

Report of the Deputy Chief Executive

CAPITAL PROGRAMME 2019/20 AND 2020/21 UPDATE1. Purpose of report

To report upon capital expenditure incurred in 2019/20 up to 29 February 2020 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 and next financial year.

This report was due to be presented at the Finance and Resources Committee dated 2 April 2020.

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 29 February 2020. 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 9 January 2020.

Appendix 1 shows that capital expenditure totalling £9,428,757 (or 62.68% of the planned 2019/20 capital programme) had been incurred by 29 February 2020.

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 in respect of 2019/20 and 2020/21 has identified a number of schemes in both years 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 29 February 2020 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 and 2020/21 as set out in appendix 3 be approved.**

Background papers

Nil

APPENDIX 1

	Total Budget 2019/20 £	Actual to 29 February 2020 £	Expenditure %
<u>CAPITAL EXPENDITURE SUMMARY</u>			
ENVIRONMENT AND CLIMATE CHANGE	1,589,950	1,193,090	75.04%
LEISURE AND HEALTH	235,850	49,438	20.96%
FINANCE AND RESOURCES	4,787,100	2,181,874	45.58%
HOUSING	8,137,700	6,004,020	73.78%
JOBS AND ECONOMY	291,000	336	0.13%
RESERVE LIST	0	0	0.00%
TOTAL	15,041,600	9,428,758	62.68%
<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	18,000	0	0.00%
Brinsley P.C – Play Area Repairs and Replacement	4,000	0	0.00%
Greasley P.C. - Play Area and Parks	28,550	28,547	99.99%
Greasley P.C – Play Areas and Parks Open Spaces Improvements	28,550	28,547	99.99%
Kimberley T.C. - Play Area and Parks	25,400	25,399	100.00%
Nuthall P.C. - Play Area and Parks	26,800	24,864	92.78%
Nuthall P.C. – Play Area and Parks Open Spaces Improvements	0	1,196	
Trowell P.C. - Play Area and Parks	6,900	6,886	99.80%
Trowell P.C. – Play Areas and Parks Open Spaces Improvements	6,900	6,886	99.80%
King Georges Park (Bramcote) - Refurbishment	123,850	125,105	101.01%
Sherman Drive (Chilwell) – New Equipment	32,000	34,196	106.86%
Hall Om Wong – Extended Provision	22,000	2,000	9.09%
Hall Om Wong – Footpath Improvements	11,000	0	0.00%
Hickings Lane Recreation Ground - Play Area	161,500	169,692	105.07%
Real Time Bus Information (Stapleford)	5,000	5,000	100.00%
Community Transport (Stapleford)	5,000	5,000	100.00%
Attenborough Nature Reserve – Contrib'n to purchase	75,000	75,000	100.00%
Redwood Crescent (Beeston) - Pocket Park	22,800	(234)	-1.03%
Bramcote Ridge – Access Improvements	17,700	16,362	92.44%
Eastwood Town Council - Community Room Upgrade	5,000	0	0.00%
Purchase and Installation of CCTV Cameras	20,000	0	0.00%
Hall Park (Eastwood) - Access Improvements (S106 Parks & Open Spaces)	5,500	3,776	68.65%
Pedestrian Crossing - Hickings Lane	40,000	8,493	21.23%

	Total Budget 2019/20 £	Actual to 29 February 2020 £	Expenditure %
Town Centre Wi-Fi	60,000	25,351	42.25%
St Helen`s Church Gates (Stapleford)	15,000	11,538	76.92%
Victoria Street Car Park-Eastwood-Resurface	15,650	15,649	99.99%
Bennerley Viaduct	20,000	0	0.00%
Beeston Weir - Life Saving Equipment	6,400	0	0.00%
Replacement Vehicles & Plant	765,000	559,894	73.19%
St Catherines Churchyard/New construction	0	350	
Total for Environment and Climate Change	1,589,950	1,193,090	75.04%
<u>LEISURE AND HEALTH</u>			
Leisure Centres – Planned Maintenance	25,000	9,712	38.85%
Leisure Facilities Strategy	30,000	7,278	24.26%
Trent Vale Community Sports Association	12,500	-	0.00%
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	
CO – Extra 5-a-Side Floodlit Area	0	10,828	
KLC – Fire Alarm Smoke and Heat Detectors and Sound	11,100	0	0.00%
Total for Leisure and Health	235,850	49,438	20.96%
<u>FINANCE AND RESOURCES</u>			
<u>RESOURCES</u>			
Beeston Square – Phase 2/Other Capital Expenditure	-	1,570,674	
Beeston Square – Phase 2	3,554,450	(14,542)	-0.41%
Town Hall Sale – Legal Costs	5,150	52	1.01%
Town Hall Migration -New/New construction	0	6,131	
NWOW – New Civic Suite/Customer Services/Staff Accommodation	295,500	262,953	88.99%
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	24,360	12.18%
GF Contingency	0	0	0.00%
<u>ICT SERVICES</u>			
Replacement Development Programme	178,850	81,453	45.54%
Replacement of MFD Photocopier Estate	63,000	50,871	80.75%
VoIP Telephony	50,000	-	0.00%
Technical Infrastructure Architecture	50,000	34,942	69.88%
Committee Administration System	11,650	10,125	86.91%
Technical Infrastructure Architecture	139,200	3,349	2.41%

	Total Budget 2019/20 £	Actual to 29 February 2020 £	Expenditure %
E Facilities Initiatives	40,000	7,512	18.78%
Replacement CRM System	6,400	3,203	50.05%
Total for Finance and ICT Services	4,787,100	2,181,874	45.58%
<u>HOUSING</u>			
Disabled Facilities Grants	802,550	601,960	75.01%
Dementia Friendly Bungalows – Willoughby St	270,850	2,573	0.95%
Central Heating Replacement	1,038,100	481,550	46.39%
Housing Modernisation Programme	1,563,000	1,566,690	100.24%
Major Relets	157,150	203,469	129.47%
Aids and Adaptations – Disabled Persons	420,000	293,359	69.85%
Window and Door Replacement	313,450	338,026	107.84%
External Pre-Paint Repairs and Decoration	735,350	670,324	91.16%
Electrical Periodic Improvement Works	298,550	256,213	85.82%
External Works-Paths Paving & Hard Standings	94,850	96,081	101.30%
Fire Safety Assessment and Remedial Work	371,800	352,251	94.74%
Bexhill Court - Scooter Storage	15,550	0	0.00%
Garage Refurbishment	444,950	375,366	84.36%
Housing System & DMS Replacement	19,150	6,200	32.38%
HRA Stock Condition Survey	100,000	43,267	43.27%
NWOW – Housing Section	100,000	68,757	68.76%
HRA Acquisition of Properties	1,133,350	629,378	55.53%
HRA Contingency	27,900	900	3.23%
Notts Warm Homes on Pres/Grants	31,150	3,896	12.51%
New Build Housing Feasibility Costs	200,000	13,760	6.88%
Total for Housing	8,137,700	6,004,020	73.78%
<u>JOBS AND ECONOMY</u>			
Walker Street (Eastwood) - Transport Feasibility Study	20,000	0	0.00%
HS2 Potential Extension Studies	100,000	0	0.00%
Former Stapleford Police Station Redevelopment	171,000	336	0.20%
Total for Jobs and Economy	291,000	336	0.12%

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	833,700	270,850	1,104,550
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:	1,817,750	1,333,350	3,151,100
Borrowing	4,052,450		4,052,450
Total	7,737,600	7,304,000	15,041,600

Capital Receipts

(i) General Fund

General Fund capital receipts available at 29 February for the financing of capital expenditure were approximately £2,099,350. This includes receipts of £645,150 brought forward from 2018/19 plus £470,000 from the sale of Cavendish Lodge in April 2019, £500,000 received from Nottingham City Council in May 2019 in respect of tram compensation and £425,100 from the sale of the Town Hall in Beeston. Sums of £36,850 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 £1,817,750 will be utilised. This includes £500,000 on the Beeston Square Phase 2 development, £388,400 on New Ways of Working initiatives, £318,050 on parks and open spaces (including those owned by parish and town councils under the Pride in Parks initiative), £139,200 on technical architecture infrastructure and £472,100 on other schemes.

Based upon the above, there should be sufficient General Fund capital receipts available at 31 March 2020 to finance planned 2019/20 capital expenditure.

(ii) Housing Revenue Account

Housing Revenue Account (HRA) capital receipts available at 29 February 2020 for the financing of capital expenditure were approximately £4,592,600. 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 29 February 2020	1,060,850
Plus: Repayment of a Discount	13,250
Less: Payment to MHCLG	<u>(312,750)</u>
Balance at 29 February 2020	4,592,600

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

- Capital Receipts of £4,592,600
- 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 December 2019 the Council's cumulative new build expenditure of £2,427,978 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	Date New Build Expenditure
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Build Expenditure Required (£)	Required By:
1,983,192.69	31 December 2019
1,983,192.69	31 March 2020
1,983,192.69	30 June 2020
2,265,302.84	30 September 2020
2,725,242.70	31 December 2020
3,801,591.80	31 March 2021
4,145,580.91	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
6,494,649.85	31 December 2022

Given that the Council's cumulative new build expenditure presently stands at £2,427,978 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

2019/20

1. Chilwell Olympia – Extra 5-a-Side Floodlit Area and Replacement MUGA

Cabinet on 3 June 2014, 4 November 2014 and 10 March 2015 approved a total allocation of £244,850 for the provision of a third 5-a-side floodlit area and a replacement multi use games area (MUGA) at Chilwell Olympia. Total expenditure on these two schemes over 2014/15 and 2015/16 amounted to £243,555.

The Council has now received an invoice of £10,527.56 in respect of a final retention payment due to the contractor. The Council has sought assurance that the required work was completed as specified in the tender documentation and that issues that arose in the first year of operation have been satisfactorily resolved. It is therefore considered that this invoice should be paid.

There is presently no provision for this additional cost within the 2019/20 capital programme. The cost can be met from General Fund capital receipts.

2. Hall on Wong – Open Space Access and Play Improvements

The 2019/20 capital programme includes £22,000 for the extended provision of facilities at Hall on Wong in Kimberley. No expenditure has, as yet, been incurred on this scheme whilst the Council looks to see if external funding can be sought to allow a larger scheme to be undertaken.

The Council was informed on 5 March 2020 that it has received an allocation of £54,033.36 from the FCC Communities Foundation towards open space access and play improvements at the Hall on Wong site. This can now be added to the £22,000 already in the 2019/20 capital programme to allow an enlarged scheme to be provided.

Approval will be requested to carry forward the total budget of £76,050 from 2019/20 into 2020/21 when the 2019/20 final outturn is presented to the Committee.

3. Dementia Friendly Bungalows - Willoughby Street, Beeston

As approved by Finance and Resources Committee on 13 December 2018, the 2019/20 capital programme includes £270,850 for the construction of two dementia friendly bungalows on the former Beeston Market site on Willoughby Street with the cost met from the Council's capital allocation from the Better Care Fund for Disabled Facilities Grants.

A procurement exercise was undertaken to identify a suitable developer to construct the bungalows. However, after post-tender discussions with the preferred developer, they withdrew before the construction phase commenced. The Council then entered into negotiations with the developer that came second in the tender process and, after some value engineering, agreement has been reached with them to construct the bungalows within the agreed budget but with a reduced contingency resulting in a greater risk of overspending should unforeseen essential expenditure be required.

2020/21

4. New Build – Oakfield Road

The 2020/21 capital programme approved at Finance and Resources Committee on 13 February 2020 includes £500,000 for a scheme to build four flats for ex-service personnel at Oakfield Road in Stapleford.

It has now been determined that the site could provide five as opposed to four units but that the build costs will be higher than originally envisaged due to the design and ground conditions on site.

The revised cost of the amended scheme is £700,000. As with the previous scheme, the cost will be met from Housing Revenue Account (HRA) capital receipts arising from the sale of council houses under the right to buy scheme.

5. Disabled Facilities Grants

The 2020/21 capital programme approved at Finance and Resources Committee on 13 February 2020 includes £796,850 for Disabled Facilities Grants (DFGs). These are for the provision of adaptations to the homes of those disabled persons who qualify for the grant. Funding for these is provided initially by the Ministry for Housing, Communities and Local Government (MHCLG) to County Councils who, in two tier areas, then pass this down to District Councils through the Better Care Fund.

MHCLG announced on 28 February 2020 that Broxtowe Borough Council are to receive a DFG allocation for 2020/21 of £811,138 (£867,198 less a contribution of £56,060 to the NCC Handy Person Service that is assumed to be the same as in 2019/20) to meet its statutory duty to provide home adaptations as set out above. The Council is permitted to spend part of this on wider social capital projects should it wish to do so.

The 2020/21 capital budget for DFGs can now be revised from £796,850 to £811,150 accordingly.

6. Replacement Vehicles and Plant

In December 2019 a caretaker's van used by the Housing Department was stolen and, when recovered, was discovered to be so badly damaged that it had

to be written off. The Council has submitted an insurance claim in respect of this and is due to receive a settlement of £5,350.

The Transport and Stores Manager has attempted to procure a suitable second hand vehicle to replace this van. However, the alternatives examined are considered to be of poor quality and it is considered that the purchase of a new vehicle at an estimated cost of £23,000 would represent better value for money.

The 2020/21 capital programme includes £738,500 for replacement plant and vehicles and it is presently projected that this will be financed by borrowing. It is proposed that the 2020/21 budget be increased by £23,000 to £761,500 to include the purchase of the new replacement vehicle with £5,350 of the cost financed by the insurance settlement and the remaining £17,650 met from borrowing.

7. Mushroom Farm – New Industrial Units

The 2020/21 capital programme includes General Fund schemes that are on a “reserve list” such that they will only be brought forward for approval once a source of funding has been identified.

Included on the “reserve list” is a scheme for £246,400 to construct 3 industrial units at Mushroom farm. Further information on this scheme is set out in a report to Jobs and Economy Committee on 5 September 2019.

A bid for funding towards this scheme has been submitted to the D2N2 Local Enterprise Partnership who have stated that they will provide £124,000 towards the cost of the scheme. As reported to Jobs and Economy Committee on 5 September 2019, the cost of the scheme is now estimated to be £219,000. This would require a contribution from the Council of £95,000 which can be met from borrowing. Therefore, it is proposed that the scheme is removed from the “reserve list” and approval to proceed granted.

Summary of Proposed Changes in Appendix 3 to the 2019/20 and 2020/21 Capital Programme

<u>Scheme</u>	<u>Present Budget (£)</u>	<u>Proposed Budget (£)</u>	<u>Funding Source (£)</u>
2019/20			
CO – Extra 5-a-Side Floodlit Area	0	10,550	GF Capital Receipts (£10,550)
Hall om Wong – Extended Provision	22,000	76,050	GF Capital Receipts (£22,000) and FCC Communities Foundation (£54,050)
TOTAL	22,000	86,600	
2020/21			
New Build – Oakfield Road	500,000	700,000	HRA Capital Receipts (£700,000)
Disabled Facilities Grants	796,850	811,150	NCC - Better Care Fund (£811,150)
Replacement Vehicles and Plant	738,500	761,500	Borrowing (£756,150) and Insurance Settlement (£5,350)
Mushroom Farm – New Industrial Units	246,400	219,000	D2N2 LEP (£124,000) and Borrowing (£95,000)
TOTAL	2,281,750	2,491,650	