

Meeting EXECUTIVE
Portfolio Area Resources, Transformation & ICT
Date 15 MARCH 2023



QUARTER 3 MONITORING REPORT (CAPITAL) - GENERAL FUND AND HOUSING REVENUE ACCOUNT
KEY DECISION

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1. PURPOSE

- 1.1 To provide Members with an update on the Council's 2022/23 and 2023/24 capital programme as part of the quarterly review (Quarter three).
- 1.2 To seek approval for the revisions to the General Fund (GF) and Housing Revenue Account (HRA) capital programme.

2. RECOMMENDATIONS

- 2.1 That capital budget re-profiling of £9.006Million from 2022/23 to future years be approved.
- 2.2 That an in year virement of £66K to reallocate unspent resources to the Deferred Works Reserve from underspends on vehicles within the SDS Capital Programme be approved.
- 2.3 That an in year virement of £68K to reallocate unspent resources to the Deferred Works Reserve from underspends on the Finance & Estates Capital Programme be approved.
- 2.4 That an in year virement of £10K to reallocate unspent resources to the Deferred Works Reserve from underspends on the Communities & Neighbourhoods Capital Programme
- 2.5 That capital budget re-profiling of £12.781Million from 2023/24 to future years be approved.

3. BACKGROUND

- 3.1 The current 2022/23 capital programme was last approved at Council on 22 February 2023. The 2022/23 approved budget for each fund was:

- General Fund £26.2Million
- Housing Revenue Account £49.1Million

3. 2 This report provides an update on known changes to the programme since the Council meeting in February and includes revisions that were not known at the time of writing the Capital Strategy report to the February Executive.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The total Capital Programme, detailing all programmes with the relevant approval to spend, is detailed in Appendix A and B. It shows the revised budget position.

4.2 The capital budget for the current financial year is summarised in Table 1 below and provides the latest position reflecting updated programme expenditure profiles as advised by programme managers.

TABLE 1: Capital Programme with Spending Approval

Scheme	Final Capital Strategy	Reprofiling	Virement	22/23 Forecast Q3	Actuals to 31 Jan 23
	£'000	£'000	£'000	£'000	£'000
General Fund - Schemes					
Stevenage Direct Services	3,612	(237)	(66)	3,309	2,495
Housing Development	2,425	(1,050)	0	1,376	748
Finance and Estates	2,861	(531)	(68)	2,262	1,045
Digital & Transformation	418	0	0	418	129
Regeneration	14,610	0	0	14,610	9,107
Communities and Neighbourhoods	924	(374)	(10)	540	180
Planning and Regulatory	275	(66)	0	209	160
Deferred Works Reserve	1,059	0	145	1,204	0
Total GF Schemes	26,185	(2,258)	0	23,927	13,863
HRA - Schemes					
Capital Programme Excl. New Build (Housing Investment)	23,469	0	0	23,469	16,597
Special Projects & Equipment	63	0	0	63	0
New Build (Housing Development)	25,060	(6,748)	0	18,312	14,652
Digital & Transformation	494	0	0	494	188
Total HRA Schemes	49,086	(6,748)	0	42,338	31,437
Total Capital Programme	75,271	(9,006)	0	66,265	45,300

2022/23 REVISED BUDGET

4.3 Reprofiting

- 4.3.1 Reprofiting of budgets are changes regarding the forecast timing of expenditure from the approved programme, between financial years, with no reported increase or decrease in budget requirement.
- 4.3.2 At quarter three, £9.006Million is to be reprofiled from 2022/23 to future years (of which 87% relate to Housing Development schemes), £2.258Million of General Fund and £6.748Million of Housing Revenue Account (HRA) budgets.
- 4.3.3 There is also a request to reprofile £12.780Million of expenditure (relating to Housing Development schemes) from 2023/24 into future years, £8.559Million General Fund and £4.221Million HRA budgets. Table 2 below analyses the budget reprofiling, with explanations below the table for the significant items relating to 2023/24:

Budget Reprofiting	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Hertford Road Play Area (S106 Funded)	(25)	25			
Play Areas Fixed Play	(9)	9			
Green Space Access Infrastructure	(163)	163			
Peartree skate park	(40)	40			
Total Stevenage Direct Services	(237)	237	0	0	0
Kenilworth - private sale	(694)	(8,559)	9,254		
North Road	(294)	294			
Marshgate Wholly Owned Housing Development Company (WOC)	(61)	61			
Total Housing Development	(1,050)	(8,204)	9,254	0	0
EPC remedials	(170)	75	95		
Building condition and Insurance valuation Survey	(126)	126			
MSCP resurface worn stairwell floor	(40)	40			
Multi Storey Car Park - Installation of emergency lighting	(101)	101			
BTC 2019/20 Backlog H&S Works	(28)	28			
BTC Urgent and H&S Works	(66)	66			
Total Finance & Estates	(531)	436	95	0	0
Ridlins Athletics Facility	(10)	10			
SLL Leisure management - end of contract capital provision	(75)	75			
Fire stopping works at SALC	(84)	84			
Lift replacement at SALC	(125)	125			
Replacement bridge at Golf Centre & other bridge works	(80)	80			
Total Communities & Neighbourhoods	(374)	374	0	0	0
Car Park Equipment - Digitalisation	(20)	20			
Coreys Mill Lane - Additional Parking Capacity	(21)	21			
Workplace Travel Plan	(26)	26			

Budget Reprofiting	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Total Planning & Regulatory	(66)	66	0	0	0
HRA - New Build Programme - eligible for 1-4-1	(6,748)	(4,221)	20,774	(5,342)	(4,463)
Total HRA New Build (Housing Development)	(6,748)	(4,221)	20,774	(5,342)	(4,463)
TOTAL Budget Reprofiting	(9,006)	(11,312)	30,123	(5,342)	(4,463)

4.3.4 Kenilworth - private sale – The Kenilworth Private Sale spend has been profiled to reflect the anticipated and forecast Phase 2 timings. This aspect of the scheme is unable to progress until Phase 1 has completed as it requires the rehousing of residents presently residing in Walpole Court (located on phase 2 land). Phase 1 is forecast for completion in Winter 2023. Budgets for Phase 2 have remained unchanged whilst the final timings for the scheme are reviewed and confirmed and so these have now been slipped to later years whilst that process is concluded and accounting for the delays to scheme progress brought on by the pandemic and resultant disruption to the building industry supply chains.

4.3.5 HRA - New Build Programme – the change across the years has been adjusted to reflect the upcoming in year opportunities within the programme as sites have progressed through Planning. The new spend profile represents the current estimate based on when schemes are anticipated to achieve Planning and have a meaningful start on site. The spend also includes a profiled capacity for funding spend, subject to future Executive and Planning decisions, for the schemes at Burwell Phase 2 and Brent Court Garages.

2022/23 Forecast and Expected Outcomes

4.4 Actuals

4.4.1 The actual spend as at 31 January 2023 was £45.3Million. This represents 68% of the revised budget for 2022/23. Based on trends, we are ahead in comparison to previous years. In both 2020/21 and 2021/22 we had spent 55% of the total spend for the year by 31 January.

4.5 Capital Financing

4.5.1 Table 3 sets out the current financing position for the 2022/23 to 2026/27 Capital Programme.

TABLE 3 Revised financing of the capital programme:

Capital Programme Financing	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
External Sources- Grants & Contribution	11,513	10,523	18,209	7,400		47,645
SBC Resources-Reserves & Capital Receipts	7,533	9,933	3,305	281	5	21,058
Borrowing	4,881	6,471	6,191			17,543
Total General Fund	23,927	26,927	27,705	7,681	5	86,245

Capital Programme Financing	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
External Sources- Grants & Contribution	8,367	2,488	1,925	0		12,780
SBC Resources-Reserves & Capital Receipts	28,323	36,650	43,469	29,570	19,204	157,216
Borrowing	5,648	19,061	9,186			33,895
Total HRA	42,338	58,199	54,580	29,570	19,204	203,891
Total Programme	66,265	85,126	82,285	37,251	19,209	290,136

4.6 Capital Receipts

4.6.1 General Fund capital receipts – there is an increased forecast of £127K over 2022-2024. This is due to revisions to the forecast garage disposals. The changes to the forecast can be seen in table 4 below.

TABLE 4 General Fund Capital Receipts Forecast

General Capital Receipts	2022/23	2023/24
	£'000	£'000
Forecast (Final Capital Strategy)	£3,507	£3,888
Changes:		
New sales reported	76	55
Sites unlikely to proceed 22/23	(240)	240
Sales unlikely to proceed		
Pre-sale costs variation	8	(12)
Difference between forecast and revised	(156)	283
REVISED RECEIPT	3,351	4,171

4.6.2 Assuming these receipts come in as currently forecast, along with the slippage identified on schemes being funded by receipts, this improves the closing balance of general receipts forecast for 2023/24 from £351K to £1.586Million.

TABLE 5 General Fund Capital Receipts Forecast

General Capital Receipts	2022/23	2023/24	2022/23	2023/24
	Final Capital Strategy	Final Capital Strategy	Forecast Q3	Forecast Q3
	£'000	£'000	£'000	£'000
Opening balance	(3,839)	(688)	(3,839)	(1,809)
In Year Receipts	(3,507)	(3,888)	(3,351)	(4,171)
Used in Year	6,658	4,225	5,381	4,394
Closing balance	(688)	(351)	(1,809)	(1,586)

- 4.6.3 Locality Review Site Disposals – the forecast was reduced by £4K in the Final Capital Strategy report with the total forecast receipt of £3.2Million in 2023/24. There is currently no revised schedule of forecasts but some receipts are anticipated to slip further. Regular monitoring of the forecast receipts will take place in 2023/24.

5. IMPLICATIONS

5.1 Financial Implications

- 5.1.1 Financial implications are implicit in the report.

5.2 Legal Implications

- 5.2.1 The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties..

5.3 Equality and Diversity Implications

- 5.3.1 None specifically in relation to this report.

5.4 Risk Implications

- 5.4.1 Inflationary increases, particularly construction related are forecast to impact a number of the building programmes. Increasing cost of construction is being widely reported at every level, with materials and labour all increasing in price. The demand for construction materials is increasing as governments across the world try to revive and stimulate growth following Covid19 and the war in Ukraine. The supply of skilled construction labour is being impacted by both Covid and Brexit related challenges.
- 5.4.2 Supply chain delays are also being reported, with a potential impact on delivery timetables.
- 5.4.3 Work is underway to understand the impact on the delivery timelines and cost of, affected programmes. Updates will be provided as part of the Quarter 3 monitoring report. Where evidence indicates that a current year programme will cost more to deliver, options including the removal or reduction of existing approved programmes will be investigated.

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 Final Capital Strategy report (Executive and Council, February 2023)
- BD 2 Final Housing Revenue Account Rent Setting & Budget report 2023/24 (January 2023 Executive)
- BD 3 Medium Term Financial Strategy: Housing Revenue Account – Business Plan Review (including 1st and 2nd Quarter HRA Revenue Budget Monitoring 2022/23) (November 2022 Executive)
- BD 4 HRA Business Plan 2022 update (December 2022 Executive)
- BD5 Regeneration Programme Update and SG1 programme implementation (December 2022 Executive)

Appendices

- A. - General Fund Capital Strategy
- B. - HRA Capital Strategy