

Agenda Item 65.

TITLE	Capital Monitoring 2023/24 - Q2
FOR CONSIDERATION BY	The Executive on Thursday, 26 October 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 2 (to 30 September 2023) 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) The Executive are asked to approve a supplementary budget of £175,000 for the delivery of the pedestrian and cycleway at Hazebrouck SANG. This is funded in full from ringfenced S106 monies that can only be used for this purposes

EXECUTIVE SUMMARY

This report informs the Executive of the progress of the Council in delivering its capital programme for the financial year 2023/2024. 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 2023).

The Council continue to face significant financial challenges from rising inflation and demand for services, this impacts both 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 delivering important services for residents and businesses in the borough.

The programme will continue to be monitored and reviewed throughout the financial year and any further rephasing will be notified to Executive for approval. During the first half of the financial year, monitoring £2.3m savings have been identified (further detail below and on Appendix A), which can be reinvested into future funding of capital schemes in the capital programme.

Capital Monitoring Forecast Outturn Position for 2023/2024 (as at 30 September 2023):-

		£'million
Capital programme approved at Council (Feb 2023)	a	101.7
Budget rephased from prior years (existing projects)	b	320.7
Budget movements in year	c	12.6
Current approved budget	d = a + b + c	435.0
Forecast spend for 23/24	e	140.8
Forecast carry forward into 24/25	f	291.9
Forecast variance (underspend) / overspend	g = (e+f) - d	(2.3)

As at 30 September 2023, there are a net £(2.3m) in savings across the capital programme identified. These are made up as follows:

Analysis of material budget risks / (savings) identified as of 30 September 2023	£'million
<u>Place & Growth</u>	
Winnersh Triangle Parkway - Main build complete but further remedial works to move unforeseen Thames Water Main, costs could be up to £600k, timing still to be confirmed. The Council are working with contractor to further reduce costs of claimed compensation events in 22/23 for delays caused by utilities which may offset these additional costs.	£0.60m
SCAPE Major Road Schemes – savings identified as schemes are completed or near completion. Savings relate to budgets held for risk / retention / final bills, etc.	(£0.92m)
California Crossroads - saving identified via procurement tender now released.	(£0.84m)
Nine Mile Ride Extension – savings now available as scheme operational. Allowance has been made for outstanding post construction costs.	(£0.55m)
Integrated Transport Schemes - works program aligned to grant funding availability.	(£0.10m)
California Lakeside Refurbishment - reduction to align with available funding (no impact on scheme delivery / objectives).	(£0.10m)
Completed Road Schemes Retention - retention costs able to be met from existing budgets within projects.	(£0.07m)

Street Lighting Column Structural Testing - budget not required due to more efficient network (i.e. less work required on LED columns)	(£0.04m)
<u>Resources & Assets</u>	
Property Maintenance and Compliance - budget no longer required	(£0.13m)
Contract register - budget no longer required.	(£0.03m)
Shute End Accommodation Moves & Refurbishment	(£0.02m)
Re-Roofing Waterford House & Chimney repairs - No further works expected	(£0.01m)
<u>Children Services</u>	
School Kitchens – saving against budget	(£0.03m)
Special Educational Needs Website Development - saving against budget, scheme complete	(£0.02m)
Total	(£2.26m)

Appendix B provides a list of the capital carry forwards identified during the first six months of the year totalling £292m. This is a movement of £42m from the £250m identified in the quarter one executive report. Carry forwards can relate to either projects that have started and some which are delayed due to issues such as planning, design, etc. Some carry forwards also relate to budget allocations where individual business cases will need to be developed and agreed by the Executive on use of these budgets.

Carry Forwards will be reprofiled across the next three financial years.

Recommendation Three

The Executive are asked to approve a supplementary budget of £175,000 for the delivery of the pedestrian and cycleway at Hazebrouck SANG. This is funded in full from ringfenced S106 monies that can only be used for these purposes. Through the planning process, the Council secured ringfenced S106 funding as the pedestrian/cycle path was considered a key benefit of the housing development scheme in terms of providing a safe alternative route for pedestrians and cyclists through the Hazebrouck SANG, including for children travelling to school. The path will not only connect the site with the Hazebrouck SANG but will provide an attractive route which will benefit residents of the wider development location. The works are a priority to ensure the path is in place by first occupation of the site which is anticipated later this year. Please note this S106 developer contribution can only be spent for the specific reason it was collected which is to install the path.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and 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)	£141m	Yes	Capital
Next Financial Year (Year 2)	£292m Carry Forward	Yes	Capital
Following Financial Year (Year 3)	tbc when 2024/25 MTFP 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 (2023-2024) Appendix B: List of proposed rephasing of projects in Quarter 2 to 2024-2025

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