

<b>TITLE</b>	<b>Capital Monitoring 2020/2021 - Quarter 3</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 28th January 2021
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Finance and Housing - John Kaiser

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

Effective use of our capital resources to meet the Council Plan investment priorities, and delivering value for money for residents.

## **RECOMMENDATION**

The Executive is asked to:

- 1) note that the Council's Capital Programme has been reviewed and will continue to be throughout the year in the context of the impact of COVID 19 on funding sources and service requirements, and that any changes will be presented to Executive for approval;
- 2) approve and note the proposed rephasing to the Capital Programme following the 'in-year' review including the impact of Covid 19, as set out in paragraph 3 and appendix B. There is no financial / service impact from the reprofiling of budgets into 2021/2022;
- 3) note the position of the capital programme at the end of Quarter 3 (to 31 December 2020) as summarised in the report below and set out in detail in Appendix A;
- 4) note Appendix C which highlights capital performance by key activities. This is part of the Council's enhanced financial management focusing on the key capital projects, monitoring performance against budget and impact on funding levels (including borrowing);
- 5) agree that £6.8m of ringfenced funded capital budget provisionally programmed for 2021/2022 is brought forward into the current year (2020/2021), for the acceleration of the delivery of the SCAPE – Road Infrastructure project;
- 6) approve and note the addition to the 2020/21 capital programme of the development project for flats for vulnerable adults at Ryeish Green (Hyde End Lane, Spencer's Wood), funded from a ring - fenced grant of £647,627 from the National Health Service;
- 7) approve and note additional capital budget of £2.756m for Winnersh Triangle Park and Ride into the 2020/21 capital programme, funded by ring fenced grant (from LEP), third- party contributions and S106 contributions.

- 8) approve and note the contractual commitment of 2021/22 capital programme budget for the Carnival Pool Redevelopment for the value of £4m.

## EXECUTIVE SUMMARY

1. This report informs the Executive of the progress of the Council in delivering its capital programme for the financial year 2020/2021. The Executive have previously agreed to consider Capital Monitoring Reports on a quarterly basis and this report highlights the capital monitoring as at the end of the third quarter of the financial year (31 December 2020).
2. The COVID 19 pandemic has had an unprecedented impact on the Council's finances, in terms of both its revenue and capital resources. It is therefore essential that the capital programme is closely reviewed to assess the assuredness of funding sources and if there have been any changes in service requirements. The Council on the other hand must recognise that capital investment will play an important role in local and regional recovery from the impact of the crisis.
3. The Council's finance team working with services across the council have conducted a review of the programme to identify rephasing of projects to match expected delivery, taking account of the impact on the service delivery and project cost. This is carried out every year, but now with extra emphasis on the impact of the COVID 19 pandemic on both the delivery of projects but more importantly any delays in the funding streams (for example developer contributions). The review originally has identified £113.6 million of rephasing as at end of quarter 2, in the third quarter of the year, this was adjusted to **£161.0 million** and this is summarised below; a full list of the adjusted projects is at 'Appendix B - List of proposed rephasing of projects in Quarter 3' and Executive is asked to approve the updated rephasing of these projects.

Projects rephased due to Covid 19	Other projects rephased
£36.7 million	£124.3 million

4. The programme will continue to be monitored and reviewed throughout the financial year and any further rephasing will be notified to Executive for approval. Review of capital projects has identified a £1.9m savings (further detail in note 5 and on Appendix A), which can be reinvested into future funding of capital schemes in the capital programme.

**Capital Monitoring Forecast Outturn Position for 2020/2021 (as at 31 December 2020):-**

	£'million
Capital Programme approved at Council (Feb 2020)	157.3
Budget rephased from prior years (existing projects)	156.8
New budget added to Capital Programme (in 2020/21)	7.0
<b>Capital Approved Budget</b>	<b>321.1</b>
Budget rephased to later years	(161.0)
<b>Working capital programme</b>	<b>160.1</b>
Forecast variances to the programme – savings	(1.9)
<b>Forecast Capital Outturn</b>	<b>158.2</b>

5. As at 31<sup>st</sup> December 2020, there are £(1.8)m savings variances to the capital programme identified. These are made up as follows:-

<u>Analysis of material budget savings identified as at 31st December 2020</u>	£'000
<b><u>Adult Social Care and Health –</u></b>	
Connected Care (IT equipment) - saving due to utilisation of budget brought forward from 2019/20	(302)
Day service provision for the physically disabled - condition of property has remained better than expected thus reducing cost of keeping property operational	(335)
<b><u>Children Services:-</u></b>	
Basic Needs Primary, Additional Places - projected one year expansion for Reception capacity in Woodley has been contained within existing school capacities	(945)
<b><u>Resources and Assets:-</u></b>	
Bulmershe Leisure centre - build costs savings achieved through securing space and functional efficiency by working with the build contractor	(200)
Tape Lane, Hurst - saving on redevelopment against agreed budget	(69)
<b>Total</b>	<b>(1,851)</b>

6. All projects that have been rephased have been made in consultation with the project / programme managers and they confirm there is a nil or negligible impact of the re-phased programme on service delivery and the rephasing does not increase the cost of the project or have a revenue impact on the service area.
7. As per recommendation 4), the Executive are asked to note Appendix C (to follow) which compares actual spend to date against budget across our key capital projects (totalling budgets of £133m). The table highlights that the majority of the key projects are on track to spend budget by year end. Where percentages are low this is due to planned project spend being weighted towards the second half of the year. This new report is part of the Council's enhanced financial management focusing on the key capital projects, monitoring performance against budget and impact on funding levels (including borrowing).

8. As per recommendation 5), the Executive are asked to agree that £6.8m of capital budget originally programmed for 2021/2022 is brought forward into the current year (2020/2021), for the acceleration of the delivery of the SCAPE – Road Infrastructure project (investing in future road building / enhancement across the boroughs network). This is reprofiling of ringfenced funded budget already provisionally approved by the Council.
9. As per recommendation 6), to approve and note the addition to the 2020/21 capital programme of the development project for flats for vulnerable adults at Ryeish Green (Hyde End Lane, Spencer’s Wood), funded from a ring - fenced grant of £647,627 from the National Health Service. The property is owned by Wokingham Borough Council and is currently vacant. The project will convert a council owned property in to five self-contained flats for vulnerable adults with complex learning difficulties. The grant has been approved and must be spend on this project, if it is not the grant will need to be returned.
10. As per recommendation 7), the Executive is asked to approve and note additional capital budget of £2.756m for Winnersh Triangle Park and Ride into the 2020/21 capital programme, funded by ring fenced grant (from LEP), third- party contributions and S106 contributions, to complete planned project.
11. As per recommendation 8), the Executive is asked to approve and note the contractual commitment of 2021/22 capital programme budget for the Carnival Pool Redevelopment for the value of £4m. The Capital Programme 2021/22 will be published in the Medium Term Financial Plan 2021/22.

**FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£158.2m	Yes	Capital
Next Financial Year (Year 2)	£161.0m	Yes	Capital
Following Financial Year (Year 3)	To be agreed in MTFP in Feb’21		

<b>Other Financial Information</b>
None

<b>Stakeholder Considerations and Consultation</b>
Stakeholders should be reassured of the effective management of the council’s resources.

<b>Public Sector Equality Duty</b>
Equality assessments are carried out as part of each capital project

**Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030***

The capital programme includes projects which help achieve our priorities in relation to climate change.

**List of Background Papers**

See attached:-

Appendix A: Capital Monitoring Summary Report to December 2020

Appendix B: List of proposed rephasing of projects in Quarter 3

Appendix C: The progress towards completion vs spend for major capital

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