

Capital Monitoring Outturn 2017/18

Cabinet

Date: 13th June 2018

Authors: Cabinet Member for Finance
Corporate Director, Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents final 2017/18 position for the capital programme and some proposed changes to the Council's capital programme.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 Responsible budget management underpins the Council's strategic objective of consistently making the best use of all available resources as well as providing focus for its change programmes.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the latest 2017/18 Capital Programme position as at financial year end as detailed in paragraphs 3.1 to 3.4.
- 2.2 Approve the changes to the programme in section 3.5.

3. Detail

Capital Programme – 2017/18 monitoring

- 3.1 Table 1 below provides a summary of the forecast out-turn position ("forecast spend to completion" column) compared with the approved total scheme budgets, as at the end of March 2018. The projected out-turn position represents the expected total spend for the scheme to completion over all remaining years. Table 2 shows how the capital programme is expected to be funded.

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Table 1 - Budget Forecasts and Variances

Service	Approved Budget 2017-18 Onwards	Forecast Scheme Spend to Completion	Projected Variance
Group	£'000's	£'000's	£'000's
Community Works	2,347	2,020	(327)
Corporate Projects	77,052	77,252	200
Section 106	13,460	13,460	0
Schools	15,488	15,488	0
Social Care	1,247	1,247	0
Transport	93,216	93,216	0
Total General Fund	202,810	202,683	(127)
HRA	53,310	53,310	0
Service Totals	256,120	255,992	(127)

Table 2 - Capital Programme funding

	Current Funding Requirement
Expenditure	£'000
Budget	256,120
Balance to be financed:	256,120
Capital Receipts	4,905
Section 106 Deposits	12,086
Grant Funding	127,245
Revenue Contributions	4,410
HRA balances	51,634
CIL	1,097
Increase in Borrowing Requirement	54,743
Total	256,120

3.2 The total spend incurred in 2017/18 and how it was funded is shown below:

Table 3: Capital Expenditure Funding

	£'000s
Actual Capital Spend 2017/18	70,716
Funded by:	
Capital Receipts	3,605
S106 Deposits	3,222
Grant	21,504

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 464384 or Email iburbidge@swindon.gov.uk

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Revenue Contributions	8,203
HRA balances	22,756
CIL	1,097
Increase in Borrowing Requirement	10,329
Total	70,716

- 3.3 The detailed capital monitoring for 2017/18 is attached at **Appendix 1**.

Variances

- 3.4 The following variances have been forecast at the end of March.

3.4.1 The embankment stabilisation works at Hodson Road are currently on hold and therefore are projecting an underspend of £327k. (**Appendix 1**, Line 6)

3.4.2 The Junction 16 improvements are currently forecasting a further £200k overspend (**Appendix 1**, Line 51)

New Approvals

- 3.5 Cabinet is asked to approve the following change to the existing programme:

3.5.1 £47.5k of S106 funding to be used to redevelop the conservatory at Wanborough Primary School. The school are proposing to improve the existing conservatory to make it a space suitable for SEN and school intervention groups. The S106 funding is restricted to education use in the Wanborough area.

3.5.2 An upgrade of the current Children's IT system 'One Social Care' through Capita (**Appendix 1**, Line 96). The funding for this was £280k of which £139.5k was from S106 and £140.5k would have come from savings from the Capita contract. As discussions progressed it became clear that the upgrade was not going to be in the best interest of SBC and a decision was made to go out to tender for a new IT system. A second capital bid was submitted as part of the 2018/19 capital programme in February 2018 for £420k of funding which would come from borrowing. It is recommended that these two budget are combined to create a single capital budget of £559.5k (the savings from remaining with the current contract will now not be achieved) for the new Children's IT system.

3.5.3 £400,000 of grant funding from the Land Release Fund to enable the release of land for housing by 2020 or earlier. This will be used for development on Kimmerfields /John Street car park.

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- 3.5.4 £95,000 of grant funding from One Public Estate phase 6 for a feasibility study into the provision of a Public Service Hub project would co-locate and integrate public agency services in Kimmerfields
- 3.5.5 £200,000 of repayable grant from One Public Estate Phase 6 to accelerate housing delivery on the Kimmerfields site. This must be repaid by April 2021.
- 3.5.6 IT infrastructure expenditure of £1.1m is committed, initially funded from the earmarked ICT reserve set aside for this purpose. As this is capital expenditure it is proposed to incorporate this as a technical addition to the capital programme, utilising useable capital receipts.
- 3.5.7 £850,000 to fund repairs at Lydiard House. In the 15th March 2017 Cabinet Report, (**Cabinet Minute 107 2017/18** refers) one-off resources were earmarked to fund the reverse premium of £850k which was a contribution to backlog repairs in the House and conference centre as part of the competitive process to find an alternative operator of the site.
- 3.5.8 Cabinet will be aware that the Council was unable to complete the competitive process with its preferred bidder in February 2018. Therefore it is recommended that these funds be redirected to create a capital budget to address the backlog maintenance issues and is against an agreed schedule of works to be managed by the Head of Property Assets.

4. Alternative Options

- 4.1 Cabinet could choose not to approve the proposed additions to the capital programme.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The new approvals sought in this report are all funded from a combination of S106 income, capital receipts, existing budgets and HRA funding. There is therefore no requirement for new borrowing being sought.
- 5.2 Table 2 identifies a borrowing requirement of £54.743m based on current projections. The timing of this borrowing will be part of the wider treasury management strategy and is dependent on cashflow requirements and interest rates. There is no immediate intention to take out further long-term borrowing and therefore the programme is using “internal borrowing” i.e. temporary use of balances and working capital, to cover this requirement. This results in internal borrowing being cheaper than external borrowing.
- 5.3 The section 151 officer has put in place provisions to reduce the dependency on internal borrowing that will take advantage of the historically low long term

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interest rates, thus protecting the Council from a sudden peak in borrowing costs. This process is in line with the Treasury Management Strategy approved by the Council.

Legal and Human Rights Implications

- 5.4 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.5 There are no such direct implications.

Diversity Impact Assessment

- 5.6 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would have a detrimental impact on services.

Risk Management

- 5.7 No DIA has been undertaken as this report in itself does not propose any changes in the level or scope of services provided. Individual schemes for which capital funding is authorised will have individual Risk Assessments and DIAs.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Detailed Capital Budget Monitoring 2017/18 Schemes

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 This is not a key decision and is included in the Cabinet Work Programme / Forward Plan for June 2018.