

## Report of the Interim Deputy Chief Executive

**CAPITAL PROGRAMME 2018/19 UPDATE**1. Purpose of report

To report upon capital expenditure incurred in 2018/19 up to 31 October 2018 along with the planned financing of the 2018/19 capital programme and to seek approval for a number of capital budget variations in the current financial year.

2. Background

Appendix 1 sets out the 2018/19 capital programme on a scheme by scheme basis and shows expenditure incurred on all capital schemes up to 31 October 2018. The 2018/19 capital programme includes schemes totalling £1,552,850 that were carried forward from 2017/18.

Appendix 1 shows that capital expenditure totalling £4,309,856 (or 40% of the planned 2018/19 capital programme) had been incurred by 31 October 2018

Included in the 2018/19 capital programme are schemes totalling £978,650 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 2018/19 capital programme is to be financed along with details of the capital receipts that are likely to be available for capital financing.

Examination of progress against the approved capital programme for 2018/19 along with the receipt of additional information has identified a number of schemes where the budget needs to be amended. There is also a scheme for which only one quotation has been obtained but which aligns with the Council’s Financial Standing Orders. Further details are set out in appendix 3.

**Recommendation**

**The Committee is asked to:**

- 1. NOTE the expenditure on the 2018/19 capital programme to 31 October 2018 and the planned financing of the 2018/19 capital programme in appendices 1 and 2.**
- 2. RESOLVE that the capital budget variations for 2018/19 as set out in appendix 3 be approved.**

Background papers

Nil

## APPENDIX 1

	Total Budget	Actual to	
	2018/19	31/10/2018	Expenditure
	£	£	%
<b><u>CAPITAL EXPENDITURE SUMMARY</u></b>			
JOBS AND ECONOMY	90,000	38,324	43
LEISURE AND ENVIRONMENT	1,164,850	526,664	45
FINANCE AND RESOURCES	1,500,500	438,558	29
HOUSING	7,011,050	3,306,310	47
RESERVE LIST	978,650	0	0
<b><u>TOTAL</u></b>	<b>10,745,050</b>	<b>4,309,856</b>	<b>40</b>
<b><u>DETAILED SCHEMES</u></b>			
<b><u>LEISURE AND ENVIRONMENT</u></b>			
<b><u>ENVIRONMENT</u></b>			
Eastwood Town Council - Community Room Upgrade	5,000	0	0
Brinsley Parish Council - Play Area Repairs	4,000	0	0
Purchase and Installation of CCTV Cameras	20,000	0	0
Fly Tipping Prevention Infrastructure	13,000	0	0
Hall Park (Eastwood) - Access Improvements (S106 Parks and Open Spaces)	7,000	0	0
Broadgate Park (Beeston) - Play Area Imp	5,600	1,833	33
Leyton Crescent Rec'n Gr'd - Play Area	41,100	36,750	89
Millfield Road Open Space - Improvement	22,200	2,200	10
Redbridge Drive Open Space - Play Area	52,800	53,605	102
Cleaning/Surfacing of Play Equipment	3,300	2,025	61
Awsorth P.C. - Play Area and Parks	16,450	0	0
Brinsley P.C. - Play Area and Parks	18,000	0	0
Greasley P.C. - Play Area and Parks	28,550	0	0
Kimberley T.C. - Play Area and Parks	25,400	0	0
Nuthall P.C. - Play Area and Parks	29,700	940	3
Trowell P.C. - Play Area and Parks	6,900	0	0
Mansfield Road Rec Ground (Eastwood)	26,900	1,900	7
2nd Kim Scout Group- Replacement Boiler	5,000	4,755	95
Nuthall PC - Cemetery Roadway Resurface	12,000	12,000	100
Additional Bus Shelters (Nuthall) (S106)	5,000	5,000	100
Pedestrian Crossing - Hickings Lane	40,000	0	0
Beeston Weir - Life Saving Equipment	8,000	1,265	16
Water Safety Measures	33,700	2,795	8
Leyton Cres Rec'n Gr'd- New Play Equipment	49,500	51,750	105
Colliers Wood- Activity Space	13,000	13,817	106

Hall Om Wong Footpath Improvements	13,250	0	0
Real Time Bus Information (17/18)	50,800	50,800	100
Town Centre Wi-Fi	60,000	0	0
St Helen`s Church Gates (Stapleford)	15,000	0	0
St Helen`s Church- Multipurpose Courtyard	5,000	0	0
Replacement Vehicles & Plant	223,000	228,743	103
Beeston Shopmobility (S106 ITPS)	2,500	305	12
St Catherines Churchyard, Cossall-Imprmts	6,000	2,922	49
Brinsley Headstocks-Create pond & wetland scrapes	1,600	158	10
Victoria Street Car Park-Eastwood-Resurface	18,150	1,650	9
Victoria Embankment Memorial Garden	10,000	10,000	100
Bennerley Viaduct	20,000	0	0

	<b>Total Budget 2018/19</b>	<b>Actual to 31/10/2018</b>	<b>Expenditure</b>
	<b>£</b>	<b>£</b>	<b>%</b>
<b><u>HEALTH</u></b>			
BLC – Emergency Concrete Repairs	10,000	7,763	78
BLC – Health Suite Refurbishment	0	(3,816)	0
CO - Replacement of Flat Roof	44,000	4,000	9
BLC – Replacement Hot Water Cylinders	15,000	14,000	93
BLC - Combined Heat and Power Unit	140,000	0	0
BLC - Property Condition Survey	30,000	0	0
KLC – Replacement Air Conditioning Units	8,450	0	0
<b><u>FINANCE AND RESOURCES</u></b>			
<b><u>RESOURCES</u></b>			
Former Beeston Bus Station - Interim Uses	11,800	750	6
Town Hall Migration (New Ways of Working)	98,650	11,724	12
Commercial Strategy- Invest to Save	53,000	46,614	88
Beeston Square - Phase 2 (Net Compensation)	111,300	248,810	224
Beeston Square - Phase 2	428,500	0	0
Capital Contingency	53,000	0	0
<b><u>ICT SERVICES</u></b>			
IT Replacement Programme	173,300	56,462	33
E Facilities	40,000	45,293	113
Replacement of MFD Photocopier Estate	63,000	0	0
VoIP Telephony	50,000	0	0
Committee Administration System	15,000	3,375	23

Technical Infrastructure	356,500	9,928	3
Replacement CRM System	20,600	11,003	53
Legal Case Management System	20,150	0	0
Care Leavers Council Tax Reduction Scheme Software	5,700	0	0

	Total Budget 2018/19 £	Actual to 31/10/2018 £	Expenditure %
<b><u>HOUSING</u></b>			
Disabled Facilities Grant	1,052,550	284,580	27
Warm Homes on Prescription	62,550	31,766	51
HRA Contingency	27,900	800	4
Central Heating Replacement	1,267,200	858,227	68
Modernisation Programme	1,984,700	923,212	47
Major Relets	150,000	131,137	87
Disabled Adaptations	417,250	268,155	64
Bexhill Ct - Scooter Storage	17,200	0	0
External Works- Paths Pavings	135,000	33,542	25
Fire Safety Assessment & Remedial Work	359,000	138,938	39
Window & Door Replacement	289,150	258,124	89
External Decoration & Pre Paint Repairs	643,750	265,104	41
Electrical Periodic Improvements	154,500	30,893	20
Housing System & DMS Replacement	213,400	45,500	21
Garage Refurbishment	236,900	31,217	13
Redwood Crescent - Purchase of Open Space Land	5,100	5,117	100
<b><u>JOBS AND ECONOMY</u></b>			
Walker Street (Eastwood) - Transport Feasibility Study	20,000	0	0
Chewton Street (Eastwood) - Contamination Surveys (Notts Pre-Development Fund)	70,000	38,324	55
<b><u>SCHEMES AWAITING 2018/19 FUNDING</u></b>			
BLC - Replacement of Flat Roofs	154,000	0	0
BLC - Replacement of Main Pool Windows	80,000	0	0
BLC - Replacement of Teaching Pool Windows	20,000	0	0
BLC - Replacement Intruder Alarm	25,000	0	0
BLC - Replacement of Dance Studio Windows	10,000	0	0
BLC - Replacement of High Voltage Transformer	40,000	0	0
BLC - Refurbishment of Pool Surrounds	50,000	0	0
BLC - Refurbishment of Fitness Gym Changing	33,000	0	0

Rooms			
BLC - Replacement Carpet (Reception Area)	7,000	0	0
KLC - Replacement Youth Fitness Gym Equipment	60,000	0	0
KLC - Extension of swimming facilities	330,000	0	0
KLC - Transfer of documents to digital storage	5,500	0	0
KLC - Replacement Pool Circulation & Shower Pumps	12,000	0	0
KLC - Renewal of Entrance Doors	8,000	0	0
KLC - Installation of Fast Track Entry System	11,000	0	0
KLC - Invest to Save - Replacement Lighting	8,000	0	0
KLC - Replacement of Suspended Ceilings & Floorings	18,000	0	0
KLC - Re-Paint Car Park Lines and Customer Walkways	6,000	0	0
Cemeteries/Closed Churchyards-Footpath Impts	30,000	0	0
Asset Management - Programmed Maintenance	44000	0	0
Energy Management Database Equipment	7950	0	0
Invest to Save (Carbon Management Plan)	19,200	0	0

## APPENDIX 2

Planned Financing of 2018/19 Capital Programme

<b>Source of Financing</b>	<b>Value (£)</b>
Major Repairs Reserve	3,889,200
Direct Revenue Financing – Housing Revenue Account	2,006,750
Direct Revenue Financing – General Fund	141,650
Better Care Fund	1,115,100
Usable Capital Receipts – Awaited (GF Schemes)	978,650
Borrowing – General Fund	1,509,900
Usable Capital Receipts – General Fund	789,800
Section 106 Receipts – Parks and Open Spaces	47,150
Section 106 Receipts – ITPS	112,750
Notts Pre-Development Fund	70,000
6C's Growth Point	1,600
WREN	49,500
Homes England	20,000
Colliers Wood Friends	13,000
<b>Total</b>	<b>10,745,050</b>

Capital Receipts

## (i) General Fund

General Fund capital receipts available at 31 October 2018 for the financing of capital expenditure were approximately £935,550. This includes £650,000 NET compensation received on 16 March 2018.

The planned financing of the 2018/19 capital programme shown in the table above assumes that General Fund capital receipts of £671,950 will be utilised. As the available capital receipts exceed the planned use as set out above, consideration will be given as to whether some of the schemes presently totalling £978,650 that are on the reserve list awaiting funding can be brought forward and given approval to proceed.

Council on 17 October 2018 agreed that the Town Hall in Beeston be sold to the Redeemer/Cornerstone Church for the sum of £425,000. The resulting capital receipt can be used to finance capital expenditure on schemes such as the migration of services out of the Town Hall and the implementation of the New Ways of Working Project. Further details are set out in appendix 3.

The Finance and Resources Committee on 12 July 2018 resolved to dispose of Cavendish Lodge in Beeston. Bids have been invited and these are set out in a further report on this agenda. The subsequent capital receipt will, when realised, be available to support the financing of capital expenditure.

Housing Committee on 4 December 2018 and Policy and Performance Committee on 12 December 2018 received reports on a proposed scheme to build two dementia

friendly bungalows on the former Beeston Market site on Willoughby Street. The two new properties would form part of the Housing Revenue Account and, as the former Beeston Market site is presently within the General Fund, there would need to be an appropriation between the HRA and General Fund to reflect the value of site, estimated to be £105,000.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 31 October 2018 for the financing of capital expenditure were over £2,673,750. This was arrived at as follows:

	£
Balance at 1 April 2018 (brought forward from 2017/18)	2,129,550
Plus: Receipts from 1 April 2018 to 31 October 2018	1,225,000
Less: Payment to MHCLG	<u>(238,900)</u>
Balance at 31 October 2018	3,115,650

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

- Borrowing “Headroom” of £3,145,000
- Capital Receipts of £3,115,650
- HRA revenue contributions (NB. Balance at 31 March 2018 was £3,862,450)

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

- (i) An assumed level of receipts under right to buy (RTB) based upon a baseline forecast in the self-financing settlement of March 2012
- (ii) 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. Under the terms of this agreement, local authorities are required to spend RTB receipts within three years and the receipts should fund no more than 30% of the cost of a replacement unit. Where a local authority is unable to spend receipts within three 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 30 September 2018 the Council’s cumulative new build expenditure of £2,464,771 comfortably exceeded the required new build sum of £1,464,101 at that date. The Council’s required new build expenditure over the next three years is as set out in the table below.

<b>Cumulative New Build Expenditure Required (£)</b>	<b>Date New Build Expenditure Required By:</b>
1,464,101.13	30 September 2018
1,556,097.72	31 December 2018
1,983,192.69	31 March 2019
1,983,192.69	30 June 2019
1,983,192.69	30 September 2019
1,983,192.69	31 December 2019
1,983,192.69	31 March 2020
1,983,192.69	30 June 2020
2,265,536.26	30 September 2020
2,725,476.12	31 December 2020
3,801,825.21	31 March 2021
4,145,814.33	30 June 2021

Given that the Council's cumulative new build expenditure presently stands at £2,464,771 there is not presently a requirement to incur further new build expenditure until the third quarter of 2020/21. This expenditure needs to have been incurred on a scheme that has been completed rather than in progress at that date to fulfil the conditions of the agreement.



## APPENDIX 3

1. Beeston Town Centre Redevelopment

The 2018/19 capital programme includes a total of £539,800 for work on the redevelopment of Beeston town centre. This is anticipated to be incurred on consultants fees in respect of legal, property and procurement advice along with site investigation costs and statutory fees.

Further costs in respect of construction and other work are expected from 2019/20 through to 2021/22 and these will be set out in the draft capital programme 2019/20 – 2021/22 to be presented to this Committee on 14 February 2019. It is presently anticipated that most of the cost of the scheme will be met from a combination of borrowing and a capital receipt from the disposal of part of the site for residential use.

Additional information has been provided to the D2N2 Local Enterprise Partnership in support of a bid for funding towards the cost of this scheme. The outcome is presently awaited and will be reported to this committee at the earliest opportunity.

2. Town Hall Migration and New Ways of Working

The Finance and Resources Committee on 12 October 2017 agreed to establish an initial capital budget of £100,000 in 2017/18 for building and other work to modernise the Council Offices and enable the move of staff and facilities from the Town Hall to the Council Offices in Beeston whilst the future of the Town Hall was determined. The cost was to be met from the Council's General Fund reserves.

This scheme formed part of the "New Ways of Working" initiative intended to introduce more modern working practices as well as result in a reduction in office space. This initiative is being overseen by a project team comprising of representatives from various departments and chaired by the Chief Executive.

Expenditure of £1,350 was incurred in 2017/18 and the remaining £98,650 was carried forward for inclusion in the 2018/19 capital programme. The initial budget of £100,000 has seen allocations of £10,000 for works to the doors at the Council Offices' Main Reception that have now been completed and £65,000 for the refurbishment of the area presently occupied by the Legal and Admin team on the second floor of the building. The remaining £25,000 will be utilised for works in other areas in due course.

Following the decision by Council on 17 October 2018 to sell the Town Hall, measures need to be taken to re-locate the ICT server room in the Council Offices and to establish a Council Chamber and accompanying facilities in the Council Offices whilst continuing with the programme of office modernisation. It is proposed that sums of £125,000 and £300,000 are allocated to these combined work streams initially with the cost met from the expected capital receipt of £425,000 from the sale of the Town Hall. Both projects will be subjected to tender exercises which, it is anticipated, will reduce the cost of the figures quoted. The results of the tenders will be reported to the Finance and Resources Committee in due course.

### 3. Town Hall Sale – Legal Costs

Following the decision by Council on 17 October 2018 to sell the Town Hall, there will be a requirement to incur legal costs in association with the disposal. Freeths are providing legal support to the Council with regards to the sale and their costs are estimated to be approximately £8,500. This cost can be met from available capital receipts.

### 4. Bramcote Leisure Centre – Replacement of Combined Heat and Power Unit

The Finance and Resources Committee on 12 July 2018 approved the inclusion in the 2018/19 capital programme of a scheme to replace the combined heat and power (CHP) unit at Bramcote Leisure Centre at an estimated cost of £140,000 with the cost to be met from prudential borrowing.

A tender exercise has commenced and the bids received will be evaluated and a contract awarded in due course. However, as it is not possible to undertake the work during the winter months due to the impact on the other boilers required to keep the centre functioning, the scheme will be undertaken in the summer of 2019. It is therefore proposed that the funding for this scheme be carried forward for inclusion in the 2019/20 capital programme.

### 5. Bramcote Leisure Centre – Property Condition Survey

The Finance and Resources Committee on 12 July 2018 approved the inclusion of £30,000 in the 2018/19 capital programme for a detailed property condition survey at Bramcote Leisure Centre to assess the present and future expected maintenance needs to ensure that the site continues to meet the needs of users, the Council and other stakeholders. This would then inform the production of a Leisure Facilities Strategy at a future date. The cost of the property condition survey was to be met from the Council's General Fund reserves.

A total of 13 tenders were received from those interested in undertaking the property condition survey. Although the cost of the core element of the survey will be less than the budget of £30,000 it is proposed to increase the budget to £40,000 to allow additional related work to be undertaken such as a CCTV drain survey, an underwater pool survey and concrete testing. This additional cost would also be met from the Council's General Fund reserves.

### 6. Leisure Centres/Industrial Units – Planned Maintenance

Concerns have been raised with regards to the level of planned maintenance at the three leisure centres and at the Council's industrial units.

Whilst a detailed property condition survey is underway at Bramcote Leisure Centre to assess present and future expected maintenance needs to ensure that the site meets the requirements of users, the Council and other stakeholders, there are some repair and maintenance issues at this and the other leisure centres that need to be addressed as a priority.

Although the tenants at the industrial units are responsible for internal repairs such as lighting, the Council needs to ensure that when it rents out a unit to tenants that it is in a reasonable and safe condition and record this in the lease documentation.

It is proposed that £40,000 be included in the 2018/19 capital programme to undertake a series of priority maintenance works at the leisure centres and industrial units. This can be funded from capital receipts such as that from the forthcoming sale of Cavendish Lodge. Any budget not spent in 2018/19 will be carried forward into 2019/20 to enable the proposed works to be completed.

The Head of Property Services and his team will assess the required works and produce a programme to enable a number of the priority tasks to be undertaken.

#### 7. Dementia Friendly Bungalows – Willoughby Street, Beeston

The Housing Committee on 4 December 2018 and Policy and Performance Committee on 12 December 2018 received reports on a proposed scheme to build two dementia friendly bungalows on the former Beeston Market site on Willoughby Street. The two new properties would form part of the Housing Revenue Account.

Whilst the land is already in the ownership of the Council and will be appropriated from the General Fund to the HRA at a value of £105,000 the estimated cost of the construction of the two new properties of £275,000 will be met from the Council's capital allocation from the Better Care Fund for Disabled Facilities Grants. A procurement process will be undertaken to identify a suitable developer to construct the bungalows and any material change to the estimated cost will be reported to this committee before the construction commences. The scheme now requires formal approval for inclusion in the 2018/19 capital programme.

#### 8. Care Leavers Council Tax Reduction Software

The Finance and Resources Committee on 12 July 2018 approved an allocation of £5,700 in the 2018/19 capital programme for software to administer the Care Leavers Council Tax Reduction Scheme approved at Policy and Performance Committee on 4 July 2018 with funding from capital contingencies.

Information has now been received from Nottinghamshire County Council indicating that only one individual is presently entitled to the additional discount allowed by the scheme. Therefore it is proposed that the additional software no longer be purchased and the budget returned to capital contingencies.

#### 9. Technical Infrastructure

Broxtowe Borough Council are partners in an ICT Shared Service in association with Rushcliffe Borough Council and Newark and Sherwood District Council. This allows common methods of operating to be established, the use of the similar systems (where applicable) and other efficiencies to be established.

Broxtowe's 2018/19 capital programme includes £356,500 for technical infrastructure that includes a wireless solution. The required platform is only offered directly by a company named Aerohive or by Dell as part of an original equipment manufacturer

(OEM) agreement with Aerohive. Therefore it is only possible to obtain one supplier quote for this solution. Alternative solutions have been considered within the ICT Shared Service but a procurement process undertaken at Rushcliffe Borough Council has shown the Dell/Aerohive solution to be the most cost effective.

Obtaining only one supplier in these circumstances is consistent with section 2.3 of the Council's Financial Standing Orders which states that "Any contract entered into through collaboration with other local authorities or other public bodies, where a competitive process has been followed that complies with the contract procedure rules and standing orders of the leading organisation, will be deemed to comply with these standing orders and no exemption is required."

In addition, section 5.3 of the Council's Financial Standing Orders reaffirms this by stating that "For contracts in value between £25,000 and £60,000, where it is not possible to obtain three quotations due to lack of suitable firms prepared to quote or for some other valid reason, the Chief Officer shall report such reason together with details of the quotations received to the appropriate Committee."

The proposed solution meets the ICT Shared Service strategic objective of systems and infrastructure alignment having been implemented by both Rushcliffe Borough Council (as part of the Fit for the Future programme) and Newark and Sherwood District Council (as part of the Moving Ahead programme). It also aligns with the New Ways of Working initiative currently being rolled out at Broxtowe Borough Council.

The cost of the solution for Broxtowe Borough Council is £20,700.56 for Phase 1 and £22,047.33 for Phase 2. These costs are within the sum allocated for the wireless solution.

#### 10. Storage Access Network (SAN)

The storage access network (SAN) units are due for replacement 2018/19. The Council therefore submitted an 'invitation to quote' on the Crown Commercial Services Framework specifying that the replacement infrastructure hardware must meet our strategic needs for the next five years and the quote must include five years' maintenance and support.

Three Responses to the 'invitation to quote' were received and a detailed evaluation of each response undertaken against the defined cost and quality criteria. The quality criteria resulted in the Council awarding the contract to the second cheapest option provided by Axess Systems Limited who are proposing to replace the current environment with a NetApp SAN. The primary reasons for this are as follows:

- The Council are currently using this provider for our SAN solution. The change costs, effort and risks associated with this solution are considered to be much easier to manage compared to introducing a new solution into the current environment.
- The current technology has proven itself to be reliable and stable over the previous five years. This provides a high degree of confidence that the replacement SAN will perform in a similar manner. The other two solutions are relatively new to market and are not proven to the same degree.

- The NetApp SAN is also in use at Rushcliffe Borough Council and has proven itself equally reliable and stable in that environment. Choosing NetApp over the other solutions aligns better with Broxtowe's strategic intention to harmonise infrastructure technologies wherever possible. It also means that Broxtowe has access to a broad range and depth of internal ICT expertise across the ICT Partnership to help manage the SAN once installed.

The total cost of the Axess Systems Limited solution is £149,639.46 and will be met from the £356,500 in the 2018/19 capital programme for technical infrastructure.

## Summary of Proposed Changes in Appendix 3 to 2018/19 Capital Programme

<u>Scheme</u>	<u>Present Budget (£)</u>	<u>Proposed Budget (£)</u>	<u>Funding Source (£)</u>
Town Hall Migration and New Ways of Working	98,650	523,650	GF Capital Receipts
Town Hall Sale – Legal Costs	0	8,500	GF Capital Receipts
Bramcote Leisure Centre – Replacement of CHP Unit	140,000	0	Prudential Borrowing
Bramcote Leisure Centre – Property Condition Survey	30,000	40,000	GF Reserves
Leisure Centres/Industrial Units – Planned Maintenance	0	40,000	GF Capital Receipts
Dementia Friendly Bungalows – Willoughby Street, Beeston	0	275,000	Better Care Fund
Care Leavers Council Tax Reduction Scheme Software	5,700	0	GF Capital Contingencies
<b>TOTAL</b>	<b>274,350</b>	<b>912,150</b>	