

TO: EXECUTIVE
23rd JULY 2019

Capital Programme 2018/19 Outturn
Director of Finance

1 PURPOSE OF REPORT

1.1 At its meeting on 28th February 2018, the Council approved a capital programme for 2018/19-2020/21. This report updates the Executive on the capital outturn expenditure position for 2018/19 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 2018/19 expenditure is to be financed.

2 RECOMMENDATIONS

2.1 **That the Executive:**

- a) **Notes the outturn capital expenditure**
- b) **Approves the carry forward of £24.225m from the 2018/19 capital programme to 2019/20**
- c) **Notes the financing of capital expenditure as shown in Table 3.**

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 2018/19 consisted of £95.688m on projects and programmes. The projected outturn is £63.475m (66% of approved budget). These figures remain subject to change, pending external audit. However, no significant movement is anticipated.

5.2 Table 1 summarises the outturn position for schemes managed by Service Departments – detailed scheme information is provided in Annex A-C.

Table 1: Capital outturn for each Service

Service	Approved budget	Estimated Outturn	Carry forward	(Under) /Over spend
	£'000	£'000	£'000	£'000
Central Departments	12,571	6,393	6,102	(76)
Delivery	51,311	40,507	6,326	(4,463)
People	31,806	16,575	17,797	(3,444)
Total Capital Programme	95,688	63,475	24,225	(7,983)
		% spent	66%	

- 5.3 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. However, there are a number of individual variances which are required to be drawn to the attention of Members (>£25,000). The most significant areas of underspends are;
- Binfield Learning Village (£2.3m) – The project was robustly managed throughout the process and the scheme was brought in under budget as a result of re-engineering and holding the contractor to timescales and cost projections.
 - Downshire Homes (£1.2m) – The Downshire Homes Board has concluded that their property portfolio is now at an optimum number and have decided to curtail future property purchases at this time – as such the balance of the available outstanding loan is no longer required.
 - Commercial Property Investment Strategy (£3.1m) – The Strategy has met its goal of delivering £3m of additional annual revenue income and no further investments are being considered.
 - Civic Accommodation (£1.1m) – This project is nearing completion and a large part of the remaining budget is no longer required.
- 5.4 The total carry forwards requested by service departments amount to £24.225m. Many of the projects are either close to being completed or are contractually committed and underway.
- 5.5 The most significant carry-forwards that have been funded from Council resources (as compared with grant funding which is normally automatically carried forward) are as follows:
- Replacement LED Street Lights (£1.7m) – This is a continuing project and was agreed as an Invest-to-Save project whereby the costs of the programme will be repaid over the life of the assets being replaced and upgraded. Work is now progressing onto subway lighting throughout the borough
 - Bracknell Sports and Leisure Centre – ITS (£0.8m) – This is a continuing project whereby an improvement programme is funded by the Council, the costs of which will be recovered in a higher management fee.
 - Civic Accommodation (£0.6m) – There are outstanding works to the toilet facilities to Time Square to accommodate the significant addition in staff within the building and a budget to fund a few remaining team moves into Time Square
 - Easthampstead House Demolition (£1.0m) – The original Time for Change Accommodation budget included a provision for the demolition of Easthampstead House. Given the current arrangements this funding is not currently required, however a request has been made to carry forward into 2019/20 and for this to be reviewed in light of the progress made by the new occupier over the next 12 months
- 5.6 In accordance with Financial Regulations, unspent funding for Council Funded 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 £0.388m (as detailed in Annex D) carried forward from 2017/18 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 2019/20.

Use of capital resources

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

Capital Receipts

- 5.8 The 2018/19 Capital Programme was approved with an assumption that £9.8m of capital receipts would be generated in the year, including over £3m of Community Infrastructure Levy (CIL). Actual receipts amounted to £15.5m with £7.0m raised from capital receipts and £8.5m from CIL. The larger than expected income from CIL is largely due to the main developments in the borough proceeding slightly quicker than expected and several large one-off smaller scale developments that have generated significant levels of CIL.
- 5.9 The table below highlights the most significant asset sales.

Table 2: Capital Receipts

Asset	£000
Easthampstead Park Conference Centre	4,300
Downside Resource Centre	960
Wick Hill (Land Overage)	705
Snaprails Lodge	314

Government grants/Contributions

- 5.10 A total of £11.9m of government grants and other external contributions have been used to finance capital projects in 2018/19. Most of the grants used were from the Department for Education for schools (£5.5m), and the Department for Transport for the Local Transport Plan (£3.7). The amount of S106 Developer Contributions used to fund the 2018/19 programme was £3.3m. Table 3 below summarises how the capital expenditure for 2018/19 will be financed.

Table 3: Financing of Capital Expenditure

Total capital expenditure	£'000 63,475
To be financed by:	
-Capital receipts	7,047
-Community Infrastructure Levy (CIL)	8,480
-Government Grants/contributions	11,908
-S106 monies available	3,327
-Waste PFI	89
-Capital Financing Requirement	32,651

Capital Financing Requirement (CFR)

- 5.11 As a result of the capital expenditure in 2018/19 the Council now has an overall capital financing requirement of £217.853m as at the 31 March 2019. 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 CFR represents the underlying need to borrow to fund capital expenditure that cannot be financed from other income sources. However, the actual need to borrow at any particular time is determined by the Council's overall cashflow requirements. The actual level of borrowing at the end of March 2019 was £100m
- 5.13 Given that the level of capital expenditure incurred was less than budgeted and income from capital receipts greatly exceeded expectations the Council's long-term borrowings are much lower than predicted. This has contributed to an underspend in the capital financing revenue budget, which is explained in more detail in the Revenue Budget Out-turn report elsewhere on the agenda.

6 Consultation and Other Considerations

Legal Advice

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

Financial Advice

- 6.2 The financial implications are contained within the report.

Other Consultation Responses

- 6.3 None

Equalities Impact Assessment

- 6.4 None

Strategic Risk Management Issues

- 6.5 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 2018/19 budget the risk on the revenue budget has been minimised.

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