

## CAPITAL BUDGET MONITORING QUARTER 2

|                               |  |
|-------------------------------|--|
| <b>Head of Service:</b>       | Kevin Hanlon, Interim Chief Finance Officer    |
| <b>Report Author</b>          | Vanessa Newton, Senior Accountant              |
| <b>Wards affected:</b>        | (All Wards);                                   |
| <b>Appendices (attached):</b> | Appendix 1: Update of Capital Project Progress |

### Summary

This report presents the capital monitoring position at quarter 2 for the current financial year 2024/25.

### Recommendation (s)

#### The Committee is asked to:

- (1) Receive the capital monitoring position at quarter 2, 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 2 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.

### 3 Core Capital Programme

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

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| Committee                               | 2024/25 Original Budget<br>£'000 | Carry forwards from 2023/24<br>£'000 | Additions during 2024/25<br>£'000 | 2024/25 Current Approved Schemes<br>£'000 |
|---|----------------------------------|--------------------------------------|-----------------------------------|---|
| Strategy & Resources                    | 250                              | 972                                  | 0                                 | 1,222                                     |
| Environment                             | 490                              | 565                                  | 41                                | 1,096                                     |
| Community & Wellbeing                   | 1,211                            | 850                                  | 1,457                             | 3,518                                     |
| Licensing & Planning Policy             | 0                                | 0                                    | 0                                 | 0   |
| <b>Sub-total Core Capital Programme</b> | <b>1,951</b>                     | <b>2,387</b>                         | <b>1,498</b>                      | <b>5,836</b>                              |
| <b>Town Hall Relocation Project</b>     | <b>7,000</b>                     | <b>0</b>                             | <b>0</b>                          | <b>7,000</b>                              |
| <b>Total</b>                            | <b>8,951</b>                     | <b>2,387</b>                         | <b>1,498</b>                      | <b>12,836</b>                             |

- 3.2 The Town Hall Relocation Project and 2024/25 core capital programme budgets were agreed by full Council in December 2023 and February 2024 respectively. 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. An external grant from UKSPF has provided funding for £310k Epsom playhouse delivery plan, £201k Bourne Hall window replacements and £50k Bourne Hall solar panels structure. 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 and £69k for Disabled Facilities Grant which was an additional grant received last year.
- 3.4 Actual expenditure on the core capital programme to the end of September 2024 and a full year forecast is summarised below:

| Committee             | 2024/25 Current Approved<br>£'000 | YTD Expenditure<br>£'000 | Forecast Outturn<br>£'000 | Forecast Variance<br>£'000 |
|-----------------------|-----------------------------------|--------------------------|---------------------------|----------------------------|
| Strategy & Resources  | 1,222                             | 173                      | 773                       | (449)                      |
| Environment           | 1,096                             | 640                      | 987                       | (109)                      |
| Community & Wellbeing | 3,518                             | 1,940                    | 2,811                     | (707)                      |

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|   |               |              |              |                |
|---|---------------|--------------|--------------|----------------|
| Licensing & Planning Policy             | 0             | 0            | 0            | 0              |
| <b>Sub-total Core Capital programme</b> | <b>5,836</b>  | <b>2,753</b> | <b>4,571</b> | <b>(1,265)</b> |
| <b>Town Hall Relocation Project</b>     | <b>7,000</b>  | <b>6</b>     | <b>57</b>    | <b>(6,943)</b> |
| <b>Total</b>                            | <b>12,836</b> | <b>2,759</b> | <b>4,628</b> | <b>(8,208)</b> |

- 3.5 On the core capital programme, the forecast outturn for the full year is £4.56m. The forecast favourable variance of £1.27m comprises of: some works expected to be delivered in 2025/26, £449,000k on ICT projects and £417,000 on the Disabled Facilities Grant (DFG) scheme; and 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.
- 3.6 Within Environment Committee schemes a number are forecast to complete with favourable variances, £54,000 on the replacement streetlamp 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 at Ashley Car Park being the Expansion Joints Phase 2 scheme and £2,000 on waterproofing joints to Level 4D.
- 3.7 The Town Hall Relocation Project has been added to the table above as a standalone item to enable it to be monitored separately.
- 3.8 Movements in the year-end forecasts since Q1 are detailed in the table below:

| Committee                           | Forecast<br>Outturn Q1 | Forecast<br>Outturn<br>Q2 | Change     |
|-------------------------------------|------------------------|---------------------------|------------|
|                                     | £'000                  | £'000                     | £'000      |
| Strategy & Resources                | 770                    | 773                       | 3          |
| Environment                         | 987                    | 987                       | 0          |
| Community & Wellbeing               | 2,250                  | 2,811                     | 561        |
| Licensing & Planning Policy         | 0                      | 0                         | 0          |
| <b>Total Core Capital Programme</b> | <b>4,007</b>           | <b>4,623</b>              | <b>564</b> |

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3.9 The change in forecast for Strategy & Resources is due to a revised forecast on a flat conversion of £3,000. The change in Community & Wellbeing Committee relates to additional schemes at the Playhouse and Bourne Hall totalling £561,000.

3.10 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:

| <b>Financing of Core Capital Programme</b> | <b>2024/25<br/>Current Approved Budget<br/>£'000</b> |
|--|--|
| Capital Receipts Reserves                  | 1,563  |
| Capital Grants-DFG                         | 1,517  |
| Budgeted Revenue Contributions             | 500  |
| Revenue Reserves                           | 828  |
| Section 106                                | 56   |
| Community Infrastructure Levy              | 769  |
| External Grant                             | 603  |
| <b>Total</b>                               | <b>5,836</b>   |

4.2 The Town Hall relocation will be principally funded either by a disposal of the existing Town Hall building, or income from an alternative business plan for the existing Town Hall site, with future options for the site due to go to Strategy & Resource committee in early Spring 2025.

### 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.

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

| Property Acquisition Funds         | Commercial Property (in-Borough)<br>£000 | Residential Property<br>£000 | Total<br>£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  | (811)                        | (811)         |
| Current commitments                | 0  | (17)                         | (17)          |
| <b>Fund balances at 30/09/2024</b> | <b>49,569</b>                            | <b>150</b>                   | <b>49,719</b> |

5.4 The expenditure to date on the Residential Property Fund relates to the purchase of temporary accommodation. The commitment of £17k is the balance of budget for this purchase to fund remaining expenses.

## 6 S106 Developer Contributions

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

|  | £'000 | £'000        |
|--|-------|--------------|
| <b>Section 106 funds held as at 1 April 2024</b>       |       | <b>1,823</b> |
| Section 106 net receipts to 30 September 2024          |       | 3            |
| <b>Balance of S106 Funds held as 30 September 2024</b> |       | <b>1,826</b> |
| Less:  |       |              |
| Funds held due to SCC and other organisations          | (130) |              |
| Funds committed and approved for specific schemes      | (590) |              |
|  |       | (720)        |
| <b>Unallocated S106 funds as at 30 September 2024</b>  |       | <b>1,106</b> |

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- 6.2 The balance of unallocated S106 balances are all 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.
- 6.3 The £590k funds allocated for specific schemes include £435k of Affordable Housing S106 funds which has been earmarked for temporary accommodation use microhomes at Fairview Road; £56k remains of the £125k agreed for the refurbishment of a flat for temporary accommodation with the remaining balance comprising of small schemes such as park bench and signage replacement and maintenance of play equipment.
- 6.4 A report to Strategy & Resources on 12 November 2024 will consider whether to commit a further £600,000 of S106 affordable housing receipts to part match government grant of £1.5m under the Local Authority Housing Fund 3. Should S&R Committee agree to this proposal, the remaining balance of uncommitted S106 funds will reduce to approximately £500,000.

## 7 Community Infrastructure Levy

- 7.1 The Council raised invoices totalling £644k for Community Infrastructure Levy (CIL) for the period 1 April 2024 to 30 September 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:

|   | <b>Main Fund<br/>(80%)<br/>£'000</b> | <b>Community<br/>Fund (15%)<br/>£'000</b> | <b>Admin Fee<br/>(5%)<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|--------------------------------------|---|-------------------------------------|------------------------|
| <b>CIL funds held at 1 April 2024</b>   | <b>8,366</b>                         | <b>1,282</b>                              | <b>152</b>                          | <b>9,800</b>           |
| CIL invoices raised to 30 Sept 2024     | 515                                  | 97  | 32                                  | 644                    |
| Invoices outstanding at 30 Sept 2024    | (309)                                | (58)                                      | (19)                                | (386)                  |
| Receipt held as charge against property | (1)                                  | 0   | 0                                   | (1)                    |
| CIL Payments made to 30 Sept 2024       | (369)                                | (19)                                      | 0                                   | (388)                  |
| <b>CIL Funds held at 30 Sept 2024</b>   | <b>8,202</b>                         | <b>1,302</b>                              | <b>165</b>                          | <b>9,669</b>           |
| <i>Less commitments:</i>                |                                      |   |                                     |                        |
| Stoneleigh Station – Step free access   | (400)                                | 0   | 0                                   | (400)                  |

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|  |              |              |           |              |
|--|--------------|--------------|-----------|--------------|
| Replacement of EEBC Lamp Columns             | 0            | 0            | 0         | 0            |
| CIL Neighbourhood Fund 2022/23               | 0            | (42)         | 0         | (42)         |
| CIL Neighbourhood Fund 2024/25               | 0            | 0            | 0         | 0            |
| Monitoring CIL scheme in 2024/25             | 0            | 0            | (103)     | (103)        |
| <b>Unallocated CIL funds at 30 Sept 2024</b> | <b>7,802</b> | <b>1,260</b> | <b>62</b> | <b>9,124</b> |

7.3 Large sums are collected in instalments so not all the cash has been received at this date. Of the £386k of invoices raised but not yet collected, only £37k relates to financial years prior to 2024/25.

7.4 At its meeting on 17 October 2024, LPP Committee recommended to S&R Committee that CIL funding allocations totalling £2.25m be approved. If/when approved by S&R Committee, these allocations will be added as commitments in the table above.

### 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. LPPC considered proposals for the 2024/25 scheme at its meeting on 17 October 2024. 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<br>£'000 |
|---|-----------------------------------|
| <b>Balance brought forward at 1 April 2024</b>      | <b>3,808</b>                      |
| Estimated use to fund the 2024/25 capital programme | (1,563)                           |
| Capital receipts received to 30 September 2024      | 130                               |
| <b>Estimated Balance at 31 March 2025</b>           | <b>2,375</b>                      |

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

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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 3 will be brought to Audit and Scrutiny Committee in February 2025.

## 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 contents of this report.

## 13 Policies, Plans & Partnerships

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

- Effective Council.



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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.](#)
- [Capital Budget Monitoring Quarter 1 – Audit & Scrutiny Committee on 26 September 2024.](#)

#### **Other papers:**

- None.