

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

26 NOVEMBER 2020

CAPITAL BUDGET MONITORING REPORT ROUND 2 2020/21

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Summary

This report presents the results of the second round of the Council's capital budget monitoring process for 2020/21.

1. Budget and Policy Framework

- 1.1. Cabinet are responsible for ensuring that capital expenditure remains within the budget approved by Council. Additional schemes (capital additions) or movements in budgets between schemes (virements) are required. Virements below £150,000 can be approved by Directors under delegated authority. Virements between £150,000 and £1million can be approved by Cabinet and those in excess of £1million are a matter for Council.
- 1.2. The Chief Finance Officer has delegated authority to approve in year additions to the capital programme, in consultation with the Finance Portfolio Holder, subject to the following criteria:
 - funding coming from external sources,
 - no financial contribution coming from the Council,
 - funding being ringfenced for specific purposes.

Any additions made under delegated authority are reported through the next budget monitoring report.

2. Background

- 2.1. The approved capital programme for 2020/21 is £437.062million. This report consolidates the second round of capital budget forecasts for 2020/21. Appendix 1 provides details of budget manager's forecasts for each scheme and updates of the current progress. Where schemes are projected to complete later than the current financial year, a forecast of the anticipated spend profile is given. Each scheme is given a progress rating based upon

both the time expected to complete and the cost against that originally anticipated/budgeted for.

3. Summary Capital Programme Position and Funding 2020/21

3.1. Table 1 below summarises the capital programme and Round 2 forecast position. Table 2 shows how the current programme is funded.

Table 1: Capital Monitoring Summary

Directorate	Current Budget £000's	2020/21 Forecast £000's	2021/22 Forecast £000's	2022/23 Forecast £000's	2023/24 Forecast £000's	Forecast Under/(over) spend £000's
Children and Adults (including Public Health)	29,463	8,312	11,048	9,250	775	(78)
Regeneration, Culture and Environment	238,993	33,800	64,579	89,679	50,935	0
Housing Revenue Account	25,057	12,290	12,306	461	0	0
Business Support Department	143,186	22,724	71,202	49,223	0	(37)
Members Priorities	363	0	363	0	0	0
Total	437,062	77,126	159,498	148,613	51,710	(115)

Table 2: Capital Funding Summary

Funding Source	Total £000's	C&A £000's	RCE £000's	HRA £000's	BSD £000's	Member Priorities £000's
Prudential Borrowing	103,553	24,077	35,463	14,000	30,013	0
Borrowing in lieu of Capital Receipts	113,855	0	3,510	0	110,345	0
Capital Receipts	6,650	830	2,770	0	2,687	363
Capital Grants	199,014	2,931	196,083	0	0	0
RTB Receipts	93	0	0	93	0	0
Developer Contributions	2,786	1,625	1,161	0	0	0
Revenue / Reserves	11,109	0	6	10,964	139	0
Total	437,060	29,463	238,993	25,057	143,184	363

4. Children & Adults including Public Health

4.1. Capital schemes in the Directorate are collectively forecast to underspend by £78,888.

- 4.2. Abbey Court Relocation and Expansion – the scheme is now complete with an underspend of £78,000 to be vired to the Basic Needs scheme. As the scheme was completed over the summer the heating was not fully tested, however should any corrective works be required these will be funded from the Condition Works Programme.
- 4.3. A number of small variances reported in the Basic Needs Programme will be managed within the programme budget as the schemes progress.
- 4.4. On 8 October 2020 the Council approved four new capital schemes in the Directorate, included in this monitoring report, as follows:
- £12million for the Abbey Court Expansion Scheme funded from a virement from the SEND School scheme (prudential borrowing);
 - £4.2million for the Bradfields Academy Expansion Scheme funded from a virement from the SEND School scheme (prudential borrowing);
 - £121,000 for the Children and Adults Capital Programme Management funded from Section 106 contributions; and
 - £819,000 for the Children’s Improvement Programme, included within the Flexible Use of Capital Receipts – Transformation Scheme.

5. Regeneration, Culture & Environment

- 5.1. Capital schemes in the Directorate are collectively forecasting to budget.
- 5.2. On 8 October 2020 the Council approved two new capital schemes in the Directorate, included in this monitoring report, as follows:
- £3.050million for Strood Riverside Phase 1 and 2; and
 - £1.319million for a New 3G floodlit artificial turf pitch and changing pavilion at Watling Street Playing Fields
- 5.3. Chatham Town Centre – under the Director of RCE’s delegated authority, a virement has been carried out to address the pressure of £55,000 due to additional works required to complete this scheme. Funding has been vired from the following two schemes, both completed with underspends:
- £46,000 from the Chatham Placemaking scheme; and
 - £9,203 from the River Walk scheme.
- 5.4. The Director has used his delegation to vire uncommitted funds from elsewhere across the RCE capital programme to address the previously reported pressure against the Wigmore Community Hub programme

6. Housing Revenue Account

- 6.1. All Housing Revenue Account schemes are forecast to budget.

7. Business Support Department

- 7.1. Capital schemes in the Directorate are collectively forecasted to underspend by £37,000.

- 7.2. The Licensing Shared Service Setup scheme will complete this year and is projected to underspend by £22,000, while the now completed Civic Centre Decant scheme has underspend by £14,000.
- 7.3. The variances currently forecast across the Medway Development Company schemes will be managed within the programme budget as the schemes progress.
- 7.4. On 8 October 2020 the Council approved one new capital scheme in the Directorate, included in this monitoring report, as follows:
- A total of £3.275million for Flexible Use of Capital Receipts – Transformation. This funds the Children’s Improvement Programme scheme set out at section 4.4 of this report, with the balance of £2.456million to deliver a new transformation programme to be monitored by the Transformation Board.
- £1million of this balance of £2.456million represents a transformation and innovation budget to fund further projects, following consideration by Transformation Board. At the last meeting of the Business Support Overview & Scrutiny Committee, Members requested that updates be included on the allocation of this budget, however no funding allocations have been agreed as at the date of preparation of this report.

8. Members Priorities

- 8.1. Members priorities capital scheme are forecast to budget.

9. Developer Contributions

- 9.1. Developer contributions (primarily relating to Section 106 Agreements) are included within the current Capital Programme as set out in the table below.

Table 3: Developer Contributions in the current Capital Programme

	Current Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	Forecast Under/(over) spend
	£000s	£000s	£000s	£000s	£000s	£000s
<u>Capital Reserve</u> <u>Developer</u> <u>Contributions</u>						
S106 Highways & Transport Cap	272	199	73	0	0	0
S106 Education Cap	1,625	1,533	0	0	0	(91)
S106 Leisure/Heritage Cap	454	275	139	39	0	0
Developer Contributions from Capital Reserves	2,351	2,008	212	39	0	(91)
<u>Revenue Reserve</u> <u>Developer</u> <u>Contributions</u>						0

S106 Public Realm Rev	435	57	77	41	260	0
Developer Contributions from Revenue Reserves	435	57	77	41	260	0

10. Conclusions

10.1. The first round of Capital Budget Monitoring for 2020/21 forecasts an underspend of £115,000.

11. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The Council overspends against the agreed budget.	Overspends on budget would need to be funded from other sources; the Council's limited reserves or further borrowing, at further revenue cost.	The capital monitoring process is designed to identify and facilitate management action to mitigate the risk of overspending against the agreed budget.	A1

12. Financial implications

12.1. The financial implications are set out in the body of the report.

13. Legal implications

13.1. There are no direct legal implications to this report.

14. Recommendation

14.1. The Committee is asked to note the results of the second round of capital budget monitoring for 2020/21.

Lead officer Contact

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Appendices

Appendix 1 – 2020/21 Capital Budget Monitoring Round 1.

Background Papers

None.