

Report of the Deputy Chief Executive

CAPITAL PROGRAMME 2019/20 UPDATE1. Purpose of report

To report upon capital expenditure incurred in 2019/20 up to 31 August 2019 along with the planned financing of the 2019/20 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 2019/20 capital programme on a scheme by scheme basis and shows expenditure incurred on all capital schemes up to 31 August 2019. The 2019/20 capital programme includes schemes totalling £1,805,350 that were carried forward from 2018/19. It also includes all the adjustments to the budgets that were approved by this Committee on 11 July 2019.

Appendix 1 shows that capital expenditure totalling £3,472,412 (or 20.33% of the planned 2019/20 capital programme) had been incurred by 31 August 2019.

Included in the 2019/20 capital programme are schemes totalling £2,438,400 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 2019/20 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 2019/20 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 2019/20 capital programme to 31 August 2019 and the planned financing of the 2019/20 capital programme in appendices 1 and 2.
2. **RESOLVE** that the capital budget variations for 2019/20 as set out in appendix 3 be approved.

Background papers

Nil

APPENDIX 1

	Total Budget 2019/20 £	Actual to 31 August £	Expenditure %
<u>CAPITAL EXPENDITURE SUMMARY</u>			
ENVIRONMENT AND CLIMATE CHANGE	1,507,850	451,992	29.98%
LEISURE AND HEALTH	214,750	11,865	5.52%
FINANCE AND RESOURCES	4,795,600	540,077	11.26%
HOUSING	7,931,550	2,468,478	31.12%
JOBS AND ECONOMY	191,000	0	0.00%
RESERVE LIST	2,438,400	0	0.00%
TOTAL	17,079,150	3,472,412	20.33%
<u>DETAILED SCHEMES</u>			
<u>ENVIRONMENT AND CLIMATE CHANGE</u>			
Awsorth P.C. - Play Area and Parks	16,450	13,593	82.63%
Brinsley P.C. - Play Area and Parks	22,000	-	0.00%
Greasley P.C. - Play Area and Parks	57,100	57,093	99.99%
Kimberley T.C. - Play Area and Parks	25,400	-	0.00%
Nuthall P.C. - Play Area and Parks	29,700	18,174	61.19%
Trowell P.C. - Play Area and Parks	13,800	13,773	99.80%
King Georges Park (Bramcote) - Refurbishment	123,850	4,500	3.63%
Sherman Drive (Chilwell) – New Equipment	30,000	2,000	6.67%
Hall Om Wong – Extended Provision	20,000	2,000	10.00%
Hall Om Wong – Footpath Improvements	11,000	-	0.00%
Hickings Lane Recreation Ground - Play Area	165,500	169,693	102.53%
Redwood Crescent (Beeston) - Pocket Park	22,800	-	0.00%
Bramcote Ridge – Access Improvements	17,700	9,653	54.54%
Eastwood Town Council - Community Room Upgrade	5,000	-	0.00%
Purchase and Installation of CCTV Cameras	20,000	-	0.00%
Hall Park (Eastwood) - Access Improvements (S106 Parks & Open Spaces)	5,500	-	0.00%
Pedestrian Crossing - Hickings Lane	40,000	4,800	12.00%
Town Centre Wi-Fi	60,000	25,351	42.25%
St Helen`s Church Gates (Stapleford)	15,000	-	0.00%
Victoria Street Car Park-Eastwood-Resurface	15,650	15,649	99.99%
Bennerley Viaduct	20,000	-	0.00%
Beeston Weir - Life Saving Equipment	6,400	-	0.00%
Replacement Vehicles & Plant	765,000	114,622	14.98%
St Catherines Churchyard/New construction	0	350	0.00%
Broxtowe Country Trail (s106 ITPS)	0	742	0.00%
Total for Environment and Climate Change	1,507,850	451,992	29.98%

	Total Budget 2019/20 £	Actual to 31 August £	Expenditure %
<u>LEISURE AND HEALTH</u>			
Leisure Centres – Planned Maintenance	25,000	9,232	36.93%
Leisure Facilities Strategy	30,000	-	0.00%
Trent Vale Community Sports Association	2,500	-	0.00%
BLC – Combined Heat and Power Unit	140,000	-	0.00%
BLC - Property Condition Survey	17,250	-	0.00%
KLC - Replacement Water /New construction	0	2,308	0.00%
CO - Replacement of Flat Roof	0	325	0.00%
Total for Leisure and Health	214,750	11,865	5.52%
<u>FINANCE AND RESOURCES</u>			
<u>RESOURCES</u>			
Beeston Square Redevelopment	3,554,450	241,742	6.80%
Town Hall Sale – Legal Costs	5,150	47	0.90%
Town Hall Migration -New/New construction	0	1,576	0.00%
NWOW – New Civic Suite/Customer Services/Staff Accommodation	295,500	119,642	40.49%
NWOW – Data Server Room Re-Location	92,900	4,547	4.89%
NWOW – Civic Suite Audio Visual Equipment	100,000	-	0.00%
NWOW – Planning, Finance and Estates	200,000	20,000	10.00%
Capital Contingency	8,500	5,000	58.82%
<u>ICT SERVICES</u>			
IT Replacement Programme	178,850	73,266	40.96%
Replacement of MFD Photocopier Estate	63,000	50,871	80.75%
VoIP Telephony	50,000	-	0.00%
Committee Administration System	11,650	10,125	86.91%
Technical Infrastructure Architecture	189,200	3,349	1.77%
E Facilities Initiatives	40,000	6,709	16.77%
Replacement CRM System	6,400	3,203	50.04%
Total for Finance and ICT Services	4,795,600	540,077	11.26%
<u>HOUSING</u>			
Disabled Facilities Grants	827,550	350,911	42.40%
Dementia Friendly Bungalows – Willoughby St	270,850	1,180	0.44%
Gas Heating Replacement	1,038,100	73,053	7.04%
Housing Modernisation Programme	1,563,000	938,248	60.03%
Major Relets	157,150	50,012	31.82%
Aids and Adaptations – Disabled Persons	420,000	142,203	33.86%
Window and Door Replacement	313,450	109,842	35.04%
External Pre-Paint Repairs and Decoration	735,350	340,393	46.29%
Electrical Periodic Improvement Works	298,550	56,387	18.89%

	Total Budget 2019/20 £	Actual to 31 August £	Expenditure %
External Works-Paths Pavings & Hard Standings	94,850	17,131	18.06%
Fire Safety Assessment and Remedial Work	371,800	189,468	50.96%
Bexhill Court - Scooter Storage	15,550	-	0.00%
Garage Refurbishment	444,950	14,275	3.21%
Housing System & DMS Replacement	19,150	5,087	-26.56%
HRA Stock Condition Survey	100,000	-	0.00%
NWOW – Housing Section	100,000	-	0.00%
Buy Back of Former HRA Properties	133,350	-	0.00%
HRA Acquisition of Properties	1,000,000	189,610	18.96%
HRA Contingency	27,900	900	3.23%
Notts Warm Homes on Pres/Grants	0	48	0.00%
Total for Housing	7,931,550	2,468,478	31.12%
<u>JOBS AND ECONOMY</u>			
Walker Street (Eastwood) - Transport Feasibility Study	20,000	-	0.00%
Former Stapleford Police Station Redevelopment	171,000	-	0.00%
Total for Jobs and Economy	191,000	-	0.00%
<u>SCHEMES AWAITING 2019/20 FUNDING</u>			
Car Park Resurfacing	25,000	-	0.00%
Mushroom Farm – New Industrial Units	246,400	-	0.00%
BLC – Main Pool Filter Replacement	13,000	-	0.00%
BLC - Refurbishment of Fitness Gym Changing Rooms	33,000	-	0.00%
BLC – Replacement of Teaching Pool Filter	22,000	-	0.00%
BLC – Condition Survey Remedial Work	50,000	-	0.00%
BLC - Replacement of Flat Roofs	154,000	-	0.00%
BLC - Replacement of Teaching Pool Windows	20,000	-	0.00%
BLC - Replacement of Main Pool Windows	80,000	-	0.00%
BLC - Replacement Intruder Alarm	25,000	-	0.00%
BLC - Replacement of Dance Studio Windows	10,000	-	0.00%
BLC - Refurbishment of Pool Surrounds	50,000	-	0.00%
BLC - Replacement of High Voltage Transformer	40,000	-	0.00%
KLC – Electrical, Roof, Window and Drainage Works	22,000	-	0.00%
KLC – New Full Size 3G Football Pitch and Car Park	1,050,000	-	0.00%
KLC – PRAMA Studio	80,000	-	0.00%
KLC – Replace Mobile Elevated Work Platform	8,000	-	0.00%
KLC – Reconfigure Gyms and Studios	70,000	-	0.00%
KLC - Replacement Pool Circulation & Shower Pumps	12,000	-	0.00%
KLC - Extension of Swim Changing Facilities	330,000	-	0.00%
KLC - Replacement of Suspended Ceilings & Floorings	18,000	-	0.00%
KLC - Re-Paint Car Park Lines and Customer Walkways	6,000	-	0.00%

	Total Budget 2019/20 £	Actual to 31 August £	Expenditure %
Cemeteries/Closed Churchyards-Footpath Impts	30,000	-	0.00%
Asset Management - Programmed Maintenance	44000	-	0.00%
Total for Schemes Awaiting 2019/20 funding	2,438,400	-	0.00%

APPENDIX 2

Planned Financing of 2019/20 Capital Programme

Source of Financing	General Fund	HRA	Total
	£	£	£
Revenue Financing:			
Major Repairs Reserve		3,885,700	3,885,700
Direct Revenue Financing	17,250	1,814,100	1,831,350
Grants and Contributions:			
Better Care Fund	827,550	270,850	1,098,400
D2N2 LEP	588,150		588,150
WREN	143,500		143,500
Section 106 Receipts – Parks and Open Spaces	35,000		35,000
Section 106 Receipts – ITPS	54,450		54,450
Ministry of Housing, Communities and Local Government (MHCLG)	33,000		33,000
Insurance Settlement	24,850		24,850
Homes England	20,000		20,000
United Living	2,500		2,500
Stapleford Town Council	1,000		1,000
Usable Capital Receipts:	1,237,050	1,133,350	2,370,400
Borrowing	4,552,450		4,552,450
Reserve List:			
Usable Capital Receipts – Awaited	1,687,400		1,687,400
Grants and Contributions	751,000		751,000
Total	9,975,150	7,104,000	17,079,150

Capital Receipts

(i) General Fund

General Fund capital receipts available at 31 August 2019 for the financing of capital expenditure were approximately £1,640,350. This includes receipts of £645,150 brought forward from 2018/19 plus further receipts in 2019/20 such as £470,000 from the sale of Cavendish Lodge and £500,000 in further NET compensation.

The planned financing of the 2019/20 capital programme shown in the table above assumes that General Fund capital receipts of £1,237,050 will be utilised. This includes £388,400 on New Ways of Working initiatives, £164,450 on parish and town council parks and open spaces under the Pride in Parks initiative and £139,200 on technical architecture infrastructure.

The surplus capital receipts in addition to further anticipated receipts such as the £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 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.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 31 August 2019 for the financing of capital expenditure were over £4,097,800. This was arrived at as follows:

	£
Balance at 1 April 2019 (brought forward from 2018/19)	3,831,200
Plus: Receipts from 1 April 2019 to 31 August 2019	370,850
Less: Payment to MHCLG	<u>(104,250)</u>
Balance at 31 August 2019	4,097,800

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

- Capital Receipts of £4,097,800
- HRA revenue contributions (NB. Balance at 31 March 2019 was £4,002,950)

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 June 2019 the Council's cumulative new build expenditure of £2,555,943 comfortably exceeded the required new build sum of £1,983,193 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:
1,983,192.69	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
5,576,040.85	31 December 2021
5,931,251.26	31 March 2022
5,946,295.29	30 June 2022

Given that the Council's cumulative new build expenditure presently stands at £2,555,943 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. HRA Acquisition of Properties

The 2018/19 capital programme included £133,350 for the acquisition of a former right to buy property to be funded from housing capital receipts. The Finance and Resources Committee on 11 July 2019 agreed to carry this forward into 2019/20. Information has been received stating that the intended acquisition will not now proceed.

Finance and Resources Committee on 11 July 2019 also agreed to include £1,000,000 in the 2019/20 capital programme for the acquisition of properties for the Housing Revenue Account, again to be funded from housing capital receipts. It is proposed that this is supplemented with the £133,350 highlighted above to produce a budget of £1,133,350 in the 2019/20 capital programme for the acquisition of properties for the Housing Revenue Account.

2. Former Stapleford Police Station Redevelopment Project

The Finance and Resources Committee on 11 July 2019 agreed to include £171,000 in the 2019/20 capital programme for a scheme to redevelop the former Police Station in Stapleford for small business and office uses. The scheme was to be funded by a grant of £88,135 from the D2N2 Local Enterprise Partnership (LEP) with funding of £82,865 from the Council.

Conformation has now been received from the LEP that they are to provide funding of £92,135 towards the scheme. This will enable the Council's planned contribution to be reduced to £78,865.

3. Disabled Facilities Grants

The Ministry for Housing, Communities and Local Government (MHCLG) announced on 9 May 2019 that Broxtowe Borough Council are to receive a Disabled Facilities Grant (DFG) allocation for 2019/20 of £867,198 through the Better Care Fund to meet its statutory duty to provide home adaptations. The Council is permitted to spend part of this on wider social care projects (such as the Dementia Friendly Bungalows scheme at Willoughby Street in Beeston) should it wish to do so.

As in previous years, Broxtowe Borough Council's 2019/20 DFG allocation through the Better Care Fund includes £70,343 for a Handy Person Adaptation Service (HPAS) that is operated on a countywide basis by Nottinghamshire County Council (NCC). This funding is retained by NCC and reflected in their accounts as opposed to those of the Borough Council although the resulting expenditure is incurred in the Broxtowe area.

4. Community Transport Schemes

The Council received a Section 106 ITPS contribution of £10,993 in November 2018 in respect of a scheme at Pinfold Trading Estate in Stapleford to be used for community transport purposes.

Nottinghamshire County Council have requested £5,000 of this sum to provide real time information on the nearest bus stop in the southbound direction with a further £5,000 to support the work of the local community transport scheme operated by The Helpful Bureau. It is therefore proposed that £10,000 be included in the 2019/20 capital programme for community transport purposes with funding from Section 106 ITPS funds.

Summary of Proposed Changes in Appendix 3 to 2019/20 Capital Programme

<u>Scheme</u>	<u>Present Budget (£)</u>	<u>Proposed Budget (£)</u>	<u>Funding Source (£)</u>
Buy Back of Former Right to Buy Properties	133,350	0	Housing Capital Receipts
HRA Acquisition of Properties	1,000,000	1,133,350	Housing Capital Receipts
Community Transport Schemes	0	10,000	Section 106 ITPS Funds
TOTAL	1,133,350	1,143,350	