

2019/20 Capital Programme Financial Performance Report Quarter One – Supporting Information

1. Introduction/Background

- 1.1 This financial performance report, provided to Members quarterly, reports on progress with major capital schemes and forecast spend against the 2019/20 approved capital budget.
- 1.2 A capital budget for 2019/20 of £75 million was set by Council in March 2019 with funding of £20.8 million from external grants, £5.4 million section 106 contributions and Community Infrastructure Levy and with £48.8 million planned to be funded from borrowing.
- 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 Quarter One

- 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 2020/21. Allocations of additional funding of less than £50k can be approved by the Chief Financial Accountant and the relevant Head of Service, all 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 One is £88.1 million. As part of the yearend process for 2018/19 £8.5 million of slippage was agreed by CSG and is now included within the 2019/20 budget allocation. Appendix D gives a breakdown of programme slippage by service and all other changes to the capital budget.

3. Position as at Quarter One

Directorate Summary	Current Budget	Quarter One		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	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000			£'000
People	18,605	16,963	(1,642)					
Place	30,282	27,282	(3,000)					
Resources	39,215	4,215	(35,000)					
Totals	88,102	48,460	(39,641)	0	0	0	0	0

- 3.1 At the end of Quarter One expenditure of £48.4 million has been forecast against the revised budget of £88.1 million, an overall underspend of £39.6 million, 45% of the budget.

3.2 The key areas contributing to the underspend position are:

- (1) Commercial Property (within Finance and Property Services, Resources Directorate), forecast £35 million underspend.
- (2) Development and Planning, forecast £3 million underspend.
- (3) Education Services, forecast £1.8 million underspend.

4. People Directorate Review

People	Current Budget	Quarter One		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	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	1,486	1,640	154		0			
Children & Family Services	7	7	0		0			
Education Services	17,112	15,316	(1,796)		0			
Totals	18,605	16,963	(1,642)	0	0	0	0	0

4.1 The directorate is forecasting an underspend of £1.6 million (9% of the budget).

4.2 Adult Social Care is forecasting an overspend of £154k relating to funding of Occupational Therapists capitalised as part of a corporate mitigation programme in 2018/19. The occupational Therapists are funded from the budget for the NRS equipment. Use of the NRS contract has been increased to deliver a revenue saving for doubled handed care.

4.3 Education Services is forecasting a £1.8 million underspend. Key projects influencing the forecast position are:

- (1) Theale Primary basic need, £354k overspend. The project is expected to complete during 2019/20, with all construction costs incurred in 2019/20.
- (2) The Willink (expansion feasibility), £664k underspend. The project is currently delayed at the design stage.
- (3) Speenhamland two form entry expansion project, £647k underspend. The project is delayed as awaiting for Land Acquisition Committee approval for project design.
- (4) Trinity School basic need, £380k overspend. The project is progressing more quickly than anticipated incurring additional costs in 2019/20.
- (5) East Area Pupil Referral Unit redevelopment, £1,008 million underspend. The project is significantly delayed due to need to re-design; planning issues and decision to slip project to align with a later move out date to reduce time in temporary accommodation contributing to the forecast position.
- (6) Across the balance of the Education programme there are a number of smaller over and underspends of under £150k across multiple projects.

4.4 Children & Family Services are forecasting an online position.

5. Places Directorate

Place	Current Budget	Quarter One		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	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development & Planning	4,194	1,385	(2,809)		0			
Public Protection & Culture	2,594	2,594	(0)		0			
Transport & Countryside	23,494	23,303	(191)		0			
Totals	30,282	27,282	(3,000)	0	0	0	0	0

5.1 The directorate is forecasting an underspend of £3 million, (10% of the budget).

5.2 Development and Planning is forecasting a £2.8 million underspend, key projects contributing to the forecast position are:

- (1) Redevelopment of Four Houses Corner, £2 million underspend. Delays on the project have been incurred through issues with existing occupants vacating the site allowing for works to commence.
- (2) Purchase of temporary accommodation, £263k underspend. Two properties are still to be purchased.
- (3) Disabled Facilities Grant, £559k underspend. Demand led budget,
- (4) Across the balance of the Development and Planning programme there are a number of smaller over and underspends of under £60k across multiple projects.

5.3 Transport and Countryside is forecasting a £191k underspend relating to the development of the Henwick Worthy Sports Facilities funded by section 106. The project is not expected to be undertaken in 2019/20.

5.4 Public Protection and Culture are forecasting an online position.

6. Resources Directorate

Resources	Current Budget	Quarter One		Quarter Two		Quarter Three		Change in Forecast from Last
		Forecast Spend in	Forecast (under)/Over	Forecast Spend in	Forecast (under)/Over	Forecast Spend in	Forecast (under)/Over	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer Services & ICT	1,532	1,532	0					
Finance & Property	2,243	2,243	0					
Finance & Property - Commercial Property	35,000	0	(35,000)					
Human Resources	61	61	(0)					
Strategic Support & Legal	344	344	0					
Chief Executive	35	35	0					
Totals	39,215	4,215	-35,000	0	0	0	0	0

6.1 The directorate is forecasting an overspend of £35 million, (89% of the budget).

6.2 The forecast £35 million underspend relates to the Commercial Property budget held within Finance and Property Services. Executive agreed in June 2019 to

review the property investment strategy. Until the strategy review is complete, forecasting is based on the likelihood that the Commercial Property budget of £35 million will not be spent in year and the full budget is forecast as an underspend at Quarter One.

6.3 All other services within the directorate are forecasting on line positions.

7. Options for Consideration

7.1 None

8. Proposals

8.1 None

9. Conclusion

9.1 Progress with all capital schemes will continue to be monitored by CSG throughout the financial year. The final outturn position will be reported to Executive in June 2020.

10. Consultation and Engagement

10.1 John Ashworth – Corporate Director for Economy & Environment. Andy Walker – Head of Finance and Property

Subject to Call-In:

Yes: ☐ No: X

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	X

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Appendix D

2019/20 Budget Changes

Service Area	Service Code	Original Budget 2019/20	Budget Agreed by CSG to be Slipped from 2018/19	Other Agreed Changes to 2019/20 Budget	Revised Budget for 2019 /20	Explanation of Other Agreed Changes	Approved by
		£000	£000	£000	£000		
PEOPLE DIRECTORATE							
Adult Social Care	COMASC	1,576	(90)	0	1,486		
Children's Services	COMCS	13	(6)	0	7		
Education Services	COMES	16,120	992	0	17,112		
Total for the People Directorate		17,709	896	0	18,605		
PLACE DIRECTORATE							
Development and Planning	ENVDP	3,582	612	0	4,194		
Public Protection & Culture	ENVPPC	2,379	216	(1)	2,594		
Transport & Countryside	ENVTC	12,645	6,374	4,475	23,494	£1.9 m reprofiled from 18/10	CSG 19/07/18
						£2,575m reprofiled from 18/19	CSG 08/11/18
Total for the Place Directorate		18,606	7,202	4,474	30,282		
RESOURCES DIRECTORATE							
Customer Services and ICT	RESCSI	1,446	82	4	1,532	£4k to ICT for Lone working	CSG 09/05/19
Finance & Property	RESFIN	1,996	165	6	2,167	£6k to Finance for IDEA Software	CSG 09/05/19
Finance & Property : Corporate Allocation Budget	87620	98	0	(22)	76	£4.5k to ICT for Lone Working, £12k to Legal for Iken, £6k to finance for IDEA Software	CSG 09/05/19
Finance & Property : Commercial Property Budget	89900	35,000	0	0	35,000		
Human Resources	RESHR	0	61	0	61		
Strategic Support & Legal	RESSG	161	171	12	344	£12k To Legal for Iken	CSG 09/05/19
Chief Exec	RESCX	35	0	0	35		
Total for Resources Directorate		38,736	479	0	39,215		
Totals		75,051	8,577	4,474	88,102		