

Capital Programme to 2025/26

Cabinet

Date: 3rd February 2021

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 To provide an update to the Capital Strategy and report new capital investment requirements through to 2025/26.
- 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 Recommend that Council approves (Minute for Confirmation):
 - 2.1.1 the additions to the Capital Programme and funding sources for the schemes set out at Appendix 1;
 - 2.1.2 that the budget for the Bus Boulevard be increased to £33m following the award of £25m Future High Streets grant as detailed in paragraph 3.8;
 - 2.1.3 entering into a funding agreement with the Swindon & Wiltshire Local Enterprise Partnership for £4m of Getting Building capital grant as detailed at paragraph 3.9;
 - 2.1.4 that further updates to the Capital Programme can be approved by Cabinet within the approved capital financing revenue budget and prudential indicators;
 - 2.1.5 the Capital Strategy attached at Appendix 2 and
 - 2.1.6 a feasibility study to help inform the Council on the development potential of the Corn Exchange and the Council's adjoining land as detailed in paragraphs 3.10 to 3.11.
- 2.2 Note the impact on long term borrowing of the approvals sought in this report, as set out at paragraph 3.7; and

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884176 or Email psmith2@swindon.gov.uk

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2.3 Approve that schools capital funding is distributed as detailed in paragraph 3.18.

3. Detail

3.1 The CIPFA Prudential Code for Capital Finance in Local Authorities Code (“the Code”) previously introduced the requirement for authorities to produce a capital strategy. The purpose of the capital strategy is to firmly place decisions around borrowing in the context of the overall longer term financial position of the authority and to provide improved links between the revenue and capital budgets.

3.2 This report therefore sets out the investment requirements that are subject to approval of this report and the impact of the additional borrowing requirement on the revenue budget to provide better budgetary links between capital investment plans and the Medium Term Financial Plan.

3.3 An annual capital programme report will still be submitted annually, but this will provide updates to the 5 year programme rather than focusing purely on the following financial year as has previously been the case. Schools capital funding will still be set out annually and is set out in detail elsewhere in this report.

3.4 The capital strategy, attached at Appendix 2, has been updated to reflect the approvals sought in this report.

Capital Programme Approvals

3.5 Appendix 1 sets out the new approvals sought for 2021/22 and the proposed sources of funding.

3.6 Where no borrowing is required, there is no impact on the revenue budget as these proposals are either of a “spend to save” nature (i.e. they either generate savings or reduce costs in excess of the related borrowing costs) or they are fully funded from either grant or capital receipts.

3.7 The new approvals set out in this report require additional borrowing of £3.583m. The resulting estimated debt charges of £276k per annum will be built into the Medium Term Financial Plan.

3.8 In addition, the Council has been awarded £25m of Future High Streets grant towards the Bus Boulevard. In addition to the existing £3m of Local Growth Fund grant (Cabinet Minute 24, 2018/19) and £5m of Council borrowing (Cabinet Minute 64(1a), 2019/20) previously approved, this will provide an overall budget of £33m.

3.9 The Council has been successful in obtaining £4m of Getting Building capital grant to enable additional office space at Units 7 and 9 including public realm improvements at Carriageworks.

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- 3.10 To help inform the Council on the development potential of the Corn Exchange and the Council's adjoining land, recognising the Council does not own the Corn Exchange, a consultant is to be commissioned to provide a report setting out:
- 3.10.1 a general review of previously developed schemes and provide a commentary on aspects that could be improved to improve viability and deliverability. This would include;
 - 3.10.2 a review of all available existing information (technical, heritage, planning etc);
 - 3.10.3 a review of general property market to establish demand for viable uses and potential values;
 - 3.10.4 working up a concept development scheme setting out development proposals to assess values and costs and set out the viability case and deliverability and
 - 3.10.5 providing an overview of development market appetite for the Old Corn Exchange and potential interest, but also how wider interest could be attracted to Swindon Old Town on the back of any development.
- 3.11 This would then be used to help inform discussions with the owner of the Corn Exchange with the intention of agreeing a way forward to deliver an attractive and viable redevelopment scheme.

Education Services Schemes

- 3.12 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.
- 3.13 No Basic Need grant has been awarded for 2020/21, and currently no funding has been notified for 2021/22. The DfE expects that any schools required as a result of development are to be funded from S106 contributions as 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.
- 3.14 Currently there are no specific schemes that require funding in 2021/22 although there is an expectation that the Council will need to fund either expansion or new

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construction in the town centre to meet demand in 2022/23. A capital bid will be brought forward to a future meeting once the full requirements are known.

- 3.15 **Capital Maintenance grant** for 2021/22 has not been notified at the date of writing this report but is estimated at c£0.9m (2020/21 £0.93). 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 2021.
- 3.16 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.
- 3.17 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.
- 3.18 This report seeks approval for the following Education Services schemes:-
- 3.18.1 To allocate the full amount of the Maintenance Grant, when notified, for condition works. This relates to high priority condition issues outside of the schools ability to fund from their own delegated funding, such as replacement heating systems.
- 3.18.2 The Council will also receive from the DfE Devolved Formula Capital Grant during 2021/22 estimated at £170k (2020/21 £193k). 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.

4. Alternative Options

- 4.1 Any alternative options for specific areas are set out within the report.

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 an additional borrowing requirement of £3.58m and estimated debt charges of £276k per annum. These are reflected in the revenue budget report elsewhere on this agenda and will be built into

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the Medium Term Financial Plan. Actual charges will be dependent on both the timing of new borrowing and interest rates.

Legal and Human Rights Implications

- 5.2 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

- 5.3 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)

- 5.4 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 affect 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 (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 – Detailed Proposals

- 8.2 Appendix 2 – Capital Strategy 2021/22 to 2025/26

8.2.1 Annexe 1 – Investment Strategy

8.2.2 Annexe 2 - Property Acquisition and Disposal Strategy

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

- 9.1 This is not a key decision and is included in the Cabinet Work Programme / Forward Plan for February 2021.