

TITLE	Capital Programme and Strategy 2016/19
FOR CONSIDERATION BY	The Executive on 18 February 2016
WARD	None specific
DIRECTOR	Graham Ebers, Director of Finance and Resources
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

RECOMMENDATION

Executive is asked to:

- 1) recommend to Council the approval of the Capital Programme and Strategy 2016/19;
- 2) approve the allocation of the remaining un-ringfenced Large Scale Sites Grant from the HCA towards the delivery of 15/16 strategic Development Locations (SDLs); to contribute to the generation in 2015/16 of a capital reserve of £2m. This will be used to fund 2016/17 programme.
- 3) to approve the schemes which are listed in Appendix C. These are funded by developer contributions (s106) and Community Infrastructure Levy (CIL) to the extent of £12m and that this funding can be increased if further developer contributions become available. The total budget for these schemes is £38m in the 2016/19 Capital Programme.

SUMMARY OF REPORT

As part of the budget planning process, this report will review the programme of Capital schemes to be carried out in the three year period from 2016/2017 to 2018/2019 and is based on the bids that have been received from the services and current estimated carry forwards.

Background

The bids and current estimated carry forwards were evaluated using a process which sought to allocate scarce capital resources in line with the Council's Vision, Priorities and Underpinning Principles.

Based on these evaluations the attached capital programme has been created. Members are presented with the proposed capital budget submission 2016/19 for recommendation to Council (Appendix A). This includes a summary of capital resources to fund the attached programme (Appendix B).

Analysis of Issues

The capital programme expenditure is summarised below:

- 2016/17 - £140.7m (including estimated 15/16 carry forward of £56.0m)
- 2017/18 - £99.2m
- 2018/19 - £92.8m

The total value of the programme over the three years is £332.7m

The capital programme shows a large increase in expenditure This is in order to meet the investment ambitions of the council.

The table below summarises the funding position over the next three years:

	2016/17	2017/18	2018/19
	£'000	£'000	£'000
Total Wokingham Borough Council Capital Programme	140,677	99,239	92,847
Available Funding	(140,717)	(89,885)	(75,941)
In Year Surplus () / Deficit(+)	(40)	9,354	16,906
Cumulative Surplus () / Deficit(+)	(40)	9,314	26,220

The shortfall for 2017/18 and 2018/19 will be bridged through a combination of maximising resources, prioritising and modifying schemes.

The capital programme (including estimated carry forward from 15/16) is summarised below:

	Year 1 2016/17	Year 2 2017/18	Year 3 2018/19
	£'000	£'000	£'000
Service Unit			
Chief Executive	25,286	24,654	18,952
Children's Services	37,529	20,765	11,654
Environment	32,659	28,448	36,322
Finance & Resources	11,103	6,742	7,469
Health & Wellbeing	34,100	18,630	18,450
Total	140,677	99,239	92,847

Capital resources of £308m to fund the capital programme are summarised below:

New Schemes	Year 1 2016/17	Year 2 2017/18	Year 3 2018/19
	£'000	£'000	£'000
Section 106/ Community infrastructure levy	(21,563)	(17,581)	(21,026)
Grants & Contributions	(15,709)	(19,343)	(13,093)
Borrowing	(43,775)	(52,811)	(37,872)
Reserves & Capital Receipts	(3,650)	(150)	(3,950)
Total	(84,697)	(89,885)	(75,941)

Estimated C fwd 15/16	Year 1 2016/17	Year 2 2017/18	Year 3 2018/19
	£'000	£'000	£'000
Section 106/ Community infrastructure levy	(12,425)		
Grants & Contributions	(11,705)		
Borrowing	(30,477)		
Reserves & Capital Receipts	(1,413)		
Total	(56,020)	0	0

	Year 1 2016/17	Year 2 2017/18	Year 3 2018/19
	£'000	£'000	£'000
(Surplus)/Deficit	(40)	9,314	26,220

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£140.7m in 16/17	Yes	Capital
Next Financial Year (Year 2)	£99.2m in 17/18	No - £9.3m*	Capital
Following Financial Year (Year 3)	£92.8m in 18/19	No - £16.9m*	Capital

Other financial information relevant to the Recommendation/Decision

*The shortfall for 2016/17 and 2017/18 will be bridged through a combination of maximising resources, prioritising and modifying schemes.

Cross-Council Implications

Budgets and strategies are clearly monitored and do not impact on other Council services and priorities

List of Background Papers

Appendix A – Capital programme 2016/2019
 Appendix B – Capital resources 2016/2019
 Appendix C - S106 & CIL funded Schemes 2016/2017

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