

Capital Monitoring Quarter 2 2019/20

Cabinet

Date: 4th December 2019

Authors: Cabinet Member for Finance, Education and Skills
Corporate Director of Finance and Assets (Section 151 Officer)

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.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the forecast capital expenditure set out in Table 1 & 2 and Appendices 1 and 2.
- 2.2 Note the changes detailed at paragraphs 3.2 to 3.3.
- 2.3 Approve the additions to the programme noted at section 3.4.
- 2.4 Note the contents of Appendix 3 regarding the 2018-19 Community Infrastructure Levy (CIL) and to approve that this be published on the Council's website;
- 2.5 Approve the annual retention of 5% of the total annual CIL receipts to cover administration costs per paragraph 3.5 to 3.12 below;
- 2.6 Note the intention to allocate CIL receipts to support capital programme proposals that will be taken to Cabinet in February 2020 as part of the annual capital budget setting process.

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. 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 Area	Total Scheme Budget £000's	Projected Out-turn £000's	Projected Overspends £000's	Projected Underspends £000's
Resources	53,973	53,654		(319)
Economy	111,991	111,991		
Children Services	31,591	31,591		
Adult Services	8,330	8,330		
Communities & Housing	113,209	113,878	670	(1)
Total General Fund	319,094	319,444	670	(320)
HRA	73,736	73,736		
Completed Schemes	45,480	45,480		
Total Existing Programme	438,310	438,660	670	(320)
New Approvals	157	157		
Revised Total programme	438,467	438,817	670	(320)

Table 2 - Capital Programme funding

	Total Funding Required £000's	Funded to 31/3/19 £000's	Funding still required £000's	Additional Funding Required £000's	Revised Total Funding £000's
Capital Receipts	6,294	5,014	1,280		6,294
Section 106 Deposits	23,990	7,474	16,516	(1)	23,989
Grant Funding	153,965	38,427	115,538		153,965
Revenue Contributions	3,247	127	3,120	157	3,404
HRA balances	77,731	23,608	54,123		77,731
Salix funding (Interest free loan)	6,000		6,000		6,000
Invest to save borrowing repaid from future revenue budgets	5,916		5,916		5,916
Increase in Borrowing Requirement	161,167	48,033	113,134	351	161,518
Total to be financed	438,310	122,683	315,627	507	438,817

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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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 & Appendix 2 contains the details of the individual schemes in the capital programme, together with their forecast closing position.
- 3.2.1 Line 18 – Stronger Together – Underspend of £319k. This relates to a historical budget that is no longer required and is therefore available to partly offset the current overspend in the capital programme.
- 3.2.2 Line 128 – Wellington Street Improvement Scheme – overspend of £110k. As reported last quarter there were a number of factors that resulted in an increase in the cost of the scheme. Potential mitigations to the overspend are being sought with partners involved in the project.

Variations to current approvals

- 3.3 Cabinet is asked to approve the following changes to the existing programme:
- 3.3.1 Line 15 – A419 Sound Barrier Feasibility. Following public consultation on the emerging proposals for White Hart Junction, it has been confirmed that noise mitigation is required on the A419 northbound on-slip, and along Merlin Way. Members have requested the reallocation of £15k originally identified to undertake feasibility work relating to a solar noise barrier along the A419 to this scheme. The funding is from Community Payments made from Swindon Chapel Farm Solar, and will contribute towards feasibility, design and delivery of these two interventions at WHJ as noted below:
- Noise barrier for new A419 northbound on-slip
 - Noise bund and associated planting along Merlin Way
- 3.3.2 Line 33 – Southern Connector Road. The Council has received confirmation that the HIF bid for £19m of grant to support the construction of this road has been successful and this is reflected in the current budget for this project.

Addition to current programme

- 3.4 Cabinet is asked to approve the following addition to the existing programme:
- 3.4.1 Line 39 & 43 – Carriage Works. Additional resources of £37k have been identified to support this scheme, these will be used to address any further issues that arise as this scheme progresses.
- 3.4.2 £120k for Independent Living Units funded from future revenue savings. Children's have identified 3 foster carers who are willing to have

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independent living units installed in their gardens as part of a pilot scheme. This will release capacity in their homes to enable them to take on an additional foster placement. It is anticipated that these units will reduce the need for external foster placements and thus will generate savings of c£90k p.a. The department will make repayments of £26.5k p.a. for 5 years (being the expected useful life of the units).

Community Infrastructure Levy (CIL) Monitoring 2018/19

- 3.5 The Community Infrastructure Levy 'CIL' is a mandatory charge on relevant development. The Council has been operating a CIL since 6th April 2015. It is a regulatory requirement of Regulation 62 of the *Community Infrastructure Levy Regulations 2010* (as amended) known as 'the CIL Regs', for the Council to produce an annual CIL Finance Report, the content of which is controlled by the regulations.
- 3.6 Appendix 3 presents the information that the Council is required to publish as CIL Charging authority in a CIL Finance Report before 31st December 2019 for the previous financial year 2018/19.
- 3.7 Cabinet is requested to note the contents of Appendix 3 and approve that they be published on the Authority's website thus discharging the Council's legal reporting requirements.

5% of CIL receipts for Administration

- 3.8 The CIL regulations allow for up to 5% of the total annual CIL receipts to be retained to provide the resources required to manage the overall CIL process.
- 3.9 Cabinet is requested to approve the annual retention of 5% of the total annual CIL receipts.

CIL Infrastructure Account (CIL General Fund)

- 3.10 The majority of CIL Receipts are retained by the Council to help fund the provision and maintenance of its infrastructure. These receipts are held in a CIL Infrastructure Account (CIL regulations refer to this as the General Fund).
- 3.11 The Council has discretion around how this is spent and can allocate it to either a single project, or to multiple projects. The expenditure should be aligned with infrastructure identified on the adopted CIL Regulation 123 Funding List which is drawn from the Infrastructure Delivery Plan that supports the adopted Local Plan 2026 (Council Minute 97, 2014/5 refers).
- 3.12 Cabinet is asked to note the intention to allocate CIL receipts to support capital programme proposals that will be taken to Cabinet and Council in February 2020 as part of the annual capital budget setting process.

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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 general fund is currently projecting a net overspend of £350k against the existing approved capital budget. Budget managers are exploring options to address £110k of the overspend. This would leave a net borrowing requirement of £240k, which would increase annual capital financing costs in future years by £19.3k. Should the mitigating action be unsuccessful this would rise to £28.1k (based on a typical 25 year repayment profile).
- 5.2 The £120k for the Children's independent living units will be repaid over 5 years and will produce revenue savings after repayment of capital of c£63k p.a. The £37k additional funding for the carriage works will come from within existing resources of the Council.

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, these can be obtained from the project managers.

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (Section 151 Officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

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7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1 – Capital Programme Overview

8.2 Appendix 2 – Detailed Capital Budget

8.3 Appendix 3 – Community Infrastructure Levy Report

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.