

Quarter 4 – Capital Management to 31 March 2022

For Cabinet on 23 June 2022

Summary

Lead Member: Councillor Andrew Hickey (Portfolio Holder for Finance and Performance)

Lead Director: Lee Colyer, Director of Finance, Policy & Development

Head of Service: Jane Fineman, Head of Finance, Procurement & Parking

Report Author: Zoe Jagniaszek, Service Accountant

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Management Board	19 May 2022 (Verbal update)
Portfolio Holder	TBC
Finance & Governance Cabinet Advisory Board	8 June 2022
Cabinet	23 June 2022

Recommendations

Officer / Committee recommendations as supported by the Portfolio Holder:

1. That Cabinet note the actual gross and net expenditure for the year and the sources of finance, as shown in Appendices B to D.
2. That Cabinet approve the proposed variations to the Capital programme, set out in note 4.3 to 4.13.
3. That Cabinet approve the proposed movement between years, set out in note 4.14.

4. That Cabinet note the inclusion of a new scheme into the capital programme as set out in notes 4.15 and 4.17.

1. Introduction and Background

- 1.1 This report summarises the actual outturn expenditure on capital schemes as at the 31 March 2022. The total capital expenditure is £9,935,000, a net decrease of £2,305,000 from the previously approved budgets. This consists of a net decrease of £2,241,000 in spending rescheduled to and from 2022/23 and a net decrease in the forecast projected spend of £64,000. New schemes and variations to existing schemes for 2022/23 total £6,339,000 and are asked to be approved.

2. Capital Management to 31 March 2022

- 2.1 At their meeting on 11 March 2021, Cabinet approved schemes to be met from the Capital Programme for the years 2021/22 to 2023/24.
- 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 £13,811,000 during that period, of which £12,103,000 was to be spent during 2021/22.
- 2.3 As shown in Appendix A, the approved programme for 2021/22 moved to £18,325,000 by the end of the 2020/21 financial year, accounting for new schemes, deletions and deferrals into future years and was approved by Cabinet on 24 June 2021.
- 2.4 As the Capital Programme is a 4 year rolling plan an additional £854,000 has been included for approval for 2024/25. This consists of Disabled Facilities Grants and Housing Renewal advances.
- 2.5 New movements for 2021/22 result in an actual spend of £9,935,000 a reduction of £2,305,000 on the approved budget of £12,240,000 as at quarter 3.
- 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 2022, 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 overall capital programme for new and deleted schemes of £64,000 in 2021/22 and an increase of £6,339,000 in 2022/23 (see notes 4.3 to 4.13 and notes 4.15 to 4.17).
- 2.8 Approval is also sought for £2,440,000 gross expenditure to be deferred into 2022/23 and £199,000 to be rescheduled from 2022/23 into the current year (see note 4.14).
- 2.9 There may be small differences in the figures within the report and appendices due to rounding.

3. Options Considered

- 3.1 Retain the approved rolling capital programme as at the end of Quarter 3 2021/22. 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 3 2021/22. These projections help to manage the public finances effectively which support the objectives and priorities of the Council.

4. Preferred Option and Reason

New Budget Approvals

- 4.1 Appendix A shows how the approved capital expenditure has evolved since the programme was first agreed (CAB 109/20). The amounts approved for schemes at the June, September and December Cabinet meetings have been added to the figure then reported as total approvals as at Quarter 3.

Projected capital expenditure and funding for 2021/22

- 4.2 Appendices B and C set out the actual expenditure and income for the year for gross and net capital expenditure. It can be seen that £1,671,000 was required from earmarked reserves, Usable Capital Receipts Reserve, Sale of Fixed Assets, or further borrowed funds to deliver the complete capital programme of £9,935,000.

Variations requiring approval

- 4.3 Due to a carried forward balance included in note 4.14, the Housing Renewal Advances (TAD) no longer requires the remaining £26,000 budget for 2021/22 which is funded from the Housing renewal reserve.
- 4.4 The Amelia Scott (THP) requires additional budget of £658,000. This is to be funded by the capital and revenue initiatives reserve. The report detailing this was agreed at the 14 April 2022 Cabinet meeting, titled 'Amelia Scott Budget and Update'.
- 4.5 Faulty doors at the Crescent Road Car Park (THZ) will be replaced in the new financial year, in the meantime additional budget of £6,000 is required to cover design costs for these remedial works.
- 4.6 The Packs in the Wood Refurbishment (TJJ) is complete, and the property has been let therefore the unspent budget of £8,000 is no longer required.
- 4.7 The Cinderhill Additional Plot (TKE) is also complete at an additional cost of £15,000. This is to be funded from the capital and revenue initiatives reserve unless further

section 106 developer funding can be allocated, which will then be used to reimburse the reserve.

- 4.8 The implementation of the consultation portal during the year resulted in an underspend of £6,000. The Digital Communications (TKF) scheme has been closed and the budget returned to the digital transformation reserve.
- 4.9 The Christmas Lights (TKG) have been installed at the front of the Town Hall within budget and £5,000 can be returned to the strategic plan reserve.
- 4.10 Repairs to the Town Hall Roof (TKL) include a 15% contingency which was omitted from the original budget variation in Quarter 3. An additional £37,000 budget is required for 2022/23.
- 4.11 Similarly, repairs to the Assembly Hall Roof (TKO) require a total additional budget of £92,000. £63,000 of this has been spent in the current financial year and the remaining £29,000 may be incurred in 2022/23.
- 4.12 Refurbishment of the Crescent Road Properties (TKQ) are complete and now let. The remaining budget of £100,000 will now be returned to the section 106 developer contribution allocations.
- 4.13 Small budget variations for a number of schemes which are now complete result in the overall reduction in budget of £3,000.

Schemes deferred to and from future years

- 4.14 There are 22 projects where implementation has been rescheduled, and Cabinet approval is requested to defer these budgets to and from 2022/23 (see Appendix B):
 - £235,000 for Disabled Facilities Grants (TAC), an increase in funding from the DLUHC and a carry forward of funding from previous years has meant funding is not able to be fully utilised within the year. This does not have to be returned to Government and can be deferred to next financial year.
 - Housing Renewal Advances (TAD) not required during the year means £9,000 will be rescheduled to 2022/23 and in the meantime the funding will be transferred back to the Housing Renewal reserve.
 - £2,000 of previously rescheduled budget has been spent during quarter 4 on Street Lighting Columns (TDD) therefore this has been moved back accordingly.
 - £18,000 of the Single Customer Account (TGQ) is to be rescheduled to 2022/23 when the remaining 40% of the booking system software is due to be delivered.
 - The remaining £8,000 for the Car Parks Payment Software (TGX) is to be used during 2022/23 on upgrading 5 machines to take card payments.
 - A budget of £7,000 for Card Payment Software (THF) will be required in 2022/23 to complete the project.

- The completion of The Amelia Scott (THP) in early 2022/23 means £1,426,000 of existing budget is rescheduled to cover final costs.
- The expenditure included in the IT Strategy (TIF) budgets has not been fully utilised within the year but will be spent in 2022/23 and therefore £161,000 of this has been projected forward.
- Works on the West Station Coach Park (TIN) has not yet commenced. Installation of new lighting will take place in 2022/23 where the budget of £44,000 has been moved accordingly.
- £42,000 for the Assembly Hall Means of Escape (THE) is rescheduled to 2022/23. The work for this is on-going and is due to complete during the year.
- Delay of the replacement Benhall Mill Depot (TJH) means the budget of £72,000 is to be carried forward to 2022/23.
- Works have yet to start on the RVP Car Park Refurbishment (TJW) therefore £100,000 has been rescheduled to 2022/23.
- The Car Parks CCTV (TJX) is due to be installed in early 2022/23 and the budget of £80,000 has been moved forward.
- £5,000 of the remaining eStore Upgrade (TKA) budget is for the recurring card element which is due in 2022/23.
- £32,000 for the Cinderhill Sewerage System (TKD) has been delayed whilst investigations are in progress and an assessment of the new requirements take place.
- Works to the Town Hall (TKL) roof are in progress. With the majority of this complete, which was more than anticipated, this should be finalised in June 2022 and the budget of £197,000 has been moved back to 2021/22.
- As per the Sewerage System above, the Cinderhill Water Meters (TKV) are delayed whilst investigations take place resulting in the £20,000 being moved forward to 2022/23.
- Initial surveys have taken place on the North Farm Lane Resurfacing (TKZ), and it is hoped the works will take place in 2022/23. £4,000 of budget has been rescheduled to complete this in addition to the budget already moved in Quarter 3.
- Similarly, the repair works on the Warwick Road Car Park (TLA) have been delayed to 2022/23 whilst the results of the survey are considered and the £6,000 budget moved accordingly.
- The Town Hall Yard Car Park (TLB) remedial works are in progress and will be completed during 2022/23. The remaining budget of £90,000 has been rescheduled to cover the final costs.
- £48,000 for the Civica Upgrade (TLC), which has commenced and is due to complete in 2022/23.

- £34,000 for the Public Realm 2 CCTV (TLD) that is partially installed and will be operational in the new financial year.

New Proposed Schemes

- 4.15 The Town Hall Windows (TLL) refurbishment necessary to upgrade and minimise water ingress due to the continued occupation of the building requires a budget of £505,000 and is due to take place in 2022/23. Details of this scheme can be found within Appendix E.
- 4.16 Similarly, the Assembly Hall Windows (TLM) will be refurbished in 2022/23 with a budget of £110,000, as detailed in Appendix F.
- 4.17 At its meeting on 6 October 2021 Full Council recommended that a capital budget of up to £5 million was established to enable the conversion of the Town Hall for co-working (FC44/21). Following the appointment of a Co Working provider, approved by Cabinet at its meeting held 17 March 2022 (CAB146/21), a budget of £5 million is now included for approval into the capital programme.

Capital Disposals

- 4.18 During 2021/22 total payments from capital disposals of £215,000 were received;
- Land at Speldhurst Road for £160,000
 - Land at Acer Cottage for £55,000

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.

- 4.19 The usable capital receipts unspent at the end of 2020/21 were £2,118,380, which will now partially be used to fund the capital programme for the coming year.

Housing renewal Advances

- 4.20 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. £24,700 has been distributed this year, with £20,600 of this amount specifically for the Energy Efficiency scheme, while £33,500 has been received year to date from repayments of previous loans.
- 4.21 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 G gives a summary of expenditure and receipts over the last 6 years.

Section 106 Developer Funding

- 4.22 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 March 2022 is £8,356,000. Of this sum, £2,245,000 has been approved and allocated by Cabinet for various capital projects.
- 4.23 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 H summarises the allocation of Section 106 money and also analyses the dates on which these agreements expire.
- 4.24 The expired contribution of £47,000 from 2019/20 relates to transport improvements in the vicinity of Fountains Retail Park. The Council has sought the developers' approval to undertake an alteration or addendum to the S106 agreement to use this funding for a similar purpose at a later date and is currently awaiting a response.
- 4.25 There are three amounts due to expire in 2021/22 totalling £77,000, which have been committed to spending on projects.

5. Consultation on Options

- 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 & Governance Cabinet Advisory Board were consulted on 7 June 2022 and agreed the following:

Insert text from Cabinet Advisory Board minute, or request text from Democratic Services Officer.

6. Implementation

- 6.1 The decision will be published on the Council's website.

7. Appendices and Background Documents

Appendices:

- Appendix A: Gross capital expenditure previously approved

- Appendix B: Gross capital budgets and actual expenditure for Quarter 4 2021/22
- Appendix C: Net capital budgets and payments for Quarter 4 2021/22
- Appendix D: Summary of expenditure and funding for the 4 years to 2024/25
- Appendix E: Capital Application Form – Town Hall Windows
- Appendix F: Capital Application Form – Assembly Hall Windows
- Appendix G: Housing Renewal Grants – Summary of loans issued and repaid
- Appendix H: Funding from Section 106 Agreements

Background Papers:

- Budget 2021/22 and Medium Term Financial Strategy – CAB 90/20
https://democracy.tunbridgewells.gov.uk/documents/s53259/7%20Budget%202021_22.pdf
- Quarter 3 2020/21 Capital Management to 31 December 2020 – CAB 109/20
<https://democracy.tunbridgewells.gov.uk/documents/s53768/9%20Capital%20Q3%20Cabinet%20report%20202021.pdf>
- Quarter 4 2020/21 Capital Management to 31 March 2021 – CAB 19/21
<https://democracy.tunbridgewells.gov.uk/documents/s56058/Capital%20Q4%20Cabinet%20report%20202021.pdf>
- Quarter 1 2021/22 Capital Management to 30 June 2021 – CAB 62/21
<https://democracy.tunbridgewells.gov.uk/documents/s57329/Capital%20Q1%20Cabinet%20report%20202122.pdf>
- Quarter 2 2021/22 Capital Management to 30 September 2021 – CAB 62/21
<https://democracy.tunbridgewells.gov.uk/documents/s58531/12%20Capital%20Q2%20Cabinet%20report%20202122.pdf>
- Quarter 3 2021/22 Capital Management to 31 December 2022 – CAB148/21
<https://democracy.tunbridgewells.gov.uk/documents/s60127/Capital%20Q3%20Cabinet%20report%20202122.pdf>
- Draft Budget 2022/23 and Medium Term Financial Strategy – CAB 100/21
https://democracy.tunbridgewells.gov.uk/documents/s58518/10%20Draft%20Budget%202022_23.pdf

8. Cross Cutting Issues

A. Legal (including the 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 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

C. Staffing

None

Jane Fineman, Head of Finance, Procurement & Parking

D. Risk Management

To ensure that spending on the capital programme is in line the Council's Medium Term Financial Strategy.

Jane Fineman, Head of Finance, Procurement & Parking

E. Environment and Sustainability

No implications

Jane Fineman, Head of Finance, Procurement & Parking

F. Community Safety

No implications

Jane Fineman, Head of Finance, Procurement & Parking

G. Equalities

No implications

Jane Fineman, Head of Finance, Procurement & Parking

H. Data Protection

No implications

Jane Fineman, Head of Finance, Procurement & Parking

I. Health and Safety

No implications

Jane Fineman, Head of Finance, Procurement & Parking

J. Health and Wellbeing

No implications

Jane Fineman, Head of Finance, Procurement & Parking