

TITLE	Capital Monitoring 2022/23 - Q3
FOR CONSIDERATION BY	The Executive on 26 January 2023
WARD	(All Wards);
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	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 3 (to 31 December 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) approve the increase of the schools devolved capital budget by £388,333 to ensure the revised budget allocation matches the confirmed ringfenced grant funding.

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 third quarter of the financial year (31 December 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 three. Since quarter two, there has been a significant positive movement in the reported underspend position, moving from £18.6m to £35.9m. A breakdown of the major variances is detailed below. In addition, carry forwards of the current year budget in future years have increased from £212.8m to £284.9m. 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	26.9
Current approved budget	d = a + b + c	438.3
Forecast spend for 22/23	e	117.5
Forecast carry forward into 23/24	f	284.9
Forecast variance (underspend) / overspend	g = (e+f) - d	(35.9)

As of 31 December 2022, there are £(35.9m) in savings across the capital programme identified. These are made up as follows:

Analysis of material budget savings identified as of 31 December 2022	£'million
<u>Chief Executive's Office</u>	
IT - Hardware (mobile phone replacements) <i>Reported in capital programme review paper (Jul'22)</i>	(£0.08m)
<u>Children's Services</u>	
Matthews Green (St. Cecilia CofE Primary School) - efficiency savings throughout life of the projects (design + procurement)	(£0.85m)
New Arborfield Primary - efficiency savings throughout life of the projects (design + procurement)	(£0.27m)
Bohunt Secondary School - contingency budget held for post completion costs not required.	(£0.19m)
School Kitchens - reduction in number schools due to academisation <i>Reported in Q2 capital monitoring (Oct'22)</i>	(£0.13m)
Schools Access - reduction in need for minor works programme.	(£0.05m)
Primary Strategy - expansion schemes at Loddon and Highwood completed with savings.	(£0.04m)
<u>Housing Revenue Account (HRA)</u>	

Housing Repairs & Adaptions for Disabled - plans for spend reduced to match available funding.	(£0.23m)
<u>Place & Growth</u>	
Winnersh Triangle Parkway - unforeseen issues caused by the Thames Water Main. <i>Reported in Q1 capital monitoring (Jul'22)</i>	£1.3m
Land Acquisition for Major Road Schemes - budget not required.	(£7.3m)
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 Q2 capital monitoring (Oct'22)</i>	(£3.9m)
Payment of commuted sum to WHL - current projects completed <i>Reported in Q2 capital monitoring (Oct'22)</i>	(£3.9m)
Warren House Embankment Stabilisation <i>Reported in capital programme review paper (Jul'22)</i>	(£3.0m)
Greenways	(£2.1m)
Wokingham Town Centre Environmental Improvements	(£1.4m)
Highways Infrastructure Flood Alleviation Schemes <i>Reported in capital programme review paper (Jul'22)</i>	(£1.3m)
Bridge Strengthening - Earley Station Footbridge <i>Options for site being to be revaluated and if required a new bid will be submitted in a future year</i>	(£0.9m)
Public Rights of Way Network	(£0.6m)
Electric Vehicle (EV) Charge Points - Budget reduced to match government grant approved. <i>Reported in Q2 capital monitoring (Oct'22)</i>	(£0.46m)
Transport corridor improvements (Shepherds Hill to Thames Valley P+R) - works focusing on Sutton Seed Roundabout.	(£0.43m)
A329(M) & Drainage (Central Reserve Concrete Barrier and Carriageway) <i>Reported in capital programme review paper (Jul'22)</i>	(£0.35m)
Permanent & Portable Variable Message Signs (PVMS) Project - trail ended with costs less than planned. <i>Reported in Q1 capital monitoring</i>	(£0.10m)
Street lighting column structural testing - less requirement following borough-wide LED street lighting replacement project	(£0.02m)
<u>Resources & Assets</u>	
Wokingham Town Centre Regeneration - former Marks & Spencer's Site - Options for site being to be revaluated and if required a new bid will be submitted in a future year	(£3.0m)
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)
Outdoor gyms x 3 locations - scheme reviewed and now cancelled.	(£0.08m)
Total	(£35.92m)

Based on the savings above, approximately £27m 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 £284.9m. These projects will be reprofiled across the next three financial years.

These carry forwards are the cumulative position and therefore include the £212.8m identified and reported to the Executive in previous quarters.

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 approve the increase of the schools devolved capital budget by £388,333 to ensure the revised budget allocation matches the confirmed ringfenced grant funding of £777,333. The Council were notified in December of additional capital funding for schools. Eligible schools and sixth-form colleges will receive an allocation from an additional £447 million of capital funding to improve energy efficiency in 2022 to 2023. This is part of an additional £500 million of capital funding for schools and further education institutions in England.

This funding is for institutions that were eligible for devolved formula capital in 2022 to 2023.

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)	£117.4m	Yes	Capital
Next Financial Year (Year 2)	£284.9m carry forward	Yes	Capital

Following Financial Year (Year 3)	tbc when 23/24 budget set	tbc	Capital
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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 – <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>
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 3 (2022-2023) Appendix B: List of proposed rephasing of projects in Quarter 3 to 2023-2024

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