
Capital Financial Performance Report Quarter Two 2020/21

Committee considering report:	Executive
Date of Committee:	17 th December 2020
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	26 th November 2020
Report Author:	Andy Walker
Forward Plan Ref:	EX3909

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 Two financial position.

2 Recommendations

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

- (a) The forecast financial position as at Quarter Two.
- (b) The proposed re-profiling of expenditure from 2020/21 into 2021/22.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	<p>At the end of Quarter Two expenditure of £44.5 million has been forecast against a revised budget of £56.9million, an overall forecast underspend of £12.4 million.</p> <p>£7.3 million of expenditure is proposed by Capital Strategy Group (CSG) to be re-profiled from 2020/21 into 2021/22 and later financial years and Appendix B provides more detail of the projects impacted. The remaining forecast underspend will be kept under close review by CSG to determine whether any further re-profiling is required before year end.</p>

Human Resource:	Not applicable			
Legal:	Not applicable			
Risk Management:	Any further 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:	<p>Joseph Holmes, Executive Director for Resources, s151 Officer</p> <p>Shannon Coleman-Slaughter – Chief Financial Accountant</p> <p>Capital Strategy Group (CSG)</p>			

4 Executive Summary

- 4.1 At the end of Quarter Two expenditure of £44.5 million has been forecast against a revised budget of £56.9 million, an overall forecast underspend of £12.4 million of which £7.3m has been proposed to be re-profiled into 2021/22 and later financial years.

Directorate Summary	Quarter Two			Change from Forecast in Q1	Proposed Re-profiling	Forecast spend as a % of budget
	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend			
	£'000	£'000	£'000	£'000	£'000	%
People	£18,136	£14,681	(£3,455)	(£795)	£2,508	80.9%
Place	£31,162	£24,459	(£6,703)	(£3,423)	£4,120	78.5%
Resources	£7,592	£5,404	(£2,188)	(£2,152)	£694	71.2%
Chief Executive	£0	£0	£0	£0	£0	
Totals	£56,890	£44,544	(£12,346)	(£6,370)	£7,322	

- 4.2 The main contributing factors to the forecast position are:

- (a) Education Services is forecasting a £3.2 million underspend driven primarily by a delay in the Eastern Area PRU project (£1,493k) through delays in agreeing new lease terms with the Parish Council, and a forecast underspend against the planned maintenance budget (£455k) and project feasibility (£483k). 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 £5.6 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. Newbury Station Car Park project now not proceeding as originally planned (£1,784k). A number of projects across the transport programme have forecast underspends due to delays in commencing projects through the national COVID lockdown.

- 4.3 There has been a total of £7.3 million of the forecast underspend proposed to be re-profiled into 2021/22 or later financial years summarised in the table below and Appendix B provides more detail on the projects impacted. The remaining forecast underspend will be kept under close review by CSG to determine whether any further re-profiling is required before year end.

Directorate Summary	Number of projects	Re-profiling amount £000
People	7	2,508
Place	12	4,120
Resources	13	694
Totals	32	7,322

- 4.4 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 closely monitoring these risks 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 Two.

Background

- 5.3 Total forecast capital expenditure for financial year 2020/21 as at Quarter Two is £44.5 million against a revised capital programme of £56.9 million, generating a forecast underspend position of £12.4 million.

5.4 The main contributing factors to the forecast position are:

Directorate Summary	Quarter Two			Change from Forecast in Q1	Proposed Re-profiling	Forecast spend as a % of budget
	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend			
	£'000	£'000	£'000	£'000	£'000	%
People	£18,136	£14,681	(£3,455)	(£795)	£2,508	80.9%
Place	£31,162	£24,459	(£6,703)	(£3,423)	£4,120	78.5%
Resources	£7,592	£5,404	(£2,188)	(£2,152)	£694	71.2%
Chief Executive	£0	£0	£0	£0	£0	
Totals	£56,890	£44,544	(£12,346)	(£6,370)	£7,322	

- (a) Education Services is forecasting a £3.2 million underspend driven primarily by a delay in the Eastern Area PRU project (£1,493k) through delays in agreeing new lease terms with the Parish Council, and a forecast underspend against the planned maintenance budget (£455k) and project feasibility (£483k). 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 £5.6 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. Newbury Station Car Park project now not proceeding as originally planned (£1,784k). A number of projects across the transport programme have forecast underspends due to delays in commencing projects through the national COVID lockdown.

5.5 There has been a total of £7.3 million of the forecast underspend proposed to be re-profiled into 2021/22 or later financial years summarised in the table below and Appendix B provides more detail on the projects impacted. The remaining forecast underspend will be kept under close review by CSG to determine whether any further re-profiling is required before year end.

Directorate Summary	Number of projects	Re-profiling amount £000
People	7	2,508
Place	12	4,120
Resources	13	694
Totals	32	7,322

5.6 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 closely monitoring these risks 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	Quarter Two			Change from Forecast in Q1	Proposed Re-profiling
	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000
Adult Social Care	£2,190	£1,895	(£295)	£27	
Children & Family Services	£20	£20	£0	£0	
Education Services	£15,926	£12,766	(£3,160)	(£822)	£2,508
Totals	£18,136	£14,681	(£3,455)	(£795)	£2,508

5.7 The directorate is forecasting capital expenditure of £14.7 million against a £18.1 million budget. The forecast underspend position of £3.4 million is mainly attributable to Education Services. The Education Services forecast position is being driven by key underspends against:

- (a) Delays in the Eastern Area PRU (£1,493k) development as lease negotiations with the Parish Council remain ongoing.
- (b) The planned maintenance budget (£455k) has been impacted by the COVID pandemic with delays in feasibility studies (£483k) and commencement of works along with the current construction industry market environment.

The Place Directorate

Place	Quarter Two			Change from Forecast in Q1	Proposed Re-profiling
	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000
Development & Planning	£4,478	£3,403	(£1,075)	(£1,419)	
Public Protection & Culture	£2,458	£2,472	£14	£146	
Environment	£24,226	£18,584	(£5,642)	(£2,150)	£4,120
Totals	£31,162	£24,459	(£6,703)	(£3,423)	£4,120

5.8 The directorate is forecasting capital expenditure of £24.5 million against a budget of £31.2 million. The forecast underspend position of £6.7 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) Development and Planning are forecasting a £294k overspend relating to purchases of temporary accommodation along with delays in delivering Four Houses Corner redevelopment £1,062k and Disabled Facilities programme £306k.

The Resources Directorate

Resources	Quarter Two			Change from Forecast in Q1	Proposed Re-profiling
	Budget at Q2	Forecast Spend in Year	Forecast (under)/Over Spend		
	£'000	£'000	£'000	£'000	£'000
Customer Services & ICT	£4,877	£3,116	(£1,761)	(£1,721)	£694
Finance & Property	£2,312	£1,886	(£426)	(£427)	
Strategy & Governance	£403	£402	(£1)	(£4)	
Totals	£7,592	£5,404	(£2,188)	(£2,152)	£694

- 5.9 The directorate is forecasting capital expenditure of £5.4 million against a budget of £7.6 million. The main driver of the forecast directorate underspend relates to Customer Services & ICT projects (£1,761k) and relates to forecast underspends against a range of projects requiring to be re-visited due to office accommodation review which is underway along with a forecast underspend in delivering Superfast Broadband Infrastructure (£896k). The forecast underspend in Finance & Property mainly relates to COVID restrictions in delivering the corporate buildings capital maintenance programme.

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 Two expenditure of £44.5 million has been forecast against the revised budget of £56.9 million, resulting in a forecast underspend of £12.4 million of the approved Capital Programme of which £7.3m has been proposed to be re-profiled to 2021/22 or later financial years.

8 Appendices

Appendix A – Budget Changes as at Quarter Two

Appendix B – Re-profiling as at Quarter Two

Subject to Call-In:

Yes: ☐ No: X

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 Committee or associated Task Groups within preceding six months ☐

Item is Urgent Key Decision ☐

Report is to note only X

Officer details:

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

Document Control

Document Ref:		Date Created:	
Version:		Date Modified:	
Author:			
Owning Service			

Change History

Version	Date	Description	Change ID
1			
2			

2020/21 Budget Changes as at Quarter Two

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	£577	£2,190	Revenue contribution to capital (RCCO) ref Modernising ASC - £84k/ Notrees Heating - £170k. Care director V6 - £323k	30.04.20
Children & Family Services	£20	£0	£0	£20		
Education Services	£14,375	£1,551	(£0)	£15,926		
Total for People Directorate	£15,783	£1,777	£577	£18,136		
-						
PLACE DIRECTORATE						
Development and Planning	£1,703	£2,664	£111	£4,478	Housing ICT System - £111k	27.02.20
Public Protection & Culture	£1,160	£1,094	£204	£2,458	PPP One System - £204k	27.02.20
Environment	£19,499	£1,556	£3,171	£24,226	New DFT Challenge Funding (£3.048)/ Local Cycling and Walking Infrastructure Delivery Plan (£124k)	16.07.20
Total for Place Directorate	£22,362	£5,313	£3,487	£31,162		
-						
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
Strategic & Governance	£237	£166	£0	£403		
Total for Resources Directorate	£4,386	£3,136	£69	£7,592		

2020/21 Reprofiting at Quarter Two

Scheme Name	Budget 2020/21 £'000	Q2 Expenditure Forecast £'000	Q2 Variance between Forecast & Budget (Underspend)/Overspend £'000	Reprofile Amount £'000
Highwood Copse	£3,533	£3,410	(£123)	£123
The Willink - Feasibility	£2,183	£1,700	(£483)	£483
Speenhamland - 2FE Project	£685	£470	(£215)	£215
East Area PRU	£1,513	£20	(£1,493)	£1,000
Parsons Down Rationalisation	£249	£110	(£139)	£139
Calcot Schools Remodelling	£109	£16	(£93)	£93
Education - Pmp	£2,649	£2,194	(£455)	£455
COMES Total	£10,921	£7,920	(£3,001)	£2,508
A4 Faraday Rd Improvements	£320	£0	(£320)	£320
Village Speed Limits	£30	£15	(£15)	£15
Local Sfty Acc Reduct	£75	£60	(£15)	£15
Robin Hood Roundabout & A4	£1,500	£5	(£1,495)	£1,495
Kings Road Link, Newbury	£1,000	£250	(£750)	£750
Aldermaston Footways	£287	£50	(£237)	£237
Sandleford Access Improvements	£1,000	£700	(£300)	£300
On Street Electrical Charge Point	£173	£50	(£123)	£123
Aldermaston Lift Bridge Replacement	£600	£0	(£600)	£600
Local S106 Highway Improvements	£100	£50	(£50)	£50
Cycle Parking at Schools	£75	£10	(£65)	£65
Solar PV Initiative	£670	£520	(£150)	£150
ENVTC Total	£5,830	£1,710	(£4,120.00)	£4,120

Capital Financial Performance Report Quarter Two 2020/21

Scheme Name	Budget 2020/21 £'000	Q2 Expenditure Forecast £'000	Q2 Variance between Forecast & Budget (Underspend)/Overspend £'000	Reprofile Amount £'000
Telephony Infrastructure (SIP and MPLS)	£50	£0	(£50)	£50
Contact Centre Systems Enhancements	£90	£0	(£90)	£90
Cyber Security Enhancements	£20	£0	(£20)	£20
Remote Working Infrastructure Maintenance	£45	£25	(£20)	£20
Network Infrastructure (Core Switches)	£70	£0	(£70)	£70
Network Infrastructure (WiFi Provision)	£15	£0	(£15)	£15
Telephony Infrastructure (VoIP Corporate Offices)	£45	£0	(£45)	£45
Telephony Infrastructure (VoIP Outlying Offices)	£20	£0	(£20)	£20
Telephony Infrastructure (Unified Communications Core Infrastructure)	£60	£0	(£60)	£60
Telephony Infrastructure (Unified Communications Software)	£114	£0	(£114)	£114
Refresh Multifunctional Devices Fleet	£125	£0	(£125)	£125
Upgrade Internet Bandwidth	£15	£0	(£15)	£15
ICT Helpdesk System	£50	£0	(£50)	£50
RESCSI Total	£719	£25	(£694)	£694
Grand Total	£17,470	£9,655	(£7,815)	£7,322