

Capital Monitoring Quarter 1 2019/20

Cabinet

Date: 4th September 2019

Authors: Cabinet Member for Finance, Education and Skills
Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the first 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 and 2,
- 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.

3. Detail

Capital Programme – 2019/20 monitoring

- 3.1 Table 1 below shows the current status of the 2019/20 capital budget and forecast outturn position. Please note that this table now includes the historic spend on projects that span more than 1 year. The significant movements are detailed in paragraphs 3.2 to 3.4 below. Table 2 shows how the capital programme is being funded.

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Table 1 - Budget Forecasts and Variances

Service Area	Total Scheme Budget £000's	Forecast Scheme Spend to Completion £000's	Projected Overspend £000's	Projected Underspend £000's
Resources	53,027	53,027		
Economy	112,645	112,679	34	
Children Services	28,436	28,442	6	
Adult Services	8,766	8,766		
Communities & Housing	112,418	112,754	560	(224)
Total General Fund	315,292	315,668	600	(224)
HRA	95,632	93,581		(2,051)
Total Existing Programme	410,924	409,249	600	(2,275)
New Approvals	3,912	3,912		
Revised Total programme	414,836	413,161	600	(2,275)

Table 2 - Capital Programme funding

	Total Funding Required £000's	Funded to 31/3/19 £000's	Funding still required £000's	Funding Changes £000's	Revised Total Funding £000's
Capital Receipts	6,417	5,014	1,403		6,417
Section 106 Deposits	20,627	7,474	13,153	3,264	23,891
Grant Funding	134,772	38,427	96,345	150	134,922
Revenue Contributions	3,247	127	3,120		3,247
HRA balances	79,783	23,608	56,175	(2,051)	77,732
Salix funding (Interest free loan)	6,000		6,000		6,000
Invest to save borrowing repaid from future revenue budgets	24,888		24,888		24,888
Increase in Borrowing Requirement	135,190	48,034	87,156	874	136,064
Total to be financed	410,924	122,684	288,240	2,237	413,161

Projected Variances

- 3.2 Cabinet is asked to note the following new variances to projects within the capital programme. Appendix 1 contains a summary of the current capital programme and Appendix 2 contains the details of the individual schemes in the capital programme, together with their forecast closing position.

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

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- 3.2.1 Line 36 – No 3 Carriage works @ Railway Village & line 40 No 11 Carriage works @ Railway Village - Overspend of £24k & £10k respectively. Carriage works Unit 3 overspend is due to unbudgeted contractor retention plus the Carriage works Unit 11 overspend is due to a one off reallocation of project management fees.
- 3.2.2 Line 55 – EOTAS – Overspend of £6k due to higher than anticipated costs associated with installing the required IT infrastructure.
- 3.2.3 Line 126 – Wellington Street Improvement Scheme. Additional work in excess of the budget has been required during construction, which caused delays to the scheme. A compensation claim against the designer will be considered once the final account is finalised.
- 3.2.4 Line 132 – Barbury Castle – underspend of £223k. Originally the project involved providing a new café and visitor centre, incorporating new toilets. However, after investigation, it was identified as that there is a high risk that an operator would not be identified to operate such a facility due to insufficient visitors to make it viable. It is therefore proposed to no longer progress this scheme but concentrate on mobile operators providing a food and drink offer at seasonal periods and days of high demand. Cabinet is requested to approve the use of £100k of the saving to refurbish the existing on site toilets.
- 3.2.5 HRA Small Build Schemes & Sussex Place – Combined underspend of £2.051m. The primary cause of the underspend on HRA projects relates to the development at Sussex Square where the actual construction costs of the 48 homes were significantly lower than originally budgeted, saving approximately £1.5m. This is combined with similar but smaller underspends on a number of other development schemes that in total delivered 76 homes with a construction saving of £0.551m. These are not cashable savings but do reduce the need to draw down on existing reserves and ultimately meant no additional borrowing was required to deliver these homes. These schemes are now complete with only final retentions to be paid.

Variations to current approvals

- 3.3 Cabinet is asked to approve the following changes to the existing programme:
 - 3.3.1 Line 67 - Children's ICS Project. Cabinet has previously agreed a budget of £717.5k to fund this project. The project team has identified a number of emerging costs to cover full data migration and report writing support to ensure that all reports are fit for purpose. A further £398.7k of funding from borrowing is requested which will result in additional borrowing costs of £87k per annum for a period of 5 years

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- 3.3.2 Line 108 Concrete Column Replacement. It is proposed to transfer £2.4m from a number of grant funded Highways capital budgets to enable as many light columns to be replaced as part of the LED street lighting programme thus ensuring that both components are given the maximum life span possible. The budgets that contribute the £2.4m are £100k Rights of Way improvement plan (line 82), £400k Structural Maintenance (line 83), £700k Traffic Management (line 102) and £1.2m Street Lighting (line 117)

Addition to current programme

- 3.4 Cabinet is asked to approve the following additions to the existing programme:
- 3.4.1 Libraries RFID Self Service Terminals - £148.5k funded from S106 contributions. The current RFID devices will become obsolete in November 2019 and will no longer be supported by the manufacturer. These devices also contain Chip & Pin devices that will not be compliant with Payment Card Industry Standards after November. This proposal will replace the existing machines, and the service will seek to align the contract for these machines with the Library Management System. It will be possible for the community libraries to access this procurement process subject to them securing the necessary funding to support their share of the costs.
- 3.4.2 Library Shelving West Swindon Library - £15k funded from S106 contributions. A specific S106 contribution was secured to enable the replacement of the current static shelving. This will enable the space to be used in a more flexible way and enhance the opportunities to generate more income from hosting events.
- 3.4.3 Adult social Care Community Equipment Store IT system replacement - The Community Equipment store is operated as joint service for Health and Social Care. The IT system currently operated by the service is no longer supported and is not compatible with systems being used either by Swindon CCG or Swindon BC. The CCG have agreed to fund £150k towards the cost of the new system and it is proposed to use £100k of the existing ASC Community equipment budget to fund the cost of the replacement system.
- 3.4.4 South Marston Primary School expansion - £3.1m funded from s106 receipts. Cabinet will be aware that there have been numerous discussions about additional primary school provision in South Marston (Cabinet minutes 2012/13 no. 119, 2015/16 no. 62 & 2016/17 no. 46 refer). Developer contributions have now been secured to fund a 1FE expansion to the South Marston School and agreement has been reached with South Marston Parish Council to lease the required land for the expansion. Therefore, permission is now sought to proceed with the

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expansion of the school. A separate 2FE or 3 FE school will be provided at Rowborough by the developer of that site.

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 forecast net general fund overspend of £376k against the current approved capital budget will result in an additional annual cost pressure of £30k (based on a typical 25 year repayment profile). The increase of £398k in the budget for the Children's ICS project will result in a further £87k of annual borrowing costs to the general fund over a period of 5 years.
- 5.2 The HRA underspend of £2.051m will reduce the drawdown on HRA reserves.

Legal and Human Rights Implications

- 5.3 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)

- 5.4 There are no such direct implications.

Diversity Impact Assessment

- 5.5 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

- 5.6 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 Chief Legal Officer (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 – Capital Programme Overview

8.2 Appendix 2 – Detailed Capital Budget

9. Key Decision/Decision in Cabinet Work Programme

9.1 This is a key decision and is included in the Cabinet Work Programme for September 2019.