

Capital Monitoring Quarter 2 2016-17

Cabinet

Date: 7th December 2016

Authors:	Cabinet Member for Finance and Corporate Services and Interim Corporate Director, Resources
Wards:	All
Locality Affected:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 This report presents the second quarter's monitoring position for the capital programme and some proposed changes to the Council's capital 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.
- 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 Note the forecast capital expenditure set out in Table 1 & 2 and Appendix 1,
- 2.2 Agree to the release of £100k to Swindon Museum and Art Gallery Trust (para. 3.3.4 to 3.3.7
- 2.3 Authorise the Interim Corporate Director for Economy, Regeneration & Skills to agree, with the Swindon Museum and Art Gallery Trust Director/Chief Executive, the staging and mechanism of payments provided for the next stage of the development.
- 2.4 Approve the changes to the programme in section 3.3.
- 2.5 Agree to the distribution of £300,520 of Devolved Formula Capital to Local Authority ("LA") maintained schools.
- 2.6 Note the contents of Tables 3 - 6 regarding the 2015-16 Community Infrastructure Levy (CIL) and to approve that these be published on our website.
- 2.7 Approve the annual retention of 5% of the total annual CIL receipts to cover administration costs per paragraph 3.10 below
- 2.8 Approve the distribution of the non-parished CIL Neighbourhood Proportion to the new parishes as if they had existed at the date of the receipt.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 464384 or Email iburbidge@swindon.gov.uk

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- 2.9 Note the intention for CIL receipts to support capital programme proposals that will be taken to Cabinet in February 2017 as part of the annual capital budget setting process.

3. Detail

Capital Programme – 2016/17 monitoring

- 3.1 Table 1 below shows the current status of the 2016-17 capital budget and forecast outturn position. The significant budget movements are detailed in paragraph 3.3.1 - 3.3.3 below. Table 2 shows how the capital programme is being funded.

Table 1 - Budget Forecasts and Variances

Service	Approved Budget 2016-17 Onwards	Forecast Scheme Spend to Completion	Projected Variance
Group	£'000's	£'000's	£'000's
Community Works	1,903	1,903	0
Corporate Projects	37,961	40,824	2,864
Section 106	10,413	10,413	0
Schools	15,431	12,112	-3,319
Social Care	2,329	2,329	0
Transport	57,984	58,069	85
Total General Fund	126,021	125,650	-371
HRA	35,129	35,129	0
Service Totals	161,150	160,779	-371

Table 2 - Capital Programme funding

	Current Funding Requirement
Expenditure	£'000
Budget	161,150
Balance to be financed:	161,150
Capital Receipts	3,308
Section 106 Deposits	23,654
Grant Funding	75,432
Revenue Contributions	3,082
HRA balances	33,602
Increase in Borrowing Requirement	22,072
Total	161,150

- 3.2 The detailed capital monitoring for quarter 2 is attached at Appendix 1.

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Changes to the Programme

- 3.3 Cabinet is asked to approve the following changes to the existing programme:
- 3.3.1 The Junction 16 improvements that are linked to the Wichelstowe development are predicting an overspend of £2.863m (Appendix 1, Line 49). This is a cash flow issue that will be initially funded via Council borrowing and then the Wichelstowe Joint Venture will be responsible for reimbursing the Council once the Joint Venture is in place.
 - 3.3.2 As previously reported, there is an overspend on the Bruce Street Bridges improvements (Appendix 1, line 82), this will be offset by a reduction in the budget for North Star roundabout (Appendix 1, line 108)
 - 3.3.3 Cabinet had previously agreed to fund the expansion of South Marston Primary School (Appendix 1, Line 142). This project has been suspended and future education needs in the village will be addressed via the free school bidding process or alternative external sources of funding.
 - 3.3.4 Cabinet formally approved in December 2014 a one-off contribution from Swindon Borough Council of up to £5m for the development and construction costs of a New Swindon Museum and Art Gallery, of which up to £475k would be needed to develop the outline proposals into a more detailed Stage 2 grant application (Cabinet Minute 51(3), 2014/15 refers.)
 - 3.3.5 The Trust, via the Chief Executive, has now approached the Council to formally request Swindon Borough Council's agreement that the Trust submit the Stage 1 application for Heritage Lottery Fund financial support for the New Swindon Museum and Art Gallery project during the 2017, rather than 2016, round. This request has been made following guidance from and with the support of colleagues at Heritage Lottery Fund - South West. The Trust will be bidding for circa £10,000,000 toward the overall costs of the New Museum and Art Gallery project - one fifth of the HLF budget available nationally.
 - 3.3.6 It is therefore recommended that £100,000 of the previously allocated £475,000 for bid development be made available to support the further Stage 1 application on the basis that the Trust also provide a development match of £100,000.
 - 3.3.7 It is also recommended that the Corporate Director for Economy, Regeneration & Skills agree, with the SMAG Trust Director/Chief Executive, the staging and mechanism of payments provided for the next stage of development.

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New Approvals

- 3.3.8 An additional budget of £81k for Havelock Square Public Realm funded from Section 106 Planning Agreement (S106) contributions. The original programme agreed by Cabinet faced a number of delays due to complications in moving an electrical cable that had become entangled with tree roots at the corner of the square. In addition the Brunel centre management requested additional method statements before they would agree to the movement of the Brunel statue. These issues have resulted in an increased cost of delivering the project which can be met by the use of s106 Public Realm contributions.
- 3.3.9 A budget of £34.5k, funded from S106 income, to increase the capacity of the Friends of Pentylands Country Park. The group will carry out improvements to the site infrastructure and enhance the wildlife habitat. The funding to the group will be released over a three year period.
- 3.3.10 A budget of £160k, funded from S106 income, to enhance the appearance of Blagrove and Greenbridge roundabouts. The funding will provide platforms for creative images and artwork to promote the impact of local industries on the town.
- 3.3.11 A budget of £20k, funded from S106 income, to fund the resurfacing of the Haydon Wick Multi Use Games Area (MUGA). The MUGA was provided via Big Lottery funding and is now in need of re-surfacing. The parish council have agreed to accept and maintain the site via a long lease once this has work been completed.
- 3.3.12 A budget of £17k, funded from S106 income, to fund the relocation of the main reception desk at STEAM museum. The museum is proposing to relocate the existing reception to a location between the entrance and exit. This will release additional retail floor space, and enable the museum to direct all visitors via the gift shop as they exit the museum which is expected to increase retail income.
- 3.3.13 A budget of £174k, funded from S106 income, to fund improvements at Fessey House, Whitbourne House and OK4U day centres. These sites were returned to the borough as part of the reintegration of SEQOL, but it has become apparent that improvements are required at each of the sites. A full audit is currently under way to identify all of the requirements. The improvements will include upgrades to bathrooms, and hoist equipment, as well as a need to replace some of the catering equipment and various chairs and other furniture.
- 3.3.14 A budget of £106k, funded from £61k of S106 income & £45k from Environmental Services Land Contamination Reserves. This bid is to consult on and provide a better all season leisure offer on the open space
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at Spring Gardens are to meet the evident leisure demand, improve boundary planting, help support a more secure entrance and cross site access with tree works, improved furniture where appropriate and in doing so, address historic land contamination issues.

- 3.3.15 The Education Other Than At School (EOTAS) service and Tuition services are looking to rationalise the number of sites that they operate. An opportunity has arisen to acquire an ex-school building and to refurbish an existing council property. These new premises will enable the service to improve the safeguarding and educational provision to this group of vulnerable students. Once the services occupy these refurbished premises it will leave the current 6 sites vacant or available for disposal, redevelopment or alternative operational usages, a budget of £2.605m funded from a combination of grant funding and S106 capital receipts has been identified to support the proposals. Disposal or re development of the vacated properties will generate a capital receipt, which will be set aside to fund any additional costs associated with this proposal.

Devolved Formula Capital Funding ("DFC") for Schools

- 3.4 The LA has received notification from the Department for Education (DfE) of an allocation of £300,520 DFC to be distributed to all LA maintained schools. These funds are provided to the schools to enable them to fund capital works required agreed by the schools governing body. Academy schools receive their capital funding directly from the DfE.
- 3.5 Cabinet is requested to approve the distribution of the DFC to the LA maintained schools.

Community Infrastructure Levy (CIL) Monitoring 2015/16

- 3.6 The Council has a legal obligation to report annually on CIL receipts for the previous financial year and publish that report on its website by no later than 30th December of the following financial year.
- 3.7 The Council commenced charging CIL on 6th April 2015, thus the first reporting year is 1st April 2015 to 31st March 2016 and this report is due to be published by 30th December 2016. Table 3 below provides details of the CIL receipts in 2015/16. Table 4 and 5 provide details of the funding received by ward and parish area. Table 6 contains details of other items that the Council is required to publish as part of its CIL annual report.

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Table 3 – CIL receipts monitoring

	Amount Received	Allocated	Expenditure	Retained at end of 2015/16
CIL General Fund	£32,484.06	£0	£0	£32,484.06
CIL Administration	£2,030.25	£0	£0	£2,030.25
CIL NP* Non-Parish areas	£4,787.26	£0	£0	£4,787.26
CIL NP* Parish areas	£1,303.50	£0	£0	£1,303.50
CIL Passed to other persons	£0.00	£0	£0	
Total CIL receipts received 2015/16	£40,605.08			£40,605.08

*CIL NP – represents the Neighbourhood Proportion (NP) of CIL receipts

Table 4 – CIL NP receipts by Ward

CIL Non-Parish Ward Breakdown	Value of CIL NP (£)
Central	£3,126.75
Eastcott	£231.00
Lydiard & Freshbrook	£373.68
Old Town	£247.50
Rodbourne Cheney	£808.34
TOTAL Non-Parish	£4,787.26

Table 5 – CIL NP receipts by Parish

Parish Breakdown	Value of CIL Parish NP (£)
Blunsdon	£1,303.50
All Other Parishes	£0

Table 6 – CIL details required as part of the annual report

Other Matters in lieu of CIL Payments	
Infrastructure Payments	None
Land Payments	None
Notices Served to recover CIL From Local Councils	None
Repayment Request from Local Councils (Parishes)	None

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3.8 Cabinet is requested to note the content of the tables above and approve that these be published on our website thus discharging the Councils legal reporting requirements.

3.9 5% of CIL receipts for Administration

3.10 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.

3.11 Cabinet is requested to approve the annual retention of 5% of the total annual CIL receipts.

CIL Neighbourhood Proportion ("CIL NP")

3.12 The CIL Regulations require that the CIL Neighbourhood Proportion (CIL NP) is passed to local parishes for them to fund works to support the development of their area. Following the Community Governance Review officers are proposing that the CIL NP that has been received for the non-parished areas of the borough will be transferred to new parishes as if they had been in existence when the receipt was received.

3.13 Cabinet is requested to approve the distribution of the non-parished CIL NP to the new parishes as if they had existed at the date of the receipt.

CIL Infrastructure Account (CIL General Fund)

3.14 The majority of CIL Receipts are retained by the Council to help fund the provision, and where appropriate, maintenance of its infrastructure; these receipts are held in a CIL Infrastructure Account (CIL regulations refer to this as the General Fund).

3.15 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 (approved March 2015).

3.16 The CIL Infrastructure Account use will be agreed by Council as part of the annual Capital Programme Budget setting process to support Council priorities. This would remove the option for independent bids to be made for CIL Infrastructure Account funding from Members, Service Areas, Parish Councils, and Community Groups. The CIL Neighbourhood Proportion is transferred to Parish Councils to enable them to support local requirements arising from development.

3.17 Cabinet are asked to note the intention to allocate CIL receipts to support capital programme proposals that will be taken to Cabinet in February 2017 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 Where there are specific financial implications these have been reflected in the body of the report.

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.

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

- 5.3 There are no such direct implications.

Diversity Impact Assessment

- 5.4 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

- 5.5 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

6. Consultees

- 6.1 The Corporate Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Detailed Capital Budget Monitoring 2016-17 Schemes

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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 and Forward Plan for December 2016.