

**TO: THE EXECUTIVE**  
**DATE: 16 JULY 2024**

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**Capital Programme 2023/24 Outturn**  
**Executive Director: Resources**

**1 PURPOSE OF REPORT**

- 1.1 At its meeting on 22 February 2023, the Council approved a capital programme for 2023/24-2025/26. This report informs Members of the outturn expenditure position, subject to audit, for the financial year 2023/24 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 2023/24 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 £47.334m from the 2023/24 capital programme to 2024/25 including recommending that Council approves the specific schemes listed in paragraph 5.5**
- c) **Notes the financing of capital expenditure as shown in Table 2.**
- d) **Approves the capital virements in para. 5.16**

**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 2023/24 consisted of £86.168m. The projected outturn is £32.411m (37% 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, with the detailed schemes listed in Annex A.

Table 1: Capital outturn for each Directorate

### Capital Monitoring Out-turn 2023/24

Directorate/Service	Total Scheme Budgets	Cash Budgets 2023/24	Actual Expenditure 2023/24	Budgets to be carried forward	Variance from Total Scheme Budgets
Place	32,128	15,632	13,613	12,398	-6,119
Communities	11,984	9,344	9,344	2,629	-11
People - CYPL	25,131	4,067	3,853	21,064	-213
People - ASCHH	16,925	6,345	5,601	11,243	-81
<b>Total</b>	<b>86,168</b>	<b>35,409</b>	<b>32,411</b>	<b>47,334</b>	<b>-6,424</b>

#### 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 two major areas of underspend relate to projects that are outside the direct control of the Council, namely Town Centre Regeneration and Warfield Memorial Grounds. In both these projects the Council has an agency role that depends significantly on external partners. The most significant areas of underspends are;

#### Adult Social Care, Health and Housing

- **Heathlands (Underspend £76k)**  
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

- **Holly Spring Fusion (Underspend £91k)**  
Project reviewed and decision taken to cancel the scheme.

#### Place

- **Town Centre Regeneration (Underspend £2m)**  
Further progress on the Town Centre is dependent on both external partners and the current economic cycle. The full budget is not required going forward based on the likely opportunities for development over the next 2 years. As such, £4m of the budget is being surrendered until there is greater clarity on future external investment.
- **Warfield Memorial Grounds and Pavilion (Underspend £2.1m)**  
This project has been unable to proceed over the last 2 years due to a number of factors beyond the control of the Council. It is proposed to pause this project in light of the current circumstances and surrender the budget allocation (S106 Funding). More details are provided later in the report.

### Carry Forwards

- 5.4 The total carry forwards requested by service departments amount to £49.334m. Many of the projects are either close to being completed or are contractually committed and underway.
- 5.5 There are a number of schemes that carried forward budget from 2022/23 into 2023/24 and have not incurred any expenditure in 2023/24 and have requested a further carry forward into 2024/25. The Financial regulations require such carry-forward requests, where they have been funded by Council funding rather than grant funding, to be approved by Council. They are as follows:
- **Management of Open Spaces Software (£0.019m)** – Project delivery is now underway with consultants and funding is required in 24/25 to ensure a tree inspection system is implemented to mitigate highway tree risk.
  - **Library Printers** – A review of existing print facilities is still underway which has been complicated by the variety of on-demand print services. The project is expected to complete in 2024/25.
- 5.6 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:
- **Bridgewell Supporting Living (£6.12m)** – A complex project that is in progress and should complete in 2024/25
  - **Local Authority Housing Fund (£1.099m)** – The final properties related to this scheme are expected to be completed early in 2024/25.
  - **Town Centre Redevelopment (£1.974m)** – 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.
  - **Depot Project (New Build) (£0.35m)** - 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.
  - **Drainage (£0.29m)** – The Warfield Street Drainage project is on site and will be completed by Summer 2025.
  - **Avenue Car Park LED (£0.600m)** – The project is largely complete and carry forward is required for virements, final invoices and retentions to be released in early 2024/25.
  - **Berkshire Records Office (£0.272k)** – West Berkshire Council is managing this project and is currently undergoing the invitation-to-tender stage of the project.

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- **Bracknell Leisure Centre Refurbishment (£0.395m)** – The project is on track to complete early in 2024/25.
- **Mobility Schemes (£0.398m)** – Footway and cycleway improvements are underway with many schemes complete and the South Road scheme unlikely to complete until October 2024.

5.7 This year there are also significant carry forwards within the Schools block related to the Safety Valve Capital Programme. The Council's plan was agreed late in the 2023/24 financial year with Department for Education and as such the programme of works will span financial years through to 2025/26. Additional High Needs Pupil funding was allocated in March 2024 (£1.5m for 23/24 and £0.6m for 24/25) and this too contributes to the carry forward within the Schools block. Work is underway on the main projects and progress on the programme will be included within the capital monitoring in 2024/25.

### Other Issues

#### Warfield Memorial Grounds and Pavilion

5.8 This project was approved in 2022/23 with the aim of delivering improvements to the playing fields and the existing Clubhouse. This is a S106 funded scheme, however there are challenging issues over the delivery of the project. The land is not owned by the Council, and it is managed by a board of Trustees. Over the last 2 years however the Trustees have shown limited capacity to manage and deliver the scale of the investment and little progress has been made.

5.9 This is a significant and important area of open/leisure space and there are significant benefits to be gained from the improvements envisaged. A proposal was made to the Trustees in 2023 for them to consider leading on the delivery of the project however these discussions have not progressed, and the local Parish Council is now in discussions to review the scheme and potentially take over responsibility for the delivery of the improvements.

5.10 The original budget allocation was based on historical costs estimated in 2020 and uplifted for inflation based on a narrow scope of replacing the Pavilion and improving the drainage works on the site. It is likely that any review of the scheme will require the budget to be re-evaluated.

5.11 Furthermore, the Council is actively progressing the Community Hub at Warfield which will require Open Space S106 funding of up to £1M based on the current project plan. Whilst there will be sufficient Open Space S106 funding for delivering both schemes over the next 3 years it is recommended that the funding for the Warfield Memorial Grounds and Pavilion be removed from the 2023/24 carry-forward until a more specific and deliverable scheme is agreed with certainty regarding the delivery partner and the budget allocation required. This will enable sufficient S106 funds to be made immediately available to the Community Hub scheme in preparation for commencement of the scheme in 2024/25. The commitment to deliver a viable scheme at Warfield Memorial Grounds and Pavillion will remain in place.

#### Opladen Way

5.12 In March 2023, Council approved a budget of £2.5m for the Opladen Way project, which was included within the Council's capital programme. This was to support a proposal to develop seven single and family homes to address the need for temporary accommodation for homeless households. At the outset, the total cost of the project was estimated to be £2.37m. However, the consultant's latest cost plan

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indicates that this has risen to £3.43m. Given this significant increase in costs, a decision is needed on whether to continue with the project and, if not, alternative options for the site need to be considered. Costs of £215k have already been incurred in connection with the design work, ground works and planning. These costs will represent abortive spend if the project does not proceed further.

- 5.13 At the time of the original proposal, the Property Service considered various alternative uses of the site at Opladen Way, including for storage, housing redevelopment by a speculative house builder or by a Registered Provider. It was concluded that none of these was viable due to the significant cost and challenge in providing an access road into the site.
- 5.14 These potential alternative uses need to be reassessed in the light of the development work that has been undertaken to date. It should be born in mind that One Public Estate funding towards the construction of an access road would most likely be lost and that the planning considerations would be quite different if another form of housing development (e.g. market sale dwellings) was proposed on the site.
- 5.15 The Out-Turn position reflects the continuation of the scheme with a carry-forward budget in place and will be amended based on the final decision taken by the Executive on the scheme.

### **Budget Virement Approvals**

- 5.16 The Avenue Car Park scheme is underspent and it is recommended that the Executive request Council to approve virement of £100k to Highways and £160k to the Depot Project. These funds will be used to deliver additional Highways works and the instalment of solar panels and a “green roof” at the Depot. The balance of the carry-forward will be used for retentions in 2024/25. A virement is also requested from the Parking Infrastructure Upgrade to the Surface Car Parks scheme of £27k.

### **Use of capital resources**

- 5.17 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 £16.040m of government grants and other external contributions have been used to finance capital projects in 2023/24.

*Table 2: Financing of Capital Expenditure*

	£'000
Total capital expenditure	32,411
To be financed by:	
- Capital receipts	4,947
- Government Grants	11,435
- S106 and CIL	4,605
- Capital Financing Requirement	11,071
- Direct Revenue Funding	353

### **Capital Financing Requirement (CFR)**

- 5.18 As a result of the capital expenditure in 2023/24 the Council now has an overall capital financing requirement of £229.6m as at the 31 March 2024. 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 £104.2m with investments of £12.1m totalling net debt of £92.1m. This is an increase on 2022/23 and reflects the gradual movement away from the Council being able to internally fund its capital investment. More detail is provided in the Treasury Management Annual Report included within the 2023/24 Revenue Out-turn report.
- 5.19 The Council will provide for the repayment of this through the Minimum Revenue Provision (MRP) which is calculated using the policy agreed by Council and reflected in the Council's Budget. This calculation ensures that sufficient revenue funding is charged to the Council's Revenue Budget each year to reflect the notional level of borrowing that has been incurred in financing the Council's capital investment. The Council's MRP policy is in accordance with the Prudential Code and regulations prescribed in Accounting Code of Practice.

## **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 2023/24 budget the risk on the revenue budget has been minimised.

### Contact for further information

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