

TO: Executive
21 JUNE 2016

Capital Programme Outturn 2016/17
(Borough Treasurer)

1 PURPOSE OF DECISION

- 1.1 At its meeting on 24 February 2016, the Council approved a capital programme for 2016/17-2018/19. This report updates the Executive on the capital outturn expenditure position for 2016/17 and requests approval for the carry forward of the remaining capital programme, the majority of which is committed but not yet spent. The report also sets out how the 2016/17 expenditure is to be financed.

2 RECOMMENDATIONS

2.1 That the Executive:

- a) **Notes the outturn capital expenditure and in particular the key variances identified in paragraph 5.4.**
- b) **Approves the carry forward of £50.602m from the 2016/17 capital programme to 2017/18 including £0.236m relating to projects approved in 2015/16 (see paragraph 5.5).**
- c) **Notes the financing of capital expenditure as shown in Table 2.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The reasons for the recommendations are set out in section 5 below.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not Applicable

5 SUPPORTING INFORMATION

Outturn Capital Expenditure

- 5.1 The capital programme for 2016/17 consisted of £127.594m on projects and programmes. The projected outturn is £76.300m (60% of approved budget). These figures remain subject to change, pending external audit. However, no significant movement is anticipated. The capital programme is monitored on a monthly basis by officers and reported formally to the Corporate Management Team on a quarterly basis and through to Members in the Quarterly Service Reports.
- 5.2 Table 1 summarises the outturn position for schemes managed by Service Departments based on latest information available. The detailed monitoring sheets are provided at Annexes A-D.

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Table 1: Capital outturn for each Service

Annex	Service	Approved budget	Estimated Outturn	Carry forward	(Under) /Over spend
		£'000	£'000	£'000	£'000
A	Adult Social Care, Health & Housing	17,837	15,742	1,515	-580
B	Children, Young People & Learning	42,580	17,389	25,191	0
C	Council Wide	30,912	16,194	14,700	-18
C	Corporate Services	5,140	4,767	299	-74
D	Environment, Culture & Communities	31,125	22,208	8,897	-20
Total Capital Programme		127,594	76,300	50,602	-692
		% spent	60%		

5.3 The total carry forwards requested by service departments amount to £50.602m. Many of the projects are either close to being completed or are contractually committed and underway.

5.4 According to Financial Regulations, departments are required to manage their budgets to ensure that the overall department capital programme is not exceeded. As can be seen above the overall capital programme is underspent against budget and there have been some variances which are required to be drawn to the attention of Members (>£25,000). The key budget variances are detailed below.

Adult Social Care, Health and Housing

Waymead Flats Refurbishment (Invest-to-Save - £580k underspend) – After further feasibility studies the scheme was considered no longer viable and was stopped.

Corporate Services

Disposal of Land at Sandy Lane (£70k underspend) – A budget was allocated to meet the potential costs of the disposal of Sandy Lane depending on the agreed sale of the land. The direct sale to a developer resulted in much lower disposal costs

5.5 In accordance with Financial Regulations, funding for capital projects is automatically permitted to roll forward for one year. After this, funding may only be rolled forward if work on a project has commenced on-site, unless the approval of Members has been obtained. Projects totalling £0.236m (as detailed in Annex E) carried forward from 2015/16 have not yet been contractually committed. However, work is planned to commence on these schemes in the near future. Consequently, it is requested that these funds be carried forward into 2017/18.

Use of capital resources

5.6 Capital expenditure can be financed from four main sources. These are Developers' Contributions (S106 monies and Community Infrastructure Levy), Grants, Capital Receipts and Borrowing.

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Capital Receipts

- 5.7 The 2015/16 Capital Programme was approved with an assumption that £5m of capital receipts would be generated in the year. As part of the transfer agreement with Bracknell Forest Homes (BFH) the Council receives a share of the sales of properties by Bracknell Forest Homes through preserved Right-To-Buy and also receives a share of the proceeds from the VAT-Shelter agreement. The amount received from Bracknell Forest Homes for 2016/17 is £1.915m.
- 5.8 A further source of receipts is the sale of surplus assets and other miscellaneous capital receipts of which £1.519m has been received from the sale of these during 2016/17, with receipts from the transfer of land at Binfield Learning Village.
- 5.9 As such the total capital receipts that can be used to fund the Capital Programme are £3.430m. It is proposed that all of the capital receipts be used to finance capital expenditure.

S106 receipts

Each year the Council enters into a number of agreements under Section 106 of the Town & Country Planning Act 1990 by which developers make a contribution towards the cost of providing facilities and infrastructure which may be required as a result of their development. Usually the monies are given for works in a particular area and/or for quite specific purposes. At the start of the financial year, £7.195m was available from accumulated developer contributions to fund projects.

During the year, a number of projects costing £8.212m have been undertaken that can be funded from Section 106 monies. In addition, £9.147m was received from developers towards new projects and £0.126m has supported revenue expenditure on bus contracts, Suitable Alternative Natural Green Spaces (SANGS) posts and waste and recycling.

Taking into account the funding requirements identified above the total Section 106 resources available for future schemes consequently amount to £7.942m as at 31 March 2017. Of this, £2.072m has already been committed or provisionally allocated for future projects.

Community Infrastructure Levy (CIL)

A total of £3.862m was invoiced in 2015/16 in relation to the CIL, of which a net £3.036m (after taking account of the SANGs contribution, the 5% admin fee and the Parish contributions) was available to finance the capital programme. The CIL is accounted for on an accruals basis, and whilst £3.862m was billed and therefore available for financing purposes, the actual cash received amounted to £3.544m reflecting payments in relation to CIL schemes from 2015/16.

Government grants/Contributions

A total of £10.622m of government grants and other external contributions have been used to finance capital projects in 2016/17. The majority of the grants used were from the Department for Education for schools expansion and maintenance (£6.5m), and the Department for Transport funding for the Local Transport Plan (£4.1m) was also used during the year. There is a balance of unspent and unallocated Basic Needs Grant from the Department for Education. The use of this funding is being re-evaluated in light of the future needs of the Council and the funding of the Binfield Learning Village.

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- 5.10 Table 2 below summarises how the capital expenditure for 2016/17 will be financed.

Table 2: Financing of Capital Expenditure

Total capital expenditure	£'000 76,300
To be financed by:	
-Capital receipts	3,430
-Community Infrastructure Levy (CIL)	3,037
-Government Grants/contributions	10,622
-S106 monies available	8,212
-Capital Financing Requirement	50,999

Capital Financing Requirement

- 5.11 As a result of the capital expenditure in 2016/17 the Council now has an overall capital financing requirement of £111.708m as at the 31 March 2017. The Council will provide for the repayment of this through the minimum revenue provision which will be re-calculated for these out-turn figures using the policy agreed by Council and reflected in the Council's Budget.
- 5.12 The following loans were undertaken to fund the Capital Programme in 2016/17 and are included within the CFR identified above.

Table 3 – Borrowing undertaken in year

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£10m	Fixed	2.60%	31/03/2066
PWLB	£10m	Fixed	2.60%	31/03/2062
Greater London Authority	£5m	Fixed	0.47%	15/06/2017

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The authorisation for incurring capital expenditure by local authorities is contained in the legislation covering the service areas.

Borough Treasurer

- 6.2 The financial implications are contained within the report.

Impact Assessment

- 6.3 None

Strategic Risk Management

- 6.4 The most significant risk facing the Council is the impact of the capital programme on the revenue budget. As the outturn is in line with that assumed in setting the 2016/17 budget the risk on the revenue budget has been minimised.
- 6.5 There are also a range of risks that are common to all capital projects which include:
- Tender prices exceeding the budget
 - Planning issues and potential delays
 - Uncertainty of external funding (especially when bids are still to be submitted or the results of current bids are unknown)

- Building delays due to unavailability of materials or inclement weather
- Availability of staff with appropriate skills to implement schemes and IT projects in particular.

7 CONSULTATION

7.1 Not Applicable

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