

TO: EXECUTIVE
19 JULY 2022

Capital Programme 2021/22 Outturn
Director of Finance

1 PURPOSE OF REPORT

1.1 At its meeting on 28th February 2021, the Council approved a capital programme for 2021/22-2023/24. This report updates the Executive on the capital outturn expenditure position for 2021/22 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 2021/22 expenditure is to be financed.

2 RECOMMENDATIONS

2.1 That the Executive:

- a) **Notes the outturn capital expenditure as outlined in Table 1 and detailed in Annex A**
- b) **Approves the carry forward of £21.713m from the 2021/22 capital programme to 2022/23 including those specific schemes listed in Annexe B**
- c) **Notes the financing of capital expenditure as shown in Table 3.**
- d) **To approve the additional High Needs Provision Capital Allocation grant as noted in para 5.11**

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 budget for 2021/22 consisted of £52.217m on projects and programmes. The projected outturn is £27.221m (52% 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 Directorates based on latest information available.

Table 1: Capital outturn for each Directorate

	Budget	Expenditure	C/Fwd	Underspend
	£'000	£'000	£'000	£'000
Central Departments	26,062	11,956	11,036	-3,070
Delivery	5,213	3,030	2,177	-7
People	20,942	12,236	8,499	-206
TOTAL	52,217	27,221	25,007	-3,283

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 (>£50,000). The most significant areas of underspends are;

- A3095 Improvement Scheme (£2.8m) – This scheme needed to proceed in 2021/22 in order to facilitate a wider development. The scheme was to be funded from S106 which at the time of the 2021/22 Budget approval had not been secured. As such Council agreed to pre-fund this from Council resources, however the necessary S106 funding was secured before the end of the financial year and as such the scheme was completed within budget.
- College Town Amalgamation (£0.068m) – Project completed within budget.

5.4 The total carry forwards requested by service departments amount to £21.713m. Many of the projects are either close to being completed or are contractually committed and underway. A list of those schemes that had requested a budget carry-forward from 2020/21 into 2021/22 and have yet to see any expenditure incurred and for which a further carry forward into 2022/23 has been requested are summarised in Annexe B.

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:

- Various IT Schemes (£0.5m) – Budgets have been largely pooled into three main areas – Desktop, Infrastructure and Transformation. The impact of COVID has had a significant impact on the way the Council works digitally – with home working becoming a norm over the last 18 months – this has led to a review of IT expenditure priorities and unspent budget will be used to focus on the new priorities.
- Town Centre Redevelopment (£6.1m) – The funding set aside for the redevelopment of the Town Centre through various schemes will be drawn down as the programme continues to roll out. Given the difficult economic over the last 2 years the continued redevelopment of the town centre is demand-led and driven by factors largely outside of the Council's control.
- Replacement LED Street Lights (£0.66m) – This is a continuing project and is expected to be completed in 2022/23
- Heathlands Redevelopment (£1.87m) – Project complete final invoices and retention

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. The table below highlights the most significant asset sales.

Table 2: Capital Receipts

Asset	£000
Winkfield Manor	930
90 Moordale Avenue	225
RTB Sharing Agreement	1,015

- 5.7 A total of £16.3274m of government grants and other external contributions have been used to finance capital projects in 2020/21. Table 3 below summarises how the capital expenditure for 2020/21 will be financed.

Table 3: Financing of Capital Expenditure

Total capital expenditure	£'000 27,221
To be financed by:	
-Capital receipts (including CIL)	7,837
-Government Grants & Other Contributions	17,824
-Capital Financing Requirement	1,560

Capital Financing Requirement (CFR)

- 5.8 As a result of the capital expenditure in 2021/22 the Council now has an overall capital financing requirement of £213.7m as at the 31 March 2022, a slight reduction from the previous year. 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.
- 5.9 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 2022 was £80m with investments of £43.5m totalling net debt of £36.5m, compared with £59.8m last year.
- 5.10 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.

Additional Budget Approval for 2022/23

- 5.11 The Council was allocated grant support for the creation or improvement of High Needs places on 29th March 2022. This notification was after the Council had approved its Programme for 2022/23 and as such a request is made to approve the budget that will be supported by this grant. A sum of £1,446,781 for 2022/23 and £2,219,537 has been allocated to Bracknell Forest and as such the budget approvals will be recorded and monitored through the normal budget monitoring process.

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 2019/20 budget the risk on the revenue budget has been minimised.

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