

**TO: The Executive
18 July 2023**

**Capital Programme 2022/23 Outturn
Director of Resources**

1 PURPOSE OF REPORT

1.1 At its meeting on 24th February 2022, the Council approved a capital programme for 2022/23-2024/25. This report updates the Executive on the capital outturn expenditure position for 2022/23 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 2022/23 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 £34.114m from the 2022/23 capital programme to 2023/24 including those specific schemes listed in Annexe B**
- c) **Notes the financing of capital expenditure as shown in Table 2.**
- d) **To note the 2023/24 Budget amendments identified in para 5.10 relating to the Joint Venture**
- e) **Approve the supplementary capital approval of £0.081m for the increased costs associated with the Berkshire Records Office as outlined in para 5.11**
- f) **Approve the virements requested in para 5.13**

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 2022/23 consisted of £58.792m on projects and programmes. The projected outturn is £23.701m (40% 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

Capital Monitoring Out-turn 2022/23

Directorate/Service	Budget	Out-Turn	C/Fwd	Variance
	£'000	£'000	£'000	£'000
Central	23,743	13,325	10,397	-21
Delivery	10,622	4,405	6,179	-38
People - CYPL	12,049	2,871	8,513	-666
People - ASCHH	12,878	3,100	9,026	-252
Total	58,792	23,701	34,114	-977

Underspend

- 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;

Adult Social Care, Health and Housing

- Heathlands (Underspend £250k)
There remain retention payments to be finalised however the overall spend is within budget and the balance of the contingency can be released as an underspend.

Children, Young People and Learning

- Warfield West Primary (Underspend £334k)
Unused contingency and an element of planned highway works not required.
- Ascot Heath Schools Amalgamation (Underspend £253k)
Unused contingency and some planned works not required as project proceeded.

Carry Forwards

- 5.4 The total carry forwards requested by service departments amount to £34.114m. 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 2021/22 into 2022/23 and have yet to see any expenditure incurred and for which a further carry forward into 2023/24 has been requested are summarised in Annexe B (only schemes relating to Central and Delivery Directorate fall into this category in 2022/23).
- 5.5 The most significant carry-forwards that have been funded from Council resources (as compared with grant funding which is automatically carried forward) are as follows:
- **Various IT Schemes (£0.4m)** – Budgets have been largely pooled into three main areas – Desktop, Infrastructure and Transformation. During the year

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specific projects have been completed with many more in progress. It is proposed that the various budgets are once again pooled into these specific areas in order that future expenditure is more effective in the fast-moving pace of change that is being currently experienced in Information Technology.

- **Town Centre Redevelopment (£6.02m)** – 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 unfavourable economic conditions over the last 2 years the continued redevelopment of the town centre is dependent on other partners and driven by factors largely outside of the Council's control.
- **Depot Project (£3.70m)** - Works recommenced in December 2022 following the administration of the original contractor. A new contractor has been engaged and currently works are progressing well as per programme.
- **Greening Project (£0.96m)** - The projects will be managed between BFC Construction and Maintenance and Atkins. Design works have commenced in November 2022 and construction will commence in Spring 23. One project is onsite with the remaining seven in design.
- **Ground Works - Market Street (£1.36m) & Depot (£0.4m)** – These complex agreements are progressing but with several different and complex streams, is likely to take some time to complete. This funding relates to the works funded from One Property Estate funding and does not include resources that the Council may contribute through the Joint Venture.
- **Replacement LED Street Lights (£0.37m)** – This is a continuing project and is expected to be completed in 2023/24
- **Bridgewell Supporting Living (£7.04m)** – A complex project that is still under development.

Use of capital resources

- 5.6 Capital expenditure can be financed from four main sources as shown in Table 2. These are Developers' Contributions (S106 monies and Community Infrastructure Levy), Grants, Capital Receipts and Borrowing. A total of £16.3274m of government grants and other external contributions have been used to finance capital projects in 2022/23.

Table 2: Financing of Capital Expenditure

	£'000
Total capital expenditure	23,701
To be financed by:	
- Capital receipts	292
- Government Grants (including CIL)	11,311
- Capital Financing Requirement	8,738
- Direct Revenue Funding	3,390

Capital Financing Requirement (CFR)

- 5.7 As a result of the capital expenditure in 2022/23 the Council now has an overall capital financing requirement of £220.1m as at the 31 March 2023. The Council will

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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.

- 5.8 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 2023 was £85.0m with investments of £15.8m totalling net debt of £69.2m
- 5.9 Given that the level of capital expenditure incurred was less than budgeted and income from capital receipts over the last three years have been running at a level above projections the Council's long-term borrowings are 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.

Joint Venture (JV) Update

- 5.10 Council approved funding for the Joint Venture agreement in November 2022. These projects are to regenerate the Coopers Hill and Market Street site. These schemes are self-funding and the capital outlay will be recovered as highlighted below. Following discussions with our Capital and Treasury advisers and with CIPFA it is now deemed appropriate to show this expenditure within the Capital Programme rather than through the Revenue Account. As such the approved budget for Market Street JV will be included within the 2023/24 Capital Programme. Coopers Hill is complete and the expenditure has been reported above.

Table 3: Joint Venture

Joint Venture Cash Flow Projections

Scheme	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000
Coopers Hill	2,430		-2,430		0
Market Street		12,500		-12,500	0
Total	2,430	12,500	-2,430	-12,500	0

Berkshire Records Office – Supplementary Capital Approval

- 5.11 West Berkshire has been leading on the extension of the Berkshire Records Office, for which it holds responsibility through a joint arrangement on behalf of the six unitary authorities. An options appraisal for additional storage has concluded that best value would be achieved by extending the existing Berkshire Record Office building. Approval for the construction of a two-storey extension has been agreed and under the terms of the joint arrangement the associated capital expenditure is to be apportioned amongst the six councils. A budget of £0.254m was agreed by Council for the 2023/24-2024/25 budget period.
- 5.12 However, as a result in delays due to planning conditions and the requirement to meet BREEAM ratings (BREEAM stands for Building Research Establishment Environmental Assessment Method. BREEAM is used to specify and measure the

sustainability performance of buildings, ensuring that projects meet sustainability goals and continue to perform optimally over time) and the resulting inflationary increases from this delay, costs have risen and additional budget provision of £0.081m is required. The overall project budget has increased by £1.058m and the additional sum required is the Bracknell Forest share by Council Tax base.

Budget Virements

- 5.13 A budget was agreed in 2022/23 for Borough Greening and Safety in the Delivery Directorate. Plans have been progressing through the year on specific projects and these have now been identified and will be managed under the Highways team – as such it is requested that the carry-forward budget of £0.14m be vired in 2023/24 to the Central Directorate.

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 2022/23 budget the risk on the revenue budget has been minimised.

Contact for further information

Stuart McKellar – 01344 352180

Stuart.Mckellar@bracknell-forest.gov.uk

Calvin Orr– 01344 352125

Calvin.Orr@bracknell-forest.gov.uk

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