

Capital Monitoring Quarter 3 2016-17

Cabinet

Date: 15th March 2017

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 third 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 Approve the changes to the programme in section 3.3.

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. There are no new significant budget movements from those previously reported to cabinet. Table 2 shows how the capital programme is being funded.

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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	1,973	1,973	0
Corporate Projects	42,407	45,271	2,864
Section 106	11,264	11,264	0
Schools	18,337	15,017	-3,320
Social Care	1,242	1,242	0
Transport	97,484	97,569	85
Total General Fund	172,707	172,336	-371
HRA	35,129	24,044	-11,085
Service Totals	207,836	196,380	-11,456

Table 2 - Capital Programme funding

	Current Funding Requirement
Expenditure	£'000
Budget	207,836
Balance to be financed:	207,836
Capital Receipts	3,308
Section 106 Deposits	24,216
Grant Funding	117,464
Revenue Contributions	3,217
HRA balances	33,602
Increase in Borrowing Requirement	26,029
Total	207,836

3.2 The detailed capital monitoring for quarter 3 is attached at Appendix 1.

Variances

3.2.1 The HRA shows a Capital underspend of £11m. In recent year's annual programmes amount to approximately £16m, it is usual for there to be a requirement to roll part of this forward given the significant size of the programme. This matter has been discussed at the Housing Advisory Forum and every effort is being made increase the pace of letting contracts whilst also being mindful of the capacity, experience and skills of local contractors as well as achieving best value.

3.2.2 The Junction 16 improvements that are linked to the Wichelstowe development are predicting an overspend of £2.863m (Appendix 1, Line

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48). 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.

- 3.2.3 The expansion of Haydon Leigh (Appendix 1, Line 110) has been completed and the project will be removed from the capital programme at the end of the financial year.
- 3.2.4 The delivery of the new primary school at Tadpole Lane (Appendix 1, Line 113) is currently progressing via the free school bidding process and therefore the current capital project has been suspended.
- 3.2.5 As previously reported the expansion of South Marston Primary School (Appendix 1, Line 119) has been suspended. The future education needs in the village will be addressed via the free school bidding process or alternative external sources of funding.
- 3.2.6 The demolition of Carlton Street and Wyvern MSCP's (Appendix 1, Line 138) took place during 2015/16, subsequently further works were required to finalise this project.

Changes to the Programme

- 3.3 Cabinet is asked to approve the following change to the existing programme:
 - 3.3.1 A budget of £38k, funded from s106 income, to acquire a replacement for the current incident command vehicle. The current vehicle is 10 years old and is becoming unreliable and expensive to maintain. The vehicle is used as a command vehicle at major incidents in the town, and it is also used to support planned community events (e.g. Swindon Pride, MELA, Royal and VIP, Christmas Lights etc.). The vehicle will cost £18k to purchase and a further £20k to cover the cost of fit out, the running costs are already contained within the existing revenue budget.
 - 3.3.2 Cabinet has previously approved a budget of £167k for the lodge extension at Plas Pencelli (Appendix 1, Line 114), funded from £77k of reserves held by the centre and £90k of borrowing. When the tender process was carried out the bids were significantly higher than the funding available. The Management Committee has been exploring options to enable the lodge to be expanded without incurring additional debt. The Council's property team has indicated that a budget of £264k is required to undertake this project, leaving a funding gap of £97k.
 - 3.3.3 The Management Committee is proposing that a contribution to the scheme is made from within the 2016/17 revenue budget allocation for the service, and requesting borrowing of up to £85k to bridge the residual gap in funding. The borrowing will be repaid from the additional income raised by the expanded facility, over a period of ten years.

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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 No DIA has been undertaken as this report in itself does not propose any changes in the level or scope of services provided. Individual schemes for which capital funding is authorised will have individual Risk Assessments and DIAs.

6. Consultees

- 6.1 The 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 / Forward Plan for March 2017.