
Capital Programme Financial Performance Report Quarter Three 2018/19 - Supporting Information

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 £72.8million was set by Council in March 2018 with funding of £25.5million from external grants, £4.5million section 106 contributions and Community Infrastructure Levy and with £42.8million planned to be funded from borrowing. During the year budget changes may occur, mainly 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.
- 1.3 The repayment of principle 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.

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

- 2.1 During the year budget changes may occur, mainly 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. Allocations of additional funding of less than £50k can be approved by the Finance Manager and the relevant Head of Service and other budget changes must be approved by Capital Strategy Group (CSG) as set in the Council's Financial Regulations.
- 2.2 The revised budget at Quarter Three is £90.6million compared to an original budget of £72.8million. The table below gives a breakdown of programme slippage by service and all other changes to the capital budget as at the end of Quarter Three, inclusive of a number of items which were previously treated as revenue expenditure but which have been added to the capital programme following a review of revenue budgets in 2018/19.

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
COMMUNITIES DIRECTORATE						
Adult Social Care	1,309	310	(80)	1,539	+£75k re Increase in cost of Care Director +£295k re £423k cost of OTs delivering OT equipment transferred from revenue to capital part funded by £128k vired from existing budget for Care Act Equipment and £213k from additional DFG grant -£450k: Assistive technology reprofiled to 2019/20 and 2020/21	CSG 19-7-18 CSG 20-12-18 CSG 20-12-18
Children's Services	20	44	49	113	+£42k Increase in cost of West Point refurbishment funded from Corporate Allocation (in Finance) +£7k brought forward from 2019/20 re building works to foster carers' homes	CSG 17-5-18 CSG 20-12-18
Education Services	10,355	516	(1,556)	9,315	+£29k Additional School Condition Grant Received for 2018/19; +£15k grant and revenue contributions to new SEND website +£67k Aid & Adaptations (inc OT time) transferred from revenue) -£1,667k reprofiled to 2019/20	CSG 17-5-18 Finance Manager & HoS CSG 20-12-18 CSG 20-12-18
Total for Communities Directorate	11,684	870	(1,587)	10,967		
ENVIRONMENT DIRECTORATE						
Development and Planning	4,267	579	(1,182)	3,664	-£1,182 reprofiled to 2019/20 re Four Houses Corner Gypsy & Traveller Site +£45k transferred from revenue re transport policy officer	CSG 20-12-18 CSG 20-12-18
Public Protection & Culture	953	313	(379)	887	+£162k re library books transferred from revenue -£541k reprofiled to 2019/20 re maintenance of leisure centres & Shaw House	CSG 22-11-18 CSG 22-11-18
Transport & Countryside	18,621	4,682	(930)	22,373	-£3,393k reprofiled to 2019/20 +£563k transferred from revenue re hand patching, road markings & drainage +£1.9m additional Highways Maintenance Grant	CSG 19-7-18 CSG 20-12-18 CSG 20-12-18
Total for Environment Directorate	23,841	5,574	(2,491)	26,924		
RESOURCES DIRECTORATE						
Finance and Property	32,349	4,506	10,462	47,317	-£42k transferred to Children and Families re West Point refurbishment; -£10k transferred to strategic support for disability adaptations +£20k transferred from revenue re part of Capital Finance Manager -£100k reprofiled to 2019/20 re Agresso Upgrade +£10,594k of additional £50m budget for Commercial Property added in 2018/19	CSG 17-5-18 CSG 14-12-15 CSG 20-12-18 CSG 20-12-18 CSG 20-12-18
Customer Services and ICT	4,811	147	0	4,958	None	
Human Resources	0	61	0	61	None	
Legal	43	0	0	43	None	
Chief Exec	0	0	110	110	£110k added for Legal Costs for LRIE	CSG 20-12-18
Strategic Support	105	145	10	260	£10k allocated for disability adaptations as agreed in 2015/16	CSG 14-12-15
Total for Resource Directorate	37,308	4,859	10,582	52,749		
Totals	72,833	11,303	6,504	90,640		

3. Council Quarter Three Position

- 3.1 At the end of Quarter Three, expenditure of £87.6million has been forecast against the £90.6million budget (97%), an overall underspend of £3.1million is anticipated against the planned programme at outturn.

Directorate Summary	Current Budget	Quarter Two		Quarter Three		Change in Forecast from Last Quarter
		Forecast Spend in Year	Forecast (under)/Over Spend	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000
Communities	10,967	11,778	(937)	10,967	0	937
Economy & Environment	26,924	25,947	(2,878)	26,924	0	2,878
Resources	52,749	42,149	24	49,671	(3,078)	(3,102)
Totals	90,640	79,874	(3,791)	87,562	(3,078)	713

- 3.2 It should also be noted that expenditure capitalised in 2018/19 are recurring items of expenditure, it will therefore be necessary to borrow a similar amounts to fund them in 2019/20 and subsequent years. The borrowing requirement has been absorbed into the annual £500k increase in the revenue capital financing budget set in the Medium Term Financial Strategy.

4. Communities Directorate Quarter Three Review

Communities	Current Budget	Quarter Two		Quarter Three		Change in Forecast from Last Quarter
		Forecast Spend in Year	Forecast (under)/Over Spend	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	1,539	1,694	0	1,539	0	0
Children & Family Services	113	113	7	113	0	(7)
Education Services	9,315	9,971	(944)	9,315	0	944
Totals	10,967	11,778	(937)	10,967	0	937

- 4.1 At the end of Quarter Three the Communities directorate is forecasting capital spend of £10.9 million, 100% of the revised capital budget.
- 4.2 The capital budget for Adult Social Care the budget has been increased by £295k since Quarter Two to reflect the cost of Occupational Therapists helping to deliver equipment for people with disabilities. The assistive technology project is now planned to proceed in the new financial year, so £450k of the budget for that project has been profiled to 2019/20 and 2020/21. The service currently expects to spend in line with its revised budget.
- 4.3 The budget for Children and Family Services has increased by £7k to reflect the increased cost of works to a foster carer's home. This increase is offset by a corresponding decrease in the proposed 2019/20 budget which was agreed by CSG on the 20th December 2018. 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 has undertaken a thorough review of its current year programme during Quarter Three and as a result has re-profiled £1.67million spend to 2019/20 and later years. This is due to delays to a number of school schemes including the expansion of Trinity School and Winchcombe Primary School; improvements to Aldermaston Primary School and Hungerford Primary School kitchen and the new East of Area PRU.

- 4.5 In respect of major projects, the new Highwood Copse School is still on track for completion in July 2019. There are still some minor legal issues to be resolved with Theale Parish Council before we can finalise the lease for the land required for the relocation of Theale Primary school. The scheme is now scheduled to start on site in May 2019 and to be completed in July 2020. Some progress has been made in discussions with Tilehurst Parish Council about the design for the new East of Area PRU, but some issues have still to be resolved and this project is currently expected to be completed in September 2020.

5. Economy and Environment Directorate Quarter Three Review

Economy & Environment	Current Budget	Quarter Two		Quarter Three		Change in Forecast from Last Quarter
		Forecast Spend in Year	Forecast (under)/Over Spend	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000
Development & Planning	3,664	4,846	0	3,664	0	0
Public Protection & Culture	887	1,280	0	887	0	0
Transport & Countryside	22,373	19,821	(2,878)	22,373	0	2,878
Totals	26,924	25,947	(2,878)	26,924	0	2,878

- 5.1 At the end of Quarter Three the directorate is forecasting capital spend of £26.9 million, 100% of the revised capital budget.
- 5.2 The Development and Planning Service has re-profiled £1.18m budget for the Four Houses Corner Gypsy and Travellers site because of problems with relocation of some tenants and ongoing contamination of the site are ongoing. The scheme to redevelop the site is currently planned to proceed in 2019/20, although it is likely that the cost will increase due to the additional contamination and alternative options for the future of the site are being considered.
- 5.3 Public Protection and Culture has also re-profiled £541k spend on maintenance of Leisure centres (including repairs to the chemical store at the Northcroft Leisure Centre) and Shaw House.
- 5.4 In Transport and Countryside, an additional £1.9million was awarded by the Department for Transport in December for Highway Maintenance. This has been split amongst a number of maintenance operations. Every effort will be made to spend this money in-year, however it is highly likely some of this funding will have to be re-profiled into 2019/20.
- 5.5 The resurfacing programme is progressing well. The A339/Bear Lane junction improvements are still scheduled to start in January 2019, so the majority of the cost will now be incurred in 2019/20. The latest estimate of costs for the Dunston Park flood alleviation scheme, funded by the Environment Agency, is higher than expected so the scheme is being reviewed with a view to reducing costs. The developer of the Kings Road link site has now commenced decontamination of the site and funding for this work from Homes England is being finalised. The new Newbury Bus Station is now fully operational.

6. Resources Directorate Quarter Three Review

Resources	Current Budget	Quarter Two		Quarter Three		Change in Forecast from Last Quarter
		Forecast Spend in Year	Forecast (under)/Over Spend	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000
Finance & Property	47,317	36,842	39	47,356	39	0
Customer Services & ICT	4,958	4,958	0	1,863	(3,095)	(3,095)
Human Resources	61	61	0	39	(22)	(22)
Legal Services	43	28	(15)	43	0	15
Chief Executive	110	0	0	110	0	0
Strategic Support	260	260	0	260	0	0
Totals	52,749	42,149	24	49,671	(3,078)	(3,102)

- 6.1 At the end of Quarter Three the directorate is forecasting capital spend of £49.7 million, or 94% of the capital budget of £52.7million.
- 6.2 The budget for the Finance and Property Service has been increased by £10.5 million in Quarter Three. This mainly consists of part of the additional £50million budget for commercial property which was approved by the Council in July. The remainder of this budget is expected to be spent in 2019/20. £100k for the Agresso upgrade has been re-profiled to 2019/20.
- 6.3 The Finance & Property service is forecasting an over spend of £39k due to pressures relating to maintenance of non-corporate buildings (£26k) and consultancy costs relating to potential development sites owned by the Council. These items have been allowed for in the draft 2019/20 capital programme.
- 6.4 Customer Services and ICT are now forecasting an under spend of £3.08million because of significant delays to the contracts with British Telecom and Gigaclear to deliver phase 3 of the Superfast Broadband project. The overspend on corporate ICT replacement reported at Quarters One and Two is now expected to be offset within this financial year by underspends on other projects and additional resources are proposed to be allocated for replacement of corporate equipment in 2019/20.
- 6.5 Legal Services are forecasting online position at Quarter Three. 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.
- 6.6 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 has now been deployed in five schools and continue to be rolled out to other users over the remainder of the financial year.
- 6.7 Strategic Support is forecasting an online position at Quarter Three. Members' community bids and parish planning grant programmes are expected to be fully allocated and claimed by year end.

7. Conclusion

- 7.1 Progress with all capital schemes and in particular those which are considered to be high risk, will continue to be monitored by CSG and the final outturn position will be reported to Executive in June 2019.

8. Consultation and Engagement

- 8.1 John Ashworth – Corporate Director, Capital Strategy Group. Andy Walker – Head of Finance.

Subject to Call-In:

Yes: ☒ No: ☐

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input type="checkbox"/>

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**

Officer details:

Name:	Andy Walker
Job Title:	Head of Finance
Tel No:	01635 519433
E-mail Address:	andy.walker@westberks.gov.uk
