
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	26TH NOVEMBER 2020	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/November
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 September 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. 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 SEPTEMBER 2020

EXPENDITURE			
	Actual	Budget	Variance
	£	£	£
Major Improvements	948,253	2,635,136	1,686,882
Disabled Adaptations	58,461	300,000	241,539
New Build and Acquisition	533,200	2,107,905	1,574,705
TOTAL HRA	1,539,914	5,043,041	3,503,126
Private Sector Housing	151,217	1,638,350	1,487,133
Community Projects	33,833	3,774,358	3,740,525
Vehicle Replacements	67,489	730,661	663,172
ICT Strategy	17,216	210,000	192,784
Asset Replacement and Renewal	18,378	894,732	876,354
TOTAL GENERAL FUND	288,132	7,248,101	6,959,969
TOTAL CAPITAL EXPENDITURE	1,828,047	12,291,142	10,463,095

FUNDING			
	Actual	Budget	Variance
	£	£	£
Section 106	46,000	1,632,150	1,586,150
Grants	151,217	1,667,850	1,516,633
HRA	1,006,714	2,935,136	1,928,421
General Fund	51,049	1,173,496	1,122,447
Capital Receipts	505,578	3,761,849	3,256,271
Earmarked Reserves	67,489	1,120,661	1,053,172
TOTAL FUNDING	1,828,047	12,291,142	10,463,095

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 the 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 of 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 half of the year as there is a pipeline of works to progress.
- 3.11 An update to the projects funded through the Better Care Fund is to be presented later on this Committee Agenda and if approved, the budget will be updated to reflect changes to projects.
- 3.12 A grant has been received to support victims of flooding which is separate to the Better Care Fund. This grant was not expected at the start of the year and therefore is unbudgeted. Any expenditure incurred will be covered by the grant with no additional funding required from the General Fund.

Leisure and Community Schemes

- 3.13 The Community Partnership Scheme has all the funding committed to specific projects, but the funding is still to be drawn down from the Council.
- 3.14 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.

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 now 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 £18k 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.

IT Strategy

- 3.18 Following approval of an IT Strategy, sums are being set-aside annually to fund new equipment and software.
- 3.19 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.
- 3.20 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

- 3.21 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	14,309,185

HRA Capital Reserves

- 3.22 The New Build and Acquisition Reserve is topped up by all retained receipts of sales of Council houses under Right to Buy.
- 3.23 Right to Buy sales have totalled 1 as at 30th September 2020 retaining £14,520 for transfer into the New Build and Acquisition reserve. As at 31st October, 2 further sales have taken place making a total loss of 3 year to date.

	Sales £	Gross Receipts £	Less Pooled £	Retained	
				£	%
Quarter 1	1	80,925	-66,405	14,520	18%
Quarter 2	0	0	0	0	0%
Total	1	80,925	-66,405	14,520	18%

- 3.24 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.

3.25 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.

3.26 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>

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

General Fund Capital Reserves

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

3.29 The below table includes the balance on Capital Receipts Reserve, expected receipts in year 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	833,850	1,241,128	1,022,667	1,022,667	972,667
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	0	-60,000	0	0	0	0
Empty Property Grants	-42,000	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	-18,378	0	0	0	0	0
Midway Community Centre Extension	-250,000	0	0	0	0	0
Capital Bid Projects	-1,787,212	-329,372	-218,461	0	0	0
Capital Receipts Reserve Balance	833,850	1,241,128	1,022,667	1,022,667	972,667	972,667

3.30 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.

COMMITTEE SUMMARY - CAPITAL MONITORING SEPTEMBER 2020

	EXPENDITURE		
	Actual £	Budget £	Variance £
Major Improvements under Self-financing	948,253	2,635,136	1,686,882
Major Disabled Facilities Grant (Council Houses MRA)	58,461	300,000	241,539
New Build - Orchard Street, Newhall	0	280,000	280,000
New Build - Acresford Road, Overseal	0	850,000	850,000
New Build - Moore Lane, Aston On Trent	487,200	487,905	705
New Build - Milton Road, Repton	46,000	490,000	444,000
HOUSING REVENUE ACCOUNT	1,539,914	5,043,041	3,503,126
Disabled Facility Grants and other Works	15,992	553,352	537,360
Discretionary Top-up Grants for under 18's	0	100,000	100,000
Healthy Homes Project	20,473	129,872	109,399
DFG Associated Preventative Works	0	0	0
Establishing a Hospital to Home Scheme	0	200,000	200,000
Dedicated Mental Health Worker	13,407	40,000	26,593
Additional Technical Officer	15,908	40,000	24,092
Integrated Adaptations of New Build Social Housing	0	0	0
Fly Tipping and Environmental Surveillance	0	28,500	28,500
Empty Property Grants	0	42,000	42,000
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	9,493	30,000	20,507
Healthy Homes Assistance Fund	49,614	199,626	150,012
Stay Active and Independent for Longer	0	60,000	60,000
Temporary Public Health Officer	13,913	45,000	31,087
Property Flood Resilience Recovery Support Scheme	12,417	0	-12,417
Private Sector Housing	151,217	1,638,350	1,487,133

	EXPENDITURE		
	Actual	Budget	Variance
	£	£	£
Community Partnership Scheme	22,923	400,695	377,772
Melbourne Sports Park - Drainage Works	15,410	419,801	404,391
Melbourne Sporting Partnership	-4,500	0	4,500
Midway Community Centre Extension	0	250,000	250,000
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	0	276,155	276,155
CCTV in Swadlincote Town Centre	0	13,000	13,000
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	33,833	3,774,358	3,740,525
Vehicle Replacements	67,489	730,661	663,172
Oversetts Road Land	378	0	-378
Sale of Depot - Costs	18,000	0	-18,000
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	17,216	210,000	192,784
Repairs to Melbourne Assembly Rooms	0	260,000	260,000
Purchase of Chamber Building	0	80,000	80,000
Demolition of Bank House and Car Park Creation	0	300,000	300,000
Darklands Road, Sale of Depot	0	0	0
Assets	103,083	1,835,393	1,732,310
GENERAL FUND	288,132	7,248,101	6,959,969
TOTAL CAPITAL EXPENDITURE	1,828,047	12,291,142	10,463,095