

This Report will be made public on 9 March 2021

Report Number **C/20/80**

**To:** Cabinet  
**Date:** 17 March 2021  
**Status:** Non-Key Decision  
**Head of Service:** Charlotte Spendley – Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader and Portfolio Holder for Finance

**SUBJECT:** GENERAL FUND CAPITAL PROGRAMME BUDGET MONITORING 2020/21

**SUMMARY:** This monitoring report provides the latest projection of the current financial position for the General Fund capital programme in 2020/21, based on expenditure to 31 January 2021, and identifies variances compared to the latest approved budget.

**REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to agree the recommendations set out below because it needs to be kept informed of the General Fund capital programme position and take appropriate action to deal with any variance from the approved budget.

**RECOMMENDATIONS:**

1. To receive and note report C/20/80.

## 1. INTRODUCTION AND BACKGROUND

- 1.1 As part of the Council's normal budget monitoring process this report updates Cabinet on the current position for the General Fund capital programme in 2020/21, based on expenditure to 31 January 2021, compared to the latest approved budget. Specifically, this report;-
- i) identifies variances on planned capital expenditure for 2020/21 and explanations of these differences, and
  - ii) considers the impact any changes to the overall capital programme will have on the financing resources required to fund it.
- 1.2 Cabinet is reminded that Full Council approves a rolling five year General Fund Medium Term Capital Programme (MTCP) annually as part of the overall budget process. This monitoring report considers the latest projected expenditure for 2020/21 against the profiled budget for the year.
- 1.3 Full Council approved the latest budget for the MTCP to 31 March 2026 on 24 February 2021 (Report A/20/06 refers). This included the latest approved profiled budget of almost £20.9m for the current financial year.

## 2. CAPITAL PROGRAMME 2020/21 – PROJECTED OUTTURN

- 2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2020/21 is £19,125,000 a reduction of £1,747,900 compared to the latest budget of £20,872,900. Full details are shown in Appendix 1 to this report and the following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme:

General Fund Capital Programme Q4 2020/21	Latest Budget 2020/21	Projection 2020/21	Variance Budget to Projection
	£'000	£'000	£'000
<b>Service Units</b>			
Operations	1,781	1,220	(561)
Corporate Services	2,106	2,186	80
Housing	1,010	884	(126)
Transformation & Transition	2,599	2,064	(535)
Economic Development	0	132	132
Place	13,377	12,639	(738)
<b>Total Capital Expenditure</b>	<b>20,873</b>	<b>19,125</b>	<b>(1,748)</b>
<b>Capital Funding</b>			
Capital Grants	(1,753)	(1,894)	(141)
External Contributions	(196)	(607)	(411)
Capital Receipts	(2,010)	(1,341)	669
Revenue	(4,226)	(3,453)	773
Borrowing	(12,688)	(11,830)	858
<b>Total Funding</b>	<b>(20,873)</b>	<b>(19,125)</b>	<b>1,748</b>

2.2 The following table summarises the main reasons for the net reduction in the projected outturn compared to the latest budget:

<b>Variances – 2020/21 Latest Budget to Q4</b>			
<b>1</b>	<b>Reprofiling between 2020/21 and 2021/22</b>	<b>£'000</b>	<b>£'000</b>
i)	General Fund Property - Health and Safety Enhancements	(13)	
ii)	Public Toilets Enhancement Programme	7	
iii)	Ship Street Site Folkestone	(441)	
iv)	On Street Parking Pay & Display Machines	5	
v)	Electric Vehicles Charging Points	(40)	
vi)	Oportunitas Phase 2	80	
vii)	Land at Otterpool Lane	(275)	
viii)	Mountfield Business Hub	(335)	
ix)	Waste Contract - Acquisitions of Vehicles and Equipment	(481)	
x)	Temporary Accommodation	(200)	
			<b>(1,693)</b>
<b>2</b>	<b>Reclassification between capital and revenue</b>		
i)	Community Led Local Development ERDF Capital Projects (externally funded)	132	
			<b>132</b>
<b>3</b>	<b>Overspends</b>		
i)	Lifeline Capitalisation	10	
ii)	Otterpool Park Delivery Costs	18	
iii)	Disabled Facilities Grants (externally funded)	100	
iv)	Other small overspends	2	
			<b>130</b>
<b>4</b>	<b>Savings</b>		
i)	Beach Management 2020-2021 (externally funded)	(91)	
ii)	Transformation Project costs	(200)	
iii)	Empty Home Initiatives	(26)	
			<b>(317)</b>
	<b>Total change in overall capital programme for 2020/21</b>		<b>(1,748)</b>

2.3 As the analysis in the table above shows, the main reason for the projected variance is the reprofiling of expenditure from 2020/21 to 2021/22. Some capital schemes are more difficult to project accurately in terms of the timing of expenditure and, in some cases, the final cost. This is particularly the case with some of the property related initiatives where external factors such as negotiations over price, conveyancing and planning can have an

impact on the timing and final cost of a scheme. The Council remains on track to deliver the schemes within its overall approved Medium Term Capital Programme.

### 3. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

- 3.1 As summarised in section 2 of this report, the Council's projected capital expenditure for 2020/21 requires a significant level of borrowing to support it. The capital financing costs from the borrowing have been included in the Council's future budget projections. The capital schemes in 2020/21 planned to be supported by borrowing are:

	£'000
i) Otterpool Park schemes	6,745
ii) Waste Contract Vehicles	2,931
iii) Oportunitas Phase 2 funding	2,080
iv) Temporary Accommodation	200
v) Greatstone Holiday Lets	15
vi) Lower Sandgate Road Beach Huts	540
<b>Total</b>	<b>12,511</b>

- 3.2 The projected use of revenue resources to fund capital expenditure of £3.453m in the current financial year, summarised in section 2 of the report, is reflected in the latest General Fund monitoring report for 2020/21, due to be considered by Cabinet as part of this agenda.
- 3.3 The latest position regarding the council's available capital receipts to fund capital expenditure is shown in the following table:

<b>Capital Receipts Position Statement</b>	<b>£'000</b>
Total receipts in hand at 31 January 2021	(10,689)
Less:	
Committed towards General Fund capital expenditure	3,747
Committed towards HRA capital expenditure	5,781
Ring-fenced for specific purposes	78
Contingency for urgent or unforeseen capital expenditure	500
<b>Balance available to support new GF capital expenditure</b>	<b>(583)</b>

### 4. CONCLUSIONS

- 4.1 The projected outturn shown for the General Fund capital programme for 2020/21 reflects the position based on actual expenditure and forecasts at 31 January 2021.
- 4.2 The Council remains on track to deliver the schemes within its approved Medium Term Capital Programme.

### 5 RISK MANAGEMENT ISSUES

- 5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Capital resources not available to meet the cost of the new projects.	High	Low	Capital receipts required have already been realised for the majority of the programme. Schemes subject to future capital resources will only commence once these are realised. Schemes supported by grant funding will only commence once fully approved and committed by the relevant body. Prudential borrowing is only used for capital schemes expected to generate a net revenue benefit and/or future capital receipts
Cost of new projects may exceed the estimate.	High	Medium	Capital monitoring procedures in place allowing prompt early action to be taken to manage the risk effectively.

## 6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 6.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report.

### 6.2 Finance Officer's Comments (LW)

This report has been prepared by Financial Services. There are no further comments to add.

### 6.3 Diversities and Equalities Implications

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

#### **6.4 Communications (KA)**

There are no communications implications arising directly out of this report.

### **7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Lee Walker, Capital and Treasury Senior Specialist

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The following background documents have been relied upon in the preparation of this report:

None

Appendices:

Appendix 1 – General Fund Capital Programme 2020/21 Projected Outturn