

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
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