

Report of the Deputy Chief Executive

CAPITAL PROGRAMME 2021/22 UPDATE1. Purpose of report

To report upon capital expenditure incurred in 2021/22 up to 30 September 2021 along with the planned financing of the 2021/22 capital programme and to seek approval for a capital budget variation in the current financial year.

2. Background

Appendix 1 sets out the 2021/22 capital programme on a scheme by scheme basis and shows expenditure incurred on all capital schemes up to 30 September 2021. The 2021/22 capital programme includes schemes totalling £8,542,650 that were carried forward from 2020/21. It also includes all subsequent adjustments to the budgets that were approved by this Committee up to and including 7 October 2021.

Capital expenditure totalling £6,778,712 (31% of the planned capital programme) had been incurred by 30 September 2021.

Also included in the capital programme are schemes totalling £1,103,000 that are on a 'reserve list' and will be brought forward for formal approval to proceed once a source of funding is identified.

Appendix 2 sets out how it is anticipated that the 2021/22 capital programme is to be financed along with details of the capital receipts that are likely to be available for capital financing.

Finally, there is an additional budget allocation required in respect of property asset management. Further details are set out in appendix 3 which sets out the amendment identified in the Capital Programme together with likely financing that will be confirmed at the end of the current financial year.

Recommendation

The Committee is asked to:

- 1. NOTE the expenditure on the 2021/22 capital programme to 30 September 2021 in appendix 1 and the planned financing of the capital programme in appendix 2; and**
- 2. RESOLVE that the capital budget variation set out in appendix 3 be approved.**

Background papers – Nil

APPENDIX

CAPITAL PROGRAMME 2021/22 UPDATE

The following table summarises the Capital Programme 2021/22 expenditure by service area to 30 September 2021.

Service Area	Approved Budget £	Spend to Date £	Spend to Date %
Housing	15,035,230	4,631,959	31
Jobs and Economy	488,700	100,370	21
Leisure and Health	93,600	28,107	34
Environment and Climate Change	1,638,400	451,391	28
Community Safety	25,000	0	0
Finance and Resources	5,172,245	1,566,885	31
GRAND TOTAL	22,453,175	6,778,712	30

The capital budget updates approved by this Committee on 7 October 2021 are included in the tables for completeness. For comparative purposes the capital expenditure in the previous year up to 30 September 2020 was £5.896m of a £28.467m budget (21%).

There are a further 20 schemes with an estimated cost of £1,103,000 that are on a 'reserve list' which may come forward for approval to proceed once a funding source has been identified.

The following tables provide a summary expenditure by individual schemes as at 30 September 2021.

HOUSING	Budget 2021/22 £	Spend to 30/09/21 £	%
Disabled Facilities Grant	1,351,380	356,008	26
Warm Homes on Prescription	50,000	-	-
Central Heating Replacement	2,406,850	590,911	25
Modernisation Programme	2,215,300	1,112,680	50
Major Relets	150,000	143,795	96
Disabled Adaptations	593,450	80,306	14
Window & Door Replacement	688,150	83,106	12
External Decoration & Pre Paint Repairs	928,850	371,738	40
Electrical Periodic Improvements	484,950	111,635	23
External Works – Paths/Paving	222,600	112,904	51
Fire Safety Assessment & Remedial Work	371,000	326,485	88

HOUSING	Budget 2021/22 £	Spend to 30/09/21 £	%
Structural Remedial Repairs	302,200	27,116	9
Asbestos Surveys and Remedial Works	140,550	43,398	31
Garage Refurbishment	248,800	131,407	53
HRA Stock Condition Survey	6,750	-	-
NWOW Housing Section	-	3,106	-
Acquisition of Properties	2,200,950	466,467	21
New Build Housing Feasibility Costs	616,700	87,330	14
New Build - Oakfield Road	690,850	394,667	57
New Build - Fishpond Cottage	550,000	-	-
New Build - Chilwell/Watnall Garage Sites	600,000	-	-
Housing Delivery Plan Officer Posts	188,000	188,000	100
HRA Contingency	27,900	900	3
TOTAL – HOUSING	15,035,230	4,631,959	31

JOBS AND ECONOMY	Budget 2021/22 £	Spend to 30/09/21 £	%
Former Stapleford Police Station Redevelop	-	3,030	-
Town Centre Wi-Fi	-	782	-
Mushroom Farm - New Industrial Units	81,250	79,866	98
Stapleford Towns Deal	302,450	-	-
Mushroom Farm S106	80,000	-	-
Durban House Repairs	25,000	16,692	67
TOTAL – JOBS AND ECONOMY	488,700	100,370	21

LEISURE AND HEALTH	Budget 2021/22 £	Spend to 30/09/21 £	%
Beeston Shopmobility (S106 ITPS)	5,000	-	-
BLC Site Options Professional Advice	15,000	-	-
Phoenix Inham FC - Clubhouse Development	9,000	-	-
KLC Pool Filter Repairs	21,600	21,588	100
BLC Replacement of Flat Roofs	25,000	-	-
BLC Lift Repairs	7,000	6,519	93
Leisure Facilities Strategy – Feasibility Study BLC	11,000	-	-
TOTAL – LEISURE AND HEALTH	82,600	28,107	34

ENVIRONMENT AND CLIMATE CHANGE	Budget 2021/22 £	Spend to 30/09/21 £	%
Brinsley P.C. - Play Area and Parks	4,000	-	-
Dovecote Lane Recreation Ground - Improvements	97,200	90,075	93
Canalside Heritage Centre - Arts Ark Project	10,000	-	-
Replacement Vehicles & Plant	1,086,950	326,401	30
New electric vehicles (x2) - mobile cleaning	44,000	-	-
Kimberley Footpath 35 Improvements	15,000	-	-
Strelley Bridleway 4 Improvements	30,000	-	-
Sun Inn Traffic Management Upgrade	20,000	-	-
Pasture Road Rec Ground (Stapleford)	78,750	3,750	5
Play Area General Improvements	31,500	15,420	49
Beeston Tram Interchange - Public Conveniences	140,000	-	-
Kimberley Depot - Garage Doors	12,000	15,745	100+
Kimberley Depot - Stores Doors	6,000	-	-
Kimberley Depot - Flood Barriers	7,000	-	-
Giltbrook Paths (S106 Env.)	56,000	-	-
TOTAL – ENVIRONMENT/CLIMATE CHNGE	1,594,400	451,391	28

COMMUNITY SAFETY	Budget 2021/22 £	Spend to 30/09/21 £	%
Stapleford Place Fund	25,000	-	-
TOTAL – COMMUNITY SAFETY	25,000	-	-

FINANCE AND RESOURCES	Budget 2021/22 £	Spend to 30/09/21 £	%
ICT & BUSINESS TRANSFORMATION			
Replacement/Development Programme	166,950	32,755	20
Technical Infrastructure Architecture	229,450	-	-
E-Facilities Initiatives	112,500	-	-
VoIP Telephony	50,000	-	-
RESOURCES			
Allpay	5,150	-	-
Beeston Square - Phase 2	3,993,500	1,511,585	38
Beeston Square Redevelopment ('Argos block')	500,000	-	-
NWOW Planning Finance & Estates	4,550	11,400	100+
NWOW - Main Reception	99,000	-	-
GF Contingency	Allocated	-	-

FINANCE AND RESOURCES	Budget 2021/22 £	Spend to 30/09/21 £	%
Grants to Voluntary Organisations	11,145	11,145	100
TOTAL – FINANCE AND RESOURCES	4,827,245	1,566,885	31

Reserve List – Schemes Awaiting Funding	Budget 2021/22 £	Spend to 30/09/21 £	%
Car Parks Resurfacing	25,000	-	-
BLC Main Pool Filter Replacement	15,000	-	-
BLC Refurbish Fitness Changing Rooms	38,500	-	-
BLC Replace Teaching Pool Filter	25,000	-	-
BLC Replacement of Flat Roofs	176,000	-	-
BLC Replace Teaching Pool Windows	33,000	-	-
BLC Replace Main Pool Windows	93,500	-	-
BLC Replacement Intruder Alarm	20,000	-	-
BLC Refurbishment of Pool Surrounds	80,000	-	-
BLC Replace High Voltage Transformer	57,000	-	-
BLC Replacement Heating Valves	22,500	-	-
BLC Replacement Hot Water Calorifier	20,000	-	-
KLC Electrical/Window/Drainage Works	12,500	-	-
KLC Replace Pool Circulation and Shower Pumps	12,000	-	-
KLC Gym Changing Facilities Extension	36,000	-	-
KLC Renewal of Intruder Alarm Sensors	8,500	-	-
KLC Replace Pipework (Plant Room to Pool)	275,000	-	-
COSC Refurbish Male Changing Room	79,500	-	-
Cemeteries/Closed Churchyards – Footpath Imps	30,000	-	-
Asset Management – Programmed Maintenance	44,000	-	-
SCHEMES AWAITING FUNDING	1,103,000	-	-

APPENDIX 2

Planned Financing of Capital Programme 2021/22

Sources of Financing	General Fund £	HRA £	Total £
Revenue Financing:			
Major Repairs Reserve	-	4,211,000	4,211,000
Direct Revenue Financing	15,000	3,851,500	3,866,500
Grants and Contributions:			
Better Care Fund	1,401,380	-	1,401,380
Section 106 Receipts – ITPS	346,000	-	346,000
LAD Funding	724,850	-	724,850
MHCLG	52,450	-	52,450
Notts Police & Crime Commissioner	25,000	-	25,000
Usable Capital Receipts:	526,345	3,446,500	3,972,845
Prudential Borrowing	6,409,150	1,444,000	7,853,150
TOTAL	9,500,175	12,953,000	22,453,175

There are a further 20 schemes with an estimated cost of £1,103,000 that are on a 'reserve list' which may come forward for approval to proceed once a funding source has been identified.

The table includes the financing of the capital budget updates approved by this Committee on 7 October 2021, despite being agreed after the reporting date.

The financing of the recently agreed scheme relating to the Further Beeston Square Redevelopment ('Argos block') are to be funded from borrowing, unless further General Fund capital receipts become available. Similarly, the reduction in the capital budget Technical Infrastructure Architecture will reduce the impact on General Fund capital receipts and additional borrowing. The net effect across the two schemes is £400,000 is currently included within prudential borrowing.

Capital Receipts

(i) General Fund

General Fund capital receipts available at 31 October 2021 for the financing of capital expenditure were approximately £450,000. This includes receipts of £431,000 brought forward from 2020/21.

The planned financing of the 2021/22 capital programme shown in the table above assumes that General Fund capital receipts of £526,000 will be utilised.

Any surplus capital receipts can be used to reduce the projected level of borrowing required or to finance some of the schemes that are presently on the reserve list awaiting funding. It should also be noted, however, that if capital receipts received throughout the year do not meet this requirement, additional borrowing may be required.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 31 October 2021 for the financing of capital expenditure were £4,253,000. This was arrived at as follows:

	£
Balance as at 1 April 2020 (brought forward from 2020/21)	3,114,000
Plus: Receipts from 1 April 2021 to 31 October 2021	1,439,000
Less: Payment to MHCLG (estimated)	(300,000)
Balance as at 31 October 2021	4,253,000

Overall, the HRA has the following resources available for capital investment, including the construction of new build properties:

- Capital Receipts of £4,253,000
- HRA revenue contributions (Balance at 31 March 2021 was £5,926,000)

Borrowing is also a potential source of funding of HRA capital expenditure along with any grants that are received.

The payments that are required to be made to MHCLG are comprised of the following elements:

- An assumed level of receipts under right to buy (RTB) based upon a baseline forecast in the self-financing settlement of March 2012.
- Any receipts that are required to be returned in line with the agreement on the one for one replacement of the housing stock.

Like most local authorities with their own housing stock, the Council entered into an agreement with the Government in 2012 to retain receipts from the sale of council houses in excess of those in (i) above to fund the replacement of stock that is sold. This agreement was amended with effect from 1 April 2021. Under the terms of the original agreement, local authorities were required to spend RTB receipts within three years of the quarter they were received and the receipts should fund no more than 30% of the cost of a replacement unit. Under the amended terms, local authorities have five years to spend the receipts and this is now calculated on an annual, not quarterly basis. In addition, these receipts can now fund up to 40% of the cost of a replacement unit. However, a cap has also been introduced on the amount local authorities can spend on acquiring existing properties (as opposed to building new properties), which will come into effect on 1 April 2022. Where a local authority is unable to spend receipts within five years they have to be returned to MHCLG, together with interest of 4% above base rate, to be spent on affordable housing through Homes England.

The table below confirms that the Council has spent a sufficient amount on new build expenditure to be at low risk in the short-term of having to return capital receipts from the sale of council houses to MHCLG under the one for one replacement agreement. At 31 October 2021 the Council's cumulative new build expenditure of £5,112,416 comfortably exceeded the new build sum of £1,984,000 required by the end of the financial year. As noted above, there have been various changes to the way in which the expenditure requirement has been calculated, which is the cause of the significant difference between our requirement and our actual spend.

The Council's required new build expenditure over the next three years is as set out in the table below.

Cumulative New Build Expenditure Required *	Date New Build Expenditure Required By:
£	
1,984,000	31 March 2022
2,347,000	31 March 2023
3,877,000	31 March 2024

* Please note that these figures are estimates based on the current information available from MHCLG. These may be revised at a later date once annual the Pooling return has been completed and confirmed figures are provided by MHCLG.

APPENDIX 3

Capital Budget Amendments and Capital Financial

Activity	Spend £	Commentary	Financing
Bramcote Leisure Centre – Roof Repairs/ Replacement of Flat Roofs	20,000	The capital programme 2021/22 already includes a budget of £25,000 for roof repairs at Bramcote Leisure Centre. The additional budget allocation is required due to an increase in the area identified as requiring repair. There is also the additional impact of the well-publicised increases in material and labour costs being experienced in the construction industry at present.	Additional borrowing.
Total	20,000		