

TITLE	Capital Monitoring 2016/17 – End of September 2016
FOR CONSIDERATION BY	The Executive on 27 October 2016
WARD	None specific
DIRECTOR	Graham Ebers, Director Finance and Resources
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Effective use of our capital resources to meet service investment priorities, offering excellent value for resident's council tax.

RECOMMENDATION

The Executive is asked to:

- 1) note the Capital Monitoring report for 2nd quarter of 2016/17 as set out in Appendix A to the report;
- 2) note the reduction in planned capital expenditure from £149,075k to £94,842k in 2016/17 as a result of re-profiling;
- 3) approve and note that the overall value of the capital programme has increased due to the receipt of the following ring fenced capital grants, being:-
 - i) Thames Valley Growth Deal to build National Cycle Network in the area;
 - ii) Disabled Facilities Grant ring fenced into the Better Care Fund.

SUMMARY OF REPORT

To consider the 2016/17 Capital Monitoring Report to the end of September 2016. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 2nd quarter, and shows a £47k under spend variance forecast against budget.

Background

The capital monitoring report to the end of September 2016 (Appendix A) is forecasting a £47k under spend variance against budget. The forecast variance has been arrived at by analysing the actual commitments to date and assessing how expenditure may continue to the end of the year based on the latest information available.

The current approved Capital Budget for year 1 has been reduced to £94,842k following the implementation of a new methodology to increase the level of technical analysis being used to reassess the profiling of expenditure from budget and project managers. It is estimated that £90,552k will be spent this financial year. The remaining budget will be carried forward into 2017/18. The carry forward is estimated at £58,476k.

Analysis of Issues

Effective monitoring of budgets is an essential element of providing cost effective services and enables any corrective action to be undertaken, if required. There is a forecast £47k under spend variance on the Capital Programme for the current financial year.

Uncommitted Capital balances are currently estimated to be £40k as at 30th September 2016 (prior to any announcement about funding cuts and on the assumption that the level of capital receipts will be achieved). The estimated capital receipts received for 2016-17 are expected to be £150k.

We have been notified of the following ring fence capital grants to be received by the Council in 2016/17:-

- i) Thames Valley Berkshire Growth Deal, for the provision of the National Cycle Network (NCN) in the area (up to £1m in 2016/17 and up to a total of £4.2m to 2018/19 across all Berkshire Authorities).
- ii) Disabled Facilities Grants (DfG) for £733k, for adaptations to third parties properties, this grant is to be included and spend as part of the approved Better Care Fund plan.

These ring fenced grants are to be added to the capital programme, and must be spent in accordance with the specific activities required by the grant, or would otherwise need to be returned to the government.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£95 million	Yes	Capital

Next Financial Year (Year 2)	£54 million	Yes	Capital
Following Financial Year (Year 3)	To be determined	Yes	Capital

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
Budgets are clearly monitored and do not impact on other Council services and priorities

List of Background Papers
None

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