



Capital Programme 2020-2025 - General Fund & HRA

Corporate Priority:	All
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 To determine the General Fund & HRA Capital Programme for 2020-25 based on a review of spending in the current year's programme and schemes included in the programme for later years. To provide information on the forecast outturn position for 2020/21.
- 1.2 The revised CIPFA Prudential Code for Capital Finance in Local Authorities published in 2017 introduced the requirement to produce a capital strategy and for the Chief Finance Officer to report explicitly on the affordability and risk associated with it.

2 Recommendation(s)

That Cabinet:

- 2.1 recommend to Council approval of:
 - 2.1.1 The General Fund Capital Programme for 2020-25 as attached at Appendix A.
 - 2.1.2 The sources of funding for the General Fund capital programme for 2021/22 as set out in Appendix B

- 2.1.3 The HRA Capital Programme for 2020-25 as attached at Appendix D.
- 2.1.4 The sources of funding for the HRA Capital Programme as set out in Appendix E.
- 2.1.5 Delegated authority to be given to the Director for Corporate Services to amend the amount in the capital programme for Disabled Facilities Grants once funding confirmation has been received as referred to in para 5.9
- 2.1.6 That spend on the Council Chamber Audit Visual Equipment capital scheme be incurred in 2020/21 if officers are able to commence the project earlier as referred to in para 5.10

3 Reason for Recommendations

- 3.1 Approving the capital programme will support the Council in delivering its commitment to manage its assets effectively and to ensure the benefits from them are maximised for the benefits of the Council and community as a whole. This Capital plans will support the effective delivery of these ambitions and will ensure appropriate levels of capital expenditure and investment are in place to meet Corporate priorities and objectives whilst ensuring that plans are affordable, prudent and sustainable.
- 3.2 The Capital Programme for 2020-25 for the General Fund is attached at Appendix A and HRA at Appendix D. The Programme gives the total cost of each scheme, the spending profile, the amounts authorised to be spent and the stage each scheme has reached within the Capital Programme.

4 Background

- 4.1 It is good financial practice to incorporate the financial effects of capital spending plans into revenue budgets prior to the consideration and approval of the revenue budgets. As such Cabinet are asked at this meeting to consider and make recommendations to Council on the projects for General Expenses and HRA to be funded in the capital programme for 2021/22 in addition to those which have already had funding approved.
- 4.2 Members to note that within the proposed capital programme for 2021/22 at present there are no proposals in respect of Special Expenses Melton Mowbray.

5 Main Considerations

2020/21 Forecast Position

General Fund

- 5.1 The forecast outturn for the 2020/21 General Fund capital programme is expected to be £923k against an approved budget of £1,315k resulting in an underspend of £392k. This is due to:

- Disabled facilities grants (DFG's) – an underspend of £342k has been forecast due a lower than anticipated number of referrals being made following formal assessments of need. Any underspend will need to be paid back or permission received from funding bodies to carry this forward.
 - Environmental Service vehicles – the scheme allocation of £50k is unlikely to progress this financial year pending a review in the approach to vehicle replacement policy to ensure elements such as sustainability and climate change impact are fully analysed.
- 5.2 The financing of the 2020/21 programme is made up of repairs and renewal contribution, external grant funding, third party support and use of capital receipts. No borrowing is required.
- 5.3 The balance on the capital receipts as at 31st Mar 2020 was £769k of which £291k will be used to finance the current year's programme, plus a balance of £253k already allocated to support the Asset Development Programme will leave £225k available to finance the 2021/22 capital programme and future years; subject to any further capital receipts being generated.

HRA

- 5.4 The forecast outturn on the HRA for 2020/21 is expected to be £3,589 against a latest approved budget of £5,291k resulting in an underspend of £1,702. This is mainly due to:
- **Replacement Kitchens Bathrooms** (underspend of £229k) – Analysis needs to be done to identify programmes of work and undertake a procurement exercise. Work has also been suspended in the third lockdown as risk of leaving residents without facilities.
 - **Central Heating** (overspend of £85k) - A programme of work has been identified and is being progressed. Winter months are likely to result in a greater number of failures in the final quarter of this financial year and provision has been made in the programme for this. There is also work required at Bradgate Flats for boiler replacement and therefore the budget has been increased. Decision notice has been signed for additional expenditure.
 - **Rewire Council Properties** (underspend of £300k) - Since starting this project there have been problems with access to properties and which has continued in the current year. This work stream was further delayed due to Covid-19 and the programme for 2020/21 is being reviewed in conjunction with the stock condition surveys. Further work needs to be done to identify programmes of work and undertake a procurement exercise, 2020/21 will see works only where in-year failures are identified.
 - **Reroofing** (underspend of £149k) - Further work needs to be done to identify programmes of work and undertake a procurement exercise, 2020/21 will see works only where in-year failures are identified.
 - **Fire Safety & Fire Risk Assessment** (underspend of £656k) - This work was on hold due to Covid-19. Work has now started on this budget, although is impacted by the third lockdown. Some additional costs have also been identified which will flow this scheme totalling £106k. This is due to £91k for Fire Safety Works for Lighting replacement at St Johns Court and £15k for reallocation of laundry room at Bradgate Flats. Decision notice is to be approved and this is included in the overall underspend identified above.
 - **Conversion Of Electric Storage Heaters** (underspend of £78k) - This project was put on hold due to Covid-19, an appraisal of heating options is being undertaken on a

initial pilot group of rural properties. These works are being picked up under the re-wiring project.

- **Scooter Pods** (underspend of £159k) - The first phase of this project at St Johns Court is complete. Work has now started on planning Phase 2 but unlikely to be completed this financial year.

In addition to the above there are some other schemes which haven't been able to commence this financial year and are on hold due Covid-19 and pending recruitment of a project officer to support them. These include, Non Traditional Dwelling Site Development (£50k), Fairmead Regeneration (£66k), Affordable Housing - Gretton Court Extra Care (£50k) and water tank removal (£50k).

2021/22 Capital Programme

General Fund

- 5.5 The proposed General Fund capital programme for 2021/22, as outlined in Appendix A totals £755k covering key areas such as ICT investment, DFG's, management of key council assets and community investment. Alongside existing capital schemes and those linked to the repairs and renewal funds, a number of new key capital schemes have been put forward for approval totalling £267k.
- 5.6 The overall programme, if approved, would be financed through capital receipts £187k, capital receipts leisure vision £40k, repairs and renewals fund £116k, direct revenue £8k and capital grants from external sources of £404k as outlined in Appendix B.
- 5.7 For 2021/22 the additional projects which are being requested to be added to the capital programme and to be funded are outlined in Appendix C. A summary of these are provided in the table below.

Capital Scheme	Amount	Funding Source	Comments
Council Chamber Audio Visual Equipment	80k	Capital Receipts	New scheme being added for 2021/22
To install new Audio Visual Equipment within the Council Chamber and the Ferneley Room to support a range of meetings and address the difficulties with the current system, whilst also enhancing the system such that live streaming and hybrid meetings are possible.			
Replacement Website Content Management System (CMS)	47k	Capital Receipts	New scheme being added for 2021/22
The current contract for the existing website CMS ends in September 2021. The Council has made a commitment to launch a new website in 2021 and this investment will enable the implementation of a new opensource system which will offer ongoing revenue savings in the future supported by the web resource through Blaby District Council. The new website will utilise the design work already undertaken by Blaby which has received good feedback from customers and scoring high on accessibility. . This will support the ICT partnership ambition for member councils to use similar symptoms to generate economies of scale.			

Melton Country Park Bridge Works	40k	Capital Receipts Leisure Vision	New scheme being added for 2021/22
Proposed refurbishment of the footstones bridge following an initial survey. A full structural survey on the underside of the bridge will also be undertaken to confirm the full extent of the works once approval from Environmental Agency has been granted. The aim will be to undertake any works required including weir erosion at the same time to achieve efficiency of cost and time.			
Rural Business Diversification Grant	100k	Capital Grant	Amended scheme to supersede the previous Rural Pub Relief which had £90k allocated over 3 years to be originally funded from capital receipts.
This project will be to provide much need support to rural businesses who have been adversely impacted by the coronavirus pandemic, with the aim to increase rural job opportunities as a result of expanding businesses. The original scheme approved last year has been superseded due to the increased and changing need arising from the Covid pandemic.			

5.8 In addition to the above, there have been some amendments to existing schemes which have been taken into account when preparing the 2021/22 capital programme:

- A review has been undertaken on the ICT investment roadmap which has identified there needs to be some amendments to ICT Network equipment and ICT Data Centre replacement schemes. The scale of the Improvement works required next year are greater than anticipated. The new amounts being included have increased to £37k and £79 respectively (provisional allocations were £12k and £22k). This will be funded from the ICT repairs and Renewal fund. Linked to ICT the programme included in 2020/21 is a scheme for Service Asset & Desk Management improvements which is split over 2 financial years with £8k allocated in 2021/22.
- The Lake Terrace Waste Depot Refurbishment of £60k which was added to the programme in 2020/21 (total scheme £91k) will be carried forward into 2021/22. The original £31k included in the 2020/21 is expected to be spent this financial year.
- Following a structural survey review of the Footbridge off Asfordby Road it has been confirmed only repairs and maintenance investment is required and therefore this scheme can be removed. However, it should be noted the initial repairs will incur a sizeable revenue cost which will need to be managed and given the nature of the asset there may be capital works required in the future.

5.9 In respect of DFGs the Lightbulb project went live in October 2017 and the service is now being hosted through Blaby DC. The current amount included in the capital programme for 2021/22 is £304k, but final funding figures have yet to be confirmed. Should there be any minor changes to the capital programme Council will be requested to give delegated authority to the Director for Corporate Services to amend the amount in the capital programme once funding confirmation has been received.

5.10 In relation to the Council Chamber AV equipment, officers are currently exploring procurement options at present due to the pressing need for investment. This is because the legislation enabling remote meetings expires in May and primary legislation will be needed to continue beyond this date. As a sector, local authorities are pressing the Government to make the ability to hold remote meetings permanent, or at least to extend the timescale so they can continue during this current pandemic. If this is not possible the Council will need a new AV system in place to enable live streaming and face to face and/or hybrid meetings to be undertaken from May. Accordingly, whilst this has been initially allocated in the next financial year, authority is also requested to allow commencement of this capital expenditure in 2020/21 if operational delivery can be achieved.

HRA

5.11 The proposed HRA capital programme for 2021/22 as outlined in Appendix A totals £4,146k. This is in line with the Interim HRA Business Plan, approved February 2020 and linked to the Housing Improvement Plan to ensure sufficient capital resources are allocated to meeting the actions required.

5.12 The overall programme will be financed through capital receipts £2,103k and the Major Repairs Reserve £2,043k as outlined in Appendix B.

5.13 The Council's Housing Revenue Account Business Plan is due for review in 2021/22. This will be informed by a detailed and full stock condition survey commencing in early 2021. This means the Council will have a clear picture from April 2022 on what is needed to maintain the stock through capital investment. Given the increased requirements for "zero carbon" and the new Decent Homes Standard (referred to in the White Paper), the Council will be able to develop long-term programmes to meet Priority Two of the Corporate Strategy.

5.14 Therefore in the meantime, the interim business plan and capital programme is proposed to address the issues and challenges faced by the Council today. The key influencing factors to this proposed capital programme are:

- Housing Improvement Plan (November 2019)
- Internal audit report on landlord health and safety (November 2019)
- Corporate Restructure report (November 2019)

The focus for the immediate future is for the Council to implement the actions proposed in the three key documents mentioned above.

5.15 It is acknowledged that, due to a number of legacy issues, there will need to be significant investment in the housing stock to meet the aspirations of tenants and the Council in meeting Priority Two of the Corporate Strategy. The interim capital programme focusses on ensuring updates and improvements in relation to boilers and heating improvements, replacement and upgrade of windows, and new kitchens and bathrooms. In addition, there continues to be a strong emphasis on works in relation to landlord compliance (health and safety), including the rewiring of properties and works to improve the fire safety of flatted blocks.

- 5.16 For the HRA programme in 2021/22 one amendment identified to the existing plans of £120k additional expenditure for lifts at Bradgate House and Granby House. Works to be undertaken are replacement of the lift car at Granby House and refurbishments works only at Bradgate House.

6 Options Considered

- 6.1 No other options considered. If the report was not provided councillors would not be aware of ongoing developments and therefore would not be able to represent their residents effectively. In order to access reserves and incur capital expenditure, Council approval is required.

7 Consultation

- 7.1 Consultation has been undertaken with the budget holders regarding the position for the 2020-25 capital programmes.

8 Next Steps – Implementation and Communication

- 8.1 None

9 Financial Implications

- 9.1 The majority of financial implications have been addressed in section 5.
- 9.2 It should be noted based on the anticipated financing of the 2021/22 General Fund capital programme the estimated balance on Capital Receipts will be £39k. Whilst this doesn't take into account any capital receipts that may be generated it does show that the Council's resources are limited to fund future schemes. Therefore the prioritisation of capital schemes with limited capital resources and the need to focus on the Asset Development Programme will be key, including generation of further capital receipts. If insufficient capital funds are available the Council would then need to consider borrowing to fund such investments and would need to ensure any schemes are affordable in revenue terms through reductions in net expenditure.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 As part of the budget policy framework it is essential the recommendation for review of the capital programme is approved by full Council.
- 10.2 Any legal implications arising from new schemes will be identified and addressed at the business case stage

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

- 11.1 There are no equalities issues arising from this report.

12 Community Safety Implications

12.1 Individual projects could have links to community safety issues. These should be covered in any associated reports and forms linked to those projects as they progress through the decision making process.

13 Environmental and Climate Change Implications

13.1 No implications have been identified.

14 Other Implications (where significant)

14.1 No other implications have been identified.

15 Risk & Mitigation

15.1 The risks relating to individual projects will be considered as part of the project management process for each scheme.

Risk No	Risk Description	Likelihood	Impact	Risk
1	Adequate resource in place to deliver projects	Significant	Critical	Medium Risk
2	Covid_19 may result in access to properties not be allowed and which could impact on delivering HRA Capital projects	Significant	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant			1,2	
	3 Low				
	2 Very Low				
	1 Almost impossible				

16 Background Papers

16.1 None

17 Appendices

- 17.1 Appendix A – General Expenses Capital Programme 2020-25
- 17.2 Appendix B– General Expenses Capital Budget 2021-22 Anticipated Financing
- 17.3 Appendix C – General Fund 2021-22 bid summary
- 17.4 Appendix D – HRA Capital Programme 2020-25
- 17.5 Appendix E– HRA Capital Budget 2021-22 Anticipated Financing

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