

<b>TITLE</b>	<b>Capital Monitoring 2023/24 - Q3</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 25 January 2024
<b>WARD</b>	(All Wards);
<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 3 (to 31 December 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) note an additional budget of £8,987,586 has been agreed for Gorse Ride Redevelopment to cover additional inflationary costs (materials + labour) estimated over the project life (above original £106m budget). The Executive decision in February 2022 gave delegated authority to the Director of Resources and Assets, in consultation with the Executive Member for Housing and Finance, to approve the use of additional Affordable Housing s106 commuted sums as a contingency against cost and funding variations such as any future design changes and/or fluctuations in costs and values of up to 15% of the cost of the scheme in the event of any other financial impacts.
- 4) approve additional capital budget of £2,920,000 for 2023/24 in relation to the secondary school expansion programme. This is an acceleration of budget previously set out in the MTFP for use in 2024/25 and funded from DfE capital grants which have been received and available to use.
- 5) to approve a supplementary budget of £250,000 for Disabled Adaptations. This is funded in full from the Housing Revenue Account non-RTB reserve.
- 6) to approve a supplementary budget of £93,862 for the Mandatory Disabled Facilities Grant (DFG) project. This is funded in full from additional ringfenced grant awarded to the Council in the current financial year.

**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 third quarter of the financial year (31 December 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 nine months of the financial year, £27.8m savings have been identified (further detail below and on Appendix A), of which, c£3.0m can be reinvested into future funding of capital schemes in the capital programme. The remaining savings are where budget has been reduced to match grant availability or relate to capital loans to our subsidiary companies which are not required.

Capital Monitoring Forecast Outturn Position for 2023/2024 (as at 31 December 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	12.9
<b>Current approved budget</b>	<b>d = a + b + c</b>	<b>435.3</b>
Forecast spend for 23/24	e	114.0
Forecast carry forward into 24/25	f	293.5
<b>Forecast variance (underspend) / overspend</b>	<b>g = (e+f) - d</b>	<b>(27.8)</b>

As at 31 December 2023, there are a net £(27.8m) in savings across the capital programme identified. These are made up as follows:

Analysis of material budget risks / (savings) identified as of 31 December 2023	£'million
<b><u>Place &amp; Growth</u></b>	
Winnersh Triangle Parkway - £80k pressure expected in 23/24, main build complete but potential remedial works to move unforeseen Thames Water Main, future costs could be up to a further £520k, timing still to be confirmed. Project team 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

Electric Vehicle Charge Points - works program aligned to grant funding availability	(£1.16m)
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.	(£0.61m)
Transport corridor improvements - Shepherds Hill to Thames Valley Park, Park & Ride - Only feasible if receive Bus Service Improvement Plan grant from DFT. Saving back to s106 for reallocation to another scheme.	(£0.57m)
Land Acquisition for Major Road Schemes - budget reviewed against current known requirements, any potential costs in future being monitored.	(£0.50m)
Active Travel & Bus Priority - works program aligned to funding availability	(£0.38m)
Bridge Strengthening - budget reviewed against current programme.	(£0.30m)
Borough Wide Non SDL Play Area Enhancement Project - All s106 for non-SDL play areas has been allocated	(£0.15m)
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)
Pedestrian Network improvements - Hurricane Way - Scheme completed, s106 saving	(£0.05m)
Coppid Beech Park & Ride - Scheme completed, s106 saving	(£0.04m)
Street Lighting Column Structural Testing - budget not required due to more efficient network (i.e. less work required on LED columns)	(£0.04m)
<b><u>Resources &amp; Assets</u></b>	
WBC (Holdings) Ltd Loan - capital loans not required at this stage. Future loans dependant on approved business cases.	(£21.0m)
Previous M&S site - Site use under consideration as an option for future HQ (discussed at Sept' 23 Exec). Budget for other works not required at this stage.	(£0.76m)
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)
<b><u>Children Services</u></b>	
School Kitchens – saving against budget	(£0.03m)
Special Educational Needs Website Development - saving against budget, scheme complete	(£0.02m)
<b>Total</b>	<b>(£27.82m)</b>

Appendix B provides a list of the capital carry forwards identified during the first nine months of the year totalling £293m. This is a movement of c£1m from the £292m identified in the quarter two 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 note an additional budget of £8,987,586 has been agreed for Gorse Ride Redevelopment to cover additional inflationary costs (materials + labour) estimated over the project life (above original £106m budget).

As agreed by Executive, on 17 February 2022 within the Gorse Ride Regeneration paper, recommendation three stated “give delegated authority to the Director of Resources and Assets, in consultation with the Executive Member for Housing and Finance, to approve the use of additional Affordable Housing s106 commuted sums as a contingency against cost and funding variations such as any future design changes and/or fluctuations in costs and values of up to 15% of the cost of the scheme in the event of any other financial impacts;

### **Recommendation Four**

The Executive are asked to approve additional capital budget of £2,920,000 for 2023/24 in relation to the secondary school expansion programme. This is an acceleration of budget previously set out in the MTFP for use in 2024/25 and funded from DfE capital grants which have been received and available to use.

As set out in last years medium term financial plan, the ‘basic needs secondary places’ programme set out a three year budget of £15,500,000 between 2023/24 and 2025/26. Detailed work has been undertaken during the year to review the programme of works to

ensure affordability and delivery. This has been complete with an overall reduction across the three years from £15.5m to £13.2m. Further work continues to understand future demand and needs whilst considering value for money and budget availability. The Council are accelerating the investment in the current year requiring the reprofiling of £2.92m as set out in the recommendation.

### **Recommendation Five**

The Executive are asked to approve a supplementary budget of £250,000 for Disabled Adaptations. This is funded in full from the Housing Revenue Account non-RTB reserve.

This additional budget requests ensures important works are carried out to support disabled adaptations and continues investment in the housing stock and utilising all assets where possible to support housing needs.

### **Recommendation Six**

The Executive is asked to approve a supplementary budget of £93,862 for the Mandatory Disabled Facilities Grant (DFG) project. This is funded in full from additional ringfenced grant awarded to the Council in the current financial year.

In September, the government announced further additional funding of £50m for the disabled facilities grant programme in 2023-24. The Councils share of this was £93,862 and has been received.

The DFG is capital funding for the provision of home adaptations to help eligible older and disabled people to live as independently and safely as possible in their homes.

## 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)	c£114m	Yes	Capital
Next Financial Year (Year 2)	c£294m Carry Forward	Yes	Capital
Following Financial Year (Year 3)	See MTFP	See MTFP	Capital

### **Other Financial Information**

It is likely some of the carry forwards will be spent across multiple years once detailed business cases are worked through and agreed.

### **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 3 (2023-2024)  
Appendix B: List of proposed rephrasing of projects in Quarter 3 to 2024-2025

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