

<b>TITLE</b>	<b>Capital Monitoring 2022/23 - Q2</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 27 October 2022
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Finance - Imogen Shepherd-DuBey

## **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 the position of the capital programme at the end of Quarter 2 (to 30 September 2022) as summarised in the report below and set out in detail in Appendix A to the report.
- 2) approve and note the proposed carry forwards in the capital programme as set out in Appendix B.
- 3) note that due to the current uncertainty surrounding higher interest rates, as part of our enhanced financial management process, a review is to be undertaken to determine what capital projects can be postponed this year, to minimise exposure to borrowing at high rates. Any postponement is to be agreed at Executive.

## **EXECUTIVE SUMMARY**

This report informs the Executive of the progress of the Council in delivering its capital programme for the financial year 2022/2023. 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 second quarter of the financial year (30 September 2022).

The programme will continue to be monitored and reviewed throughout the financial year and any further rephasing will be notified to Executive for approval.

### **Recommendation One**

The table below sets out a summary of the financial position for the capital programme as at the end of quarter two. Since quarter one, there has been a significant positive movement in the reported underspend position, moving from £1.1m to £18.6m. A breakdown of the major variances is detailed below. In addition, carry forwards of the current year budget in future years have increased from £21.5m to £212.8m. This was expected to happen and was referenced in Appendix A in the quarter one report. As we move through the financial year, projects can be delayed due to planning, design and construction challenges. The Council are also reassessing business cases and project

timelines on some capital projects in light on the current national economic conditions the Council find themselves in (e.g. interest rates, inflation, etc).

The executive is asked to note this position. Further information is provided in Appendix A.

		£'million
Capital programme approved at Council (Feb 2022)	a	123.2
Budget rephased from prior years (existing projects)	b	288.2
Budget movements in year	c	0.9
<b>Current approved budget</b>	<b>d = a + b + c</b>	<b>412.3</b>
Forecast spend for 22/23	e	180.9
Forecast carry forward into 23/24	f	212.8
<b>Forecast variance (underspend) / overspend</b>	<b>g = (e+f) - d</b>	<b>(18.6)</b>

As of 30 September 2022, there are £(18.6m) in savings across the capital programme identified. These are made up as follows:

<b>Analysis of material budget savings identified as of 30 September 2022</b>	£'million
<b><u>Chief Executive's Office</u></b>	
IT - Hardware (mobile phone replacements) <i>Reported in capital programme review paper (Jul'22)</i>	(£0.08m)
<b><u>Children's Services</u></b>	
School Kitchens - reduction in number schools due to academisation	(£0.13m)
<b><u>Place &amp; Growth</u></b>	
Winnersh Triangle Parkway - unforeseen issues caused by the Thames Water Main. <i>Reported in Q1 capital monitoring (Jul'22)</i>	£1.3m
Managing Congestion and pollution - to be reinvested in active travel and bus priority <i>Reported in capital programme review paper (Jul'22)</i>	(£4.8m)
SCAPE Major Road Schemes- schemes near completion including shared costs due to work carried out by others. <i>Reported in Q1 capital monitoring, saving now increased.</i>	(£4.1m)
Payment of commuted sum to WHL - current projects completed	(£3.9m)

Warren House Embankment Stabilisation <i>Reported in capital programme review paper (Jul'22)</i>	(£3.0m)
Highways Infrastructure Flood Alleviation Schemes <i>Reported in capital programme review paper (Jul'22)</i>	(£1.3m)
Electric Vehicle (EV) Charge Points - Budget reduced to match government grant approved.	(£0.46m)
A329(M) & Drainage (Central Reserve Concrete Barrier and Carriageway) <i>Reported in capital programme review paper (Jul'22)</i>	(£0.4m)
Permanent & Portable Variable Message Signs (PVMS) Project - trail ended with costs less than planned. <i>Reported in Q1 capital monitoring</i>	(£0.1m)
<b><u>Resources &amp; Assets</u></b>	
Redesigning use of WBC assets to generate future income <i>Reported in capital programme review paper (Jul'22)</i>	(£1.4m)
IT / System related projects (server rooms, software and Councillors laptops) <i>Reported in capital programme review paper (Jul'22)</i>	(£0.2m)
<b>Total</b>	<b>(£18.57m)</b>

Based on the savings above, approximately £14m of unringfenced funding has been made available to support the funding of the capital programme in 23/24.

### **Recommendation Two**

As part of the monthly monitoring of the capital programme, the profiling of expenditure is reviewed and where required, a more realistic profile of the expenditure over the life of the project will be updated. Appendix B provides a list of the capital carry forwards identified to date this year, totalling £212.8m. These projects will be reprofiled across the next three financial years.

These carry forwards are the cumulative position and therefore include the £21.5m identified and reported to the Executive in quarter one.

The Executive are asked to approve and note the proposed carry forwards in the capital programme as set out in Appendix B;

### **Recommendation Three**

The Executive are asked to note that due to the current uncertainty surrounding higher interest rates, as part of our enhanced financial management process, a review is to be undertaken to determine what capital projects can be postponed this year, to minimise exposure to borrowing at high rates. Any postponement is to be agreed at Executive.

Working with our treasury management advisors, the finance team are monitoring the current interest rates closely to understand any potential risks to the funding of the Councils capital programme. This includes longer term planning, additional sensitivity analysis and reviews of project business cases.



## 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)	£181m	Yes	Capital
Next Financial Year (Year 2)	£213m Carry Forward	Yes	Capital
Following Financial Year (Year 3)	tbc when 23/24 budget set	tbc	Capital

### Other Financial Information

None

### Stakeholder Considerations and Consultation

None

### Public Sector Equality Duty

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.

### Reasons for considering the report in Part 2

N/A

### List of Background Papers

Appendix A: Capital Monitoring Summary Report for Quarter 2 (2022-2023)  
Appendix B: List of proposed rephasing of projects in Quarter 2 to 2023-2024

<b>Contact</b> Mark Thompson	<b>Service</b> Business Services
<b>Telephone</b> Tel: 0118 974 6555	<b>Email</b> mark.thompson@wokingham.gov.uk

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