

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	29th AUGUST 2019	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD 01283 595939 Victoria.summerfield@southderbyshire.gov.uk	DOC: s/finance/committee/2019-20/aug
SUBJECT:	CAPITAL FINANCIAL MONITORING 2019/20	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest capital financial position for 2019/20 as detailed in the report is considered and approved.

2.0 Purpose of the Report

- 2.1 To provide an update on performance against the budget for 2019/20.
- 2.2 The report details performance of both the HRA and General Fund up to 30th June 2019 unless otherwise stated and is the first quarter's update of capital project progress for 2019/20.

3.0 Detail

- 3.1 The Council's capital programme consists of many different projects covering both the General Fund and HRA.
- 3.2 General Fund projects are developed in line with strategies reported to policy committees and are funded through Section 106 developer contributions, General Fund contributions, grant income and capital receipts generated from asset sales.
- 3.3 HRA projects are mainly for refurbishment of Council houses, disabled adaptations to council housing and new build and are funded by the HRA general reserve plus grant income.
- 3.4 The capital budget for 2019/20 was approved in February 2019 and has been updated following the out-turn for 2018/19 to reflect the carry forward of income and expenditure for incomplete projects. Additional budgets have also been included on the HRA for property acquisitions reported separately.

- 3.5 Progress during the first quarter of 2019/20 on capital projects and the total financing of all of the projects is summarised in the following tables.

Capital Spending 2019/20 (as at June 2019)	Approved Budget £	B/fwd 2018/19 £	Updated Budget 2019/20 £	Spend to-date £
Council House Capital Works	2,788,000	0	2,788,000	179,031
Council House Disabled Adaptations	300,000	0	300,000	41,569
New Build and Acquisition Schemes	1,274,400	237,367	1,511,767	191,417
Total HRA	4,362,400	237,367	4,599,767	412,017
Private Sector Housing Works	700,000	1,151,017	1,851,017	-5,162
Environmental and Heritage Schemes	0	42,007	42,007	26,043
Swadlincote Woodlands Nature Reserve	0	37,000	37,000	0
Community Partnership Scheme	0	239,005	239,005	48,162
Eureka Park	0	0	0	12,797
Melbourne Sports Park	400,000	33,799	433,799	8,661
CCTV Rosliston	0	0	0	13,580
Vehicle Replacements	517,000	0	517,000	131,560
Sale of Land	0	0	0	8,354
IT Strategy	210,000	461,842	671,842	82,950
Property Maintenance and Refurbishment	130,000	130,000	260,000	0
Total General Fund	1,957,000	2,094,670	4,051,670	326,945
Total Council	6,319,400	2,332,037	8,651,437	738,962

Capital Financing 2019/20	Approved Budget £	B/fwd 2018/19 £	Updated Budget 2019/20 £
HRA Revenue Contribution	3,088,000	0	3,088,000
General Fund Revenue Contribution	740,000	272,804	1,012,804
Earmarked/Specific Reserves	894,000	606,279	1,500,279
Capital Receipts Reserves	897,400	192,367	1,089,767
Grant Funding	700,000	1,260,587	1,960,587
Total Funding	6,319,400	2,332,037	8,651,437

HRA Capital

- 3.6 Disabled adaptations of Council housing are set to be on budget during 2019/20.
- 3.7 Major refurbishment works to Council housing is scheduled to start now a contractor has been appointed. It is anticipated that the expenditure will be on budget by the year-end.
- 3.8 The budget for new build and acquisition schemes consists of the construction of properties at Lullington Road, Overseal and acquisition of properties in Repton, Newhall and Aston.
- 3.9 A deposit has been paid to the developer for the houses in Aston and it is anticipated that the dwellings will be transferred to the Council by January 2020.

- 3.10 The properties in Repton and Newhall are due to be transferred to the Council during 2020/21 therefore the budget for 2019/20 only includes a deposit at this stage.
- 3.11 New build properties in Overseal are in the final stages of development and are due to be completed over the summer period. The budget carried forward from 2018/19 is specific for these dwellings.

General Fund Capital

Private Sector Housing Works

- 3.12 There are a number of projects included within this area, one of which is Disabled Facility Grants (DFG). Expenditure on DFG is expected to be on budget of £440k by the year-end. Budget carry forwards are for approved projects that have not yet started but should be rolled out during 2019/20.

Environmental and Heritage Schemes

- 3.13 This relates to the Swadlincote Town Centre Scheme following the award of funding in 2016/17.
- 3.14 A small budget was carried forward from 2018/19 and this is expected to be fully utilised by July 2019 as the project is now in the final stages.

Leisure and Community Schemes

- 3.15 The Community Partnership Scheme has all of the funding committed to specific projects but the funding is still to be drawn down from the Council.
- 3.16 Match funding has been secured for the Swadlincote Woodlands Nature Reserve project and work is set to commence during in 2019/20.
- 3.17 The capital element of the Eureka Park project is now complete with final funding to be claimed from the HLF.
- 3.18 Melbourne Sports Park drainage works are still in the early stages. A tender for works has been completed and an award to the appointed contractor is under review.
- 3.19 CCTV at Rosliston has been installed due to security concerns after a recent break in at the site. This is to be financed through an earmarked reserves set up specifically for works at Rosliston.

Vehicle Replacements

- 3.20 The scheduled replacements in 2019/20 are for new road sweepers, additional vans for Grounds Maintenance and a bulky waste vehicle. The road sweepers have now been purchased with the remaining vehicles scheduled for delivery later in the year.

Asset Disposals and Refurbishment

- 3.21 Costs associated with the sale of land at Oversetts Road will be funded by the capital receipt once received.

- 3.22 A General Fund contribution of £130k is set-aside each year to fund refurbishment and maintenance of Public Buildings. Due to a tender exercise no works were scheduled during 2018/19. A contractor has now been appointed and a works programme will run alongside scheduled capital works on HRA Council dwellings.

IT Strategy

- 3.23 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.
- 3.24 A number of separate tender exercises have been undertaken during 2018/19 and the early part of 2019/20 and an equipment replacement programme is to be rolled out across the Council during quarter 2.
- 3.25 The allocated budget is not expected to be spent in year and will be phased across a longer period. Any underspend will be carried forward into future years.

Capital Reserves

- 3.26 The capital reserve balances for the General Fund and HRA as at the 31st March 2019 are listed below.

	£
New Build and Acquisition Reserve	2,460,335
Major Repairs Reserve	3,454,260
Debt Repayment Reserve	5,046,000
HRA Capital Reserves	10,960,595
Capital Receipts Reserve	1,073,335
General Fund Capital Reserves	1,073,335
Total Capital Reserves	<u>12,033,930</u>

HRA Capital Reserves

- 3.27 The New Build and Acquisition Reserve is topped up annually by all the receipts of sales of Council houses under Right to Buy.
- 3.28 Right to Buy sales have totalled 4 as at 30th June 2019 and £128,740 will be transferred to the New Build and Acquisition Reserve in year as summarised in the following table.

	Sales	Gross Receipts	Less Pooled	Retained	
	£	£	£	£	%
Quarter 1	4	206,640	-77,900	128,740	62%
Total	4	206,640	-77,900	128,740	62%

- 3.29 An additional 2 dwellings have been sold during July taking the total sales to 6 to-date in 2019/20.
- 3.30 Any underspends on the HRA capital programme are transferred to the Major Repairs Reserve at year-end and the balance is to be utilised in future years as the new schedule for capital works is implemented. It is not expected that a drawdown will be required during 2019/20 but this will be kept under review.

3.31 Currently the HRA has debt of £57.4m to be repaid to the Public Works Loan Board at specific dates over a 20 year period as a result of self-financing.

3.32 The profile of debt repayment is listed in the following table.

Date due	£
28-Mar-22	10,000,000
28-Mar-24	10,000,000
28-Mar-27	10,000,000
28-Mar-32	10,000,000
28-Mar-37	10,000,000
28-Mar-42	7,423,000

57,423,000

3.33 Sums are being set-aside each year for the scheduled repayments and are included in the HRA MTFP.

General Fund Capital Reserves

3.34 The Capital Receipts Reserve is made up of asset sales in recent years and there are a few remaining projects to be funded from the balance as listed below. Included within the total reserve is the overage payment received from Chestnut Avenue, Midway.

	£
General Capital Receipts	334,736
Specific Projects:	
Strategic Housing Market Assessment	-50,000
Private Sector Stock Condition Survey	-60,000
Repairs to Village Halls and Community Facilities	-9,075
Public Buildings Planned Maintenance Programme	-58,032
Costs of Land Sales	-8,354
Remaining Balance	149,275
Overage Payment	738,599
Remaining Capital Receipts Reserve	887,874

3.35 The Strategic Market Housing Assessment and Private Sector Stock Condition Survey are both scheduled to recur every five years.

3.36 Further receipts are expected for sales of land at Oversetts Road and the former Depot but the values and due dates are still to be confirmed.

4.0 Financial Implications

4.1 Detailed in the report.

5.0 Corporate Implications

5.1 None directly.

6.0 Community Impact

6.1 None directly.