

Corporate Policy & Resources Committee



9th December 2024

Title	Quarter 2 (30 September 2024) Capital Monitoring report
Purpose of the report	To note
Report Author	Mahmud Rogers, Joint Financial Services Manager
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	Committee is asked to: Note the Capital expenditure forecast overspend of £1.157m for 2024-25 as at 30 th September 2024.
Reason for Recommendation	<i>Not applicable</i>

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> Spelthorne Borough Council is expected to overspend its Capital budget position by £1.157m 	<ul style="list-style-type: none"> Ensuring the financial stability of the Council
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> Monitoring & review the forecast variances by service and area of expenditure 	<ul style="list-style-type: none"> Note the report

1.1 This report seeks to summarise the financial situation of Spelthorne Borough Council at the end of September 2024. Please see the detail in Appendix A.

2. Key issues

2.1 The Capital Monitoring report covers the cumulative forecast expenditure to complete the project as at 30th September 2024, against the cumulative Council approved Capital Programme budget.

2.2 The Eclipse Leisure Centre was opened in October 2024. It has been a major multi-year capital project. As well as being a beautiful design with all the latest facilities, the new Leisure Centre is also extremely energy efficient. The financing of its costs is of major significance to the resilience of the Council's financial situation, and further details are laid out for members in the separate *Eclipse Leisure Centre Financing* report.

2.3 Although the projects may have a budget allocation in the Capital Programme, any changes to the approved project or increases in forecast to complete the project, over and above the approved budget will require prior approval by Corporate Policy and Resources Committee before drawing down against that budget.

2.4 A summary of the main variances at 30th September is in Table 1 below:

Table 1 – Summary of Capital Variances to Budget

Committee	Cumulative Spend to date £'000s	Revised Budget £'000s	Managers Projected Outturn £'000s	Projected Variance £'000s	COMMENTS
Community, Welbeing and Housing (Disabled Facilities Grant Annual Programme)	14,322	14,667	14,822	155	The DFG Overspend to be funded by the earmarked reserve - 'DFG management fees' and is caused by increased demand and more complex cases. The Budget and Spent includes Property Acquisition for families (LAHF).
Corporate Policy and Resources	47,125	51,509	52,753	1,244	CP&RC capital program includes Assets and ICT. Assets £2.6m Overspend on Spelthorne Leisure Centre Development: c. £1m interest, c. £0.5m project management, c. £0.7k Sunbury LC mechanical & Electrical plant replacement costs c. £0.5k increased demo costs for the old Spelthorne LC. Partially offset by reconsideration of 31 Hanworth Road -£1m and other projects £0.4m.
Environment and Sustainability	804	2,568	2,326	(242)	Underspend on carried forward Replacement of Refuse Vehicle and Wheelie Bin budget, County Transit Site project not expected to incur spending this year.
Total	62,251	68,744	69,901	1,157	

3. Financial Implications

3.1 Once a project is completed, any underspend on the approved Capital Programme enables the Council to invest the monies to gain additional treasury management investment income or to fund additional schemes. Overspends as currently forecast result in greater exposure to higher interest rate costs.

4. Risk Considerations

- 4.1 Since the Council is no longer undertaking direct development of construction schemes, the main risk is now that of further movement in project costs on the Eclipse Leisure Centre project, which is the largest item in the Capital Programme.

5. Procurement considerations

- 5.1 Where necessary, actions will be implemented to effectively manage any procurements that are in progress.

6. Other considerations

- 6.1 There are no further considerations.

7. Equality and Diversity

- 7.1 There are no specific areas to highlight. However, equality, diversity and inclusion (EDI) are central to everything that Council does and are woven throughout Council's Corporate Plans.

8. Sustainability/Climate Change Implications

With the Eclipse Leisure Centre we now have an operational leisure centre which meets the Passivhaus energy standards and is approximately 60 to 70% more energy efficient than conventional leisure centres. This will make a significant reduction in our carbon footprint.

9. Timetable for implementation

- 9.1 The timetable for the Capital Programme budget is as per the Programme approved by Council 22nd February 2024

10. Contact

- 10.1 Mahmud Rogers m.rogers@spelthorne.gov.uk

Background papers: The Capital Programme approved by Council 22nd February 2025

Appendices:

Appendix A – Detailed Capital Monitoring Report by Committee as at 30 September 2024.

Background Papers

Council 6 February 2024, Agenda item 11 – Transformation Business Cases

Cabinet 26 May 2021, Agenda item 3 – Principles of Collaboration with Other Local Authorities