

## **Business Support and Digital Overview and Scrutiny Committee**

**28 November 2024**

### **Capital Budget Monitoring – Round 2 2024/25**

Report from: Katey Durkin, Chief Finance Officer

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#### Summary

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

#### 1. Recommendations

- 1.1. It is recommended that the Business Support and Digital Overview and Scrutiny Committee notes the results of the second 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). On 17 October 2024, Council approved a series of changes to the Constitution, including to the budget virement limits. Capital virements of up to £1million can be approved by the Chief Executive and Directors, capital virements up to £2million can be approved by Cabinet with anything above that being reported to Full Council for decision.
- 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 £325.237million. Together with spend incurred on this programme in prior years, the total approved cost of these schemes in the approved programme is £599.155million. This report consolidates the second round of capital budget forecasts for 2024/25, based on returns submitted by individual budget managers. 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)	52,950	19,789	33,161	19,734	12,072	<b>(1,355)</b>
Regeneration, Culture and Environment	442,253	218,243	224,010	64,017	153,794	<b>(6,199)</b>
Housing Revenue Account	101,201	33,566	67,636	22,080	45,556	<b>0</b>
Business Support Department	2,750	2,320	430	386	44	<b>0</b>
<b>Total</b>	<b>599,155</b>	<b>273,918</b>	<b>325,237</b>	<b>106,217</b>	<b>211,466</b>	<b>(7,554)</b>

**Table 2: Funding the Capital Budget**

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

## 5. Business Support

- 5.1. The projected outturn for Business Support is expected to be contained within the existing budget (forecast to budget as at Round 1) of £430,000 as set out below.

Service	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
Information and communication technology (ICT) Investment	2,750	2,320	430	386	44	0
<b>Business Support Department Total</b>	<b>2,750</b>	<b>2,320</b>	<b>430</b>	<b>386</b>	<b>44</b>	<b>0</b>

	Total Approved Cost £000	Total Exp to 31/03/24 £000	Remaining Budget £000	Forecast Spend 2024/25 £000	Forecast Spend in Future Years £000	Total Scheme Variance £000
ICT Investment	2,750	2,320	430	386	44	0

The purpose of these schemes is to invest in the Council's ICT infrastructure to assist in its digital transformation and includes the following schemes:

- ICT Infrastructure Works (Remaining Budget £295,000), the remaining budget will be used to procure a new backup solution for the Councils data/servers. We have now procured the back-up solution and the backup servers have been delivered and invoices have been received and paid. Commissioning installation to be completed in the Autumn of 2024.
- Data Centre Refurbishment (Remaining Budget £135,000), we anticipated that flooring works would take place over the summer, however this has been delayed due to the procurement process taking longer than expected.

**Funding** - the above schemes are funded by capital receipts (Data Centre Refurbishment and ICT Infrastructure works [part]) and prudential borrowing (ICT Infrastructure works [part]).

**Budgetary Forecast** - it is anticipated that the ICT Infrastructure Works and Data Refurbishment schemes will deliver within the allocated budget.

## 6. Conclusion

- 6.1. The second round of Capital Budget Monitoring for 2024/25 forecasts that the capital schemes within the remit of this Committee within the approved budget (£nil variance as at Round 1).

## 7. 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.	<b>BII</b>
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.	<b>BIII</b>
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.	<b>BIII</b>
<b>Likelihood</b>		<b>Impact:</b>	
A Very likely		I Catastrophic	
B Likely		II Major	
C Unlikely		III Moderate	
D Rare		IV Minor	

## 8. Financial implications

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

## 9. Legal implications

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

### Lead officer contact

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Appendices

None

Background papers

None