
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	18th MARCH 2021	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/2020-21/March
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.
- 1.2 That the balance of S106 available for use by the Council for capital projects as detailed in Appendix 2 is noted.

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 31st January 2021 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. Further to the Capital Bidding round, General Fund project budgets have now also been updated to include the fourteen approved 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 projects is summarised in the following tables with detail of financial performance for each project listed in Appendix 1.

CAPITAL MONITORING JANUARY 2021

	EXPENDITURE		
	Actual	Budget	Variance
	£	£	£
Major Improvements	1,892,951	2,635,136	742,184
Disabled Adaptations	99,257	300,000	200,743
New Build and Acquisition	1,056,296	2,107,905	1,051,609
TOTAL HRA	3,048,504	5,043,041	1,994,536
Private Sector Housing	329,359	2,084,350	1,754,991
Community Projects	349,718	3,774,358	3,424,640
Vehicle Replacements	134,989	730,661	595,672
ICT Strategy	80,975	210,000	129,025
Asset Replacement and Renewal	37,535	894,732	857,197
TOTAL GENERAL FUND	932,575	7,694,101	6,761,526
TOTAL CAPITAL EXPENDITURE	3,981,080	12,737,142	8,756,062

	FUNDING		
	Actual	Budget	Variance
	£	£	£
Section 106	487,196	1,632,150	1,144,954
Grants	329,359	2,117,850	1,788,491
HRA	1,992,208	2,935,136	942,927
General Fund	402,508	1,173,496	770,988
Capital Receipts	631,911	3,757,849	3,125,938
Earmarked Reserves	137,898	1,120,661	982,763
TOTAL FUNDING	3,981,080	12,737,142	8,756,062

HRA Capital

- 3.6 Major refurbishment works to Council housing was initially delayed due to the pandemic. External works have slowly progressed during the lockdown periods and contractors are working through the backlog from earlier in the year. An underspend is expected but this will be carried forward to form part of the enhanced programme in 2021/22.

- 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 Properties in Aston and Repton have been transferred across to the Council and are fully let to tenants. Dwellings in Overseal are due part in March and part in April with the Newhall dwellings due for transfer during 2021/22. The budget will be carried forward for the Overseal and Newhall acquisitions.

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 the approved projects have progressed during the second half of the year as there is a pipeline of works scheduled.
- 3.11 Any underspend on these projects will be carried forward into 2021/22 and an update to performance on the projects will be reported in the summer.

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 the contract has now been awarded.
- 3.14 There is likely to be a large underspend in year for all of the new capital projects resulting from the capital bidding round due to two further lockdowns since approval of the report. Any underspend is to be carried forward and projects progressed in 2021/22.

Vehicle Replacements

- 3.15 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. In addition to this, approval to purchase a gully cleansing vehicle as part of the growth and restructure of Operational Services has been added to the budget. The vehicles purchased to-date are all for Grounds Maintenance.

Asset Disposals and Renewal

- 3.16 Costs associated with the sale of land at the former Depot of £22k have been incurred during the first six months and this can be funded from the capital receipt of £855k which was received in August 2020.

3.17 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.

3.18 Works have begun on some of the capital bid projects but will not be completed in year so the balance will be carried forward in 201/22.

IT Strategy

3.19 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.

3.20 A number of separate tender exercises have been undertaken during 2018/19 and the early part of 2019/20 and an equipment replacement programme has been rolled out across the Council.

3.21 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 to help fund future equipment plus any upgrade requirements to software.

Capital Reserves

3.22 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

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

3.24 Right to Buy sales have totalled 6 as at 31st December 2020 retaining £265,781 for transfer into the New Build and Acquisition reserve. As at 31st January, no further sales have taken place.

	Sales	Gross Receipts	Less Pooled	Retained	
	£	£	£	£	%
Quarter 1	1	80,925	-66,405	14,520	18%
Quarter 2	0	0	0	0	0%
Quarter 3	5	418,555	-167,294	251,261	60%
Total	6	499,480	-233,699	265,781	53%

3.25 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.

3.26 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.

3.27 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>

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

General Fund Capital Reserves

3.29 As part of the Council's Reserve balances, S106 receipts are accumulated and drawn down against specific projects in line with the contractual agreement.

3.30 S106 is received and monitored by the Council for other public bodies such as Derbyshire County Council and the NHS with sums also being allocated specifically to the Council. Appendix 2 details the total S106 available for the Council to spend on projects and has been broken down between community sums and affordable housing sums. The following table summarises the position as at 31st January 2021.

£	
Affordable Housing	2,855,398
Community	2,004,356
Total	<u>4,859,754</u>

3.31 The Capital Receipts Reserve is made up of asset sales in recent years plus the overage payment received from Chestnut Avenue, Midway.

3.32 The following table includes the balance on the Capital Receipts Reserve, expected receipts less specific projects which includes the projects approved as part of the capital bidding round.

	£ 2020/21	£ 2021/22	£ 2022/23	£ 2023/24	£ 2024/25	£ 2025/26
General Capital Receipts B/fwd	1,436,172	1,160,269	1,473,294	951,821	751,821	666,821
Receipts in Year:						
Sale of former Depot Site	855,000	0	0	0	0	0
Land Sale Oversetts Road	517,000	984,650	0	0	0	0
Specific Projects:						
Strategic Housing Market Assessment	0	0	0	0	-25,000	0
Private Sector Stock Condition Survey	0	0	0	0	-60,000	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	-25,512	0	0	0	0	0
PCI Compliance	0	-34,828	0	0	0	0
Vehicle Replacements	0	0	0	0	0	-606,688
Midway Community Centre Extension	-250,000	0	0	0	0	0
Capital Bid Projects	-1,269,659	-636,797	-521,473	-200,000	0	0
Capital Receipts Reserve Balance	1,160,269	1,473,294	951,821	751,821	666,821	60,133

3.33 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.

APPENDIX 1

COMMITTEE SUMMARY - CAPITAL MONITORING JANUARY 2021

	EXPENDITURE		
	Actual	Budget	Variance
	£	£	£
Major Improvements under Self-financing	1,892,951	2,635,136	742,184
Major Disabled Facilities Grant (Council Houses MRA)	99,257	300,000	200,743
New Build - Orchard Street, Newhall	0	280,000	280,000
New Build - Acresford Road, Overseal	81,900	850,000	768,100
New Build - Moore Lane, Aston On Trent	487,200	487,905	705
New Build - Milton Road, Repton	487,196	490,000	2,804
HOUSING REVENUE ACCOUNT	3,048,504	5,043,041	1,994,536
Disabled Facility Grants and other Works	104,985	553,352	448,367
Discretionary Top-up Grants for under 18's	0	100,000	100,000
Healthy Homes Project	30,746	129,872	99,126
DFG Associated Preventative Works	0	0	0
Establishing a Hospital to Home Scheme	0	200,000	200,000
Dedicated Mental Health Worker	22,345	40,000	17,655
Additional Technical Officer	27,375	40,000	12,625
Integrated Adaptations of New Build Social Housing	0	0	0
Fly Tipping and Environmental Surveillance	0	28,500	28,500
Empty Property Grants	0	38,000	38,000
Relocation Grant	0	100,000	100,000
Dementia Friendly Homes Grant	0	20,000	20,000
Domestic Violence Crisis Prevention	0	50,000	50,000
Hospital Discharge Grant	11,007	30,000	18,993
Healthy Homes Assistance Fund	56,804	199,626	142,822
Pilot Schemes	0	200,000	200,000
Capital One-off Projects	0	150,000	150,000
Temporary Health & Housing Co-ordinator	0	45,000	45,000
Stay Active and Independent for Longer	2,425	60,000	57,575
Temporary Public Health Officer	27,218	45,000	17,782
Temporary Occupational Therapist	0	55,000	55,000
Property Flood Resilience Recovery Support Scheme	46,455	0	-46,455
Private Sector Housing	329,359	2,084,350	1,754,991

	EXPENDITURE		
	Actual	Budget	Variance
	£	£	£
Community Partnership Scheme	90,423	400,695	310,272
Melbourne Sports Park - Drainage Works	235,610	419,801	184,191
Melbourne Sporting Partnership	-4,500	0	4,500
Midway Community Centre Extension	0	250,000	250,000
Urban Country Park	635	0	-635
Midway Community Centre - Pitches	0	0	0
Oversetts Road Football Facility	0	1,188,159	1,188,159
SuDS Improvements	0	20,000	20,000
Paradise Garden, Swadlincote Town Centre	0	30,000	30,000
Revitalising Rosliston Forestry Centre	26,050	276,155	250,105
CCTV in Swadlincote Town Centre	1,500	13,000	11,500
Improvements to Play Areas	0	160,000	160,000
Extension to Marston on Dove Cemetery	0	48,000	48,000
Miners Memorial Project, Eureka Park	0	185,000	185,000
Urban Park at William Nadin Way	0	713,548	713,548
Improvements to Swadlincote Woodlands	0	30,000	30,000
Eureka Park Bowling Green Improvements	0	40,000	40,000
Community Services	349,718	3,774,358	3,424,640
Vehicle Replacements	134,989	730,661	595,672
Oversetts Road Land	0	0	0
Demolition of Sabines Yard	1,500	0	-1,500
Public Building - Repairs & Renewals	0	148,032	148,032
Repairs to Village Halls & Community Facilities	0	6,700	6,700
Civic Hub - Town Centre Regeneration	0	100,000	100,000
IT Strategy	80,975	210,000	129,025
Repairs to Melbourne Assembly Rooms	10,656	260,000	249,344
Purchase of Chamber Building	2,774	80,000	77,226
Demolition of Bank House and Car Park Creation	135	300,000	299,865
Oversetts Road (Cadley Park)	0	0	0
Darklands Road, Sale of Depot	22,470	0	-22,470
Assets	253,498	1,835,393	1,581,895
GENERAL FUND	932,575	7,694,101	6,761,526
TOTAL CAPITAL EXPENDITURE	3,981,080	12,737,142	8,756,062

APPENDIX 2

Planning Reference	Ward	Affordable Housing £	Community £	Total £
2010/0320	Aston	0	9,918	9,918
2012/0568	Aston	0	539,550	539,550
2014/0232	Aston	0	30,839	30,839
2016/0870	Aston	0	15,052	15,052
2016/0898	Aston	0	14,886	14,886
2012/0743	Church Gresley	152,773	217,877	370,650
2013/1040	Etwall	0	89,737	89,737
2014/0562	Etwall	0	60,986	60,986
2014/1136	Etwall	0	298,452	298,452
2015/0354	Etwall	0	26,540	26,540
2015/0768	Etwall	2,142,360	146,126	2,288,486
2017/0349	Etwall	0	75,648	75,648
2013/1044	Hilton	0	55,425	55,425
2014/0980	Hilton	0	11,286	11,286
2015/0426	Linton	0	20,946	20,946
2015/0723	Linton	0	34,316	34,316
2014/1141	Melbourne	0	15,326	15,326
2016/0094	Midway	0	11,201	11,201
2011/0952	Newhall and Stanton	0	7,524	7,524
2014/0222	Newhall and Stanton	0	16,892	16,892
2015/0396	Newhall and Stanton	0	6,608	6,608
2017/0667	Newhall and Stanton	62,359	0	62,359
2013/0643	Repton	497,906	0	497,906
2017/0819	Seales	0	5,635	5,635
2007/0873	Swadlincote	0	852	852
2011/0329	Swadlincote	0	9,286	9,286
2013/0818	Swadlincote	0	60,937	60,937
2006/0885	Willington and Findern	0	100,000	100,000
2011/0292	Willington and Findern	0	59,127	59,127
2012/0586	Woodville	0	5,709	5,709
2012/0861	Woodville	0	10,602	10,602
2015/0561	Woodville	0	9,771	9,771
2015/0563	Woodville	0	7,138	7,138
2015/0976	Woodville	0	5,895	5,895
2016/0329	Woodville	0	24,269	24,269
TOTAL		2,855,398	2,004,356	4,859,754