

Report of the Interim Deputy Chief Executive

CAPITAL PROGRAMME 2018/19 UPDATE1. Purpose of report

To report upon capital expenditure incurred in 2018/19 up to 31 December 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 December 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 £5,894,352 (or 53% of the planned 2018/19 capital programme) had been incurred by 31 December 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. 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 December 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	31/12/2018	Expenditure
	£	£	%
<u>CAPITAL EXPENDITURE SUMMARY</u>			
JOBS AND ECONOMY	90,000	38,324	43
LEISURE AND ENVIRONMENT	1,074,850	664,672	62
FINANCE AND RESOURCES	1,934,000	577,581	30
HOUSING	7,105,750	4,613,622	65
RESERVE LIST	978,650	0	0
<u>TOTAL</u>	11,183,250	5,894,352	53
<u>DETAILED SCHEMES</u>			
<u>LEISURE AND ENVIRONMENT</u>			
<u>ENVIRONMENT</u>			
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	2,691	21
Hall Park (Eastwood) - Access Improvements (S106 Parks and Open Spaces)	7,000	1,488	21
Broadgate Park (Beeston) - Play Area Imp	5,600	6,133	110
Leyton Crescent Rec'n Gr'd - Play Area	41,100	40,000	97
Millfield Road Open Space - Improvement	22,200	15,292	69
Redbridge Drive Open Space - Play Area	52,800	53,605	102
Cleaning/Surfacing of Play Equipment	3,300	3,364	102
Awsorth P.C. - Play Area and Parks	16,450	5,045	31
Brinsley P.C. - Play Area and Parks	18,000	17,950	100
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	29,733	100
Trowell P.C. - Play Area and Parks	6,900	0	0
Mansfield Road Rec Ground (Eastwood)	26,900	29,541	110
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	1,620	20
Water Safety Measures	33,700	9,006	27
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	1,641	12
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	5,000	100
Replacement Vehicles & Plant	223,000	228,743	103
Beeston Shopmobility (S106 ITPS)	2,500	321	13
St Catherines Churchyard, Cossall-Imprmts	6,000	2,926	49
Brinsley Headstocks-Create pond & wetland scrapes	1,600	1,778	111
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

	Total Budget 2018/19	Actual to 31/10/2018	Expenditure
	£	£	%
<u>HEALTH</u>			
BLC – Emergency Concrete Repairs	10,000	7,763	78
BLC – Health Suite Refurbishment	0	(3,816)	0
CO - Replacement of Flat Roof	44,000	9,986	23
BLC – Replacement Hot Water Cylinders	15,000	17,424	116
Leisure Centres – Planned Maintenance	25,000	0	0
BLC - Property Condition Survey	40,000	0	0
KLC – Replacement Air Conditioning Units	8,450	7,990	95
KLC – Replacement Water Pipes	15,000	0	0
<u>FINANCE AND RESOURCES</u>			
<u>RESOURCES</u>			
Capital Grants to Voluntary Bodies	2,500	0	0
Former Beeston Bus Station - Interim Uses	11,800	835	7
NWOW (Town Hall Migration/Legal and Admin)	98,650	56,950	58
NWOW – Customer Services/Civic Suite/Staff Accommodation	300,00	0	0
NWOW (Data Server Re-Location)	125,000	0	0
Town Hall Sale – Legal Costs	8,500	0	0
Commercial Strategy- Invest to Save	53,000	62,731	118
Beeston Square - Phase 2 (Net Compensation)	111,300	270,551	243
Beeston Square - Phase 2	428,500	0	0
Capital Contingency	56,200	0	0

ICT SERVICES			
IT Replacement Programme	173,300	56,797	33
E Facilities	40,000	53,027	133
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	36,796	10
Replacement CRM System	20,600	14,205	69
Legal Case Management System	20,150	17,713	88

	Total Budget 2018/19 £	Actual to 31/10/2018 £	Expenditure %
<u>HOUSING</u>			
Disabled Facilities Grant	872,250	539,438	62
Warm Homes on Prescription	62,550	52,941	85
HRA Contingency	22,800	800	4
Central Heating Replacement	1,267,200	1,036,890	82
Modernisation Programme	1,984,700	1,279,059	64
Major Relets	150,000	150,000	100
Disabled Adaptations	417,250	318,216	76
Bexhill Ct - Scooter Storage	17,200	0	0
External Works- Paths Pavings	135,000	35,050	26
Fire Safety Assessment & Remedial Work	359,000	178,852	50
Window & Door Replacement	289,150	273,003	94
External Decoration & Pre Paint Repairs	643,750	418,504	65
Electrical Periodic Improvements	154,500	169,340	110
Housing System & DMS Replacement	213,400	125,198	59
Garage Refurbishment	236,900	31,217	13
Redwood Cres.- Purchase of Open Space Land	5,100	5,117	100
Dementia Friendly Bungalows – Willoughby St	275,000	0	0
<u>JOBS AND ECONOMY</u>			
Walker Street (Eastwood) - Transport Feasibility Study	20,000	0	0
Chewton Street (Eastwood) - Contamination Surveys (Notts Pre-Development Fund)	70,000	38,324	55
<u>SCHEMES AWAITING 2018/19 FUNDING</u>			
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 Rooms	33,000	0	0
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

<u>Source of Financing</u>	<u>Value (£)</u>
Major Repairs Reserve	3,889,200
Direct Revenue Financing – Housing Revenue Account	2,006,750
Direct Revenue Financing – General Fund	151,650
Better Care Fund	1,209,800
Usable Capital Receipts – Awaited (GF Schemes)	978,650
Borrowing – General Fund	804,500
Usable Capital Receipts – General Fund	1,828,700
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
Total	11,183,250

Capital Receipts

(i) General Fund

General Fund capital receipts available at 31 December 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 £1,828,700 will be utilised. This includes a receipt of £425,000 from the disposal of the Town Hall in Beeston to the Redeemer/Cornerstone Church as agreed by the Council on 17 October 2018. Also included is a receipt of £470,000 from the sale of Cavendish Lodge in Beeston as agreed by Finance and Resources Committee on 13 December 2018.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 31 December 2018 for the financing of capital expenditure were over £3,553,250. 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 December 2018	1,662,600
Less: Payment to MHCLG	<u>(238,900)</u>

Balance at 31 December 2018 3,553,250

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

- Capital Receipts of £3,553,250
- 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:

- 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. 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 31 December 2018 the Council's cumulative new build expenditure of £2,464,771 comfortably exceeded the required new build sum of £1,556,098 at that date. 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:
1,556,097.72	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
4,145,804.33	30 June 2021
4,667,359.76	30 September 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. Kimberley Leisure Centre – Water Pipe Replacement

Finance and Resources Committee on 8 January 2019 allocated £15,000 within the 2018/19 capital programme to replace a fractured water pipe underneath the teaching pool at Kimberley Leisure Centre.

A detailed site inspection has been undertaken and this has identified that, as well as replacing the damaged water pipe, work will be required to replace damaged tiles, remove manhole covers and provide additional tiling.

This further work is expected to cost an additional £10,000 and will take the total cost of the scheme to an estimated £25,000. The additional cost can be met from General Fund capital contingencies of which (subject to other reports on today's agenda) £56,200 is presently available.

2. Chewton Street (Eastwood) – Contamination Surveys

Finance and Resources Committee on 30 November 2017 included a sum of £70,000 within the 2017/18 capital programme for a series of contamination surveys at Chewton Street in Eastwood. The results of the survey work were intended to give the Council a better understanding of the work required to remediate the land for development. The cost of this scheme was to be met by the Nottinghamshire Pre-Development Fund.

No expenditure was incurred in 2017/18 and approval was therefore granted by the Finance and Resources Committee on 12 July 2018 to carry the budget forward for inclusion in the 2018/19 capital programme.

The work has been undertaken in 2018/19 as planned and total expenditure incurred amounts to approximately £44,750. This is now to be claimed from the Nottinghamshire Pre-Development.

As the cost of the scheme is £25,250 less than had been anticipated, it has been agreed by those overseeing the Nottinghamshire Pre-Development Fund that the Council will receive £70,000 as originally indicated on the proviso that the £25,250 is used to finance pre-development work on the Beeston Square – Phase 2 scheme. In accordance with the authority delegated by Policy and Performance Committee on 21 November 2017, the Interim Deputy Chief Executive will incorporate this within the financing of the Beeston Square – Phase 2 scheme.

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>
Kimberley Leisure Centre – Water Pipe Replacement	15,000	25,000	GF Capital Contingencies
Chewton Street (Eastwood) – Contamination Surveys	70,000	44,750	Notts Pre-Development Fund
TOTAL	85,000	69,750	