

# Capital Monitoring Quarter 3 2019/20

**Cabinet**

**Date: 22<sup>nd</sup> April 2020**

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

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.

## **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 variances detailed at paragraphs 3.2;
- 2.3 Approve the changes detailed at paragraph 3.3; and
- 2.4 Note the new reporting requirements regarding the 2019-20 Community Infrastructure Levy (CIL) publishing requirements detailed at paragraph 3.4 and the contents of Appendix 3.

## **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 paragraph 3.2 below. Table 2 shows how the capital programme is being funded. The capital programme report includes items that were agreed at Council on 20<sup>th</sup> February 2020 (draft Council Minute .80, 2019/20 refers)

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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	79,735	79,735		
Economy	131,328	131,328		
Children Services	31,642	31,558		(83)
Adult Services	15,587	15,587		
Communities & Housing	141,602	142,282	680	
<b>Total General Fund</b>	<b>399,894</b>	<b>400,490</b>	<b>680</b>	<b>(83)</b>
HRA	73,736	73,736		
Completed Schemes	46,272	45,954		(319)
<b>Total Existing Programme</b>	<b>519,902</b>	<b>520,180</b>	<b>680</b>	<b>(402)</b>

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	7,294	5,014	2,280	(650)	6,644
Section 106 Deposits	24,361	7,474	16,887	650	25,011
Grant Funding	180,173	38,427	141,746	(83)	180,090
Revenue Contributions	2,054	127	1,927		2,054
HRA balances	78,752	24,629	54,123		78,752
Salix funding (Interest free loan)	6,972		6,972		6,972
Invest to save borrowing repaid from future revenue budgets	5,916		5,916		5,916
Increase in Borrowing Requirement	214,380	47,012	167,368	361	214,741
<b>Total to be financed</b>	<b>519,902</b>	<b>122,683</b>	<b>397,219</b>	<b>278</b>	<b>520,180</b>

## 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.

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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- 3.2.1 Line 60 – EOTAS – overspend of £17k as a result of additional work required to ensure appropriate security and safeguarding measures were in place at the school. In addition there were some additional costs related to installing the IT infrastructure. The additional cost will be met from underspends elsewhere in the children's services capital programme.
- 3.2.2 Line 62 – Bridlewood Primary – underspend of £100k. The scope of the scheme was amended resulting in a saving.
- 3.2.3 Line 139 – Wellington Street Improvement Scheme – increase in projected overspend of £31k to £141k. 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.
- 3.2.4 Line 141 – Mead Way – underspend of £21k. This project has not yet been put out to tender and this figure represents the project team's assessment of the likely outturn position. This will be kept under review and updated once tender prices are known.

## Variations to current approvals

- 3.3 Cabinet is asked to approve the following changes to the existing programme:
  - 3.3.1 £650k of developers' S106 contributions is due to be received from the Badbury Park development, which is for the off-site provision of sports facilities (including formal sports pitches, changing rooms and car parking) subject to a scheme being identified.
  - 3.3.2 It is proposed to use this funding towards the Moredon Recreation Multi Sports Hub which is already in the approved capital programme (line 146 Appendix 2). This scheme is currently funded through a combination of S106, grant and capital receipts. Utilisation of the additional £650k of S106 would release an equivalent amount of funding available for future purposes.
  - 3.3.3 Officers have been in discussion with Highways England around funding arrangements for highways works at Junction 15 of the M4. Highways England will be delivering the scheme, but as part of the arrangements, Swindon Borough Council will receive £5m of growth and Housing Fund grant which will be paid onto the Highways England delivery team as work is undertaken.
  - 3.3.4 The Government department that is awarding the funding is being disbanded from the end of March 2020 and it is important therefore that the agreement is signed in advance of this deadline in order to

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guarantee these funds are paid to the Council and are available to fund the works.

## Community Infrastructure Levy (CIL) Monitoring 2019/20

- 3.4 The amendments to the CIL Regulations that came into force on 1st September 2019 introduced a new Regulation 121A that set out a new requirement for the Council to publish an Annual Infrastructure Funding Statement (AIFS). This is to be published by 31st December 2020. Appendix 3 sets out the matters to be included in the AIFS.

## **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 reduction in the reported overspend of £350k last quarter to £278k against the existing approved capital budget.
- 5.2 There is an £83k net underspend in the Education element of the Children's Services capital programme. This funding is ring fenced grant and therefore will be redirected to other projects required by Education.
- 5.3 Officers have identified £650k of new s106 funding that can be applied to reduce the use of capital receipts.
- 5.4 There is an underlying budget pressure in Communities & Housing of £680k. Budget managers are exploring options to address £110k of the overspend on Wellington Street. This would leave a further borrowing requirement of £570k, offset by underspends of £319k on the completed stronger together project, leaving £251k to be funded. This would increase annual capital financing costs in future years by £20k. Should the mitigating action be unsuccessful this would rise to £29k per annum (based on a typical 25 year repayment profile).
- 5.5 These proposals include seeking authorisation to enter into an agreement with Highways England for £5m of grant funding towards work on Junction 15 of the M4. This funding will be held by the Council and paid over to the Highways England delivery team as work is completed and the Council is therefore effectively only acting as banker in this transaction.

### Legal and Human Rights Implications

- 5.6 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.

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## Climate Change Impact

- 5.1 The proposals would not bring a change in service delivery and Officers believe that there is no expected effect on the Council's carbon footprint.

## All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.2 There are no such direct implications.

## Diversity Impact Assessment

- 5.3 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would affect services.

## Risk Management

- 5.4 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.

## **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 - Overview detail of S106 and CIL Reporting Requirements

## **9. Key Decision/Decision in Cabinet Work Programme**

- 9.1 This is a key decision and is included in the Cabinet Work Programme for March 2020.