31 Dec 2023	8,146	1,251	218	9,615
<i>Less commitments:</i>				
Plan E contribution	(335)	0	0	(335)
Stoneleigh Station	(400)	0	0	(500)
Replacement of EEBC Lamp Columns	(396)	0	0	(396)
CIL Neighbourhood Fund 2022/23	0	(61)	0	(61)

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CIL Neighbourhood Fund 2023/24	0	(250)	0	(250)
Monitoring CIL scheme in 2023/24	0	0	(118)	(118)
Unallocated CIL funds at 31 Dec2023	7,016	1,189	101	8,306

7.3 Large sums are collected in instalments so not all the cash has been received at this date. Of the £245k of invoices raised but not yet collected, only £15k is prior to 2022; £25k relates to 2022 and the balance to 2023.

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:

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

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

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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.

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 The provisional outturn position for 2023/24 will be reported to Strategy & Resources in July and the final audited position will be brought back to Audit and Scrutiny Committee in the autumn.

11.4 The Policy Committees will have considered proposed capital schemes for the 2024/25 programme at their January meetings, and the final programme will be presented to Full Council at its meeting in February.

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:

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Previous reports:

- Budget Report to Full Council – 14 February 2023.

Other papers:

- None.