

REPROFILING CAPITAL PROGRAMME 2021/22

Improvement & Innovation Advisory Committee - 24 June 2021

Report of: Detlev Münster (Strategic Head Property & Commercial Services)

Status: For Decision

Also considered by:

- Finance & Investment Advisory Committee - 16 June 2021
- Cabinet - 8 July 2021

Key Decision: Yes

Executive Summary:

In November 2020, Council agreed a three-year Capital Programme part of which was to facilitate the development of new regeneration schemes for the Council. At the time of preparing the recommendations, high level assumptions were made as to potential projects, indicative costs, and pace of delivery. This resulted in a list of potential projects and envisaged funding allocations and a projects approval protocol was put in place. In establishing a three-year Capital Programme it also required the approval of a funding pot that would facilitate the rapid deployment of funds towards projects. However, with different schemes moving at different pace, there is a greater need to draw funds towards schemes that are maturing faster. As a result, it is proposed that the approved Capital Programme be re-profiled to prioritise the Bevan Place project.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Detlev Munster, Ext. 7149

Recommendation to Finance and Investment Advisory Committee and Improvement and Innovation Advisory Committee

- (a) Notes the requirement to create greater flexibility in drawing down funds from the approved Capital Programme; and
- (b) Endorses the recommendation to Cabinet as below.

Recommendation to Cabinet:

To vire £400,000 within the approved Capital Programme to facilitate the delivery of the Bevan Place project as detailed within paragraph 8 of the report.

Reason for recommendation: To prioritise the delivery of the Bevan Place project.

Introduction and Background

- 1 In November 2020 Council approved a three-year Capital Programme. This capital programme was in part established to facilitate the delivery of the Council's ambitious regeneration agenda and it was recognised that the development of schemes would require forward funding.
- 2 In establishing the Capital Programme, consideration was given to a potential programme of schemes, that subject to further product development (i.e, undertaking of feasibility studies and due diligence) and viability, could be promoted for further funding.
- 3 The table below outlines the whole Capital Programme that was approved by the Council on the 17 November 2020.

Table 1: Outline of Approved Capital Programme

| Capital Programme 2021-24 (Appendix Hi - Council Report, 17 Nov 2020) Scheme | Funding Source | | | | | | | | | |
|--|---|-------------------------------------|-----------------------|----------------------|------------------|----------------|----------------|----------------|-----------------------------|------|
| | | Bid Form | Total approved scheme | Previous years spend | 2020/21 Forecast | 2021/22 Budget | 2022/23 Budget | 2023/24 Budget | Total over programme period | |
| | | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| People & Places | | | | | | | | | | |
| White Oak Leisure Centre | Capital Receipts & External funding, External borrowing | Previous approval | 19,870 | 857 | 7,091 | 10,352 | 1,452 | 100 | 19,852 | |
| White Oak Leisure centre - Orchards Academy | Capital Receipts | Previous approval | 130 | | 30 | 100 | | | 130 | |
| Burlington Mews | Capital Receipts | Previous approval | | | | 79 | 8 | 8 | 95 | |
| 27-37 Swanley High Street (meeting Point) | Capital Receipts & External funding | Separate report 1 & separate report | | | 800 | 3,000 | 1,824 | | 5,624 | |
| White Oak Residential | Capital Receipts | | | | 50 | 50 | | | 100 | |
| Bevan Place | Mixed | 1 | | | 20 | 330 | | | 350 | |
| Edenbridge | Mixed | 1 | | | 20 | 330 | | | 350 | |
| Sevenoaks Town Centre Regeneration | Mixed | 1 | | | 30 | 320 | | | 350 | |
| Hollybush | Mixed | 1 | | | | | 350 | | 350 | |
| Spitals Cross | Mixed | 1 | | | | | 50 | | 50 | |
| Otford Road Park & Ride | Mixed | 1 | | | | | 200 | | 200 | |
| Westerham | Mixed | 1 | | | | | 50 | | 50 | |
| Kemsing | Mixed | 1 | | | | | | 350 | 350 | |
| Lullingstone | Mixed | 1 | | | | 20 | 30 | | 50 | |
| Other Feasibility & Due Dilliegnce costs | Mixed | 1 | | | | 100 | 150 | - | 250 | |
| Finance and Trading | | | | | | | | | | |
| Commercial vehicle replacements | Vehicle Renewal Res. | 2 | - | - | 549 | 563 | 563 | 563 | 2,238 | |
| Disabled Facilities Grants (gross) | Better Care Fund | 3 | - | - | 1,100 | 1,100 | 1,100 | 1,100 | 4,400 | |
| Property Investment Strategy | Prop. Inv. Strategy | Previous approval | 50,300 | 29,505 | 5,000 | 5,000 | 5,000 | 5,795 | 50,300 | |
| TOTAL | | | | | 14,690 | 21,344 | 10,777 | 7,916 | 85,089 | |

- 4 Over the course of the last six months, schemes have been progressing at differing pace. As a result, some schemes have required a greater amount of draw-down but the pre-allocation of funding against particular projects has stifled the Council’s ability to progress schemes that require a higher level of funding to complete certain due diligence and feasibility exercises given project complexities. Additionally, the Council’s procurement and financial regulations suggest that greater flexibility is required in drawing funds from the capital programme to progress schemes.
- 5 Allowing greater flexibility does not transpire into a loss of fiscal control or discipline. It remains the Council’s intention that schemes should be progressed in a controlled manner, albeit with officers having greater flexibility to tailoring project budgets within the Capital Programme according to project need.
- 6 In this regard, the Council has established governance and project management protocols to ensure schemes are appropriately scrutinised in terms of risks, value for money, affordability, duration, desired outputs/outcomes, viability and feasibility.
- 7 It is therefore proposed that in this particular instance the funding allocation for the Bevan Place project is augmented to expedite the projects delivery and undertake the necessary design and due diligence work required.

Table 2: Proposed Re-profiling in the Capital Programme

| | Capital Programme 2021-24, Reprofile in 2021/22 | Total approved scheme | Previous years spend | 2020/21 | 2021/22 | 2021/22 | 2022/23 | 2023/24 | Total over programme period |
|-----------------|---|-----------------------|----------------------|----------|---------|----------|---------|---------|-----------------------------|
| | | | | Forecast | Budget | Proposed | Budget | Budget | |
| | Scheme | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| People & Places | | | | | | | | | |
| | White Oak Leisure Centre | 19870 | 857 | 7091 | 10352 | 10352 | 1452 | 100 | 19852 |
| | White Oak Leisure centre - Orchards Academy | 130 | | 30 | 100 | 100 | | | 130 |
| | Burlington Mews | | | | 79 | 79 | 8 | 8 | 95 |
| | 27-37 Swanley High Street (meeting Point) | | | 800 | 3000 | 3000 | 1824 | | 5624 |
| | White Oak Residential | | | 50 | 50 | 50 | | | 100 |
| | Bevan Place | | | 20 | 330 | 730 | | | 750 |
| | Edenbridge | | | 20 | 330 | 0 | | | 20 |
| | Sevenoaks Town Centre Regeneration | | | 30 | 320 | 300 | | | 330 |
| | Hollybush | | | | | | 350 | | 350 |
| | Spitals Cross | | | | | | 50 | | 50 |
| | Otford Road Park & Ride | | | | | | 200 | | 200 |
| | Westerham | | | | | | 50 | | 50 |
| | Kemsing | | | | | | | 350 | 350 |
| | Lullingstone | | | | 20 | 20 | 30 | | 50 |
| | Other Feasibility & Due Dilliegnce costs | | | | 100 | 50 | 150 | 0 | 200 |
| | | | | | | | | | 0 |
| TOTAL | | | 857 | 8041 | 14681 | 14681 | 4114 | 458 | 28151 |

- 8 From the table above, it is proposed that £400,000 is vired to the Bevan Place project as follows:
- £330,000 from Edenbridge (This project is to be postponed to 2022/23 and will be re-profiled as part of the 2022/23 Budget setting process)
 - £20,000 from the Sevenoaks Town Centre Regeneration Project
 - £50,000 from the “Other Feasibility” allocation.

Other options Considered and/or rejected

- 9 The current status quo could be maintained with additional funds being released on an ad hoc basis and subject to individual reporting. This will however cause significant delays to the project and result in the project losing professional rigour and momentum.
- 10 While best endeavours have and will be made to identify indicative project feasibility costs, these indicative costs are subject to change as schemes begin to take shape and more information becomes available. However, our financial and procurement regulations are such that projects would need to constantly seek approval which would not only result in unnecessarily delay projects but could also result in unnecessary costs arising from project management inefficiencies. The status quo is therefore not recommended.

Key Implications

Financial

This reports suggests the reallocation of funds within the existing Capital Programme. Additional funds are not being sought.

Fiscal discipline is not being relaxed through this report, as schemes will only be able to progress subject to obtaining the necessary approvals from SMT, Cabinet or Council with the prerequisite information relating to viability, feasibility and affordability.

The virement of funds to augment the Bevan Place project provides officers with greater flexibility and agility in responding to project need and market demands.

Legal Implications and Risk Assessment Statement

The Financial Regulations require Cabinet approval for the virement of funds that are greater than £50,000 and less than £500,000 (Financial Procedure Rules S.2.25).

In progressing projects, the project team is required to evidence the availability of funds prior to committing the Council. While the Council has adopted a phased approach, this is proving cumbersome from a legal perspective resulted in unnecessary delay.

The proposed approach will allow officers greater flexibility in ring-fencing budgets that will provide suppliers with the necessary assurances of fund availability.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

The realignment of the Capital Programme will provide officers with greater flexibility in delivering the Bevan Place Project at pace.

Appendices

None.

Background Papers

Item 77, Budget Setting, Council Meeting 17 November 2020.

Detlev O. Münster
Strategic Head of Property & Commercial Services