
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	28th NOVEMBER 2019	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/2019-20/Nov
SUBJECT:	CAPITAL FINANCIAL MONITORING 2019/20	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendations

- 1.1 That the latest capital financial position for 2019/20 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 2019/20.
- 2.2 The report details performance of both the HRA and General Fund up to 30th September 2019 unless otherwise stated and is the second quarter's update of capital project progress for 2019/20.

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 the HRA general reserve plus grant income.
- 3.4 The capital budget for 2019/20 was approved in February 2019 and has been updated following the outturn for 2018/19 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 second quarter of 2019/20 on capital projects and the total financing of all of the projects is summarised in the following tables.

Capital Spending 2019/20 (as at Sept 2019)	Approved Budget £	B/fwd 2018/19 £	Updated Budget 2019/20 £	Spend to-date £
Council House Capital Works	2,788,000	0	2,788,000	422,346
Council House Disabled Adaptations	300,000	0	300,000	140,185
New Build and Acquisition Schemes	1,410,000	237,367	1,647,367	406,241
Total HRA	4,498,000	237,367	4,735,367	968,772
Private Sector Housing Works	792,375	1,151,017	1,943,392	113,139
Environmental and Heritage Schemes	0	42,007	42,007	59,472
Swadlincote Woodlands Nature Reserve	0	37,000	37,000	0
Community Partnership Scheme	0	239,005	239,005	62,187
Eureka Park	0	0	0	12,797
Melbourne Sports Park	400,000	33,799	433,799	9,411
CCTV Rosliston	0	0	0	13,580
Flail Mower, Rosliston	0	0	0	10,750
Vehicle Replacements	517,000	0	517,000	354,029
Sale of Land	0	0	0	2,057
Community Centres / Pavilion	0	0	0	28,207
IT Strategy	210,000	461,842	671,842	187,252
Property Maintenance and Refurbishment	130,000	130,000	260,000	65,684
Total General Fund	2,049,375	2,094,670	4,144,045	918,565
Total Council Expenditure	6,547,375	2,332,037	8,879,412	1,887,337

Capital Financing 2019/20	Approved Budget £	B/fwd 2018/19 £	Updated Budget 2019/20 £
HRA Revenue Contribution	3,088,000	0	3,088,000
General Fund Revenue Contribution	740,000	272,804	1,012,804
Earmarked/Specific Reserves	1,274,000	606,279	1,880,279
Capital Receipts Reserve	653,000	192,367	845,367
Grant Funding	792,375	1,260,587	2,052,962
Total Funding	6,547,375	2,332,037	8,879,412

HRA Capital

- 3.6 Disabled adaptations of Council housing are set to be on budget during 2019/20.
- 3.7 Major refurbishment works to Council housing has now started but due to the delay in appointing a new contractor, it is anticipated that the expenditure will be under budget by the year-end. Any underspend will be carried forward.
- 3.8 The budget for new build and acquisition schemes consists of the construction of properties at Lullington Road, Overseal and acquisition of properties in Repton, Newhall and Aston.

- 3.9 A deposit has been paid to the developer for the houses in Aston and it is anticipated that the dwellings will be transferred to the Council by January 2020.
- 3.10 The properties in Repton and Newhall are due to be transferred to the Council during 2020/21 therefore the budget for 2019/20 only includes a deposit at this stage.
- 3.11 New build properties in Overseal are now complete and are fully let. The budget carried forward from 2018/19 is specific for these dwellings. Due to the delay with completion, additional costs have been incurred and the project has exceeded the carried forward budget by £89k. The additional cost can be covered by the capital receipts reserve and there are specific revenue budgets within the HRA for professional fees in relation to new build that can be utilised if necessary.

General Fund Capital

Private Sector Housing Works

- 3.12 There are a number of projects included within this area, one of which is Disabled Facility Grants (DFG). Expenditure on DFG is expected to be approximately £40k under the allocated budget of £440k by the year-end. Budget carry forwards are for approved projects that have not yet started but should be rolled out during 2019/20.
- 3.13 A report regarding the projects to be funded through the Better Care Fund is to be reported later on this agenda and will clarify progress plus proposed new projects to be undertaken. Derbyshire County Council are meeting with the Council's Strategic Housing Manager during November to confirm acceptance of the proposed projects.

Environmental and Heritage Schemes

- 3.14 This relates to the Swadlincote Town Centre Scheme following the award of funding in 2016/17.
- 3.15 A small budget was carried forward from 2018/19 and although this budget is currently overspent, the expenditure incurred can be claimed in full from the Heritage Lottery Fund.

Leisure and Community Schemes

- 3.16 The Community Partnership Scheme has all of the funding committed to specific projects, but the funding is still to be drawn down from the Council.
- 3.17 Match funding has been secured for the Swadlincote Woodlands Nature Reserve project and work is set to commence in 2019/20.
- 3.18 The capital element of the Eureka Park project is now complete with final funding to be claimed from the HLF.
- 3.19 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.
- 3.20 CCTV at Rosliston has been installed due to security concerns after a recent break in at the site. A flail mower has also been purchased for Rosliston. Both are to be financed through an earmarked reserve set up specifically for works at Rosliston.

Vehicle Replacements

3.21 The scheduled replacements in 2019/20 are for new road sweepers, additional vans for Grounds Maintenance, a refuse freighter and a bulky waste vehicle. The road sweepers and refuse freighter have now been purchased with the remaining vehicles scheduled for delivery later in the year.

Asset Disposals and Refurbishment

3.22 Costs associated with the sale of land at Oversetts Road will be funded by the capital receipt once received.

3.23 A General Fund contribution of £130k is set-aside each year to fund refurbishment and maintenance of Public Buildings. Due to a tender exercise no works were scheduled during 2018/19. A contractor has now been appointed and a works programme will run alongside scheduled capital works on HRA Council dwellings. To-date works on the car park at Rink Drive have been undertaken.

IT Strategy

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

3.25 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 be rolled out across the Council.

3.26 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

3.27 The capital reserve balances for the General Fund and HRA as at the 30th September 2019 are listed below.

	£
New Build and Acquisition Reserve	2,816,688
Major Repairs Reserve	3,454,260
Debt Repayment Reserve	5,046,000
HRA Capital Reserves	11,316,948
Capital Receipts Reserve	1,906,457
General Fund Capital Reserves	1,906,457
Total Capital Reserves	13,223,405

HRA Capital Reserves

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

3.29 Right to Buy sales have totalled 10 as at 30th September 2019 and £356,353 is included in the New Build and Acquisition Reserve above and is summarised in the following table.

	Sales	Gross Receipts	Less Pooled	Retained	
	£	£	£	£	%
Quarter 1	4	206,640	-77,900	128,740	62%
Quarter 2	6	305,513	-77,900	227,613	75%
Total	10	512,153	-155,800	356,353	70%

3.30 An additional dwelling has been sold during October taking the total sales to 11 to-date in 2019/20.

3.31 Any underspends on the HRA capital programme are transferred to the Major Repairs Reserve at year-end and the balance is to be utilised in future years as the new schedule for capital works is implemented. It is not expected that a drawdown will be required during 2019/20 but this will be kept under review.

3.32 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 as a result of self-financing.

3.33 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>

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

General Fund Capital Reserves

3.35 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 below. Included within the total reserve is the overage payment received from Chestnut Avenue, Midway.

	£
General Capital Receipts B/fwd	334,736
Receipts in Year:	
Land Sale Bridge Street, Castle Gresley	12,960
Oversetts Road	820,162
Specific Projects:	
Strategic Housing Market Assessment	-50,000
Private Sector Stock Condition Survey	-60,000
Empty Property Grants	-42,000
Repairs to Village Halls and Community Facilities	-9,075
Public Buildings Planned Maintenance Programme	-58,032
Costs of Land Sales	-2,057
Stenson Fields Community Centre	-2,121
Oversetts Road Pavilion Project	-820,162
Remaining Balance	124,411
Overage Payment	738,599
Remaining Capital Receipts Reserve	863,010

3.36 The Strategic Market Housing Assessment and Private Sector Stock Condition Survey are both scheduled to recur every five years.

3.37 Further receipts are expected for sales of land at Oversetts Road and the former Depot, but the values and due dates are still to be confirmed.

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.