

REPORT TO: CABINET

DATE: 12 JULY 2021

TITLE: CAPITAL PROGRAMMES OUTTURN REPORT 2020/21

LEAD OFFICERS: SIMON FREEMAN, HEAD OF FINANCE AND PROPERTY AND DEPUTY TO THE CHIEF EXECUTIVE (01279) 446228

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CONTRIBUTING OFFICERS: SENIOR MANAGEMENT BOARD

This is not a Key Decision

It is on the Forward Plan as Decision Number I012607

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

It is within the scope of the budget agreed by Full Council in January 2020

This decision will affect no ward specifically.

RECOMMENDED that Cabinet:

- A** Notes that the Housing Capital Programme (HCP) final outturn for 2020/21 is £21.556 million as set out in Appendix 1 to the report.
- B** Approves the £1.250 million carry forward request for capital schemes from 2020/21 HCP into 2021/22 as set out in Appendix 2 to the report.
- C** Note that the Non-Housing Capital Programme (NHCP) final outturn for 2020/21 is £11.504 million as set out in Appendix 3 to the report.
- D** Approves the £3.984 million carry forward request for capital schemes from 2020/21 NHCP into 2021/22 as set out in Appendix 4 to the report.

REASON FOR DECISION

- A** To enable Cabinet to compare the final outturn with the Quarter 3 current budget and amend the capital programme in the light of the latest operational developments, profiling and funding changes

BACKGROUND

1. Cabinet approved the Quarter 2 HCP 2020/21 and NHCP 2020//21 current budgets in January 2021. The approved HCP current budget was £33.768 million and the approved NHCP current budget was £16.725 million
2. In the March, Cabinet approved the £11.354 million re-profiling of the 2020/21 HCP into 2021/22 and the £1.524 million re-profiling of the 2020/21 NHCP into 2021/22. In addition Cabinet approved the £670,000 loan to HTS.
3. As a consequence of these approvals the 2020/21 Quarter 3 HCP current budget is £22.414 million and NHCP current budget is £15.871 million.
4. The report compares the final outturn with the Quarter 3 current budget and following consultation with budget managers provides explanations for the variations.

ISSUES/PROPOSALS

2020/21 HCP - Outturn

Core Programme

5. Set out in Appendix 1 is the 2020/21 HCP final outturn statement which compares the Quarter 3 current budget with the actual expenditure as at 31 March 2021. The statement shows all the variances between the budget and actual and set out in the following paragraphs are the explanation for those variances

Internal Works

6. Due to current Covid-19 restrictions internal works were suspended for most of the year The budget was re-profiled at Quarter 3 but there is still a £58,000 underspend which is subject to a carry forward request.

Aids and Adaptations

7. Similar to other internal works the provision of aids and adaptations to tenants has also been suspended due to Covid-19 restrictions. Consequently, a large part of the budget was re-profiled at Quarter 3 and now the budget is only £7,000 underspent indicating that the planned programme was achieved.

Compliance/Electrical Testing

8. Electrical testing and inspection programmes were reviewed following latest Government guidance and HTS (Property and Environment) Ltd now carries out its programme of testing in accordance with Covid-19 restrictions. The compliance testing programme was up to date up to March 2021 but under the current lock down restrictions there may be some cases where the programme

has to be re-scheduled to a later date. The budget was re-profiled at Quarter 3 but is still £55,000 underspent which is the subject of a carry forward request.

Externals Programme

9. The externals programme is a planned schedule of work to renew, improve, and maintain the housing stock at decent homes standard. As with all other programmes the external programme has been delayed due to Covid-19 restrictions. However works were completed on sites where it was possible to adhere to the current regulations and associated working restrictions, these sites include Mill House, The Risdens, Little Brays and Great Brays and Carters Mead. The budget was re-profiled at Quarter 3 but even that did not prevent it being £322,000 underspent due to the pandemic.

Fire Safety - Compartmentation

10. The budget allocation for fire safety compartmentation, generally, has been established following the tragic fire at Grenfell Tower in London. Outcomes from the public enquiry are on-going and landlord responsibilities are increasing work from updated risk assessments were prioritised during the lockdowns, aligned to the three year planned programme. Works, however, of an intrusive nature were delayed. The re-profiled budget was fully spent indicating that the planned programme has been delivered. .

Fire Safety – SE Ducts

11. Works to fire safety SE Ducts has been more complex than anticipated following Government guidance and redesign of warm air systems. The budget was re-profiled at Quarter 3 but even that did not prevent it being £305,000 underspent and this will be subject of a carry forward request.

Housing IT Development

12. Housing Services has a three year ICT programme aligned to the Council's Corporate and Access Strategy. This has included the provision of digital platforms for tenants and leaseholders to access their rent and service charge accounts, report repairs, make payments and apply for council garages online. This is also open to non-council tenants. Projects have had to be re-aligned further due to Covid-19 restrictions and the availability of external suppliers on site. .
13. The Council has also had to accommodate the purchase of Orchard Housing Systems by MRI Solutions Ltd requiring legal details having to be updated .This has led to delayed start dates in the programmes.
14. Work has now commenced on new projects such as the Estate Case Management model which is progressing, but will be required to partly roll over into the new financial year. New asset management software which will manage strategic planning and provide full asset management functionality. This will ensure effective day-to-day management and maintenance, including current

and predicted performance. The software will also provide trigger events such as fire risk assessments and upcoming service/inspection or asbestos surveys. This will result in customers experiencing less compliance issues. Budgets will still need to be re-profiled into 2021/22 budget due to the size of the project.

Prentice Place

15. The Prentice Place regeneration project has been completed and the 15 properties are about to be let to new tenants. The properties are being let at social rent and accounted for in the Housing Revenue Account (HRA). Previously, this redevelopment has been included in the NHCP but now it is shown in the HCP.

House Purchase Programme

16. The house purchase programme was completed in 2020/21 and the Council has acquired 1 four bed house, 27 three bed houses, 7 two bed houses, 5 two bed flats and 5 one bed flats. There have been increased refurbishment costs required for some properties in order to bring the properties up to the Council's "lettable standard". These additional costs were included in the overall scheme funding, with some work requiring carry over to into 2021/22. To date 15 properties have been allocated with a further 5 properties currently with outstanding offers awaiting viewing

New Build Programme

17. Set out in Table 1 the cumulative expenditure on all new build schemes up to 31 March 2021, together with the budgets for subsequent years.

		Approved	Actual			
Name of Scheme	No of Units	Scheme Cost	to 31/03/2021	2021/22 Budget	2022/23 Budget	Later Years
		£,000	£,000	£,000	£,000	£,000
Bushey Croft	16	4,140	404	2,764	972	
Lister House	59	14,000	600	2,419	3,000	7,981
The Yorkes	6	3,015	36	1,494	1,485	
Brenthall Towers	14	2,585	42	841	1,702	
Stackfield	5	550	28	171	351	
The Hill	2	500	14	206	280	
Total	102	24,790	1,124	7,895	7,790	7,981

18. In March 2021 Cabinet approved further re-profiling of the new build programme in the HCP. Further re-profiling is required and the explanations are as follows:

a) Bushey Croft

- i) This is a project to build 16 social/affordable dwellings on a former garage site. Tenders were approved at the December 2020 Cabinet meeting. The contractors are on site and the scheme is progressing well.

b) Lister House, Perry Road

- i) This is a development to construct a residential block of 59 social and affordable flats. There are still some planning issues to be resolved regarding the reinstatement of the podium and site meetings are taking place. Once these issues have been resolved the procurement process can commence.

c) The Yorkes

- i) This is a development to construct 7/8 social/affordable dwellings. Site clearance work has recently taken place and the design team are currently reviewing the design. Legal have confirmed that the existing covenants have been extinguished and planning have advised that development should be a terrace of 6 three bed houses.

d) Land at Brenthall Towers

- i) This is a development to construct 14 social/affordable dwellings. Ground surveys have taken place and architects are currently drawing up designs using a timber framed modern method of construction (MMC) The plans will be submitted for planning approval in July.

e) The Hill

- i) This is a development to demolish an existing derelict property and construct 2 new properties to be let at social rent. Planning permission was granted in June 2020. Planning conditions have been discharged and the building control application has been approved. HTS have submitted the business case and the estimated cost is £620,000. Currently the approved budget is £500,000.

2020/21 NHCP – Outturn

Core Programme

19. Set out in Appendix 3 is the 2020/21 NHCP final outturn statement which compares the Quarter 3 current budget with the actual expenditure as at 31 March 2021 The statement shows all the variances between the budget and

actual and set out in the following paragraphs are the explanation for those variances.

Environmental Health and Strategic Housing

20. Due to Covid-19 restrictions the installation of disability facilities in private homes was been suspended for most of the year. Consequently the budget is underspent by £217,000 and will be the subject of a carry forward request. The expenditure on these disabled facilities is grant funded and this will be carried forward also.
21. There were also delays in the refurbishment of the playgrounds programme and the Church Langley and the Potter Street ponds biodiversity projects due to the Covid-19 restrictions.

Latton Bush Centre

22. There are several on-going capital schemes at the Latton Bush Centre, but there have been delays in the development of car parking spaces and the refurbishment of the community safety office due to the Covid-19 restrictions. Both projects will be completed in 2021/21 and will be included in the list of carry forward requests.

Drainage Work

23. In January 2019 Cabinet approved the five year capital programme to address drainage defects and introduce flood alleviation measures in Harlow. Work has commenced on Oxley's drainage programme which is now anticipated to be completed in 2021/22 due to the size of the project. The budget was re-profiled in the Quarter 3 report and the final outturn is in line with the budget.

Community Buildings

24. Work to improve the Bush Fair shopping precinct has been delayed due to the over-run of the Moot House frontage scheme. However, the scheme to improve the shopping precinct needs to be re-designed and it is unlikely to commence in 2020/21. The budget was re-profiled in the Quarter 3 report and the final outturn is as projected.
25. In January 2019 Cabinet approved the business case to replace the commercial kitchen at the Leah Manning Centre and a provision was made in the 2019/20 NHCP. The provision was re-profiled into 2020/21 and at the end of Quarter 3 it is estimated that only 30 percent of the work has been completed. The budget was re-profiled at Quarter 3 and the final outturn shows an underspend of £10,000. The work will continue into 2021/22 and will be included in the list of carry forward requests.

Contingency and Other Public Schemes

26. In order to reduce its net carbon emissions Members agreed to look at the feasibility of installing photovoltaic panels on all public council buildings, of which eight have been identified, within the next two years where possible. In February 2021 the Secretary of State for Business, Energy and Industrial Strategy awarded the Council a grant of £334,600 for solar PV installations. The budget was re-profiled at Quarter 3 and the grant will be carried forward into 2021/22.

Civic Centre

27. In October 2020 a fire safety survey was completed for the Civic Centre. The survey recommended the replacement of fire doors, cavity barriers and dampers. The procurement process has commenced but it is anticipated that most of the safety work will now take place in 2021/22. Preliminary work began in 2020, and the budget was re-profiled at Quarter 3. The final outturn is in line with the budget and the project will be completed in 2021/22

Garages

28. The refurbishment of garages is an ongoing programme and delays have occurred due to the availability of sites and the pandemic. The final underspend will be included in the list of carry forward requests.

Community Wellbeing

29. There have been delays to the improvements of the Pets Corner yard due to the pandemic. The work is scheduled to be completed in 2021/22 and the project has been included on the carry forward list.
30. There have been delays to the refurbishment of "The Rows" due to the inter-dependency of funding streams and the need to demonstrate match funding for the Future High Streets and levelling up funds. It is anticipated that this project will start in 2021/22 and has been included on the carry forward requests.
31. In 2020/21 the Council received a £1 million grant to fund the Eastgate project. The procurement process started during the year and it is anticipated that it will commence in 2021/22. This is subject of a carry forward request when the project will be rolled forward along with the grant.
32. There have been similar delays in the Harlow Town gateway signage programme. It is anticipated that this programme will be completed in 2021/22 once the procurement process has been finalised.
33. In December 2020, Cabinet approved the Town Wide paddling pools refurbishment. The procurement process has been completed and work has just started. However, there have been delays due to the pandemic and there is a need to request a £140,000 carry forward into 2021/22.

Other Projects

Enterprise Zone

34. 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, with it 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. It is anticipated that final payment in respect of the Modus project will be delayed until 2021/22 and it is for this reason that it is included on the carry forward list.

New Build – Elm Hatch

35. Elm Hatch is a project to demolish a retail hatch and redevelop the site with retail and residential properties. In January 2020 Cabinet approved a total budget of £4.305 million over 3 years. The leasehold in respect of the remaining retail unit has been purchased. The scheme is to construct number new properties but difficulties still remain due to complexity, cost and planning issues

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 1 – Housing Capital Programme – Outturn Statement 2020/21

Appendix 2 – Housing Capital Programme Carry Forward Requests

Appendix 3 – Non Housing Capital Programme Outturn Statement 2020/21

Appendix 4 – Non Housing Capital Programme Carry Forward Requests.

Background Papers

None.

Glossary of terms/abbreviations used

HCP – Housing Capital Programme

HRA – Housing Revenue Account

NHCP – Non Housing Capital Programme

Appendix 1 HCP 2020/21 Outturn				
PROJECT AREA	Quarter 2 Current Budget 2020/21 £,000	Quarter 3 Current Budget 2020/21 £,000	Actual Outturn 2020/21 £,000	Variance £,000
HTS				
HTS-ASC	1,036	1,036	1,036	0
HTS-Internal Works	3,036	600	542	58
HTS-External & Estate works	261	174	157	17
HTS-Aids and Adaptations	1,245	489	482	7
HTS-Compliance - Electrical/Fire	1,600	1,300	1,245	55
HTS Garage Refurbishment (HRA)	238	120	63	57
HTS-Property Conversions	300	25	21	4
HTS-Energy Efficiency	284	230	228	2
Total HTS	8,000	3,974	3,773	201
Other Works				
External's Programme	3,211	1,567	1,245	322
Fire Safety - Compartmentation	3,000	1,300	1,324	(24)
Fire Safety SE Ducts	2,000	400	95	305
Energy Efficiency	100	19	18	1
Health & Safet	276	234	233	1
Asbestos Removal	400	251	285	(34)
CDM	61	68	45	23
Damp	109	50	59	(9)
Structural	1,328	1,328	1,083	245
Housing IT	223	52	59	(7)
Joyners Field Towers Cladding	1,800	-	-	0
Aids and Adaptations - Non HTS	42	82	45	37
Prentice Place	-	-	395	(395)
Core Programme	20,550	9,325	8,659	666
House Purchase Programme	12,600	12,600	12,216	384
New Build Programme	618	489	680	(191)
TOTAL HCP	33,768	22,414	21,556	858
FUNDED BY:-				
RTB Capital Receipts	(3,965)	(3,927)	(3,814)	(113)
Other Capital Receipts	(1,030)			0
Major Repairs Reserve	(10,470)	(9,353)	(8,842)	(511)
Direct Revenue Financing	(7,247)			0
Borrowing	(11,056)	(9,134)	(8,899)	(235)
TOTAL FUNDING	(33,768)	(22,414)	(21,556)	(858)

Appendix 2 HCP Carry Forward Requests 2020/21

PROJECT AREA	Variance £,000	Carry Forward Request £,000	Reason for the Carry Forward Requests
HTS-Internal Works	58	58	Delays due to Covid 19 restrictions no access was available to carry out work in resident homes
HTS-External & Estate works	17	17	
HTS-Aids and Adaptations	7	7	
HTS-Compliance - Electrical/Fire	55	55	The compliance testing work has been completed as per schedule but some has been re-scheduled for the following year
HTS Garage Refurbishment (HRA)	57	57	The refurbishment of garages is an on-going programme and delays occur due to the availability of sites
HTS-Property Conversions	4	4	
HTS-Energy Efficiency	2		
External's Programme	322	321	Delays due to Covid 19 restrictions no access was available to carry out work in resident homes
Fire Safety - Compartmentation	(24)	(24)	
Fire Safety SE Ducts	305	305	Replacing fire safety ducts requires access to individual dwellings and this was not possible due to Covid 19 restrictions
Energy Efficiency	1	1	
Health & Safety	1		
Asbestos Removal	(34)	(34)	
CDM	23	24	
Damp	(9)	(9)	
Structural	245	245	Delays due to Covid 19 restrictions no access was available to carry out work in resident homes
Housing IT	(7)	(7)	
Joyners Field Towers Cladding	0		
Aids and Adaptations - Non HTS	37	37	Delays due to Covid 19 restrictions no access was available to carry out work in resident homes
Prentice Place	(395)		
Core Programme	666	1,057	
House Purchase Programme	384	384	All the house purchases were completed in 2020/21 but in order to bring them up to lettable standard void work will need to be done in 2021/22
New Build Programme	(191)	(191)	
TOTAL HCP	858	1,250	

Appendix 3 NHCP 2020/21 Outturn

PROJECT AREA	Quarter 2 Current Budget 2020/21 £,000	Quarter 3 Current Budget 2020/21 £,000	Actual Outturn 2020/21 £,000	Variance £,000
Place Services				
Env Health inc Strategic Housing	891	891	456	435
Latton Bush Centre	208	208	16	192
Commercial Properties	95	15	10	5
Highways & Car Parks	53	53	94	(41)
Drainage work	161	27	28	(1)
Community Buildings	408	232	191	41
Contingency - Other Public Schemes	182	56	32	24
Civic Centre	430	218	193	25
Garages	205	205	50	155
Total Place Services	2,633	1,905	1,071	834
Other Services				
Governance	86	86	103	(17)
Finance - ICT	358	358	245	113
Community & Wellbeing	2,322	2,243	815	1,428
Total Other Services	2,766	2,687	1,163	1,524
Other Projects				
Prentice Place	272	272	0	272
Enterprise Zone	8,251	7,548	7,039	509
HTS (H & R) Ltd Equity Share & Loan	1,500	2,170	2,131	39
Grant Funded = POD	4	4	38	(34)
Future High Street Project	1,250	1250	0	1,250
Total Other Projects	11,277	11,244	9,207	2,037
SUB TOTAL NHCP	16,676	15,836	11,442	4,394
General Fund New Build	49	35	63	(28)
TOTAL NHCP	16,725	15,871	11,504	4,367
FUNDED BY:-				
Earmarked Grant Funding	(20)	(20)	(20)	0
Capital Receipts	(1,236)	(415)	(1,018)	603
Ear Marked Capital Reserves	(152)	(152)	(80)	(72)
Direct Revenue Financing	(327)	(327)	(210)	(117)
Disabled Facilities Grant	(500)	(500)	(282)	(218)
Towns Fund -Eastgate Grant	(1,000)	(1,000)	(61)	(939)
SELEP Getting Building Fund Grant	(200)	(200)		(200)
Home Renovation Loan repayments	(5)	(5)	(12)	7
Other contributions	(35)	(35)	(208)	173
Borrowing requirement	(13,201)	(13,168)	(9,550)	(3,618)
New Build				0
RTB Capital Receipts	(15)	(15)		(15)
Borrowing requirement	(34)	(34)	(63)	29
Total Project Funding	(16,725)	(15,871)	(11,504)	(4,367)

Appendix 4 NHCP Carry Forward 2020/21

PROJECT AREA	Variance £,000	Carry Forward Request £,000	Reason for the Carry Forward Requests
Env Health inc Strategic Housing	435	326	Delays due to Covid 19 restrictions to providing disability facilities in private properties and the refurbishment of playgrounds
Latton Bush Centre	192	192	Delay in the provision of car parking spaces at the centre and in the refurbishment of the Community Safety office
Commercial Properties	5	3	
Highways & Car Parks	(41)	1	
Drainage work	(1)	(1)	
Community Buildings	41	41	Delays to the installation of lighting and the refurbishment of the kitchen at the Leah Manning Centre along with works to Mark Hall barn
Contingency - Other Public Schemes	24	25	asbestos programme which is on going as required
Civic Centre	25	25	Lighting upgrade was stalled by bad weather and problems with existing fittings. Awaiting for third part to connect up new lanterns for completion of works.
Garages	155	154	The refurbishment of garages is an on-going programme and delays occur due to the availability of sites
Governance	(17)	5	
Finance - ICT	113	55	The contract for the replacement of the telephony system is being phase in over two financial years
Community & Wellbeing	1,428	1,427	Delays due to the improvements in the lower yard of pets corner Delays to The Rows refurbishment due to the inter-dependency of funding streams and the need to demonstrate match funding for the Future High Streets and Levelling Up funds Delays to the start of the Towns Fund Eastgate project along with delays to the Harlow Town gateway signage scheme Phasing of the Town wide refurbishment of paddling pools
Prentice Place	272	0	
Enterprise Zone	509	509	Development of the Enterprise Zone is on going and the latest phased will finish in 2021/22
HTS Ltd Equity Share & Loan	39		
Grant Funded = POD	(34)		
Future High Street Project	1,250	1250	Acquisition of Occassio House ongoing and waiting outcome following valuation and offer being presented to current freeholder, the timescales is out of our control.
General Fund New Build	(28)	(27)	
TOTAL NHCP	4,367	3,984	

