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# Capital Financial Performance Report

## 2019/20 Quarter Three

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<b>Committee considering report:</b>	Executive
<b>Date of Committee:</b>	13 February 2020
<b>Portfolio Member:</b>	Councillor Ross Mackinnon
<b>Date Portfolio Member agreed report:</b>	
<b>Report Author:</b>	Shannon Coleman-Slaughter
<b>Forward Plan Ref:</b>	EX3801

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### 1. Purpose of the Report

The financial performance report provided to Members on a quarterly basis reports on the under or over spends against the Council's approved capital budget. This report presents the Quarter Three financial position.

### 2. Recommendation

This performance report is for members to note, no decisions are required.

### 3. Implications and Impact Assessment

Implication	Commentary
<b>Financial:</b>	At Quarter Three £46.7 million of agreed expenditure is to be re-profiled into 2020/21. Re-profiling occurs through delays to commencement and completion of projects. Individual projects are monitored by the relevant project board and governance groups. £35 million of the £46.7 million relates to the Commercial Property Acquisitions budget which is held within Finance & Property Services.
<b>Human Resource:</b>	Not applicable
<b>Legal:</b>	Not applicable
<b>Risk Management:</b>	Any significant delays in project delivery impact on the provisional budget for 2020/21 and subsequent years. Not fully utilising the Commercial Property budget (£35 million) will result in the Property Investment Strategy not being fully invested and compromising budgeted revenue returns in 2019/20 and planned returns for 2020/21.
<b>Property:</b>	Not applicable
<b>Policy:</b>	Not applicable

	Positive	Neutral	Negative	Commentary
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT or Digital Services Impact:</b>		X		
<b>Council Strategy Priorities or Business as Usual:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	Capital Strategy Group Joseph Holmes, Executive Director of Resources, s151 Officer			

## 4. Executive Summary

4.1 At the end of Quarter Three expenditure of £45.7 million has been forecast against a revised budget of £91.8 million, an overall underspend of £46.1 million.

Directorate Summary	Quarter One			Quarter Two			Quarter Three			Change in Forecast from Last Quarter
	Budget at Q1	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q3	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000
People	£18,605	£16,963	(£1,642)	£18,605	£16,369	(£2,236)	£18,620	15,976	(£2,644)	(408)
Place	£30,282	£27,282	(£3,000)	£32,831	£24,617	(£8,214)	£30,989	22,968	(8,021)	194
Resources	£39,215	£4,215	(£35,001)	£39,185	£4,266	(£34,918)	£42,279	6,831	(£35,448)	(529)
Totals	£88,102	£48,460	(£39,643)	£90,621	£45,252	(£45,369)	£91,888	45,775	(46,112)	(744)

4.2 The key areas contributing to the underspend position are:

- Commercial Property (within Finance and Property Services, Resources Directorate), forecast £35 million underspend. The forecast position remains unchanged from Quarters One and Two.
- Highways and Countryside forecasting approximately £6 million of underspend cumulative across the Sandford Access Project and the Newbury railway Station Improvements Project.
- Education Services, forecasting a £2.7 million underspend across a number of school projects, most notably Highwood Copse (£668k), The Willink (£659k) and Speenhamland Primary two form entry project (£783k).

4.3 Based on the financial performance against the approved Capital Programme as at Quarter Three, Capital Strategy Group have agreed £46.7 million of the approved Capital Programme is to be re-profiled into 2020/21, inclusive of the £35 million Commercial Property budget and the underspends detailed in section 4.2 above. Appendix B provides a detailed breakdown of budgets to be re-profiled.

## 5. Supporting Information

### Introduction/Background

5.1 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 of section 106 contributions (s106) and Community Infrastructure Levy (CIL), with £48.8 million of expenditure planned to be funded from external borrowing. The repayment of principal sums and interest on loans used to fund capital expenditure are met from the revenue budget for capital financing and risk management. Forecast spend against this budget is reported in the Revenue Financial Performance Report.

5.2 During the financial year budget changes may occur, mainly as a result of budgets brought forward from prior financial years, additional grants, s106 and CIL allocations received in year and expenditure re-profiled in future financial years. Allocations 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.

5.3 The revised budget at Quarter Three is £91.8 million. As part of the yearend process for 2018/19 £8.5 million of re-profiling was agreed by CSG and is now included within the 2019/20 budget allocation. Appendix A gives a breakdown of budget changes as at Quarter Three by service.

### Performance Review As At Quarter Three

5.1 At Quarter Three expenditure of £45.7 million has been forecast against the revised budget of £91.8 million, resulting in a forecast under spend of £46.1 million, 50% of the revised budget.

Directorate Summary	Quarter One			Quarter Two			Quarter Three			Change in Forecast from Last Quarter
	Budget at Q1	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q3	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000
People	£18,605	£16,963	(£1,642)	£18,605	£16,369	(£2,236)	£18,620	15,976	(£2,644)	(408)
Place	£30,282	£27,282	(£3,000)	£32,831	£24,617	(£8,214)	£30,989	22,968	(8,021)	194
Resources	£39,215	£4,215	(£35,001)	£39,185	£4,266	(£34,918)	£42,279	6,831	(£35,448)	(529)
Totals	£88,102	£48,460	(£39,643)	£90,621	£45,252	(£45,369)	£91,888	45,775	(46,112)	(744)

5.2 The key areas contributing to the underspend position are:

- Commercial Property (within Finance and Property Services, Resources Directorate), forecast £35 million underspend. The forecast position remains unchanged from Quarters One and Two.
- Highways and Countryside forecasting approximately £6 million of underspend cumulative across the Sandford Access Project and the Newbury railway Station Improvements Project.
- Public Protection and Countryside are forecasting a £638k underspend against phase two of the Solar Photovoltaics project.
- Education Services, forecasting a £2.7 million underspend across a number of school projects, most notably Highwood Copse (£668k), The Willink (£659k) and Speenhamland Primary two form entry project (£783k).
- Customer Services and ICT are forecasting a £528k underspend against the implementation of superfast broadband.

5.3 Based on the financial performance against the approved Capital Programme as at Quarter Three, Capital Strategy Group have agreed £46.7 million of the approved Capital Programme is to be re-profiled into 2020/21, inclusive of the £35 million Commercial Property budget. Appendix B provides a detailed breakdown of budgets to be re-profiled.

## People Directorate as at Quarter Three

People	Quarter One			Quarter Two			Quarter Three			Change in Forecast from Last Quarter
	Budget at Q1	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q3	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	£1,486	£1,640	£154	£1,486	£1,636	£150	£1,501	1,573	72	(78)
Children & Family Services	£7	£7	£	£7	£7	£	£7	7	0	0
Education Services	£17,112	£15,316	(£1,796)	£17,112	£14,726	(£2,386)	£17,112	14,395	(2,717)	(331)
<b>Totals</b>	<b>£18,605</b>	<b>£16,963</b>	<b>(£1,642)</b>	<b>£18,605</b>	<b>£16,369</b>	<b>(£2,236)</b>	<b>£18,620</b>	<b>15,976</b>	<b>(£2,644)</b>	<b>(408)</b>

5.4 The directorate is forecasting a £2.6 million underspend against a revised budget of £18.6 million, this is a £408k increase on the forecast underspend at Quarter Two.

- Adult Social Care has reduced the forecast overspend against Occupational Therapists through a £200k revenue contribution to capital. This has been partially offset through an increase in the forecast overspend against maintenance of residential care homes and days centres.
- Education Services has increased the forecast underspend mainly through project delays relating to Highwood Copse and Parsons Down.

## Place Directorate as at Quarter Three

Place	Quarter One			Quarter Two			Quarter Three			Change in Forecast from Last Quarter
	Budget at Q1	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q3	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development & Planning	£4,194	£1,385	(£2,809)	£4,282	£2,323	(£1,959)	£2,382	2,318	(£64)	1,895
Public Protection & Culture	£2,594	£2,594	(£)	£2,594	£2,336	(£258)	£2,652	1,120	(£1,532)	(1,274)
Transport & Countryside	£23,494	£23,303	(£191)	£25,955	£19,958	(£5,997)	£25,955	19,531	(£6,424)	(427)
<b>Totals</b>	<b>£30,282</b>	<b>£27,282</b>	<b>(£3,000)</b>	<b>£32,831</b>	<b>£24,617</b>	<b>(£8,214)</b>	<b>£30,989</b>	<b>22,968</b>	<b>(£8,021)</b>	<b>194</b>

5.5 The directorate is forecasting a £8 million underspend against a revised budget of £30.9 million, this is a £194k decrease on the forecast underspend at Quarter Two.

- Post Quarter Two, £1.9 million of budget relating to Four Houses Corner has been reprofiled into 2020/21 as a result of project delays.
- The Public Protection & Culture underspend has increased by £1.2 million, primarily relating to project delays for Solar Photovoltaics and leisure centre maintenance and modernisation works.
- The Transport & Countryside underspend has increased by £427k. The increased underspend has been generated over a number of projects.

## Resources Directorate as at Quarter Three

Resources	Quarter One			Quarter Two			Quarter Three			Change in Forecast from Last Quarter
	Budget at Q1	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend	Budget at Q3	Forecast Spend in Year	Forecast (under)/Over Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer Services & ICT	£1,532	£1,532	£	£1,502	£1,401	(£101)	£4,631	3,915	(£716)	(615)
Finance & Property	£2,243	£2,243	(£)	£2,243	£2,243	£	£2,208	2,294	£86	86
Finance & Property - Commercial Property	£35,000	£	(£35,000)	£35,000	£	(£35,000)	£35,000	0	(£35,000)	0
Human Resources	£61	£61	(£)	£61	£61	(£)	£61	61	(£)	0
Strategic Support & Legal	£344	£344	£	£344	£375	£31	£344	375	£31	0
Chief Executive	£35	£35	£	£35	£187	£152	£35	187	£152	0
<b>Totals</b>	<b>£39,215</b>	<b>£4,215</b>	<b>(£35,001)</b>	<b>£39,185</b>	<b>£4,266</b>	<b>(£34,918)</b>	<b>£42,279</b>	<b>6,831</b>	<b>(£35,448)</b>	<b>(£529)</b>

5.6 The directorate is forecasting an underspend of £35.4 million against a revised budget of £42.2 million, this is a £529k increase on the forecast from Quarter Two.

- The Customer Services & ICT forecast underspend position has increased by £529k relating to delays in the Superfast Broadband project.

### 5.7 Proposals

None, report is to note only.

## 6. Other options considered

None, report is to note only.

## 7. Conclusion

At Quarter Three expenditure of £45.7 million has been forecast against the revised budget of £91.8 million, resulting in a forecast underspend of 50% of the approved Capital Programme. £46.7 million of approved project budget has been identified for re-profiling into 2020/21, inclusive of £35 million relating to investment in commercial property.

## 8. Appendices

Appendix A – 2019/20 Capital Programme Budget Changes

Appendix B – 2019/20 Re-profiling

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**Background Papers:**

None

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**Subject to Call-In:**

Yes:  No: X

Report is to note only

X

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**Wards affected:** All

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**Officer details:**

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# Appendix A

## 2019/20 Capital Programme Budget Changes

Service Area	Original Budget 2019/20 £000	Budget Agreed by CSG to be Slipped from 2018/19 £000	Other Agreed Changes to 2019/20 Budget £000	Revised Budget for 2019 /20 £000	Explanation of Other Agreed Changes	Approved by
<b>PEOPLE DIRECTORATE</b>						
Adult Social Care	£1,576	(£90)	£15	£1,501	Additional £15k Grant Funding OT's 86008	
Children & Family Services	£13	(£6)	£0	£7		
Education Services	£16,120	£992	£0	£17,112		
<b>Total for Communities Directorat</b>	<b>£17,709</b>	<b>£896</b>	<b>£15</b>	<b>£18,620</b>		
<b>PLACE DIRECTORATE</b>						
Development and Planning	£3,582	£612	(£1,812)	£2,382	Reverse of slippage re Travel Plans 81455 £88k, Reprofile Four Houses to 20/21 £1.9m	
Public Protection & Culture	£2,379	£216	£57	£2,652	£35k Newbury Lido/£22k S106 Funding. Libraries PC Replacement S106 funding £23k	CSG 21/10/19
Transport & Countryside	£12,645	£6,374	£6,936	£25,955	£1.9 m reprofiled from 18/19	CSG 19/07/18
					£2,575m reprofiled from 18/19	CSG 08/11/18
					£2.4m re-profiled from 18/19	Approved Feb 19
					Additional S106 funding for Countryside	CSG 05/09/19
<b>Total for Environment Directorat</b>	<b>£18,606</b>	<b>£7,202</b>	<b>£5,181</b>	<b>£30,989</b>		
<b>RESOURCES DIRECTORATE</b>						
Customer Services and ICT	£4,545	£82	£4	£4,631	£4k to ICT for Lone working	CSG 09/05/19
Finance & Property	£1,996	£165	£6	£2,167	£6k to Finance for IDEA Software	CSG 09/05/19
Finance & Property : Corporate Allocation Budget	£98	£0	(£57)	£41	£4.5k to ICT for Lone Working, £12k to Legal for Iken, £6k to finance for IDEA Software, £35k Newbury Lido	CSG 21/10/19 CSG 09/05/19
Finance & Property : Commercial Property Budget	£35,000	£0	£0	£35,000		
Human Resources	£0	£61	£0	£61		
Strategic Support & Legal	£161	£171	£12	£344	£12k To Legal for Iken	CSG 09/05/19
Chief Exec	£35	£0	£0	£35		
<b>Total for Resource Directorate</b>	<b>£41,835</b>	<b>£479</b>	<b>(£35)</b>	<b>£42,279</b>		
<b>Totals</b>	<b>£78,150</b>	<b>£8,577</b>	<b>£5,161</b>	<b>£91,888</b>		



# Appendix B

## 2019/20 Re-profiling

Directorate	Re-profiled Amount (£)
People	3,619,700
Places	8,005,625
Resources	35,075,000
	46,700,325

Directorate	Scheme Name	2019/20 Budget (£)	Forecasted Spend 19/20 (£)	Re-profiling amount (£)	Reason for Re-profiling
People	Highwood Copse	2,879,860	2,211,630	668,230	Outturn reduced due to extended time to consider re-pricing from new contractor - as reported previously.
People	The Winchcombe Primary - Basic Need Bulge	273,750	187,010	86,740	Excessive time for DfE to approve S77 application has resulted in the project slipping so completion now programmed for April 2020.
People	Schools Statutory Compliance Surveys	44,510	15,000	20,000	Reprofiled as part of 20/23 Budget Build
People	The Willink - Feasibility	796,550	143,380	653,170	Reprofiled as part of 20/23 Budget Build
People	Speenhamland - 2FE Project	846,150	62,800	719,120	Reprofiled as part of 20/23 Budget Build & Highwood Copse adjustments
People	East Area PRU	1,095,480	100,000	985,480	Reprofiled as part of 20/23 Budget Build & Highwood Copse adjustments
People	Theale Primary Basic Need Bulge 2018	90,010	250	89,760	Reprofiled as part of 20/23 Budget Build
People	Special Provision Fund Allocation - Intervention	192,500	183,460	9,040	Reprofiled as part of 20/23 Budget Build
People	Parsons Down Rationalisation	226,480	5,420	221,060	Reprofiled as part of 20/23 Budget Build
People	St Joseph's Nursery Provision	90,450	83,120	7,330	Reprofiled as part of 20/23 Budget Build
People	Castle Gate - increased capacity	213,090	53,200	159,770	Reprofiled as part of 20/23 Budget Build
Places	Shawhouse Mansion Mtce	165,560	100,000	65,560	major works planned for 2020-21
Places	Museum Maint & Repair	140,870	30,000	110,870	major works planned for 2020-21
Places	Leisure Centre Compliance & Modernisation	443,750	130,000	313,750	Remaining budget needs to be reprofiled into 2020/21
Places	Cultural Services - Pmp	450,540	170,000	280,540	Remaining budget needs to be re-profiled into 2020/21
Places	Newbury Rail Station Improvements	3,580,000	82,395	3,580,000	Delayed due to delayed Market Street Development start
Places	A339 Route Study	35,000	0	35,000	Project delayed. Reprofile to 20-21
Places	Tull Way Retention Pond	55,870	1,710	54,160	Reprofile to next financial year.
Places	Lambourn Surface Water Management Plan	134,530	7,400	127,130	Reprofile to next financial year.
Places	Aldermaston Footways	289,390	2,180	287,210	Project on hold due to resource issues and priorities. Reprofile to next year
Places	Sandleford Access Improvements	2,897,350	342,370	2,300,000	Due to Highwood copse delay to reprofile
Places	A4 Hambridge Rd & Lower Way Signal Upgrade	350,000	200,000	150,000	Project split over two financial years. Reprofile any variance to 20-21
Places	Council Carbon Management Plan	88,590	25,000	63,590	Re-profile to 2020-21
Places	Solar PV Initiative	750,000	112,185	637,815	Remaining budget to be re-profiled
Resources	Maintenance of DR Facility	60,000	20,000	40,000	May part spend - please slip remaining £40k into 20/21
Resources	Transition to Office 365	50,000	15,000	35,000	Please slip remaining £35k to 20/21
Resources	Acquisitions & Development	35,000,000	0	35,000,000	