

Agenda Item 29.

TITLE	Capital Monitoring 2017/18 – End of June 2017
FOR CONSIDERATION BY	The Executive on 27 July 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director Finance and Resources
LEAD MEMBER	Oliver Whittle, 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 1st quarter of 2017/18 as set out in Appendix A to the report;
- 2) approve and note that the overall value of the 2017/18 capital programme has increased due to the receipt of ring fenced capital grants and contribution, for:
 - (a) Schools Formula Devolved Capital grant of £11k.
 - (b) Home and Communities Agency, Platform for Life Programme (2015 – 2017) grant for £304k;
 - (c) Wokingham Town Centre – environmental improvements contribution from Wokingham Town Council to match fund project for up to £650k.

SUMMARY OF REPORT

To consider the 2017/18 Capital Monitoring Report to the end of June 2017. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 1st quarter, and shows a nil variance forecast against budget.

Background

The capital monitoring report to the end of June 2017 (Appendix A) is forecasting a nil 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 £124,044k 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 £124,044k will be spent this financial year. The remaining budget will be carried forward into 2018/19. The carry forward is estimated at £60,705k.

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 nil variance on the Capital Programme for the current financial year.

Uncommitted Capital balances are currently estimated to be £1.4m as at 30th June 2017 (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 2017-18 are expected to be £945k.

We have been notified of the following ring fenced capital grants and contribution to be received by the Council in 2017/18:-

Schools Devolved Formula Capital grant for £11k, being additional grant contribution to schools.

Home and Communities Agency for Platform for Life Programme (2015 – 2017) grant for £304k, specifically for supported housing unit for young people aged 16 to 24 years of age, relating to regeneration works at 52 Reading Road.

Wokingham Town Council contribution agreed to match fund the environmental improvements project in Wokingham Town Centre with the Council, for up to £650k.

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

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)	£124 million	Yes	Capital
Next Financial Year (Year 2)	£61 million	Yes	Capital
Following Financial Year (Year 3)	To be determined	Yes	Capital

Other financial information relevant to the Recommendation/Decision
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None

Cross-Council Implications

Budgets are clearly monitored and do not impact on other Council services and priorities
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List of Background Papers

None

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