

# Capital Monitoring Quarter 3 2018/19

**Cabinet**

**Date: 20<sup>th</sup> March 2019**

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Authors: Cabinet Member for Finance

Director of Finance

Wards: All

Parishes Affected: All

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## **1. Purpose and Reasons**

- 1.1 This report presents the third 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 Note the changes detailed at paragraphs 3.2 to 3.3 and approve the required funding adjustments
- 2.3 Approve the additions to the programme noted at section 3.4.
- 2.4 Note the changes to the HRA capital programme detailed at paragraph 3.5 and approve the required funding adjustments

## **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 paragraphs 3.3 to 3.5 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 Variances
Group	£'000	£'000	£'000
Community Works	1,174	1,035	(139)
Corporate Projects	66,162	67,100	938
Section 106	9,329	9,329	-
Schools	16,598	16,694	96
Social Care	1,250	1,250	-
Transport	110,623	110,623	-
<b>Total General Fund</b>	<b>205,136</b>	<b>206,031</b>	<b>895</b>
HRA	64,213	64,418	205
<b>Service Totals</b>	<b>269,349</b>	<b>270,449</b>	<b>1,100</b>
New approvals	-	2,514	2,514
<b>Revised Total programme</b>	<b>269,349</b>	<b>272,963</b>	<b>3,614</b>

Table 2 - Capital Programme funding

	Current Funding Requirement	New Funding Required	Amended Funding Requirement
	£'000	£'000	£'000
<b>Balance to be financed:</b>	<b>269,349</b>	<b>3,614</b>	<b>273,420</b>
Capital Receipts	11,193	119	11,312
Section 106 Deposits	11,942		11,942
Grant Funding	130,973	690	131,663
Revenue Contributions	9,568	4	9,572
HRA balances	37,673	205	37,878
Salix funding (Interest free loan)	6,000		6,000
Invest to save borrowing repaid from future revenue budgets		420	420
Increase in Borrowing Requirement	62,000	2,176	64,176
<b>Total</b>	<b>269,349</b>	<b>3,614</b>	<b>272,963</b>
<b>There is a revenue impact from the additional borrowing of circa £174k</b>			

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email [iburbidge@swindon.gov.uk](mailto:iburbidge@swindon.gov.uk)

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## Projected Variances

3.2 Cabinet is asked to note the following variances to projects within the capital programme. Appendix 1 contains details of all schemes in the capital programme, including those highlighted in previous Cabinet reports, together with their forecast closing position. Cabinet has not previously been advised of variances on the schemes noted below:

3.2.1 Underspends / removals from the current programme

- Grounds maintenance equipment (line 3) – underspend of £139k related to procurement savings reducing the need for borrowing.
- Self-Build scheme (line 45) budget £457k. Officers are proposing that this scheme is removed as it is not a project that is being actively progressed.

3.2.2 Schools programme total overspend of £96k funded from Education Basic Need Grant.

- Orchid Vale PFI expansion (line 102) – underspend of £40k, the project is now complete and final accounts are being agreed.
- Brimble Hill expansion (line 93) ) – overspend of £36k as a result of a revised estimate being provided by the contractor
- Education Other Than At School (EOTAS) new provision (line 100) – an overspend of £100k related to higher than anticipated IT costs

3.2.3 Farringdon Road (line 26) – forecast overspend of £119k is covered through additional income from unit sales.

## Variations to current approvals

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

3.3.1 At Cabinet in March 2018 (min 95 (3) & (4) refers) a budget of £5m was approved for the purchase and refurbishment of Chalkdown House with the purpose to convert into a residential care home. The owners of Chalkdown subsequently withdrew the property from the market and since then officers have been researching a suitable alternative.

3.3.2 It is proposed that the funding is now used to build a 24 bedroom extension and associated accommodation to Fessey House Residential Care Home (Line 44). An outline plan shows that there is sufficient land within the existing site. If approved officers will arrange for detail costings to be completed for June Cabinet. The expectation is that the required budget will be less than the £5 million currently approved.

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## Additions to the Programme

3.4 Cabinet is asked to approve the following additions to the existing programme:

- 3.4.1 Special Education Needs and Disability (SEND) - £455k funded from grant. Cabinet will be aware that on the 4<sup>th</sup> March 2017 the Department for Education (DfE) announced allocations specifically for capital investment in provision for pupils with SEND. Swindon was allocated £978k over three years from April 2018 (£326k per year). The DfE announced a further share of £50m for SEND capital investment of which Swindon received £227k to be used in 2019/20, and in January 2019 another allocation for Swindon of £455k. It is proposed to add this to the existing budget and allow it to be bid for in line with the processes already established.
- 3.4.2 Car Park Lighting - £420k repaid from savings over 15 years. It is proposed to replace the lighting in 6 multi-storey car parks with LED alternatives, and to incorporate sensors & timers to provide more efficient lighting during opening hours. LED lights generally reduce annual electricity costs, currently a £167k budget in 2018/19, by 60% and there will be additional savings in maintenance costs. The installation will take circa 3 months from the start of the work. It is proposed to fund this from borrowing over 15 years. Savings are estimated at circa £70k p.a. after loan and interest payments.
- 3.4.3 Pothole repairs - £139k funded from grant. The Department for Transport has advised the Council that it will receive £139k of Pothole Action grant funding to repair potholes. It is proposed to include this within existing Highways budgets to deliver improvements on the roads.
- 3.4.4 Health Hydro - £1.5m funded from borrowing. The Council and GLL (Health Hydro operator) have undertaken an options appraisal, including a preventative maintenance report, to establish the future for this building. The report identified that £1.5m needs to be invested to maintain the building over the next 5 years. This is a precursor to pursuing the recommendations contained in the options appraisal that will secure a sustainable long term future for the building.

## HRA schemes

- 3.5 Hawthorn, Gorse Hill (line 167) – overspend of £205k. This project is nearing completion, and has experienced an overspend due to ground contamination and the required control measures necessary to allow construction on the site. The will be funded from HRA reserves.

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## 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 increase in the capital budget of £3.614m, includes additional net borrowing of £2.176m which will result in an additional cost pressure of £174k in the general fund capital financing budget (based on a typical 25 year repayment profile).

### 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.

## 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 2018/19 Schemes

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### **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 March 2019.