

Agenda Item 9

EXECUTIVE – 07 MARCH 2023

CAPITAL BUDGET MONITORING REPORT 2022/23 - QUARTER 3

STATEMENT FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

On 23 February 2023, the Overview and Scrutiny Management Board unanimously supported the Capital Budget Monitoring Report 2022/23 - Quarter 3 as set out in the report to the Executive on 07 March 2023.

In relation to the report details, the following questions were raised by Members:

- With reference to annual recurrent allocations of funding, Members asked for a clarification as to why maintenance was accounted for as capital budget, as opposed to revenue. Officers explained that maintenance was pertinent to large schemes of work, Highways works and included some property upkeep and therefore was a capitalised cost as it was regarded as improving the life of assets. It was also further explained that borrowing was allowed to fund the capital programme and enabled the effective spread of costs, constituting the programme more affordable (i.e., cost being spread across a number of years). Officers emphasised that there were restrictions as to what was allowed to be capitalised and that a prudential code was followed in line with existing policy.
- Members acknowledged that the report was permeated by a degree of confidence in relation to risk associated with inflation and cost pressures for this year and beyond Quarter 3 into the next year. Officers offered assurance that despite the challenges reported, some issues, such as supply chain problems that emerged after the pandemic, had now been overcome. It was noted that extensive work had been undertaken to reflect on the impact of inflation (especially around major schemes – construction inflation), as was recognised that by updating the programme in “blocks”, these reflected more work completed on an annual basis and less new elements added except for specific projects. Hence, the overall degree of confidence remained good.

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