

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 18th February 2021

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PART I FOR INFORMATION

CAPITAL MONITORING REPORT AT 31ST DECEMBER 2020

1 Purpose of Report

To provide a summary of spend against capital budgets for the 2020-21 financial year, as at the end of December 2020 on a consolidated and directorate basis.

2 Recommendation(s)/Proposed Action

The Committee is requested to note the report for information.

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 risk | Future Controls |
|--|--|--|--|---|
| The Cabinet is requested to note the report and Capital Expenditure of £59.027m in the first nine months | The Capital strategy should be both affordable and Prudent It is currently | The council will work with its Treasury advisors in order to mitigate interest rate risk and | 9- | The Council constantly reviews its exposure to Temporary Borrowing and converts |

| | | | | |
|--|--|---|--|--|
| of 2020-21 against an approved budget of £186.399m. This represents 31.66% of the approved budget being spent with a current projection that 63% of the budget will be spent by the end of financial year. | projected that £83.48m additional borrowing will be required to fund the 2020-21 Capital Programme. 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. | ensure long term borrowing decisions are taken at the most advantageous time. | | amounts to Longer Term Borrowing when it is deemed prudent and cost effective to do so. The Council will continue to promote good financial management and accurate forecasting aligned to governance. |
|--|--|---|--|--|

| 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 and Strategic Finance Board and quarterly review by Cabinet. | Ability to increase the deliver of capital schemes |
| Project Capacity | None | None |
| Other | None | None |

(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 2020-21

5.1 The revised approved budgets for 2020-21 represent the budgets approved by Cabinet in February 2020, adjusted for projects subsequently approved at Strategic Finance Board, and underspends on budgets brought forward from 2019-20. The revised budgets were approved at Cabinet in June 2020.

5.2 A summary of the outturn for 2020-21 as at end December 2020 is as follows:

| CAPITAL PROGRAMME 2020/2021 | | | | | | | |
|---------------------------------|-------------------------|----------------------------------|-----------------------|---------------------------|-----------------------|------------|----------------------|
| 2020 / 2021 BUDGET | Budget | Over/Under spends plus adj | Budget | 2020/2021 | 2020/2021 | % of | Budget |
| TO ACTUAL EXPENDITURE/INCOME | 2020/2021 April 2020 | From 19/20 added | 2020/2021 Approved | Spend to December 2020 | Variance to Budget | Spent | Committed to date |
| | £ | | | £ | £ | % | |
| General Fund: | | | | | | | |
| Adults & Communities | 5,766 | 8,015 | 13,781 | 2,979 | (10,802) | 22% | 5,864 |
| Children, Learning & Skills | 7,870 | 2,699 | 10,569 | 3,250 | (7,319) | 31% | 5,508 |
| Place & Development | 26,643 | 796 | 27,439 | 2,704 | (24,735) | 10% | 8,744 |
| Regeneration | 101,923 | 837 | 103,760 | 39,361 | (64,399) | 38% | 70,358 |
| Finance & Resources | 4,900 | 2,892 | 7,792 | 2,498 | (5,294) | 32% | 5,816 |
| | 147,102 | 15,239 | 163,341 | 50,792 | (112,549) | 31% | 96,290 |
| Housing Revenue Account: | | | | | | | |
| Housing Revenue Account | 8,813 | 6,772 | 15,585 | 4,895 | (10,690) | 31% | 13,506 |
| Affordable Housing | 8,000 | (527) | 7,473 | 3,326 | (4,147) | 45% | 7,473 |
| | 16,813 | 6,245 | 23,058 | 8,221 | (14,837) | 36% | 20,979 |
| Total Expenditure | 163,915 | 21,484 | 186,399 | 59,013 | (127,386) | 32% | 117,269 |

5.3 In the first nine months of the 2020-21 Financial Year, £59.013m or 32% of the revised budget of £186.399m has been spent. Expenditure is considerably down on the same period in 2019-20 where £122.854m had been spent by the third quarter. Lower spend can be expected due to the current Covid-19 restrictions but is currently projected that £117.847m or 63% of the revised budget will be spent by the end of the financial year. The main items of expenditure are highlighted in the table below.

| Scheme | Directorate | Expenditure Q3 (£m) | Comments |
|--|-------------------------|---------------------|---|
| James Elliman Homes | Regeneration | 4.013 | Drawdown to James Elliman Homes to purchase properties for use of temporary accommodation |
| Old Library Site Development | Regeneration | 24.537 | Development of Old Library Site to include two new hotels and 64 Residential Units. |
| Capital Works following Stock Condition Survey | Regeneration | 4.343 | Capital works on corporate assets following stock condition survey. |
| Strategic Acquisition Board | Regeneration | 2.325 | Acquisition of Strategic Regeneration Assets |
| Affordable Housing | Housing Revenue Account | 3.326 | Construction of New Affordable Homes |
| TOTAL | | 38.572 | |

5.4 The five projects listed in the table above represent 65% of the expenditure made so far in the first nine months of the 2020-21 financial year.

6 Revised 2020-21 Capital Programme

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

- Appendix A: Revised General Fund 2020-21 budget
- Appendix B: Revised HRA 2020-21 budget

7 Directorate Narrative

7.1 Adults and Communities

The revised budget for this Directorate is now £13.781m an increase of £7.995m on the budget approved in February 2020 at Full Council. The revised budget was approved by Cabinet in June 2020 taking into account underspends on the capital programme at the end of the previous financial year. The Learning Disability Change programme has been delayed in the current year due to Covid but the service will request funds to be carried forward to continue in 2021/22. The largest project is £5.815m for the Cemetery Expansion and this has been delayed due to covid19 and vacant posts and the service will request to carry forward the funds to complete this in 2021/22. There has only been spend of £2.979m or 22% of the revised budget. It is currently projected that £6.314m or 43% of the budget will be spend in 2020-21 with the largest underspend being £2.8m for the Cemetery Expansion project. Many of the major leisure projects completed in recent years will be completed under budget and it is currently projected that £4.345m of budget will be relinquished in this area by the end of the financial year. Services are waiting for final invoices to be received before this figure is agreed upon. The Parks and Open Spaces budget

allocated for this year has now been approved for tender and it is expected the work to be completed in the current year.

Children, Learning and Skills.

- 7.2 The Capital Budget for Children, Learning and Skills is £10.569m an increase of £2.619m on the budget approved in February 2020. The revised budget was approved at Cabinet in June 2020 taking into account underspends on the capital programme at the end of the previous financial year.
- 7.3 In the first nine months of the year £3.250m has been spent with the largest items of expenditure being £983k for SEN Resources Expansion and £821k for the Secondary School Expansion Scheme.
- 7.4 The Education Capital Programme (“ECP”) comprises 5 main programmes, under each programme sits the delivery of a high number of projects at individual schools that are being delivered by a combination of organisations including Slough Urban Renewal and the Department for Education (“DfE”). Property Services project manage those schemes where funding is not devolved directly to schools themselves. The 5 programmes are:
- Primary Expansion Programme,
 - Secondary Expansion Programme,
 - SEND & PRU Expansion Programme,
 - Early Years Programme, and
 - Modernisation Programme
- 7.5 The Primary Expansion programme is just about complete, barring the possibility that one or 2 bulge classes become necessary in junior year groups. With Grove Academy close to completion Slough has the right number of secondary schools in place for the foreseeable future. Some pressure on places is forecast for the next 3 years and this will require an expansion of places at existing schools for the SEND and PRU Expansion Programme To reduce costs/free up sites for disposal, this programme was planned in such a way that all new places would be provided at existing schools and/or where schools could expand onto adjacent Council-owned sites. It is currently projected that £5.053m budget will be requested to be re-profiled into future years.

Places and Development

- 7.6 The budgets for this Directorate in 2020-21 are now £27.439m an increase of £796k of the budget approved at council in February 2020. The revised budget taking into account underspends on the capital programme at the end of the previous financial year was approved at the meeting of Cabinet in June 2020. Large budgets include £12.883m for the Chalvey Extra Care Housing Scheme, £5.283m Fire Risk Assessment Nova House. In the first nine month months only £2.704m has been spent.

- 7.7 The Corporate Headquarters project budget of £3.273m has seen little spend although work has been undertaken and invoices are expected. The forecast has been reduced to £2.000m with the remainder requested to be used next year.
- 7.8 Environmental Services Urban Tree fund is match funded and invoices are due to be received for work undertaken with additional work planned to be carried out in the remainder of this year. The budget for Recycling initiative is expected to be approved before work can be undertaken in this area and it expected this will not be spent in the current year.
- 7.9 The Housing People Services Housing Management System, with a budget of £1.409m has had little spend and will be requested to be continued into next year. This has been delayed due to the effects of Covid19 on the service.
- 7.10 It is currently projected that only 32% of the budget will be spent in 2020-21 with the main reason being the request to re-profile £12m of the Chalvey Extra Care Housing budget into 2020-21 due to delays linked to the pandemic.

Regeneration

- 7.11 The revised budget for this area for 2020-21 is £103.76m. Large budgets include £12.813m for the Mass Rapid Transit Scheme phase 2, £10.543m for Stoke Road LEP scheme, £20m for the Strategic Acquisition Project and £15.364m for the Development of the Old Library site.
- 7.12 Thus far £39.361m has been spent of which the largest proportion is £24.537m for the Development of the Old Library Site into two hotels and residential accommodation.
- 7.13 The Strategic Acquisition Budget of £20m for purchases of strategic assets is dependent on the availability of suitable properties in the market which to date is limited due to Covid 19. No further purchases are forecast in 2020/21 and this budget will be reviewed as part of the development of the 2021/22 Capital Programme.
- 7.14 Work has been undertaken on MRT zones 1-7 which is LEP funded and invoices are awaited from DSO but it has experienced delays due to the current pandemic. Underspend is expected to be requested to be carry forward into next year.
- 7.15 The funding to provide an electric fleet for Observatory House is on hold due to forecast lack of staff using observatory house currently although this will be reviewed regularly. A number of projects are grant funded and underspends will be requested to be carried forward rather than return to funding organisation. There have also been delays with the development of the Hubs due to Covid19 and this has delayed the spending profile on them.

- 7.16 It is currently projected that £70.358m or 68% of the Regeneration Directorate Capital Budget will be spent by the end of the financial year.

Finance and Resources

- 7.17 The revised budget for this Directorate in 2020-21 is £7.792m an increase of £2.892m on the budget approved at the meeting of Full Council in February 2020. The revised budget was approved by Cabinet in June 2020 taking into account underspends on the capital programme at the end of the previous financial year. Spend in the first nine months of the year was only £2.499m. It is currently projected that £5.816m will be spent in 2020-21 or 75% of the approved budget predominantly due to the request to re-profile £2.366m on the IT Infrastructure Budget. The new AD is looking at this budget to ensure it meets the current and future needs to the organisation.

Housing Revenue Account

- 7.18 The Housing Revenue Account Capital Programme for 2020-21 has a budget of £23.058m and expenditure of £8.224m in the first nine months of the financial year including £7.473m for the Affordable Housing Budget. It is currently projected that 91% of the budget will be spent in 2020-21

- 7.19 Affordable Housing

The Affordable Housing Budget in 2020-21 is £7.473m. 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. Expenditure in the first nine months of 2020-21 was £3.326m.

8 Comments of Other Committees

This report was considered by the Cabinet at its meeting held on 1st February 2021.

9 Conclusion

The Committee is requested to note the report and Capital Expenditure of £59.027m in the first nine months of 2020-21 against an approved budget of £186.399m. This represents 31.66% of the approved budget being spent with a current projection that 63% of the budget will be spent by the end of financial year

10 Appendices Attached

- Appendix A: Revised General Fund 2020-21 budget
- Appendix B: Revised HRA 2020-21 budget