

Capital Monitoring Outturn Q3 2020/21

Cabinet

Date: 3rd March 2021

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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 amendments to the current approved capital programme budgets as detailed at paragraph 3.2:
 - 2.2.1 To reduce the IT infrastructure budget (line 7) budget by £29k to reflect revised cost of the project;
 - 2.2.2 To reduce the William Morris Primary School budget (line 36) budget by £400k to reflect revised cost of the project;
 - 2.2.3 To reduce the Regulatory & Statutory Services Case Management System budget (line 167) budget by £3k to reflect revised cost of the project;
 - 2.2.4 To note that Mead Way (line 163) is currently forecasting an overspend of £475k, and that officers are in contractual negotiations as well as reviewing other budgets to mitigate this position; and
 - 2.2.5 To remove the £3.5m capital contingency fund budget (line 3).
- 2.3 Approve the additions to the programme detailed at paragraphs 3.4. This further update to the Capital Programme can be accommodated within the approved capital financing revenue budget and prudential indicators as set out in the 2020/21 Budget approved by Council.

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2.3.1 To allocate £585k of grant funding to improve cycling provision in the town centre and Old Town.

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 - Enabling	8,098	8,069		(29)
Resources - Finance & Assets	53,572	53,572		
Resources - Operations	16,661	16,661		
Children Services	24,736	24,236		(500)
Adults, Housing & Public Health	13,515	13,515		
Economy & Development	283,431	284,597	1,169	(3)
Total General Fund	400,013	400,650	1,169	(532)
HRA	179,975	179,975		
Total Existing Programme	579,988	580,625	1,169	(532)
New Approvals	585	585		
Revised Total programme	580,573	581,210	1,169	(532)

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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	16,742	3,253	13,489	(29)	16,713
Section 106 Deposits	37,466	6,509	30,957		37,466
Grant Funding	201,059	41,054	160,005	560	201,619
Revenue Contributions	3,408	1,409	1,999		3,408
HRA balances	165,925	18,209	147,716		165,925
Invest to save borrowing repaid from future revenue budgets	1,468		1,468		1,468
Change in Borrowing Requirement	153,920	33,766	120,154	691	154,611
Total to be financed	579,988	104,200	475,788	1,222	581,210

Projected Variances

- 3.2 Noted below are the significant changes to the capital programme, there are no other 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.
- 3.2.1 IT infrastructure – line 7 underspend £29k. This project is now complete and the borrowing requirement will be reduced.
- 3.2.2 William Morris Primary School – line 36 underspend £400k. The project is in the final stages of completion and has been delivered under budget. This project is funded from grant, which will be recycled to fund other education projects.
- 3.2.3 Mead Way – line 163 overspend £475k. This is due to the specific challenges brought about by the pandemic, particularly associated with utility diversions. In order to mitigate this forecast overspend, officers are in negotiation with the contractor to seek compensation and will also identify funding from other approved budgets within the capital programme.
- 3.2.4 Regulatory & Statutory Services Case Management System – line 167 underspend £3k. This project is now complete and the borrowing requirement will be reduced.
- 3.2.5 Capital Contingency Fund – In September 2020 Cabinet approved the re-allocation of £3.5m of funding from the HR & Finance System to provide a capital

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contingency on the basis that the project was not progressing as originally intended. However it was anticipated that improvement works would be still be required to the current infrastructure and it was therefore agree to re-allocate this funding to provide a capital contingency for investment or improvement as required. Work is still on-going but there is currently no commitment against this capital budget and it is therefore proposed to remove this from the current capital programme and bring any new proposals back to Cabinet at a future date.

- 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.

- 3.4.1 Active Travel Fund - £585k of capital grant funding. The funding is available to improve facilities for cyclists in the town centre and Old Town areas.

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 general fund capital programme is currently projecting a net overspend of £637k at year-end as compared to an underspend of £217k reported at Quarter 2 (including the £1m reduction in budget for Fessey House). Of this position, £691k needs to be funded

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from borrowing. This results in an annual revenue cost of £30k (based on current interest rates and average MRP required).

- 5.2 All borrowing costs, including new proposals, can be funded within existing capital financing budgets.

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.

Climate Change Impact

- 5.4 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)

- 5.5 There are no such direct implications.

Diversity Impact Assessment

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

Risk Management

- 5.7 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

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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 March 2021.