

Capital Monitoring Quarter 2 2018-19

Cabinet

Date: 5th December 2018

Authors: Cabinet Member for Finance

Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the second quarter's monitoring position for the Council's capital programme and some proposed changes to the 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 forecast capital expenditure set out in Table 1 & 2 and Appendix 1,
- 2.2 Approve the changes to the programme detailed at section 3.3.
- 2.3 Note the issues identified and detailed at section 3.4.

3. Detail

Capital Programme – 2018/19 monitoring

- 3.1 Table 1 below shows the current status of the 2018-19 capital budget and forecast outturn position. The significant budget movements are detailed in paragraph 3.3.1 below. Table 2 shows how the capital programme is being funded.

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Table 1 - Budget Forecasts and Variances

Service	Budget Remaining 2018-19 Onwards	Forecast Scheme Spend to Completion	Projected Variance
Group	£'000's	£'000's	£'000's
Community Works	1,194	1,194	0
Corporate Projects	60,384	60,384	0
Section 106	8,037	8,037	0
Schools	15,465	15,465	0
Social Care	1,250	1,250	0
Transport	100,574	100,574	0
Total General Fund	186,904	186,904	0
HRA	63,392	63,392	0
Service Totals	250,296	250,296	0
New approvals as noted at 3.3 below		10,600	
Revised Total programme	250,296	260,896	0

Table 2 - Capital Programme funding

	Current Funding Requirement	New Funding Required	Amended Funding Requirement
Expenditure	£'000	£'000	£'000
Budget	250,296	10,600	260,896
Balance to be financed:	250,296	10,600	260,896
Capital Receipts	6,753		6,753
Section 106 Deposits	10,789	2,134	12,923
Grant Funding	127,687	2,366	130,053
Revenue Contributions	7,868		7,868
HRA balances	36,852		36,852
CIL			
Interest free loan		6,000	6,000
Invest to save borrowing repaid from future revenue budgets		100	100
Increase in Borrowing Requirement	60,347	0	60,347
Total	250,296	10,600	260,896
There is no revenue impact from the additional borrowing.			

3.2 The detailed capital monitoring for quarter 2 is attached at Appendix 1.

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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Changes to the Programme

3.3 Cabinet is asked to approve the following changes to the existing programme:

New Approvals

- 3.3.1 Pupil Referral Unit Conversion – £247k funded from S106. To convert the former caretakers house at St Lukes School to provide a 16 place pupil referral unit.
- 3.3.2 Oliver Tomkins Primary School & Nursery - £40k funded from S106. To increase the pre-school places for 3 & 4 years olds to 52 to help meet the demand in the area. The school are providing match funding of £40k.
- 3.3.3 Tadpole Farm Transport Projects - £96k funded from S106. To fund the improvement of pedestrian & cyclist signage, and public rights of way. This will help prevent & reduce road casualties, and provide road safety education in schools.
- 3.3.4 Fleming Way & Whalebridge - £238k funded from S106. To cover the cost of Traffic Regulation Orders, changes to traffic signals and associated civil engineering works linked to forthcoming developments requiring alterations to the road network in the area.
- 3.3.5 Ermin Street, Blunsdon - £245k funded from S106. This is to provide hard & soft landscaping on highways land as part of a wider scheme of improvements already being undertaken in the area.
- 3.3.6 County Ground Athletics Track Resurface and Clubhouse - £1m funded from Football Foundation Grant (line ref 62). Members will be aware that they approved the submission of grant applications to support this project in 18th October 2017 (cabinet minute 50 refers). The Council in partnership with Swindon Town Football Club – Football in the Community Trust (STFITC) have been successful in securing a grant of £1m from the Football Foundation, it is proposed that this be added to the existing budget for this project. The Council will deliver the artificial football pitch and highways works. STFITC will be delivering the clubhouse and associated environmental works from both this funding and their own resources.
- 3.3.7 An increase in the budget for Wellington Street improvements (line ref 144) from £658k to £851k funded through National Productivity Investment Fund grant of £450k, S106 of £276k and LTP grant of £125k. This scheme will require c£12k p.a. to fund the cost of ensuring that the public realm in Wellington St and the wider town centre is maintained properly. This will be met from within existing budgets.

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- 3.3.8 Street Lighting - £7.2m funded from a £6m interest free loan and £1.2m from S106. It is proposed to replace all 26,000 street lighting lanterns with LED alternatives and to procure a central management system which will provide more effective and efficient management of the estate. LED lanterns generally reduce annual electricity costs, currently a £1.3m budget in 2018/19, by 60% and there will be additional savings in relation to maintenance costs due to the management system. The installation will take circa 18 months from the start of the work. Part year revenue savings are included in the draft 2019/20 revenue budget linked to routine bulb replacement and electricity savings. £6m of interest free loan funding is being provided by Salix Finance Ltd, a government backed organisation that provides interest-free funding to the public sector, which will be repaid over a 5 year period from a combination of revenue saving and capital funds. Approval of the scheme now will allow an earlier mobilisation of the successful bidder to deliver the scheme and deliver the associated savings.
- 3.3.9 Highways infrastructure £1.241m funded from DfT grant. The autumn budget announced an additional £420m of highways infrastructure funding that would be made available to local authorities. Swindon was notified on the 12/11/18 that it has been awarded £1.241m from this pot to fund local improvements. Permission is now sought to add this to the current LTP programme to ensure that all of the grant conditions attached to this funding can be met.
- 3.3.10 Lydiard House - £100k funded from future revenue. An invest to save scheme is proposed to convert the former swimming pool room to facilitate wedding ceremonies as part of the commercialisation programme to deliver savings in 2019/20. This funding will allow work to progress in good time for the 2019 season. The revenue budget savings include an allowance of £8k to repay the funding of these works.
- 3.3.11 Waterside Fleet vehicles (Line ref 52) – It is proposed to use part of this budget to purchase 2 replacement gully cleaning machines at circa £250k. These vehicles are currently hired. This budget will be used to finance the purchase so there will be no additional borrowing requirement for the Council.

New Eastern Villages (NEV) Approvals

- 3.3.12 Local Growth Fund allocations. (line ref 117, 137, 145 & 146) The Council has previously agreed to pursue four capital projects the funding for which has been secured from the government's Local Growth Fund via SWLEP - the Swindon and Wiltshire Local Enterprise

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Partnership (Cabinet Minutes 62 and 81, 2014/15 refer). The SWLEP Commissioning Group agreed at its meeting on 14th November 2018 to re-profile funding for the NEV schemes, with a clear focus on delivery of the White Hart Junction and A420 Gablecross Junction schemes and a postponement of Great Stall Bridge scheme. This change makes no alteration to the total amount allocated in the capital programme; however, changing the phasing of delivery will provide better infrastructure for the new housing and developments already in hand along the A420 section of the NEV.

- 3.3.13 The Council is in receipt of Homes & Community Agency (HCA) Capacity Grant which will fund the design and feasibility elements of the schemes noted below. The construction will be delivered in line with phased housing delivery at the NEV, and funded through s106 contributions in line with the NEV Infrastructure Delivery Plan.
- 3.3.14 Footpath 5 Rail Crossing Ramps (design) - £195k funded from HCA grant. During 2018 Network Rail constructed a new footbridge over the railway at South Marston as part of the electrification programme. Network Rail were not obliged to deliver cycle ramps because the bridge replaces an existing level crossing which was only accessible by foot. The Council has worked in partnership with Network Rail and South Marston Parish Council to ensure the bridge is capable of accommodating future requirements of development at the NEV. Delivery of the cycle ramps will be funded by s106 contributions in line with phased delivery of housing.
- 3.3.15 A420 Pedestrian / Cyclist Crossing (feasibility) - £26k funded from HCA grant. The Council's transport consultant is assessing the feasibility of an additional crossing of the A420, east of the junction with Old Vicarage Lane. The purpose of the crossing would be to provide a safe route between the proposed village of Rowborough (north of A420) and the planned new secondary school (south of A420). The crossing would be funded by s106 contributions as part of the comprehensive access strategy for the NEV and delivered in line with new housing.

Other information

- 3.4 Cabinet is asked to note that the following projects have identified issues that may result in additional funding requirements:
 - 3.4.1 Carriage works unit 3 (line ref 17). This phase of the project has now been completed, a number of issues relating to both heritage & planning requirements and feedback from potential tenants increased the construction cost. It is currently anticipated that the subsequent phases (units 7, 9 & 11) of this project will incorporate the issues

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discovered during unit 3 works and will be able to mitigate the additional costs associated with phase 1.

- 3.4.2 Greenbridge Roundabout - £5.369k scheme total (line ref 128). The final cost of this scheme has resulted in a budget overspend of £69k, this will be funded from future s106 receipts associated with NEV development. This overspend is primarily the result of the need to divert telecommunications cables.

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 following schemes: Lydiard House, Waterside Fleet vehicles & Street lighting will require borrowing of £6.35m, the borrowing costs associated with these loans will be met from existing revenue budgets. The Wellington Street project will result in revenue costs of circa £12k p.a. that will be met from within existing budgets. There are no additional revenue implications from the other proposals contained in this report. The cost of the remaining schemes are covered by either grant or s106 contributions.

Legal and Human Rights Implications

- 5.2 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)

- 5.3 There are no such direct implications.

Diversity Impact Assessment

- 5.4 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

- 5.5 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

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6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Interim Director of Law (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

- 9.1 This is not a key decision and is included in the Cabinet Work Programme for December 2018.