

Meeting: COUNCIL

Agenda Item:

Portfolio Area: Resources

Date: 15 December 2021



QUARTER 1 AND 2 MONITORING REPORT (CAPITAL) - GENERAL FUND

KEY DECISION

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1 PURPOSE

- 1.1 To provide Members with an update on the Council's 2021/22 capital programme.
- 1.2 To seek approval for the revisions to the General Fund and Housing Revenue Account capital programmes.

2 RECOMMENDATIONS

- 2.1 Council accept the recommendation from Executive and approve the additional General Fund budget requirements as set out in table one, para 4.1.1, of £291K.
- 2.2 Council approve additional delegated authorities to Executive of £200K for 2021/22 as set out in para 4.2.1
- 2.3 Council approve borrowing for the Railway Station Multi-Storey Car Park of between £1.85 and £2.05Million as set out in para 4.2.2 and approve the use of £1.45Million of the Marshgate receipt as set out in paragraph 4.2.3.
- 2.4 That Council approve circa £800k of forward-funding to enable demolition of Swingate House as set out in para 4.3.

3 BACKGROUND

- 3.1 The 2021/22 working budget approved by Executive on 20 October for the capital programme is:

- General Fund £22.3 Million
- Housing Revenue Account £53.9 Million

3.2 Executive have delegated authority to approve new requests for capital expenditure where there is existing funding of up to £250K, and a further 250K for new capital expenditure where new funding needs to be identified. The new requests presented to Executive on 20 October for approval in the current financial year are as set out in table one paragraph 4.1.1, which indicate that Council approval is required for projects over and above Executive delegation limits.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 2021/22 General Fund Capital Programme - Additional Budget Requests

4.1.1 The 2021/22 Capital budgets were approved at Council in February 2021, however only high priority growth bids were approved due to the on-going constraints on capital resources. A deferred works reserve was included in the capital programme as emergency works may still arise at any time of the year particularly due to the limits on capital spend. Table one below sets out the requests for 2021/22. Funding of £92K has been identified for some of the schemes (which can be met from allocated reserves) but requiring approval. There is a further £199K of projects where new funding needed to be identified requiring the use of more capital resources leaving only £51K remaining for the year within the Executives delegation. The capital report to the November Executive identified projected additional available resources and it was recommended that the unfunded bids be approved.

Table One: New project requests	Amount requested	Funding available / requested from	Within Executive delegation
	£	£	
Requests against existing funding:			
Cavendish Road Fire protection works	250,000	Deferred Works Reserve	Yes
Delegated limit reached			
Peartree skate park replacement following vandalism	40,000	Insurance Reserve	
Town Plaza Health & Safety work	35,000	Town Square Reserve	
St Nicholas POD removal	15,000	Insurance Reserve	
Vehicle replacements due to theft	2,000	Insurance Reserve	
Requiring Council Approval	92,000		No
Requests requiring new funding:			
FVP Dam Works	45,000	General Fund Capital Receipts	
Waste receptacles	40,000	General Fund Capital Receipts	
Ridlins Athletics Facility	30,000	General Fund Capital Receipts	
Cleaning machine for the town centre	24,000	General Fund Capital Receipts	
Cavendish Depot IT server room - gas suppression air permeability prevention works	20,000	General Fund Capital Receipts	

Table One: New project requests	Amount requested	Funding available / requested from	Within Executive delegation
	£	£	
Cavendish Depot CCTV control room - gas suppression works	40,000	General Fund Capital Receipts	
Within delegated limit	199,000		Yes
Delegated limit remaining	51,000		

4.1.2 Capital Receipts

The Q1/Q2 forecast use of Capital Receipts is summarised in table two below. This set out the residual capital resources based on the capital programme presented to Executive on 20 October for approval. There is always a risk surrounding the amount and timing of capital receipts, particularly those for later years. However it was recommended to use £199K of the unallocated 2021/22 balance of £1.668Million shown below to fund the additional budget requests set out in table one, para 4.1.1.

Table Two:	2021/22	2022/23	2023/24	2024/25
Unallocated capital receipts	£'s	£'s	£'s	£'s
Unallocated B/fwd	(999,592)	(1,667,727)	(3,856,016)	(5,678,488)
In Year Resource	(6,751,275)	(7,456,296)	(23,556,500)	(13,384,000)
Used in Year	6,083,140	5,268,007	21,734,028	13,692,087
Capital Receipt Unallocated	(1,667,727)	(3,856,016)	(5,678,488)	(5,430,401)

4.2 Delegated limits for Executive

4.2.1 Based on the level of reserves available for the rest of the financial year, and to remove the need to bring further reports to Council for minor changes to the capital programme, it is requested that Council give a further delegation to Executive of £200,000 and to use any available, uncommitted resources or allocated reserves to fund these minor changes.

4.2.2 A further report is being presented to the 8 December Executive requesting that Council approves delegation to Executive to agree borrowing for the Railway Station Multi-Storey Car Park of between £1.85 and £2.05Million, subject to the cost to the General Fund being within the Executive's revenue delegated limits. This would be subject to the Executive agreeing the recommendations in that report.

4.2.3 As set out in the December Executive report, the MSCP scheme requires £1.45Million of the Marshgate car park receipt to fund the capital investment for new and replacement parking and Council is recommended to approve the use of the receipt along with the borrowing as set out in paragraph 4.2.2.

4.3 Swingate House demolition

4.3.1 The drawdown of the first development plot for SG1 is targeted for Spring 2022. As with all proactive development partnerships, the Council and Mace, through the provisions in the Development Agreement, have been exploring ways to accelerate and de-risk the delivery of SG1, building on the momentum

of the regeneration programme so far and supporting the town's economic recovery from the impact of Covid-19.

- 4.3.2 Permission is sought for circa £800k of forward-funding to enable demolition of Swingate House prior to Mace taking full control of the site. This will enable the overall build programme to be reduced, as well as reduce the risk of unexpected archaeological, asbestos or ground conditions risks being realised during the build. The cost of demolition will be repaid in full at drawdown of the Development Agreement. Whilst there is a small risk that should progress stall with the scheme then the first draw down receipt would be delayed, this is mitigated by the fact that carrying out these works would increase the value of the land and make it more commercially attractive to the market due to the decreased risks.
- 4.3.3 Approval will enable the Council to be satisfied that it has met all its relevant obligations in the Development Agreement and done everything within its powers to support the delivery of the development during a very challenging time for the sector.

5. IMPLICATIONS

5.1 Financial Implications

- 5.1.1 This report is financial in nature and consequently financial implications are included in the above.

5.2 Legal Implications

- 5.2.1 None identified at this time.

5.3 Equality and Diversity Implications

- 5.3.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund and HRA capital programme. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.
- 5.3.2 Schemes contained within the capital programme will have an EQIA particularly those relating to housing schemes.

5.4 Risk Implications

- 5.4.1 The significant risks associated with the capital strategy are largely inherent within this report.
- 5.4.2 There is a risk that the value of land sales is not realised due to the impact of COVID on the confidence on the market or prices are lower than anticipated due to higher material costs linked to BREXIT/COVID.
- 5.4.3 The Council manages risks relating to capital receipts by reviewing and updating the Strategy quarterly, including resources where a sale is likely to complete. This will enable action to be taken where a receipt looks doubtful.

5.4.4 A significant risk exists that works deferred due to lack of funding become urgent in year, requiring completion on grounds of health and safety. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum, and these schemes are monitored by Assets and Capital Board.

5.5 Climate Change Implications

5.5.1 The Council's buildings across the town do not meet the climate change agenda in terms of energy efficiency or divestment of use of fossil fuels and in their current condition they would undermine the Council's attempt to be carbon zero by 2030.

5.5.2 However, there is an opportunity with the local asset review agenda to have design principles built into renewed assets in terms of energy efficiency and sustainable energy sources. This should be a core principle of any future designs arising from the local asset reviews. There would be a further benefit of reduced energy costs.

BACKGROUND DOCUMENTS BD1 - Capital Strategy February 2021 (Council)
BD2 – Capital Outturn August 2021 (Executive)
BD3 – Quarter 1 and 2 monitoring report (Executive)