

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	30th JULY 2020	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
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SUBJECT:	FINAL CAPITAL OUTTURN 2019/20	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 To approve the final Capital outturn position for both the General Fund and Housing Revenue Account (HRA).
- 1.2 To approve the final balance on Capital Reserves for 2019/20.

2.0 Purpose of the Report

- 2.1 To detail the final outturn position for 2019/20 on the Council's capital accounts.
- 2.2 This report is divided into the following sections:
 - Section 3 – General Fund and HRA Capital 2019/20
 - Section 4 – Capital Reserves

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 HRA reserves plus grant income.
- 3.4 The capital budget for 2019/20 was approved in February 2019 and was updated following the outturn 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 Outturn for the year on capital projects and the total financing of all the projects is summarised in the following tables. A detailed list of the projects is attached in Appendix 1.

	Budget £	Actual £	Variance £
Council House Improvements	3,088,000	1,860,791	-1,227,209
Council New Build and Acquisition	1,647,367	1,397,960	-249,407
Private Sector Housing Renewal	998,478	372,132	-626,346
Community Services	322,601	197,823	-124,778
Environmental Development	42,007	59,472	17,465
Property, Plant and Equipment	1,457,917	831,771	-626,146
Total spending	7,556,370	4,719,949	-2,836,421

	Budget £	Actual £	Variance £
Capital Resources	4,524,321	2,976,380	-1,547,941
External Grants and Contributions	990,781	533,717	-457,064
General and Earmarked Reserves	1,750,471	919,055	-831,416
S106 Contributions	290,797	290,797	0
Total funding	7,556,370	4,719,949	-2,836,421

HRA Capital

- 3.6 Major refurbishment works to Council housing was delayed initially due to the delay in appointing a new contractor, but works have progressed well during the year. The delay to the contract start was not due to the appointed contractor but a challenge from the former contractor which delayed the signing of the new contract. An underspend was expected against the budget and this will be carried forward into 2020/21.
- 3.7 Disabled adaptations of Council housing are lower than budget due to the delay appointing a contractor. The underspend will be carried forward to enable additional works in 2020/21.
- 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 Seven properties were acquired in Aston and are all occupied.
- 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 now complete and are fully let. Due to the delay with completion, additional costs have been incurred and the project has exceeded the budget by £89k. The additional cost can be covered by the capital receipts reserve and there are specific revenue budgets within the HRA for professional fees in relation to new build.

General Fund Capital

Private Sector Housing Works

- 3.12 There are several projects included within this area, one of which is Disabled Facility Grants (DFG). Expenditure on DFG has been consistently lower than the allocated budget of £400k for several years.
- 3.13 A list of new projects was reported to this Committee in November and this report gave a three-year projection on expected spend. A number of these projects are not expected to be rolled out until 2020/21 due to project planning and recruitment and therefore a large carry forward of £1,606,172 has been made during the year-end process.

Swadlincote Heritage Opportunities Project

- 3.14 A small budget was carried forward from 2018/19 and although the budget was overspent, most of the expenditure incurred has been claimed from the Heritage Lottery Fund (HLF) with the remainder being funded from a specific earmarked reserve.

Leisure and Community Schemes

- 3.15 The Community Partnership Scheme has all 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 and the project has been completed during 2019/20.
- 3.17 The capital element of the Eureka Park project is now complete and final funding has been drawn down from S106.
- 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 break in at the site. A flail mower has also been purchased for Rosliston. Both are to be financed through an earmarked reserve 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, a refuse freighter and a bulky waste vehicle. The road sweepers and refuse freighter have now been purchased with the remaining vehicles scheduled for delivery in 2020/21.

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 and costs associated with the sale of the former Depot site is covered by the deposit of £45k already received. Disposal costs in relation to transfer of Overseal Public Toilets of £16k does not have an allocated budget but was previously approved by this Committee to be funded through the General Fund.
- 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. To-date works on Rink Drive have been undertaken.
- 3.23 Costs have been incurred in year on the new Community Centre at Stenson (£2k), Walton Village Hall (£2k) and the proposed extension at Midway Community Centre (£5k). Professional fees have been incurred for the proposed Pavilion at Oversetts Road. The costs of the fees can be covered from the capital receipt generated in year from sale of the land off Oversetts Road.

IT Strategy

- 3.24 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.
- 3.25 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 currently being rolled out across the Council.
- 3.26 The allocated budget was not expected to be spent in year and the underspend has been carried forward for use in future years.

4.0 Capital Reserves

- 4.1 The capital reserve balances for the General Fund and HRA as at the 31st March 2020 are listed below.

	£
New Build and Acquisition Reserve	2,212,826
Major Repairs Reserve	4,190,187
Debt Repayment Reserve	6,470,000
HRA Capital Reserves	12,873,013
Capital Receipts Reserve	1,436,172
General Fund Capital Reserves	1,436,172
Total Capital Reserves	<u>14,309,185</u>

HRA Capital Reserves

- 3.27 The New Build and Acquisition Reserve is topped up by all retained receipts of sales of Council houses under Right to Buy.

3.28 Right to Buy sales have totalled 16 as at 31st March 2020 and £695,949 is included in the New Build and Acquisition Reserve above and is summarised in the following table.

	Sales	Gross Receipts	Less Pooled	Retained	
	£	£	£	£	%
Quarter 1	4	206,640	-77,900	128,740	62%
Quarter 2	6	305,513	-77,900	227,613	75%
Quarter 3	3	233,315	-77,900	155,415	67%
Quarter 3	3	262,081	-77,900	184,181	70%
Total	16	1,007,549	-311,599	695,949	69%

3.29 One of the dwellings sold in February is part of the Council's new build development in Linton, built in 2016/17.

3.30 Two former Council dwellings were purchased back during the year and a discount of £52,129. This has been transferred into the New Build and Acquisition Reserve.

3.31 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. A draw down will not be required in year the reserve has been topped up during the year.

3.32 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 because of self-financing.

3.33 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
	<u>57,423,000</u>

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

General Fund Capital Reserves

3.35 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 in the table. Included within the total reserve is the overage payment received from Chestnut Avenue, Midway.

3.36 A sum of £820,162 has been received during 2019/20 to build a community facility at Oversetts Road. £570,000 of this receipt was negotiated under a S106 agreement

and therefore is not included within the Capital Receipts reserve. The remaining balance has been separated below as it is to be utilised for this specific project.

	£ 2019/20	£ 2020/21	£ 2021/22	£ 2022/23	£ 2023/24	£ 2024/25
General Capital Receipts B/fwd	334,736	473,497	1,790,765	2,587,415	2,587,415	2,587,415
Receipts in Year:						
Land Sale Bridge Street, Castle Gresley	15,552	0	0	0	0	0
Additional Receipt for Land at Staley Close	2,500					
Sale of former Depot Site	45,000	855,000	0	0	0	0
Land Sale Oversetts Road	143,735	705,000	796,650	0	0	0
Specific Projects:						
Strategic Housing Market Assessment	-15,878	0	0	0	0	-50,000
Private Sector Stock Condition Survey	0	-60,000	0	0	0	0
Empty Property Grants	-4,000	-38,000	0	0	0	0
Repairs to Village Halls	-2,375	-6,700	0	0	0	0
Public Buildings Planned Maintenance	0	-58,032	0	0	0	0
Costs of Land Sales	-45,773	-80,000	0	0	0	0
Remaining Balance	473,497	1,790,765	2,587,415	2,587,415	2,587,415	2,537,415
Specific Receipts for Specific Projects						
B/fwd Balance	0	962,675	962,675	962,675	962,675	962,675
Overage Payment	738,599	0	0	0	0	0
Oversetts Project Payment	250,162	0	0	0	0	0
Midway Community Centre Costs	-4,587	0	0	0	0	0
Oversetts Professional Fees	-21,499	0	0	0	0	0
C/fwd Balance	962,675	962,675	962,675	962,675	962,675	962,675
Total Capital Receipts Reserve Balance	1,436,172	2,753,440	3,550,090	3,550,090	3,550,090	3,500,090

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

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.

CAPITAL EXPENDITURE AND FINANCING 2019/20

	Budget £	Actual £	Variance £
Major Improvements under Self-financing	2,788,000	1,636,315	-1,151,685
Council New Build Programme plus Acquisitions	1,647,367	1,397,960	-249,407
Major Disabled Facilities Grant (Council Houses MRA)	300,000	224,476	-75,524
COUNCIL HOUSE IMPROVEMENTS	4,735,367	3,258,751	-1,476,616
Disabled Facility Grants and other Works	400,000	261,682	-138,318
Discretionary Top-up Grants for under 18's	50,000	0	-50,000
Healthy Homes Project	80,000	30,128	-49,872
Establishing a Hospital to Home Scheme	100,000	0	-100,000
Dedicated Mental Health Worker	40,000	26,814	-13,186
Additional Technical Officer	40,000	27,656	-12,344
Countrywide Stock Modelling Report	5,600	5,600	0
Empty Property Grants	42,000	4,000	-38,000
Relocation Grant	50,000	0	-50,000
Dementia Friendly Homes Grant	5,000	0	-5,000
Hospital Discharge Grant	10,000	0	-10,000
Healthy Homes Assistance Fund	100,000	374	-99,626
Stay Active and Independent for Longer	60,000	0	-60,000
Strategic Housing Market Assessment	15,878	15,878	0
PRIVATE SECTOR HOUSING RENEWAL	998,478	372,132	-626,346
Community Partnership Scheme	239,005	113,310	-125,695
Eureka Park Community Programme	12,797	12,797	0
Swadlincote Woodlands Nature Reserve	37,000	33,388	-3,612
Melbourne Sports Park	33,799	13,998	-19,801
CCTV Rosliston	0	13,580	13,580
Flail Mower, Rosliston	0	10,750	10,750
COMMUNITY SERVICES	322,601	197,823	-124,778
Swadlincote Heritage Opportunities project	42,007	59,472	17,465
ENVIRONMENTAL AND DEVELOPMENT SERVICES	42,007	59,472	17,465
Vehicle Replacements	517,000	354,029	-162,971
Town Centre Regeneration	0	21,694	21,694
IT Strategy	671,842	298,380	-373,462
Property Maintenance and Refurbishment	260,000	65,684	-194,316
Overseal Toilets	0	16,000	16,000
Sale of Former Depot	0	43,273	43,273
Oversetts Road Community Facility Project	0	23,628	23,628
Midway Community Centre Extension	0	4,587	4,587
Stenson Fields Community Centre	0	2,121	2,121
Repairs to Village Halls	9,075	2,375	-6,700

PROPERTY and OTHER ASSETS	1,457,917	831,771	-626,146
TOTAL EXPENDITURE	7,556,370	4,719,949	-2,836,421