

TITLE	Capital Monitoring 2017/18 – End of September 2017
FOR CONSIDERATION BY	The Executive on 26 October 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Oliver Whittle, Executive Member for Finance

OUTCOME / BENEFITS TO THE COMMUNITY

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

RECOMMENDATION

The Executive is asked to:

- 1) note the Capital Monitoring report for the 2nd quarter of 2017/18 as set out in Appendix A to the report.
- 2) approve the following Supplementary Estimate (to add new budget to the 2017/18 Capital Programme):
 - For £150k as part of Gorse Ride Phase 1 project to decant tenants from existing homes to be demolished (budget to be funded by Housing Revenue Account (HRA) reserves).
- 3) approve and note that the overall value of the 2017/18 capital programme budget has increased due to the receipt of ring fenced capital grants and contribution, for:-
 - Grant for Ryeish Green Sports Hub from Football Foundation of £245k.

SUMMARY OF REPORT

To consider the 2017/18 Capital Monitoring Report to the end of September 2017. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 2nd quarter, and shows a £(890)k under spend variance forecast against budget.

Background

The capital monitoring report to the end of September 2017 (Appendix A) is forecasting a (£890k) 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 £124,744k 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 £99,236k will be spent this financial year with an under spend of (£890k). The remaining budget will be carried forward into 2018/19. The carry forward is estimated at £24,617k.

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. As mentioned above the council is forecasting an under spend of (£890k). The majority is due to the Highways Infrastructure Flood Alleviation Scheme. After modelling, it was determined that the current scheme was not feasible, the team is investigating other options using a feasibility budget. These feasibility studies will be used to build a new capital bid for the 10 year capital vision. There are also several very small underspend across the capital programme which create the overall underspend.

The £24,617k carry forward is broken down below:

- £7,600k Slippage in investment in Wokingham Housing loan
- £6,000k Slippage in Shinfield Eastern Relief Road
- £1,595k Slippage in expansion/new build school scheme
- £1,500k Slippage in cycle network scheme
- £1,100k Slippage in street lighting scheme
- £1,000k Slippage in country park enchantment schemes
- £900k Slippage of the leisure vision investment schemes
- £870k Slippage in Nine Mile Ride extension
- £751k HRA – Slippage in building programme at Tape Lane, Hurst redevelopment
- £697k Safe route to Arborfield School
- £680k Slippage in the special needs provision scheme

Uncommitted Capital balances are currently estimated to be £1.4m as at 30th September 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.

Supplementary Estimates-

To approve the following Supplementary Estimates (to add new budget to the 2017/18 Capital Programme):-

- Gorse Ride Phase 1 Decanting– As part of the Gorse Ride South regeneration project to provide new, high quality, mixed tenure homes on the site by Wokingham Housing Limited, a budget of £150k is requested to undertake the decanting of tenants from the existing homes which are to be demolished. This

is a Housing Revenue Account (HRA) property and the capital budget can be funded from ring fenced HRA reserves.

Ring Fenced Capital Grants and Contributions-

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

Grant received for the Ryeish Green Sports Hub from the Football Foundation for £245k.

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)	£99 million	Yes	Capital
Next Financial Year (Year 2)	£85 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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