

CAPITAL BUDGET MONITORING - QUARTER 1

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Wards affected:	(All Wards);
Appendices (attached):	Appendix 1: Update of Capital Project Progress

Summary

This report presents the capital monitoring position at Quarter 1 for the current financial year 2024/25.

Recommendation (s)

The Committee is asked to:

- (1) Receive the capital monitoring position at Quarter 1, 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 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 2024/25. 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.
- 2.3 Due to its exceptional nature and scope, the Town Hall relocation project is managed separately from the core capital programme, therefore it does not form part of this report.

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3 Core Capital Programme

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

Committee	2024/25 Original Budget £'000	Carry forwards from 2023/24 £'000	Additions during 2024/25 £'000	2024/25 Current Approved Schemes £'000
Strategy & Resources	250	972	0	1,222
Environment	490	565	41	1,096
Community & Wellbeing	1,211	850	828	2,889
Licensing & Planning Policy	0	0	0	0
Total Core Capital Programme	1,951	2,387	869	5,207

3.2 The 2024/25 budget was agreed by full Council in February 2024. The budgets carried forward from 2023/24 were approved at Strategy & Resources Committee on 23 July 2024.

3.3 The additions during 2024/25 comprise of £828k relating to the purchase of a temporary accommodation property, as agreed by urgent decision 131, funded by the residential property investment fund. The additional £41k relates to the purchase of three new electric vehicles for Meals at Home Service and is funded by a Surrey County Council grant.

3.4 Actual expenditure on the core capital programme to the end of June 2024 and a full year forecast is summarised below:

Committee	2024/25 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	1,222	58	770	(452)
Environment	1,096	471	987	(109)
Community & Wellbeing	2,889	329	2,250	(639)
Licensing & Planning Policy	0	0	0	0
Total Core Capital Programme	5,207	858	4,007	(1,200)

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3.5 On the core capital programme, the forecast outturn for the full year is £4m. The forecast favourable variance of £1.2m comprises of: some works expected to be delivered in 2025/26, £450,000 on ICT projects and £349,000 on the Disabled Facilities Grant (DFG) scheme; some schemes that have been paused, £170,000 on the Alexander Recreation Dojo scheme whilst additional funding is sought, and the two Wellbeing centre schemes totalling £120,000, pending completion of the Review of Community Services; and schemes completed with favourable variances, £54,000 on the replacement street lamp project, £40,000 on the Poole Road Pavilion roof replacement, and £25,000 on the sewerage contamination works at the Depot. These are offset by a small adverse variance of £8,000 on the Ashley Centre Car Park Expansion Joints Phase 2 scheme.

3.6 An update on the progress of individual schemes is set out in Appendix 1.

4 Financing of Capital Expenditure 2024/25

4.1 The provisional financing of the 2024/25 core capital programme is summarised below:

Financing of Core Capital Programme	2024/25 Current Approved Budget £'000
Capital Receipts Reserves	1,563
Capital Grants-DFG	1,449
Budgeted Revenue Contributions	500
Revenue Reserves	828
Section 106	56
Community Infrastructure Levy	769
External Grant	42
Total	5,207

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.

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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.

The remaining balances on the Property Acquisition Funds are shown in the following table:

Property Acquisition Funds	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
YTD purchases during 2024/25	0	0	0
Current commitments	0	(828)	(828)
Fund balances at 30/06/2024	49,569	150	49,719

5.3 The £828k commitment shown under the residential property investment fund is for the purchase of temporary accommodation.

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 2024		1,823

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Section 106 net receipts to 30 June 2024		3
Balance of S106 Funds held as 30 June 2024		1,826
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(590)	
		(720)
Unallocated S106 funds as at 30 June 2024		1,106

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	1,106
Total	1,106

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 The £590k funds allocated for specific schemes include £435k of Affordable Housing S106 funds have been earmarked for a temporary accommodation pods at Fairview Road; £56k remains of the £125k agreed for the refurbishment of Flat at Ewell Court House for temporary accommodation with the remaining balance comprising of small schemes such as park bench and signage replacement and maintenance of play equipment.

7 Community Infrastructure Levy

7.1 The Council raised invoices totalling £535k for Community Infrastructure Levy (CIL) for the period 1 April 2024 to 30 June 2024.

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:

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	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2024	8,202	1,252	141	9,595
CIL invoices raised to 30 Jun 2024	428	80	27	535
Invoices outstanding at 30 Jun 2024	(239)	(45)	(15)	(299)
Receipt held as charge against property	(1)	0	0	(1)
CIL Payments made to 30 Jun 2024	0	0	0	0
CIL Funds held at 30 Jun 2024	8,390	1,287	153	9,830
<i>Less commitments:</i>				
Stoneleigh Station	(400)	0	0	(400)
Replacement of EEBC Lamp Columns	(369)	0	0	(369)
CIL Neighbourhood Fund 2022/23	0	(61)	0	(61)
CIL Neighbourhood Fund 2024/25	0	TBC	0	TBC
Monitoring CIL scheme in 2024/25	0	0	(103)	(103)
Unallocated CIL funds at 30 Jun 2024	7,621	1,226	50	8,897

7.3 Large sums are collected in instalments so not all the cash has been received at this date. Of the £299k of invoices raised but not yet collected, only £37k relates to financial years prior to 2024/25.

8 CIL Neighbourhood Scheme (15%)

8.1 CIL 15% Neighbourhood Scheme projects are reported separately to Licencing & Planning Policy Committee and also to Strategy & Resources Committee for any schemes over £50,000. Updates will also be made through the 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 2024	3,808
Estimated use to fund the 2024/25 capital programme	(1,563)

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Capital receipts received to 30 June 2024	130
Estimated Balance at 31 March 2025	2,375

- 9.2 During 2024/25, the Council has received a net receipt of £130k for a deed of easement to lift a restricted covenant on Council land off Kiln Lane.

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 Global events and rising inflation have caused firms to significantly increase their quotes for works, having a major 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 Updated capital projections at Quarter 2 will be brought to Audit and Scrutiny Committee in November.

12 Legal Implications

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

12.2 **Legal Officer's comments:** None for the purposes 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 – 13 February 2024.

Other papers:

- None.