

## Appendix A

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# Capital Programme Financial Performance Report Quarter One 2017/18 - Supporting Information

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### 1. Introduction

- 1.1 This financial performance report, provided to Members quarterly, reports on progress with major capital schemes and forecast spend against the 2018/19 approved capital budget.
- 1.2 A capital budget for 2018/19 of £72.8 million was set by Council in March 2018 with funding of £25.5 million from external grants, £4.5 million section 106 contributions and Community Infrastructure Levy and with £42.8 million planned to be funded from borrowing.
- 1.3 The repayment of principal and interest on loans which are used to fund capital spending are met from the revenue budget for capital financing and risk management. Forecast spend on this budget is reported in the Revenue Financial Performance Report, also on this agenda.
- 1.4 At the end of Quarter One 2018/19, the Communities Directorate is forecasting an under spend of £654k mainly on Education schemes, the Economy and Environment Directorate is forecasting an under spend of £2million on Highways schemes and the Resources directorate is forecasting a net overspend of £24k mainly relating to property schemes.

### 2. Revised Budget as at the end of Quarter One 2018/19

- 2.1 During the year budget changes may be approved by Capital Strategy Group (CSG) as per the approval limits set in the Council's Financial Regulations. Budget changes occur as a result of budgets brought forward from the previous financial year, additional grants and section 106 allocations received in year and spend re-profiled into 2019/20.
- 2.2 The revised budget at Quarter One is £84.2million compared to an original budget of £72.8million. The change mainly consists £11.3 million programme slippage from the financial year 2017/18, which was agreed by CSG in May 2018 and which was explained in the Capital Outturn Report to the Executive on the 14<sup>th</sup> June 2018. The table below gives a breakdown of programme slippage by service. It also explains all the other changes to the capital budget which have been agreed by CSG up to the end of Quarter One.

# Capital Programme Financial Performance Report Quarter One 2017/18 - Supporting Information

Service Area	Original Budget 2018/19 £000	Budget Agreed by CSG to be Slipped from 2017/18 £000	Other Agreed Changes to 2018/19 Budget £000	Revised Budget for 2018/19 £000	Explanation of Other Agreed Changes	Approved by
<b>COMMUNITIES DIRECTORATE</b>						
Adult Social Care	1,309	310	0	1,619	None	
Children's Services	20	44	42	106	Increase in cost of West Point refurbishment funded from Corporate Allocation (in Finance)	CSG 17-5-18
Education Services	10,355	516	44	10,915	£29k Additional School Condition Grant Received for 2018/19; £15k grant and revenue contributions to new SEND website	CSG 17-5-18 Finance Manager & HoS
<b>Total for Communities Directorate</b>	<b>11,684</b>	<b>870</b>	<b>86</b>	<b>12,640</b>		
<b>ENVIRONMENT DIRECTORATE</b>						
Development and Planning	4,267	579	0	4,846	None	
Public Protection & Culture	953	313	0	1,266	None	
Transport & Countryside	18,621	4,682	0	23,303	None	
<b>Total for Environment Directorate</b>	<b>23,841</b>	<b>5,574</b>	<b>0</b>	<b>29,415</b>		
<b>RESOURCES DIRECTORATE</b>						
Finance and Property	32,349	4,506	(52)	36,803	£42k transferred to Children and Families re West Point refurbishment; £10k transferred to strategic support for disability adaptations	CSG 17-5-18 CSG 14-12-15
Customer Services and ICT	4,811	147	0	4,958	None	
Human Resources	0	61	0	61	None	
Legal	43	0	0	43	None	
Strategic Support	105	145	10	260	£10k allocated for disability adaptations as agreed in 2015/16	CSG 14-12-15
<b>Total for Resource Directorate</b>	<b>37,308</b>	<b>4,859</b>	<b>(42)</b>	<b>42,125</b>		
<b>Totals</b>	<b>72,833</b>	<b>11,303</b>	<b>44</b>	<b>84,180</b>		

## 3. Summary of Forecast Capital Spend 2018/19

Directorate	Original Budget £000	Revised Budget £000	Total Spent and Committed to 30/6/18 £000	Forecast Outturn £000	Forecast Variance £000
Communities	11,684	12,640	3,869	11,986	(654)
Economy and Environment	23,841	29,415	10,180	27,415	(2,000)
Resources	37,308	42,125	17,216	42,149	24
<b>Total all services</b>	<b>72,833</b>	<b>84,180</b>	<b>31,265</b>	<b>81,550</b>	<b>(2,630)</b>

3.1 At the end of Quarter One, total spend of £81.6m is forecast against the revised capital budget of £84.2m and 37.1% of the revised budget has been committed.

#### 4. Communities Directorate Quarter One Review

Service	Original Budget	Revised Budget	Total Spent and Committed to 30/6/18	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000	£000
Adult Social Care	1,309	1,619	210	1,619	0
Children and Families Services	20	106	99	113	7
Education Services	10,355	10,915	3,560	10,254	(661)
<b>Total</b>	<b>11,684</b>	<b>12,640</b>	<b>3,869</b>	<b>11,986</b>	<b>(654)</b>

- 4.1 At the end of Quarter One the directorate is forecasting capital spend of £12million or 95% of the revised capital budget of £12.6million. 31% of the capital budget has been committed at the end of Quarter One.
- 4.2 Adult Social Care is forecasting an online position at Quarter One. No issues are currently reported with delivery of the programme which includes occupational therapy equipment, assistive technology, ICT and other equipment for implementation of the Care Act and refurbishment of care homes.
- 4.3 Children and Family Services is forecasting a year end overspend of £7k against a £106k capital budget at Quarter One. The forecast pressure is the result of works to a foster carer's home. The cost of works to a foster carer's home is estimated at £7k above the current year budget of £18k. The service has therefore requested funds to be brought forward from the 2019/20 budget for this purpose, if agreed the service will deliver an online position at the year end. In respect of major projects the refurbishment of West Point House is complete and the relocation of staff from York House is underway.
- 4.4 Education Services is forecasting a year end underspend of £661k against a capital budget of £10.9million at Quarter One. The forecast underspend is the result of delays to a number of schemes including Hungerford Primary kitchen expansion, additional places at Trinity School, the installation of a modular classroom at Theale Primary School and improvements to the school hall and early years facilities at the Westwood Farm Federation. The forecast underspend of £661k is expected to be re-profiled. In respect of major projects the development agreement with Newbury College for the building of Highwood Copse School was completed on the 16<sup>th</sup> July and the contract to build the school is about to be let. This should enable the school to be completed in July 2019 and to open in September 2019. No agreement has yet been reached with Theale Parish Council on the relocation of Theale Primary school and therefore this scheme cannot proceed at present.
- 4.5 Cost pressures have been identified on key schemes in the 2018/19 programme. These include increases of £200k in the estimated cost of the Theale Primary School scheme and £547k for Highwood Copse mainly because of construction price increases. These pressures will potentially impact on the 2019/20 capital programme. Ongoing funding for these schemes will be therefore considered by Capital Strategy Group as part of the 2019/20 budget build process.

## 5. Economy and Environment Directorate Quarter One Review

Service	Original Budget	Revised Budget	Total Spent and Committed to 30/6/18	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000	£000
Development and Planning	4,267	4,846	1,790	4,846	0
Public Protection & Culture	953	1,266	158	1,266	0
Transport & Countryside	18,621	23,303	8,232	21,303	(2,000)
<b>Total</b>	<b>23,841</b>	<b>29,415</b>	<b>10,180</b>	<b>27,415</b>	<b>(2,000)</b>

- 5.1 At the end of Quarter One the directorate is forecasting capital spend of £27.4 million, or 93% of the capital budget of £29.4million. 35% of the capital budget has been committed at the end of Quarter One.
- 5.2 The Development and Planning Service is forecasting an online position at Quarter One. Although the service is currently planning to deliver the capital programme in year, problems with the relocation of some tenants of the Four Houses Corner Gypsy and Travellers site are ongoing and alternative options for the future of the site are now being considered. New sources of funding (e.g. Homes England grant) are being sought to fund new temporary accommodation and the new transport planning model is on track to be completed in the third quarter of the financial year.
- 5.3 Public Protection and Culture is forecasting an online position at Quarter One. Good progress is being made with the Public Protection and Culture programme, but it may be necessary to re-profile to 2019/20 some spending on the chemical store at the Northcroft Leisure Centre and on new energy saving schemes.
- 5.4 Transport and Countryside is forecasting a £2 million under spend as at Quarter One, as it is now proposed that the Dunstan Park and South East Thatcham Flood Alleviation Schemes should be spread over two financial years. This is due to the complexity of the scheme and the need to divert a number of utilities and £2 million of the environment agency grant is therefore now planned to be spent in 2019/20. The A339/Bear Lane junction scheme is currently out to tender, but the start may be delayed by the lack of availability of suitable contractors at this time. The Kings Road link is still delayed by the developer, but other schemes, including the surfacing programme, A4 cycle improvements and the new Newbury Bus Station, are progressing well.

## 6. Resources

Service	Original Budget	Revised Budget	Total Spent and Committed to 30/6/18	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000	£000
Finance and Property	32,349	36,803	16,691	36,842	39
Customer Services and ICT	4,811	4,958	499	4,958	0
Legal Services	0	61	0	61	0
Human Resources	43	43	0	28	(15)
Strategic Support	105	260	26	260	0
<b>Total</b>	<b>37,308</b>	<b>42,125</b>	<b>17,216</b>	<b>42,149</b>	<b>24</b>

- 6.1 At the end of Quarter One the directorate is forecasting capital spend of £42.15 million or 100% of the capital budget of £42.1 million. 41% of the capital budget has been committed at the end of Quarter One.
- 6.2 The Finance and Property Service is currently forecasting an over spend of £39k. Pressures have been identified relating to maintenance of non-corporate buildings (£26k) and the Grazeley and Sandleford developments (£13k). £35.1 million of the £36.8 million budget relates to Property Investments. At Quarter One, £16.3million of the Property Investment budget had been committed and it is anticipated that the full amount of this budget will be committed by the year end. This does not include the additional £50 million budget for property investment which was approved by the Council on the 3<sup>rd</sup> July 2018. The forecast profiling of spend against this additional budget will be reported at Quarter Two.
- 6.3 Customer Services and ICT are currently forecasting an on line position at Quarter One. However it should be noted that the contracts with British Telecom and Gigaclear to deliver phase 3 of the Superfast Broadband project are both now subject to considerable delay. The impact of this delay on spend against the current year's capital budget will be reported at Quarter Two. It should also be noted that the current year budget for the corporate ICT replacement programme is already 97% committed at the end of Quarter One and that there is likely to be pressure on this budget and/or it may be necessary to postpone the replacement of some equipment, now due, until next financial year.
- 6.4 Legal Services are forecasting online position at Quarter One. Identified costs for capital schemes will either be funded from the budget for the scheme to which they relate or from the budget for legal capital salaries.
- 6.5 The Human Resources service is forecasting that £15k of its budget in respect of the leave management module of the new HR/Payroll system will need to be re-profiled to 2019/20. The Myview module of the new Human Resources/Payroll system is currently being tested, and the recruitment and expenses modules are expected to be completed within this financial year.
- 6.6 Strategic Support is forecasting an online position at Quarter One. Members' community bids and parish planning grant programmes are expected to be fully allocated and claimed by year end.

## **7. Conclusion**

- 7.1 Progress against delivery of the capital programme and expenditure committed against the capital budget will continue to be monitored by CSG and a further report will be made to the Executive at the end of Quarter Two.

## **8. Consultation and Engagement**

- 8.1 Nick Carter – Chief Executive, John Ashworth – Corporate Director, Capital Strategy Group

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**Subject to Call-In:**

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Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☐

Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months ☐

Item is Urgent Key Decision ☐

Report is to note only ☒

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**Strategic Aims and Priorities Supported:**

The proposals will help achieve the following Council Strategy aim:

☒ **MEC – Become an even more effective Council**

The proposals contained in this report will help to achieve the following Council Strategy priority:

☒ **MEC1 – Become an even more effective Council**

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