

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	27th AUGUST 2020	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
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SUBJECT:	CAPITAL FINANCIAL MONITORING 2020/21	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest capital financial position for 2020/21 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 2020/21.
- 2.2 The report details performance of both the HRA and General Fund up to 30th June 2020 unless otherwise stated and is an update of capital project progress for 2020/21.

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 2020/21 was approved in February 2020 and was updated following the outturn for 2019/20 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 year on capital projects and the total financing of all of the projects is summarised in the following tables.

Capital Spending 2020/21	Approved Budget £	B/fwd. 2019/20 £	Updated Budget 2020/21 £	Spend to-date £
Council House Capital Works	2,935,000	0	2,935,000	280,238
Council House Disabled Adaptations	300,000	0	300,000	44,788
New Build and Acquisition Schemes	2,107,905	0	2,107,905	46,000
Total HRA	5,342,905	0	5,342,905	371,027
Private Sector Housing Works	792,375	1,637,074	2,429,449	27,028
Environmental and Heritage Schemes	0	0	0	0
Community Partnership Scheme	275,000	125,695	400,695	6,420
Melbourne Sports Park	400,000	19,801	419,801	4,770
Vehicle Replacements	450,161	157,500	607,661	39,848
Town Centre Regeneration	0	100,000	100,000	0
Sale of Land and Property	0	0	0	3,042
Community Centres / Pavilion	0	0	0	0
IT Strategy	210,000	449,406	659,406	17,216
Property Maintenance and Refurbishment	90,000	445,779	535,779	0
Total General Fund	2,217,536	2,935,255	5,152,791	98,324
Total Council Expenditure	7,560,441	2,935,255	10,495,696	469,351

Capital Financing 2020/21	Approved Budget £	B/fwd. 2019/20 £	Updated Budget 2020/21 £
HRA Revenue Contribution	3,235,000	0	3,235,000
General Fund Revenue Contribution	975,000	145,496	1,120,496
Earmarked/Specific Reserves	450,161	1,052,685	1,502,846
Capital Receipts Reserve	2,107,905	38,000	2,145,905
Grant Funding	792,375	1,699,074	2,491,449
Total Funding	7,560,441	2,935,255	10,495,696

HRA Capital

3.6 Major refurbishment works to Council housing has been delayed initially due to the pandemic. External works have slowly progressed during the lockdown and contractors are now back on site. An underspend may be expected in year due to the slow start but it is too early at this stage to estimate the level of potential underspend.

3.7 Disabled adaptations of Council housing have also been delayed due to the pandemic. Works are now scheduled, and any underspend will be carried forward to enable additional works in 2021/22.

3.8 The budget for new build and acquisition schemes consists of the acquisition of properties in Repton, Newhall, Overseal and Aston.

- 3.9 All the acquisitions are due to be transferred to the Council at different stages during 2020/21 but delays are likely due to the pandemic and slow house build during the first quarter.

General Fund Capital

Private Sector Housing Works

- 3.10 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. Due to the pandemic there has been a delay to the start in 2020/21, but it is expected that the approved projects will be progressing well during the second quarter. Budget carry forwards are for approved projects, some of which started during 2019/20.
- 3.11 A list of new projects was reported to this Committee in November 2019 and this report gave a three-year projection on expected spend.

Leisure and Community Schemes

- 3.12 The Community Partnership Scheme has all the funding committed to specific projects, but the funding is still to be drawn down from the Council.
- 3.13 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.

Vehicle Replacements

- 3.14 The scheduled replacements in 2020/21 are for a new road sweeper, a tractor, additional vehicles for Grounds Maintenance and Cultural Services, a refuse freighter and a bulky waste vehicle. The tractor has been purchased and the remaining vehicles are to be ordered during 2020/21.

Asset Disposals and Refurbishment

- 3.15 Costs associated with the sale of land at the former Depot of £3k have been incurred during the first quarter and this can be funded from the capital receipt, which is expected in August 2020.
- 3.16 A General Fund contribution of £90k is set-aside each year to fund refurbishment and maintenance of Public Buildings. Due to a tender exercise the programme of works didn't begin until the later part of 2019/20. The programme will run alongside scheduled capital works on HRA Council dwellings.

IT Strategy

- 3.17 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.
- 3.18 A number of separate tender exercises have been undertaken during 2018/2019 and the early part of 2019/20 and an equipment replacement programme is currently being rolled out across the Council.

3.19 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

3.20 The capital reserve balances for the General Fund and HRA as at the 1st April 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

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

3.22 Right to Buy sales have totalled 1 as at 30th June 2020 retaining £14,520 for transfer into the New Build and Acquisition reserve. As at 31st July, no further sales have taken place in year.

	Sales £	Gross Receipts £	Less Pooled £	Retained	
				£	%
Quarter 1	1	80,925	-66,405	14,520	18%
Total	1	80,925	-66,405	14,520	18%

3.23 Any underspends on the HRA capital programme are transferred to the Major Repairs Reserve at year-end and the balance will be utilised in future years as the new schedule for capital works is implemented.

3.24 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 due to self-financing.

3.25 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>

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

General Fund Capital Reserves

3.27 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.

3.28 A sum of £820,162 was 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.

	£ 2020/21	£ 2021/22	£ 2022/23	£ 2023/24	£ 2024/25	£ 2025/26
General Capital Receipts B/fwd	473,497	1,867,723	2,664,373	2,664,373	2,664,373	2,614,373
Receipts in Year:						
Sale of former Depot Site	855,000	0	0	0	0	0
Land Sale Oversetts Road	705,000	796,650	0	0	0	0
Specific Projects:						
Strategic Housing Market Assessment	0	0	0	0	-50,000	0
Private Sector Stock Condition Survey	-60,000	0	0	0	0	0
Empty Property Grants	-38,000	0	0	0	0	0
Repairs to Village Halls	-6,700	0	0	0	0	0
Public Buildings Planned Maintenance	-58,032	0	0	0	0	0
Costs of Land Sales	-3,042	0	0	0	0	0
Remaining Balance	1,867,723	2,664,373	2,664,373	2,664,373	2,614,373	2,614,373
Specific Receipts for Specific Projects						
B/fwd Balance	0	962,675	962,675	962,675	962,675	962,675
Remaining Balance on Overage	734,012	0	0	0	0	0
Remaining Balance on Oversetts Project	228,663	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	2,830,398	3,627,048	3,627,048	3,627,048	3,577,048	3,577,048

3.29 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.

