

Quarter 4 – Capital Management to 31 March 2023

For Cabinet on 22 June 2023

Summary

Lead Member: Councillor Christopher Hall (Cabinet Member 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	22 May 2023
Portfolio Holder	23 May 2023
Finance & Governance Cabinet Advisory Board	6 June 2023
Cabinet	22 June 2023

Recommendations

Officer / Committee recommendations as supported by the Portfolio Holder:

1. That Cabinet note the unaudited 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 notes 4.3 to 4.11.
3. That Cabinet approve the proposed movement between years, set out in note 4.12.

4. That Cabinet note the inclusion of new schemes into the capital programme as set out in notes 4.13 to 4.15.

1. Introduction and Background

- 1.1 This report summarises the unaudited actual outturn expenditure on capital schemes as at the 31 March 2023. The total capital expenditure is £4,502,000, a net decrease of £3,872,000 from the previously approved budgets. This consists of a net decrease of £3,225,000 in spending rescheduled to and from 2023/24 and a decrease in the forecast projected spend of £647,000. New schemes and variations to existing schemes for 2023/24 total £6,136,000 and are asked to be approved.

2. Capital Management to 31 March 2023

- 2.1 At their meeting on 17 March 2022, Cabinet approved schemes to be met from the Capital Programme for the years 2022/23 to 2024/25.
- 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 £12,110,000 during that period, of which £10,402,000 was to be spent during 2022/23.
- 2.3 As shown in Appendix A, the approved programme for 2022/23 moved to £18,982,000 by the end of the 2021/22 financial year, accounting for new schemes, deletions and deferrals into future years and was approved by Cabinet on 23 June 2022.
- 2.4 As the Capital Programme is a 4 year rolling plan an additional £1,280,000 was approved in Quarter 2, for 2025/26. This consists of Disabled Facilities Grants and Housing Renewal advances
- 2.5 New movements for 2022/23 result in an actual spend of £4,502,000 a reduction of £3,872,000 on the approved budget of £8,374,000 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 2023, while Appendix D summarises the movement in approvals and in sources of finance for the year.
- 2.7 Approval is sought for a decrease in the overall capital programme for deleted schemes of £647,000 (see notes 4.4 to 4.11) in 2022/23 and an increase of £6,136,000 in 2023/24 (see notes 4.3 and 4.13 to 4.15).
- 2.8 Approval is also sought for £3,234,000 gross expenditure to be deferred into 2023/24 and £9,000 to be rescheduled from 2023/24 into the current year (see note 4.12).
- 2.9 There may be small differences in the figures within the report and appendices due to roundings.

3. Options Considered

- 3.1 Retain the approved rolling capital programme as at the end of Quarter 3 2022/23. 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 2022/23. 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 148/21). The amounts approved for schemes at the June, September, December and March Cabinet meetings have been added to the figure then reported as total approvals as at Quarter 3.

Projected capital expenditure and funding for 2022/23

- 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 £1,346,000 was required from earmarked reserves, Usable Capital Receipts Reserve or the Sale of Fixed Assets to deliver the complete capital programme of £4,502,000.

Variations requiring approval

- 4.3 Repayments of previously issued Disabled Facility Grants (TAC) totalling £16,000 have been received during the year and will be used to fund new grants in 2023/24.
- 4.4 There is a reduction in The Amelia Scott (THP) budget of £496,000. £400,000 of this relates to the acquisition of the buildings included in the budget at the start of the project. This does not require payment and the contribution from Kent County Council will also be reduced. The remaining £96,000 budget relates to expenditure that has been classified as revenue and has been reallocated accordingly.
- 4.5 Faulty doors at the Crescent Road Car Park (THZ) will be replaced in the new financial year. An additional budget of £6,000 was included at the end of 2021/22 to cover design costs for these remedial works that will now be funded from the original retention budget.
- 4.6 Due to savings in delivering IT Strategy (TIF) projects, a budget of £43,000 is no longer required and takes into account the further budget requested for 2023/24 for the replacement of aging laptops.

- 4.7 The new RVP Changing Places (TKI) has been completed, at a cost under budget of £15,000.
- 4.8 The Hawkenbury Pitch Lighting (TKX) will be combined with a larger scheme that will also refurbish the Astro turf and will be funded by Section 106 developer contributions. Once this has been approved by way of a delegated report, it can be included in the capital programme. In the meantime, the budget for the existing scheme of £15,000 is to be removed.
- 4.9 £17,000 of expenditure relating to the Town Hall Yard Car Park (TLB) has been reclassified as revenue and therefore the scheme is now closed.
- 4.10 All expenditure relating to the Public Realm 2 CCTV (TLD) has been deemed revenue spend and moved accordingly. The funding of £54,000 has now been returned to the On Street Parking reserve.
- 4.11 Small budget variations for a number of schemes which are now complete result in the overall reduction in budget of £1,000.

Schemes deferred to and from future years

- 4.12 There are 26 projects where implementation has been rescheduled, and Cabinet approval is requested to defer these budgets to and from 2023/24 (see Appendix B):
- £226,000 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 the next financial year.
 - Housing Renewal Advances (TAD) not required during the year means £25,000 will be rescheduled to 2023/24 and in the meantime the funding will be transferred back to the Housing Renewal reserve.
 - £12,000 of budget relating to Street Lighting Columns (TDD) has been rescheduled into 2023/24.
 - Previously accrued for Public Realm Improvements (TGH) have not taken place as expected, therefore the budget of £21,000 has been reinstated and work will now take place in 2023/24.
 - The remaining £6,000 for the Car Parks Payment System (TGX) is to be used during 2023/24 on the repositioning of a parking machine.
 - A budget of £7,000 for Card Payment Software (THF) will be required in 2023/24 in order to complete the upgrade project.
 - The completion of The Amelia Scott (THP) in early 2022/23 means £862,000 of existing budget is rescheduled to cover final remedial works.
 - The expenditure included in the IT Strategy (TIF) budgets has not been fully utilised within the year but will be spent in 2023/24 and therefore £52,000 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 2023/24 where the budget of £44,000 has been moved accordingly.
- £9,000 of the previously rescheduled budget for the Assembly Hall Means of Escape (THE) has been spent in 2022/23. The work for this is on-going and is due to complete during the new financial year.
- Works have yet to start on the RVP Car Park Refurbishment (TJW) therefore £100,000 has been rescheduled to 2023/24.
- There is a delay in replacing the Bayham Changing Facilities (TKH), therefore the budget, funded by Section 106 developer contributions of £75,000 has been moved forward.
- Similarly, the budget of £35,000 for the Bayham Drainage (TKJ) funded in the same way, has been rescheduled.
- As the future of the Great Hall Car Park (TKN) is undecided, the upgrading of the building fabric has been deferred. Consequently, £50,000 of the budget has been moved to 2023/24, where the rest of the budget had previously been moved.
- The refurbishment of the Dunorlan Park Play Area (TKR) is currently underway and the £20,000 will be spent early in 2023/24.
- The FMS Upgrade (TKU) has been deferred until after the statutory accounts have been completed; therefore the £47,000 budget has been moved forward.
- The repair works on the Warwick Road Car Park (TLA) have been delayed due to the increased scope of works and budget. The £155,000 budget has been moved to 2023/24 when these works will now take place.
- £34,000 for the Civica Upgrade (TLC), which has commenced and is due to complete in 2023/24.
- Repair works to the Camden Centre Roof (TLF) are due to take place in early 2023/24 and the budget of £174,000 has been moved forward to fund this.
- Work has already commenced on the Assembly Hall LED Lighting (TLI) and therefore the £88,000 budget will be spent in 2023/24.
- The North Farm Depot Decarbonisation (TLJ) project is underway and will be completed in 2023/24. The remaining budget of £161,000 has been rescheduled.
- Similarly, the Weald Leisure Centre Decarbonisation project (TLK) remaining budget of £478,000 has been moved forward to cover the final costs of the scheme.
- The Town Hall Windows (TLL) refurbishments are now complete, and final invoices are expected. The entire remaining budget of £162,000 has been

moved forward and any underspend on the scheme will be forecast in the quarter 1 report.

- As above, the Assembly Hall Theatre Windows (TLM) budget has also been moved forward and any underspend on the £26,000 will be forecast subsequently.
- The remaining Town Hall Conversion (TLN) will take place in the new financial year. The unspent budget of £358,000 has been moved to 2023/24 when the rest of the budget is to be spent.
- £15,000 of the UK Shared Prosperity Fund is to be rescheduled to 2023/24. This budget is in addition to the funding already in the capital programme for the following two years.

New Proposed Schemes

- 4.13 The Cinderhill Additional Plot and Amenity Buildings (TLS) replacement was agreed in principle during the budget setting process and can now be included in the capital programme. A budget of £625,000 is required for 2023/24 and details of the scheme can be found in Appendix E.
- 4.14 The replacement of the Bayham Refreshment Hut (TLT) has been approved by delegated report and the budget of £30,000, funded by Section 106 developer contributions, will be included for spending in 2023/24. Please see Appendix F.
- 4.15 The participation in the Local Authority Housing Fund (TLU) was approved by Cabinet (CAB 131/22) at its meeting on 14 March 2023, along with the release of up to £3.2m of Section 106 developer contributions to enable the Council to deliver 15 units of affordable housing. Grant funding of £2.265m has been allocated by the Department for Levelling-Up, Housing and Communities and with the £3.2m of Section 106 funding, a total budget of £5.465m has been included in 2023/24.

Capital Disposals

- 4.16 During 2022/23 total payments of £104,000 were received;
- Removal of a restrictive covenant for the land at 4 Barnetts Way for £40,000
 - Clawback repayment following staircasing of 33 Rochdale Road for £64,000

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

- 4.17 The usable capital receipts unspent at the end of 2021/22 were £1,200,130, which has now been used to fund the capital programme for the past year.

Housing renewal Advances

- 4.18 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. £38,300 has been distributed this year, with £4,800 of this amount specifically for the Energy Efficiency scheme, while £76,600 has been received year to date from repayments of previous loans.
- 4.19 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

- 4.20 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 2023 is £9,647,000. Of this sum, £948,000 has been approved and allocated by Cabinet for various capital projects.
- 4.21 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.
- 4.22 The expired contribution of £47,000 from 2019/20 relates to transport improvements in the vicinity of Fountains Retail Park. The Council has agreement from the developer to undertake an alteration or addendum to the S106 agreement to use this funding for another purpose. The Head of Planning and the developer are currently discussing proposals for that revised purpose.

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 6 June 2023 and agreed the following:

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 2022/23
- Appendix C: Net capital budgets and payments for Quarter 4 2022/23
- Appendix D: Summary of expenditure and funding for the 4 years to 2025/26
- Appendix E: Capital Application Form – Cinderhill Additional Plot and Amenity Buildings
- Appendix F: Capital Application Form – Bayham Refreshment Hut
- Appendix G: Housing Renewal Grants – Summary of loans issued and repaid
- Appendix H: Funding from Section 106 Agreements

Background Papers:

- Budget 2022/23 and Medium-Term Financial Strategy – CAB 130/21
https://democracy.tunbridgewells.gov.uk/documents/s59490/8%20Budget%20FC%202022_23.pdf
- Quarter 3 2021/22 Capital Management to 31 December 2021 – CAB 148/21
<https://democracy.tunbridgewells.gov.uk/documents/s60127/Capital%20Q3%20Cabinet%20report%20202122.pdf>
- Quarter 4 2021/22 Capital Management to 31 March 2022 – CAB 14/22
<https://democracy.tunbridgewells.gov.uk/documents/s61796/Capital%20Q4%20Cabinet%20report%20202122.pdf>
- In-Year Budget Review 2022/23 – CAB 28/22
<https://democracy.tunbridgewells.gov.uk/ieListDocuments.aspx?CId=118&MId=5183&Ver=4>
- Quarter 1 2022/23 Capital Management to 30 June 2022 – CAB 44/22
<https://democracy.tunbridgewells.gov.uk/documents/s63177/Capital%20Q1%20Cabinet%20report%20202223.pdf>
- UK Shared Prosperity Fund – CAB 31/22

<https://democracy.tunbridgewells.gov.uk/documents/s62399/Shared%20Prosperity%20Fund%20Report.pdf>

- Quarter 2 2022/23 Capital Management to 30 September 2022 – CAB 95/22
<https://democracy.tunbridgewells.gov.uk/documents/s64388/Capital%20Q2%20Cabinet%20report%20202223.pdf>
- Quarter 3 2022/23 Capital Management to 31 December 2023 – CAB 144/22
<https://democracy.tunbridgewells.gov.uk/documents/s66146/Capital%20Q3%20Cabinet%20report%20202223.pdf>
- Budget 2023/24 and Medium-Term Financial Strategy
https://democracy.tunbridgewells.gov.uk/documents/s64871/Budget%20FC%202023_24.pdf
- Local Authority Housing Fund Application – CAB 131/22
<https://democracy.tunbridgewells.gov.uk/documents/s65989/LAHF%20Cabinet%20Report.pdf>
- Replacement of Facilities at Bayham Road Football Pitches - Allocation of s106 Funding
<https://democracy.tunbridgewells.gov.uk/documents/s66610/Bayham%20Road%20S106.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.

Claudette Valmond, 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