

CABINET

2 MARCH 2021

CAPITAL BUDGET MONITORING REPORT ROUND 3 2020/21

Portfolio Holder: Councillor Alan Jarrett, Leader of the Council
Report from: Phil Watts, Chief Finance Officer
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Summary

This report presents the results of the third 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 Leader of the Council, 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 £441.481million. 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 3 forecast position. Table 2 shows how the current programme is funded.

Table 1: 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)	29,881	8,561	12,546	7,055	0	(1,719)
Regeneration, Culture and Environment	241,754	29,010	63,191	84,357	65,191	(5)
Housing Revenue Account	144,426	23,955	62,444	53,729	4,276	(22)
Business Support Department	25,057	10,827	14,230	0	0	0
Members Priorities	363	323	0	40	0	0
Total	441,481	72,676	152,411	145,181	69,467	(1,746)

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	102,803	24,077	35,463	14,000	29,263	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	204,069	3,349	198,728	0	1,992	0
RTB Receipts	93	0	0	93	0	0
Developer Contributions	2,902	1,625	1,277	0	0	0
Revenue / Reserves	11,109	0	6	10,964	139	0
Total	441,481	29,881	241,754	25,057	144,426	363

4. Children & Adults including Public Health

- 4.1. Capital schemes in the Directorate are collectively forecast to underspend by £1.718million.
- 4.2. Basic Needs – the Basic Needs programme is forecast to budget, following a series of virements below £150,000 that have been made between these schemes under the delegation of the Director of People.
- 4.3. Condition Programme – the Condition programme is forecast to budget. Additional funding of £418,855 has been received from the School Condition Allocations (SCA) Grant and added to the capital programme under the delegation of the Chief Finance Officer. Under the delegation of the Director of People, £84,000 has been vired from the Condition Programme holding code to the Condition Programme – Other code, to fund planned works not covered by the main condition programme categories.
- 4.4. SEN Strategy – The SEN Strategy programme is forecast to underspend by £1.718million. The £2.468million budget for the SEN School will now not be required as the Department for Education will deliver the school. There is a pressure of £750,000 on the High Needs Special Places Provision scheme, and Cabinet are asked to approve a virement of this sum from the SEN School scheme to fund this.

5. Regeneration, Culture & Environment

- 5.1. Capital schemes in the Directorate are collectively forecasting an underspend of £5,000.
- 5.2. Active Travel – a further allocation of £742,000 of government Covid-19 funding has been received, for the delivery of emergency active travel schemes to support cycling and walking facilities. This grant funding has been added to the capital programme under the delegation of the Chief Finance Officer.
- 5.3. A289 Four Elms to Medway Tunnel – the LGF funded works have been completed, the remainder of the scheme works have been transferred to the HIF project. The remaining budget of £84,000 has been vired to the HIF scheme under the delegation of the Director of Place.
- 5.4. The Design and Resurfacing Scheme is forecast to underspend by £5,000 underspend.
- 5.5. Heritage Action Zone – The Council has been awarded grant funding of £1.611million from Historic England to revitalise a section of Chatham High Street. This grant funding has been added to the capital programme under the delegation of the Chief Finance Officer.
- 5.6. Disabled Facilities Grants – The Council has received a further £293,000 funding from the Ministry of Homes, Communities and Local Government (MHCLG) for this scheme. This grant funding has been added to the capital programme under the delegation of the Chief Finance Officer.

5.7. Berengrave Nature Reserve Ecological Improvements – Under the delegation of the Chief Finance Officer, £116,000 of Section 106 developer contributions have been added to the capital programme to deliver ecological improvements at Berengrave Local Nature Reserve.

6. Housing Revenue Account (HRA)

6.1. Capital schemes in the HRA are all forecast to budget.

7. Business Support Department

7.1. Capital schemes in the Directorate are collectively forecasting an underspend of £22,000.

7.2. The Licensing Shared Service Setup scheme has been completed with an underspend of £22,000.

7.3. Medway Development Company Schemes:

7.3.1. Britton Farm Learning, Skills & Employment Hub – The Council has received funding of £940,000 from the MHCLG Getting Building Fund, to provide a hub to promote learning, skills, and assist with employability at the Britton Farm site. This funding has been added to the capital programme under the delegation of the Chief Finance Officer.

7.3.2. Britton Farm Public Realm – The Council has received funding of £300,000 from the MHCLG Getting Building Fund, to provide Public Realm works at the Britton Farm site. This funding has been added to the capital programme under the delegation of the Chief Finance Officer.

7.3.3. Britton Farm Residential – Works are planned to commence early in 2021, and a reduction in the number of stair cores planned and therefore area of the site is projected to result in an underspend on this scheme of just over £552,000. Under the delegation of the Chief Executive as Director of the Business Support Department, has approved a virement of just under £43,000 to the White Road scheme to fund required changes to the cladding, and £10,000 to the Britton Farm Remodelling scheme to fund additional works required by the lessee, KMPT. The Cabinet is asked to recommend to Council that the balance of this underspend, £499,350 be vired to the Medway Development Co Ltd holding scheme to fund future required expenditure within the MDC schemes.

8. Members Priorities

8.1. Members Priorities capital schemes are all 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 table 3 overleaf.

Table 3: Developer Contributions in the current Capital Programme

	Current Budget £000s	2020/21 Forecast £000s	2021/22 Forecast £000s	2022/23 Forecast £000s	2023/24 Forecast £000s	Forecast Under/ (over) spend £000s
Capital Reserve Developer Contributions						
S106 Highways & Transport Cap	272	140	100	0	32	0
S106 Education Cap	1,625	1,436	189	0	0	0
S106 Leisure/Heritage Cap	569	271	293	5	0	0
Developer Contributions from Capital Reserves	2,467	1,847	582	5	32	0
Revenue Reserve Developer Contributions						
S106 Public Realm Rev	436	59	77	39	261	0
Developer Contributions from Revenue Reserves	436	59	77	39	261	0

10. Conclusions

10.1. The third round of Capital Budget Monitoring for 2020/21 forecasts an underspend of £1.746million.

11. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The Council overspends against the agreed budget.	Overspends 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.	AI

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. Recommendations

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

14.2. The Cabinet is asked to recommend to Council the virement of £499,000 from the Britton Farm Residential Scheme to the Medway Development Co Ltd holding scheme, to fund expenditure on future MDC schemes as set out in paragraph 7.5 of this report.

15. Suggested reasons for decisions

15.1. Cabinet has the responsibility to ensure effective budgetary control to contain expenditure within the approved limits set by the Council.

Lead officer contact

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Appendices

Appendix 1 – 2020/21 Capital Budget Monitoring Round 3.

Background Papers

None.