

REPORT TO: CABINET

DATE: 10 SEPTEMBER 2020

TITLE: CAPITAL PROGRAMMES, QUARTER 1 FINANCE REPORT 2020/21

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This is not a Key Decision

It is on the Forward Plan as Decision Number I011369

The decision is not subject to Call-in Procedures for the following reason:

The recommendations are within the scope of the budget approved by Full Council in January 2020

This decision will affect no ward specifically.

RECOMMENDED that:

- A** Cabinet Notes the progress in the delivery of the Council's Housing and Non Housing Capital Programmes as at Quarter 1 (30 June 2020) as follows:
- i) The Housing Capital Programme (HCP) current budget is £34.635 million which includes £6.896 million carried forward from 2019/20. Due to the delay in the start of capital work in 2020/21 it is anticipated that further re-profiling will be required with future reports detailing proposed programme changes into 2021/22 and subsequent years.
 - ii) The Non-Housing Capital Programme (NHCP) current budget is £14.129 million which includes £3.075 million carried forward from 2019/20. Due to the delay in the start of capital work in 2020/21 it is

estimated that capital expenditure will be £13.685 million with the balance re-profiled into 2021/22.

REASON FOR DECISION

- A** To ensure that Cabinet reviews the performance against the approved 2020/21 current HCP and NHCP budgets
- B** The report compares the current capital budget with the actual expenditure at the end of Quarter 1 and highlights the significant delay in the start of capital work in 2020/21. Due to the significant backlog of work, priorities will need to be reassessed in order to re-profile the programme into 2021/22 and beyond.

BACKGROUND

1. Cabinet approved the HCP and NHCP budgets in January 2020. The approved HCP budget was £27.738 million and the approved NHCP budget was £11.048 million
2. The 2019/20 Capital Outturn report elsewhere on the Cabinet agenda has identified a number of projects where there had been a significant underspend. As a consequence of these underspends budgets have been carried forward into 2020/21. The HCP budget carried forward was £6.896 million and the NHCP budget carried forward was £3.075 million.
3. The Council continues to plan ahead using its business planning processes to establish a short, medium and long term Asset Management Plan. In addition the Housing Revenue Account (HRA) 30 year business plan is used to drive the HCP once available resources have been identified

HOUSING CAPITAL PROGRAMME (HCP) 2020/21 – QUARTER 1

4. Set out in Appendix A is the 2020/21 HCP Quarter 1 capital monitoring statement which compares the current budget with actual expenditure to date. The most notable variations are as follows:

Fire Safety – SE Ducts Tower Blocks

5. The budget allocation for fire safety, generally, has been established following the tragic fire at Grenfell Tower in London. Ongoing risk assessments have identified a two to three year programme commencing in 2019/20. Works to SE Ducts has been more complex than anticipated following Government guidance and redesign of warm air system ensuring individual properties remain safe. The capital expenditure has been re-profiled with a budget of £2.911 million 2020/21 but it is anticipated that a further £1 million in 2021/22.

Fire Safety – Tower Blocks

6. Previous reviews of the Council's tower block fire risk assessments confirmed that all blocks were inherently safe. The budget allocation for fire safety, generally, has been established following the tragic fire at Grenfell Tower in London. Ongoing risk assessments have identified a two to three year programme commencing in 2019/20. In addition, certainty around Government testing is still ongoing and the Council is anticipating this to be concluded 2020/21 when programmes will continue.

External Works- Leaseholders

7. Planned work to leasehold properties, to Dellfield Court have been completed by HTS (Property and Environment) Ltd (HTS) The Mill House external works has been re-profiled along with the rest of the external works programme The programme of work to replace water tanks in flat blocks (£95,800) will now be carried out in 2020/21, and £334,000 relating to unplanned external works will also be carried out.

Property Conversions – Sumners Farm

8. Additional supported housing units to the Sumners Farm complex are designed to be a unique bespoke scheme due to the locality and planning considerations. Work to complete the design, planning constraints, and procurement arrangements took longer than expected and the budget of £520,000 has been re-profiled unto 2020/21.

Holyfield External

9. Similarly, work on the Holyfield blocks has yet to start because of design and planning negotiations. Once these have been completed work will commence in 2020/21. The current budget for Holyfield externals is £426,000.

HTS Compliance

10. Electrical testing and inspection programme were reviewed in 2019/20 linked to updated government guidance and current HTS works activities to ensure budget efficiency. These are a continuous process, ensuring there is a robust programme of inspection by. The current budget for compliance testing £2.222 million and it is forecast to fully spend n 2020/21.

New Build Programme

11. The Council's programme to build new council homes within its HRA, is funded from retained pooled receipts and, when appropriate, external borrowing. There are currently seven capital schemes in the programme at varying stages of development and the budget will be kept under review during the remainder of the 2020/21 financial year.

Housing IT Development

12. Housing Services has a three year ICT programme aligned to the Council's Corporate Customer and Access Strategy. Priorities for 2019/20 focused on customer access whilst no spend has been allocated in 2019/20. Repairs customer access enhancements are due to be completed in 2020/21. In addition feasibility studies have commenced regarding Asset Management and programme delivery. Further enhancements are anticipated to the Homelessness management system in 2020/21.

NON HOUSING CAPITAL PROGRAMME (NHCP) 2020/21 – QUARTER 1

13. Set out in Appendix B is the 2020/21 NHCP Quarter 1 capital monitoring statement which compares the current budget with actual expenditure to date. The most notable variations are as follows:

Enterprise Zone

14. Cabinet approved the funding of £7.2 million over two years to develop Plot H of the Harlow Science Park into a range of 'mid-tech' units combining office, research and manufacturing/assembly space, to be known as Modus. The development will be retained by the Council as an investment, with the development likely to comprise a mix of long leasehold disposals providing a capital receipt and shorter leases providing an ongoing revenue stream. The development will be funded through borrowing repaid by the Enterprise Zone business rate uplift retention as agreed with the South East Local Enterprise Partnership. This is the first full year of the project and the remaining budget will be re-profiled into 2021/22.

General Fund – New Build

15. Cabinet has approved the Elm Hatch development which is a new build project to be funded from the General Fund. This project is in the planning and design stage and it is anticipated that part of the budget will be re-profiled into 2021/22.

Community Wellbeing

16. In Community Wellbeing schemes in 2020/21 include ongoing work to refurbish the Playhouse and lighting totalling £494,000, work to The Stow in front of the Moot House (£188,000) and plans to refurbish 21 The Rows (£331,000). In addition there is a budget of £70,000 to provide new signage at the entry points to Harlow.

Community Buildings

17. A budget of £353,000 is available for refurbishment works to Harlow Museum. The majority of this will be used for roofing works which are not expected to commence until 2020/21 and therefore it is anticipated that £257,000 will be carried over to enable this work to take place.

Latton Bush Centre

18. Schemes originally approved at the Latton Bush Centre total £528,000 to enable work to the boilers and to provide additional parking spaces. Asbestos removal is still on going to the South Boiler House and this will mean that the work to replace the boiler will not commence until 2020/21.

Civic Centre

19. A budget of £536,000 is available for additional work in respect of fire safety and the LED lighting this work is ongoing but could be delayed as a result of the Covid-19 pandemic It is therefore anticipated that some of this budget could be re-profiled into 2021/22. This is also anticipated for the £200,000 carry over which is going to be used to replace the telephone system at the Civic Centre,

IMPLICATIONS

Environment and Planning (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

As contained in the report.

Author: Simon Freeman, Head of Finance and Property and Deputy to the Chief Executive

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

None specific

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Housing Capital Programme - Quarter 1 Budget Monitoring Report

Appendix B – Non-Housing Capital Programme - Quarter 1 Budget Monitoring Report

Background Papers

None.

Glossary of terms/abbreviations used

HCP – Housing Capital Programme

NHCP – Non-Housing Capital Programme