

TITLE	Capital Monitoring 2017/18 – End of December 2017
FOR CONSIDERATION BY	The Executive on 25 January 2018
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 3rd quarter of 2017/18 as set out in Appendix A to the report.
- 2) Approve and note the release of funding of the 2017/18 capital programme by the receipt of ring fenced capital grants and contribution, for:-
 - Grant to develop 52 Reading Road (to provide accommodation for young adults) from the Home and Communities Agency (Platform for Life Programme) of £228k.
- 3) Approve and note an increase in the overall value of the 2017/18 capital programme due to the receipt of ring fenced capital grants for:-
 - Disabled Facilities Grant (DFG) of £214k.

SUMMARY OF REPORT

To consider the 2017/18 Capital Monitoring Report to the end of December 2017. Executive agreed to consider Capital Monitoring Reports on a quarterly basis. This report is to the end of the 3rd quarter, and shows a £(855)k under spend variance forecast against budget.

Background

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 £127,720k. It is now estimated that £95,337k will be spent this financial year with an under spend of (£855k). The remaining budget of £31,528k will be carried forward into 2018/19.

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 (£855k). The majority of this 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 small underspend across the capital programme which create the overall underspend.

The £31,528k carry forward includes the following material items:

- £7,645k Slippage in Investment in Wokingham housing loan
- £6,000k Slippage in Shinfield Eastern Relief Road
- £2,815k Slippage in expansion/new build school schemes
- £1,799k Slippage in Country Park Enhancement
- £1,585k Slippage in Cycle Network
- £1,415k Slippage in the Special Needs Provision
- £1,322k Slippage in 21st Century Council Programme
- £979k Slippage in Street Lighting scheme
- £948k Slippage in Leisure Vison Investment Schemes
- £870k Slippage in Nine Mile Ride Extension
- £751k Slippage in HRA - Building programme at Tape Lane, Hurst redevelopment
- £697k Slippage in Safe route to Arborfield School
- £500k Slippage in Ryeish Green Sports Hub

Uncommitted Capital balances (capital resources received, but not yet allocated to the capital programme) are currently estimated to be £1.4m as at 31st December 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.

Ring Fenced Capital Grants and Contributions-

The council has been notified that it will receive the following ring fenced capital grants in 2017/18:-

- Grant received for the development of 52 Reading Road (to provide accommodation for young adults) from the Home and Communities Agency (Platform for Life Programme) of £228k. This ring fenced grant will fund an existing capital project (Investment In Wokingham Housing Loans (to Loddon Homes Limited for capital works at 52 Reading Road)) and must be spent in accordance with the specific activities required by the grant, or would otherwise need to be returned to the government.
- Disabled Facilities Grant (DFG) £214k. This comprises £131k DFG Better Care Fund and £83k which is not subject to the Better Care Fund requirements. This ring fenced grant is 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.

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)	£95.3 million	Yes	Capital
Next Financial Year (Year 2)	£92.2 million (£60.7m budget profiled in year 2 and £31.5m proposed carry forward)	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

Contact James Sandford	Service Resources
Telephone No 0118 974 6577	Email James.Sandford@wokingham.gov.uk
Date 15 th January 2018	Version No.2

This page is intentionally left blank