

Appendix 5 Markets and Library Cost Plan & Budget Implications

1 Cost Update

- 1.1 In March 2024 it was reported to Cabinet that the total scheme cost was forecast to be £40.89m.
- 1.2 There have been a series of challenges in the delivery of the project, as detailed in the Cabinet report itself. As a result of these challenges, the current cost of delivering the scheme as previously outlined to Cabinet is now £46.8m, £6m above the available budget. The table below sets out the revised cost projections and proposals for how those additional costs can be funded.

Expenditure Area	Total Project Budget	Option 1: Forecast Outturn Position	Option 1: Variance to Budget
	£'000	£'000	£'000
Main Contract	37,715	41,735	4,020
Total Construction	37,715	41,735	4,020
Professional Fees	2,865	2,903	38
Non-Construction Costs	314	2,206	1,893
Total Project Costs	40,894	46,844	5,951
Funded By:			
Local Regeneration Fund Surplus			-240
Town Centre Investment Fund			-1,660
Capital Programme Contingency			-4,051

2 Funding

- 2.1 In order to fund either option it is proposed that the Council utilise unallocated funding already held within the existing approved Capital Programme. The three funding sources are, the Local Regeneration Fund (LRF) surplus, Town Centre Investment Fund and the Capital Contingency Fund.
- 2.2 The Local Regeneration Fund currently has an unallocated surplus balance of £2.3m. This fund is a mix of the Towns Fund, High Streets Fund and Levelling Up Funds that Government have been combined to simplify the governance and monitoring arrangements for. The fund has spare capacity as projects that we being funded by the LRF has been delivered with a small saving or have sourced additional grant funding, allowing an element of the LRF to be released. The Council has control over how this fund is allocated, though it does need to report outputs and outcomes delivered back to MHCLG.

- 2.3 There is also an unallocated balance remaining from the Town Centre Investment Fund, £1.7m. This funding was specifically allocated to the regeneration of the Town Centre, the residual funding remains unallocated as the Council has been successful in bidding for and accessing external grant funding to support its schemes. As such this fund remains unallocated but earmarked towards the redevelopment of the Town Centre.
- 2.4 The Capital Programme Contingency of £10m was added to the Council Capital Programme as part of the Budget and Council Tax Report 2022/23. It was set in anticipation that the Council's ambitious Capital Programme was being delivered in a period of high inflation, construction market pressures and funding pressures caused by Government funding being linked to tight timeframes for delivery. These factors were expected to drive up the costs of projects within the Regeneration Capital Programme, in particular, over the next 5-10 years of delivery. As such this contingency would be used to allow the Council to address any significant cost and delivery pressures arising.
- 2.5 Whilst the Capital Contingency has been used, it has been used infrequently. In the main, this contingency has been increased as savings on the Capital Programme have been identified. Since it was approved, the Capital Contingency has risen from £10m to £17.7m. As such this contingency can be used to cover the £4.0m contribution to the Markets and Libraries project.