

Is the final decision on the recommendations in this report to be made at this meeting?

**No**

## Quarter 3 – Capital Management to 31 December 2019

<b>Final Decision-Maker</b>	Cabinet
<b>Portfolio Holder(s)</b>	Councillor Tom Dawlings – Portfolio Holder for Finance and Governance
<b>Lead Director</b>	Lee Colyer – Director of Finance, Policy & Development
<b>Head of Service</b>	Jane Fineman – Head of Finance & Procurement
<b>Lead Officer/Author</b>	Zoe Jagniaszek – Service Accountant
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	All

### This report makes the following recommendations to the final decision-maker:

1. That the actual gross and net expenditure for the year and the sources of finance, as shown in Appendices B to D, be noted;
2. That the proposed variations to the 2019/20 Capital programme, set out in paragraphs 4.3 to 4.8, be approved.
3. Cabinet note the inclusion of new schemes into the capital programme as set out in notes 4.9 to 4.15.
4. Approval is given for the proposed movement between years set out in paragraph 4.16 to 4.23.

### This report relates to the following Five Year Plan Key Objectives:

This report supports all of the Key Objectives. Managing and forecasting capital expenditure effectively is vital in order to support all of the services provided by the Council.

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Management Board	29 January 2020 (Verbal update)
Discussion with Portfolio Holder	18 February 2020
Cabinet Advisory Board	18 February 2020
Cabinet	12 March 2020

# Quarter 3 – Capital Management to 31 December 2019

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report summarises the actual and forecast outturn expenditure on capital schemes as at the 31 December 2019. The total capital expenditure is forecast to be £7,439,000, a net reduction of £13,428,000 from the previously approved budgets. This consists of a decrease of £6,603,000 in spending rescheduled to 2020/21 and a net decrease in the forecast projected spend of £6,825,000. New schemes from 2020/21 to 2021/22 total £1,185,000 to be approved. This report also reflects the removal of the Calverley Square scheme, as approved by Full Council.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 At their meeting on 7 March 2019, Cabinet approved schemes to be met from the Capital Programme for the years 2019/20 to 2021/22.
- 2.2 The figures approved by Cabinet were on the basis of the net cost after specific funding to be met by the Council, either from reserves or from the sale of existing assets. The total approved spending was £104,301,000 during that period, of which £22,681,000 was to be spent during 2019/20.
- 2.3 As shown in Appendix A, the approved programme for 2019/20 moved to £23,925,000 by the end of the 2018/19 financial year, accounting for new schemes, deletions and deferrals into future years and was approved by Cabinet on 27 June 2019.
- 2.4 As the Capital Programme is a 4 year rolling plan an additional £854,000 has been included for approval for 2022/23. This consists of Disabled Facilities Grants and Housing Renewal advances.
- 2.5 New movements for 2019/20 are now forecasting an outturn of £7,439,000.
- 2.6 Appendices B and C set out in gross and net terms the actual spend and amounts approved against the forecast outturn to 31 March 2020, while Appendix D summarises the movement in approvals and in sources of finance for the year.
- 2.7 Approval is sought for a net decrease in the capital programme of £13,428,000 (see paragraphs 4.3 to 4.23).
- 2.8 There may be small differences in the figures within the report and appendices due to rounding.
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## 3. AVAILABLE OPTIONS

- 3.1 Retain the approved rolling capital programme as at the end of Quarter 2 2019/20. This would not reflect delays, advancements, underspends or new schemes and therefore provide an inaccurate forecast to the end of the financial year.

- 3.2 Amend the rolling capital programme to reflect changes since the end of Quarter 2 2019/20. These projections help to manage the public finances effectively which support the objectives and priorities of the Council.
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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

##### **New Budget Approvals**

- 4.1 Appendix A shows how the approved capital expenditure has evolved since the programme was first agreed (CAB 148/18). The amounts approved for schemes at the June, September and December Cabinet meeting have been added to the figure then reported as total approvals at Quarter 2.

##### **Projected capital expenditure and funding for 2019/20**

- 4.2 Appendices B and C set out the actual expenditure and income to date and the projection for the year for gross and net capital expenditure. Depending upon the progress of the capital programme throughout the year it can be seen that £4,149,000 will be required from earmarked reserves, Usable Capital Receipts Reserve, Sale of Fixed Assets to deliver the complete capital programme of £7,439,000.

##### **Variations requiring approval**

- 4.3 There was a delay in the settlement of final invoices relating to the iTrent Payroll & HR System (TGL), which has resulted in a credit note of £2,000. This amount has been transferred back to the Invest to Save Reserve.
- 4.4 A further budget of £30,000 is required for the purchase of Waste Bins and Food Caddies (TJD), due to the increased uptake of subscriptions to the new service. Those purchased on behalf of Tonbridge & Malling Borough Council have been recharged to them accordingly.
- 4.5 The Civil Enforcement System (TJF) has been completed and therefore the remaining budget of £6,000 is no longer required.
- 4.6 The Acquisition of land at Hornbeam Avenue (TJP) has now taken place resulting in an underspend of £4,000 no longer needed.
- 4.7 The Installation of Wi-Fi at the Camden Centre (TJS) is complete and a budget of £8,000 has been returned to the Invest to Save Reserve.
- 4.8 Conferencing Equipment in the Council Chamber (TJT) is currently being installed at a cost of £80,000. The underspend of £40,000 is no longer required.

##### **New and Deleted Schemes**

- 4.9 The relocation of the CCTV Hub (THJ) is no longer feasible, resulting in the removal of the budget of £195,000 from the capital programme.

- 4.10 The Calverley Square (TIJ) scheme has been deleted from the programme to reflect the decision made by Full Council at their meeting of 8 October 2019. A total budget of £80,026,000 has been removed for the years 2019/20 to 2021/22.
- 4.11 The £80,000 budget for the conversion of the 1<sup>st</sup> floor of the Camden Centre (TIY) into office space is not required as this scheme will no longer be going ahead.
- 4.12 A budget of £400,000 for the transfer of a contribution towards the Cranbrook Community Hub (TJY). A separate report seeking Cabinet approval is to be decided upon at this meeting. This amount has been included within Appendix B, but any changes as a result of the meeting will be reflected in the quarter 4 report accordingly.
- 4.13 The Council is currently holding a S106 developer contribution of £105,000 for the purpose of affordable housing provision in Hawkhurst (TJZ), as detailed in Appendix F. A delegated portfolio holder report is due to be published shortly. This report is subject to call in and the amount will be removed in the next quarterly report should this arise.
- 4.14 £50,000 for the Upgrade of the Cash Management System to E-Store with Single Sign On as detailed in Appendix G. If this scheme is approved, the figures within the quarter 4 report will be updated to include it.
- 4.15 The following new schemes for 2020/21 onwards have been approved by Cabinet as part of the budget and will be considered by Full Council on the 26 February 2020. They will now be included in the Capital Programme:
- £55,000 for the replacement of the theatre sound desk and associated infrastructure, to be completed during dark days in first quarter of 2021/20.
  - A total budget of £825,000 for the RVP Car Park Refurbishment, to cover the structural remedial works ensuring its safe operation for the foreseeable future. This is to be funded by the Royal Victoria Place Car Park Maintenance Reserve.
  - £19,000 for improvement works relating to the paved woodland walk located in the Crematorium woodland scatter area.
  - £33,000 to alter the existing drainage at the Council run gypsy site Cinderhill, in order to facilitate the discharge of sewage into a sewage treatment plant. This is to be funded by the Invest to Save Reserve.
  - £26,000 to provide an additional plot at the Council owned gypsy site at Cinderhill, Matfield.
  - £20,000 is required for Digital Communications, specifically a suite of software to engage, communicate and consult with residents and key stakeholders. This is to be funded by the Digital Transformation Reserve.
  - £66,000 for the purchase of new Christmas Lights for Royal Tunbridge Wells town centre to replace existing lights. RTWT Business

Improvement District is providing funding of £25,000 with the remainder being funded by the Strategic Plan Reserve.

- £76,000 for the replacement of Wooden Changing Facilities at Bayham Ground. This is being funded entirely by S106 develop contributions subject to a delegated portfolio report.
- £67,000 for the construction of Changing Places Facility in the Camden Centre, as detailed in Appendix E.

### **Schemes deferred to future years**

- 4.16 £304,000 for Disabled Facilities Grants (TAC), unspent due to an increase in funding from the MHCLG which was not able to be fully utilised within the year.
- 4.17 £52,000 for the installation of new Street Lighting Columns (TDD) which is due to commence at the beginning of 2020/21 once a condition survey of the current columns has been completed.
- 4.18 £79,000 for the Single Customer Account (TGQ) delayed due to another work stream postponing the BDU teams programme of work.
- 4.19 £5,150,000 for the Culture & Learning Hub (THP) due to construction starting in January 2020, which is later than expected when the budget was originally set.
- 4.20 The Assembly Hall Means of Escape (THE) is now going to be mainly carried out in 2020/21 and the £50,000 of the budget is to be carried forward.
- 4.21 £176,000 for the Power Supply at the Ice Rink (TJI) is intended to be in place for next years ice rink as the Property Services team are currently looking into sustainable options.
- 4.22 £23,000 for the remainder of the Calverley Grounds Tennis & Gym (TJN) works, due to a delay in installing the tennis fencing.
- 4.23 £769,000 for the Council's contribution towards the RVP Refurbishment – Phase 1 (TJU), which is now not required until completion in 2020/21.

### **Capital Disposals**

- 4.24 During the quarter total payments from capital disposals of £1,170,000 were received;
- Land at Red Oak for £495,000
  - Land at 27 Monson Terrace for £675,000

This amount was transferred to the capital receipts reserve and used to finance some of the capital projects, as can be seen in Appendix D

### **Housing Renewal Advances**

- 4.25 Housing Renewal Advances (TAD) are discretionary loans given to vulnerable householders, owners of empty properties and accredited landlords to help improve the living conditions in the Borough. £62,000 has been distributed this year, while £11,000 has been received year to date from repayments of previous loans.
- 4.26 As approved by Cabinet in September 2012, a Housing Renewal Reserve was set up to capture all loan repayments. It was intended that in the future Cabinet would use these sums to fund new loans, reducing or removing the necessity to draw from other Council reserves for funding. From 2016/17 we have utilised this reserve and will for all future advances. Appendix H gives a summary of expenditure and receipts over the last 6 years.

**Section S106 Developer Funding**

- 4.27 Section 106 of the Town and Country Planning Act 1990 allows a Local Planning Authority (LPA) to enter into a legally-binding agreement or planning obligation with a developer in association with the granting of planning permission. Total Section 106 monies unspent and available as at 31 December 2019 is £4,969,000. Of this sum, £396,000 has been approved and allocated in 2019/20 by Cabinet for various capital projects.
- 4.28 It should be noted that a number of these agreements are required to be repaid should the Council not find appropriate projects upon which the monies can be spent within the agreed time period. Appendix I summarises the allocation of Section 106 money and also analyses the dates on which these agreements expire.

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**5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 All capital adjustments have been discussed with the appropriate Officers responsible for each scheme. Management Board have also reviewed these proposals and consider them appropriate.

**RECOMMENDATION FROM CABINET ADVISORY BOARD**

- 5.2 This report was presented to the Finance and Governance Cabinet Advisory Board on 18 February 2020 and .....

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**6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 Finance will communicate decisions to the appropriate services and reflect the budget changes in the financial management system.

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**7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Legal</b> including Human Rights Act	Under section 151 of the local government act (LGA 1972), the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including advising on the corporate financial position and providing financial information.	Patricia Narebor, Head of Legal Partnership
<b>Finance</b> and other resources	The report updates on the Authority's capital programme and sets out whether capital expenditure is incurred within approvals by Cabinet.	Jane Fineman, Head of Finance and Procurement
<b>Staffing establishment</b>	None	Zoe Jagniaszek, Service Accountant
<b>Risk management</b>	To ensure that spending on the capital programme is in line the Council's Medium Term Financial Strategy.	Zoe Jagniaszek, Service Accountant
<b>Environment and sustainability</b>	No implications	Zoe Jagniaszek, Service Accountant
<b>Community safety</b>	No implications	Zoe Jagniaszek, Service Accountant
<b>Health and Safety</b>	No implications	Zoe Jagniaszek, Service Accountant
<b>Health and wellbeing</b>	No implications	Zoe Jagniaszek, Service Accountant
<b>Equalities</b>	No implications	Zoe Jagniaszek, Service Accountant

## **8. REPORT APPENDICES**

The following documents are to be published with and form part of the report:

- Appendix A: Gross capital expenditure previously approved
- Appendix B: Gross capital budgets and actual expenditure for Quarter 3 2019/20
- Appendix C: Net capital budgets and payments for Quarter 3 2019/20
- Appendix D: Summary of expenditure and funding for the 4 years to 2022/23
- Appendix E: Capital application form – Camden Centre Changing Facilities
- Appendix F: Capital application form – Hawkhurst Affordable Housing
- Appendix G: Capital application form – Estore Upgrade
- Appendix H: Housing Renewal Grants – Summary of loans issued and repaid
- Appendix I: Funding from Section 106 Agreements

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## 9. BACKGROUND PAPERS

- Quarter 4 2018/19 Capital Management to 31 March 2019 – CAB 21/19  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s43179/14%20Capital%20Management%20Report%20Q4.pdf>
- Quarter 1 2019/20 Capital Management to 30 June 2019 - CAB 64/19  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s44667/12%20Capital%20Management%20Report%20Q1.pdf>
- Quarter 2 2019/20 Capital Management to 30 September 2019 - CAB 64/19  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s45863/13%20Capital%20Management%20Q2.pdf>
- Budget 2019/20 and Medium Term Financial Strategy Update – CAB 133/18  
<http://democracy.tunbridgewells.gov.uk/meetings/documents/s41506/12%20Budget%202019-20%20and%20MTFS%20Update.pdf>