

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>11<sup>th</sup> FEBRUARY 2021</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>VICKI SUMMERFIELD (01283 595939)</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> <i>s/finance/committee/2020-21/Feb</i>
<b>SUBJECT:</b>	<b>CAPITAL BUDGET TO 2026</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendations**

- 1.1 That capital programme expenditure and funding to 2026 is considered and approved.
- 1.2 That the current Fleet Management Strategy and Vehicle Replacement Plan is reviewed in 2021/22 and is realigned to the level of resources currently available and that the outcome is reported back to this Committee.
- 1.3 That £600,000 is earmarked in the Capital Receipts Reserve to replace vehicles, plant and equipment in 2025/26, pending the above review.

## **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 2026.
- 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.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
Expenditure	£	£	£	£	£	£
Private Sector Housing	2,017,850	1,188,000	423,072	400,000	485,000	400,000
Cultural and Community Services	2,236,655	1,700,527	371,473	100,000	0	0
Environmental Services	28,500	0	50,000	0	0	0
Corporate Assets	1,567,736	731,896	347,000	426,420	1,084,814	1,516,760
<b>Total Expenditure</b>	<b>5,850,741</b>	<b>3,620,423</b>	<b>1,191,545</b>	<b>926,420</b>	<b>1,569,814</b>	<b>1,916,760</b>

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 the Committee in November 2020.

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 plus projects included within the capital bidding round in October 2020.

3.5 Environmental Services has two projects as a result of the capital bidding round mentioned previously.

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.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
Expenditure	£	£	£	£	£	£
Major Capital Repairs	2,635,000	2,383,000	2,170,000	1,833,000	2,177,000	2,216,000
New Build and Acquisition	2,107,905	0	0	0	0	0
Vehicle Replacements	0	36,673	0	49,186	0	227,503
Disabled Adaptations	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total Expenditure</b>	<b>5,042,905</b>	<b>2,719,673</b>	<b>2,470,000</b>	<b>2,182,186</b>	<b>2,477,000</b>	<b>2,743,503</b>
Funding						
Earmarked Reserves	0	36,673	0	49,186	0	227,503
HRA Revenue Contribution	2,935,000	2,683,000	2,470,000	2,133,000	2,477,000	2,516,000
S106 Contributions	490,000	0	0	0	0	0
New Build Capital Reserve	1,617,905	0	0	0	0	0
<b>Total Funding</b>	<b>5,042,905</b>	<b>2,719,673</b>	<b>2,470,000</b>	<b>2,182,186</b>	<b>2,477,000</b>	<b>2,743,503</b>

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 2020/21 will underspend due to the pandemic. 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.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
Reserve Balance B/fwd	1,436,172	1,629,222	1,559,425	1,037,952	937,952	852,952
Sale of the Depot	900,000	0	0	0	0	0
Cadley Park	796,650	705,000	0	0	0	0
<b>Total Receipts</b>	<b>1,696,650</b>	<b>705,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Costs Associated to Land Sales	25,134	0	0	0	0	0
Capital Bid Approvals	-1,269,659	-736,797	-521,473	-100,000	0	0
Midway Community Centre	-250,000	0	0	0	0	0
Repairs to Village Halls and Community Facilities	-9,075	0	0	0	0	0
Vehicle Replacements	0	0	0	0	0	-606,688
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	0	-38,000	0	0	0	0
<b>Committed Expenditure</b>	<b>-1,503,600</b>	<b>-774,797</b>	<b>-521,473</b>	<b>-100,000</b>	<b>-85,000</b>	<b>-606,688</b>
<b>Reserve Balance C/fwd</b>	<b>1,629,222</b>	<b>1,559,425</b>	<b>1,037,952</b>	<b>937,952</b>	<b>852,952</b>	<b>246,264</b>

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 The capital bidding round concluded in 2020 and was reported to the Committee in October and £2.6m has been allocated to projects across the District which are all included in Appendix 1.

4.6 A vehicle replacement schedule was reported to Environmental and Development Services in January 2020. The current reserve balance and sums set-aside annually

will not be enough to cover the replacements of vehicles due in 2025/26. It is proposed to fund this shortfall from the balance in the Capital Receipts Reserve but prior to drawdown, rescheduling and extending asset life will be explored.

## 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 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**.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
New Build and Acquisition Reserve	1,321,978	2,045,995	2,766,943	3,381,694	3,993,313	4,604,932
Debt Repayment Reserve	8,006,000	1,600,000	5,845,000	275,000	3,636,000	6,623,000
Major Repairs Reserve	4,890,187	5,590,187	6,290,187	6,590,187	7,190,187	7,790,187
<b>HRA Projected Capital Reserves</b>	<b>14,218,165</b>	<b>9,236,182</b>	<b>14,902,130</b>	<b>10,246,881</b>	<b>14,819,500</b>	<b>19,018,119</b>

- 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.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
Projected Council Dwelling Disposals	20	20	20	18	18	18

- 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 £2.2m at the start of 2020/21.
- 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

	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>GENERAL FUND</b>								
<b>Private Sector Housing</b>								
Major Disabled Facilities Grant (Private)	400,000	153,352	553,352	400,000	423,072	400,000	400,000	400,000
Empty Property Grants	38,000	-38,000	0	38,000	0	0	0	0
Strategic Housing Market Assessment	0	0	0	0	0	0	25,000	0
Private Sector Stock Condition Survey	0	0	0	0	0	0	60,000	0
Discretionary Top up Grants for under 18s	50,000	50,000	100,000	50,000	0	0	0	0
Healthy Homes Project	80,000	49,872	129,872	80,000	0	0	0	0
Establishing a Hospital to Home Scheme	100,000	100,000	200,000	100,000	0	0	0	0
Appointment of a dedicated Mental Health Worker	40,000	0	40,000	40,000	0	0	0	0
Ongoing cost of Funding additional Technical Officer	40,000	0	40,000	40,000	0	0	0	0
Relocation Grant	50,000	50,000	100,000	50,000	0	0	0	0
Dementia Friendly Homes Grant	15,000	5,000	20,000	15,000	0	0	0	0
Domestic Violence Crisis Prevention	50,000	0	50,000	50,000	0	0	0	0
Hospital Discharge Grant	20,000	10,000	30,000	20,000	0	0	0	0
Healthy Homes Assistance Fund	100,000	99,626	199,626	100,000	0	0	0	0
Pilot Schemes	200,000	0	200,000	0	0	0	0	0
Capital One-off Projects	150,000	0	150,000	0	0	0	0	0
Stay Active and Independent for Longer	60,000	0	60,000	60,000	0	0	0	0
Temporary Health and Housing Co-ordinator	45,000	0	45,000	45,000	0	0	0	0
Temporary Public Health Officer	45,000	0	45,000	45,000	0	0	0	0
Temporary Occupational Therapist	55,000	0	55,000	55,000	0	0	0	0
<b>Expenditure</b>	<b>1,538,000</b>	<b>479,850</b>	<b>2,017,850</b>	<b>1,188,000</b>	<b>423,072</b>	<b>400,000</b>	<b>485,000</b>	<b>400,000</b>
Derbyshire County Council - Better Care Fund	1,500,000	517,850	2,017,850	1,150,000	423,072	400,000	400,000	400,000
Capital Receipts Reserve	38,000	-38,000	0	38,000	0	0	85,000	0
<b>Funding</b>	<b>1,538,000</b>	<b>479,850</b>	<b>2,017,850</b>	<b>1,188,000</b>	<b>423,072</b>	<b>400,000</b>	<b>485,000</b>	<b>400,000</b>

	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>Cultural and Community</b>								
Community Partnership Scheme (2017 & 2019)	400,695	-300,000	100,695	300,000	0	0	0	0
Melbourne Sports Park - Drainage Works	419,801	0	419,801	0	0	0	0	0
Revitalising Rosliston Forestry Centre	276,155	-226,155	50,000	360,527	321,473	100,000	0	0
Oversetts Road Football Facility	1,188,159	0	1,188,159	0	0	0	0	0
SUDS Improvements	20,000	0	20,000	50,000	50,000	0	0	0
Paradise Garden	30,000	0	30,000	0	0	0	0	0
CCTV Town Centre	13,000	0	13,000	0	0	0	0	0
Improvements to Play Areas	160,000	0	160,000	120,000	0	0	0	0
Miners Memorial Eureka Park	185,000	0	185,000	0	0	0	0	0
Urban Park - William Nadin Way	860,000	-860,000	0	860,000	0	0	0	0
Improvements to Swad Woodlands	30,000	0	30,000	10,000	0	0	0	0
Eureka Park Bowling Green	40,000	0	40,000	0	0	0	0	0

**Expenditure**

<b>3,622,810</b>	<b>-1,386,155</b>	<b>2,236,655</b>	<b>1,700,527</b>	<b>371,473</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
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Section 106 Contributions	1,038,440	-468,440	570,000	578,440	0	0	0	0
External Contributions	3,000	0	3,000	0	0	0	0	0
Earmarked Reserves	0	0	0	135,290	0	0	0	0
Capital Receipts Reserve	1,710,874	-567,715	1,143,159	636,797	371,473	100,000	0	0
General Fund Contribution	870,496	-350,000	520,496	350,000	0	0	0	0

**Funding**

<b>3,622,810</b>	<b>-1,386,155</b>	<b>2,236,655</b>	<b>1,700,527</b>	<b>371,473</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
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**Environmental**

Fly Tipping & Surveillance	28,500	0	28,500	0	0	0	0	0
Carbon Reduction	0	0	0	0	50,000	0	0	0

**Expenditure**

<b>28,500</b>	<b>0</b>	<b>28,500</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
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Capital Receipts Reserve	28,500	0	28,500	0	50,000	0	0	0
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**Funding**

<b>28,500</b>	<b>0</b>	<b>28,500</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
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	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>Corporate Assets</b>								
Vehicle Replacements	762,532	-31,871	730,661	77,896	0	180,420	839,814	1,265,260
ICT Strategy	210,000	0	210,000	166,000	160,000	160,000	160,000	166,500
Public Buildings Repairs and Renewals	190,000	0	190,000	88,000	87,000	86,000	85,000	85,000
Repairs to Village Halls and Community Facilities	0	9,075	9,075	0	0	0	0	0
Midway Community Centre Extension	250,000	0	250,000	0	0	0	0	0
Town Centre Regeneration	300,000	-300,000	0	300,000	0	0	0	0
Repairs to Melbourne Assembly Rooms	260,000	-210,000	50,000	100,000	100,000	0	0	0
Purchase of Chamber Building	80,000	0	80,000	0	0	0	0	0
Extension to Marston on Dove Cemetery	48,000	0	48,000	0	0	0	0	0

**Expenditure**

<b>2,100,532</b>	<b>-532,796</b>	<b>1,567,736</b>	<b>731,896</b>	<b>347,000</b>	<b>426,420</b>	<b>1,084,814</b>	<b>1,516,760</b>
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Earmarked Reserves	898,197	-287,536	610,661	255,665	0	0	539,814	358,572
Capital Receipts Reserve	558,000	-200,925	357,075	100,000	100,000	0	0	606,688
Growth Provision Contribution	30,000	0	30,000	30,000	0	30,000	30,000	30,000
General Fund Contribution	614,335	-44,335	570,000	346,231	247,000	396,420	515,000	521,500

**Funding**

<b>2,100,532</b>	<b>-532,796</b>	<b>1,567,736</b>	<b>731,896</b>	<b>347,000</b>	<b>426,420</b>	<b>1,084,814</b>	<b>1,516,760</b>
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<b>GENERAL FUND CAPITAL EXPENDITURE</b>	<b>7,289,842</b>	<b>-1,439,101</b>	<b>5,850,741</b>	<b>3,620,423</b>	<b>1,191,545</b>	<b>926,420</b>	<b>1,569,814</b>	<b>1,916,760</b>
<b>GENERAL FUND CAPITAL FUNDING</b>	<b>7,289,842</b>	<b>-1,439,101</b>	<b>5,850,741</b>	<b>3,620,423</b>	<b>1,191,545</b>	<b>926,420</b>	<b>1,569,814</b>	<b>1,916,760</b>



	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>HRA</b>								
Major Capital Repairs	2,635,000	0	2,635,000	2,383,000	2,170,000	1,833,000	2,177,000	2,216,000
New Build - Moore Lane, Aston-On-Trent	487,905	0	487,905	0	0	0	0	0
New Build - Milton Road, Repton	490,000	0	490,000	0	0	0	0	0
New Build - Orchard Street, Newhall	280,000	0	280,000	0	0	0	0	0
New Build - Acresford Road, Overseal	850,000	0	850,000	0	0	0	0	0
Vehicle Replacements	0	0	0	36,673	0	49,186	0	227,503
Disabled Adaptations	300,000	0	300,000	300,000	300,000	300,000	300,000	300,000
<b>Expenditure</b>	<b>5,042,905</b>	<b>0</b>	<b>5,042,905</b>	<b>2,719,673</b>	<b>2,470,000</b>	<b>2,182,186</b>	<b>2,477,000</b>	<b>2,743,503</b>
Earmarked Reserves	0	0	0	36,673	0	49,186	0	227,503
HRA Revenue Contribution	2,935,000	0	2,935,000	2,683,000	2,470,000	2,133,000	2,477,000	2,516,000
S106 Contributions	490,000	0	490,000	0	0	0	0	0
New Build Capital Reserve	1,617,905	0	1,617,905	0	0	0	0	0
<b>Funding</b>	<b>5,042,905</b>	<b>0</b>	<b>5,042,905</b>	<b>2,719,673</b>	<b>2,470,000</b>	<b>2,182,186</b>	<b>2,477,000</b>	<b>2,743,503</b>

## HRA CAPITAL RESERVES

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
<b>New Build and Acquisition Reserve</b>						
Balance B/fwd	2,212,826	1,321,978	2,045,995	2,766,943	3,381,694	3,993,313
Projected Right to Buy Receipts	727,057	724,017	720,948	614,751	611,619	611,619
New Build - Moore Lane, Aston-On-Trent	-487,905	0	0	0	0	0
New Build - Acresford Road Overseal	-850,000	0	0	0	0	0
New Build - Orchard Street, Newhall	-280,000	0	0	0	0	0
<b>Balance C/fwd</b>	<b>1,321,978</b>	<b>2,045,995</b>	<b>2,766,943</b>	<b>3,381,694</b>	<b>3,993,313</b>	<b>4,604,932</b>

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
<b>Debt Repayment Reserve</b>						
Balance B/fwd	6,470,000	8,006,000	1,600,000	5,845,000	275,000	3,636,000
Depreciation Balance Transfer	765,000	1,444,000	1,594,000	1,962,000	1,546,000	1,487,000
Revenue Contribution	771,000	2,150,000	2,651,000	2,468,000	1,815,000	1,500,000
Repayment of Loan	0	-10,000,000	0	-10,000,000	0	0
<b>Balance C/fwd</b>	<b>8,006,000</b>	<b>1,600,000</b>	<b>5,845,000</b>	<b>275,000</b>	<b>3,636,000</b>	<b>6,623,000</b>

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
<b>Major Repairs Reserve</b>						
Balance B/fwd	4,190,187	4,890,187	5,590,187	6,290,187	6,590,187	7,190,187
Revenue Contribution	600,000	600,000	600,000	300,000	600,000	600,000
Transfer for Non-Traditional Properties	100,000	100,000	100,000	0	0	0
<b>Balance C/fwd</b>	<b>4,890,187</b>	<b>5,590,187</b>	<b>6,290,187</b>	<b>6,590,187</b>	<b>7,190,187</b>	<b>7,790,187</b>

