

Agenda Item 93.

TITLE	Capital Monitoring 2016/17 – End of December 2016
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
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 3rd quarter of 2016/17 as set out in Appendix A to the report;
- 2) approve the release of £1,600k originally profiled in the medium term financial plan for 2017/18 into 2016/17, due to acceleration in the build of Arborfield Secondary School.

SUMMARY OF REPORT

To consider the 2016/17 Capital Monitoring Report to the end of December 2016. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 3rd quarter, and shows a £164k under spend variance forecast against budget.

Background

The capital monitoring report to the end of December 2016 (Appendix A) is forecasting a £164k 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 is £98,844k 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 £87,561k will be spent this financial year. The remaining budget will be carried forward into 2017/18. The carry forward is estimated at £62,779k.

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 £164k under spend variance on the Capital Programme for the current financial year.

Uncommitted Capital balances are currently estimated to be £40k as at 31st December 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.

The construction of the new Secondary School at Arborfield has progressed ahead of the original plan and will result in the requirement to pay a further £1,600k in 2016/17 to be brought forward from the original 2017/18 budget allocation, this is due to the fact that the contractor has made better and faster progress on site than they initially anticipated. The overall budget forecast remains the same as previously reported.

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)	£88 million	Yes	Capital
Next Financial Year (Year 2)	£63 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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