

Health and Adult Social Care Overview and Scrutiny Committee

20 August 2024

Capital Budget Monitoring – Round 1 2024/25

Report from: Katey Durkin, Chief Finance Officer

Author: Andy McNally-Johnson, Head of Corporate Accounts

Summary

This report presents the results of the first round of the Council's capital budget monitoring process for 2024/25.

1. Recommendation

1.1. The Committee is asked to note the results of the first round of capital budget monitoring for 2024/25.

2. Budget and policy framework

2.1. Cabinet is responsible for ensuring that capital expenditure remains within the budget approved by Council. Where required, the report will give details relating to additional schemes (capital additions) or movements in budgets between schemes (virements). 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.

2.2. The Chief Operating 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, to be used for a specific purpose on a specific asset.
- 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.

3. Background

3.1. The approved capital programme for 2024/25 and beyond is £324.422million. Together with spend incurred on this programme in prior years, the total

approved cost of these schemes in the approved programme is £598.463million. This report consolidates the first round of capital budget forecasts for 2024/25, based on returns submitted by individual budget managers during June 2024. An analysis is provided below for each service area within the remit of this committee detailing both financial forecasts and providing an update as to the current progress of capital schemes, and any management action required to deal with either budgetary or progress issues. Where schemes are projected to complete later than the current financial year, a forecast of the anticipated spend profile is given.

4. Summary Capital Budget Position 2024/25

4.1. Table 1 below summarises the capital programme and Round 1 forecast position. Table 2 details how the approved programme will be funded.

Table 1: Round 2 Capital Monitoring Summary

Directorate	Total Approved Cost £000s	Total Expenditure to 31/03/24 £000s	Remaining Budget £000s	Forecast Spend 2024/25 £000s	Forecast Spend in Future Years £000s	Forecast (Under)/overspend £000s
Children and Adults (including Public Health)	52,498	19,912	32,587	19,161	13,426	0
Regeneration, Culture and Environment	442,013	218,243	223,770	86,140	132,965	(4,665)
Housing Revenue Account	101,201	33,566	67,636	25,615	42,020	0
Business Support Department	2,750	2,320	430	390	40	0
Total	598,463	274,041	324,422	131,307	188,450	(4,665)

Table 2: Funding the Capital Budget

Funding Source	Total £000s	C&A £000s	RCE £000s	HRA £000s	BSD £000s	Members Priorities £000s
Capital Grants	63,706	29,895	33,205	606	0	63,706
Developer Contributions	3,615	457	3,158	0	0	3,615
Capital Receipts	2,488	0	2,229	0	258	2,488
RTB Receipts	0	0	0	0	0	0
Revenue / Reserves	19,029	0	304	18,725	0	19,029
Prudential Borrowing	173,938	2,235	123,226	48,304	172	173,938
Borrowing in lieu of Capital Receipts	20,284	0	20,284	0	0	20,284
Borrowing in lieu of Future Business Rates	16,847	0	16,847	0	0	16,847
Borrowing in lieu of Future Rent	11,415	0	11,415	0	0	11,415
Borrowing in lieu of Future Section 106 Contributions	0	0	0	0	0	0
Borrowing in lieu of Future NHS Grant	13,100	0	13,100	0	0	13,100
Total	324,422	32,587	223,770	67,636	430	324,422

5. Health and Adult Social Care

5.1. The Children and Adults programme within the remit of this Committee is forecast to complete on budget. It should be noted that there is one scheme

relating to the Family Hubs and Start for Life, included below under the Adult Social Care service area, which is included in reports for both this Committee and the Children and Young People Overview and Scrutiny Committee as it contains elements of both Children's Social Care and Public Health.

Service	Total Approved Cost £000s	Total Exp to 31/03/23 £000s	Remaining Budget £000s	Forecast Spend 2023/24 £000s	Forecast Spend in Future Years £000s	Total Scheme Variance £000s
Basic Needs - Primary	5,400	3,438	1,962	1,962	0	0
Basic Needs - Secondary	14,498	2,539	11,959	6,744	5,715	500
School Condition Programme	6,915	6,407	508	508	0	0
Schools Devolved Capital	2,151	2,025	126	126	0	0
Basic Needs - SEND	21,700	5,272	16,428	9,543	6,385	(500)
Children's Social Care	1,654	124	1,530	205	1,325	0
Adult Social Care	180	106	74	74	0	0
	52,498	19,912	32,587	19,161	13,426	0

	Total Approved Cost £000'S	Total Exp to 31/03/24 £000'S	Remaining Budget £000'S	Forecast Spend 24-25 £000'S	Forecast Spend in Future Years £000'S	Forecast Variance £000'S
Adult Social Care	180	106	74	74	0	0

The scheme in this area is to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme.

- Family Hubs and Start for Life (Remaining Budget £74,000), project to implement accessibility improvements and internal works to a number of existing family hubs to support the Start for Life Programme. Works were slightly delayed due to assessments for RAAC, however works to Strood and Wayfield hubs are now complete. Further works forecast for this year include Chatham and Gillingham hubs, and furniture and equipment for the sensory spaces. The 2024/25 grant allocation has not yet been announced, so the budget may need to be adjusted to align with the total grant to be received.

Funding: the above schemes are funded by government grant.

Budgetary Forecast: it is estimated that the above scheme will fully expend the allocated budget.

6. Changes Since 2024/25 Budget Approval

- 6.1. There have been no changes to the budget relating to the capital schemes within the remit of this Committee following additions have been made since the 2024/25 budget was approved by Council on 29 February 2024.

7. Conclusion

- 7.1. The first round of Capital Budget Monitoring for 2024/25 forecasts that the capital schemes within the remit of this Committee will be within the approved budget.

8. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Capital receipts	A significant proportion of the Capital Programme is funded from capital receipts; if the Council does not achieve the required receipts, some elements of the programme may either need to be curtailed or refinanced.	Close monitoring of the programmes anticipated to deliver capital receipts, and careful management of the delivery of those schemes funded from receipts.	BII
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.	BIII
Deliverability of the Capital Programme	Macro-economic conditions, largely but not wholly resulting from the external factors, have affected the cost and availability of both materials and labour.	Close monitoring of the programme and careful management of the delivery are supported by scrutiny from senior officers and Members.	BIII
Likelihood		Impact:	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

9. Financial implications

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

10. Legal implications

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

Lead officer contact

Andy McNally-Johnson, Head of Corporate Accounts, Gun Wharf, 01634 333552,
andy.mcnallyjohnson@medway.gov.uk

Appendices

None

Background papers

None