

Surrey Heath Borough Council

Executive

18th July 2023

22/23 Capital Outturn Report

Portfolio Holder:	Cllr Leanne MacIntyre
Strategic Director/Head of Service	Bob Watson
Report Author:	Adrian Flynn, Chief Accountant
Key Decision:	No
Date Portfolio Holder signed off the report	28 June 2023
Wards Affected:	All

Summary and purpose

To provide the Executive with a high-level view of the capital outturn for 2022/23, to approve the reprofiling of capital budgets to the remaining years of the programme and to report on the actual performance against the 2022/23 capital prudential indicators.

Recommendation

The Executive is advised to RESOLVE that

- (i) Actual capital expenditure for 2022/23 of £1.952 million against a working budget of £2.380 million be noted;
- (ii) The Budget provision of £8.833 million be reprofiled from 2022/23 into 2023/24; £7.853 million as previously identified in the budget report in March 2023 to the Executive, with a further £979,862 identified at year end (31st March 2023) and included in Annex B, be approved;
- (iii) The final capital prudential indicators for 2022/23 be noted; and
- (iv) Any comments and/or recommendations from the Performance and Finance Scrutiny Committee of 12 July 2023 be considered and noted.

1. Background and Supporting Information

- 1.1 This capital report allows Members to gain a more high level understanding of the spend associated with the various projects included within the 2022/23 capital programme.

- 1.2 Actual capital expenditure to the 31 March 2023 is **£1.952 million** which is 82% of the total programme of **£2.380 million** (after in-year rephasing); this represents a net underspend of £428k after reprofiling of **£8.833 million**. The detailed expenditure compared to budget by individual scheme is detailed in Appendix 1.
- 1.3 The forecast for year-end expenditure at period 9 (31 December 2022) was £2.431 million. Following best value and practice across most of local government, the reduced outturn position is due to services reviewing the delivery of projects in the current economic climate of high inflation, increased material and labour costs around the construction sector in particular. This led to many projects being put on hold whilst their viability was re-assessed; the budgets have been reprofiled accordingly and these will be reviewed during the current financial year. As a result, directorates have made a number of requests for budgets to be rephased from 2022-23 to 2023-24, these are detailed in Appendix 2.
- 1.4 The prudential indicators for the financial year 2022/23 compared to 2021/22 are detailed in Appendix 3.

2. Capital financing

- 2.1 The programme for 22/23 will be financed by using a combination of Grants received, various earmarked reserves, Community Infrastructure Levy (CIL), Commuted Sums and s106 developer contributions where applicable and the use of capital receipts. Receipts from the sale of capital assets can only be used for capital financing and not to support the revenue account of the Council.

3. Reasons for Recommendation

- 3.1 Part of strong financial management is that the revenue and capital budgets are reviewed regularly especially at the end of the financial year and reported to Performance and Finance Scrutiny Committee and the Executive for review and discussion.

4. Proposal and Alternative Options

- 4.1 The Executive is asked to note the report on the 22/23 capital budget for the period 1 April 2022 to 31 March 2023. Rephasing of budgets will allow the previously agreed capital projects to continue to be delivered in accordance with the programme agreed by Council.

5. Contribution to the Council's Five Year Strategy

- 5.1 The budgets agreed at Council are aligned to and support the approved five year strategy.

6. Resource Implications

6.1 The resource implications are detailed in this report

7. Section 151 Officer Comments:

7.1 Capital budgets are agreed and set for the project/programme and are not always limited to a single financial accounting year. Rephasing and reprofiling of previously agreed budget is not uncommon in many councils.

7.2 Any project that has been delayed will need to have a full review of its original business case, its cost projection and overall viability before it is commenced.

8. Legal and Governance Issues

8.1 The Strategic Director of Finance and Customer Services will monitor performance against the Council's budget on an on-going basis and will advise upon the Council's overall financial position.

8.2 Section 2.7.1 of the Financial Regulations confirms that the Executive must approve capital bids and accordingly the Executive should be informed of the capital outturn for the full year 2022/23.

9. Monitoring Officer Comments:

9.1 No further comments from the Council's Monitoring Officer

10. Other Considerations and Impacts

Environment and Climate Change

10.1 Details of these are in the individual service areas the budgets support

Equalities and Human Rights

10.2 Details of these are in the individual service areas the budgets support

Risk Management

10.3 Regular financial monitoring of the revenue budget enables risks and budgetary pressures to be highlighted and addressed at an early stage so that mitigating actions can be taken

Community Engagement

10.4 Where necessary engagement will be taken through individual service the budgets support.

Annexes

- A. Capital Programme for 2022/23
- B. List of budgets to be rephased into 2023/24
- C. Prudential indicator

Background Papers

None

Annex B

Capital Project	Description	Rephasing identified up to March 23 Executive	Year-end rephasing	Purpose	Reason for Delay
DFG	Disabled Facilities Grants	£0.00	£166,864	Central Government Grant to the Better Care Fund includes an element for Disabled Facilities Grant (DFG) allocated to Surrey Heath and used for adaptations to properties.	The spend is an estimate, based on the number of applications received and some works are not completed by the year end.
Drainage Works	Pennypot Lane	£40,000	£12,600	Improve Drainage at Pennypot Lane.	Project is no longer in its original form due to land ownership we were unable to carry out as it was originally planned
Information Technology Scheme	Civica Financials Cash Management Module.	£9,420	£23,140	Replacement of the Civica cash management module that is now out of support and is an operational requirement to upgrade.	Delays have been caused by the supplier themselves. It has been confirmed to be implemented by Q2.
Corporate Land Schemes	Property Acquisition Strategy	£2,343,356	£2,343,356	To purchase properties for regeneration purposes when suitable properties become available.	There was no suitable properties to acquire, hence no spend this year
Corporate Land Schemes	London Rd Block	£3,450,245	£3,512,334	Redevelopment/Regeneration of the London Road Block area in Camberley.	This budget is for the procurement of a development partner for the London Road Block and for site assembly. The capital budget will be subject to revision once the procurement process is completed, and this will be the subject of a report to Executive and Council in the summer, , but until then, the remaining budget

Capital Project	Description	Rephasing identified up to March 23 Executive	Year-end rephasing	Purpose	Reason for Delay
					should be carried forward into 23/24
Corporate Land Schemes	Capital Maintenance Budget	£39,800	£7,606	Creation of a rolling maintenance of capital works (previously funded from revenue)	This capital maintenance budget is set to cover number of different projects and it set to a best estimate
Car Parks	Frimley Lodge Car Park Capacity Increase	£105,000	£105,000	To increase the capacity of the car park at Frimley Lodge due to increased demand.	This project was put on hold due to drainage works required. These works are being funded by s106 which will not be paid until the development starts
Investment & Development Schemes	Cambridge Square Refurbishment	£1,402,040	£1,407,391	Refurbishment of the Cambridge Square area of the Square Shopping Centre.	Project is not going ahead in its original form and it is being reviewed
Parks & Open Spaces	Community notice boards	£1,500	£6,095	New Public Noticeboards to be installed in the Borough's parks and open spaces.	Remaining few noticeboards (new ones) were to be put up on a land which is not owned by the council and we were waiting to have clearance/agreements
Parks & Open Spaces	Whitmoor Rd	£25,000	£25,000	Replacement of Play area Equipment.	During the process it was discovered that land was still under SCC ownership and although an agreement was in place, the land had never formerly transferred to the borough
Parks & Open Spaces	Watchetts Recreation Ground Tennis & Netball	£131,562	£272,962	Refurbishment of the Tennis and Netball courts.	This was for floodlights installation. Initially this project was delayed due to delay in planning decision. Then due to increase in cost of electricity and installation of them. Eventually, planning application was withdrawn. This will be reviewed and

Capital Project	Description	Rephasing identified up to March 23 Executive	Year-end rephasing	Purpose	Reason for Delay
					resubmitted once prices normalised
Investment & Development Schemes	Camberley Bowls Club	£45,000	£45,000	Refurbishment of the Bowls club clubhouse.	Delay in agreement Heads of T&C with contractors
Green Spaces	Increased Security Measures	£128,126	£129,431	Increased Security measures at a number Council owned Parks and Open spaces within the Borough.	The fund requirements are estimated on the basis it being ad hoc requirements on many cases. Team has reviewed all open and green spaces where potentially extra security measures can be put in place and involved local residents. Areas where there was a clear need and requirement – works have been completed. Those areas where residents declined for extra security measures to be installed, where taken off the list and budget is being reprofiled into the following year.
Capital Community Schemes	Community Bus	£40,000	£40,000	To purchase a new community bus to replace an existing bus that is coming to the end of its useful life.	There has been no procurement undertaken as the intention was to pursue an opportunity for match funding with SCC for electric vehicles. This discussion is now moving forward
Traveller Site Contribution	Traveller Site Contribution	£92,000	£108,331	The new Local Plan requires the Council to identify and acquire sufficient sites for the gypsy, traveller and travelling show people communities.	Work/consultation is progressing and identifying possible sites. SCC are awaiting a planning decision on the sites

Capital Project	Description	Rephasing identified up to March 23 Executive	Year-end rephasing	Purpose	Reason for Delay
Corporate Land Schemes	63a High Street, Bagshot	£0.00	£13,699	Refurbishment of 63a High Street to allow it to be let out.	Works now complete. This is a remaining amount to be settled in 23/24. Majority of this is for retention fee
Corporate Land Schemes	Replacement of Electrical Distribution Boards	£0.00	£74,000	Replacement of Electrical distribution boards at Surrey Heath House, as the existing boards are at the end of their useful life.	Finalising T&C before work can be carried out. This has now been agreed and work expected to ahead in Q2
Corporate Land Schemes	Theta Building Restoration	£0.00	£370,957	Restoration of the Theta building that is owned by the Council.	Delay in receiving dilapidation funds
Camberley Theatre	Camberley Theatre Upgrades	£0.00	£32,005	Works to upgrade the Theatre infrastructure	From every ticket sold, £1 is set aside for future restoration requirements so unless it is needed, funds will be left unspent and reprofiled into following year
Parks and Open Spaces	Heatherside Ward Benches	£0.00	£1,130	Purchase and installation of benches	Works started late in a year and were completed in early Q1.
Parks and Open Spaces	Frimley Lodge Fitness Trail	£0.00	£33,800	Installation of a new Fitness trail at Frimley Lodge Park.	Works were planned for completion by end of March, but due to weather conditions this got delayed. Project now been completed
Parks and Open Spaces	Bentley Copse Play Area	£0.00	£31,800	Refurbishment of the Bentley Copse play area.	Works were planned to be completed by March, but due to weather conditions this got delayed. Project now been completed
Parks and Open Spaces	Southcote Park (Lamp Heads)	£0.00	£6,410	Replacement of Lamp heads at Southcote Park.	Club withdrew decision to have them replaced. Then this was reviewed again at the AGM and then it was granted
Parks and Open Spaces	London Road Tarmac Pathways	£0.00	£55,000	Tarmacking of pathways that are falling into disrepair.	Funding was granted for the works due to H&S in 22/23 but for works to be carried out in 23/24

Capital Project	Description	Rephasing identified up to March 23 Executive	Year-end rephasing	Purpose	Reason for Delay
Information Technology Schemes	Xman 360 Imagery	£0.00	£9,000	Delivering detailed street imagery to officers via the Xmap cloud platform will enhance the information that officers have for decision making.	A space in the aircraft for camera is too small. Currently, there is no solution to this technical issue as if you cut a bigger hole, the aircraft might fall apart.
Total		£7,853,049	£8,832,910		

Annex C

	2021/22 Actual	2022/23 Original Budget	2022/23 Actual	
Capital Expenditure	£4.49 Million	£2.380 Million	£1.952 Million	The Council's capital expenditure was impacted by inflation, increased labour and material costs and other factors as detailed in the report.
Capital Financing Requirement as at 31st March	£177 Million	£174 Million	£174 Million	The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a measure of the Council's debt position
Ratio of Financing Costs to Net Revenue Stream	23.96%	28.2%	15.2%	This is an indicator of affordability and is the ratio of the Council's General Fund capital financing costs to its net revenue budget in percentage terms
Operational Boundary	£230 Million	£230 Million	£230 Million	The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt.
Authorised Limit	£235 Million	£235 Million	£235 Million	The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe.