

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	13 th FEBRUARY 2020	CATEGORY: RECOMMENDED
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/Feb
SUBJECT:	CAPITAL PROGRAMME BUDGET TO 2025	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That capital programme expenditure and funding to 2025 is considered and approved.

2.0 Purpose of the Report

- 2.1 To detail the Council's proposed capital expenditure and funding for the five-year planning period to 2025.
- 2.2 The proposals included within the report are in relation to capital expenditure and funding for both the General Fund and HRA. The full programme is listed in **Appendix 1**.
- 2.3 Detail of the Council's capital reserves are covered in Section 4 with further detail on HRA capital reserves included in **Appendix 2**.

3.0 Detail

General Fund

- 3.1 General Fund projects are developed in line with strategies reported to policy committees and are funded through Section 106 receipts, grant income, General Fund contributions and capital receipts generated from General Fund asset sales.
- 3.2 A summary of the proposed five-year General Fund capital programme is listed in the following table.

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25
Expenditure	£	£	£	£	£	£
Private Sector Housing	964,500	1,542,000	1,090,000	400,000	400,000	485,000
Cultural and Community Services	311,931	500,000	0	0	0	0
Environmental Services	59,472	0	0	0	0	0
Corporate Assets	840,933	1,162,532	391,148	347,000	526,420	1,184,814

Total Expenditure	2,176,836	3,204,532	1,481,148	747,000	926,420	1,669,814
Funding						
General Fund Contributions	822,614	1,070,000	311,148	297,000	416,420	1,104,814
S106 Contributions	18,997	0	0	0	0	0
Grant Funding/External Contributions	1,001,946	1,500,000	1,090,000	400,000	400,000	400,000
Volunteer Time	6,000	0	0	0	0	0
Growth Provision Contribution	89,500	377,965	30,000	0	60,000	30,000
Earmarked Reserves	141,066	156,535	50,000	50,000	50,000	50,000
Capital Receipts Reserve	96,713	100,032	0	0	0	85,000
Total Funding	2,176,836	3,204,532	1,481,148	747,000	926,420	1,669,814

3.3 Private Sector Housing capital projects are in the main funded through the Better Care Fund allocation received from Derbyshire County Council. Full detail of these projects was reported to Housing and Community Services Committee and this Committee in November 2019.

3.4 Cultural and Community Services projects consist of projects previously approved, the main projects being the Community Partnership Scheme and drainage works at Melbourne Sports Park.

3.5 Environmental Services has only one project remaining which is the Swadlincote Heritage Opportunities project. This project will be concluded during 2019/20.

3.6 Corporate Assets includes numerous different projects relating to the asset base of the Council. The main projects are for vehicle replacements, the ICT Strategy and development of public buildings.

HRA

3.7 HRA projects mainly consist of refurbishment of council housing, new build and acquisition of council dwellings, disabled adaptations for council house tenants and vehicle replacements.

3.8 A summary of the five-year HRA capital programme is listed in the following table.

Expenditure	2019.20 £	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £
Major Capital Repairs	2,788,000	2,635,000	2,383,000	2,170,000	1,733,000	2,077,000
		0	0	0	0	0
New Build and Acquisition	1,154,462	1,211,905	0	0	0	0
Vehicle Replacements	0	0	36,673	0	49,186	0
Disabled Adaptations	300,000	300,000	300,000	300,000	300,000	300,000
		4,146,905	2,719,673	2,470,000	2,082,186	2,377,000
Total Expenditure	4,242,462	5	3	0	6	0
Funding						
Earmarked Reserves	0	0	36,673	0	49,186	0
HRA Revenue Contribution	3,088,000	2,935,000	2,683,000	2,470,000	2,033,000	2,377,000
		0	0	0	0	0
Grant Income	45,000	0	0	0	0	0
S106 Contributions	323,999	444,000	0	0	0	0
New Build Capital Reserve	785,463	767,905	0	0	0	0
		4,146,905	2,719,673	2,470,000	2,082,186	2,377,000
Total Funding	4,242,462	5	3	0	6	0

- 3.9 The Major Repairs budget is in line with the stock condition survey that was undertaken in 2018/19. It is likely that the budget for 2019/20 will underspend due to a start delay with the new contract. Any underspend will be transferred to the Major Repairs Reserve and utilised in future years.
- 3.10 New Build and Acquisition of new council dwellings are reported separately to Housing and Community Services Committee and this Committee as opportunities that offer value for money are identified.
- 3.11 The Disabled Adaptations budget of £300k has been reviewed and will remain the same over the life of the plan.
- 3.12 Vehicle Replacements are in line with the vehicle replacement schedule reported to Environmental and Development Services Committee January 2020.

4.0 Capital Reserves

General Fund

- 4.1 Capital receipts are generated through land and property sales and the receipts are available for one-off projects that will result in no longer-term revenue burden.
- 4.2 Often, General Fund capital projects are funded through grant income, General Fund contributions and S106 contributions with capital receipts being utilised on specific projects selected through a capital bidding evaluation process.
- 4.3 The current Capital Receipts Reserve and projected balance over the five-year period is listed in the following table.

	2019.20 £	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £
Reserve Balance B/fwd	1,073,335	1,142,553	1,900,553	2,600,553	2,600,553	2,600,553
Sale of Land at Bridge Street	15,552	0	0	0	0	0
Sale of Land at Staley Close	2,500	0	0	0	0	0
Sale of Land at William Nadin Way	150,000	800,000	700,000	0	0	0
Total Receipts	168,052	800,000	700,000	0	0	0
Costs Associated to Land Sales	-59,151	0	0	0	0	0
Stenson Fields Community Centre	-2,121	0	0	0	0	0
Midway Community Centre	-4,587	0	0	0	0	0
Repairs to Village Halls and Community Facilities	-9,075	0	0	0	0	0
Strategic Housing Market Assessment	-16,900	0	0	0	0	-25,000
Private Sector Stock Condition Survey	0	0	0	0	0	0
Empty Property Grants	-7,000	-42,000	0	0	0	0
Committed Expenditure	-98,834	-42,000	0	0	0	-25,000
Reserve Balance C/fwd	1,142,553	1,900,553	2,600,553	2,600,553	2,600,553	2,575,553

- 4.4 It is likely that the Council will receive some additional receipts that are pending but not currently finalised from further land sales.

- 4.5 Included within the projected reserve balance is the overage sum of £738,599 received for Midway. Additional costs for extension work to the Community Centre and improvements of the pitches are still in the early stages of review. Once a final specification is determined it will be reported to this Committee.
- 4.6 No investment commitments against any projected capital sums to be received by the Council have yet been made which should remain the case until the money is received and the Council has an established evaluation framework in place to prioritise capital investments.
- 4.7 The Capital Evaluation Framework is currently being reviewed. It will be updated and reported to the Committee in March. Several proposals for capital investment are likely to emerge in due course and the updated evaluation will ensure that new projects are directed towards priorities in the Corporate Plan and provide Value for Money.

HRA

- 4.8 The HRA capital reserves are established from transfers from the HRA General Reserve and through Right to Buy receipts. Council policy is to reinvest all housing receipts from the sale of council houses and land into the housing stock and for new build and acquisition.
- 4.9 Transfers from the HRA General Reserve are mainly for additional capital works to council dwellings required from stock condition surveys and for debt repayment.
- 4.10 A summary of the projected capital reserves for the HRA is listed in the table below with further detail in **Appendix 2**.

	2019.20 £	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £
New Build and Acquisition Reserve	2,358,938	1,874,090	2,495,010	3,112,861	3,572,966	4,029,940
Debt Repayment Reserve	6,470,000	8,012,000	1,482,000	5,642,000	0	3,265,000
Major Repairs Reserve	4,354,260	5,054,260	5,754,260	6,454,260	6,754,260	7,354,260
HRA Projected Capital Reserves	13,183,198	14,940,350	9,731,270	15,209,121	10,327,226	14,649,200

- 4.11 The New Build and Acquisition Reserve is topped up by Right to Buy receipts. The following table shows the projected level of sales of dwellings included within the Reserve projection.

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25
Projected Council Dwelling Disposals	20	20	18	18	15	15

- 4.12 The balance on reserve will fluctuate based on the actual number of dwellings disposed of in year. Approved expenditure against this reserve is covered comfortably due to the large bought forward balance of £2.4m at the start of 2019/20.
- 4.13 Phased repayment of the HRA £57.4m loans taken out as part of self-financing starts in 2021/22 with a £10.0m capital repayment. Sums are being set-aside each year for the repayments in the Debt Repayment Reserve. The scheduled repayment profile of debt is shown 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

- 4.14 The Major Repairs Reserve is to be topped up by any underspends in year on the capital programme with additional contributions being made to ensure there is enough set-aside in future years when potential peaks in major capital refurbishment are anticipated.

5.0 Financial Implications

- 5.1 As detailed in the report.

6.0 Corporate Implications

Employment Implications

- 6.1 None.

Legal Implications

- 6.2 None.

Corporate Plan Implications

- 6.3 There are no specific targets within the Corporate Plan but ensuring sustainability of the Council's financial position enables services to deliver targets included with the Plan.

Risk Impact

- 6.4 None.

7.0 Community Impact

Consultation

- 7.1 None.

Equality and Diversity Impact

- 7.2 None.

Social Value Impact

- 7.3 None.

Environmental Sustainability

- 7.4 None.

8.0 **Background Papers**

8.1 None.

CAPITAL BUDGET AND FIVE-YEAR PROJECTION

	2019.20			2020.21	2021.22	2022.23	2023.24	2024.25
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
GENERAL FUND								
Private Sector Housing								
Major Disabled Facilities Grant (Private)	1,358,860	-958,860	400,000	400,000	400,000	400,000	400,000	400,000
Empty Property Grants	42,000	-35,000	7,000	42,000	0	0	0	0
Strategic Housing Market Assessment	50,000	-33,100	16,900	0	0	0	0	25,000
Private Sector Stock Condition Survey	60,000	-60,000	0	0	0	0	0	60,000
Discretionary Top up Grants for under 18s	75,000	-25,000	50,000	50,000	50,000	0	0	0
Healthy Homes Project	80,000	0	80,000	80,000	80,000	0	0	0
DFG Associated Preventative Works	100,000	-100,000	0	0	0	0	0	0
Establishing a Hospital to Home Scheme	100,000	0	100,000	100,000	100,000	0	0	0
Appointment of a dedicated Mental Health Worker	16,593	23,407	40,000	40,000	40,000	0	0	0
Ongoing cost of Funding additional Technical Officer	64	39,936	40,000	40,000	40,000	0	0	0
Integrated Adaptations of New Build Social Housing	120,000	-120,000	0	0	0	0	0	0
Contribution to Countywide Stock Modelling report	500	5,100	5,600	0	0	0	0	0
Relocation Grant	0	50,000	50,000	50,000	50,000	0	0	0
Dementia Friendly Homes Grant	0	5,000	5,000	15,000	15,000	0	0	0
Domestic Violence Crisis Prevention	0	0	0	50,000	50,000	0	0	0
Hospital Discharge Grant	0	10,000	10,000	20,000	20,000	0	0	0
Healthy Homes Assistance Fund	0	100,000	100,000	100,000	100,000	0	0	0
Pilot Schemes	0	0	0	200,000	0	0	0	0
Capital One-off Projects	0	0	0	150,000	0	0	0	0
Stay Active and Independent for Longer	0	60,000	60,000	60,000	0	0	0	0
Temporary Health and Housing Co-ordinator	0	0	0	45,000	45,000	0	0	0
Temporary Public Health Officer	0	0	0	45,000	45,000	0	0	0
Temporary Occupational Therapist	0	0	0	55,000	55,000	0	0	0
Expenditure	2,003,017	-1,038,517	964,500	1,542,000	1,090,000	400,000	400,000	485,000
Derbyshire County Council - Better Care Fund	1,851,017	-910,417	940,600	1,500,000	1,090,000	400,000	400,000	400,000
Capital Receipts Reserve	152,000	-128,100	23,900	42,000	0	0	0	85,000
Funding	2,003,017	-1,038,517	964,500	1,542,000	1,090,000	400,000	400,000	485,000

	2019.20			2020.21	2021.22	2022.23	2023.24	2024.25
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
Cultural and Community								
Eureka Park - Community Programme	0	12,797	12,797	0	0	0	0	0
Community Partnership Scheme	239,005	-50,000	189,005	50,000	0	0	0	0
Swadlincote Woodlands Nature Reserve	37,000	15,000	52,000	0	0	0	0	0
Melbourne Sports Park - Drainage Works	433,799	-400,000	33,799	400,000	0	0	0	0
Rosliston Forestry Centre - Play Project	50,000	-50,000	0	50,000	0	0	0	0
CCTV Rosliston	0	13,580	13,580	0	0	0	0	0
Flail Mower - Rosliston	0	10,750	10,750	0	0	0	0	0
Expenditure	759,804	-447,873	311,931	500,000	0	0	0	0
Section 106 Contributions	6,200	12,797	18,997	0	0	0	0	0
External Contributions	22,563	0	22,563	0	0	0	0	0
Earmarked Reserves	2,237	24,330	26,567	0	0	0	0	0
Volunteer Time	6,000	0	6,000	0	0	0	0	0
General Fund Contribution	722,804	-485,000	237,804	500,000	0	0	0	0
Funding	759,804	-447,873	311,931	500,000	0	0	0	0
Environmental								
Swadlincote Heritage Opportunities project	42,007	17,465	59,472	0	0	0	0	0
Expenditure	42,007	17,465	59,472	0	0	0	0	0
External Contributions	22,607	14,055	36,662	0	0	0	0	0
Earmarked Reserves	19,400	-1,400	18,000	0	0	0	0	0
General Fund Contribution	0	4,810	4,810	0	0	0	0	0
Funding	42,007	17,465	59,472	0	0	0	0	0

	2019.20			2020.21	2021.22	2022.23	2023.24	2024.25
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
Corporate Assets								
Vehicle Replacements	517,000	-157,500	359,500	762,532	43,148	0	180,420	839,814
ICT Strategy	0	285,000	285,000	210,000	210,000	210,000	210,000	210,000
Public Buildings Repairs and Renewals	188,032	-88,032	100,000	190,000	138,000	137,000	136,000	135,000
Repairs to Village Halls and Community Facilities	9,075	0	9,075	0	0	0	0	0
Darklands Road, Sale of Depot	0	59,151	59,151	0	0	0	0	0
Stenson Fields Community Centre	0	2,121	2,121	0	0	0	0	0
Oversetts Road Community Project	0	21,499	21,499	0	0	0	0	0
Midway Community Centre Extension	0	4,587	4,587	0	0	0	0	0
Expenditure	714,107	126,826	840,933	1,162,532	391,148	347,000	526,420	1,184,814
Earmarked Reserves	53,000	43,499	96,499	156,535	50,000	50,000	50,000	50,000
External Contributions	0	2,121	2,121	0	0	0	0	0
Capital Receipts Reserve	67,107	5,706	72,813	58,032	0	0	0	0
Growth Provision Contribution	194,000	-104,500	89,500	377,965	30,000	0	60,000	30,000
General Fund Contribution	400,000	180,000	580,000	570,000	311,148	297,000	416,420	1,104,814
Funding	714,107	126,826	840,933	1,162,532	391,148	347,000	526,420	1,184,814
GENERAL FUND CAPITAL EXPENDITURE	3,518,935	-1,342,099	2,176,836	3,204,532	1,481,148	747,000	926,420	1,669,814
GENERAL FUND CAPITAL FUNDING	3,518,935	-1,342,099	2,176,836	3,204,532	1,481,148	747,000	926,420	1,669,814

	2019.20			2020.21	2021.22	2022.23	2023.24	2024.25
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
HRA								
Major Capital Repairs	2,788,000	0	2,788,000	2,635,000	2,383,000	2,170,000	1,733,000	2,077,000
New Build - Moore Lane, Aston-On-Trent	980,000	-207,905	772,095	487,905	0	0	0	0
New Build - Lullington Road	336,367	0	336,367	0	0	0	0	0
New Build - Milton Road, Repton	0	46,000	46,000	444,000	0	0	0	0
New Build - Orchard Street, Newhall	0	0	0	280,000	0	0	0	0
Vehicle Replacements	0	0	0	0	36,673	0	49,186	0
Disabled Adaptations	300,000	0	300,000	300,000	300,000	300,000	300,000	300,000
Expenditure	4,404,367	-161,905	4,242,462	4,146,905	2,719,673	2,470,000	2,082,186	2,377,000
Earmarked Reserves	0	0	0	0	36,673	0	49,186	0
HRA Revenue Contribution	3,088,000	0	3,088,000	2,935,000	2,683,000	2,470,000	2,033,000	2,377,000
Grant Income	45,000	0	45,000	0	0	0	0	0
S106 Contributions	277,999	46,000	323,999	444,000	0	0	0	0
New Build Capital Reserve	993,368	-207,905	785,463	767,905	0	0	0	0
Funding	4,404,367	-161,905	4,242,462	4,146,905	2,719,673	2,470,000	2,082,186	2,377,000

HRA CAPITAL RESERVES

	2019.20 £	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £
New Build and Acquisition Reserve						
Balance B/fwd	2,460,335	2,358,938	1,874,090	2,495,010	3,112,861	3,572,966
Projected Right to Buy Receipts	730,066	727,057	620,920	617,851	460,105	456,974
Homes England Grant	45,000	0	0	0	0	0
New Build - Moore Lane, Aston-On-Trent	-494,096	-487,905	0	0	0	0
New Build - Lullington Road	-336,367	0	0	0	0	0
New Build - Milton Road, Repton	-46,000	-444,000	0	0	0	0
New Build - Orchard Street, Newhall	0	-280,000	0	0	0	0
Balance C/fwd	2,358,938	1,874,090	2,495,010	3,112,861	3,572,966	4,029,940

	2019.20 £	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £
Debt Repayment Reserve						
Balance B/fwd	5,046,000	6,470,000	8,012,000	1,482,000	5,642,000	0
Depreciation Balance Transfer	1,424,000	1,542,000	1,770,000	1,960,000	2,329,000	1,915,000
Revenue Contribution	0	0	1,700,000	2,200,000	2,029,000	1,350,000
Repayment of Loan	0	0	-10,000,000	0	-10,000,000	
Balance C/fwd	6,470,000	8,012,000	1,482,000	5,642,000	0	3,265,000

	2019.20 £	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £
Major Repairs Reserve						
Balance B/fwd	3,454,260	4,354,260	5,054,260	5,754,260	6,454,260	6,754,260
Revenue Contribution	700,000	600,000	600,000	600,000	300,000	600,000
Transfer for Non-Traditional Properties	200,000	100,000	100,000	100,000	0	0
Balance C/fwd	4,354,260	5,054,260	5,754,260	6,454,260	6,754,260	7,354,260

