

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

DATE: 9th July 2020

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WARD(S): All

PART I **FOR COMMENT AND CONSIDERATION**

CAPITAL MONITORING REPORT AT 31st MARCH 2020

1 Purpose of Report

To provide a summary of spend against capital budgets for the 2019-20 financial year, as at the end of March 2020 on a consolidated and directorate basis and to set out in detail the 2020-21 capital programme.

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2 Recommendation(s)/Proposed Action

The Overview and Scrutiny Committee is requested to note the report and the revised 2020-21 budget as set out in Appendix C and D of the report.

3 The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3.1. Slough Joint Wellbeing Strategy Priorities And Five Year Plan Outcomes

The report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does achieve through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

4 Other Implications

(a)Financial: As detailed within the report.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/ Opportunities	Current Controls	Using the Risk Management Matrix Score the	Future Controls
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			risk	
The Cabinet is requested to note the report and Capital Expenditure of £170.599m against an approved budget of £171.119m. This represents 99.7% of the approved budget being spent.	The Capital strategy should be both affordable and Prudent The 2019-20 capital Programme has been part funded by an extra £110.520m in borrowing. Extra interest costs can impact on future revenue budgets. If interest rates rise faster than expected interest payable costs could impact on revenue budgets going forward.	The council will work with its Treasury advisors in order to mitigate interest rate risk and ensure long term borrowing decisions are taken at the most advantageous time.	9-	The Council constantly reviews its exposure to Temporary Borrowing and converts amounts to Longer Term Borrowing when it is deemed prudent and cost effective to do so.

Risk	Mitigating action	Opportunities
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery – capital programme delivered under the 80% mark	Monthly review at Capital Monitoring Group, Monthly at Strategic Finance Board and quarterly review by Cabinet.	Ability to increase the deliver of capital schemes
Project Capacity	None	None

Other	None	None
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(c) Human Rights Act and Other Legal Implications

No specific legal implications arising from this report.

(d) Equalities Impact Assessment

Equalities Impact Assessments will be conducted, if required, for projects contained within the Capital Strategy

5. Consolidated Capital Budgets 2018-19

	19-20 approved budget	Adjustment	Re-profile	19-20 revised budget	Actual to March 2020	Variance	Overspend /Underspend)
Directorate	£000s	£000s	£000s	£000s	£000s	£000s	%
Children's, Learning & Skills Services	30,319	75	(10,580)	19,814	17,411	2,403	(12%)
Places & Development	17,419	4,542	(6,645)	15,316	16,670	(1,354)	9%
Finance & Resources	5,210	1,070	0	6,280	3,658	2,622	(42%)
Adults & Communities	10,586	589	(2,066)	9,109	4,242	4,867	(53%)
Regeneration	105,920	144	(20,098)	85,966	98,166	(12,200)	14%
Housing Revenue Account	18,289		(39)	18,250	13,522	4,728	(26%)
Affordable Housing	24,384		(8,000)	16,384	16,930	(546)	3%
Total	212,127	6,420	(47,428)	171,119	170,599	520	(0%)

- 5.1 The revised approved budgets for 2019-20 represent the budgets approved by Cabinet in February 2018, adjusted for projects subsequently approved at Strategic Finance Board, and underspends on budgets brought forward from 2018-19. Potential underspends were identified during the year and budgets re-profiled into future financial year. The revised 2019-20 budget was approved at Cabinet in February 2020.
- 5.2 The main items of expenditure are highlighted in the table below. These projects accounted for approximately 60% of the overall capital programme.

Scheme	Directorate	Expenditure Quarter 2 (£m)	Comments
Secondary Expansion Programme	Children Schools and Families	12.468	Secondary School Expansion Programme main item of which acquisitions totalling £9.7m to facilitate the construction of Grove Academy
Corporate Headquarters Project	Places & Development	7.516	Slough Employees Relocated to the new Corporate Headquarters Commencing September 2019
James Elliman Homes	Regeneration	16.900	Drawdown to James Elliman Homes to purchase properties for use a temporary accommodation
Old Library Site Hotel Development	Regeneration	22.580	Development of Old Library Site to include two new hotels
Strategic Acquisition Board	Regeneration	32.716	Main item of expenditure £8.343m to purchase Odeon, Basingstoke for rental income to support revenue budget
Thames Valley University Development	Regeneration	8.909	Third and Final installment of purchase of former Thames valley University site
TOTAL		101.089	

5.4 The schemes identified above account show the diverse nature of the council's capital programme as the expenditure will not only provide a revenue stream for the council for many years to come, regenerates the town centre and the borough with a strong vision for the future as well as improving the quality and quantity of temporary accommodation through its subsidiary James Elliman Homes.

6 Revised 2019-20 Capital Programme

6.1 Any slippage on the 2019-20 Capital Programme can potentially be re-profiled into 2020-21. This will amend the Capital Budget approved by Council in February 2020. The revised budgets are shown as follows:

- Appendix A: Revised General Fund 2019-2020 budget
- Appendix B: Revised HRA 2019-2020 budget

6.2 Appendices C and D show the re-profiling of the Capital Budget for 2020-21 subject to approval.

- Appendix C: Re-profiled General Fund 2020-21 budget
- Appendix D: Re-profiled HRA 2020-21 budget

7 Directorate Narrative

Children, Learning and Skills.

7.1 The Capital Budget for Children, Learning and Skills is £19.814m a decrease of £10.505m on the budget approved in June 2019.

7.2 During 2019-20, £17.411m has been spent or 88% of the revised budget. The main item of expenditure has been acquisitions totalling £9.7m to facilitate the construction of the new Grove Academy- this is part of the Secondary School Expansion Capital

Project. £2m budget has been moved from the Special School Expansion Project to the Secondary School Expansion Project. Most of the variance in this Directorate relates to the Special School Expansion project where £8.44m has been re-profiled into future years.

Places and Development

- 7.3 The budgets for this new Directorate in 2019-20 is now £15.316m and include two Environmental Services projects that have been moved into this Directorate- the Mayrise Insourcing Project and the procuring of a new Refuse Fleet and grounds Plant equipment and the capitalisation of Domestic Wheeled Bins. Also General Fund Housing and Building Management Projects have been moved into this Directorate following the recent change in Directorate Structure. Large projects include £7.591m for the Corporate Headquarters project. Budgets re-profiled into future years include £5m Capital Loans for Nova House and £1.645m for the Compulsory Purchase Order Reserve project. During 2019-20, £16.67m of the revised budget was spent, an overspend of £1.354m. This is mainly due to an overspend on the Chalvey Extra Care Housing Budget where the 2020-21 budget will be adjusted accordingly.

Finance and Resources

- 7.4 The revised budget for this Directorate in 2019-20 is £6.280m and includes £1.825m for the Community Investment Fund. The other significant budget in this Directorate is in respect of the IT Infrastructure Refresh (£3.290m) and during 2019-20 £3.658m or 58% of the revised budget was spent.

7.5 Adults and Communities

The revised budget for this Directorate is now £9.109m. Large Projects include £2.151m for the Cemetery Extension and expenditure required to complete three leisure projects- £4.346m for the new Leisure Centre at Farnham Road; £725k for the refurbishment of Langley Leisure Centre and £1.0m for the Salt Hill Leisure project. During 2019-20 £4.242m or 47% of the revised budget was though this is mainly due to projects being delivered for less than the approved budget.

7.6 Regeneration

The revised budget for this area for 2019-20 is £85.966m. Large projects include £13.9m Capital Loans to James Elliman Homes, a wholly owned subsidiary of the council set up to increase the supply of accommodation for those in temporary accommodation, the homeless and key workers.; £9.031m for the third and final instalment for the acquisition of the former Thames Valley University site; £26.303m for Strategic Acquisitions which will be spent on income generating assets to improve the council's financial viability and £17.271m for the development of a Hotel on the old Slough Central Library site.

- 7.7 During 2019-20, £98.166m (114%) has been spent and this is predominantly due to £8.793m being spent on the former Thames Valley site acquisition, £32.716m on Strategic Acquisitions where the council has recently acquired the Odeon in

Basingstoke, £16.9m on Capital Loans to James Elliman Homes and £22.58m on the Hotel Development. Overspends include £5.309m for the Development of the Old Library Sire, £3m Capital Loans for James Elliman Homes and £2.868m for Capital Works following Stock Condition Survey and will be financed from the 2020/21 budget allocation.

Housing Revenue Account

7.8 The Housing Revenue Account Capital Programme for 2019-20 has a budget of £18.289m which excludes the £24.384m Affordable Housing Budget. During 2019-20 £13.518m or 74% of the revised budget was spent.

7.9 Affordable Housing

The Affordable Housing Budget in 2019-20 of £22m has been increased to £24.384 due to an under-spend against this budget in 2018-19. The council has signed a retention agreement with DCLG that allows it to keep the Right to Buys receipts it generates from selling its council dwellings. The agreement commenced on 1st April 2012 and under the agreement, only 30% of right to buy receipts can be used to finance new expenditure on Affordable Housing. £8m of the budget was re-profiled into 2020/21 and £16.93m or 103% of the revised £16.384m was spent during 2019-20.

8 Comments of Other Committees

On 15th June 2020 – Cabinet resolved ‘That the report be noted and that the revised 2020-21 budget as set out in Appendix C and D of the report be approved’

9 Conclusion

The Overview and Scrutiny Committee is requested to note: the report and Capital Expenditure of £170.599m against an approved budget of £171.119m; and the revised 2020-21 Capital Budget.

10 Appendices Attached

- Appendix A: Revised General Fund 2019-20 budget
- Appendix B: Revised HRA 2019-2020 budget
- Appendix C: Re-profiled General Fund 2020-2021 budget
- Appendix D: Re-profiled HRA 2020-2021 budget