

Report To: STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

Date: 5 July 2021

Executive Member / Reporting Officer: Cllr Ryan – Executive Member (Finance and Economic Growth)
Kathy Roe – Director of Finance

Subject: CAPITAL OUTTURN REPORT 2020/21

Report Summary: This is the final capital monitoring report for 2020/21, summarising the outturn position on capital expenditure at 31 March 2021.

The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2020/21 financial year. The approved budget for 2020/21 is £47.448m (after re-profiling approved at P10 monitoring) and outturn for the financial year is £43.593m.

Throughout the year there have been a number of requests for re-profiling of budgets into 2021/22 and 2022/23 due to delays across projects, much of which has been attributed to COVID. Re-profiling of £4.091m is requested in this report which when combined with amounts requested in previous reports this year equates to £34.982m of budget slippage

Recommendations: Members are recommended to:

(i) Note the Capital Programme 2020/21 outturn and **approve** the re-profiling of capital budgets as set out in **Appendix 1**.

Policy Implications: Budget is allocated in accordance with Council Policy

Financial Implications:
(Authorised by the Section 151 Officer & Chief Finance Officer)

The current anticipated level of capital receipts of £15.3m is based on the disposal of surplus assets approved by Executive Cabinet in September 2020. The current approved capital investment programme requires a minimum of £22.219m of capital receipts or reserves. Additional Statutory Compliance works are also expected to be approved requiring a further £0.499m of receipts or reserves, bringing the total call on corporate resources to £22.718m. Any additional priority earmarked schemes that are approved by Executive Cabinet will increase the amount of corporate funding needed for the capital programme.

Forecast Corporate Funding:	
Capital Reserves	£14,593
Anticipated Capital Receipts	£15,300
Total	£29,893
Funding committed to approved schemes:	
2020/21 approved programme	£7,953
2021-23 approved programme	£14,266
Statutory Compliance earmarked pot	£499
Total	£22,718
Balance of forecast funding available	£7,175
Earmarked Schemes previously on programme*	£39,867
Shortfall in funding for earmarked schemes	-£32,692

Earmarked schemes previously included on the capital programme (reflected as * in the figures above) are almost £40m. Assuming that the planned disposals proceed there is a forecast balance of £7.175m of capital receipts to fund future earmarked capital schemes – a shortfall of more than £32m - meaning the broader capital ambition of the Council is currently unaffordable until such time as additional capital receipts are generated. Many of the earmarked schemes were identified in 2017/18 and therefore are now the subject of a detailed review and reprioritisation.

The Growth Directorate is reviewing the estate and developing a further pipeline of surplus sites for disposal, and a full refresh of the Capital Programme is being undertaken alongside this review of the estate. With the exception of the Statutory Compliance works, all other earmarked schemes will be removed from the programme and subject to review. A refreshed and reprioritised Capital Programme will then be proposed for Member approval in Summer 2021.

**Legal Implications:
(Authorised by the
Borough Solicitor)**

It is a statutory requirement for the Council to set a balanced budget. It is vital that the capital expenditure position is regularly monitored so as to maintain a balanced budget and ensure that the priorities of the Council are being delivered. If there are insufficient capital receipts it will be necessary to review the programme and align so that expenditure doesn't exceed the available resources. The Council also needs to ensure that it has a clear programme which it would commit to if it had funding so it is able to put forward for a grant funding which Government will make available to deal with the impact of Covid

Risk Management:

Associated details are specified within the presentation.

Failure to properly manage and monitor the Strategic Commission's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.

Background Papers:

Background papers relating to this report can be inspected by contacting :

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1. BACKGROUND

- 1.1 Quarterly capital monitoring reports are prepared to provide members with an update on the approved capital programme. This capital outturn report has previously been considered by Executive Cabinet as part of the 2020/21 finance outturn reports.

2. CAPITAL PROGRAMME

- 2.1 **APPENDIX 1** is the final capital monitoring report for 2020/21, summarising the outturn position on capital expenditure at 31 March 2021.
- 2.2 The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2020/21 financial year. The approved budget for 2020/21 is £47.448m (after re-profiling approved at P10 monitoring) and outturn for the financial year is £43.593m. There are additional schemes that have been identified as a priority for the Council, and, where available, capital resource has been earmarked against these schemes, which will be added to the Capital Programme and future detailed monitoring reports once satisfactory business cases have been approved by Executive Cabinet.
- 2.3 Throughout the year there have been a number of requests for re-profiling of budgets into 2021/22 and 2022/23 due to delays across projects, much of which has been attributed to COVID. Re-profiling of £4.091m is requested in this report which when combined with amounts requested in previous reports this year equates to £34.982m of budget slippage.

3. RECOMMENDATIONS

- 3.1 As stated on the front cover of the report.