

Supplemental Items for Overview and Scrutiny Management Commission

Tuesday 29 November 2022 at 6.30pm
in Council Chamber Council Offices
Market Street Newbury

Part I	Page No.
10. Revenue Financial Performance Report Quarter Two 2022/23 Purpose: To report on the in-year financial performance of the Council's revenue budgets.	3 - 24
11. Capital Financial Performance Report Quarter Two 2022/23 Purpose: 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.	25 - 42

Sarah Clarke

Service Director (Strategy & Governance)

For further information about this/these item(s), or to inspect any background documents referred to in Part I reports, please contact Gordon Oliver on (01635) 519486

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Further information and Minutes are also available on the Council's website at www.westberks.gov.uk



Supplemental Items

Overview and Scrutiny Management Commission to be held on Tuesday, 29 November 2022 *(continued)*

West Berkshire Council is committed to equality of opportunity. We will treat everyone with respect, regardless of race, disability, gender, age, religion or sexual orientation.

If you require this information in a different format or translation, please contact Stephen Chard on telephone (01635) 519462.



2022/23 Revenue Financial Performance Quarter Two

Committee considering report:	Executive
Date of Committee:	15 December 2022
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	16 November 2022
Report Author:	Melanie Ellis
Forward Plan Ref:	EX4269

1 Purpose of the Report

- 1.1 To report on the financial performance of the Council's revenue budgets and provide a year-end forecast. This report is Quarter Two 2022/23.

2 Recommendations

- 2.1 To note the forecast £3m over spend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be an over spend of £7.8m.
- 2.2 To note that proposed mitigations totalling £1.9m could reduce the overspend to £1.1m.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	£3m forecast over spend, after taking account of provision in reserves. Without this provision, £7.8m over spend. Amendments and mitigations could reduce the overspend to £1.1m.
Human Resource:	None
Legal:	None
Risk Management:	Risks to next years' budget are included where relevant in the report. Where identified these will form part of the budget build process for 2023/24. Specifically this includes inflation risk being seen in care costs and energy.

Property:				
Policy:	No			
	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?		Y		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		Y		
Environmental Impact:		Y		
Health Impact:		Y		
ICT Impact:		y		
Digital Services Impact:		y		
Council Strategy Priorities:		y		Business as usual
Core Business:		y		
Data Impact:		y		

Consultation and Engagement:

Budget holders, Heads of Service and Directors.

4 Executive Summary

- 4.1 The 2022/23 net revenue budget of £144m was set in March 2022, using £140m of revenue funding and £4m of reserves. During the budget build, inflationary pressures were identified in demand led services. Not all of these pressures were built into the budget, with some being put aside in earmarked reserves to be called on should the pressures arise.
- 4.2 Inflation has increased further and at Quarter Two we are seeing pressures across the Council totalling £7.8m. After factoring in drawing down on the reserves that were set aside to support this, the forecast overspend is £3m.
- 4.3 Directors and Finance have undertaken detailed reviews all forecast overspends, in order to find mitigating underspends. These total £1.9m. After these actions, the forecast could be reduced to £1.1m overspend.

Directorate Summary	Current Net Budget	Forecast Outturn	(Under)/over spend			(Under)/over spend							
			Quarter One			Quarter Two							
			Budget Manager Forecast	Forecast after Reserves	Mitigated Forecast	Budget Manager Forecast	Proposed budget transfer	Provided in Earmarked Reserve	Provided in General Fund	Amendments	Forecast after Reserves	Mitigation	Mitigated Forecast
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
People	85,858	89,252	7,839	4,147	3,463	8,661	(850)	(2,268)	(624)	(217)	4,702	(1,307)	3,395
Place	31,242	31,368	1,347	713	(196)	1,702	(63)	(293)	(644)	(16)	686	(560)	126
Resources	11,763	11,133	241	209	(555)	(571)	0	(32)	0	0	(603)	(27)	(630)
Chief Executive	534	523	(15)	(15)	(25)	(5)	0	0	0	0	(5)	(6)	(11)
Capital Financing/Risk Mgt	15,590	13,851	(1,271)	(421)	(551)	(1,989)	850	(600)	0	0	(1,739)	0	(1,739)
Total	144,987	146,128	8,141	4,633	2,136	7,798	(63)	(3,193)	(1,268)	(233)	3,040	(1,900)	1,141

- 4.4 The People Directorate forecast overspend is £8.7m, reducing to £4.7m after use of reserves. £1.3m of mitigation proposals have been made, which bring the overspend to £3.4m.
- 4.5 In Adult Social Care (ASC), long term services (LTS) are forecasting a £3m over spend. There are higher client numbers: 1797 compared to 1743 modelled, with the rise attributable to higher levels of new requests for support, mirroring the national picture set out by the Association of Directors of Adult Social Services. There is an increase in the cost of new client care packages, due to current inflation (provided for in reserves) and complexities. There is lower occupancy in our own care homes and clients have had to be placed in externally commissioned beds costing more.
- Short term services are £0.25m over spent due to higher costs and more complex needs and there is a forecast over spend of £1.3m in our own care homes due to being unable to admit new clients in some homes. The remaining overspend is across staffing budgets due to agency cover.

- 4.6 In Children & Family Services (CFS), the forecast is a £2.6m over spend; £1.5m over spend in placements as identified in the model during budget build and £1.4m in Family Safeguarding teams due to agency costs. The risk provision for residential placements could be used which would reduce the over spend to £1m.
- 4.7 Education is reporting a £0.9m over spend, predominantly due to Home to School Transport, and Communities and Wellbeing is reporting a £0.3m overspend due to income pressures in leisure.
- 4.8 The Place Directorate is forecasting overspends of £0.8m in Development & Regulation (D&R) and 0.9m in Environment.
- In D&R there are agency pressures covering sickness and vacancies in the planning service and a shortfall of planning income. Housing is facing pressures from emergency and temporary accommodation.
 - In Environment, car parking/season ticket income has significantly reduced compared to pre-pandemic levels. There is £0.4m set aside in reserves for this, as it was identified as an expected pressure at the time of budget build, leaving an unfunded pressure of £0.3m. Solar energy income is not achieving the expected levels of income based on current output of the installed solar panels and there are increased costs from street lighting. In network management, there is a £172k pressure on supervision fees for Section 38 and 278 orders. However, waste management is seeing increased levels of recycling income, reduced use of landfill and overachievement of garden waste subscriptions, and transport services have underspends from staff vacancies and overachievement of income.
- 4.9 The Resources Directorate forecast underspend is £0.6m arising from covering staff with agency in Finance and ICT, offset by the agency rebate in Commissioning & Procurement and commercial property income.
- 4.10 The Capital Financing forecast is an under spend of £1m from utilisation of short term borrowing and cash flow as opposed to longer term financing. Savings have also been achieved through the prepayment of pension contributions. There is an underspend of £730k in Risk Management after releasing a £130k provision from reserves that is no longer required, and use of £600k of the Outcomes Based Budgeting Reserve to support the ongoing financial position.
- 4.11 The 2021/22 savings and income generation programme of £5.3m is 73% Green.

5 Supporting Information

Introduction

- 5.2 The 2022/23 net revenue budget of £144m was set in March 2022, using £140m of revenue funding and £4m of reserves.

2022/23 Revenue Financial Performance Quarter Two

5.3 During the budget build, inflationary pressures were identified in demand led services. Not all of these pressures were built into the budget, with some being put aside in earmarked reserves to be called on should the pressures arise.

5.4 Inflation has further increased and at Quarter Two we continue to see pressures across the Council, and are factoring in using the reserves that were set aside to support this.

Quarter Two 2022/23

5.5 The Quarter Two budget manager forecast is a £7.8m overspend, which after taking account of £4.8m provision that was made in reserves for specific risks at the time of budget setting and other amendments, would reduce to £3m.

5.6 Directors and Finance have undertaken detailed reviews and a range of mitigation suggestions have been drawn up totalling £1.9m. After these actions, the forecast could be reduced to £1.1m overspend. The forecasts by service are shown below:

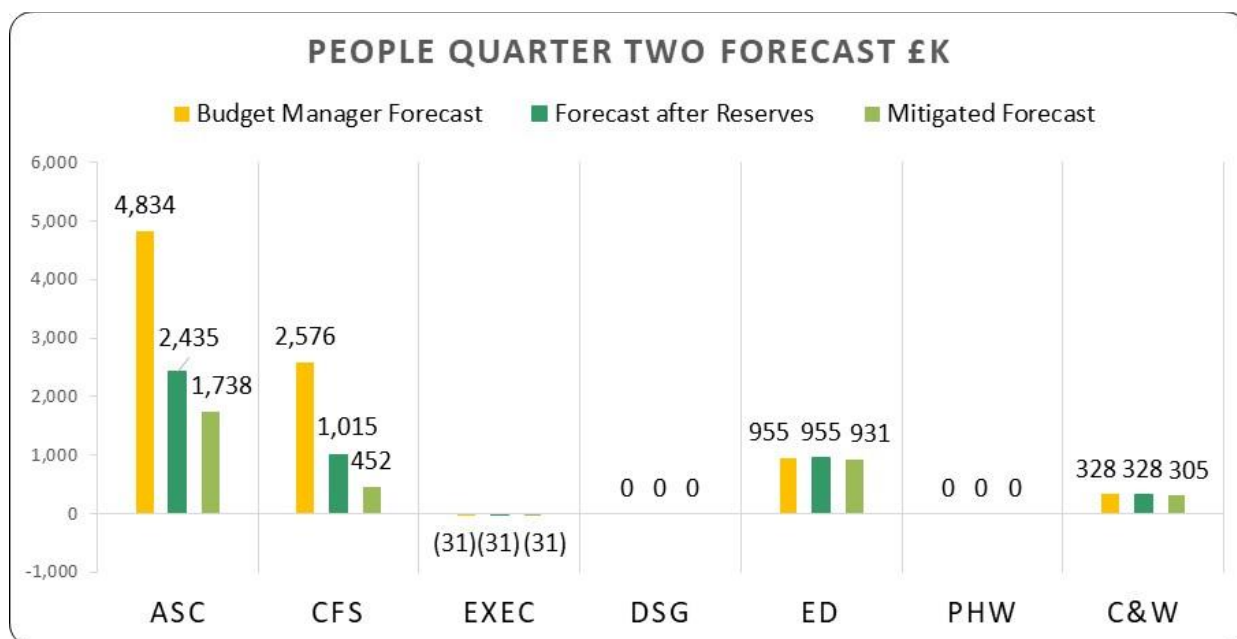
	Current Net Budget	Forecast Outturn	(Under)/over spend Quarter One			(Under)/over spend Quarter Two							
			Budget Manager Forecast	Forecast after Reserves	Mitigated Forecast	Budget Manager Forecast	Proposed budget transfer	Provided in Earmarked Reserve	Provided in General Fund	Amendments	Forecast after Reserves	Mitigation	Mitigated Forecast
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	55,120	56,857	4,173	1,840	1,402	4,834	0	(1,760)	(523)	(116)	2,435	(697)	1,738
Children & Family Services	18,134	18,586	2,466	1,057	1,057	2,576	(850)	(508)	(101)	(102)	1,015	(562)	452
Executive Director	331	299	(7)	(7)	(7)	(31)	0	0	0	0	(31)	0	(31)
Education DSG funded	(444)	(444)	0	0	0	0	0	0	0	0	0	0	0
Education	9,855	10,786	707	582	582	955	0	0	0	0	955	(24)	931
Public Health & Wellbeing	362	362	0	0	0	0	0	0	0	0	0	0	0
Communities & Wellbeing	2,501	2,806	500	463	429	328	0	0	0	0	328	(23)	305
People	85,858	89,252	7,839	3,935	3,463	8,661	(850)	(2,268)	(624)	(217)	4,702	(1,307)	3,395
Development & Regulation	6,740	6,895	430	162	(52)	794	(63)	(73)	(100)	(130)	428	(273)	155
Executive Director	215	225	0	(22)	(22)	10	0	0	0	0	10	0	10
Environment	24,288	24,248	917	(122)	(122)	898	0	(220)	(544)	114	248	(287)	(40)
Place	31,242	31,368	1,347	18	(196)	1,702	(63)	(293)	(644)	(16)	686	(560)	126
ICT	2,291	2,256	77	53	53	(35)	0	0	0	0	(35)	0	(35)
Executive Director	313	302	0	0	0	(11)	0	0	0	0	(11)	0	(11)
Commissioning & Procurement	827	510	(237)	(237)	(237)	(317)	0	0	0	0	(317)	0	(317)
Finance & Property	1,315	1,393	208	(194)	(194)	78	0	0	0	0	78	0	78
Strategy & Governance	7,017	6,672	193	114	(177)	(286)	0	(32)	0	0	(318)	(27)	(345)
Resources	11,763	11,133	241	(264)	(555)	(571)	0	(32)	0	0	(603)	(27)	(630)
Chief Executive	534	523	(15)	(15)	(25)	(5)	0	0	0	0	(5)	(6)	(11)
Capital Financing	14,610	250	(421)	(421)	(421)	(1,009)	0	0	0	0	(1,009)	0	(1,009)
Risk Management	980		(850)	(130)	(130)	(980)	850	(600)	0	0	(730)	0	(730)
Capital Financing/Risk Mgt	15,590	250	(1,271)	(551)	(551)	(1,989)	850	(600)	0	0	(1,739)	0	(1,739)
Total	144,987	132,526	8,141	3,123	2,136	7,798	(63)	(3,193)	(1,268)	(233)	3,040	(1,900)	1,141

NB: Rounding differences may apply to the nearest £k.

People Directorate

5.7 The Directorate forecast is an over spend of £8.7m. The over spend could be reduced to £4.7m by accessing specific reserves which were set aside for risks relating to inflation and demand that have arisen.

5.8 A range of mitigation suggestions have been drawn up totalling £1.3m. After these actions, the forecast could be reduced to £3.4m overspend.



5.9 In ASC, the forecast over spend is £4.8m. The over spend could be reduced to £2.4m by using the provisions that were made in the service risk reserves and against the General Fund for inflation and other risks during the budget build process.

5.10 The forecast has worsened since Quarter One, as a result of continued demand for services, along with lower occupancy in our own care homes and ongoing challenges with recruiting and retaining permanent employees.

5.11 Long term services (LTS) are forecast to be £3.1m over spent.

- There are higher client numbers than modelled, 1797 compared to 1743 modelled. The rise in clients is attributable to higher levels of new requests for support, mirroring the national picture set out by the Association of Directors of Adult Social Services in their Spring Budget survey. This includes high demand from hospital discharge.
- There is an increase in the cost of new client care packages, due to current inflation (provided for in reserves), complexities and challenges in the external workforce market.
- There has been lower occupancy in our own care homes and clients have had to be placed in externally commissioned beds costing more.

5.12 Short term services are £0.25m over spent due to higher costs from more complex needs.

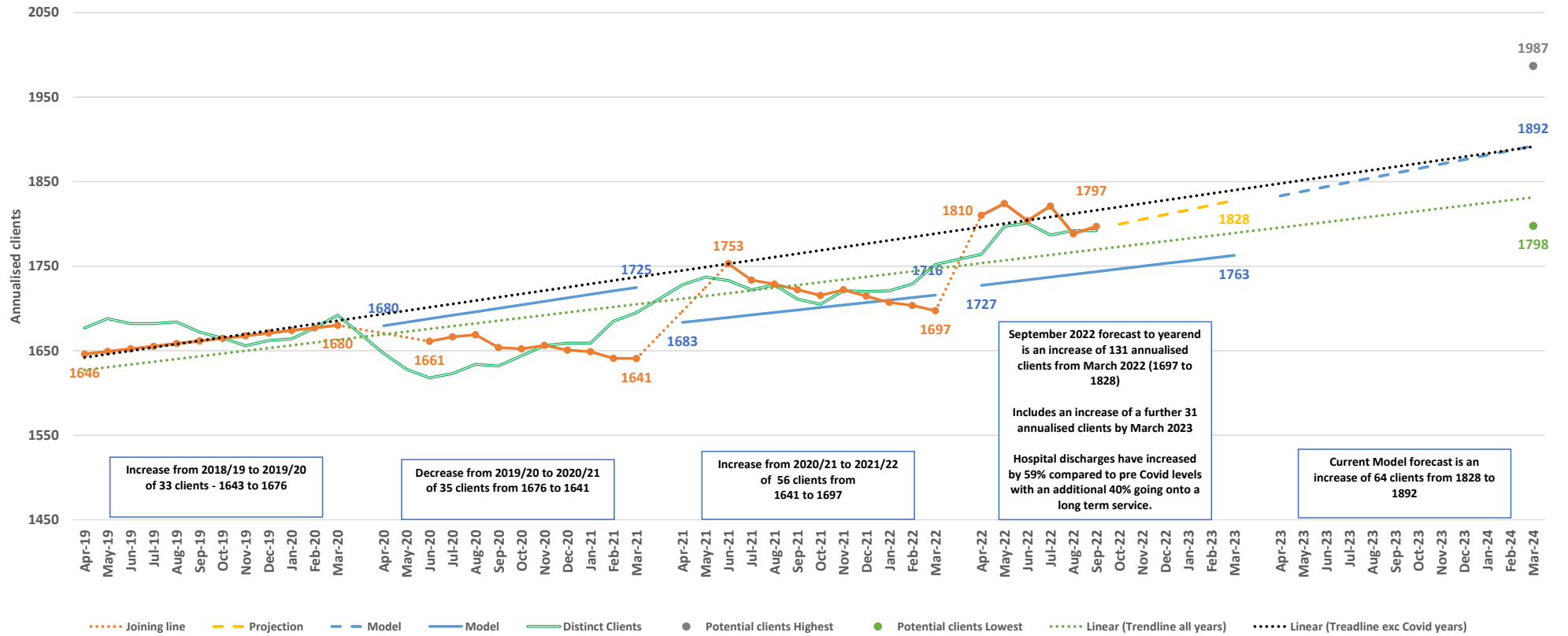
5.13 There is a forecast overspend of £1.3m in our own care homes due to being unable to admit new clients in some homes.

5.14 The remaining overspend is across staffing budgets due to agency cover.

- 5.15 A range of mitigations identified by the service could reduce the forecast to £1.7m overspend. These include reducing external training, review of client services, estimate of external funding streams, reducing agency spend and review of all services.
- 5.16 The service continues to take action to suppress market demand such as reinforcing the three conversations model suppressing the need for long term services, strategic review of in-house care home provision, use of technology enabled care and maximising external funding streams. Market Management is working with local providers to ensure supply and demand are better aligned and offering better value for money. Net weekly spend on long term services is carefully monitored. All requests for long term services are scrutinised weekly at Good Practice Forum by senior management to ensure Care Act compliance and also make best uses of resources. Staffing options are being explored with HR.
- 5.17 The ASC Model for long term services will be updated monthly throughout this financial year to inform the 2023-24 budget. The assumptions are reviewed and agreed by the ASC Financial Planning Steering group and reported at the ASC Financial Planning meeting on a monthly basis. The modelling produces a financial impact range between low cost, most likely and high cost. The model inflation is at 3.5%, reflecting increases expected in costs balanced against increases already in place.

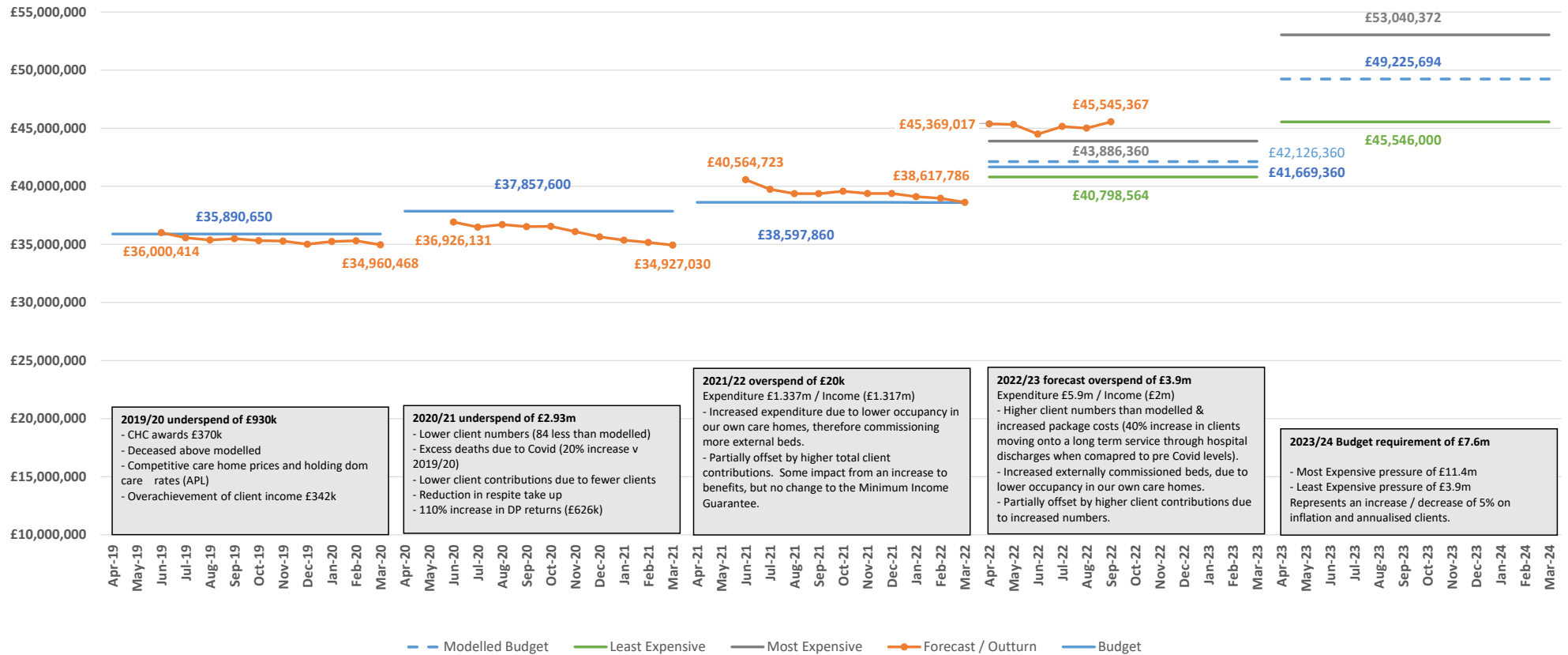
The graphs below shows client numbers from April 2019 and net expenditure for Long Term Services.

Adult Social Care
Annualised client numbers for Long Term Services



2022/23 Revenue Financial Performance Quarter Two

Adult Social Care
Net Expenditure for Long Term Services

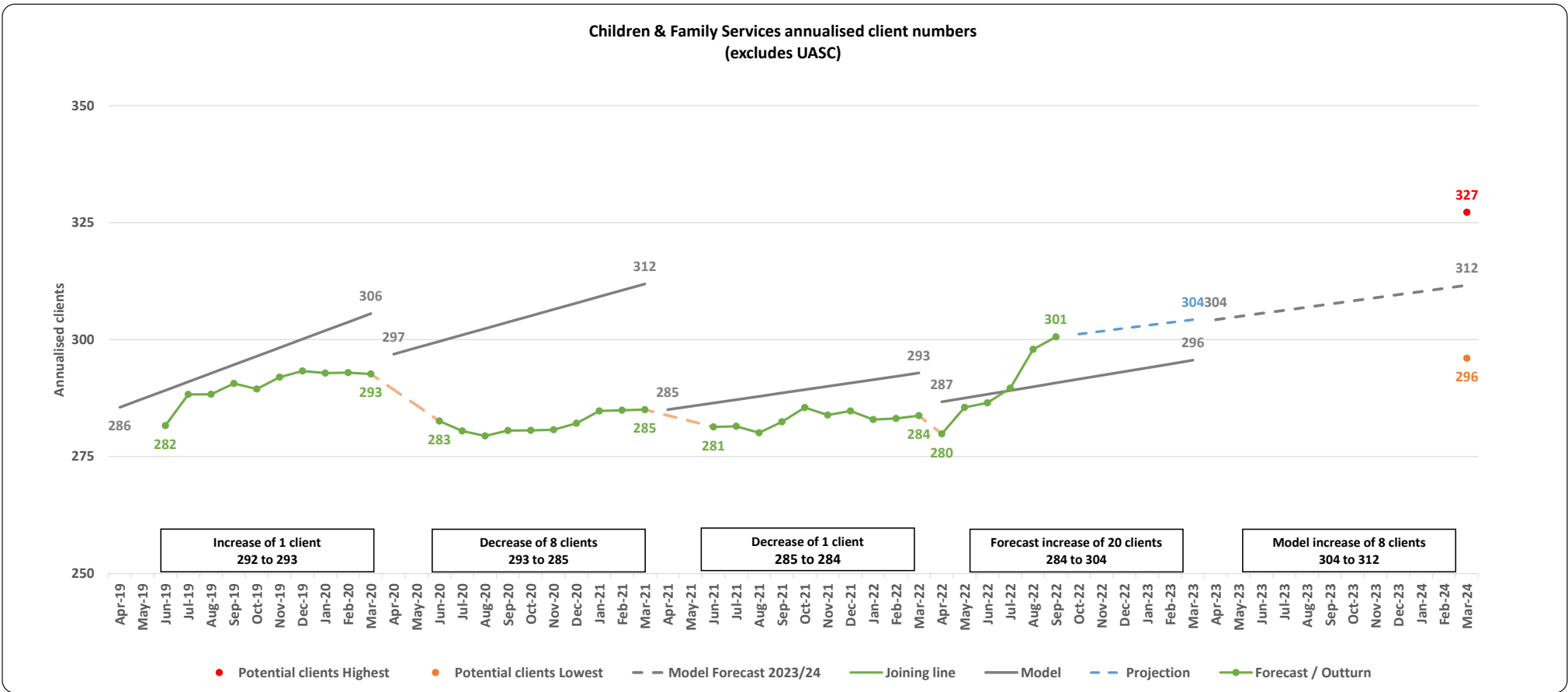


5.18 In CFS, the forecast is a £2.6m over spend. This could be reduced to £1m with the use of the risk provision for residential placements and additional savings found post Quarter Two.

- There is a forecast £1.5m over spend in placements which was identified in the model during budget build and is fully provided for in reserves.
- The Family Safeguarding teams are overspending by £1.4m due to agency costs. This has been required to cover vacancies, maternity leave and additional capacity. There are 17 vacancies across the East and West Teams and six maternity leaves.

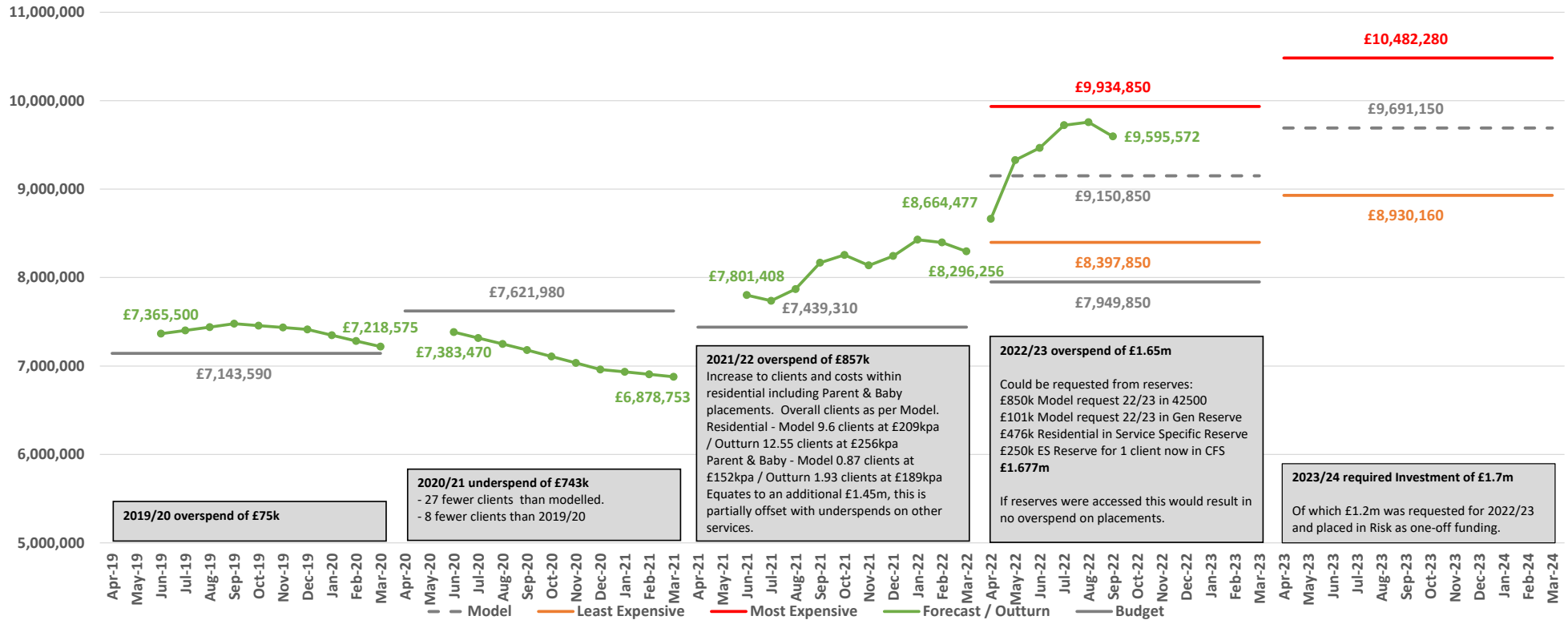
5.19 Mitigations have been identified by the service totalling £562k which would reduce the overspend to £452k. These include reducing external training, estimates of further external funding to be applied and use of risk reserve.

5.20 The model for placements has been refined and will be updated monthly. Client numbers and net expenditure are shown in the graphs below.



2022/23 Revenue Financial Performance Quarter Two

Children & Family Services Net Expenditure
(excludes UASC)



2019/20 overspend of £75k

2020/21 underspend of £743k
- 27 fewer clients than modelled.
- 8 fewer clients than 2019/20

2021/22 overspend of £857k
Increase to clients and costs within residential including Parent & Baby placements. Overall clients as per Model. Residential - Model 9.6 clients at £209kpa / Outturn 12.55 clients at £256kpa Parent & Baby - Model 0.87 clients at £152kpa / Outturn 1.93 clients at £189kpa Equates to an additional £1.45m, this is partially offset with underspends on other services.

2022/23 overspend of £1.65m
Could be requested from reserves:
£850k Model request 22/23 in 42500
£101k Model request 22/23 in Gen Reserve
£476k Residential in Service Specific Reserve
£250k ES Reserve for 1 client now in CFS
£1.677m
If reserves were accessed this would result in no overspend on placements.

2023/24 required investment of £1.7m
Of which £1.2m was requested for 2022/23 and placed in Risk as one-off funding.

5.21 Education is reporting a £0.9m over spend. The over spend is predominantly due to a forecast pressure on Home to School Transport, where there are a higher number of eligible SEN students and increasing transport costs. This has increased by £0.25m since last quarter. The volatility of this service means that it is difficult to forecast but there are more children with special needs requiring transportation, limited spaces in Newbury schools, rising fuel costs and driver’s wages all contributing to this year’s overspend position.

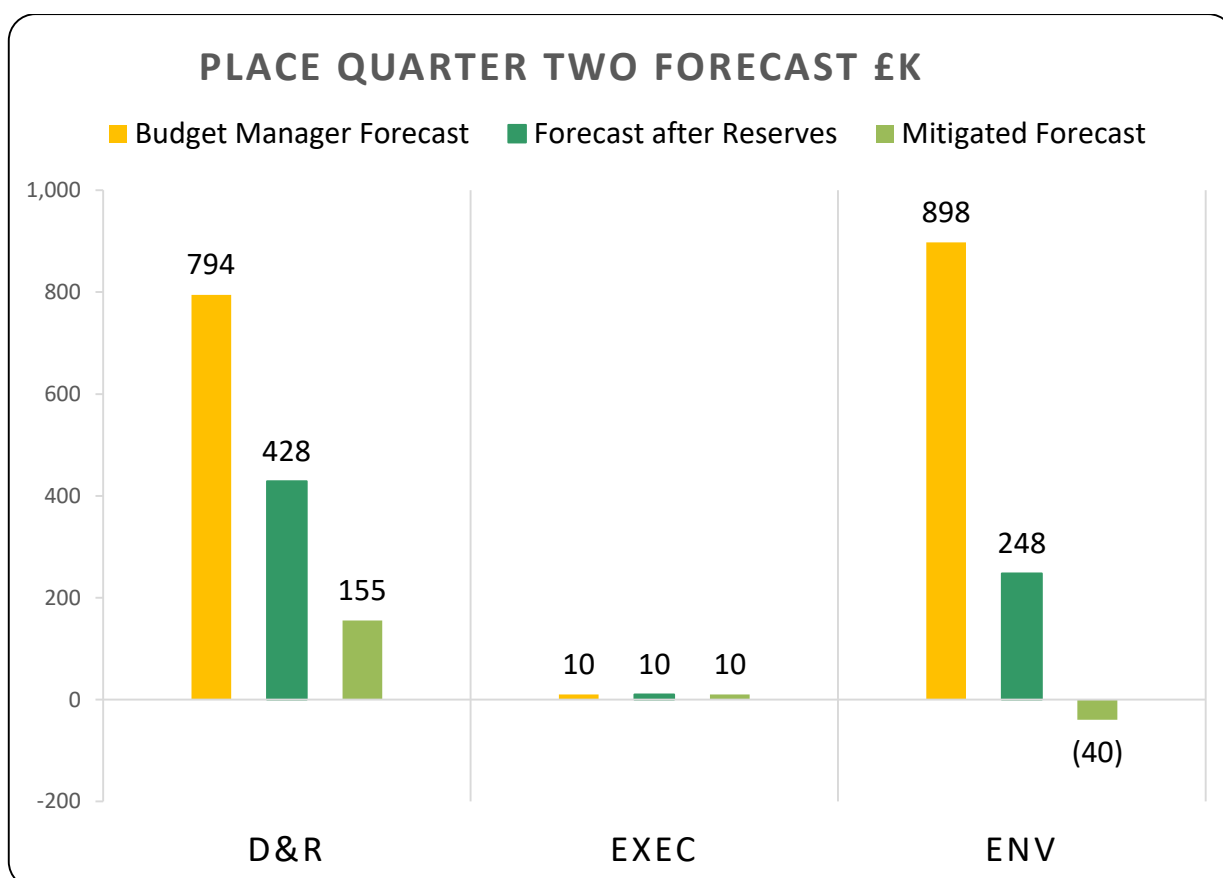
5.22 Communities and Wellbeing is reporting a £0.3m overspend due to income pressures in leisure.

5.23 The Public Health grant forecast is on line, and any variances to budget will be transferred to the Public Health Reserve at year end. There is currently an estimated £137k under spend which will transfer to the reserve. This is mainly due to staff projects being supported from COMF funding.

Place Directorate

5.24 The Place Directorate is forecasting an overspend of £1.7m against a budget of £31m. The overspend could be reduced to £0.7m by accessing reserves that were set aside during the budget build for specific pressures.

5.25 A range of mitigation suggestions have been drawn up totalling £560k. After these actions, the forecast could be reduced to £126k overspend.



5.26 In Development and Regulation, there is a £0.8m forecast over spend, which could reduce to £0.1m through use of reserves and mitigation initiatives.

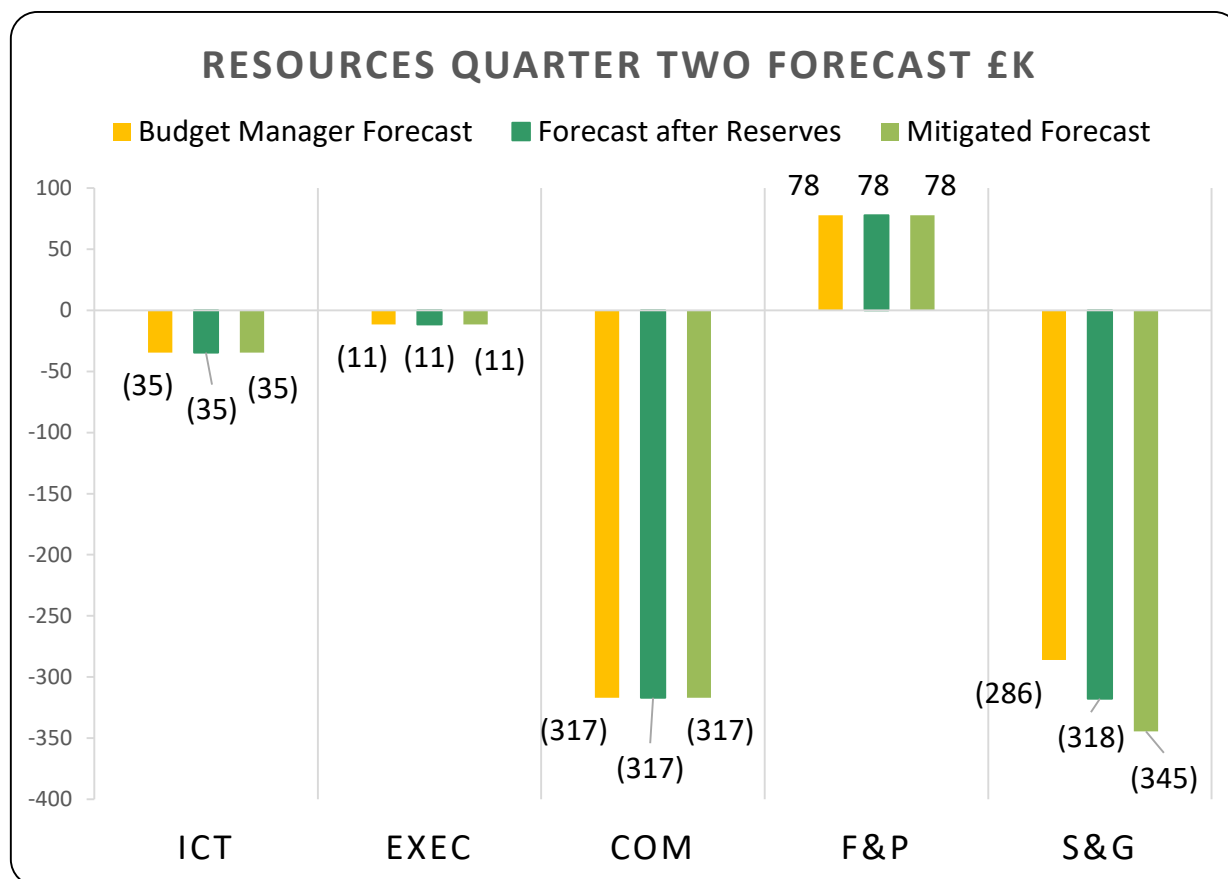
- There are £0.6m of agency and consultant pressures in Planning from covering sickness and vacancies and the service struggling to recruit qualified permanent staff. Planning income is below target, with a pressure of £184k partly covered off by a £100k reserve. Minerals and Waste Examination has been delivered with a £130k underspend.
- Housing is facing £250k of pressures on emergency and temporary accommodation and funding pressures from restrictive grant conditions. There has been a revenue saving of £160k against site management as the costs are capital in nature.
- These areas of pressure have all increased since Quarter One.
- Mitigations are focussing on service review and further efficiencies.

5.27 In Environment, there is a £0.9m forecast over spend, which could reduce to £0.25m by using reserves set aside as part of the budget process for pressures identified. Mitigations of £0.3m would bring the service back on line.

- The largest area of pressure is parking income which is seeing significant reductions compared to pre-pandemic levels both from car parks and season tickets amounting to £0.7m. There is £0.4m set aside in reserves for this, as it was identified as an expected pressure at the time of budget build.
- Other pressures include £162k solar energy income which is not achieving the expected levels of income based on current output of the installed solar panels, and £167k increased costs from street lighting. In network management, there is a £172k pressure on supervision fees for Section 38 and 278 orders.
- Transport services are seeing underspends from staffing vacancies and overachievement of income.
- Waste management are seeing increased levels of recycling income, reduced use of landfill and an overachievement of garden waste subscriptions leading to a favourable variance of £0.4m.
- Mitigations are around reduced spend, additional income targets and use of transformation funding.

Resources Directorate/Chief Executive

5.28 The Resources Directorate is forecasting an underspend of £571k against a budget of £12m, and after use of reserves of £32k, the underspend would increase to £603k.



5.29 In ICT there is a forecast underspend of £35k from staff vacancies, overachievement of school income. There are pressures from print and reprographic income and from WAN circuit requirements.

5.30 In Commissioning, there is a £317k forecast surplus income largely from the agency contract rebate, as a result of the increased agency usage.

5.31 In Finance and Property, the £78k forecast over spend has arisen as follows:

- Temporary staff costs covering workload pressures in the Financial Reporting Team is expected to lead to an over spend of £138k. There are further agency pressures in Exchequer Services totalling £66k.
- Energy costs and repairs and maintenance in corporate buildings are causing a pressure of £142k.
- These pressures are offset by £200k overachievement on commercial property income.

5.32 Strategy and Governance is forecasting a £286k underspend, which could increase to £345k after use of reserves.

- In HR there are £160k savings from National Insurance, and £236k savings in the Engagement Team due to use of Transformation Funding.

- In Legal there are pressures due to Coroners Court increased costs £65k, legal fee income £42k and client disbursements £32k (covered by reserve).

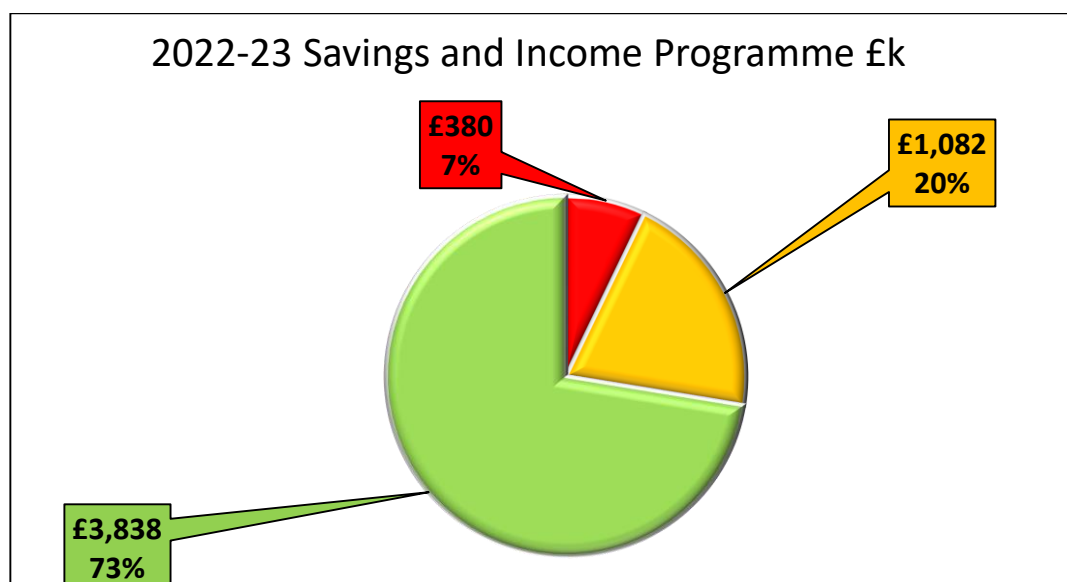
Capital Financing and Risk Management

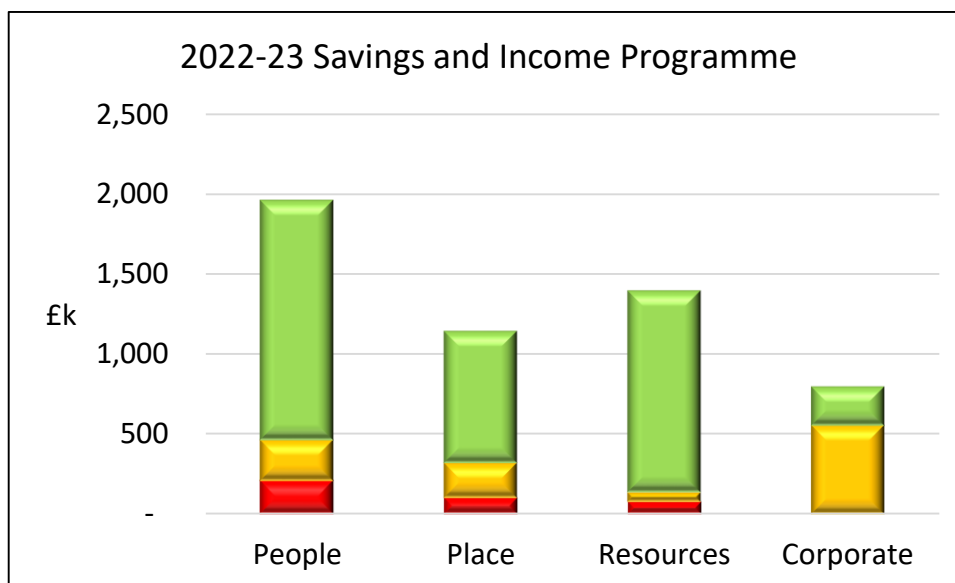
5.33 The Capital Financing forecast is an under spend of £1m. Capital financing costs are lower than expected due savings on capital financing through utilisation of short term borrowing and cash flow as opposed to longer term financing. Savings have also been achieved through the prepayment of pension contributions.

5.34 There is an underspend of £730k in Risk Management after releasing a £130k provision from reserves that is no longer required, and the proposed release of £0.6m from the Outcomes Based Budgeting reserve (OBB).

2022/23 Savings and income generation programme

5.35 In order to meet the funding available, the 2022/23 revenue budget was built with a £5.3m savings and income generation programme. The programme is monitored using the RAG traffic light system. The status is shown in the following charts:





5.36 Red items are as follows:

- £100k for ASC utilisation of the workforce reform grant. This is not achievable within the funding received and the conditions placed on the grants.
- £36k for supported living in ASC due to delays in construction of a new Learning Disability service due to supply chain issues.
- £26k Resource Allocation System software which will be implemented as part of Care Director V6 upgrade.
- £43k for ASC digital pathway which will be implemented with Care Director upgrade.
- £100k for Environment in delivery of solar PV projects. An investment bid has been proposed for 2023/24 to realign unachievable income.
- £75k from Timelord2 due to energy costs.

5.37 Amber items are as follows:

- £250k from Timelord reduced mileage.
- £300k from recruitment lag for staffing investment.
- £133k for Children’s staffing capacity savings.
- £42k for income from Northcroft leisure expansion.
- £80k traded income in Education.
- £30k home improvement agency income, not achievable for private adaptation work.
- £15k temporary accommodation maintenance as the cost of materials have increased.
- £172k from Traffic Management income not currently being achieved.
- £28k print and postage due to increased costs of paper and lack of external income.
- £32k from property disposals, still awaiting sale.

Proposals

5.38 To note the year-end forecast £3m over spend, after taking account of provision that was made in reserves for specific risks at the time of budget setting. Without this provision, the forecast would be an over spend of £7.8m.

5.39 To note that proposed mitigations totalling £1.9m could reduce the overspend to £1.1m.

6 Other options considered

6.1 None.

7 Conclusion

7.1 The 2022/23 financial year is presenting financial challenges for the Council due to inflation and demand. Provision that was set aside in reserves will be required to reduce the overspend by £4.7m, and a range of other mitigations are being considered to bring the overspend down further.

7.2 The £5.3m savings and income generation programme is forecast to be 73% achieved and will be reported on each quarter.

8 Appendices

8.1 Appendix A – Quarter Two position

8.2 Appendix B – Budget changes

Background Papers:

None

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 Committee or associated Task Groups within preceding six months | <input checked="" type="checkbox"/> |
| Item is Urgent Key Decision | <input type="checkbox"/> |
| Report is to note only | <input type="checkbox"/> |

Wards affected: All wards

Officer details:

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Job Title: Chief Management Accountant
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E-mail: Melanie.Ellis@westberks.gov.uk

Document Control

DocumentRef:		Date Created:	
Version:		Date Modified:	
Author:			
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Change History

Version	Date	Description	Change ID
1			
2			

Appendix A – Quarter Two position

	Budget				Forecasted Performance						
	Original Budget 2022/23 £	Changes in year 2022/23 £	Funding Released from Reserves 2022/23 £	Revised Budget 2022/23 £	Annual Expenditure Budget for 2022/23 £	Annual Expenditure Forecast for 2022/23 £	Expenditure Variance for 2022/23 £	Annual Income Budget for 2022/23 £	Annual Income Forecast for 2022/23 £	Income Variance for 2022/23 £	Net Variance £
Adult Social Care	55,119,550	0	0	55,119,550	74,647,930	82,462,070	7,814,140	-19,528,380	-22,508,590	-2,980,210	4,833,930
Children & Family Services	17,972,860	161,000	0	18,133,860	20,051,890	23,472,450	3,420,560	-1,918,030	-2,762,990	-844,960	2,575,600
Executive Director - People	330,710	0	0	330,710	330,710	299,420	-31,290	0	0	0	-31,290
Education (DSG Funded)	-444,000	0	0	-444,000	117,885,990	109,836,520	-8,049,470	-118,329,990	-110,280,520	8,049,470	0
Education	9,891,580	-161,000	124,200	9,854,780	13,425,710	15,607,540	2,181,830	-3,570,930	-4,797,910	-1,226,980	954,850
Public Health & Wellbeing	-80,000	0	441,900	361,900	6,748,750	6,656,300	-92,450	-6,386,850	-6,294,400	92,450	0
Communities & Wellbeing	2,427,920	38,380	34,650	2,500,950	3,929,010	4,262,050	333,040	-1,428,060	-1,433,150	-5,090	327,950
People	85,218,620	38,380	600,750	85,857,750	237,019,990	242,596,350	5,576,360	-151,162,240	-148,077,560	3,084,680	8,661,040
Development & Regulation	6,598,320	-13,830	155,020	6,739,510	13,646,520	15,222,520	1,576,000	-6,907,010	-7,688,560	-781,550	794,450
Executive Director – Place	214,610	0	0	214,610	214,610	224,610	10,000	0	0	0	10,000
Environment	24,450,060	-243,630	81,700	24,288,130	35,782,780	36,294,930	512,150	-11,494,650	-11,109,170	385,480	897,630
Place	31,262,990	-257,460	236,720	31,242,250	49,643,910	51,742,060	2,098,150	-18,401,660	-18,797,730	-396,070	1,702,080
ICT	2,222,590	0	68,000	2,290,590	3,164,190	3,060,350	-103,840	-873,600	-804,390	69,210	-34,630
Executive Director - Resources	313,430	0	0	313,430	313,430	317,000	3,570	0	-15,000	-15,000	-11,430
Commissioning & Procurement	744,880	34,250	47,950	827,080	10,388,820	10,387,720	-1,100	-9,561,740	-9,877,650	-315,910	-317,010
Finance & Property	1,334,840	-27,550	7,700	1,314,990	32,858,510	33,085,380	226,870	-31,543,520	-31,692,650	-149,130	77,740
Strategy & Governance	7,022,660	-60,890	54,730	7,016,500	8,098,460	7,819,810	-278,650	-1,081,960	-1,089,370	-7,410	-286,060
Resources	11,638,400	-54,190	178,380	11,762,590	54,823,410	54,670,260	-153,150	-43,060,820	-43,479,060	-418,240	-571,390
Chief Executive	533,970	0	0	533,970	533,970	528,970	-5,000	0	0	0	-5,000
Chief Executive	533,970	0	0	533,970	533,970	528,970	-5,000	0	0	0	-5,000
Capital Financing & Management	14,610,470	0	0	14,610,470	14,730,470	14,376,540	-353,930	-120,000	-775,860	-655,860	-1,009,790
Risk Management	850,000	0	130,000	980,000	980,000	0	-980,000	0	0	0	-980,000
Capital Financing and Management	15,460,470	0	130,000	15,590,470	15,710,470	14,376,540	-1,333,930	-120,000	-775,860	-655,860	-1,989,790
Total	144,114,450	-273,270	1,145,850	144,987,030	357,731,750	363,914,180	6,182,430	-212,744,720	-211,130,210	1,614,510	7,796,940

Appendix B – Budget Changes

Service	Original Net Budget	Approved Budget B/F from 2021-22	Budget changes not requiring approval	FAGG approved release from reserves	Approved by S151 & Portfolio Holder	Approved by Executive	Budget C/F to 2023-24	Final Net Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	55,120							55,120
Children and Family Services	17,973		161					18,134
Executive Director	331							331
Education DSG funded	(444)							(444)
Education	9,892		(161)	124				9,855
Public Health & Wellbeing	(80)			442				362
Communities & Wellbeing	2,428		38	35				2,501
People	85,219	0	38	601	0	0	0	85,858
Development & Regulation	6,584			155				6,740
Executive Director	215							215
Environment	24,208		(1)	82				24,288
Place	31,007	0	-1	237	0	0	0	31,242
ICT	2,223			68				2,291
Executive Director	313							313
Commissioning & Procurement	745		34	48				827
Finance & Property	1,340		(33)	8				1,315
Strategy & Governance	7,000		(38)	55				7,017
Resources	11,621	0	(37)	178	0	0	0	11,763
Chief Executive	534							534
Capital Financing & Risk	15,460			130				15,590
Total	143,841	0	0	1,146	0	0	0	144,987
Quarter One	143,841			594				144,435
Quarter Two	143,841			552				144,987
Quarter Three	143,841							144,987
Quarter Four	143,841							144,987
Total	143,841	0	0	1,146	0	0	0	144,987

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Capital Financial Performance Report Quarter Two 2022/23

Committee considering report:	Executive
Date of Committee:	15 December 2022
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed sent:	16 November 2022
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	EX4270

1 Purpose of the Report

The financial performance report provided to Members reports on the forecast under or over spends against the Council's approved capital budget. This report presents the forecast outturn position for financial year 2022/23 as at Quarter Two.

2 Recommendation(s)

- 2.1 It is recommended to members to approve the proposed reprofiling of £17.9 million of future expenditure from 2022/23 into financial year 2023/24.
- 2.2 Members are asked to note the increase in expenditure budget for the Castle at Theale School project, which will be fully funded through additional Department for Education High Needs Provision Capital Fund Grant. See section 6.1 of this report.

3 Implications and Impact Assessment

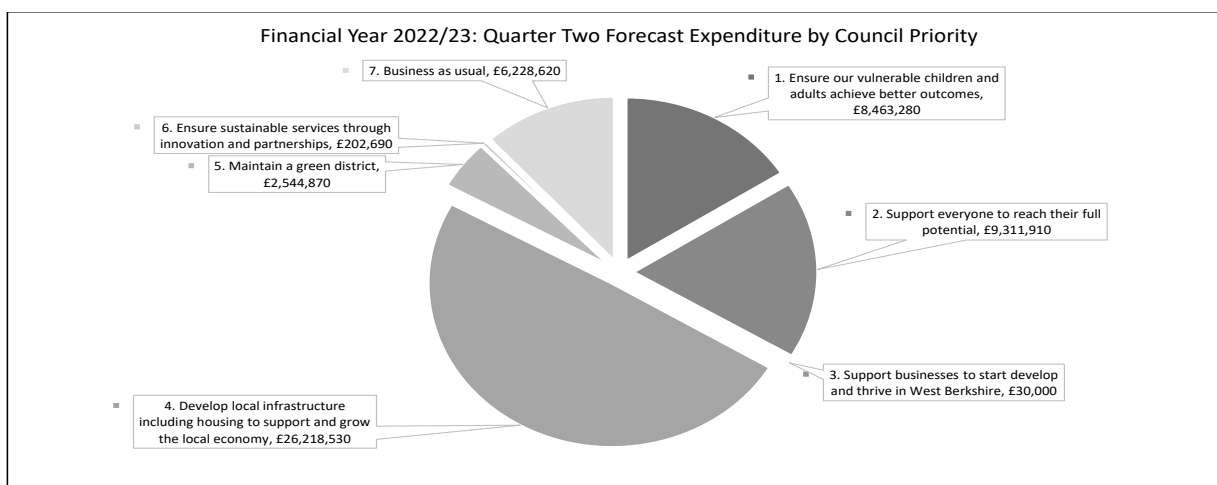
Implication	Commentary
Financial:	At the end of Quarter Two, expenditure of £53 million has been forecast against a revised budget of £72 million, an overall forecast underspend of £19 million. £17.9 million of future expenditure is proposed to be reprofiled into financial year 2023/24. Ongoing economic uncertainty has seen a rise in Bank Rate (from 1.75% at the end of Quarter One to 2.25% at the end of Quarter Two) and in loan rates offered through the Public Works Loan Board. This will increase the cost of any new borrowing required to support delivery of the capital programme.

Human Resource:	Not applicable			
Legal:	Not applicable			
Risk Management:	A key ongoing risk is the potential impact of engaged suppliers to default on contractual obligations through financial difficulties. Budget Managers and Capital Strategy Group are closely monitoring these risks to highlight projects with potential suppliers of concern and where there is an ongoing risk of default and/or the potential to retender agreed contracts at potentially higher cost.			
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 Capital Strategy Group (CSG)			

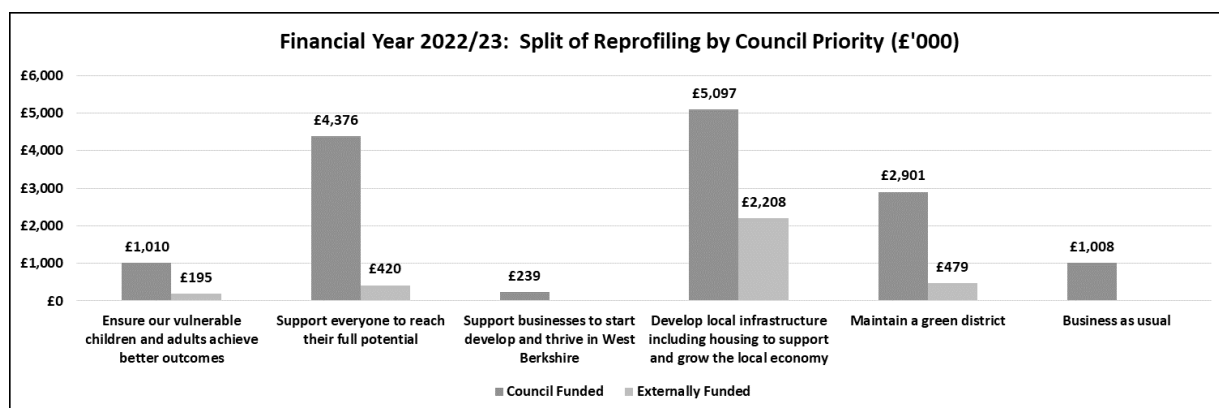
4 Executive Summary

4.1 The capital programme enables delivery of key Council schemes focused on supporting the approved Capital and Council Strategies. At Quarter Two, expenditure of £53 million is forecast to be incurred in delivering against the approved capital programme in financial year 2022/23. The forecast expenditure of £53 million against an approved budget of £72 million, generates a forecast year end underspend of £19 million. Forecast planned expenditure by Council Strategy priority is detailed in the graphic below.

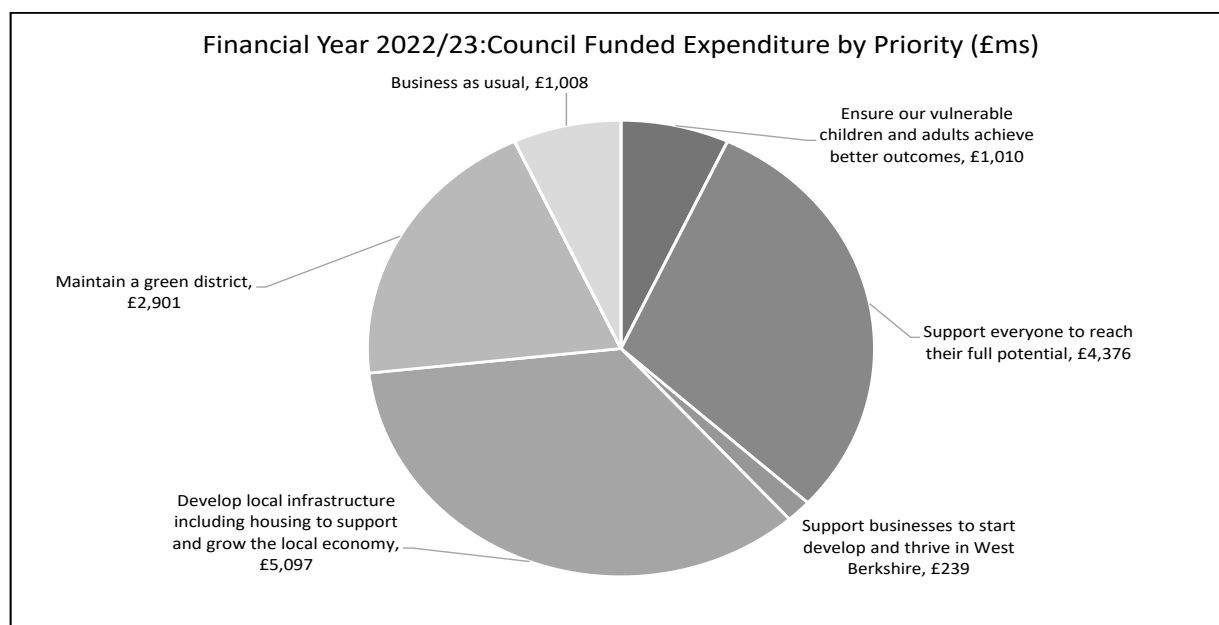


4.2 As part of the forecast outturn position £17.9 million of future planned expenditure is proposed to be reprofiled into financial year 2023/24, a detailed breakdown of which is

included in Appendix B. This is comprised of £14.6 million of Council funded expenditure (i.e. to be financed through external borrowing) and £3.3 million of externally funded expenditure. The proposed reprofiling is broken down as follows:



4.3 In respect of financing the capital programme, as at 30th September 2022, the Council's total level of long term borrowing to fund capital spend stood at £189.4 million. Principal repayments of £2.5 million are due by the 31st March 2023 which will reduce the total level of long term borrowing to £186.9 million at the 31st March 2023 if no further long term borrowing is taken out during the current financial year. The graphic below details the forecast Council funded expenditure by Council priority for the financial year as at Quarter Two.



4.4 In respect of the economic outlook, the Bank of England Monetary Policy Committee has approved a series of stepped increase in Base Rate in 2022, at the time of writing this report the interest rate was raised from 2.25% to 3%, the largest single increase since 1989. Recent economic instability has been reflected in significant increases to Local Government borrowing from the PWLB (Public Works and Loans Board), with rates for a 25 year annuity loan now on average at near 5% compared to an average of 2.5%. In a rising interest environment, the Council will face risks of increased cost on any new external borrowing undertaken to support delivery of planned capital works, in addition to general cost inflationary pressures. The capital programme approved by

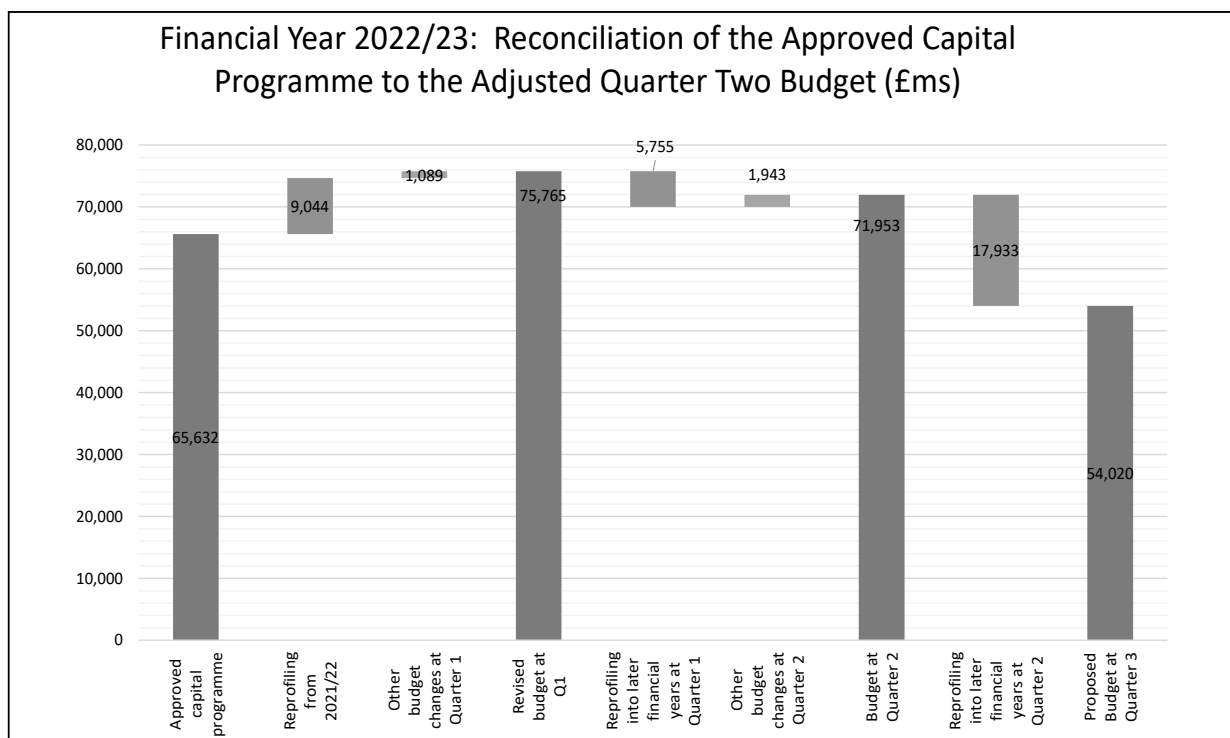
Council Committee in March 2022 was set with the expectation to undertake £14.5 million of new long term borrowing alongside £8.1 million of short term borrowing during 2022/23. During quarters One and Two of the current financial year officers have sought to mitigate risk through a strategy of not undertaking long term borrowing in respect of PWLB financing and, instead focusing on supporting delivery of the capital programme through short term borrowing and cash balances. The strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low is anticipated to continue until 31st March 2023.

- 4.5 Capital financing costs are incurred a year in arrears, hence the cost of financing 2022/23 capital expenditure will fall into financial year 2023/24. Based on Quarter Two forecasting, the Council's liability benchmark (i.e. the net borrowing requirement of a local authority), indicates that long term borrowing will be required in financial year 2023/24. Current planning indicates that approximately there is a £33 million borrowing requirement in 2023/24 in support of capital expenditure, the waste PFI and maintaining minimum investment balances. Based on an average PWLB annuity loan of 25 years at forecast rates (including certainty rate) of 4.6% (9.11.2022 rates), total capital financing costs for 2023/24 are expected to be approximately £15.7 million.

5 Supporting Information

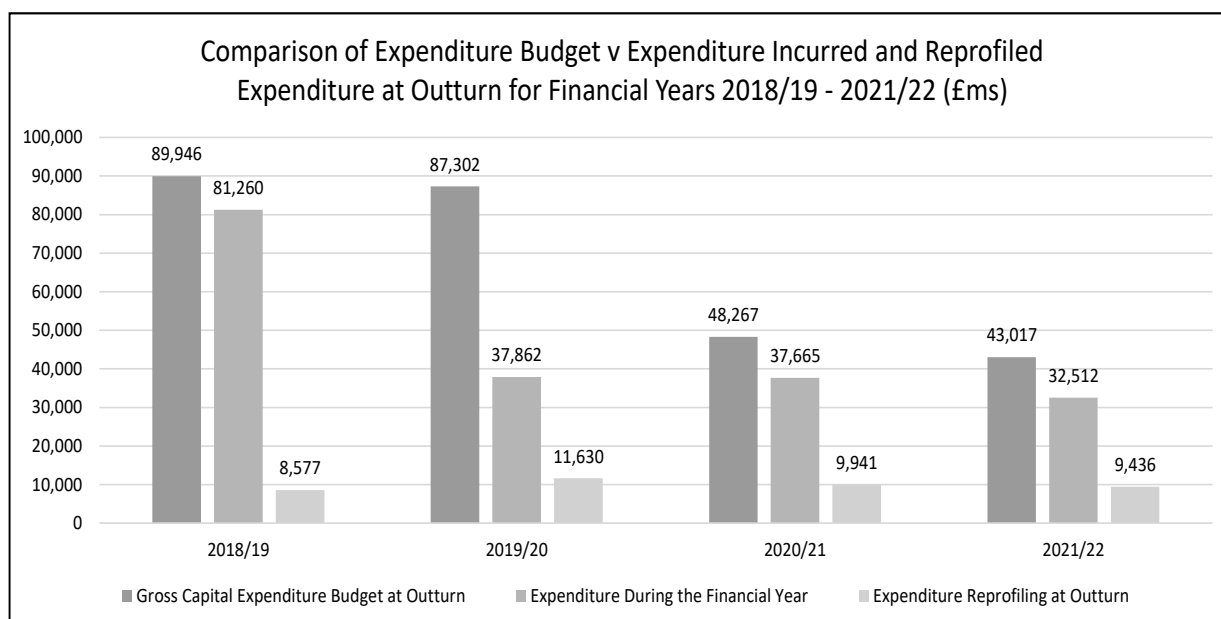
Introduction

- 5.1 The 2022/23 capital programme was agreed by Council in March 2022 with a gross expenditure budget of £65.6 million split between externally funded expenditure of £28.7 million and £36.9 million of Council funded expenditure (i.e. application of capital receipts and 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. Included within the capital programme for 2022/23 was £20.3 million of expenditure reprofiled from the 2021/22 approved capital programme, with an additional £9 million of expenditure subsequently reprofiled into 2022/23 at the end of 2021/22.
- 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 Community Infrastructure Levy (CIL) allocations received in year or 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 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 is reviewed by CSG. Appendix A provides a breakdown of budget changes as at the 2022/23 year end. The graphic below details the changes between the Quarter One and Quarter Two Position:



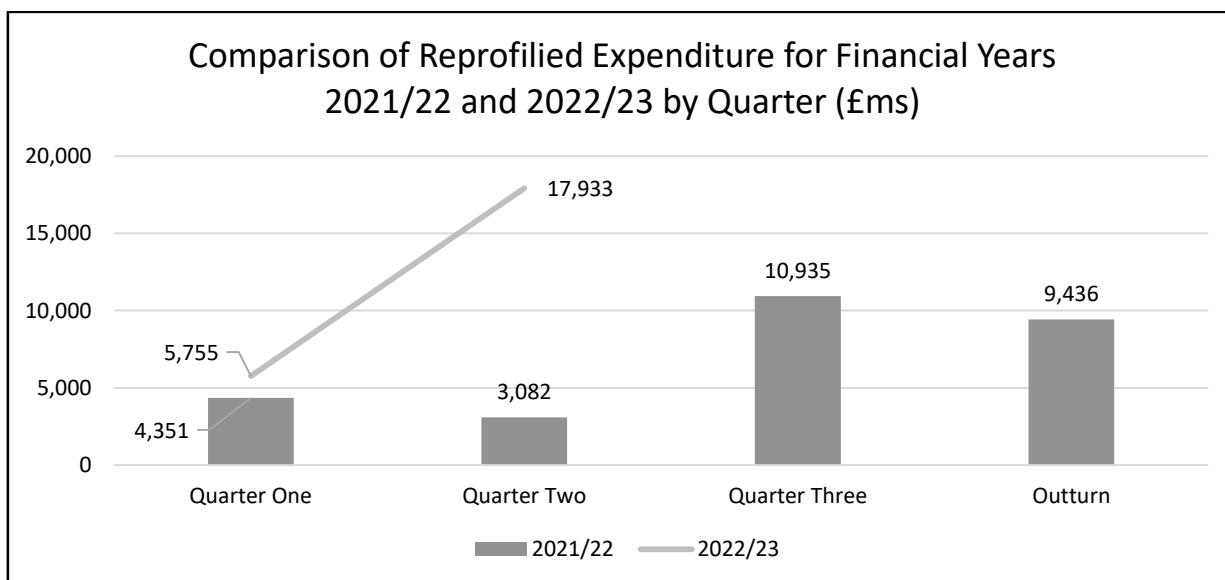
Background

5.3 As part of the annual budget build cycle, future expenditure identified in a financial year that is unlikely to be incurred is reprofiled into the subsequent financial years' capital programme. Reprofiled is undertaken up to and including Quarter Three annually. At outturn, any further previously unidentified sums are reprofiled - often termed 'slippage' - into the subsequent financial year. The graphic below shows the capital programme budget at outturn compared to expenditure incurred and sums reprofiled/slipped at outturn for the previous four financial years.



5.4 As at Quarter Two, total forecast expenditure against the approved capital programme of £72 million for 2022/23 amounts to £53 million, generating a £18.9 million underspend

position. The Quarter Two forecast position is after £5.7 million of expenditure being reprofiled into financial year 2023/24. The graphic below details reprofiling undertaken throughout 2021/22 compared to the current financial year. In total through the budget build process, £27.8 million of expenditure was reprofiled from the 2021/22 approved capital programme into financial year 2022/23. In respect of the 2022/23 capital programme of £23.7 million has been reprofiled or is proposed to be reprofiled into the proposed programme for financial year 2023/24.



Financial Year 2022/23 Forecasting as at Quarter Two

The People Directorate

5.5 The directorate is forecasting total expenditure of £18.8 million against a budget of £29.7 million. £10.7 million of the forecast underspend is proposed to be reprofiled into financial year 2023/24. £590k of planned expenditure was previously reprofiled into financial year 2023/24 at Quarter One. The table below shows the forecast position against budget for both Quarter One and Two and proposed additional reprofiling at Quarter Two.

People Directorate	Quarter One Budget	Quarter One Forecast Expenditure	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling	Forecast (Under)/Over spend adjusted for Re-Profiling
Adult Social Care	£3,808,020	£3,866,280	£3,956,020	£2,751,020	(£1,205,000)	£1,205,000	£
Childrens & Family Services	£30,000	£30,000	£30,000	£11,000	(£19,000)	£	(£19,000)
Education	£14,506,170	£10,012,470	£14,267,170	£9,581,480	(£4,685,690)	£4,625,080	(£60,610)
Communities & Wellbeing	£11,760,470	£11,409,470	£11,409,470	£6,487,370	(£4,922,100)	£4,932,100	£10,000
Total Directorate	£30,104,660	£25,318,220	£29,662,660	£18,830,870	(£10,831,790)	£10,762,180	(£69,610)

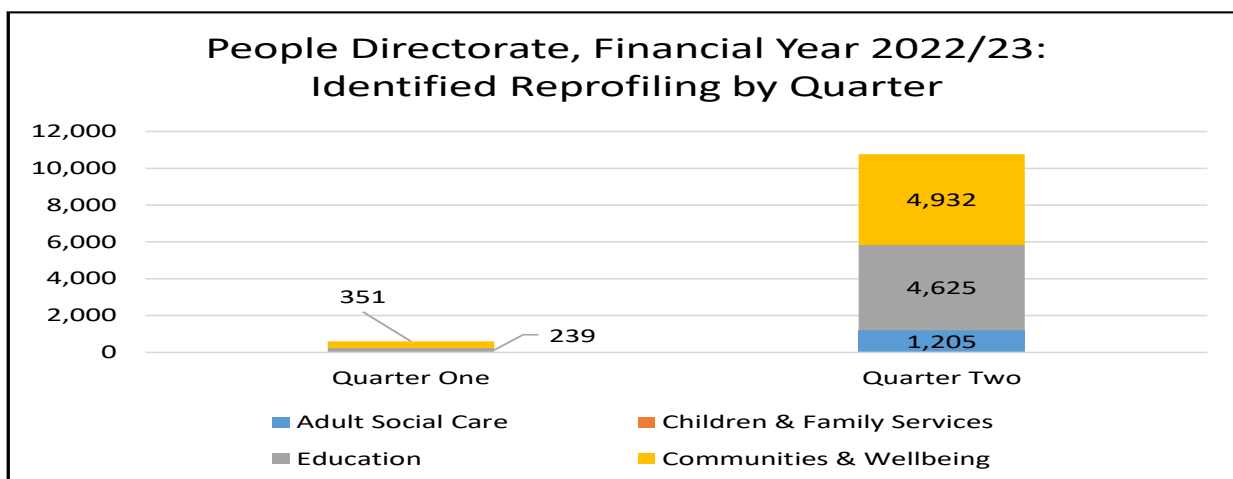
5.6 The Quarter Two forecast position is driven by the Education and the Communities & Wellbeing Services, with underspends against the following key projects:

- (a) Education: Downlands Sport Centre Replacement & Extension (forecast £3 million underspend), has been put on hold since Quarter One reporting as the community leisure element of the project has been placed under review.

The timing of a resolution to this issue is unknown and so this has been requested as reprofiling into 2023/24.

- (b) Education: i-college project (forecast £309k underspend), is delayed due to delays in appointing a contractor and accessing the site, which are in turn due to problems in securing appropriate temporary accommodation. This project has therefore been requested to be reprofiled into 23/24.
- (c) Education: The Education Planned Maintenance Programme is forecast to underspend by £280k. Delays in survey returns have compromised overall project delivery, meaning work expected over the summer holidays was not completed. This has therefore been requested to be reprofiled into 2023/24.
- (d) Communities & Wellbeing: The Playing Pitch Action Plan (forecast £3.9 million underspend) is subject to delays in the pre-application stage. Progression of the project is dependent on utilities going in January/February 2023. This has therefore been requested to be reprofiled into 2023/24
- (e) Communities & Wellbeing – Reducing the damp in the West Berkshire Museum, (forecasting £198k underspend). This project is on hold due to resourcing issues in Property, meaning there is a delay in the team allocating a surveyor. This has therefore been requested to be reprofiled into 2023/24.

5.7 At Quarter Two in total across both quarters of the financial year, £11.3 million of expenditure reprofiling has been identified. The graphic below details identified reprofiling by service and by quarter.



5.8 The proposed directorate budget after reprofiling will be £18.9 million with a forecast revised year end underspend position of £69.6k.

The Place Directorate

5.9 The directorate is forecasting total expenditure of £26.3 million against a budget of £32.6 million. £6.2 million of the forecast underspend is proposed to be reprofiled into financial year 2023/24. £5.2 million of planned expenditure was previously reprofiled into

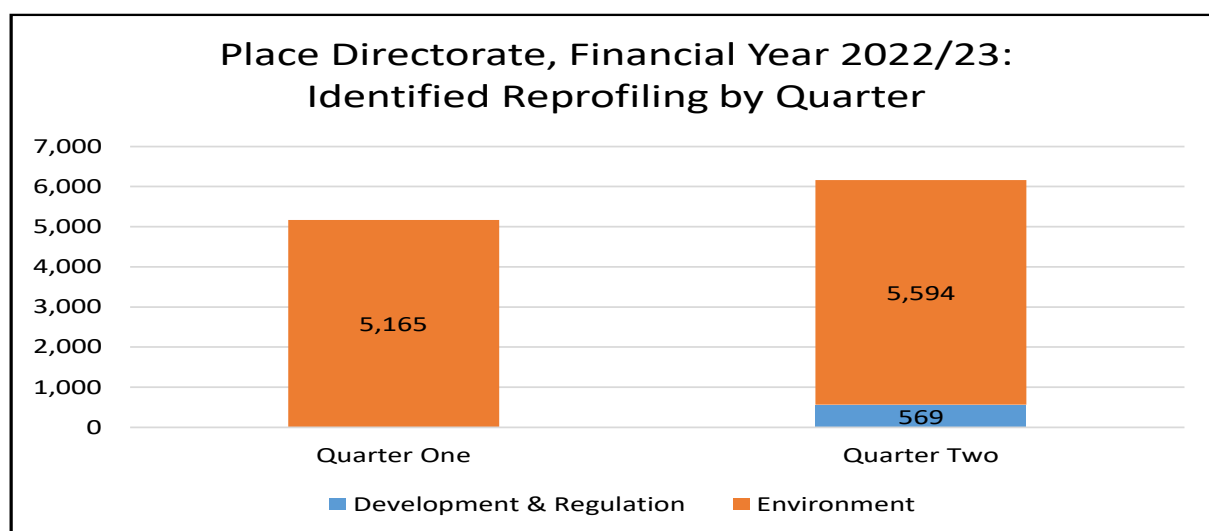
financial year 2023/24 at Quarter One. The table below shows the forecast position against budget for both Quarter One and Two and proposed additional reprofiling at Quarter Two.

Place Directorate	Quarter One Budget	Quarter One Forecast Expenditure	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling	Forecast (Under)/Over spend adjusted for Re-Profiling
Development & Regulation	£6,232,210	£6,232,210	£6,232,210	£5,619,410	(£612,800)	£568,620	(£44,180)
Environment	£29,808,630	£24,017,180	£26,383,840	£20,647,590	(£5,736,250)	£5,594,310	(£141,940)
Directorate Totals	£36,040,840	£30,249,390	£32,616,050	£26,267,000	(£6,349,050)	£6,162,930	(£186,120)

5.10 The forecast position is driven by the Environment Service and relates to three main projects:

- (a) Renewable Energy Provision (£2.7 million underspend): Planning permission has now been granted for the Grazeley Solar Farm. The team are currently exploring options including selling energy to a local supplier which would create secure income at a higher rate. The full forecast underspend of £2.7 million has been requested to be reprofiled into 2023/24.
- (b) Robin Hood Roundabout and A4 improvements (forecast £1.4 million underspend): A number of delays have been incurred as part of the consultation process. The full forecast underspend of £1.4 million has been requested to be reprofiled into 2023/24.
- (c) A4 Faraday Road Improvements (forecast £320k underspend): Works on the project have been delayed with nil expenditure forecast in 2022/23. The full budget of £320k has been requested to be reprofiled in 2023/24.

5.11 At Quarter Two in total across both quarters of the financial year, £11.3 million of expenditure reprofiling has been identified. The graphic below details identified reprofiling by service and by quarter.



5.12 The proposed directorate budget after reprofiling will be £26.5 million with a forecast revised year end underspend position of £186k.

The Resources Directorate

5.13 The directorate is forecasting total expenditure of £7.9 million against a budget of £9.7 million. £1.0 million of the forecast underspend is proposed to be reprofiled into financial year 2023/24. No reprofiling of future planned expenditure was undertaken at Quarter One. The table below shows the forecast position against budget for both Quarter One and Two and proposed additional reprofiling at Quarter Two.

Directorate	Quarter One Budget	Quarter One Forecast Expenditure	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling	Forecast (Under)/Over spend adjusted for Re-Profiling
ICT	£4,604,220	£4,599,620	£4,604,220	£4,122,520	(£481,700)	£581,050	£99,350
Finance & Property	£4,433,820	£4,358,110	£4,433,820	£3,382,170	(£1,051,650)	£190,500	(£861,150)
Strategy & Governance	£581,250	£281,250	£636,250	£397,340	(£238,910)	£236,700	(£2,210)
Directorate Totals	£9,619,290	£9,238,980	£9,674,290	£7,902,030	(£1,772,260)	£1,008,250	(£764,010)

5.14 The main contributing factors to the directorate forecast position are as follows:

- (a) Finance & Property: Landlord fit out works in commercial properties (forecast £790k underspend): The budget designed to fund works post end of a lease in 2022/23 has not been required due to tenant extending the lease.
- (b) Finance & Property: The Enterprise Resource Planning System (forecast £191k underspend). The majority of the project budget was reprofiled at Quarter One into financial year 2023/24. The project is now being revised through the 2023/24 capital programme build process.
- (c) ICT: Contact Centre Systems (forecast underspend of £180k) resourcing issues within ICT have impacted on ability to deliver the project. £150k of this underspend has been requested to be reprofiled into 2023/24.
- (d) ICT: Project Management ICT (forecast underspend of £252k). Resourcing issues within the team resulting in an in-year underspend.

5.15 At Quarter Two £1.0 million of expenditure reprofiling has been identified. The proposed directorate budget after reprofiling will be £8.7 million with a forecast revised year end underspend position of £764k.

Capital Financing

5.16 The Prudential Code requires authorities to look at capital and investment plans in light of overall organisation strategy and resources to ensure that decisions are made with sufficient regard to the long term financing implications and risks to the Council. To demonstrate that local authorities have fulfilled these objectives, the code sets out a number of indicators, although the Code does not include suggested indicative limits or

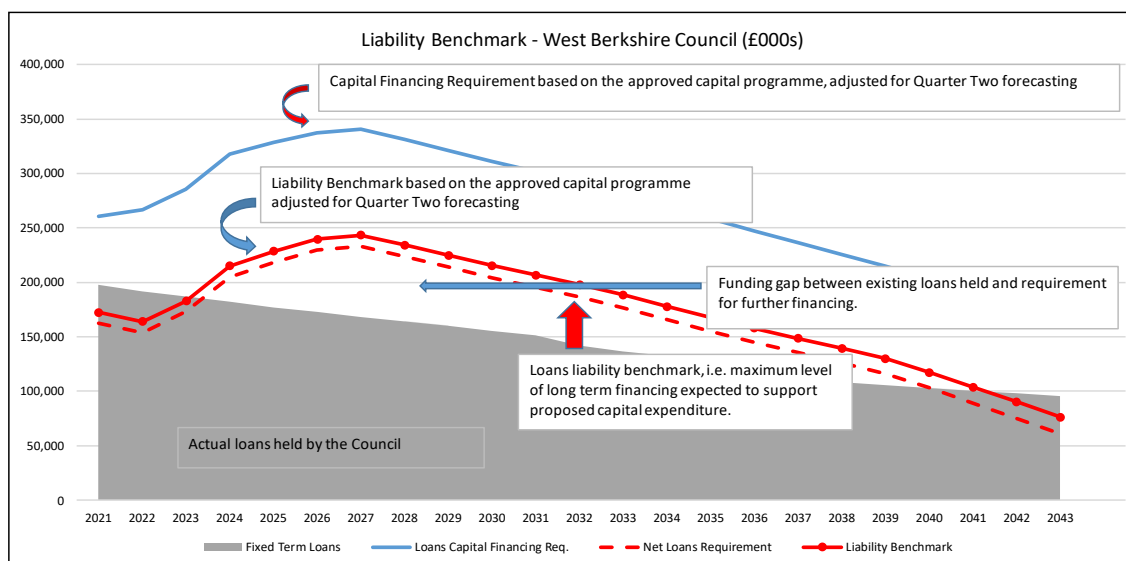
ratios. Local Authorities are to set their own limits and ratios, subject to controls under section 4 of the Local Government Act 2003. The Council's capital programme is a key driver of the treasury management activity.

5.17 A key indicator is the Council's Authorised Limit for external for debt which was approved at Council on 3rd March 2022, at £367.1 million for the current financial year. As well as the level of borrowing needed to fund capital expenditure, the Limit also allows for debt embedded in the Waste PFI contract and any temporary borrowing which is required for cash flow purposes during the year (up to a maximum of £24 million at any one time).

5.18 As at 30th September 2022, the Council's total level of long term borrowing to fund capital spend stood at £189.4 million. During financial year 2021/22 a strategy of not undertaking long term borrowing in respect of Public Works and Loan Board (PWL) financing was pursued, instead focusing on supporting delivery of the capital programme through short term borrowing and cash balances. The strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low has continued in the first two quarters of 2022/23. Principal repayments of £2.5 million are due by the 31st March 2023 which will reduce the total level of long term borrowing to £186.9 million at the 31st March 2023. Based on the Quarter Two capital expenditure position and the level of proposed reprofiling, of which £14.6 million relates to Council funded expenditure (i.e. funded through borrowing), it is not anticipated that long term borrowing will be required in the duration of the current financial year. Major schemes reprofiled at Quarter Two that have contributed to the revised borrowing position are:

- (a) Downlands Sports Centre replacement and expansion
- (b) The Playing Pitch Action Plan
- (c) Renewable Energy Provision

5.19 Capital financing costs are incurred a year in arrears, hence the cost of financing 2022/23 capital expenditure will fall into financial year 2023/24. Based on Quarter Two forecasting, the Council's liability benchmark (i.e. the net borrowing requirement of a local authority), indicates that long term borrowing will be required in financial year 2023/24. Current planning indicates that approximately there is a £33 million borrowing requirement in 2023/24 in support of capital expenditure, the waste PFI and maintaining minimum investment balances. Based on an average PWLB annuity loan of 25 years at forecast rates (including certainty rate) of 4.6% (9.11.2022 rates), capital financing costs for 2023/24 are expected to be approximately £15.7 million.



5.20 In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility and CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the Capital Financing Requirement – “CFR” - (which represents an authority’s underlying need to borrow for capital purposes), unless directly and primarily related to the functions of the authority.

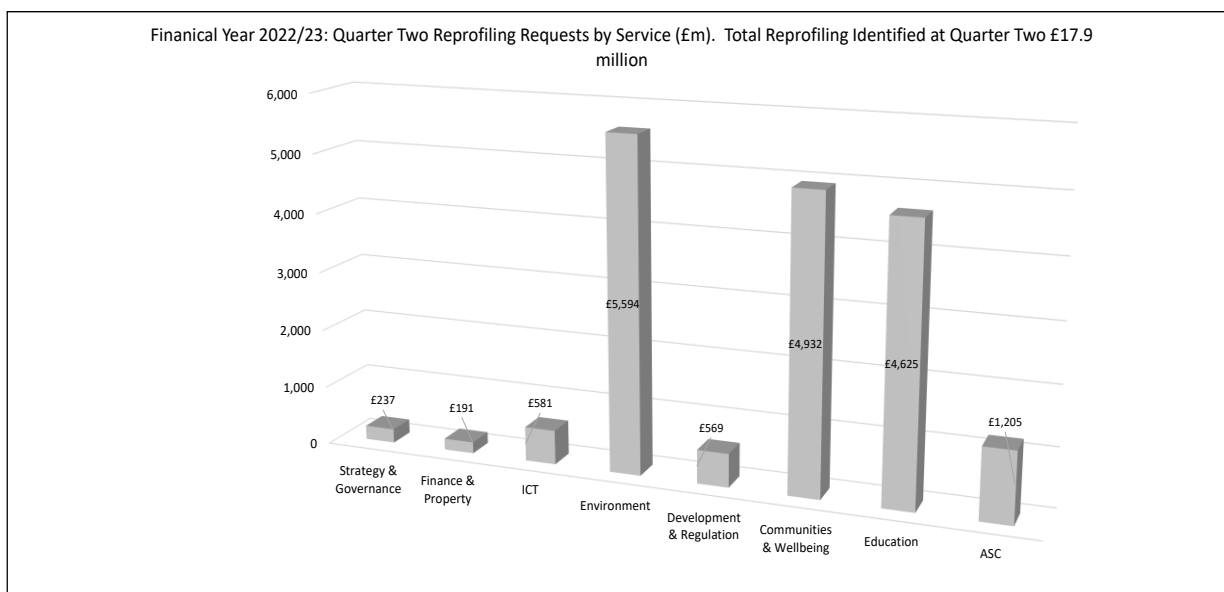
5.21 The 2022/23 capital programme was expected to increase the Council’s CFR by £23 million to £304.5 million by 31.3.2023 based on the Council’s draft 2021/22 financial statements and the approved capital programme. As at Quarter Two the revised forecast CFR based on revised planned capital expenditure is £296.4 million.

5.22 In respect of existing commercial investments under the new enhanced rules, Councils are not required to disinvest (i.e. sell assets); however, Councils with existing commercial investments who expect to need to borrow should review the options for exiting these investments. Included within proposed capital expenditure to be funded by external borrowing in financial year 2022/23 is £180k on refit costs for commercial properties.

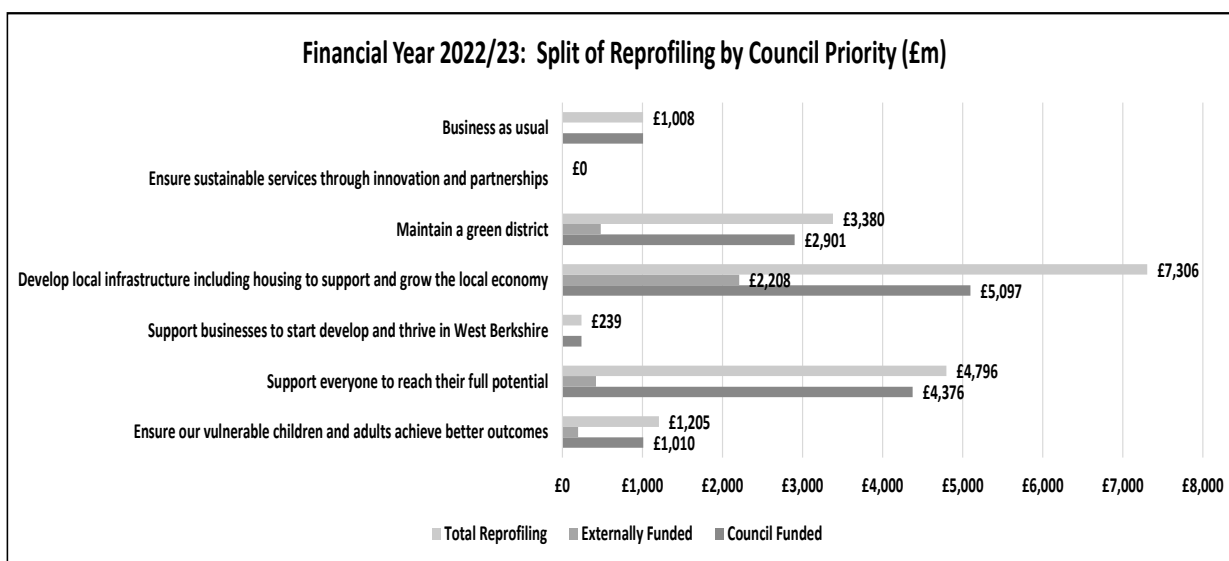
Proposals

5.23 As part of the Quarter Two budget monitoring review, £17.9 of expenditure has been identified as unlikely to be incurred in the current financial year and is requested to be reprofiled into subsequent financial years. Appendix B provides a breakdown, and which is summarised in the below chart:

Capital Financial Performance Report Quarter Two 2022/23



5.24 The funding of the proposed reprofiting is split between £14.6 million of Council funding (i.e. expenditure funded through external borrowing) and £3.3 million of external funding (i.e. external grants, S106 and CIL). Post reprofiting the adjusted forecast 31.3.2023 outturn position for the capital programme is an underspend of £1.0 million. The graphic below details the split of reprofiting by internal and external funding on a Council Strategy priority basis.



5.25 Post reprofiting the revised capital programme will be £54.0 million with a forecast outturn underspend of £1.0 million. Total planned expenditure in 2022/23 is forecast to be £53.0 million, of which £25.6 million is planned to be funded through Council borrowing. The costs of any long term financing through PWLB loans will be incurred against the 2023/24 revenue capital financing budget.

6 Other changes to note

6.1 Education Services: SEMH/ASD Resourced Provision – Secondary. An additional £771,990 in capital funding will be applied to the budget. This will be fully covered from

the 2022/23 and 2023/24 allocations of High Needs Provision Capital Fund (HNPCF) grant received from the Department for Education (DfE). This has no impact upon other schemes and has been agreed by the S151 Officer in consultation with the Portfolio Holder for Finance, with the change being subsequently reported to the Executive via this report.

7 Other options considered

Not applicable.

8 Conclusion

- 8.1 In respect of the full programme at Quarter Two there is a forecast underspend of £19 million with a proposal to reprofile £17.9 million of future expenditure into financial year 2023/24.

The capital programme is subject to a number of financial risks. Construction inflation (currently forecast at 8 - 10% compared to an assumed level of 2%) potentially resulting current contracts being subject to a reduction in scope to deliver within agreed financial terms and tender cost for new projects subject to significant increases. The scale of the programme itself is also dependant on sufficient resourcing both internally and externally being available to support delivery. During 2021/22 £27.8 million of expenditure was reprofiled into 2022/23 (including £9 million reprofiled at outturn), which equated to 58% of the original 2021/22 capital programme. Total reprofiling in 2022/23 at £23.7 million equates to 31.3% of the Quarter One budget.

- 8.2 The financial position and risks associated with delivery of the capital programme will be monitored throughout the financial year by CSG. As part of the 2023/24 and ten year capital programme budget build process, expenditure identified as unlikely to occur in 2022/23 will be reprofiled into later financial years.

9 Appendices

Appendix A – Budget Changes as at Quarter Two

Appendix B – Quarter Two Reprofiling Proposals

Background Papers:

None

Subject to Call-In:

Yes: No:

- 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

Wards affected: All wards

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Document Control

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

Change History

Version	Date	Description	Change ID
1			
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Budget Changes: As at Quarter Two Financial Year 2021/22

Service Area	Original Gross Expenditure Budget 2022/23	Budget Agreed by CSG to be Re-profiled from 2021/22	Other Changes to 2022/23 Budget at Quarter One	Budget at Quarter One	Budget Reprofiling Approved at Quarter One	Other Changes to 2022/23 Budget at Quarter Two	Budget at Q2	Explanation of Other Agreed Changes	Approved by CSG
PEOPLE DIRECTORATE									
Adult Social Care	3,022,170	785,850		3,808,020	0	148,000	3,956,020	£148k Increase to Care Homes PMP budget	15/09/2022
Children & Family Services	20,000	10,000		30,000	0	0	30,000		
Education	13,023,530	1,138,950	343,690	14,506,170	(239,000)		14,267,170		
Communities & Wellbeing	11,104,120	656,350		11,760,470	(351,000)		11,409,470		
Total for People Directorate	27,169,820	2,591,150	343,690	30,104,660	(590,000)	148,000	29,662,660		
PLACE DIRECTORATE									
Development & Regulation	4,978,720	1,253,490		6,232,210	0		6,232,210		
Environment	26,744,120	2,974,750	89,760	29,808,630	(5,164,790)	1,740,000	26,383,840	£1.7m Addition DFT Grant Budget allocated to numerous budgets £15k for Car Park Maintenance £25k for Wild Flower Displays (CIL Funded)	15/09/2022
Total for Place Directorate	31,722,840	4,228,240	89,760	36,040,840	(5,164,790)	1,740,000	32,616,050		
RESOURCES DIRECTORATE									
ICT	3,178,760	1,425,460		4,604,220	0		4,604,220		
Finance & Property	3,114,120	694,300	625,400	4,433,820	0	0	4,433,820	£47k Budget moved from 87299 to 87636	13/10/2022
Strategy & Governance	446,000	105,250	30,000	581,250	0	55,000	636,250	£55k for Digital Signposting Project	15/09/2022
Total for Resources Directorate	6,738,880	2,225,010	655,400	9,619,290	0	55,000	9,674,290		
CHIEF EXECUTIVE									
Chief Executive	0	0	0	0	0	0	0		
Total Capital Budget	65,631,540	9,044,400	1,088,850	75,764,790	(5,754,790)	1,943,000	71,953,000		

Proposed Re-profiling at Quarter Two

Directorate	Service	Cost Centre	Project Title	Gross Expenditure Budget	Forecast Outturn at Q2	Underspend at Q2	Re-profiling Request	Externally Funded Re-profiling	Council Funded Value
People	Adult Social Care	86047	Willows Care Home - Garden Project	50,000	0	(50,000)	50,000		(50,000)
People	Adult Social Care	86048	Birchwood Care Home - Garden Project	50,000	0	(50,000)	50,000		(50,000)
People	Adult Social Care	86049	Notrees Care Home – Garden Project	30,000	0	(30,000)	30,000		(30,000)
People	Adult Social Care	86051	Notrees Day Centre - Refurbishment	400,000	20,000	(380,000)	380,000		(380,000)
People	Adult Social Care	86052	Birchwood Care Home - Refurbishment	400,000	150,000	(250,000)	250,000		(250,000)
People	Adult Social Care	86053	Willows Edge - Refurbishment	500,000	55,000	(445,000)	445,000	(195,000)	(250,000)
Adult Social Care Total				1,430,000	225,000	(1,205,000)	1,205,000	(195,000)	(1,010,000)
People	Education	82285	Highwood Copse	334,980	194,250	(140,730)	140,730		(140,730)
People	Education	82319	i-college Alternative Education - East of Area	1,784,140	1,475,340	(308,800)	308,800		(308,800)
People	Education	82337	Calcot Schools Remodelling	383,850	136,480	(247,370)	247,370		(247,370)
People	Education	82338	Downlands Sport Centre - replacement and expansion	3,111,420	50,000	(3,061,420)	3,061,420	(115,220)	(2,946,200)
People	Education	82339	Falkland Primary School - Classroom Replacement	87,140	20,000	(67,140)	67,140	(20,710)	(46,430)
People	Education	82340	Brookfields School - Accessibility	233,750	50,000	(183,750)	183,750		(183,750)
People	Education	82342	SEMH/ASD Resourced Provision - Primary	153,360	101,560	(51,800)	51,800		(51,800)
People	Education	82344	North Newbury - New primary school	290,970	50,000	(240,970)	240,970	(240,970)	0
People	Education	82345	Thatcham Park Early Years Accomodation	25,000	10,000	(15,000)	15,000	(15,000)	0
People	Education	82346	Castle School Ways of Working Facility	27,000	10,000	(17,000)	17,000	(17,000)	0
People	Education	82347	Engaging Potential	11,100	5,000	(6,100)	6,100	(6,100)	0
People	Education	82348	Mortimer St John's Infants School - relocation	10,000	5,000	(5,000)	5,000	(5,000)	0
People	Education	87131	Education - Pmp	2,280,000	2,000,000	(280,000)	280,000		(280,000)
Education Total				8,732,710	4,107,630	(4,625,080)	4,625,080	(420,000)	(4,205,080)
People	Communities & Wellbeing	85188	Leisure Centre Compliance & Modernisation	468,380	418,380	(50,000)	50,000		(50,000)
People	Communities & Wellbeing	87133	Leisure Centres PMP	184,730	144,730	(40,000)	40,000		(40,000)
People	Communities & Wellbeing	85198	Hungerford LC - Modular exercise studio	290,830	120,000	(170,830)	170,830		(170,830)
People	Communities & Wellbeing	85199	Playing Pitch Action Plan	4,663,150	750,000	(3,913,150)	3,913,150		(3,913,150)
People	Communities & Wellbeing	85201	West Berkshire Museum. Reducing the damp in the historic buildings	248,000	50,000	(198,000)	198,000		(198,000)
People	Communities & Wellbeing	85204	Shaw House outbuildings restoration	225,000	50,000	(175,000)	175,000		(175,000)
People	Communities & Wellbeing	85205	West Berkshire Museum Collections Storage	20,000	5,000	(15,000)	15,000		(15,000)
People	Communities & Wellbeing	85143	Museum Maint & Repair	166,410	35,000	(131,410)	131,410		(131,410)
People	Communities & Wellbeing	87610	Members Bids	238,710	0	(238,710)	238,710		(238,710)
Communities & Wellbeing Total				6,505,210	1,573,110	(4,932,100)	4,932,100	0	(4,932,100)
People Total				16,667,920	5,905,740	(10,762,180)	10,762,180	(615,000)	(10,147,180)

Capital Financial Performance Report Quarter Two 2022/23

Directorate	Service	Cost Centre	Project Title	Gross Expenditure Budget	Forecast Outturn at Q2	Underspend at Q2	Re-profiling Request	Externally Funded Re-profiling	Council Funded Value
Place	Development & Regulation	80014	Sovereign Joint Venture	669,000	334,500	(334,500)	334,500		(334,500)
Place	Development & Regulation	87750	London Road Industrial Estate	850,500	695,000	(155,500)	155,500		(155,500)
Place	Development & Regulation	87756	Newbury Town Centre Masterplan	134,000	67,000	(67,000)	67,000		(67,000)
Place	Development & Regulation	86020	Temp Accommodation Refurbishment	31,620	20,000	(11,620)	11,620		(11,620)
Development & Regulation Total				1,685,120	1,116,500	(568,620)	568,620	0	(568,620)
Place	Environment	83103	Council Carbon Management Plan	120,180	30,000	(90,180)	90,180		(90,180)
Place	Environment	83132	Renewable Energy Provision	2,949,200	200,000	(2,749,200)	2,749,200		(2,749,200)
Place	Environment	81186	Traffic Signal Upgrades	476,290	300,000	(176,290)	176,290	(176,290)	0
Place	Environment	81379	School Safety Programme	50,000	0	(50,000)	50,000	(50,000)	0
Place	Environment	81426	Robin Hood Roundabout & A4	1,500,000	100,000	(1,400,000)	1,400,000	(1,400,000)	0
Place	Environment	81603	Aldermaston Footways	249,310	70,000	(179,310)	179,310	(179,310)	0
Place	Environment	81632	On Street Electrical Charge Point	374,400	75,000	(299,400)	299,400	(299,400)	0
Place	Environment	81642	Theale Bypass Noise Investigation Feasibility	15,000	0	(15,000)	15,000	(15,000)	0
Place	Environment	81649	Local S106 Highway Improvements	197,010	40,000	(157,010)	157,010	(157,010)	0
Place	Environment	81656	A4 Faraday Road Improvements	320,000	0	(320,000)	320,000	(320,000)	0
Place	Environment	81658	Car Park Maintenance	55,840	49,570	(6,270)	6,270		(6,270)
Place	Environment	81664	Kings Road Improvements	50,000	0	(50,000)	50,000	(50,000)	0
Place	Environment	81669	Vehicle Management System/Intelligent Traffic Signs	40,000	0	(40,000)	40,000	(40,000)	0
Place	Environment	83112	Urban tree fund	74,020	40,000	(34,020)	34,020		(34,020)
Place	Environment	81652	Transport Services Fleet Upgrade	335,830	308,200	(27,630)	27,630		(27,630)
Environment Total				6,807,080	1,212,770	(5,594,310)	5,594,310	(2,687,010)	(2,907,300)
Place Total				8,492,200	2,329,270	(6,162,930)	6,162,930	(2,687,010)	(3,475,920)
Resources	ICT	87294	Network Infrastructure (Core Switches)	90,000	0	(90,000)	90,000		(90,000)
Resources	ICT	87319	Telephony Infrastructure (VoIP Outlying Offices)	20,000	0	(20,000)	20,000		(20,000)
Resources	ICT	87342	Maintenance of DR Facility	135,890	67,940	(67,950)	67,950		(67,950)
Resources	ICT	87343	Telephony Infrastructure (Unified Communications Core Infrastructure)	60,000	0	(60,000)	60,000		(60,000)
Resources	ICT	87344	Telephony Infrastructure (Unified Communications Software)	78,170	6,070	(72,100)	72,100		(72,100)
Resources	ICT	87354	Contact Centre Systems Enhancements	180,000	0	(180,000)	150,000		(150,000)
Resources	ICT	87356	Network/ App Performance Monitoring	20,000	0	(20,000)	20,000		(20,000)
Resources	ICT	87358	Upgrade of Print Room	25,000	15,000	(10,000)	10,000		(10,000)
Resources	ICT	87359	Web Filtering	16,000	0	(16,000)	16,000		(16,000)
Resources	ICT	87360	Backup / Security products for O365 data	25,000	0	(25,000)	25,000		(25,000)
Resources	ICT	87361	Building Data Warehouse Capability	50,000	0	(50,000)	50,000		(50,000)
ICT Total				700,060	89,010	(611,050)	581,050	0	(581,050)
Resources	Finance & Property	87634	Enterprise Resource Planning System	240,500	50,000	(190,500)	190,500		(190,500)
Finance & Property Total				240,500	50,000	(190,500)	190,500	0	(190,500)
Resources	Strategy & Governance	87801	Integrated Performance, Risk and Project Management System	75,000	38,300	(36,700)	36,700		(36,700)
Resources	Strategy & Governance	87802	Education Management Information System	250,000	50,000	(200,000)	200,000		(200,000)
Strategy and Governance Total				325,000	88,300	(236,700)	236,700	0	(236,700)
Resources Directorate Total				1,265,560	227,310	(1,038,250)	1,008,250	0	(1,008,250)
Q2 - Council Total				26,425,680	8,462,320	(17,963,360)	17,933,360	(3,302,010)	(14,631,350)