
Capital Financial Performance Report Quarter Two 2021/22

Committee considering report:	Executive
Date of Committee:	
Portfolio Member:	Councillor Ross Mackinnon
Date Head of Service agreed report: <i>(for Corporate Board)</i>	3.11.2021
Date Portfolio Member agreed / sent:	15.11.2021
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	

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 2021/22 as at Quarter Two.

2 Recommendation(s)

2.1 The following recommendations are made to members:

- (a) Approve the proposed reprofiling of £3 million of future expenditure from 2021/22 into financial year 2022/23.
- (b) Agree the additional expenditure budget request of £159k in support of the Four Houses Corner project.
- (c) Agree the additional expenditure budget request of £13.5k in support of the Public Protection Partnership new One System Implementation project.
- (d) Agree the additional expenditure budget request of £200k in support of the Newbury Lido project.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	At Quarter Two, expenditure of £52.3 million is forecast to be incurred during the financial year against a revised capital

	programme budget of £56.5 million, generating a forecast underspend position of £4.1 million. £3 million of the underspend is proposed to be reprofiled into financial year 2022/23. A number of in year budget requests have been submitted during the reporting quarter totalling £372.5k which require approval as part of this report.			
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

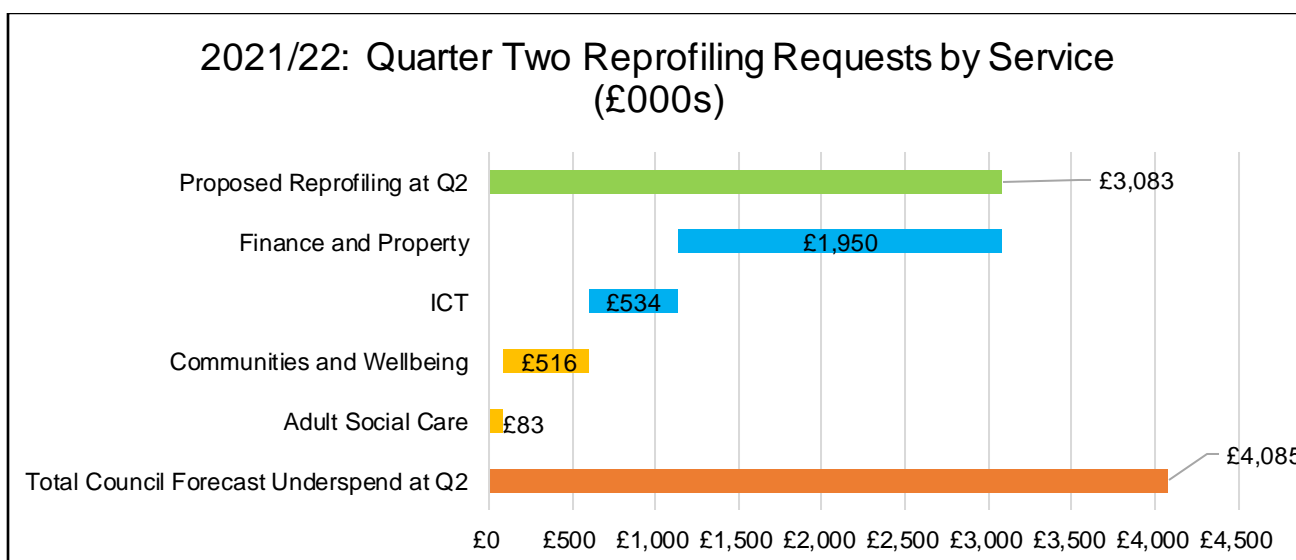
4.1 At Quarter Two, expenditure of £52.3 million is forecast to be incurred during the financial year against a revised capital programme budget of £56.5 million, generating a forecast underspend position of £4.1 million.

Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two
People	£16,954,300	£15,753,790	(£1,200,510)
Place	£29,607,500	£29,180,126	(£427,374)
Resources	£9,887,760	£7,430,800	(£2,456,960)
Chief Executive	£	£	£
Total Council	£56,449,560	£52,364,716	(£4,084,844)

4.2 In respect of the overall programme forecast underspend, the main contributing factors are:

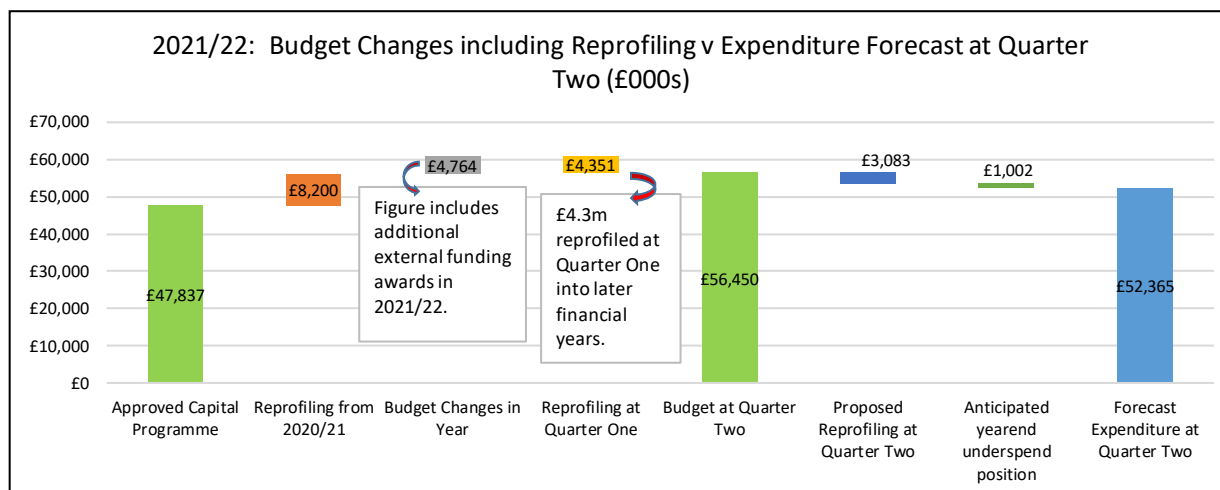
- (a) Education Services: A key contributing factor to the forecast underspend is the i-College project (£323k). Lease negotiations are recently concluded with a new lease agreement being achieved. Procurement of the main contractor through the Westworks Framework will commence in early November. The anticipated project commencement date (for works) is now scheduled for December 2022. Underspends against key projects, Parsons Down Rationalisation (£244k) and Downlands Sports Centre replacement and rationalisation (143k) have also been forecast.
- (b) Environment: Primarily two projects are driving the forecast underspend position. The Renewable Energy Provision project (£300k underspend forecast against a £1 million budget), is delayed as a result of limited school asset management information being available to inform and scope individual projects. The Aldermaston Footways - Frouds Lane Footway (£246k) will not be delivered in year due to land issues, the service have not identified the project for re-profiling into subsequent financial years.
- (c) Finance & Property: The forecast underspend is related to the Enterprise Resource Planning Project which is currently at the feasibility stage and will not be fully implemented until 2022/23. The budget is proposed for re-profiling into financial year 2022/23.

4.3 As part of the forecast outturn position, it is proposed that £3 million of future expenditure is re-profiled into financial year 2022/23, Appendix B provides a detailed breakdown of proposed re-profiling by project. The graphic below details the re-profiling proposed by service at Quarter Two.



4.4 The proposed re-profiling is in addition to £4.3 million of re-profiling undertaken at Quarter One. The graphic below details the approved capital programme, additional funding received in year, slippage from financial year 2020/21 and re-profiling undertaken and proposed for financial year 2021/22.

Capital Financial Performance Report Quarter Two 2021/22



4.5 During the reporting quarter, services have requested additional expenditure budget in support of projects already commenced:

- (a) **Development & Planning:** Four Houses Corner is forecasting a pressure of £159K. The project has been set with a number of delays and additional costs associated with clearing the site. An additional budget request of £159k has been submitted for approval to reflect additional costs in materials and a required redesign of the project. The site now has a revised completion date of 31st March 2023. **Recommendation 2.1.b**
- (b) **Public Protection:** The Public Protection One System implementation which is scheduled to be delivered in line with project completion expectations during 2021/22 has submitted an additional budget request of £13.5k to fund additional consultancy costs created through staff retention issues within the Council **Recommendation 2.1.c.**
- (c) **Communities & Wellbeing:** The Newbury Lido project is currently at the feasibility stage, additional £200k budget has been sought in order to secure Cost Confidence and Cost Certainty at the feasibility and design stage. **Recommendation 2.1.d.**

4.6 A useful summary of some of the investment to date as well as [plans for the future can be found here](#). These have been linked to the priorities outlined in our [Council Strategy](#) and its associated delivery plans and policies.

5 Supporting Information

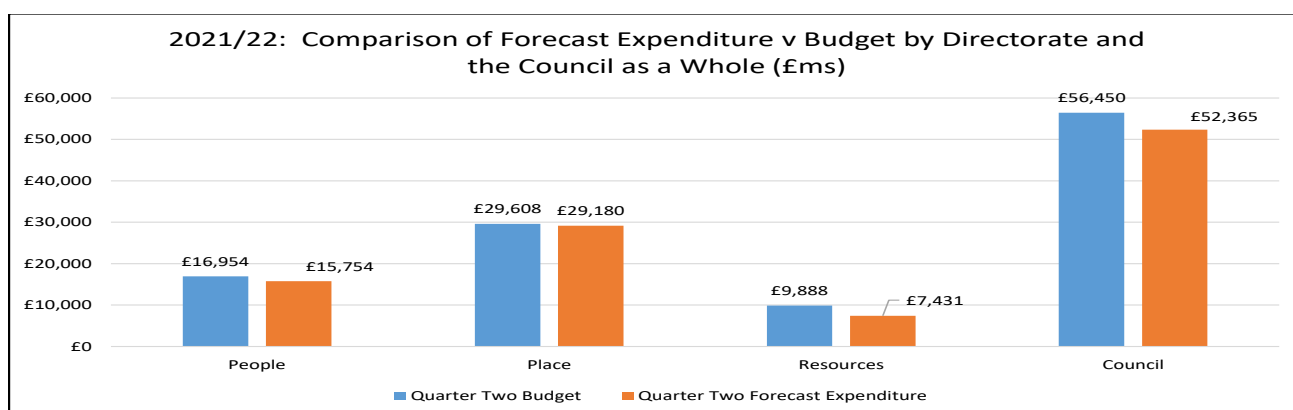
Introduction

5.1 A capital budget for 2020/21 of £47.8 million was set by Council in March 2021 with external funding of £24.6 million from a combination of external grants, section 106 contributions (s106) and Community Infrastructure Levy (CIL). £23.2 million of expenditure was planned to be funded from external borrowing. The repayment of principal sums and interest on loans used to fund capital expenditure are met from the revenue budget for capital financing and risk management. Forecast spend against this budget is reported in the Revenue Financial Performance Report.

5.2 During the financial year budget changes may occur, mainly as a result of budgets brought forward from prior financial years, additional grants, s106 and CIL allocations received in year and expenditure re-profiled in future financial years. Changes of less than £250k can be approved by the s151 Officer in conjunction with the portfolio holder, all other changes must be approved by Capital Strategy Group (CSG) and reported to Executive as set out in the Council’s Financial Regulations. As part of the budget monitoring process, the forecast year end position of the capital projects is reviewed and proposals for unutilised budgets to be re-profiled into subsequent financial years is reviewed by Capital Strategy Group (CSG). Appendix A provides a breakdown of budget changes as at the year end.

Background

5.3 As at Quarter Two, the total forecast expenditure for financial year 2020/21 amounts to £52.4 million against a revised budget of £56.4 million. The graph below details the forecast expenditure outturn position by directorate and the Council as a whole.



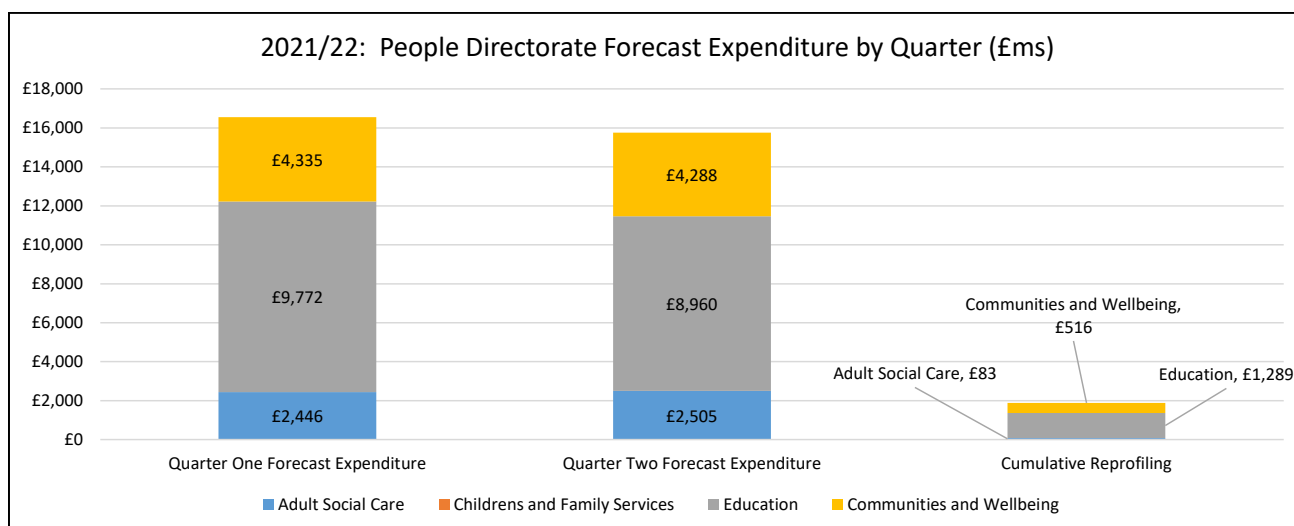
The People Directorate

5.4 At Quarter two the directorate is forecasting total expenditure of £15.8 million against a revised budget of £17 million generating a forecast underspend of £1.2 million.

People Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two
Adult Social Care	£2,588,230	£2,505,230	(£83,000)
Childrens and Family Services	£20,000	£	(£20,000)
Education	£9,741,860	£8,960,350	(£781,510)
Communities and Wellbeing	£4,604,210	£4,288,210	(£316,000)
Total Directorate	£16,954,300	£15,753,790	(£1,200,510)

5.5 Adult Social Care: The service is forecasting a £83k underspend which relates to the Modernising Adult Social Care project which is delayed until final implementation of the Care Director Upgrade. Care Director is scheduled for completion by April 2022.

- 5.6 Children & Family Services: The service is forecasting a £20k underspend as a result of no adaptations to foster care residents having been requested.
- 5.7 Education Services: A key contributing factor to the forecast underspend is the i-College project (£323k). Lease negotiations are recently concluded with a new lease agreement being achieved. Procurement of the main contractor through the Westworks Framework will commence in early November. The anticipated project commencement date (for works) is now scheduled for December 2022. Underspends against key projects, Parsons Down Rationalisation (£244k) and Downlands Sports Centre replacement and rationalisation (143k) have also been forecast.
- 5.8 Communities and Wellbeing: The service is forecasting a £316k underspend. The forecast is net of underspends forecast against the Playing Pitch Action Plan (£450k) and the Refurbishment of Northcroft Leisure Centre (£151k). Both projects are forecast to be completed in financial year 2022/23 and it is proposed that expenditure budgets relating to these projects are reprofiled from 2021/22 into 2022/23. The £601k of underspends against the aforementioned projects is offset by overspends forecast on the Newbury Lido refurbishment (£200k), Delivery of the Leisure Strategy projects (£55k) and maintenance on core sites (£30k). In respect of the Newbury Lido project, additional budget has been approved in principal for Cost Confidence and Cost Certainty. Recommendation 2.1.d of this report.
- 5.9 In respect of overall performance the directorate reprofiled £1.3 million of expenditure from 2021/22 into 2022/23 at Quarter One, realigning the budget to forecast in year expenditure. At Quarter Two a further £599k of reprofiling has been identified. Appendix B provides details of projects reprofiled at Quarter One and proposed reprofiling identified at Quarter Two. The graph below illustrates forecast expenditure at Quarters One and Two and cumulative reprofiling.



The Place Directorate

- 5.10 At Quarter two the directorate is forecasting total expenditure of £29.2 million against a revised budget of £29.6 million generating a forecast underspend of £427k.

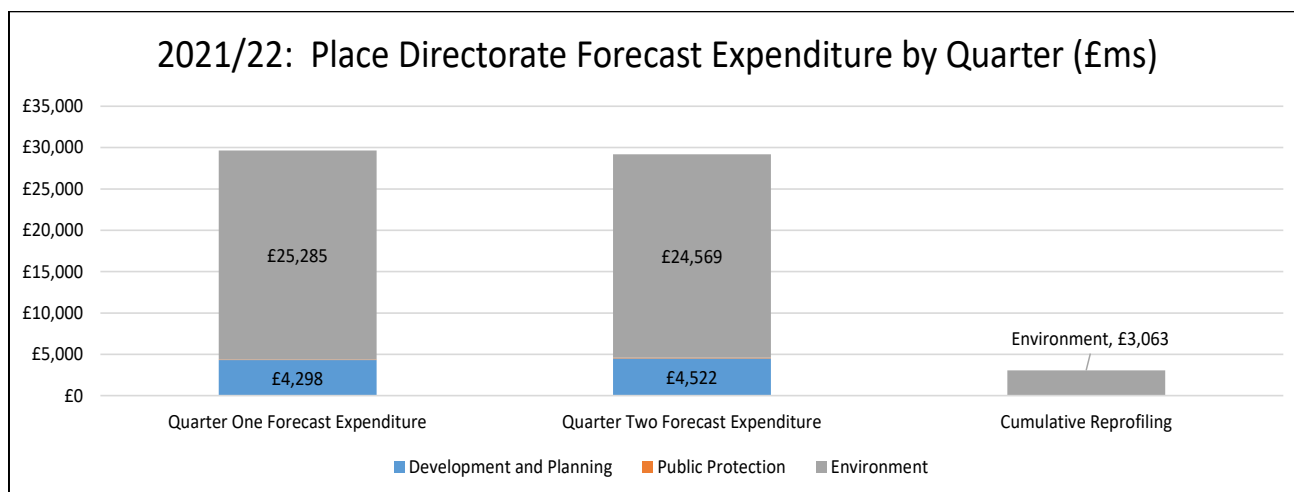
Place Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two
Development and Planning	£4,362,800	£4,521,760	£158,960
Public Protection	£75,820	£89,320	£13,500
Environment	£25,168,880	£24,569,046	(£599,834)
Directorate Totals	£29,607,500	£29,180,126	(£427,374)

5.11 Development & Planning: Four Houses Corner is forecasting a pressure of £159K. The project has been set with a number of delays. An in year pressure bid has been submitted to fund the pressure, recommendation 2.1.b of this report.

5.12 Public Protection: There is only one capital project which was slipped from financial year 2020/21 into the current financial year. The project is the implementation of the Public Protection One System which is scheduled to be delivered in line with project completion expected within 2021/22. An additional in year pressure bid of £13.5k relating to required consultancy costs has been submitted. Recommendation 2.1.c of this report.

5.13 Environment: Primarily two projects are driving the forecast underspend position. The Renewable Energy Provision project (£300k underspend forecast against a £1 million budget), is delayed as a result of limited school asset management information being available to inform and scope individual projects. The Aldermaston Footways - Frouds Lane Footway (£246k) will not be delivered in year due to land issues, the service have not identified the project for reprofiling into subsequent financial years.

5.14 In respect of overall performance the directorate reprofiled £3 million of expenditure from 2021/22 into 2022/23 at Quarter One, realigning the budget to forecast in year expenditure. At Quarter Two no further expenditure has been identified for reprofiling. Appendix B provides details of projects reprofiled at Quarter One and proposed reprofiling identified at Quarter Two. The graph below illustrates forecast expenditure at Quarters One and Two and cumulative reprofiling.



The Resources Directorate

5.15 At Quarter two the directorate is forecasting total expenditure of £7.4 million against a revised budget of £9.9 million generating a forecast underspend of £2.5 million.

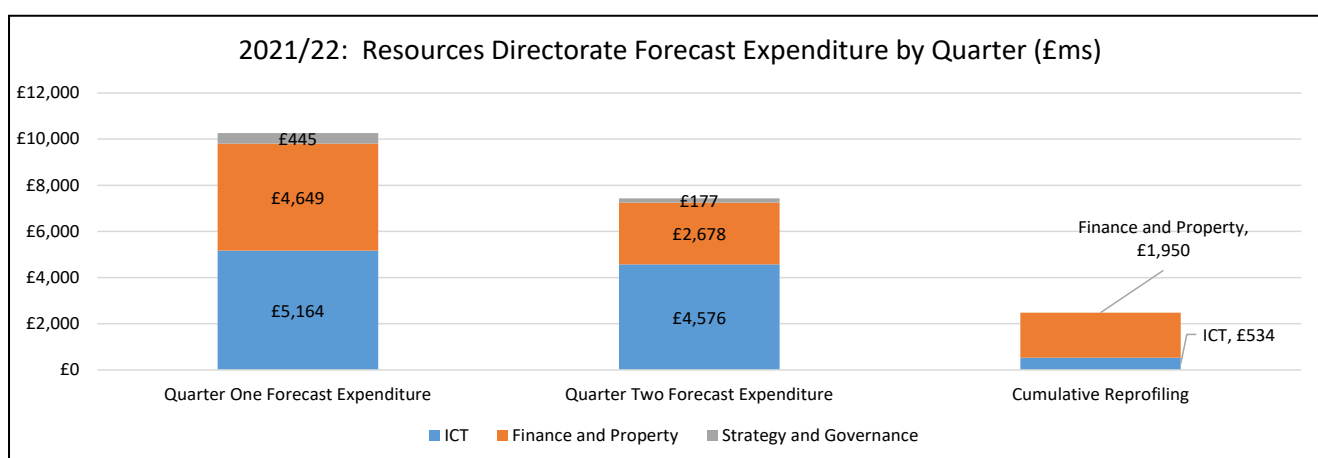
Resources Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two
ICT	£5,044,380	£4,575,780	(£468,600)
Finance and Property	£4,666,730	£2,678,370	(£1,988,360)
Strategy and Governance	£176,650	£176,650	£
Directorate Totals	£9,887,760	£7,430,800	(£2,456,960)

5.16 ICT: £384k of the forecast underspend relates to telephony improvement projects which are being reprofiled from 2021/22 into 2022/23 as part of a larger corporate project. A further £90k of the forecast underspend relates to a Network Improvement (core switches) project which has been placed on hold as part of Timelord Two and will be reprofiled into 2022/23.

5.17 Finance & Property: The forecast underspend is related to the Enterprise Resource Planning Project which is currently at the feasibility stage and will not be fully implemented until 2022/23. The budget if proposed for reprofiling into financial year 2022/23.

5.18 Strategy & Governance are reporting on line as at Quarter Two.

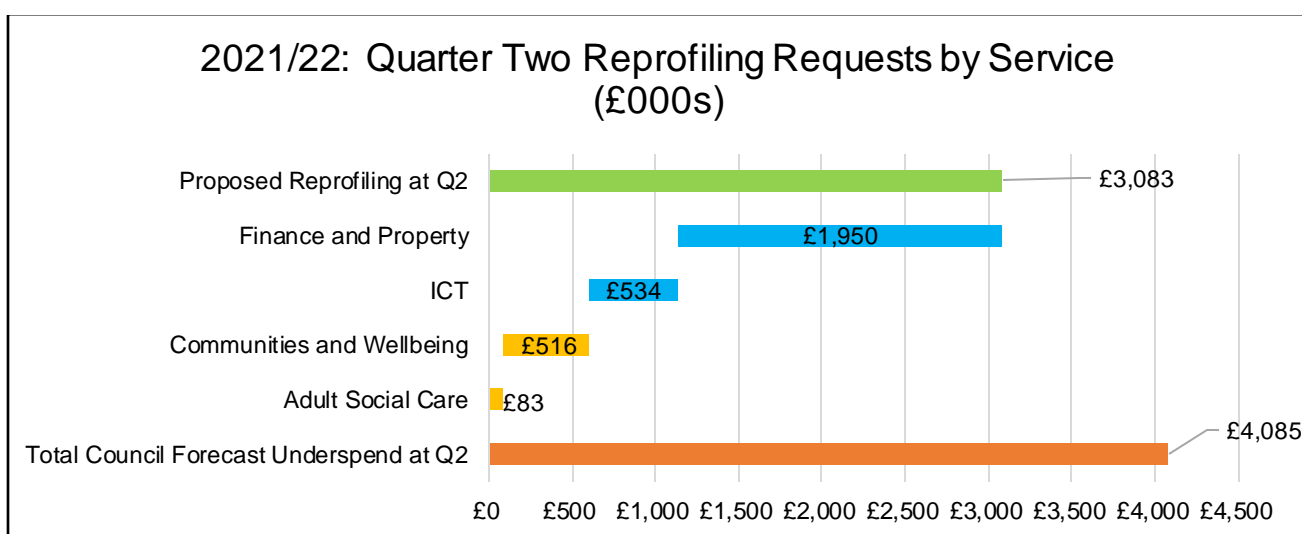
5.19 In respect of overall performance no reprofiling was undertaken at Quarter One. At Quarter Two £2.5 million of expenditure has been identified for reprofiling from 2021/22 into 2022/23. Appendix B provides details of projects reprofiled at Quarter One and proposed reprofiling identified at Quarter Two. The graph below illustrates forecast expenditure at Quarters One and Two and cumulative reprofiling.



Proposals

5.20 As part of the Quarter Two budget monitoring review, expenditure has been identified as unlikely to be incurred in the current financial year and is requested to be reprofiled into subsequent financial years.

5.21 £3 million of proposed reprofiling has been identified across the Adult Social Care, Communities & Wellbeing, ICT and Finance & Property capital programmes, appendix B provides a breakdown of project expenditure identified for reprofiling. The graphic below shows the reprofiling requested, and total reprofiling against the current programme forecast position.



5.22 The proposed reprofiling will result in an adjusted underspend across the capital programme of £1 million based on the Quarter Two budget monitoring, detailed in the table below.

Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling at Quarter Two	Forecast (Under)/Over spend adjusted for Re-Profiling
People	£16,954,300	£15,753,790	(£1,200,510)	£599,000	(£601,510)
Place	£29,607,500	£29,180,126	(£427,374)	£	(£427,374)
Resources	£9,887,760	£7,430,800	(£2,456,960)	£2,483,800	£26,840
Chief Executive	£	£	£	£	£
Total Council	£56,449,560	£52,364,716	(£4,084,844)	£3,082,800	(£1,002,044)

5.23 The adjusted underspend post reprofiling based on Quarter Two forecasting per service is detailed in the table below:

Capital Financial Performance Report Quarter Two 2021/22

People Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling at Quarter Two	Forecast (Under)/Over spend adjusted for Re-Profiling
Adult Social Care	£2,588,230	£2,505,230	(£83,000)	£83,000	£
Childrens and Family Services	£20,000	£	(£20,000)	£	(£20,000)
Education	£9,741,860	£8,960,350	(£781,510)	£	(£781,510)
Communities and Wellbeing	£4,604,210	£4,288,210	(£316,000)	£516,000	£200,000
Total Directorate	£16,954,300	£15,753,790	(£1,200,510)	£599,000	(£601,510)
Place Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling at Quarter Two	Forecast (Under)/Over spend adjusted for Re-Profiling
Development and Planning	£4,362,800	£4,521,760	£158,960	£	£158,960
Public Protection	£75,820	£89,320	£13,500	£	£13,500
Environment	£25,168,880	£24,569,046	(£599,834)	£	(£599,834)
Directorate Totals	£29,607,500	£29,180,126	(£427,374)	£	(£427,374)
Resources Directorate	Quarter Two Budget	Quarter Two Forecast Expenditure	Forecast (Under)/Over spend at Quarter Two	Proposed Expenditure Re-profiling at Quarter Two	Forecast (Under)/Over spend adjusted for Re-Profiling
ICT	£5,044,380	£4,575,780	(£468,600)	£533,800	£65,200
Finance and Property	£4,666,730	£2,678,370	(£1,988,360)	£1,950,000	(£38,360)
Strategy and Governance	£176,650	£176,650	£	£	£
Directorate Totals	£9,887,760	£7,430,800	(£2,456,960)	£2,483,800	£26,840
Total Council Position	£56,449,560	£52,364,716	(£4,084,844)	£3,082,800	(£1,002,044)

5.24 In respect of the adjusted forecasts, in Education Services, a number of key projects are forecasting underspends, primarily I-College, Parsons Down Rationalisation, the Downlands Sports Centre. Further information has been requested from the service to identify if underspends are to be reprofiled into subsequent financial years. The Environment Service has not requested a slippage in respect of underspending projects. Communities & Wellbeing, Development & Planning and the Public Protection Service have submitted additional budget requests relating to the Newbury Lido, Four Houses Corner and the PPP One System which if approved will negate the forecast pressures.

5.25 The Council has capital reserves of £41 million (based on the Council's draft 2020/21 Financial Statements) which are under review to ascertain if funding can be released to offset any additional budget requirements.

6 Other options considered

No other options were considered.

7 Conclusion

7.1 As at Quarter Two, the total forecast expenditure for financial year 2020/21 amounts to £52.4 million against a revised budget of £56.4 million. CSG will continue to closely monitor expenditure incurred against the re-profiled expenditure and approved programme in 2021/22.

8 Appendices

Appendix A – Budget Changes as at Quarter One

Appendix B – Re-profiling Proposal

Corporate Board's recommendation

*(add text)

Background Papers:

*(add text)

Subject to Call-In:

Yes: No: X

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	X

Wards affected: *(add text)

Officer details:

Name: Shannon Coleman-Slaughter
Job Title: Chief Financial Accountant

Tel No: 01635 503225
E-mail: Shannon.colemanslaughter@westberks.gov.uk

Document Control

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

Change History

Version	Date	Description	Change ID
1			
2			

Budget Changes: As at Quarter Two Financial Year 2021/22

Service Area	Original Gross Expenditure Budget 2021/22	Budget Agreed by CSG to be Re-profiled from 2020/21	Agreed Reprofiling at Q1	Agreed Reprofiling at Q2	Agreed Reprofiling at Q3	Other Changes to 2021/22 Budget	Revised Budget for 2021/22	Explanation of Other Agreed Changes
PEOPLE DIRECTORATE								
Adult Social Care	1,769,960	675,730	0			142,540	2,588,230	Care Home Garden Projects & Autism Grant
Childrens and Family Services	20,000	0	0			0	20,000	
Education	8,712,050	2,318,310	(1,288,500)				9,741,860	
Communities and Wellbeing	3,586,290	749,110	0			1,788,170	6,123,570	Members Bids and Parish Planning moved Service
Total for People Directorate	14,088,300	3,743,150	(1,288,500)	0	0	1,930,710	18,473,660	
PLACE DIRECTORATE								
Development and Planning	1,787,330	2,351,260	0			224,210	4,362,800	Additional DFG Funding Received
Public Protection		75,820	0			0	75,820	
Environment	23,272,930	611,550	(3,062,600)			4,347,000	25,168,880	£2m additional DfT Grant £2.1m Theale Train Station £210k Faraday Road Open Spaces Project
Total for Place Directorate	25,060,260	3,038,630	(3,062,600)	0	0	4,571,210	29,607,500	
RESOURCES DIRECTORATE								
Customer Services and ICT	4,067,290	927,090	0			50,000	5,044,380	£50k Transformation Funding for Office 365
Finance and Property	4,400,270	266,460	0			0	4,666,730	
Strategy and Governance	221,000	224,460	0			(1,788,170)	(1,342,710)	Members Bids and Parish Planning moved Service
Total for Resources Directorate	8,688,560	1,418,010	0	0	0	(1,738,170)	8,368,400	
CHIEF EXECUTIVE								
Chief Executive	0	0	0	0	0	0	0	
Total Capital Budget	47,837,120	8,199,790	(4,351,100)	0	0	4,763,750	56,449,560	

Please note that the Members Bids & Parish Planning cost centres were moved from Strategy & Governance to the Communities and Wellbeing Service after the production of Q1 Budget Monitoring.

2021/22: Expenditure Reprofileing for Quarters One and Two

Quarter	Directorate	Service	Cost Centre	Project Title	Expenditure Budget	Expenditure at Q1	Underspend at Q1	Re-profileing Request
Q1	People	Education	82319	i-college Alternative Education - East of Area	1,738,500	450,000	(1,288,500)	1,288,500
Education Total					1,738,500	450,000	(1,288,500)	1,288,500
Q1	Place	Environment	83130	Natural Carbon Reduction Measures	1,225,000	200,000	(1,025,000)	1,025,000
Q1	Place	Environment	81426	Robin Hood Roundabout & A4	1,500,000	200,000	(1,300,000)	1,300,000
Q1	Place	Environment	81581	Kings Road Link, Newbury	1,097,600	750,000	(347,600)	347,600
Q1	Place	Environment	81656	A4 Faraday Road Improvements	320,000	0	(320,000)	320,000
Q1	Place	Environment	81664	Kings Road Improvements	50,000	10,000	(40,000)	40,000
Q1	Place	Environment	81150	Recreational Walk Rout	41,890	11,890	(30,000)	30,000
Environment Total					4,234,490	1,171,890	(3,062,600)	3,062,600
Q1 - Council Total					5,972,990	1,621,890	(4,351,100)	4,351,100
Budget Monitoring Period	Directorate	Service	Cost Centre	Project Title	Expenditure Budget	Expenditure at Q2	Underspend at Q2	Re-profileing Request
Q2	People	Adult Social Care	86045	Modernising ASC	83,000	0	(83,000)	83,000
ASC Total					83,000	0	(83,000)	83,000
Q2	People	Communities and Wellbeing	85199	Playing Pitch Action Plan	1,650,000	1,200,000	(450,000)	450,000
Q2	People	Communities and Wellbeing	85200	Refurbishment of Northcroft Leisure Centre preliminary works	151,000	0	(151,000)	151,000
Q2	People	Communities and Wellbeing	85180	Core Sites Essential Investment	3,060	33,060	30,000	(30,000)
Q2	People	Communities and Wellbeing	85196	Feasibility studies for options to deliver the Leisure Strategy	100,000	155,000	55,000	(55,000)
Communities and Wellbeing Total					1,904,060	1,388,060	(516,000)	516,000
Q2	Resources	ICT	87294	Network Infrastructure (Core Switches)	90,000	0	(90,000)	90,000
Q2	Resources	ICT	87318	Telephony Infrastructure (VoIP Corporate Offices)	140,000	0	(140,000)	140,000
Q2	Resources	ICT	87319	Telephony Infrastructure (VoIP Outlying Offices)	20,000	0	(20,000)	20,000
Q2	Resources	ICT	87336	BES/MDM Infrastructure	30,000	20,000	(10,000)	10,000
Q2	Resources	ICT	87342	Maintenance of DR Facility	130,000	80,000	(50,000)	50,000
Q2	Resources	ICT	87343	Telephony Infrastructure (Unified Communications Core Infrastructure)	60,000	0	(60,000)	60,000
Q2	Resources	ICT	87344	Telephony Infrastructure (Unified Communications Software)	113,800	0	(113,800)	113,800
Q2	Resources	ICT	87357	Telephony Infrastructure SIP & MPLS (Session Initiation Protocol and Multiprotocol Label Switching)	50,000	0	(50,000)	50,000
ICT Total					633,800	100,000	(533,800)	533,800
Q2	Resources	Finance and Property	87634	Enterprise Resource Planning System	2,000,000	50,000	(1,950,000)	1,950,000
Finance & Property Total					2,000,000	50,000	(1,950,000)	1,950,000
Q2 - Council Total					4,620,860	1,538,060	(3,082,800)	3,082,800

