

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>10 FEBRUARY 2022</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</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/finance/committee/2021-22/Feb
<b>SUBJECT:</b>	<b>CAPITAL BUDGET TO 2027</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 2027 is considered and approved.
- 1.2 That the current Fleet Management Strategy and Vehicle Replacement Plan is reviewed in 2022/23 and is realigned to the level of resources currently available and that the outcome is reported back to this Committee.

## **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 2027.
- 2.2 The proposals included within the report are in relation to capital expenditure and funding for both the General Fund and Housing Revenue Account (HRA). The full programme is listed in **Appendix 1**.
- 2.3 Detail of the Council's capital reserves are covered in Section 4.

## **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.

## GENERAL FUND CAPITAL BUDGET

	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £	2026.27 £
Private Sector Housing	1,827,495	1,253,655	400,000	485,000	400,000	400,000
Cultural and Community Services	492,299	2,975,003	301,473	162,628	0	0
Environmental Services	524,550	420,000	0	0	0	0
Corporate Assets	765,988	687,465	426,420	1,084,814	1,516,760	449,211
<b>Total Expenditure</b>	<b>3,610,332</b>	<b>5,336,123</b>	<b>1,127,893</b>	<b>1,732,442</b>	<b>1,916,760</b>	<b>849,211</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 this Committee in August 2021.
- 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 plus capital grant funded projects for Green Homes and Property Flooding Resilience.
- 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 and community centres.

### 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.

## HRA CAPITAL BUDGET

	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £	2026.27 £
Major Capital Repairs	2,383,000	2,320,000	2,083,000	2,577,000	2,616,000	2,197,000
New Build and Acquisition	225,030	280,000	0	0	0	0
Vehicle Replacements	36,673	0	49,186	0	227,503	0
Disabled Adaptations	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total Expenditure</b>	<b>2,944,703</b>	<b>2,900,000</b>	<b>2,432,186</b>	<b>2,877,000</b>	<b>3,143,503</b>	<b>2,497,000</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 2021/22 will be fully spent in year with a potential overspend. Any overspend however can be funded from the Major Repairs Reserve which has money set-aside from previous years underspends.
- 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. Budgeted Acquisitions currently included are for Acresford Road, Overseal and Orchard Street, Newhall.

- 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 in 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.

#### GENERAL FUND CAPITAL RECEIPTS RESERVE

	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27
	£	£	£	£	£	£
Balance B/fwd	2,569,462	2,538,138	979,259	790,798	543,170	-56,830
Drainage Easement at Woodville	107,911	0	0	0	0	0
Collaboration Agreement - Oversetts Road	420,783	278,475	0	0	0	0
<b>Total Receipts</b>	<b>528,694</b>	<b>278,475</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Vehicle Replacements	0	0	0	0	-600,000	0
Capital Bids 2020	-225,286	-1,796,979	-188,461	-162,628	0	0
Costs Associated to Land Sales	-20,000	0	0	0	0	0
Midway Community Centre	-250,000	0	0	0	0	0
Repairs to Village Halls and Community Facilities	-6,700	-2,375	0	0	0	0
Public Buildings Maintenance	-58,032	0	0	0	0	0
Strategic Housing Market Assessment	0	0	0	-25,000	0	0
Private Sector Stock Condition Survey	0	0	0	-60,000	0	0
Empty Property Grants	0	-38,000	0	0	0	0
<b>Committed Expenditure</b>	<b>-560,018</b>	<b>-1,837,354</b>	<b>-188,461</b>	<b>-247,628</b>	<b>-600,000</b>	<b>0</b>
<b>Reserve C/fwd</b>	<b>2,538,138</b>	<b>979,259</b>	<b>790,798</b>	<b>543,170</b>	<b>-56,830</b>	<b>-56,830</b>

- 4.4 The Council is receiving capital receipts from a collaboration agreement for land at Oversetts Road. The forecasted sum has now reduced which has led to a potential over commitment of resources.
- 4.5 It is likely that the Council will receive some additional receipts that are pending but not currently finalised from further land sales.
- 4.6 The capital bidding round was reported to the Committee in October 2020 and £2.6m has been allocated to projects across the District which are all included in Appendix 1.

4.7 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. A sum of £600,000 was included in the Capital Forecast in February 2020 to cover the shortfall but this is no longer viable. Prior to any commitment to drawdown funds, rescheduling and extending asset life must 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.

<b>HRA CAPITAL RESERVES</b>						
	<b>2021.22</b>	<b>2022.23</b>	<b>2023.24</b>	<b>2024.25</b>	<b>2025.26</b>	<b>2026.27</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debt Repayment Reserve	1,600,000	5,693,000	14,000	3,218,000	6,160,000	48,000
Major Repairs Reserve	5,291,949	5,991,949	6,541,949	7,141,949	7,741,949	7,991,949
New Build Reserve	1,860,815	2,581,763	3,196,514	3,808,133	4,419,753	5,031,372
<b>HRA PROJECTED CAPITAL RESERVES</b>	<b>8,752,764</b>	<b>14,266,712</b>	<b>9,752,463</b>	<b>14,168,082</b>	<b>18,321,702</b>	<b>13,071,321</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.

	<b>2021.22</b>	<b>2022.23</b>	<b>2023.24</b>	<b>2024.25</b>	<b>2025.26</b>	<b>2026.27</b>
Projected Council Dwelling Disposals	20	20	18	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 £1.6m at the start of 2021/22.

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.

<b>Date due</b>	<b>£</b>
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

	2021.22			2022.23	2023.24	2024.25	2025.26	2026.27
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>GENERAL FUND</b>								
<b>Private Sector Housing</b>								
Major Disabled Facilities Grant (Private)	664,293		664,293	400,000	400,000	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	25,000	0	0
Private Sector Stock Condition Survey	0	0	0	0	0	60,000	0	0
Discretionary Top up Grants for under 18s	100,000	0	100,000	50,000	0	0	0	0
Healthy Homes Project	50,000		50,000	50,000	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	100,000	0	100,000	50,000	0	0	0	0
Dementia Friendly Homes Grant	30,000	0	30,000	15,000	0	0	0	0
Domestic Violence Crisis Prevention	65,000	0	65,000	65,000	0	0	0	0
Hospital Discharge Grant	30,000	0	30,000	30,000	0	0	0	0
Healthy Homes Assistance Fund	340,929	0	340,929	100,000	0	0	0	0
Pilot Schemes	129,593	0	129,593	11,610	0	0	0	0
Capital One-off Projects	32,680	0	32,680	117,320	0	0	0	0
Stay Active and Independent for Longer	60,000	0	60,000	51,725	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
Fuel Poverty	50,000	-50,000	0	50,000	0	0	0	0
<b>Expenditure</b>	<b>1,915,495</b>	<b>-88,000</b>	<b>1,827,495</b>	<b>1,253,655</b>	<b>400,000</b>	<b>485,000</b>	<b>400,000</b>	<b>400,000</b>
Derbyshire County Council - Better Care Fund	1,877,495	-50,000	1,827,495	1,215,655	400,000	400,000	400,000	400,000
Capital Receipts Reserve	38,000	-38,000	0	38,000	0	85,000	0	0
<b>Funding</b>	<b>1,915,495</b>	<b>-88,000</b>	<b>1,827,495</b>	<b>1,253,655</b>	<b>400,000</b>	<b>485,000</b>	<b>400,000</b>	<b>400,000</b>

	2021.22			2022.23	2023.24	2024.25	2025.26	2026.27
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>Cultural and Community</b>								
Community Partnership Scheme (2017 & 2019)	264,853	-239,853	25,000	239,853	0	0	0	0
Melbourne Sports Park - Drainage Works	166,020	0	166,020	0	0	0	0	0
Revitalising Rosliston Forestry Centre	344,834	-239,000	105,834	376,372	121,473	162,628	0	0
Oversetts Road Football Facility	1,188,159	-1,188,159	0	1,188,159	0	0	0	0
SUDS Improvements	20,000	-8,000	12,000	58,000	50,000	0	0	0
Paradise Garden	30,000	-30,000	0	30,000	0	0	0	0
CCTV Town Centre	9,445	0	9,445		0	0	0	0
Improvements to Play Areas	153,965	-145,965	8,000	152,000	120,000	0	0	0
Miners Memorial Eureka Park	185,000	-169,000	16,000	169,000	0	0	0	0
Urban Park - William Nadin Way	860,000	-710,000	150,000	691,619	0	0	0	0
Improvements to Swad Woodlands	30,000	-30,000	0	30,000	10,000	0	0	0
Eureka Park Bowling Green	40,000	-40,000	0	40,000	0	0	0	0

**Expenditure**

<b>3,292,276</b>	<b>-2,799,977</b>	<b>492,299</b>	<b>2,975,003</b>	<b>301,473</b>	<b>162,628</b>	<b>0</b>	<b>0</b>
------------------	-------------------	----------------	------------------	----------------	----------------	----------	----------

Section 106 Contributions	1,038,440	-1,038,440	0	1,038,440	110,000		0	0
Earmarked Reserves	136,790	-29,456	107,334	79,456	3,012		0	0
Capital Receipts Reserve	1,686,173	-1,492,228	193,945	1,567,254	188,461	162,628	0	0
General Fund Contribution	430,873	-239,853	191,020	289,853			0	0

**Funding**

<b>3,292,276</b>	<b>-2,799,977</b>	<b>492,299</b>	<b>2,975,003</b>	<b>301,473</b>	<b>162,628</b>	<b>0</b>	<b>0</b>
------------------	-------------------	----------------	------------------	----------------	----------------	----------	----------

**Environmental**

Fly Tipping & Surveillance	28,500	0	28,500	0	0	0	0	0
Carbon Reduction	0	0	0	50,000	0	0	0	0
Property Flood Resilience Recovery Grant	91,500		91,500	0	0	0	0	0
Green Homes Grant	774,550	-370,000	404,550	370,000	0	0	0	0

**Expenditure**

<b>894,550</b>	<b>-370,000</b>	<b>524,550</b>	<b>420,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
----------------	-----------------	----------------	----------------	----------	----------	----------	----------

Capital Receipts Reserve	28,500	0	28,500	50,000	0	0	0	0
External Contributions	866,050	-370,000	496,050	370,000	0	0	0	0

**Funding**

<b>894,550</b>	<b>-370,000</b>	<b>524,550</b>	<b>420,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
----------------	-----------------	----------------	----------------	----------	----------	----------	----------

	2021.22			2022.23	2023.24	2024.25	2025.26	2026.27
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>Corporate Assets</b>								
Vehicle Replacements	77,896		77,896	0	180,420	839,814	1,265,260	191,211
Route Optimisation	65,000		65,000	0	0	0	0	0
ICT Strategy	166,000		166,000	160,000	160,000	160,000	166,500	173,000
Public Buildings Repairs and Renewals	146,032		146,032	87,000	86,000	85,000	85,000	85,000
Repairs to Village Halls and Community Facilities	6,700		6,700	2,375	0	0	0	0
Midway Community Centre Extension	250,000		250,000	0	0	0	0	0
Town Centre Regeneration	298,365	-258,365	40,000	258,365		0	0	0
Repairs to Melbourne Assembly Rooms	100,000	-97,159	2,841	131,725	0	0	0	0
Purchase of Chamber Building	11,519		11,519	0	0	0	0	0
Extension to Martson on Dove Cemetery	48,000	-48,000	0	48,000	0	0	0	0

**Expenditure**

**1,169,512    -403,524    765,988    687,465    426,420    1,084,814    1,516,760    449,211**

Earmarked Reserves	330,549	-214,030	116,519	214,030		539,814	365,260	
Capital Receipts Reserve	462,732	-145,159	317,573	182,100			600,000	
Growth Provision Contribution	30,000	0	30,000	0	30,000	30,000	30,000	30,000
General Fund Contribution	346,231	-44,335	301,896	291,335	396,420	515,000	521,500	419,211

**Funding**

**1,169,512    -403,524    765,988    687,465    426,420    1,084,814    1,516,760    449,211**

<b>GENERAL FUND CAPITAL EXPENDITURE</b>	<b>7,271,833</b>	<b>-3,661,501</b>	<b>3,610,332</b>	<b>5,336,123</b>	<b>1,127,893</b>	<b>1,732,442</b>	<b>1,916,760</b>	<b>849,211</b>
<b>GENERAL FUND CAPITAL FUNDING</b>	<b>7,271,833</b>	<b>-3,661,501</b>	<b>3,610,332</b>	<b>5,336,123</b>	<b>1,127,893</b>	<b>1,732,442</b>	<b>1,916,760</b>	<b>849,211</b>



	2021.22			2022.23	2023.24	2024.25	2025.26	2026.27
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
<b>HRA</b>								
Major Capital Repairs	2,383,000	0	2,383,000	2,320,000	2,083,000	2,577,000	2,616,000	2,197,000
New Build - Orchard Street, Newhall	280,000	-280,000	0	280,000	0	0	0	0
New Build - Acresford Road, Overseal	225,030	0	225,030	0	0	0	0	0
Vehicle Replacements	36,673	0	36,673	0	49,186	0	227,503	0
Disabled Adaptations	300,000	0	300,000	300,000	300,000	300,000	300,000	300,000

**Expenditure**

**3,224,703   -280,000   2,944,703   2,900,000   2,432,186   2,877,000   3,143,503   2,497,000**

Earmarked Reserves					4,186		182,504	
HRA Revenue Contribution	2,719,673	0	2,719,673	2,620,000	2,428,000	2,877,000	2,960,999	2,497,000
S106 Contributions	0		0	0	0	0	0	0
New Build Capital Reserve	505,030	-280,000	225,030	280,000	0	0	0	0

**Funding**

**3,224,703   -280,000   2,944,703   2,900,000   2,432,186   2,877,000   3,143,503   2,497,000**

