

Cabinet

10 September 2020

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

Yes

Capital Management: Quarter 1 (to 30 June 2020)

Final Decision-Maker	Cabinet
Portfolio Holder(s)	Councillor Tom Dawlings – Portfolio Holder for Finance and Governance
Lead Director	Lee Colyer – Director of Finance, Policy & Development
Head of Service	Jane Fineman – Head of Finance, Procurement & Parking
Lead Officer/Author	Zoe Jagniaszek – Service Accountant
Classification	Non-exempt
Wards affected	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 Capital programme, set out in note 4.3 to 4.6, be approved.
3. Approval is also given for the new proposed schemes to be included in the capital programme as set out in notes 4.7 and 4.8.
4. Approval is given for the proposed movement between years set out in note 4.9.

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.

Timetable

Meeting	Date
Management Board	12 August 2020
Discussion with Portfolio Holder	18 August 2020
Cabinet Advisory Board	Cancelled due to COVID-19 pandemic, replaced by Overview & Scrutiny 24 August 20
Cabinet	10 September 2020

Capital Management: Quarter 1 (to 30 June 2020)

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report summarises the actual and forecast outturn expenditure on capital schemes as at the 30 June 2020. The total capital expenditure is forecast to be £17,962,000, a net reduction of £435,000 from the previously approved budgets. This consists of a decrease of £2,497,000 in spending rescheduled to 2021/22 and a net increase in the forecast projected spend of £2,062,000. New schemes from 2020/21 to 2021/22 total £1,974,000 to be approved.
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2. INTRODUCTION AND BACKGROUND

- 2.1 At their meeting on 12 March 2020, Cabinet approved schemes to be met from the Capital Programme for the years 2020/21 to 2022/23.
- 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 £23,652,000 during that period, of which £19,479,000 was to be spent during 2020/21.
- 2.3 As shown in Appendix A, the approved programme for 2020/21 moved to £18,397,000 by the end of the 2019/20 financial year, accounting for new schemes, deletions and deferrals into future years and was approved by Cabinet on 25 June 2020.
- 2.4 As the Capital Programme is a 4 year rolling plan an additional £854,000 has been included for approval for 2023/24. This consists of Disabled Facilities Grants and Housing Renewal advances.
- 2.5 New movements for 2020/21 are now forecasting an outturn of £17,962,000.
- 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 2021, 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 £435,000 (see notes 4.3 to 4.9).
- 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 4 2019/20. This would not reflect delays, advancements, underspends, new schemes or the effects of the Covid 19 pandemic on the councils reserves.

- 3.2 Amend the rolling capital programme to reflect changes since the end of Quarter 4 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 140/19). The amounts approved for schemes at the June Cabinet meeting have been added to the figure then reported as total approvals as at 1st April 2020.

Projected capital expenditure and funding for 2020/21

- 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 £9,018,000 will be required from earmarked reserves, Usable Capital Receipts Reserve, Sale of Fixed Assets, or further borrowed funds to deliver the complete capital programme of £17,962,000.

Variations requiring approval

- 4.3 Additional budget of £779,000 is required for the Disabled Facility Grants (TAC). This is to be funded by previous year underspends and greater than expected grant from the Ministry of Housing, Communities and Local Government for the current financial year.
- 4.4 The Video Conferencing Equipment (TJL) scheme was delayed at the end of 2019/20 whilst awaiting the supply and installation of acoustic panels. This has now been completed therefore the remaining budget of £5,000 is no longer required.
- 4.5 The Enforcement Vehicle (TIT) has now been collected from the dealership as it was closed due to the pandemic. The scheme is now complete and the budget of £4,000 is not required.
- 4.6 An increase in the Benhall Mill Depot (TJH) budget of £28,500 for the re-internment of historic remains which need to be moved to enable the project to progress. This was to be funded from the Property revenue budget, but needs to be capitalised as it is part of the Benhall Mill build and development project. The budget will be transferred from revenue to the Capital and Revenue Initiatives reserve.

New Proposed Schemes

- 4.7 An Affordable Housing Grant (THS) of £51,000 to subsidise the building of affordable housing at Brick Kiln Farm has been approved by a Delegated

Portfolio Holder Decision. This will be funded from S106, but is forecast to be spent in 2021/22.

4.8 The following schemes were approved by Cabinet at the meeting on 6 February 2020 as part of the Civic Site Initial Essential Works due to take place in 2020/21. These are now to be included in the capital programme, but due to the financial challenges caused by the Covid-19 pandemic, some of these will now take place in 2021/22.

- £626,000 to undertake immediate repairs to the Town Hall (TKL), to maintain the integrity and capital value of the building and ensure compliance with Health and Safety regulations.
- £56,000 to install a new, open protocol, Town Hall Access Control System (TKM), to ensure the building is safe and secure and to have a record of access and activity within it.
- £850,000 to enhance the Great Hall Car Park (TKN), maximise its use as a fit for purpose asset for the Council. £270,000 of this budget is to be spent during 2021/22.
- £180,000 to undertake repairs to the Assembly Hall Theatre (TKO), to maintain the integrity and capital value of the building and ensure compliance with Health and Safety regulations. This scheme will now commence in 2021/22.
- £212,000 for 9/10 Calverley Terrace due to the current state of the building, following its mothballing over a 5 year period, being poor. This scheme will also commence in 2021/22.

Schemes deferred to future years

4.9 There are 13 projects where implementation has been rescheduled to free up financial resources needed to support the council through the Covid-19 pandemic. Cabinet approval is requested to defer these budgets to 2021/22 (see Appendix B):

- £89,000 for the Single Customer Account (TGQ) to be used to improve existing and develop new online services via the website.
- £47,000 for the Hilbert Football Pitch Drainage (TXH) – this will be re-tendered.
- £102,000 for the Torrington Car Park LED Lighting (THY) tube replacement.
- £44,000 for the West Station Coach Park (TIN), which requires lighting improvements.
- £637,000 for the Benhall Mill Depot (TJH) as the existing depot is not fit for purpose.
- £176,000 for the Power Supply to the Ice Rink (TJI).
- £23,000 for the Calverley Grounds Tennis (TJN) scheme, which has not been developed yet.
- £1,083,000 for the Acquisition Sites Sports Strategy (TJR).
- £80,000 for the Car Park CCTV (TJX) in order to reduce the security patrols expenditure in the revenue budget.
- £55,000 for the Theatre Sound Desk (TKB) replacement as an essential part of the operational equipment of the facility.

- £19,000 for the Crematorium Woodland Walk (TKC).
- £75,000 for the Bayham Changing Facilities (TKH), delayed in order to allow sufficient time to apply for additional funding from the football development fund issued by the Kent FA.
- £67,000 for the Camden Centre Changing Places (TKI) to replace those facilities at the Gateway when The Amelia opens.

Capital Disposals

- 4.10 During the quarter a capital disposal of £526,000 was completed, for Land at Hornbeam Avenue. 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
- 4.11 Holly Farm, Hawkenbury was sold in May 2017. During this quarter the final tranche of £4,625,000 was received in respect of this sale. This amount will be transferred to the Usable Capital Receipts Reserve and used to finance capital projects (mainly the Amelia Scott project).

Housing Renewal Advances

- 4.12 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. £2,300 has been distributed this year specifically for the Energy Efficiency scheme, while £11,500 has been received year to date from repayments of previous loans.
- 4.13 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 E gives a summary of expenditure and receipts over the last 6 years.

Section S106 Developer Funding

- 4.14 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 30 June 2020 is £5,230,000. Of this sum, £906,000 has been approved and allocated by Cabinet for various capital projects.
- 4.15 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 F 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 The Finance and Governance Cabinet Advisory Board, on 18 August 2020, was cancelled due to the COVID-19 pandemic. This was replaced by Overview and Scrutiny on 24 August 2020.

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.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal 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
Finance 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, Procurement & Parking
Staffing establishment	None	Zoe Jagniaszek, Service Accountant
Risk management	To ensure that spending on the capital programme is in line the Council's Medium Term Financial Strategy.	Zoe Jagniaszek, Service Accountant
Environment and sustainability	No implications	Zoe Jagniaszek, Service Accountant
Community safety	No implications	Zoe Jagniaszek, Service Accountant
Health and Safety	No implications	Zoe Jagniaszek, Service Accountant

Health and wellbeing	No implications	Zoe Jagniaszek, Service Accountant
Equalities	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 1 2020/21
- Appendix C: Net capital budgets and payments for Quarter 1 2020/21
- Appendix D: Summary of expenditure and funding for the 4 years to 2023/24
- Appendix E: Housing Renewal Grants – Summary of loans issued and repaid
- Appendix F: Funding from Section 106 Agreements

9. BACKGROUND PAPERS

- Quarter 4 2019/20 Capital Management to 31 March 2020 – CAB 179/19
<https://democracy.tunbridgewells.gov.uk/meetings/documents/s48599/17%20Capital%20Q4%20Cabinet%20report%20201920.pdf>
- Budget 2020/21 and Medium Term Financial Strategy – CAB 126/19
<https://democracy.tunbridgewells.gov.uk/meetings/documents/s48599/17%20Capital%20Q4%20Cabinet%20report%20201920.pdf>