

Corporate Policy & Resources Committee

Member's Briefing Pack

12 February 2025



Title	Quarter 3 (31 December 2024) Capital Monitoring report
Purpose of the report	Monitor, review, and note the capital expenditure forecast
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 £1.129m for 2024-25 as at 31 st December 2024
Reason for Recommendation	<i>This report provides the Members with an update on the Council's financial position as at 31st December 2024</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 Programme budget position by 31st March 2025, £1.129m 	<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 December 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 capital projects as at 31th December 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 innovative design with all the latest facilities, the new Leisure Centre is also extremely energy efficient (saving approximately 60% to 70% compared to a conventional leisure centre). 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 reported to Corporate Policy and Resources Committee on 9th December.
- 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 31st December is in Table 1 below:

Table 1 – Summary of Capital Variances to Budget

Committee	Cumulative Spend As at 31/12/24 £'000s	Revised Budget £'000s	Managers Projected Outturn £'000s	Projected Variance £'000s	COMMENTS
Community, Wellbeing and Housing (Disabled Facilities Grant Annual Programme)	14,436	14,667	14,667	0	The DFG additional spend to be funded by the earmarked reserve - 'DFG management fees' and is caused by increased demand and more complex cases. Reserve contribution to DFGs projected at £191k by 31 st March. The Committee Budget and Spent includes Property Acquisition for families (LAHF).
Corporate Policy and Resources	47,659	51,509	52,753	1,244	Assets £2.6m overspend on Spelthorne Leisure Centre Development: c. capitalised £1m interest (producing an ongoing revenue saving), 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. Above Leisure Centre overspends partially offset by reconsideration of 31 Hanworth Road -£1m and other projects £0.4m.
Environment and Sustainability	817	2,441	2,326	(115)	Underspend on carried forward Replacement of Refuse Vehicle and Wheelie Bin budget.
Total	62,912	68,617	69,746	1,129	

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. High capital expenditure without funding from grants or capital receipts will impact the general fund through a Minimum Revenue Provision (MRP) charge to the revenue budget.

4. Risk Considerations

- 4.1 Since the Council is no longer undertaking, except for the Eclipse Leisure Centre phase 2, 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. Legal comments

- 6.1 The Local Government Act 2003 requires the Council to periodically review its budget calculations during the financial year and take appropriate action if necessary.

- 6.2 This report complies with the statutory duty to conduct a periodic review

7. Other considerations

- 7.1 There are no further considerations.

8. Equality and Diversity

- 8.1 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.

9. 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.

10. Timetable for implementation

- 10.1 The timetable for the Capital Programme budget is as per the Programme approved by Council 22nd February 2024. A refreshed Capital Programme for 2025-26 to 2028-29 will be approved on 27th February 2025.

11. Contact

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

Background papers: There are none.

Appendices:

Appendix A – Detailed Capital Monitoring Report by Committee as at 31st December 2024.