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# Capital Financing Report Financial Year 2023/24 Quarter One

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<b>Committee considering report:</b>	Executive
<b>Date of Committee:</b>	21 September 2023
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Date Portfolio Member sent to/agreed report:</b>	10 August 2023
<b>Report Author:</b>	Shannon Coleman-Slaughter
<b>Forward Plan Ref:</b>	EX4361

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## 1 Purpose of the Report

The capital financing performance report provided to Members reports on the under or over spends against the Council's approved capital programme and associated capital financing implications. This report presents the provisional outturn position for financial year 2023/24 as forecast at quarter one, and future borrowing requirement for financial year 2024/25 which is funded from the Council's revenue budget.

## 2 Recommendations

### 2.1 Members are asked:

- (a) To note the quarter one underspend position of £15.1 million and reprofiling proposals of £14.1 million. Reprofiling proposals are included in appendix D.
- (b) To note the budget changes included in the quarter one position detailed in appendix A, and proposed external funding changes in appendix B. The proposed external funding changes result in a net increase in expenditure budgets of £1.9 million and a reduction in the Council funded element of the programme of £4.4 million.

### 2.2 Members are asked to approve the following recommendations:

- (a) A new Council funded project for the procurement of a new Adult Social Care client management system (£224k) is added to the 2023/24 capital programme (appendix C). The current contract is due for retender and procurement activity is due to commence in the current financial year with full implementation of a software solution in financial year 2025/26.
- (b) A new Council funded project for installation of CCTV cameras at Market Street (£18k) to be added to the 2023/24 capital programme, as per Appendix C. This is to provide coverage of external areas not presently benefiting from CCTV, in

response to an upward trend in theft of bicycles and vandalism to the plant room fencing and nearby street lighting.

- (c) A new Council funded project to acquire polling booths to be added to the 2023/24 capital programme (£40.5k), as per Appendix C. This is to replace existing equipment in poor condition, and which will then incorporate an accessible level for ease of use by disabled voters.
- (d) A new Council funded project to acquire accounting software to be added to the 2023/24 capital programme (£22.5k), as per Appendix C. This is required to support mandatory compliance with accounting requirements on adoption of the International Financial Reporting Standard 16 on lease accounting (IFRS16). Fees for future years licence costs will be included as part of the 2024/25 capital build process.

### 3 Implications and Impact Assessment

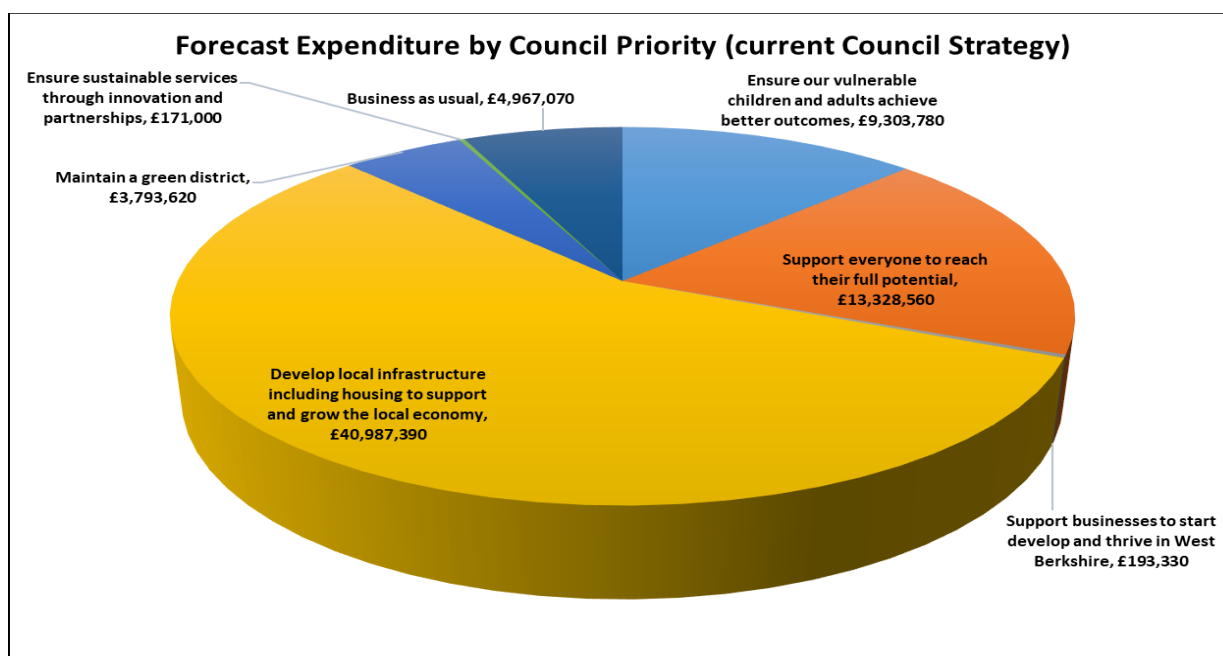
Implication	Commentary
<b>Financial:</b>	<p>The forecast outturn position is expenditure of £72.7 million against a planned programme budget of £87.8 million, an overall forecast underspend of £15.1 million. £14.1 million of future expenditure is proposed to be reprofiled into financial year 2024/25.</p> <p>PWLB rates remain in excess of 5% compared to a recent historic borrowing average of 2 - 3%. In a rising interest environment, the Council will face risks of increased cost on any new external borrowing undertaken. The Council has sought to mitigate risk and keep interest costs low through a strategy of internal borrowing (utilisation of own resources and short term borrowing). The Investment and Borrowing Strategy for financial year 2023/24 which supports delivery of the capital programme has been set with the same underlying principles.</p>
<b>Human Resource:</b>	Not applicable
<b>Legal:</b>	<p>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</p>

	Act 2003. The Council's capital programme is a key driver of the treasury management activity.			
<b>Risk Management:</b>	The Council is also exposed to inflationary cost pressures across the capital programme as a whole. Furthermore, any rise in PWLB borrowing rates resulting from recent increases in Bank rate will result in increased interest cost on any new borrowing undertaken. Both of these external risks are largely outside the Council's ability to control, although the Council will take appropriate advice from our external treasury consultants, to determine the optimum time and structure for any new borrowing to be undertaken.			
<b>Property:</b>	Not applicable			
<b>Policy:</b>	Not applicable			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		
<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		

<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>		X		
<b>Core Business:</b>		X		
<b>Data Impact:</b>		X		
<b>Consultation and Engagement:</b>	Joseph Holmes – Executive Director for Resources and 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 Council Strategy. As at quarter one £72.7 million of expenditure has been forecast across capital schemes for financial year 2023/24.



4.2 As part of the forecast outturn position £14.1 million of future planned expenditure is proposed to be reprofiled into financial year 2024/25, a detailed breakdown of which is included in Appendix D. This is comprised of £8.5 million of Council funded expenditure

(i.e. to be financed through external borrowing) and £5.6 million of externally funded expenditure.

- 4.3 In respect of financing the capital programme, as at 31<sup>st</sup> March 2023, the Council's total level of long term borrowing to fund capital spend stood at £181.9 million.
- 4.4 With regard to the wider economic outlook, at the June meeting of its Monetary Policy Committee, the Bank of England (BoE) increased Bank Rate by 0.5% to 5%. This was the 13<sup>th</sup> consecutive rise in Bank Rate in response to high inflation. 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 over 5% compared to a recent historic borrowing average of 2 - 3%. 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 as inflation remains high. The headline rate of Consumer Prices Index (CPI) inflation was 7.9% in the year to June 2023, and the rate of 'core inflation' (i.e. adjusted to exclude energy and food products) was 6.8%. Whilst lower than the position reported in May, the Bank of England is forecasting inflation will still be around 5% by the end of 2023. It currently sits at 6.8% ahead of our European<sup>1</sup> neighbours. Inflation is a "global phenomenon," due to high energy costs, shortage of goods and materials. Additionally UK's exit from the EU has been a factor in our higher rate. Low unemployment is driving inflation upwards, caused by older workers leaving the workforce during the pandemic and EU workers leaving the UK.
- 4.5 The capital programme approved by Council Committee in March 2023 was set with the expectation to undertake new external borrowing to support delivery. Currently the Council has 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, has reduced risk and helps keep interest costs low. The Investment and Borrowing Strategy for financial year 2023/24 has been set with the same underlying principles.
- 4.6 Capital financing costs are incurred a year in arrears hence the cost of financing 2023/24 capital expenditure will fall into financial year 2024/25. Capital expenditure in the current financial year will result in an increased borrowing requirement of £37.8 million. This assumes a requirement to maintain minimum investment balances of £10 million.

## 5 Supporting Information

### Introduction

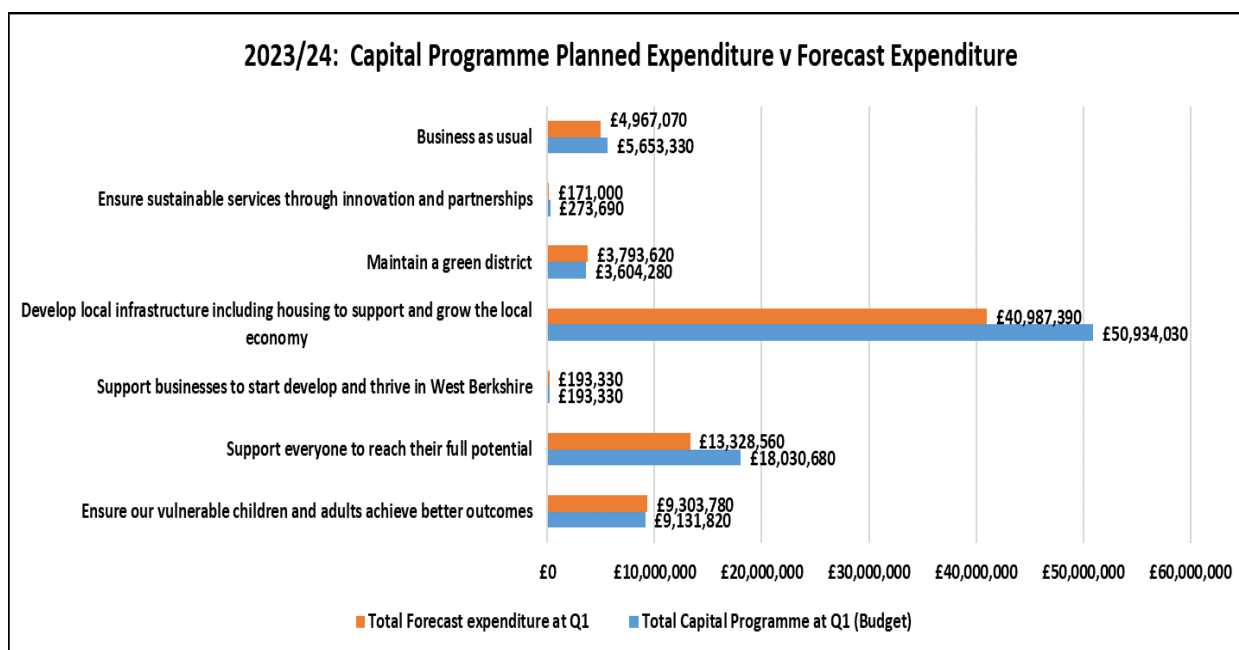
- 5.1 Capital expenditure and its supporting financing have financial consequences for the Council for many years into the future. Expenditure is therefore subject to both a national regulatory framework and to local policy framework.

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<sup>1</sup> 2.6% in Spain, 4.8% in France, Italy 5.3%, 5.8% in Ireland and 6.1% in Germany per July / August 2023

## Background

- 5.2 The 2023/24 capital programme was agreed by Council in March 2023 with a gross expenditure budget of £69.5 million split between externally funded expenditure of £38.8 million and £30.7 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 2023/24 was £22.8 million of expenditure reprofiled from the 2022/23 approved capital programme, with an additional £16.4 million of expenditure subsequently reprofiled into 2023/24 at the end of 2022/23. 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. 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. As at quarter one the revised capital programme budget pre proposed expenditure reprofiling into financial year 2024/25 is £87.8 million. A detailed breakdown of budget changes is included in appendix A.
- 5.3 The capital programme is planned and mapped against the Council’s currently approved Council Strategy. At quarter one expenditure of £72.7 million has been forecast to be incurred against the revised capital programme of £87.8 million, generating a forecast underspend of £15.1 million.



- 5.4 Forecast expenditure indicates an overall programme delivery of 85%, with reprofiling proposals of £14.1 million (16.4% of the revised programme), a minor underspend (post reprofiling), is forecast of £1.0m (1.2%). From a directorate and service level perspective the forecast position is as follows:

## Capital Financing Report Financial Year 2023/24 Quarter One

Directorate	Approved Programme (inc reprofiling from 2022/23)	Quarter One Budget	Quarter One Forecast Expenditure	Forecast (Under)/Overspend	Expenditure Reprofiling Requested	Revised Budget	Adjusted Outturn Position
People	£31,283,590	£33,004,480	£24,079,640	(£8,924,840)	£7,891,940	£25,112,540	(£1,032,900)
Place	£43,674,230	£43,949,230	£38,564,850	(£5,384,380)	£5,662,500	£38,286,730	£278,120
Resources	£10,867,450	£10,867,450	£10,100,260	(£767,190)	£498,540	£10,368,910	(£268,650)
Total Council	£85,825,270	£87,821,160	£72,744,750	(£15,076,410)	£14,052,980	£73,768,180	(£1,023,430)

### The People Directorate

5.5 The directorate is forecasting total expenditure of £24.0 million against a budget of £33.0 million, creating an underspend of £8.9 million at outturn. £7.9 million of future anticipated expenditure is proposed to be reprofiled into financial year 2024/25 of which £2.5 million is funded externally and £5.4 million is proposed funding through Council borrowing.

People Directorate	Approved Programme (Including Reprofiling from 2022/23)	Quarter One Budget	Quarter One Forecast Expenditure	Forecast (Under)/Overspend	Expenditure Reprofiling Requested at Quarter One	Revised Budget post Requested Reprofiling	Forecast (Under)/Over spend adjusted for Re-Profiling
Adult Social Care	£5,117,630	£5,117,630	£4,284,630	(£833,000)	£	£5,117,630	(£833,000)
Childrens & Family Services	£30,000	£30,000	£	(£30,000)	£	£30,000	(£30,000)
Education	£14,224,770	£14,632,800	£12,080,820	(£2,551,980)	£2,481,320	£12,151,480	(£70,660)
Communities & Wellbeing	£11,911,190	£13,224,050	£7,714,190	(£5,509,860)	£5,410,620	£7,813,430	(£99,240)
Total Directorate	£31,283,590	£33,004,480	£24,079,640	(£8,924,840)	£7,891,940	£25,112,540	(£1,032,900)

5.6 In respect of Adult Social Care, the approved programme is forecast to be delivered with the exception of two projects: Modernising Adult Social Care (£83k) and Learning Disability Supported Living, Walnut Close Transformation (£750k). No reprofiling of expenditure into later financial years has been requested by the service in relation to these two projects.

5.7 Children & Family Services have in year provision of £30k budgeted for potential adaptations/building works to foster homes. This is a demand led budget and currently is forecast to not be spent in year, no reprofiling request has been made by the service.

5.8 Education services are forecasting variances across several schemes. This includes underspends on the remodelling of Calcot School (£1.1 million – due to delay in completion of initial feasibility study) and Brookfields Expansion (£0.6 million). The service has requested aggregate reprofiling adjustments at quarter one totalling £2.5 million, which includes changes in relation to these two continuing schemes.

5.9 Communities & Wellbeing have forecast a quarter one underspend of £5.5 million. The main underspends are on the Expansion of the Berkshire Records Office (£1.4 million, understood to be attributable to tendering delays) and the Newbury Sports Hub (£2.3 million due to project freeze). The service has requested budget for both schemes be reprofiled at this stage.

## The Place Directorate

5.10 The directorate is forecasting total expenditure of £38.6 million against a budget of £43.9 million, creating an underspend of £5.3 million. £5.6 million of future anticipated expenditure is proposed to be reprofiled into financial year 2024/25 of which £3.0 million is externally funded and £2.6 million is proposed funding through Council borrowing. Post reprofiling the directorate will be forecasting an overspend position of £278k, however external funding adjustments are expected which will fund/remove the overspend position (appendix B).

Place Directorate	Approved Programme (inc reprofiling from 2022/23)	Q1 Budget	Q1 Forecast Expenditure	Forecast (Under)/Overspend	Expenditure Reprofiling Requested	Revised Budget	Forecast (Under)/Overspend adjusted for Re-Profitting
Development & Regulation	£13,893,310	£13,893,310	£10,090,770	(£3,802,540)	£2,572,940	£11,320,370	(£1,229,600)
Environment	£29,780,920	£30,055,920	£28,474,080	(£1,581,840)	£3,089,560	£26,966,360	£1,507,720
Directorate Totals	£43,674,230	£43,949,230	£38,564,850	(£5,384,380)	£5,662,500	£38,286,730	£278,120

5.11 In respect of the Development & Regulation Service, five projects are forecast to underspend, including three projects subject to reprofiling proposals: Four Houses Corner (£2.2 million), the joint venture with Sovereign (£334.5k), and Temporary Accommodation Refurbishments (£38k), all projects with proposed reprofiling are Council funded. The remaining underspend post reprofiling relates London Road Industrial Estate (£330k), the Home Assistance Grant (£20k) and a forecast unutilised balance against Four Houses Corner (£877k).

5.12 In respect of the Environment Service a number of over and under spends have been forecast across a multitude of projects. The bulk of the forecast overspends have been identified against open space improvement, access and cycleway projects. The projects are externally funded and funding adjustments are required to remove the forecast overspends (appendix B). The Newbury Rail Station improvement project is forecasting a £1 million overspend, the project is externally funded (LEP) and a funding adjustment is expected to remove the overspend position (appendix B). Key underspending projects include the Robinhood & A4 improvement project (£1 million) and the LEP funded Theale Rail Station improvement project (£1.97 million). Three projects have reprofiling proposals: Theale Rail Station (£1.97 million), Robinhood & A4 (£1 million), and the Diamond Greenham changing facilities improvement project (£120k). All proposed reprofiling is externally funded.

## The Resources Directorate

5.13 The directorate is forecasting total expenditure of £10.1 million against a budget of £10.9 million generating a forecast underspend position of £767k. Reprofiling of expenditure totalling £499k has been proposed. Post proposed reprofiling the directorate will be forecasting a £268k underspend position.



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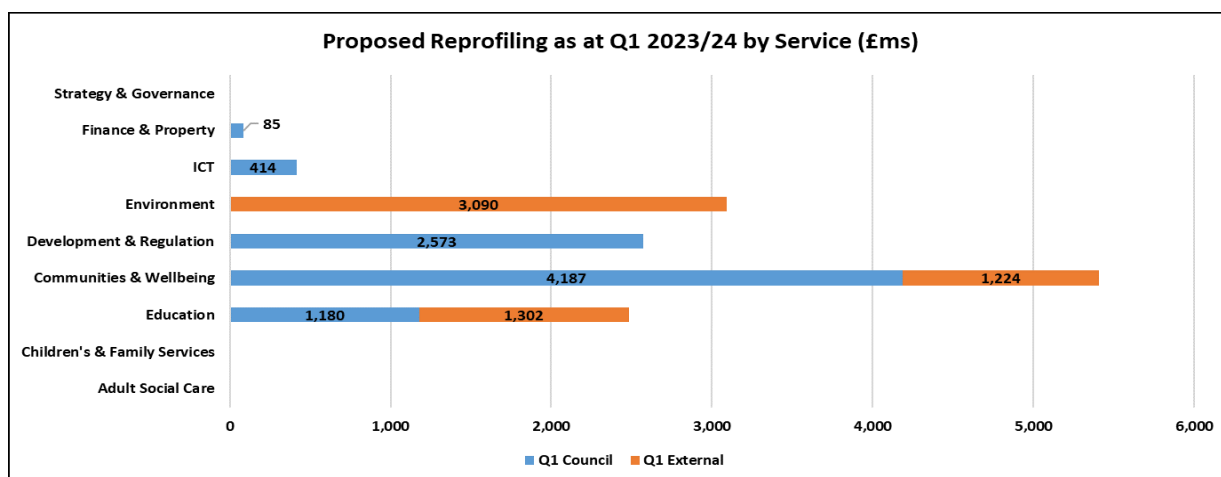
Directorate	Approved Programme (inc reprofiling from 2022/23)	Q1 Budget	Q1 Forecast Expenditure	Forecast (Under)/Over spend	Expenditure Reprofiling Requested	Revised Budget	Forecast (Under)/Over spend adjusted for Re-Profiling
ICT	£7,573,600	£7,573,600	£7,004,430	(£569,170)	£413,540	£7,160,060	(£155,630)
Finance & Property	£2,073,860	£2,073,860	£2,021,410	(£52,450)	£85,000	£1,988,860	£32,550
Strategy & Governance	£1,219,990	£1,219,990	£1,074,420	(£145,570)	£	£1,219,990	(£145,570)
Directorate Totals	£10,867,450	£10,867,450	£10,100,260	(£767,190)	£498,540	£10,368,910	(£268,650)

- 5.14 In respect of ICT, significantly underspending projects include: Network infrastructure – core switches (£90k), Hardware Refresh project (£79k), Disaster Recovery Maintenance (£93k), Telephony Infrastructure (£100k) and the Generator Refresh project (£100k). Key project overspends include: Corporate IT Replacement (£75k), and Server Windows Licencing costs (£90k). £414k of future expenditure is proposed to be reprofiled into 2024/25 including forecast in year underspends against: Hardware Refresh, Network Infrastructure, and the Corporate Database Server Replacement project full details of proposed reprofiling is included in appendix D. All proposed reprofiling for the ICT Service is Council funded.
- 5.15 In respect of the Finance & Property Service, delivery of the Moorside Community Sports Centre is proposed to be reprofiled into 2024/25 generating an in year underspend of £85k. Post proposed reprofiling the service will be forecasting a £32k overspend due to additional security costs for Chestnut Walk (£14k), and additional expenditure on non-corporate unallocated buildings, i.e. not allocated to a specific service (£10k).
- 5.16 The Strategy & Governance Service is forecasting a £146k underspend against two projects: Education Management System (£136k) and the Schools Participatory Budget Exercise (10k). No reprofiling has been proposed by the service.

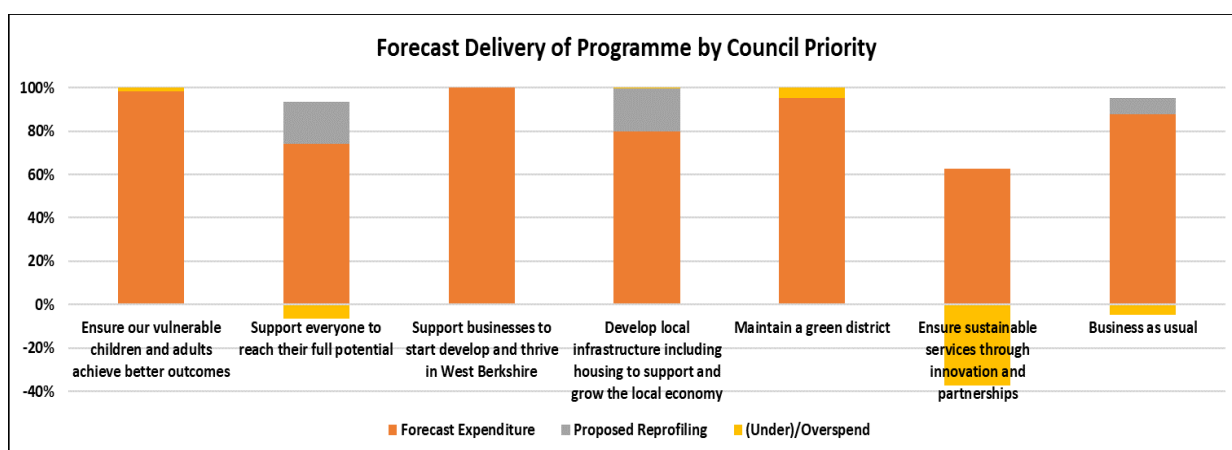
### Proposals

- 5.17 The Council finances capital a year in arrears in accordance with the approved Investment & Borrowing Strategy. The Investment & Borrowing Strategy for financial year 2023/24 was approved by Council in March 2023. Expenditure against the capital programme incurred in 2023/24 will be financed in financial year 2024/25.
- 5.18 Appendix D details all reprofiling proposals as at quarter one. Total reprofiling proposals of £14.1 million will adjust the currently forecast underspend position from £15.1 million to a revised underspend of just over £1.0 million. Proposed reprofiling is split between external funding of £5.6 million and Council funding of £8.5 million. The graphic below details proposed reprofiling by service split between external and Council funding.

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5.19 In respect of overall programme delivery, 85% of the programme is forecast to be delivered, 16.4% of planned expenditure reprofiled into financial year 2024/25. 1.2% of the programme relates to projects that are forecast to be underspent at the year end and do not require reprofiling. The graphic below details percentage delivery on a Council priority basis.



5.20 Reprofiled throughout the financial is incorporated into the annual capital programme budget setting process to ensure all capital financing assumptions remain robust and sustainable.

## 6 Other options considered

Not applicable.

## 7 Conclusion

7.1 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 in 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. At quarter one £14.1 million of expenditure is proposed to be reprofiled into 2024/25 which equated to 16.4% of the 2023/24 capital programme.

- 7.2 All capital expenditure must be financed, 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. A key indicator is the Council's Authorised Limit for external for debt which was approved at Council in March 2023, at £378.9 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.
- 7.3 As at 31<sup>st</sup> March 2024, the Council's total level of long term borrowing to fund capital spend stood at £181.9 million. During financial year 2022/23 a strategy of not undertaking long term borrowing in respect of Public Works and Loan Board (PWLB) financing was pursued, (enabled by in year reprofiling of expenditure), 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 has minimised the impact of rising PWLB rates on the Council. This strategy has continued in the first quarter of 2023/24.
- 7.4 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. The 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. The 2023/24 capital programme is expected to increase the Council's CFR to £302.2 million.

FY ending	2023 Actual £'000	2024 Projection £'000	2025 Projection £'000	2026 Projection £'000
Capital Financing requirement	279,896	302,190	340,751	358,194
Less other debt liabilities	-10,670	-9,807	-8,892	-7,920
Loans Capital Financing Req.	269,226	292,383	331,859	350,273
Less: Existing External Borrowing	-189,890	-181,973	-177,241	-172,732
<b>Internal (Over) Borrowing</b>	<b>79,336</b>	<b>110,411</b>	<b>154,618</b>	<b>177,542</b>
Less: Balance Sheet Resources	-100,006	-82,646	-83,646	-84,646
<b>Investments / (New Borrowing) *</b>	<b>20,670</b>	<b>-27,765</b>	<b>-70,972</b>	<b>-92,896</b>

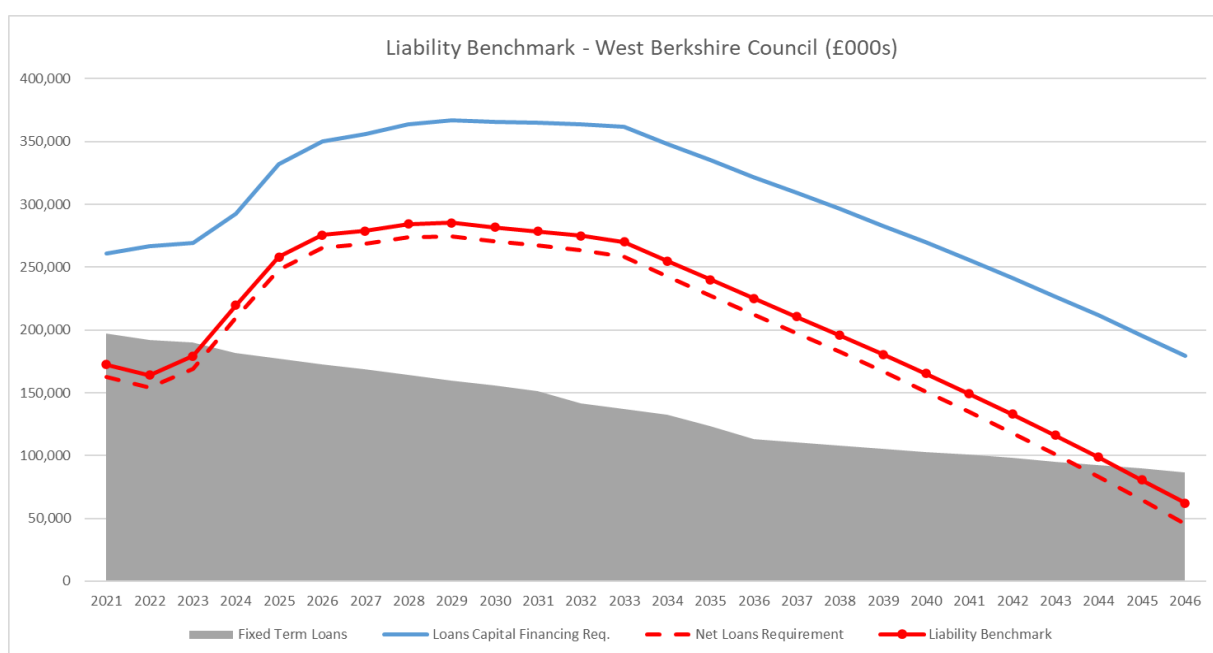
\* Note: estimates exclude £10m liquidity allowance

- 7.5 Capital financing costs are incurred a year in arrears hence the cost of financing 2023/24 capital expenditure will fall into financial year 2024/25. Based on the outturn position, the Council's Balance Sheet forecast indicates that further borrowing will be required in financial year 2024/25 and current planning indicates a £37.8 million borrowing requirement in 2023/24. It should be noted that the Balance Sheet resources assumption are based on draft 2022/23 accounts, taking into consideration the current balances of usable reserves (£47.6 million) and working capital (debtors and creditors of £52.4 million). Until such time the accounts are finalised, and an audit opinion

provided by the Council's external auditors, the figures remain draft and hence are subject to adjustment.

7.6 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as the table above, but that cash and investment balances are kept to a minimum level of £10 million at each year-end to maintain sufficient liquidity. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow. Councils are now required as part of in year reporting to publish the liability benchmark.

FY ending	2023 Actual £'000	2024 Projection £'000	2025 Projection £'000	2026 Projection £'000
Loans Capital Financing Req.	269,226	292,383	331,859	350,273
Less: Balance Sheet Resources	-100,006	-82,646	-83,646	-84,646
Net Loans Requirement	169,220	209,737	248,213	265,627
Preferred Year-end Position	10,000	10,000	10,000	10,000
<b>Liability Benchmark</b>	<b>179,220</b>	<b>219,737</b>	<b>258,213</b>	<b>275,627</b>



7.7 Based on the Council's CFR and the liability benchmark, the Council is a long term borrower. The Council is required to ensure that capital financing is reasonable and affordable in the long term. CIPFA recommends that the optimum position for external borrowing should be at the level of the Liability Benchmark (i.e., all balance sheet resources should be used to maximise internal borrowing). If the outputs show future periods where external loans are less than the Liability Benchmark, then this indicates a borrowing requirement thus identifying where the authority is exposed to interest rate,

liquidity and refinancing risks. Conversely where external loans exceed the Liability Benchmark then this will highlight an over borrowed position which will result in excess cash in the organisation requiring investment thus exposing the authority to credit and reinvestment risks and a potential cost of carry. The table below sets out the Council's borrowing position compared to its Liability Benchmark.

FY ending	2023 Actual £'000	2024 Projection £'000	2025 Projection £'000	2026 Projection £'000
Existing External Borrowing	189,890	181,973	177,241	172,732
Liability Benchmark	179,220	219,737	258,213	275,627

7.8 Based on the outturn position, the Council, currently is in an over borrowed position. However, as set out in the Investment and Borrowing Strategy for 2023/24 (as approved by Council in March 2023), the Council is currently utilising cash flows to maintain an internally borrowed position, resulting in the external borrowing levels reducing against the Liability Benchmark. On this basis, alongside a position of borrowing remaining lower than the Council's Capital Financing Requirement, the s151 Officer is confident that capital expenditure is affordable in the longer term.

## 8 Appendices

- 8.1 Appendix A – Budget Changes as at Quarter One
- 8.2 Appendix B – Budget Changes – External Funding Adjustments
- 8.3 Appendix C – New Council Funded Projects
- 8.4 Appendix D – Proposed Reprofiting

### 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 Scrutiny Commission or associated Committees, Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

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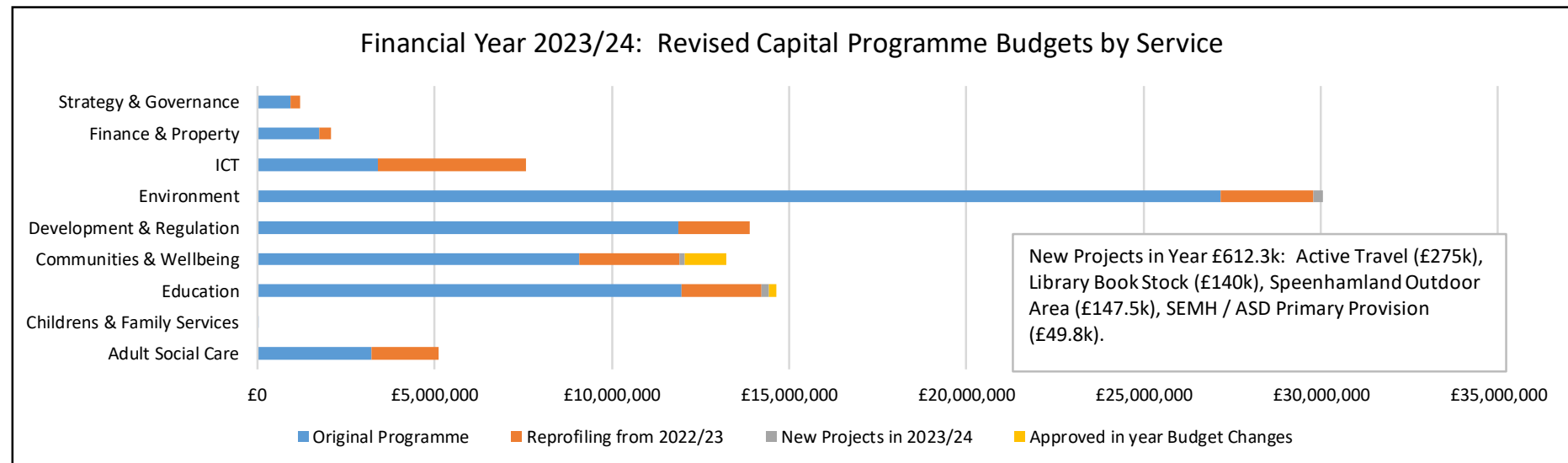
**Officer details:**

Name: Shannon Coleman-Slaughter  
Job Title: Acting Head of Finance & Property  
Tel No: 01635 503225  
E-mail: Shannon.colemanslaughter@westberks.gov.uk

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## Budget Changes as at Quarter One

	Original Programme	Reprofiling from 2022/23	New Projects in 2023/24	Approved in year Budget Changes	Revised Service Budget
Adult Social Care	£3,227,530	£1,890,100	£0	£0	£5,117,630
Childrens & Family Services	£30,000	£0	£0	£0	£30,000
Education	£11,966,010	£2,258,760	£197,300	£210,730	£14,632,800
Communities & Wellbeing	£9,085,160	£2,826,030	£140,000	£1,172,860	£13,224,050
Development & Regulation	£11,867,160	£2,026,150	£0	£0	£13,893,310
Environment	£27,162,380	£2,618,540	£275,000	£0	£30,055,920
ICT	£3,415,630	£4,157,970	£0	£0	£7,573,600
Finance & Property	£1,755,850	£318,010	£0	£0	£2,073,860
Strategy & Governance	£938,320	£281,670	£0	£0	£1,219,990
<b>Total Council</b>	<b>£69,448,040</b>	<b>£16,377,230</b>	<b>£612,300</b>	<b>£1,383,590</b>	<b>£87,821,160</b>



## Capital Financing Report Financial Year 2023/24 Quarter One

Cost Centre Description / Project Name	Original Budget	Additional Expenditure Budget	Revised Expenditure Budget	Original External Funding	Additional External Funding	Revised External Funding Budget	Capital Strategy Group (CSG) Approvals
Speenhamland Outdoor Area	£0	£147,540	£147,540	£0	£0	£0	New project approved at CSG 23/03/23
Additional Places - Secondary Basic Need	£278,990	£60,620	£339,610	-£205,420	-£60,620	-£266,040	Budget & Funding bought forward from 24/25 agreed J Holmes email 01/03/23
SEMH/ASD Resourced Provision - Primary	£1,428,470	£49,760	£1,478,230	-£1,376,670	-£49,760	-£1,426,430	Budget Adjustment Agreed CSG June
The Castle School - Basic need Expansion	£0	£150,110	£150,110	£0	-£150,110	-£150,110	Budget adjustment agreed CSG March
Active Travel Infrastructure	£754,420	£275,000	£1,029,420	-£620,000	-£275,000	-£895,000	Additional Grant funded budget approved CSG 22/06/23
Hungerford LC - Modular exercise studio	£284,390	£104,170	£388,560	£0		£0	Additional Budget agreed CSG 23/03/23
Libraries Book Stock	£0	£273,690	£273,690	£0		£0	£133,690 bought forward from 24/25 agreed S151 31/03 a further £140k agreed CSG 22/06/23
Newbury Sports Hub (PPS)	£3,190,000	£935,000	£4,125,000	£0		£0	Additional Budget approved Exec 23/03/23
<b>Total Changes at Quarter One</b>	<b>£5,936,270</b>	<b>£1,995,890</b>	<b>£7,932,160</b>	<b>-£2,202,090</b>	<b>-£535,490</b>	<b>-£2,737,580</b>	



## Budget Changes: External Funding Adjustments

Service	Project Name	Original gross expenditure budget	Additional Expenditure Budget	New gross expenditure Budget	Original Council Funding	Changes to Council Funding (Reduction) / Increase	Revised Council Funding Budget	Original External Funding	Additional External Funding	Revised External Funding Budget	Comment
		£	£	£	£	£	£	£	£	£	
Communities & Wellbeing	Libraries Public PC Replacement	2,080	0	2,080	2,080	(2,080)	0	0	2,080	2,080	22/23 outturn external funding adjustment
Education	Theale Primary Basic Need Project	164,030	0	164,030	164,030	(164,030)	0	0	164,030	164,030	22/23 outturn external funding adjustment
Education	Highwood Copse	467,420	0	467,420	326,690	(185,960)	140,730	140,730	185,960	326,690	22/23 outturn external funding adjustment
Education	The Winchcombe Primary - Basic Need Bulge	1,360	0	1,360	1,360	(1,360)	0	0	1,360	1,360	22/23 outturn external funding adjustment
Education	i-college Alternative Education - East of Area	714,300	0	714,300	399,790	(76,820)	322,970	314,510	76,820	391,330	22/23 outturn external funding adjustment
Education	Special Provision Fund Allocation - Intervention	2,530	0	2,530	2,530	(2,530)	0	0	2,530	2,530	22/23 outturn external funding adjustment
Education	SEMH/ASD Resourced Provision - Secondary	3,486,830	0	3,486,830	1,852,300	(29,840)	1,822,460	1,634,530	29,840	1,664,370	22/23 outturn external funding adjustment
Education	Downlands Sport Centre - replacement and expansion	27,090	0	27,090	27,090	(27,090)	0	0	27,090	27,090	22/23 outturn external funding adjustment
Education	Falkland Primary School - Classroom Replacement	262,030	0	262,030	66,430	(20,000)	46,430	195,600	20,000	215,600	22/23 outturn external funding adjustment
Education	Additional Places - Secondary Basic Need	339,610	0	339,610	73,570	(73,570)	0	266,040	73,570	339,610	22/23 outturn external funding adjustment
Education	North Newbury - New primary school	290,970	0	290,970	290,970	(290,970)	0	0	290,970	290,970	22/23 outturn external funding adjustment
Education	Thatcham Park Early Years Accomodation	64,330	0	64,330	10,000	(10,000)	0	54,330	10,000	64,330	22/23 outturn external funding adjustment
Education	Castle School Ways of Working Facility	577,080	0	577,080	10,000	(10,000)	0	567,080	10,000	577,080	22/23 outturn external funding adjustment
Education	Engaging Potential	207,850	0	207,850	5,000	(5,000)	0	202,850	5,000	207,850	22/23 outturn external funding adjustment
Education	Mortimer St John's Infants School - relocation	148,000	0	148,000	5,000	(5,000)	0	143,000	5,000	148,000	22/23 outturn external funding adjustment
Education	Kennet School Physical Disability Resource	50,000	0	50,000	50,000	(50,000)	0	0	50,000	50,000	22/23 outturn external funding adjustment
Education	Brookfields Expansion	790,740	0	790,740	97,000	(97,000)	0	693,740	97,000	790,740	22/23 outturn external funding adjustment
Environment	Village Speed Limits	62,760	0	62,760	32,760	(32,760)	0	30,000	32,760	62,760	22/23 outturn external funding adjustment
Environment	Local Sfty Acc Reduct	117,970	0	117,970	42,970	(42,970)	0	75,000	42,970	117,970	22/23 outturn external funding adjustment
Environment	Ftwy Imp Existing &New	480,000	0	480,000	235,000	(235,000)	0	245,000	235,000	480,000	22/23 outturn external funding adjustment
Environment	Recreational Walk Rout	42,240	51,300	93,540	0	0	0	42,240	51,300	93,540	22/23 outturn external funding adjustment
Environment	Signing Improvements	62,490	0	62,490	32,490	(32,490)	0	30,000	32,490	62,490	22/23 outturn external funding adjustment
Environment	Traffic Signal Upgrades	411,790	0	411,790	341,790	(341,790)	0	70,000	341,790	411,790	22/23 outturn external funding adjustment
Environment	Active Travel Infrastructure	1,029,420	0	1,029,420	114,420	(114,420)	0	915,000	114,420	1,029,420	22/23 outturn external funding adjustment
Environment	Rights Of Way Volunter	2,500	1,970	4,470	0	0	0	2,500	1,970	4,470	22/23 outturn external funding adjustment
Environment	Disabled Access To Cty	7,000	20,000	27,000	0	0	0	7,000	20,000	27,000	22/23 outturn external funding adjustment
Environment	Bridleway Imp Ped	32,070	8,140	40,210	18,180	8,140	26,320	13,890	0	13,890	22/23 outturn external funding adjustment
Environment	Recreational Cycleways	13,880	14,530	28,410	0	0	0	13,880	14,530	28,410	22/23 outturn external funding adjustment

## Capital Financing Report Financial Year 2023/24 Quarter One

		Original gross expenditure budget	Additional Expenditure Budget	New gross expenditure Budget	Original Council Funding	Changes to Council Funding (Reduction) / Increase	Revised Council Funding Budget	Original External Funding	Additional External Funding	Revised External Funding Budget	Comment
		£	£	£	£	£	£	£	£	£	
Environment	Rural Signing	0	5,270	5,270	0	5,270	5,270	0	0	0	22/23 outturn external funding adjustment
Environment	Land Drainage	441,700	0	441,700	141,700	(141,700)	0	300,000	141,700	441,700	22/23 outturn external funding adjustment
Environment	Future Programme Development	109,460	0	109,460	9,460	(9,460)	0	100,000	9,460	109,460	22/23 outturn external funding adjustment
Environment	Robin Hood Roundabout & A4	1,489,160	0	1,489,160	89,160	(89,160)	0	1,400,000	89,160	1,489,160	22/23 outturn external funding adjustment
Environment	Public Transport Infrastructure	118,500	0	118,500	68,500	(68,500)	0	50,000	68,500	118,500	22/23 outturn external funding adjustment
Environment	Kings Road Link, Newbury	562,800	0	562,800	562,800	(562,800)	0	0	562,800	562,800	22/23 outturn external funding adjustment
Environment	Aldermaston Footways	230,300	0	230,300	230,300	(230,300)	0	0	230,300	230,300	22/23 outturn external funding adjustment
Environment	Newbury Town Centre Paving	56,290	0	56,290	56,290	(56,290)	0	0	56,290	56,290	22/23 outturn external funding adjustment
Environment	Newbury Rail Station Road Improvements	2,555,500	1,053,000	3,608,500	0	0	0	2,555,500	1,053,000	3,608,500	22/23 outturn external funding adjustment
Environment	On Street Electrical Charge Point	474,800	0	474,800	324,800	(324,800)	0	150,000	324,800	474,800	22/23 outturn external funding adjustment
Environment	Reactive Maintenance	146,010	0	146,010	14,010	(14,010)	0	132,000	14,010	146,010	22/23 outturn external funding adjustment
Environment	Environment Strategy - Minor Projects and Improvements	150,000	29,000	179,000	0	29,000	29,000	150,000	0	150,000	22/23 outturn external funding adjustment
Environment	Hampstead Norreys Flood Alleviation Scheme	40,000	0	40,000	40,000	(40,000)	0	0	40,000	40,000	22/23 outturn external funding adjustment
Environment	Pavement to St Mary's School	14,210	0	14,210	14,210	(14,210)	0	0	14,210	14,210	22/23 outturn external funding adjustment
Environment	Theale Station Improvements	3,469,560	400,000	3,869,560	0	0	0	3,469,560	400,000	3,869,560	22/23 outturn external funding adjustment
Environment	Phoenix Centre Access Improvements	255,900	0	255,900	255,900	(255,900)	0	0	255,900	255,900	22/23 outturn external funding adjustment
Environment	Bus Services Improvement Plan (BSIP)	993,800	0	993,800	324,750	(324,750)	0	669,050	324,750	993,800	22/23 outturn external funding adjustment
Environment	Open Space Improvements	92,000	138,210	230,210	0	50,000	50,000	92,000	88,210	180,210	22/23 outturn external funding adjustment
Environment	Council Carbon Management Plan	142,780	18,760	161,540	142,780	18,760	161,540	0	0	0	22/23 outturn external funding adjustment
Environment	Urban tree fund	25,000	6,990	31,990	25,000	6,990	31,990	0	0	0	22/23 outturn external funding adjustment
Environment	Henwick Sports Pavillion	0	10,240	10,240	0	0	0	0	10,240	10,240	22/23 outturn external funding adjustment
Environment	Natural Carbon Reduction Measures	0	190,070	190,070	0	190,070	190,070	0	0	0	22/23 outturn external funding adjustment
Environment	Wildflower verge treatment	50,000	31,970	81,970	0	25,000	25,000	50,000	6,970	56,970	22/23 outturn external funding adjustment
ICT	MHCLG Full Fibre to Schools Project	1,679,470	0	1,679,470	754,330	(714,330)	40,000	925,140	714,330	1,639,470	22/23 outturn external funding adjustment
		<b>22,955,610</b>	<b>1,979,450</b>	<b>24,935,060</b>	<b>7,255,440</b>	<b>(4,363,660)</b>	<b>2,891,780</b>	<b>15,700,170</b>	<b>6,343,110</b>	<b>22,043,280</b>	

Overall impact of external funding changes is a reduction in the Council funded requirement of £4.4 million and a total expenditure increase in the programme of £1.9 million.

## Appendix C

### Budget Changes: New Council Funded Projects

Service	Cost Centre Description / Project Name	Original gross expenditure budget	Additional Expenditure Budget	New gross expenditure Budget	Original Council Funding	Additional Council Funding	New Council Funding Budget	Original External Funding	Additional External Funding	New External Funding Budget	Comment
Adult Social Care	Social Care Case Management System Replacement	0	223,590	223,590	0	223,590	223,590	0	0	0	New project for 27/07/23 CSG
Elections & Land Charges	Elections Equipment Purchase - Voting Booths	0	40,550	40,550	0	40,550	40,550	0	0	0	New project for 27/07/23 CSG
Finance & Property	Market Street External CCTV Installation	0	18,000	18,000	0	18,000	18,000	0	0	0	New project for 27/07/23 CSG
Finance & Property	IFRS16 Software	0	22,500	22,500	0	22,500	22,500	0	0	0	New project for 27/07/23 CSG
		<b>0</b>	<b>304,640</b>	<b>304,640</b>	<b>0</b>	<b>304,640</b>	<b>304,640</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Proposed Reprofiling

Directorate	Service	Project Title	Gross 2023/24	Forecast	Underspend at	Re-profiling	Externally	Council	Approved	2024/25	
			Expenditure Budget	Outturn at Q1	Q1	Request	Funded Re-profiling	Funded Value	2024/25 Budget	Budget inc Re-profiling	
			£	£	£	£	£	£	£	£	
People	Education	Highwood Copse	467,420	223,670	(243,750)	100,000	0	(100,000)	0	100,000	
People	Education	i-college Alternative Education - East of Area	714,300	599,600	(114,700)	3,990	0	(3,990)	43,490	47,480	
People	Education	Calcot Schools Remodelling	1,351,980	225,940	(1,126,040)	1,126,040	(80,440)	(1,045,600)	4,205,120	5,331,160	
People	Education	North Newbury - New primary school	290,970	50,000	(240,970)	240,970	(240,970)	0	4,280,740	4,521,710	
People	Education	Thatcham Park Early Years Accomodation	64,330	20,000	(44,330)	44,330	(44,330)	0	54,330	98,660	
People	Education	Engaging Potential	207,850	20,000	(187,850)	187,850	(187,850)	0	601,430	789,280	
People	Education	Mortimer St John's Infants School - relocation	148,000	-	(148,000)	148,000	(148,000)	0	3,450	151,450	
People	Education	Brookfields Expansion	790,740	190,600	(600,140)	600,140	(600,140)	0	37,260	637,400	
People	Education	SEND Strategy Infrastructure Delivery	30,000	30,000	0	30,000	0	(30,000)	535,160	565,160	
<b>Education Total</b>			<b>4,065,590</b>	<b>1,359,810</b>	<b>(2,705,780)</b>	<b>2,481,320</b>	<b>(1,301,730)</b>	<b>(1,179,590)</b>	<b>0</b>	<b>9,760,980</b>	<b>12,242,300</b>
People	Communities & Wellbeing	Leisure Centre Compliance & Modernisation	393,500	130,000	(263,500)	263,500	0	(263,500)	307,000	570,500	
People	Communities & Wellbeing	Expansion of Berkshire Records Office. Reading	1,447,450	5,000	(1,442,450)	1,442,450	(1,183,000)	(259,450)	550,000	1,992,450	
People	Communities & Wellbeing	Playing Pitch Action Plan	734,670	426,000	(308,670)	308,670	0	(308,670)	836,570	1,145,240	
People	Communities & Wellbeing	Planned maintenance of library buildings	141,000	70,000	(71,000)	71,000	(41,000)	(30,000)	100,000	171,000	
People	Communities & Wellbeing	Northcroft Leisure Centre (Dryside Refurbishment)	2,000,000	1,000,000	(1,000,000)	1,000,000	0	(1,000,000)	2,500,000	3,500,000	
People	Communities & Wellbeing	Newbury Sports Hub (PPS)	4,125,000	1,800,000	(2,325,000)	2,325,000	0	(2,325,000)	836,575	3,161,575	
<b>Communities &amp; Wellbeing Total</b>			<b>8,841,620</b>	<b>3,431,000</b>	<b>(5,410,620)</b>	<b>5,410,620</b>	<b>(1,224,000)</b>	<b>(4,186,620)</b>	<b>0</b>	<b>5,130,145</b>	<b>10,540,765</b>
Place	Development & Regulation	Four Houses Corner	4,777,350	1,700,000	(3,077,350)	2,200,000	0	(2,200,000)	66,000	2,266,000	
Place	Development & Regulation	Sovereign Joint Venture	334500	-	(334,500)	334,500	0	(334,500)	0	334,500	
Place	Development & Regulation	Temp Accommodation Refurbishment	55440	15,000	(40,440)	38,440	0	(38,440)	17,940	56,380	
<b>Development &amp; Regulation Total</b>			<b>5,167,290</b>	<b>1,715,000</b>	<b>(3,452,290)</b>	<b>2,572,940</b>	<b>0</b>	<b>(2,572,940)</b>	<b>0</b>	<b>83,940</b>	<b>2,656,880</b>
Place	Environment	Theale Station Improvements	3,469,560	1,500,000	(1,969,560)	1,969,560	(1,969,560)	0	0	1,969,560	
Place	Environment	Robin Hood Roundabout & A4	1,489,160	489,160	(1,000,000)	1,000,000	(1,000,000)	0	0	1,000,000	
Place	Environment	The Diamond Greenham - Changing facilities improvement.	120,000	-	(120,000)	120,000	(120,000)	0	0	120,000	
<b>Environment Total</b>			<b>5,078,720</b>	<b>1,989,160</b>	<b>(3,089,560)</b>	<b>3,089,560</b>	<b>(3,089,560)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,089,560</b>
Resources	ICT	VMWare Hardware Refresh	108,540	30,000	(78,540)	78,540	0	(78,540)	10,000	88,540	
Resources	ICT	Network Infrastructure (Core Switches)	90,000	-	(90,000)	90,000	0	(90,000)	0	90,000	
Resources	ICT	Refresh MFD Fleet	200,000	30,000	(170,000)	170,000	0	(170,000)	0	170,000	
Resources	ICT	Corporate Database Server Replacement	82,000	20,000	(62,000)	30,000	0	(30,000)	40,000	70,000	
Resources	ICT	Network/ App Performance Monitoring	20,000	-	(20,000)	20,000	0	(20,000)	5,000	25,000	
Resources	ICT	Backup / Security products for O365 data	25,000	-	(25,000)	25,000	0	(25,000)	0	25,000	
<b>Resources Total Total</b>			<b>525,540</b>	<b>80,000</b>	<b>(445,540)</b>	<b>413,540</b>	<b>0</b>	<b>(413,540)</b>	<b>55,000</b>	<b>468,540</b>	
Resources	Finance & Property	Moorside Community Centre Sports Hall	100,000	15,000	(85,000)	85,000	0	(85,000)	0	85,000	
<b>Resources Total Total</b>			<b>100,000</b>	<b>15,000</b>	<b>(85,000)</b>	<b>85,000</b>	<b>0</b>	<b>(85,000)</b>	<b>0</b>	<b>85,000</b>	
<b>Q1 - Council Total</b>			<b>23,778,760</b>	<b>8,589,970</b>	<b>(15,188,790)</b>	<b>14,052,980</b>	<b>(5,615,290)</b>	<b>(8,437,690)</b>	<b>15,030,065</b>	<b>29,083,045</b>	