

TITLE	Capital Outturn 2020/2021
FOR CONSIDERATION BY	The Executive on Thursday, 24 June 2021
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Executive Member for Finance and Housing - John Kaiser

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

To inform members of the capital programme outturn for 2020/2021, seek approval for the relevant budget carry forwards and demonstrate effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

RECOMMENDATION

That the Executive is asked to:

- 1) note the outturn position of the capital programme for 2020/21 as summarised in the report below and set out in detail in appendix A;
- 2) approve and note the proposed fourth quarter carry forwards into the 2021/22 Capital Programme, as set out in appendix B.
- 3) note and approve the Quarter 4 budget adjustments to the 2020/21 capital programme which include;
 - a. £4.22m of ringfenced funded capital budget provisionally programmed for 2021/22 is brought forward into the current year (2020/21), for the acceleration of the delivery of the SCAPE – Road Infrastructure project;
 - b. Reduction in capital programme budget of £114k across schools devolved programme, due to the reduction in the funding from the devolved schools grant.

EXECUTIVE SUMMARY

This report informs the Executive of the final position of the Council in delivering its capital programme for the financial year 2020/21. The Executive have previously agreed to consider Capital Monitoring Reports on a quarterly basis and this report highlights the capital outturn as at the year end (31 March 2021).

In 2020/21 the Council, against a working budget of £175.0 million, made a total capital investment in services of £123.5 million representing a spend of 71%. In addition, the total underspend across the capital programme was £3.3 million. The table below shows the financial summary for 2020/21.

		£'million
Capital programme approved at Council (Feb 2020)	a	157.3
Budget rephased from prior years (existing projects)	b	160.7
New budget added to Capital Programme (in 2020/21)	c	18.0
Approved Budget	d = a + b + c	336.0
Budget rephased to later years (agreed in previous quarterly Executive reports)	e	161.0
Working capital programme	f = d - e	175.0
Budget identified to be rephased in 2021/22		48.2
Actual capital expenditure in 2020/21		123.5
	g	171.7
Total savings against working capital programme	h = g - f	(3.3)

A breakdown of the £3.3m savings include;

	£m
<u>Adult Social Care and Health –</u>	
Connected Care (IT equipment) - saving due to utilisation of budget brought forward from 2019/20	£0.3
Day service provision for the physically disabled - condition of property has remained better than expected thus reducing cost of keeping property operational	£0.3
<u>Children Services:-</u>	
Basic Needs Primary, Additional Places - projected one year expansion for Reception capacity in Woodley has been contained within existing school capacities	£0.9
<u>Resources and Assets:-</u>	
Corporate Contingency - saving as budget not required in 20/21	£1.2
Bulmershe Leisure centre - build costs savings achieved through securing space and functional efficiency by working with the build contractor	£0.2
Tape Lane, Hurst - saving on redevelopment against agreed budget	£0.1
Other project variances less than £50k individually	£0.3
Total	£3.3

Further information can be found in Appendix A.

Carry Forwards

The Executive are asked to approve the fourth quarter carry forwards into the 2021/22 Capital Programme, as set out in appendix B.

Appendix B lists all budget carry forwards requiring approval of Executive. As highlighted in the table above, £48.2m has been identified to be rephased in 2021/22. As per the finance regulations, any project that is funded by ringfenced funding or has started will be automatically carried forward at the financial year end. This equates to £24.3m which leaves £23.9m of carry forwards listed in Appendix B which require approval to carry forward into 2021/22.

Quarter Four Budget Adjustments

The Executive are asked to note and approve the following budget adjustments;

- 1) agree that £4.22m of ringfenced funded capital budget provisionally programmed for 2021/22 is brought forward into the current year (2020/21), for the acceleration of the delivery of the SCAPE – Road Infrastructure project;
- 2) Note the reduction in capital programme of £114k, due to reduction in Devolved Schools grant against forecast budget.

BACKGROUND

Capital expenditure breakdown –

In February 2020, the Council approved the Capital Programme of £157.3m for 2020/21. During 2020/21 a further £178.7m was added to the programme through a mixture of carry forwards from 2019/20 and in year additions.

During the year, officers' profile a working (deliverable) budget. As of 31 March 2021, the working budget was set at £175.0m; this is the budget that the Council monitors to and records against. The surplus above the working budget is reprofiled to later years and agreed by Executive on a quarterly basis.

During 2020/21 the Council has invested in the following key areas.

MTFP category	Expenditure 2020/21 £m
Roads & Transport	£58.3
Investment and Regeneration	£38.1
Children Services and Schools	£14.7
Climate Emergency	£5.3
Environment	£5.0
Internal Services	£1.1
Adult Social Care	£1.0
Total	£123.5m

The Council has continued to deliver its ambitious capital programme, which has enabled it to meet its key priorities, these are:-

- Affordable Housing
- Clean, green and enjoyable spaces
- Economic prosperity
- Encouraging physical and mental wellbeing
- Ensuring opportunity for all children
- Promoting quality of life for vulnerable adults
- Provide affordable homes;
- Sustainable towns and parishes
- Traffic congestion

(as reported in the MTFP, Capital Programme 2020/21 and Prudential Indicators)

The main areas of capital project expenditure by asset type in 2020/21 were:-

Asset type	Working Budget 2020/21 £m	Expenditure 2020/21 £m
Strategic Roads and Highways	£57.8	£56.4
Housing	£15.0	£14.8
Schools	£14.8	£13.7
Economic Development and Regeneration	£12.4	£12.4
Town Centre Regeneration	£10.6	£10.6
Plant and Equipment	£4.5	£3.3
Bridges	£3.6	£3.6
Corporate Properties	£2.7	£3.8
Outdoor Sport and Play Areas	£2.1	£2.1
Information Technology	£1.8	£1.5
Leisure Centre Facilities	£1.4	£1.2
Street Furniture and Lighting	£0.1	£0.1
Total	£126.8	£123.5

Capital Programme Funding -

The Council funds its capital expenditure from government grants, developer contributions, capital receipts and borrowing.

It is a key requirement that all capital expenditure needs to be funded. Availability of resources to fund this expenditure continues to be in short supply and (as with expenditure) it is essential that these resources are recorded, monitored and allocated to achieve best value for the council and its local tax payers. This includes maximising the use of developer contributions and capital grant funding to reduce the need to borrow, and thus the cost of such borrowing, which will fall upon the local taxation requirement. All borrowing is sustainable, prudent and affordable.

This table shows the budget for 2020/21, the actual spend for 2020/21 and the breakdown of how the capital programme was funded for 2020/21. Wherever possible, the Council will aim to utilise funding such as grants and developers' contributions before using borrowing as shown in the table below where the £3.3m underspend has been saved on borrowing.

Funding	Working Capital Budget 2020/21 £m	Actual Spend 2020/21 £m	Funding Variance 2020/21 £m
	<i>a</i>	<i>b</i>	<i>b - a</i>
Borrowing	52.1	48.8	-3.3
Developer Contributions	34.3	34.3	0
Capital Grants	30.8	30.8	0
Capital Receipts	5.3	5.3	0
Contribution from reserves	4.3	4.3	0
Total available resources	126.8	123.5	-3.3

Note - Working capital budget is calculated as:- approved budget less carry forwards into 2021/22.

Net indebtedness

When the Council has to borrow, this is at the most opportune time and based on the need to borrow and not in advance based on the proposed expenditure plans. Thus the Council will use its internal balances at times to defer the borrowing requirement until the market offers the best rates and lowest costs.

When considering the external debt, this should be offset by the level of cash investments the Council, which give the level of net indebtedness as £131 million and as shown in the table below:

Net indebtedness as at 31 March 2021	£ million
Total external debt	458
Less total cash investments	(327)
Net indebtedness	131

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)	£123.5m	Yes	Capital
Next Financial Year (Year 2)	As per MTFP	Yes	Capital
Following Financial Year (Year 3)	As per MTFP	Yes	Capital

Other Financial Information	
Robust monitoring is carried out on a monthly basis and reported to CLT. Quarterly monitoring reports are also reported to the Executive	
Stakeholder Considerations and Consultation	
None	
Public Sector Equality Duty	
An Equality Impact Assessment is not required for this item	
Climate Emergency – <i>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</i>	
Climate Emergency spend is reported in the table in this report.	
List of Background Papers	
Appendix A - Capital outturn report 2020/21 Appendix B - Approval of carry forward budgets	
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