

Capital Programme 2018-19

Cabinet

Date: 7th February 2018

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

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report new Capital Programme requirements for the year 2018/19.
- 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 requested to recommend the Council to approve:

- 2.1 The distribution of the Devolved Formula Capital Grant once it has been received from Government, as detailed in paragraph 3.13 below.
- 2.2 A budget of £2.582m for the schemes referred to in paragraphs 3.3 to 3.13 below and detailed in Appendix 1.
- 2.3 A total budget of £4.429m for the 2018/19 local priority Highways and Transport schemes, referred to in paragraphs 3.14 to 3.187 below and detailed at Appendix 2.
- 2.4 A total budget of £3.493m for 2018/19 for Corporate & Property schemes as referred to in paragraphs 3.19 to 3.20 and detailed at Appendix 3.
- 2.5 A total budget requirement of £1.427m for Children's & Older Peoples proposals as referred to in paragraph 3.21 to 3.22 and detailed at Appendix 4.
- 2.6 The use of CIL receipts as detailed in paragraph 3.23 to support the existing capital programme of works at Junction 16.

3. Detail

Capital Programme – 2018/19

- 3.1 The Council approved, on Cabinet's recommendation, a 2017/18 programme in February 2017 with indicative costs in years beyond reflecting the Government's decision to approve grants on a yearly basis

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- 3.2 This report details the Capital Programme approval requirements for 2018/19, and indicative requirements for 2019/20.

Children's Services Schemes

- 3.3 The Government allocates two main capital grants to support expenditure on school assets; maintenance grant and basic need grant. Maintenance funding is provided for maintenance and repair to existing school buildings, and Basic Need funding supports the Councils statutory requirement to provide new pupil places in new or expanded maintained schools. The Basic Need funding does not include any uplift to reflect the higher costs of providing Special Educational Needs places. Neither grant is ring-fenced to schools, but given the pressures in this area it is recommended that these funds are used as proposed in this paper.
- 3.4 **Basic Need grant of £2.959m** has been awarded for 2018/19, with £2.960m indicative funding for 2019-20. The DfE expects that any schools required as a result of development are to be funded from S106 contributions, Basic Need grant is not provided to support new developments. Any schools provided as a Free School would be funded directly through the Education and Skills Funding Agency ("ESFA") and where this school is required as a result of a new development any S106 receipts will be required to support this provision.
- 3.5 During 2017/18 Cabinet has approved the construction of a new primary school at the Tadpole Farm Village.
- 3.6 Cabinet needs to be aware that the cost of providing new schools has continued to increase over recent years due to construction inflation. A large proportion of the increase is due to a lack of capacity and pressures on demand within the industry and in turn how this affects the labour market. The depreciation of sterling has resulted in a marked increase in the price of commodities, having also influenced other critical costs such as, fabrication and logistical costs. Site topography will impact the cost of developing a specific site, its natural site features and ground conditions influencing both design and construction. Also the availability, location and capacity of existing utilities may involve significant costs, where they are inconveniently located or are some distance from the site
- 3.7 The Design and Architecture team having undertaken additional surveys of the agreed school site have established that the nearest utility and waste connections required to service the school are up to half a mile from the site. As a result of this finding and due to the cost inflation noted above it is anticipated that the cost of providing the school will increase by £1.9m. Officers are in discussion with the Education and Skills Funding Agency who are due to be delivering a free school on the adjacent site regarding sharing the infrastructure costs required for both.
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- 3.8 The new primary school is being built on Council owned land, the Council do not own any land within the main development area and if the school were to be constructed within the development the Council would need to purchase land that has been designated for residential development at a significantly higher cost than the cost of the utility connections. This additional cost can be accommodated within the anticipated grant funding for 2018/19 and 2019/20 however this will leave only a small amount of funding available to fund schemes in 2019/20.
- 3.9 **Capital Maintenance grant** for 2018/19 has not been notified at the date of writing this report but is estimated at **£1.3m** (2017/18 £1.272m). The level of grant is reduced every time a school converts to an academy as academies are funded directly from the EFA. Notification of the exact sum is not expected until spring 2018.
- 3.10 There is a demand for new schools to be opened over the next 3 years that were expected to be provided by the free school programme, however there is currently no information on when the next bidding round will open and what types of school may be eligible for funding from this source. In the event that these are not approved an update will be provided to Cabinet outlining alternative options to meet the need for these schools.
- 3.11 The Council has to meet the cost of expanding schools to meet need where it is not practical to build new schools. In addition the LA has responsibility for maintaining its special school and special resource provision.
- 3.12 This report seeks approval for the following Children's Services schemes:-
- 3.12.1 £400,000 required for condition works, funded from Maintenance grant, which relates to high priority condition issues outside of the schools ability to fund from their own delegated funding (which is fairly small), such as replacement heating systems.
- 3.12.2 An increase in the funding required to provide the new primary school at Tadpole Farm Village.
- 3.12.3 The total funding requirement for all the schemes noted above is **£2.3m**; this is funded from Maintenance grant and Basic Need grant as detailed at **Appendix 1**.
- 3.13 The Council will also receive Devolved Formula Capital Grant during 2018/19, this is estimated at £283k from the DfE. This grant is ring fenced for maintained schools and the Council passport to each of the maintained schools, via a methodology prescribed by the DfE, the funding is to support schools in undertaking minor capital schemes as part of their management of the school premises and for IT. Permission is sought for this grant to be distributed to the maintained schools when it is received from Government.
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Local Priority Highways, Transport and Landscapes Schemes

- 3.14 The Government provided an indication that the Local Transport Plan (LTP) grant funding for 2018/19 will be **£4.1m** (an increase from £4.088m in 2017/18). This is non-ring-fenced funding and the proposed 2018/19 programme has been developed within this envelope of funding to ensure no further Council borrowing is required.
- 3.15 Fuller details around the specific allocations of the budget to highways schemes will be contained within the Swindon Local Transport Plan Implementation Plan 2018/19 report which will be brought to a future Cabinet.
- 3.16 Officers are proposing that the following schemes are also included in the 2018/19 capital programme; all of these schemes are funded from S106 receipts.
- 3.16.1 £290k to be used to support socially necessary bus services, these funds will be transferred to a ring fenced reserve and used as required to support bus services.
- 3.16.2 £38k to be used to improve the Greenbridge mini roundabout (junction of Dorcan Way and Greenbridge Road), this will enable a) reduction of the speed limit from 40mph to 30mph, b) relocation of the splitter islands c) amendments to the road markings d) replacement of all the signs and bollards.
- 3.17 In the absence of any firm funding notification beyond 2018/19, officers are recommending that Cabinet only make new approvals for 2018/19. The total 2018/19 scheme value of £4.429m is detailed at **Appendix 2**; this also shows indicative requirements for 2019/20.
- 3.18 The Highways department are currently reviewing a number of capital projects to identify funding solutions for these schemes, an update will be provided to March Cabinet.

Property and Assets

- 3.19 **Appendix 3** contains a summary of the property and assets related capital schemes requiring approval. There is a requirement for works totalling **£3.493m** in the following areas:
- 3.19.1 £2.170m – General Repairs & Maintenance. This includes Disability Discrimination Access requirements, work on “non-highways structures” such as bridges within parks and management of asbestos. During 2017/18 the funding required to meet the general R&M was agreed at £570k. (A reduced amount was requested due to a backlog in the delivery programme). There had previously been

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a sum of £2m allocated annually, funded from borrowing, which covers the above requirements.

- 3.19.2 £15k – A419 Sound Barrier feasibility study. This will allow for feasibility work to consider options around a sound barrier on the A419. This is to be funded from future income due to the Council as a result of its shareholding in Swindon Chapel Farm Solar Limited.
 - 3.19.3 £330k – Avaya Telephone Stabilisation. The current telephone system is no longer supported and a replacement is urgently needed to ensure that the Council can continue to be contacted by telephone, this will be funded from borrowing. The new platform will support the key objectives of the digital services work-stream.
 - 3.19.4 £75k – Regularity & Statutory Services Case Management System. This will enable a new software solution to be procured that will support a number of statutory services as part of the wider digitisation programme. It is anticipated that the new software will release ongoing annual revenue savings of £81k by 2019/20.
 - 3.19.5 £420k – Children's ICS Case Management System. The Council has been notified that the current system will no longer be supported and there is no upgrade route available. The soft market testing has identified that there is likely to be an increased revenue cost of circa. £21k per annum for a new system.
 - 3.19.6 £484k – Surplus Buildings Demolition. This will enable a number of buildings that are no longer required to be demolished, the cleared sites will be considered for redevelopment as part of the commercialisation programme. The removal of these buildings will reduce utility and NNDR costs and avoid approx. £40k of revenue costs per annum.
- 3.20 No specific funding is available for £3.478m of the new approvals detailed at paragraphs 3.19.1 and 3.19.6 above and therefore they will all need to be funded from borrowing, at a cost of approx. £278k per annum. Indicative proposals beyond 2018/19 are shown on **Appendix 3** but no approval is required at this stage.

Children's' and Older People Proposals

- 3.21 **Appendix 4** contains details of five new scheme approvals with a total budget requirement of **£1.427m** of which **£1.178m** is funded from grants and S106 contributions, this leaves **£249k** to be funded from borrowing. These schemes are summarised below:-
- 3.21.1 £1.067m – Disabled facilities grants, fully grant funded. Disabled Facilities Grants are mandatory grants (subject to claimants fulfilling

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certain conditions) for which Swindon receives grant funding of £1.067m (2018/19 indicative figure). There has been increased demand for these grants in recent years; any additional demand over and above the grant would need to be funded from borrowing. If this is likely to happen in 18/19 a further request will be made as part of a capital monitoring report. These grants support people to stay in their homes and remain independent.

3.21.2 £60k – Housing options – Shared living accommodation, funded from s106 contributions.

3.21.3 £300k – Community equipment, funded from borrowing and s106 contributions. Officers have indicated that based on past experience the demand for Community Equipment the cost of community equipment is likely to exceed £1m, this is a joint funded provision and the Councils share of this cost pressure is c£300k. The budget provides for daily living aids and equipment that allow the elderly and disabled to live independent lives, higher cost items such as hoists and hospital beds are suitable to be charged to Capital. Borrowing costs are estimated at around £20k per annum. This proposal relates to expenditure that assists individuals to remain independent, staying in their own homes for longer and therefore potentially reduces demand on Adult Social Care services.

3.22 Officers are recommending that only 2018/19 proposals are approved at this stage due to no firm funding being available beyond this period.

Community Infrastructure Levy (CIL)

3.23 At its December meeting Cabinet was advised that this report would contain a recommendation for the use CIL receipts to support the capital programme. During 2016/17 the Council received £495k of CIL receipts and Cabinet agreed to use these receipts together with any 2017/18 CIL receipts to replace part of the anticipated borrowing requirement for the programme of improvements at Waterside depot.

3.24 It is proposed that any CIL receipts for 2018/19 are used to support the improvement works at Junction 16. The value of CIL receipts for 2018/19 will be supplied to Cabinet as part of the Capital outturn report.

4. Alternative Options

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

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5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The proposals contained in this report if approved will result in the Capital Financing Requirement of the Council increasing by £3.727m, this will result in an increase in debt charges of £298k per annum.
- 5.2 Of the proposals included above two will deliver direct revenue savings of £121k, the first will reduce the 2019/20 budget by £81k per annum, and the second will avoid a future cost pressure of £40k per annum.
- 5.3 The proposed replacement of the Children's ICS system is likely to result in a cost pressure of circa. £21k per annum.
- 5.4 These proposals support the Swindon programme by ensuring that the appropriate infrastructure is in place to support the 4 strands of the programme. They also seek to build sustainable platforms to support the digitisation objectives of the Council.

Legal and Human Rights Implications

- 5.5 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)

- 5.6 There are no such direct implications.

Diversity Impact Assessment

- 5.7 Diversity Impact Assessments (DIA) have not been done at this point in time, once implementation is started Officer's will undertake DIA assessments on each project.

Risk Management

- 5.8 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 Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None
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8. Appendices

- 8.1 Appendix 1 – Education proposals
- 8.2 Appendix 2 – Highways and Transport proposals
- 8.3 Appendix 3 – Corporate and Property proposals
- 8.4 Appendix 4 – Childrens and Older Peoples proposals

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 2017.