
Capital Financial Performance Report Quarter One 2020/21

Committee considering report:	Executive on 3 September 2020
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	13 August 2020
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	EX3906

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 One financial position.

2 Recommendations

No recommendations have been made within this report. Members are to note:

- (a) The forecast financial position as at Quarter One.
- (b) £124k of additional external funding from the Phase One of the Emergency Active Travel Fund has been received by the Council. Under delegated authority, the S151 Officer and Portfolio Holder agreed allocation of the funding to the Transport and Countryside programme in 2020/21.
- (c) A further application is to be submitted (August 2020) for Phase Two Emergency Active Travel funding, with an indicative sum of £495k.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	At the end of Quarter One expenditure of £50.9 million has been forecast against a revised budget of £56.4million, an overall forecast underspend of £5.5 million.
Human Resource:	Not applicable

Legal:	Not applicable			
Risk Management:	Any significant delays in project delivery impact on the provisional budget for 2021/22 and subsequent years.			
Property:	Not applicable			
Policy:	Not applicable			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		

Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes, Executive Director for Resources, s151 Officer Andy Walker, Head of Finance & Property Capital Strategy Group			

4 Executive Summary

4.1 At the end of Quarter One expenditure of £50.9million has been forecast against a revised budget of £56.4million, an overall forecast underspend of £5.5 million.

Directorate Summary	Quarter One			
	Budget at Quarter One	Forecast Expenditure	Forecast (under)/Over Spend	Forecast spend as a % of budget
	£'000	£'000	£'000	%
People	£17,813	£15,476	(£2,337)	86.9%
Place	£31,038	£27,882	(£3,156)	89.8%
Resources	£7,592	£7,556	(£36)	99.5%
Totals	£56,443	£50,914	(£5,529)	90.2%

4.2 The main contributing factors to the forecast position are:

- (a) Education Services is forecasting a £2.3 million underspend driven primarily by a delay in the Eastern Area PRU project (£758k) through delays in agreeing new lease terms with the Parish Council, and a forecast underspend against the planned maintenance budget (£702k). The planned maintenance budget has been impacted by the COVID pandemic with delays in feasibility studies and commencement of works and the current construction industry market environment.
- (b) Transport and Countryside are forecasting a £3.1 million underspend primarily relating to the Robinhood Roundabout and A4 development (£1.5 million). The project is funded from section 106 funding which has yet to be received creating a delay in commencing the project. A number of projects across the transport programme have forecast underspends due to delays in commencing projects through the national COVID lockdown.

- 4.3 A future risk identified relating to the COVID pandemic is the potential for engaged suppliers to default on contractual obligations through financial difficulties. Budget managers and CSG are currently undertaking a review to highlight projects with potential suppliers of concern and where there is a risk of default and/or the potential to retender agreed contracts at potentially higher cost.

5 Supporting Information

Introduction

- 5.1 A capital budget for 2020/21 of £42.5 million was set by Council in March 2020 with funding of £21.4 million from external grants, £6.2 million of section 106 contributions (s106) and Community Infrastructure Levy (CIL), with £14.8 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. Changes of less than £250k can be approved by the s151 Officer in conjunction with the portfolio holder, all other changes must be approved by Capital Strategy Group (CSG) and reported to Executive as set out in the Council's Financial Regulations. As part of the budget monitoring process, the forecast year end position of the capital projects is reviewed and proposals for unutilised budgets to be re-profiled into subsequent financial years is reviewed by Capital Strategy Group (CSG). Appendix A provides a breakdown of budget changes as at Quarter One.

Background

- 5.3 Total forecast capital expenditure for financial year 2020/21 as at Quarter One is £50.9 million against a revised capital programme of £56.4 million, generating a forecast underspend position of £5.5 million.

Directorate Summary	Quarter One			Forecast spend as a % of budget
	Budget at Quarter One	Forecast Expenditure	Forecast (under)/Over Spend	
	£'000	£'000	£'000	%
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Resources	£7,592	£7,556	(£36)	99.5%
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- 5.4 The main contributing factors to the forecast position are:
- (a) Education Services is forecasting a £2.3 million underspend driven primarily by a delay in the Eastern Area PRU project (£758k) through delays in agreeing new lease terms with the Parish Council, and a forecast underspend against the

planned maintenance budget (£702k). The planned maintenance budget has been impacted by the COVID pandemic with delays in feasibility studies and commencement of works and the current construction industry market environment.

- (b) Transport and Countryside are forecasting a £3.1 million underspend primarily relating to the Robinhood Roundabout and A4 development (£1.5 million). The project is funded from section 106 funding which has yet to be received creating a delay in commencing the project. A number of projects across the transport programme have forecast underspends due to delays in commencing projects through the national COVID lockdown.

5.5 A future risk identified relating to the COVID pandemic is the potential for engaged suppliers to default on contractual obligations through financial difficulties. Budget managers and CSG are currently undertaking a review to highlight projects with potential suppliers of concern and where there is a risk of default and/or the potential to retender agreed contracts at potentially higher cost.

The People Directorate

People Directorate	Quarter One		
	Budget at Quarter One	Forecast Spend in Year	Forecast (under)/Over Spend
	£'000	£'000	£'000
Adult Social Care	£1,867	£1,867	£0
Children & Family Services	£20	£20	£0
Education Services	£15,926	£13,589	(£2,337)
Totals	£17,813	£15,476	(£2,337)

5.6 The directorate is forecasting capital expenditure of £15.4 million against a £17.8 million budget. The forecast underspend position of £2.3 million is fully attributable to Education Services. The Education Services forecast position is being driven by key underspends against:

- (a) Delays in the Eastern Area PRU (£758k) development as lease negotiations with the Parish Council remain ongoing.
- (b) Planned maintenance budget is forecast to underspend in year (£702k) as a result of planning roofing repairs at risk of not being undertaken in the financial year as a result of the current market environment post the COVID lockdown.

The Place Directorate

Place Directorate	Quarter One		
	Budget at Quarter One	Forecast Spend in Year	Forecast (under)/Over Spend
	£'000	£'000	£'000
Development & Planning	£4,528	£4,822	£294
Public Protection & Culture	£2,458	£2,325	(£133)
Transport & Countryside	£24,052	£20,735	(£3,317)
Totals	£31,038	£27,882	(£3,156)

5.7 The directorate is forecasting capital expenditure of £27.8 million against a budget of £31.0 million. The forecast underspend position of £3.1 million is through:

- (a) Transport and Countryside: A delay in the Robinhood Roundabout and A4 development through delayed receipt of section 106 funding (£1.5 million).
- (b) Transport and Countryside: A number of projects across the transport programme have forecast underspends due to delays in commencing projects through the national COVID lockdown.
- (c) Public Protection and Culture: Underspends have been forecast against annual maintenance budgets (Shaw House £69k and Museum (£63.5k).
- (d) Development and Planning are forecasting a £294k relating to purchases of temporary accommodation.

The Resources Directorate

Resources	Quarter One		
	Budget at Quarter One	Forecast Spend in Year	Forecast (under)/Over Spend
	£'000	£'000	£'000
Customer Services & ICT	£4,877	£4,837	(£40)
Finance & Property	£2,312	£2,312	£0
Human Resources	£32	£32	(£0)
Strategic Support & Legal	£371	£375	£4
Chief Executive	£0.00	£0.00	£0
Totals	£7,592	£7,556	(£36)

5.8 The directorate is forecasting capital expenditure of £7.55 million against a budget of £7.59 million. The main driver of the forecast directorate underspend of £36k is ICT and relates to forecast underspends against Remote Access System Maintenance (£45k) and a refresh of the corporate MFD Fleet (£25k), offset by a forecast overspend against expenditure on Windows licences (£30k).

Proposals

No proposals are made within this report. Report is to note only.

6 Other options considered

No other options were considered.

7 Conclusion

7.1 At Quarter One expenditure of £50.9 million has been forecast against the revised budget of £56.4 million, resulting in a forecast underspend of 9% of the approved Capital Programme.

8 Appendices

8.1 Appendix A – Budget Changes as at Quarter One

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 Committee 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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2020/21 Budget Changes as at Quarter One

Service Area	Original Budget 2020/21 £000	Budget Agreed by CSG to be Re-profiled from 2019/20 £000	Other Changes to 2020/21 Budget £000	Revised Budget for 2020/21 £000	Explanation of Other Agreed Changes	Approved by CSG
PEOPLE DIRECTORATE						
Adult Social Care	£1,388	£226	£254	£1,867	Revenue contribution to capital (RCCO) ref Modernising ASC £84k/ Notrees Heating - £170k	30.04.20
Children & Family Services	£20	£0	£0	£20		
Education Services	£14,375	£1,551	(£0)	£15,926		
Total for Communities Directorate	£15,783	£1,777	£253	£17,813		
PLACE DIRECTORATE						
Development and Planning	£1,753	£2,664	£111	£4,528	Housing ICT System - £111k	27.02.20
Public Protection & Culture	£1,160	£1,094	£204	£2,458	PPP One System - £204k	27.02.20
Transport & Countryside	£19,449	£1,556	£3,047	£24,052	New DFT Challenge Funding (£3.048)	
Total for Environment Directorate	£22,362	£5,313	£3,363	£31,038		
RESOURCES DIRECTORATE						
Customer Services and ICT	£2,041	£2,836	£0	£4,877		
Finance & Property	£2,108	£135	£69	£2,312	RCCO for Income Manager - £70k	30.04.20
Human Resources	£0	£32	£0	£32		
Strategic Support & Legal	£237	£134	£0	£371		
Chief Exec	£0	£0	£0	£0		
Total for Resource Directorate	£4,386	£3,136	£70	£7,592		
Totals	£42,531	£10,226	£3,686	£56,443		