

Capital Monitoring Outturn 2016/17

Cabinet

Date: 14th June 2017

Authors: Cabinet Member for Finance and Commercialisation and
Corporate Director, Resources and Transformation

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents final 2016/17 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 latest 2016/17 Capital Programme position as at financial year end as detailed in paragraphs 3.1 to 3.4.
- 2.2 Approve the changes to the programme in section 3.5.

3. Detail

Capital Programme – 2016/17 monitoring

- 3.1 Table 1 below provides a summary of the forecast out-turn position ("forecast spend to completion" column) compared with the approved total scheme budgets, as at the end of March 2017. The projected out-turn position represents the expected total spend for the scheme to completion over all remaining years. Table 2 shows how the capital programme is expected to be 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	1,968	1,968	0
Corporate Projects	64,326	67,189	2,863
Section 106	11,302	11,302	0
Schools	18,337	15,118	-3,219
Social Care	1,242	1,242	0
Transport	97,483	97,568	85
Total General Fund	194,658	194,387	-271
HRA	35,129	35,129	0
Service Totals	229,787	229,516	-271

Table 2 - Capital Programme funding

	Current Funding Requirement
Expenditure	£'000
Budget	229,787
Balance to be financed:	229,787
Capital Receipts	3,308
Section 106 Deposits	24,248
Grant Funding	117,464
Revenue Contributions	3,217
HRA balances	33,602
Increase in Borrowing Requirement	47,948
Total	229,787

3.2 The total spend incurred in 2016/17 and how it was funded is shown below:

Table 3: Capital Expenditure Funding

	£'000s
Actual Capital Spend 2016/17	58,326
Funded by:	
Capital Receipts	8,335
S106 Deposits	7,733
Grant	12,999
Revenue Contributions	947

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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HRA balances	16,658
Increase in Borrowing Requirement	11,654
Total	58,326

- 3.3 The detailed capital monitoring for 2016-17 is attached at **Appendix 1**.

Variances

- 3.4 The following variances have been previously reported to Cabinet and there have been no new variances to report.

3.4.1 The expansion of Haydon Leigh (**Appendix 1**, Line 125) has been completed and an underspend of £88k has been realised, the project will be removed from the capital programme at the end of the financial year.

3.4.2 The expansion of South Marston Primary School (**Appendix 1**, Line 135) has been suspended, this has reduced the schools capital programme by £3.1m. The future education needs in the village will be addressed via the free school bidding process or alternative external sources of funding.

3.4.3 The demolition of Carlton Street and Wyvern MSCP's (**Appendix 1**, Line 154) took place during 2015/16, subsequently further works were required to finalise this project, this resulted in an overspend of £85k.

New Approvals

- 3.5 Cabinet is asked to approve the following change to the existing programme:

3.5.1 In February 2017, Cabinet approved a budget of £897k funded by the Disabled facilities grant (Cabinet Minute 87, 2016/17 refers). Subsequently the Council has been notified that the grant Allocated to Swindon is £982K and Cabinet therefore is requested to approve this increase to the budget.

3.5.2 At the October 2016 Cabinet meeting, and the subsequent December Council meeting the following proposal was made.

3.5.3 *"Section 106 / Community Infrastructure Levy (CIL) Funding – Where the Borough Council is holding Section 106 or CIL funding that has been earmarked to be spent in a specific area on services that will typically be managed by parish councils in future, that funding will be passed to the parish council. The parish council will be required to demonstrate it has spent any funding in accordance with the conditions attached to each deposit."* (Cabinet Minute 58, 2016/17 refers)

3.5.4 Officers have been in consultation with the parish council's regarding their ability to meet the requirements of the funding agreements. Cabinet is now requested to agree to the transfers to parishes noted in table 4 below,

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(full details of the individual funding agreements can be found in Appendix 2)

Table 4: Summary of S106 balances to be transferred to parishes

Parish	Potential total S106 Receipt for Transfer (£)
Covingham PC	£5,000.00
Wanborough PC	£16,522.73
Highworth Town Council	£16,144.77
Stratton St Margaret PC	£143,879.08

3.5.5 A budget of £280k is proposed to upgrade the Children's social care IT software. This would be funded by a combination of S106 contributions (£139.5k) and revenue contributions to capital from existing budgets (£140.5 over 5 years). The current software product has reached the end of its support contract and there is a need to upgrade to a supported software package. The new software will result in a reduction of revenue support & maintenance costs of £140.5k over a 5 year period which will offset the revenue contribution required to fund the software.

3.5.6 A budget of £208k, funded by S106 contributions, is proposed to improve the footpath along the B4005 on Brimble Hill. The footpath between Alexandra Park and Wroughton is currently a mixture of curbed & tarmacked path and a gravel footpath. The proposal is to use the S106 funding to improve the gravel footpath by providing curb edging and tarmac, this will prevent the footpath from degrading and becoming unusable.

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 The new approvals sought in this report are all funded from a combination of S106 income, existing budgets and HRA funding. There is therefore no requirement for new borrowing being sought.

5.2 Table 2 identifies a further borrowing requirement of £47.948m based on current projections. The timing of this borrowing will be part of the wider treasury management strategy and is dependent on cashflow requirements and interest

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rates. There is no immediate intention to take out further long-term borrowing and therefore the programme is using “internal borrowing” i.e. temporary use of balances and working capital, to cover this requirement. This, at present, is cheaper than taking out external borrowing but will require careful monitoring as the situation changes.

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.

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 have a detrimental impact on services.

Risk Management

- 5.6 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 Director of Finance (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
8.2 Appendix 2 – Detailed S106 transfers to parishes

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 June 2017.