

Capital Monitoring Outturn Q1 2020/21

Cabinet

Date: 9th September 2020

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

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the year end 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 2020/21 year end projected out-turn position as set out in Tables 1 & 2 and Appendices 1 and 2;
- 2.2 Approve the additions to the programme detailed at paragraphs 3.5 to 3.9 below.
 - 2.2.1 To re-allocate funding from Line 5 - HR & Finance System to provide a capital contingency for investment or improvement as required.
 - 2.2.2 To update Line 31 - M4 Junction 15 to show the inclusion of £12.35m of funding from other sources in addition to the contribution previously agreed by the Council bringing the total scheme value to £17.15m.
 - 2.2.3 To amend Line 50 - South Marston Primary School from £3.1m to £4.9m to cover high construction costs, amended specifications for the kitchen, meeting the latest environmental standards, providing a temporary community car park and pedestrian routes.
 - 2.2.4 To allocate £2.137m of developers' S106 contributions to allow Dorcan Academy to increase in its Permitted Admission Numbers (PAN) of 20 pupils per year group
 - 2.2.5 To allocate £115.5k of Section106 and Diocese funding to Swindon Rugby Football Club to replace pitches lost to the construction of a primary school

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3. Detail

Capital Programme Outturn

- 3.1 Table 1 below shows the current status of the 2020/21 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.

Table 1 - Total expenditure in 2020/21

| Service Area | Total Scheme Budget £000's | Projected Out-turn £000's | Projected Overspends £000's | Projected Underspends £000's |
|---------------------------------|----------------------------|---------------------------|-----------------------------|------------------------------|
| Resources | 61,210 | 61,210 | | |
| Economy | 142,210 | 142,210 | | |
| Children Services | 17,456 | 17,356 | | (100) |
| Adult Services | 14,510 | 14,510 | | |
| Communities & Housing | 126,407 | 127,080 | 673 | |
| Total General Fund | 361,793 | 362,366 | 673 | (100) |
| HRA | 74,528 | 74,528 | | |
| Total Existing Programme | 436,321 | 436,894 | 673 | (100) |

Table 2 - Capital Programme funding

| | Total Funding Required £000's | Funded to 31/3/20 £000's | Funding still required £000's | Additional Funding Required £000's | Revised Total Funding £000's |
|---|-------------------------------|--------------------------|-------------------------------|------------------------------------|------------------------------|
| Capital Receipts | 4,742 | 3,253 | 1,489 | | 4,742 |
| Section 106 Deposits | 32,542 | 6,509 | 26,033 | | 32,542 |
| Grant Funding | 170,888 | 41,054 | 130,034 | (100) | 170,788 |
| Revenue Contributions | 1,940 | 1,409 | 531 | | 1,940 |
| HRA balances | 72,478 | 18,209 | 54,269 | | 72,478 |
| Invest to save borrowing repaid from future revenue budgets | 893 | | 893 | | 893 |
| Increase in Borrowing Requirement | 152,738 | 33,766 | 118,972 | 673 | 153,411 |
| Total to be financed | 436,421 | 104,199 | 332,222 | 573 | 436,994 |

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 There are no new significant budget movements that have not already been reported to Cabinet. 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 spend.
- 3.3 Appendix 2 also contains a project status indicator to assist members in understanding the current status of each scheme. The indicators and their meaning are set out below:-
- 1 *Project/Scheme budget based on initial guide costs only, which may be subject to change during detailed design and delivery phases.*
 - 2 *Consultation and/or planning permission in progress. Programme/scheme budget based on estimated detailed design costs, which are may be subject to change during delivery phase.*
 - 3 *Contractor appointed. All necessary planning applications and consultations complete. Programme/scheme completion anticipated within budget.*
 - 4 *Project under construction*
 - 5 *The budget represents an annual funding envelope*
 - 6 *Project is complete, although there may be retention payments due*

Addition to current programme

- 3.4 Cabinet is asked to approve the following additions to the existing programme.
- 3.5 Line 5 - HR & Finance System. This project is not progressing as originally intended, however it is anticipated that improvement works will be still be required to the current infrastructure. It is therefore proposed to re-allocate this funding to provide a capital contingency for investment or improvement as required.
- 3.6 Line 31 - M4 Junction 15. Work is being delivered by Highways England, funded through a combination of Housing and Growth fund grant (£5m) SWLEP grant (£3m), S106 contributions (£4.35m) and an SBC contribution (£4.8m). This budget line represents the overall amount of funding available and will be paid over to Highways England as costs are incurred by them, on submission of acceptable evidence. An element of expenditure has already been incurred and funded, and therefore the balance of £12.35m represents the remaining funding available to complete the scheme.

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- 3.7 Line 50 - South Marston Primary School. The estimated cost has increased by £1.8m from £3.1m to £4.9m. This increase can be funded from education basic needs grant. The scheme was originally proposed in 2014 to provide a new 1FE expansion with early years provision. Due to the revised delivery date of March 2022 the base cost of the scheme has been reviewed to reflect increases in construction costs which results in an additional budget requirement of £600k. In addition, the other pressures that make up the £1.8m relate to:
- 3.7.1 £350k due to an amended design specification to incorporate additional hall / kitchen / staff room space, kitchen equipment and additional pre-school / reception requirements.
 - 3.7.2 £170k due to the build being to the latest environmental standards, thus ensuring a long term sustainable design.
 - 3.7.3 £240k due to pre-planning discussions having identified the need for a temporary carpark for community use, alterations to a public footpath, street lighting and off road works.
 - 3.7.4 £440k increase in required contingency as this is a percentage of construction costs.
- 3.8 Dorcan Academy - £2.137m of developers' S106 contributions is due to be received from the Badbury Park development, which is for secondary education provision required as a result of the development. It is proposed to redesign and enhance Dorcan Academy which will result in an increase in their Permitted Admission Numbers (PAN) of 20 pupils per year group.
- 3.9 Swindon Rugby Football Club (SRFC) - Cabinet agreed on 23rd April 2014 to provide £70k of funding to replace sports pitches that were lost as a result of the construction of Holy Cross Primary School. (Cabinet minute 2014/15 no 111, 23/04/14). £4.5k of this funding was used at the time, but the club were unable to produce a viable scheme at that time and the budget was therefore closed on completion of the school. The club has now produced a viable scheme to deliver the pitches and has requested the previously agreed S106 funding. In addition the Council received £50k from the Roman Catholic Diocese of Clifton towards the maintenance of the new pitch, it is therefore proposed to transfer these sums to the club (subject to suitable agreements being in place to ensure the availability of the facilities). The education capital team have been aware of this and have ring fenced this money within their retained funding pot, subject to a viable scheme coming forward.

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 general fund is currently projecting a net overspend of £573k at year end. The projected overspend reported as part of the out-turn report taken to Cabinet in July was £206k. The main reason for the difference is the removal of schemes completed in 19/20 with net underspends totalling £319k, and new reported net overspends of £48k.
- 5.2 The Children's Services capital programme is reporting a forecast £100k net underspend. This funding is ring fenced grant and therefore will be redirected to other projects required within Education.
- 5.3 The required additional borrowing of £673k to fund the 2020/21 capital programme spend will result in revenue borrowing repayment costs of circa £54k p.a. (based on the current interest rates and average MRP required). The full costs of all borrowing are covered from the treasury element of the budget, the total interest and MRP repayments for the year are included in the treasury budget.
- 5.4 The additions to the 2020/21 capital programme will not have any direct impact on the revenue budget. The education elements will provide additional capacity required to service the South Marston and Badbury Park education requirements, whilst the SRFC funding will provide long term sports facilities for the town.

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.

Climate Change Impact

- 5.6 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)

- 5.7 There are no such direct implications.

Diversity Impact Assessment

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

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Risk Management

- 5.9 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 (s151 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

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

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