

Cabinet

25 June 2020

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

Yes

Quarter 4 – Capital Management to 31 March 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. Cabinet note the actual gross and net expenditure for the year and the sources of finance, as shown in Appendices B to D.
2. Approval is given for the proposed movement between years set out in note 4.3.
3. Approval is given for the proposed variations to the 2019/20 Capital programme, set out in notes 4.4 to 4.10.
4. Approval is also given for the new proposed schemes for 2020/21 to be approved by full Council, to be included in the capital programme as set out in notes 4.11 to 4.13.

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	6 May 2020 (Verbal update)
Discussion with Portfolio Holder	Verbal update
Cabinet Advisory Board	Cancelled due to COVID-19 pandemic, replaced by Overview & Scrutiny 8 June 20
Cabinet	25 June 2020

Quarter 4 – Capital Management to 31 March 2020

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report summarises the actual outturn expenditure on capital schemes as at the 31 March 2020. The total capital expenditure is £1,390,000, a net decrease of £6,049,000 from the previously approved budgets. This consists of a net decrease of £1,396,000 in spending rescheduled to and from 2020/21 and a net decrease in spend of £4,653,000. New and deleted schemes for 2020/21 totalling £2,478,000 are asked to be approved.
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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 was included for approval for 2022/23. This consists of Disabled Facilities Grants and Housing Renewal advances.
- 2.5 New movements for 2019/20 result in an actual spend of £1,390,000 a reduction of £6,049,000 on the approved budget of £7,439,000 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 2020, whilst Appendix D summarises the movement in approvals and in sources of finance for the year.
- 2.7 Approval is sought for £1,480,000 gross expenditure to be deferred into future years and £85,000 to be rescheduled from 2020/21 into the current year (see note 4.3).
- 2.8 Approval is also sought for a net decrease in the overall capital programme for new and deleted schemes of £4,653,000 in 2019/20 and £2,478,000 in 2020/21 (see notes 4.4 to 4.13).
- 2.9 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 3 2019/20. This would not reflect delays, advancements, underspends or new schemes and therefore provide an inaccurate position to the end of the financial year.

- 3.2 Amend the rolling capital programme to reflect changes since the end of Quarter 3 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, December and March Cabinet meeting have been added to the figure then reported as total approvals at Quarter 3.

Projected capital expenditure and funding for 2019/20

- 4.2 Appendices B and C set out the actual expenditure and income to date for 2019/20 by portfolio holder. Since Quarter 4 the portfolio holder structure has changed and this will be reflected in the Quarter 1 report. Appendix D shows the sources of funding and specifically that required from TWBC reserves or usable capital receipts. It can be seen that £2,534,000 will be required from earmarked reserves, Usable Capital Receipts Reserve and the Sale of Fixed Assets.

Schemes deferred to and from future years

- 4.3 There are 25 projects where implementation has been rescheduled, and Cabinet approval is requested to defer these budgets to and from future years (see Appendix B):
- A further £85,000 of the MHCLG funding for Disabled Facilities Grants (TAC) was spent in 2019/20. This was higher than expected in quarter 3 when part of this funding was moved forward into 2020/21.
 - £195,000 budget for Housing Renewal Advances (TAD) to provide Energy Efficiency Schemes has been committed to be spent in 2020/21.
 - £6,000 budget for Goudhurst Pavilion (TCX) is rescheduled to 2020/21 due to a delay in transfer to Goudhurst Parish Council.
 - £10,000 for the Quality Bus Partnership (TDC) is required to upgrade two bus shelters; work is due to commence in summer 2020.
 - Street Lighting Columns (TDD), structural and electrical testing is due to commence in the early part of 2020/21 therefore the unspent £18,000 will be required in addition to the budget already in the programme for the year.
 - £10,000 budget for the Mobile Responsive website (TFV) is to be used in conjunction with the new website theme which will be launched in 2020/21.

- £12,000 budget for the Single Customer Account scheme (TGQ) is required to complete the installation in 2020/21.
- The Car Parks Payment Software (TGX) due to be installed in Torrington, John Street and Yew Tree car parks will now take place in 2020/21 at a cost of £38,000.
- £7,000 for the Card Payments Software (THF) project that is still being implemented and therefore the remaining budget will be needed in 2020/21.
- £356,000 of the Cultural Hub (THP) budget has not been spent in 2019/20 and is rescheduled to 2020/21.
- Due to delays in making improvements to the Hilbert Football Pitch Drainage (THX), £47,000 is deferred to 2020/21 when further repairs to the existing drainage system can be made.
- Torrington Car Park LED lighting (THY), work is rescheduled and therefore the £102,000 budget will be moved to 2020/21.
- The expenditure included in the IT Strategy 2018/19–2020/21 (TIF), budgets has not been fully utilised within the year but will be spent in 2020/21 and therefore £104,000 of this has been projected forward.
- Crescent Road Car Park Lifts (TIM) work is rescheduled and therefore £75,000 budget moved to 2020/21.
- £1,000 budget for Parking Virtual Payment System (TIS) is required to complete the project in 2020/21.
- £22,000 for the new Enforcement Vehicle (TIT) which was due to be collected at the end of March. This is delayed and will happen during 2020/21 once the car dealership has re-opened.
- £55,000 21st Century Way Cycle Route (TJA), funding from S106 developer contributions is rescheduled to 2020/21.
- £50,000 budget for Assembly Hall Means of Escape (THE) is rescheduled to 2020/21.
- The replacement of the Benhall Mill Depot (TJH) has not commenced due to issues with the land and therefore the budget of £49,000 is to be carried forward to 2020/21.
- The works to the Packs in the Wood (TJJ) property are due to commence in early 2020/21 and therefore the budget of £149,000 has been moved forward accordingly.
- The Town Hall Fire Alarm (TJK) was delayed due to the discovery of asbestos. The materials have been purchased and delivered on site therefore the budget

of £38,000 for the remaining works has been carried forward for completion in 2020/21.

- Supply chain issues have resulted in the delay in the remaining Video Conferencing Equipment (TJL) being installed. This is to be completed in early 2020/21 and the budget of £10,000 has been moved forward for this.
- The Asset Management Software (TJQ) has been delayed due to a widening in the scope of use of the system. The demonstration of potential software is delayed and the budget of £40,000 has been carried forward.
- £5,000 of unspent budget on the investigation and structural engineers report for the RVP Car Park Refurbishment (TJW) has been rescheduled to 2020/21.
- The Car Parks CCTV (TJX) has been rescheduled due to delays in other car parking projects. The £80,000 budget has been moved forward accordingly.

Variations requiring approval

- 4.4 An additional £23,000 is required to complete the 2019/20 works on the Public Realm Improvements (TGH).
- 4.5 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 negative budget of £4,442,000 has been included to move previous year's capital expenditure into revenue.
- 4.6 As a result of the above, the Crescent Road Extension (TIL) is no longer required and a total budget of £3,144,000 has been removed for the years 2019/20 and 2020/21.
- 4.7 Conferencing Equipment in the Council Chamber (TJT) has been installed resulting in an underspend of £8,000 that is no longer required.
- 4.8 Crematorium Management Software (TJV) has been partially installed but the system is not fit for purpose and the costs to date have been moved, to be funded by revenue. The budget of £56,000 has therefore been removed from the capital programme.
- 4.9 An additional budget of £19,000 is required for the legal fees related to the Cranbrook Community Hub (TJY). A separate report was approved by Cabinet at its meeting on 12 March 2020.
- 4.10 Small budget variations for a number of schemes which are now complete result in the overall reduction in budget of £7,000.

New Proposed Schemes

- 4.11 £50,000 for the Upgrade of the Cash Management System to E-Store with Single Sign On (TKA). This scheme was approved by Cabinet in the quarter 3

report and the budget has now been included for 2020/21 in the appendices attached.

- 4.12 The Council is currently holding a S106 developer contribution of £35,000 for the improvement of recreation facilities in Tunbridge Wells. This is to be spent on Bayham Drainage (TKJ) as detailed in Appendix E. 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.
- 4.13 A budget of £400,000 for the transfer of a contribution towards the Paddock Wood Hub (TKK). A separate report with Cabinet approval was given at their meeting of 12 March 2020 and now been included in the capital programme for 2020/21.

Capital Receipt

- 4.14 There have been no new capital disposals in Quarter 4.

Housing Renewal Advances

- 4.15 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. £69,700 has been distributed this year, of which £7,840 is specifically for the Energy Efficiency scheme. £15,270 has been received year to date from repayments of previous loans.
- 4.16 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 for all future advances. Appendix F gives a summary of expenditure and receipts over the last 6 years.

Section S106 Developer Funding

- 4.17 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 2020 is £5,059,000. Of this sum, £855,000 has been approved by Cabinet for various capital projects.
- 4.18 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 G summarises the allocation of Section 106 money and also analyses the dates on which these agreements expire.

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 2 June 2020, was cancelled due to the COVID-19 pandemic. This was replaced by Overview and Scrutiny on 8 June 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
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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 4 2019/20
- Appendix C: Net capital budgets and payments for Quarter 4 2019/20
- Appendix D: Summary of expenditure and funding for the 4 years to 2022/23
- Appendix E: Capital Application Form Bayham Drainage
- Appendix F: Housing Renewal Grants – Summary of loans issued and repaid
- Appendix G: Funding from Section 106 Agreements

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>
- Quarter 3 2019/20 Capital Management to 31 December 2019 - CAB 140/19
<https://democracy.tunbridgewells.gov.uk/meetings/documents/s47362/8%20Capital%20Q3%20Cabinet%20report%20201920.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>