

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 30 November 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 30 November 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 10 October 2019.

Appendix 1 shows that capital expenditure totalling £6,111,031 (or 35.00% of the planned 2019/20 capital programme) had been incurred by 30 November 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 30 November 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 30 November £	Expenditure %
<u>CAPITAL EXPENDITURE SUMMARY</u>			
ENVIRONMENT AND CLIMATE CHANGE	1,592,850	1,033,775	64.90%
LEISURE AND HEALTH	214,750	38,090	17.74%
FINANCE AND RESOURCES	4,795,600	951,359	19.84%
HOUSING	8,131,550	3,987,808	49.04%
JOBS AND ECONOMY	291,000	0	0.00%
RESERVE LIST	2,438,400	0	0.00%
TOTAL	17,464,150	6,011,032	34.42%
<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	-	
Greasley P.C. - Play Area and Parks	57,100	57,093	99.99%
Kimberley T.C. - Play Area and Parks	25,400	-	
Nuthall P.C. - Play Area and Parks	29,700	26060	87.74%
Trowell P.C. - Play Area and Parks	13,800	13,773	99.80%
King Georges Park (Bramcote) - Refurbishment	123,850	81768	66.02%
Sherman Drive (Chilwell) – New Equipment	32000	34196	106.86%
Hall Om Wong – Extended Provision	22000	2,000	9.09%
Hall Om Wong – Footpath Improvements	11,000	-	
Hickings Lane Recreation Ground - Play Area	161,500	169,693	105.07%
Real Time Bus Information (Stapleford)	5000	5000	100.00%
Community Transport (Stapleford)	5000	5000	100.00%
Attenborough Nature Reserve – Contrib'n to purchase	75000		0.00%
Redwood Crescent (Beeston) - Pocket Park	22,800	(234)	-1.03%
Bramcote Ridge – Access Improvements	17,700	15689	88.64%
Eastwood Town Council - Community Room Upgrade	5,000	-	
Purchase and Installation of CCTV Cameras	20,000	-	
Hall Park (Eastwood) - Access Improvements (S106 Parks & Open Spaces)	5,500	1806	32.84%
Pedestrian Crossing - Hickings Lane	40,000	7,400	18.50%
Town Centre Wi-Fi	60,000	25,351	42.25%
St Helen`s Church Gates (Stapleford)	15,000	3833	25.55%
Victoria Street Car Park-Eastwood-Resurface	15,650	15,649	99.99%
Bennerley Viaduct	20,000	-	

	Total Budget 2019/20 £	Actual to 30 November £	Expenditure %
Beeston Weir - Life Saving Equipment	6,400	-	
Replacement Vehicles & Plant	765,000	555,756	72.65%
St Catherines Churchyard/New construction	0	350	100.00%
Total for Environment and Climate Change	1,592,850	1,033,775	64.90%
<u>LEISURE AND HEALTH</u>			
Leisure Centres – Planned Maintenance	25,000	9,232	36.93%
Leisure Facilities Strategy	30,000	7,238	24.13%
Trent Vale Community Sports Association	2,500	-	
BLC – Combined Heat and Power Unit	140,000	13,698	9.78%
BLC - Property Condition Survey	17,250	5,614	32.54%
KLC - Replacement Water /New construction	0	2,308	100.00%
CO - Replacement of Flat Roof	0	0	
Total for Leisure and Health	214,750	38,090	17.74%
<u>FINANCE AND RESOURCES</u>			
<u>RESOURCES</u>			
Beeston Square – Phase 2/Other Capital Expenditure	-	424,898	100%
Beeston Square – Phase 2	3,554,450	(14,542)	-0.41%
Town Hall Sale – Legal Costs	5,150	47	0.91%
Town Hall Migration -New/New construction	0	3,316	100%
NWOW – New Civic Suite/Customer Services/Staff Accommodation	295,500	235,573	79.72%
NWOW – Data Server Room Re-Location	92,900	35,902	38.65%
NWOW – Civic Suite Audio Visual Equipment	100,000	104,889	104.89%
NWOW – Planning, Finance and Estates	200,000	20,841	10.42%
GF Contingency	8,500	5,000	58.82%
<u>ICT SERVICES</u>			
Replacement Development Programme	88,850	60,543	68.14%
E Facilities/Intangible Fixed Assets		7,346	
Replacement of MFD Photocopier Estate	63,000	50,871	80.75%
VoIP Telephony	50,000	-	
Technical Infrastructure Architecture	50,000	-	
Committee Administration System	11,650	10,125	86.91%
Technical Infrastructure Architecture	139,200	3,349	2.41%
E Facilities Initiatives	40,000	-	

	Total Budget 2019/20 £	Actual to 30 November £	Expenditure %
Replacement CRM System	6,400	3,203	50.05%
Replacement/Development Programme	90,000	-	
Total for Finance and ICT Services	4,795,600	951,361	19.84%
<u>HOUSING</u>			
Disabled Facilities Grants	802,550	486,132	60.57%
Dementia Friendly Bungalows – Willoughby St	270,850	2,206	0.81%
Central Heating Replacement	1,038,100	307,024	29.58%
Housing Modernisation Programme	1,563,000	1,258,012	80.49%
Major Relets	157,150	114,811	73.06%
Aids and Adaptations – Disabled Persons	420,000	214,059	50.97%
Window and Door Replacement	313,450	285,469	91.07%
External Pre-Paint Repairs and Decoration	735,350	539,879	73.42%
Electrical Periodic Improvement Works	298,550	100,801	33.76%
External Works-Paths Pavings & Hard Standings	94,850	23,627	24.91%
Fire Safety Assessment and Remedial Work	371,800	285,289	76.73%
Bexhill Court - Scooter Storage	15,550	-	
Garage Refurbishment	444,950	255,131	57.34%
Housing System & DMS Replacement	19,150	6,200	32.38%
HRA Stock Condition Survey	100,000	-	
NWOW – Housing Section	100,000	-	
Buy Back of Former HRA Properties	-	-	
HRA Acquisition of Properties	1,133,350	105,138	9.28%
HRA Contingency	27,900	900	3.23%
Notts Warm Homes on Pres/Grants	25,000	120	0.48%
New Build Housing Feasibility Costs	200,000	3,010	1.51%
Total for Housing	8,131,550	3,987,808	49.04%
<u>JOBS AND ECONOMY</u>			
Walker Street (Eastwood) - Transport Feasibility Study	20,000	-	0.00%
HS2 Potential Extension Studies	100,000	-	0.00%
Former Stapleford Police Station Redevelopment	171,000	-	0.00%
Total for Jobs and Economy	291,000	-	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%

	Total Budget 2019/20 £	Actual to 30 November £	Expenditure %
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%
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		4,191,450	4,191,450
Direct Revenue Financing	17,250	1,508,350	1,525,600
Grants and Contributions:			
Better Care Fund	827,550	270,850	1,098,400
D2N2 LEP	592,150		592,150
WREN	143,500		143,500
Section 106 Receipts – Parks and Open Spaces	35,000		35,000
Section 106 Receipts – ITPS	164,450		164,450
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:	1,808,050	1,333,350	3,141,400
Borrowing	4,052,450		4,052,450
Reserve List:			
Usable Capital Receipts – Awaited	1,687,400		1,687,400
Grants and Contributions	751,000		751,000
Total	10,160,150	7,304,000	17,464,150

Capital Receipts

(i) General Fund

General Fund capital receipts available at 30 November 2019 for the financing of capital expenditure were approximately £1,657,850. This includes receipts of £645,150 brought forward from 2018/19 plus £470,000 from the sale of Cavendish Lodge in April 2019 and £500,000 received from Nottingham City Council in May 2019 in respect of tram compensation. Sums of £20,450 and £22,250 have also been received from the sale of vehicles and the repayment of improvement grants respectively.

The planned financing of the 2019/20 capital programme shown in the table above assumes that General Fund capital receipts of £1,808,050 will be utilised. This includes £500,000 on the Beeston Square Phase 2 development, £388,400 on New Ways of Working initiatives, £320,950 on parks and open spaces (including those owned by parish and town councils under the Pride in Parks initiative) and £139,200 on technical architecture infrastructure.

Whilst the planned financing of the 2019/20 capital programme assumes that General Fund capital receipts of £1,808,050 will be utilised and there is £1,657,850 presently available, General Fund capital receipts will be further supplemented by the £425,000 to be received from the Redeemer/Cornerstone Church for the sale of the Town Hall in Beeston as approved by Council on 17 October 2018.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 30 November 2019 for the financing of capital expenditure were approximately £4,292,150. This was arrived at as follows:

	£
Balance at 1 April 2019 (brought forward from 2018/19)	3,831,250
Plus: Receipts from 1 April 2019 to 30 November 2019	656,150
Plus: Repayment of a Discount	13,250
Less: Payment to MHCLG	<u>(208,500)</u>
Balance at 30 November 2019	4,292,150

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

- Capital Receipts of £4,292,150
- 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 September 2019 the Council's cumulative new build expenditure of £2,558,150 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 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
6,372,252.46	30 September 2022

Given that the Council's cumulative new build expenditure presently stands at £2,558,150 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 – Fire Alarm Smoke and Heat Detectors and Sounders

Policy and Performance Committee on 4 December 2019 noted the exercise of the Chief Executive's urgency powers to approve expenditure of £11,100 on replacement fire alarm smoke and heat detectors at Kimberley Leisure Centre. This was due to the fire alarm smoke and heat detectors failing and needing to be replaced urgently.

Provision for this expenditure now needs to be made within the 2019/20 capital programme. The cost can be met from the £8,500 presently available within capital contingencies with the remaining £2,600 from General Fund capital receipts.

2. Nuthall Parish Council - Pride in Parks

The 2019/20 capital programme includes £29,700 for parks and recreation grounds improvements at sites owned by Nuthall Parish Council under the Pride in Parks initiative.

It is anticipated that a sum of £2,900 will remain unallocated at the end of the 2019/20 financial year. Nuthall Parish Council would like to use this sum as match funding towards a bid that they are preparing for an outdoor basketball court at Basil Russell Playing Fields. The estimated total value of this scheme is £15,000 and a consultation process is presently underway.

As the proposed scheme would not take place until 2020/21, it is proposed that the sum of £2,900 is carried forward from 2019/20 to the following year as match funding in support of Nuthall Parish Council's bid for an outdoor basketball court at Basil Russell Playing Fields.

3. Attenborough Nature Reserve

Finance and Resources Committee on 10 October 2019 noted the exercise of the Chief Executive's urgency powers to provide a guarantee of £75,000 funding towards the purchase by the Nottinghamshire Wildlife Trust of Attenborough Nature Reserve should other funders not prove able to provide the resources required to enable the purchase to proceed. Provision for this was therefore made within the 2019/20 capital programme.

The Council subsequently paid the Nottinghamshire Wildlife Trust the sum of £75,000 on 6 December 2019.

4. Mushroom Farm – Section 106 Contribution

The Council received a Section 106 ITPS contribution of £676,000 in July 2018 from Turley Associates in respect of a development at Mushroom Farm near Eastwood.

Finance and Resources Committee on 10 October 2019 approved a recommendation from the Jobs and Economy Committee on 5 September 2019 that £100,000 from these funds be used to commission

- an engineering study demonstrating how a tram extension from the Toton HS2 hub station to Langley Mill and Kimberley could be reliably delivered and
- a report to demonstrate the economic, social and environmental benefits of such a proposal in order to produce a compelling case to justify the investment required.

Further schemes will need to be brought forward to enable the Section 106 ITPS contribution to be utilised in full.

5. “Reserve List” Schemes

The 2019/20 capital programme includes General Fund schemes totalling £2,438,400 that are on a “reserve list” such that they will only be brought forward for approval to proceed once a source of funding has been identified.

Given that we are now in the final quarter of the 2019/20 financial year, it is proposed that these schemes be removed from the 2019/20 capital programme to allow further consideration by officers and, if these schemes are still considered necessary, bring them forward for examination by members as part of the 2020/21 budget setting process.

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>
KLC – Fire Alarm Smoke and Heat Detectors and Sounders	0	11,100	GF capital contingencies (£8,500) and GF capital receipts (£2,600)
Nuthall Parish Council - Pride in Parks	29,700	26,800	GF capital receipts
“Reserve List” Schemes	2,438,400	0	None at present
TOTAL	2,468,100	37,900	