

REPORT TO: CABINET

DATE: 9 SEPTEMBER 2021

TITLE: CAPITAL PROGRAMMES, QUARTER 1 FINANCE REPORT 2021/22

PORTFOLIO HOLDERS: COUNCILLOR SIMON CARTER, PORTFOLIO HOLDER FOR HOUSING
COUNCILLOR RUSSELL PERRIN, PORTFOLIO HOLDER FOR FINANCE AND GOVERNANCE

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 I012610

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

It is within the scope of the budget approved by Full Council in January 2021

This decision will affect no ward specifically.

RECOMMENDED that Cabinet:

A Notes the progress in the delivery of the Council's Housing Capital Programme (HCP) as at Quarter 1 2021/22 as follows:

- i) The current budget is £38.922 million, including £1.25 million carried forward from 2020/21. The projected outturn at Quarter 1 is £34.249 million as set out in Appendix 1 to the report.

B Notes the progress in the delivery of the Council's Non Housing Capital Programme (NHCP) as at Quarter 1 2021/22 as follows:

- i) The current budget is £23.328 million, including £3.984 million carried forward from 2020/21. The projected outturn at Quarter 1 is £18.302 million as set out in Appendix 2 to the report.

C Notes that various delays encountered across both the Housing and Non Housing Capital Programmes, many of which are as a direct result of the

Pandemic, mean it is anticipated that further re-profiling will be required at Quarter 2 2021/22.

- D** Approves the inclusion in the NHCP budget of an additional £17,760 for the purchase of tablets and the use of a Mobile Canvasser Application for Electoral Registration, Canvass and Elections. Expenditure is to be financed from the annual IER grant and an approved Revenue carry over from 2020/21.

REASON FOR DECISION

- A** To ensure Cabinet reviews the performance against the approved 2021/22 Housing and Non Housing Capital budgets.

BACKGROUND

1. Cabinet approved the 2021/22 HCP budget of £26.319 million in January 2021. Quarter 3 2020/21 re-profiling of £11.354 million was approved in March 2021 and further carry overs of £1.25 million were agreed in July 2021.
2. The NHCP budget of £17.820 million was also approved by Full Council in January 2021. Quarter 3 2020/21 re-profiling of £1.525 million was approved in March 2021 and further carry overs of £3.984 million were agreed in July 2021.
3. The report compares the actual expenditure as at 30 June 2021 with the 2021/22 budget and following consultation with budget managers, forecasts the projected outturn at year end.
4. The implications of the Covid Pandemic over the last eighteen months have been far reaching, causing significant delays to many Capital schemes. This has played a large part in the increase in the size of the combined Capital Programmes for 2021/22 from £44.14 million, as approved in January 2021, to the current £62.25 million.
5. The relaxation and subsequent removal of Covid restrictions means that many schemes are now able to progress. However new challenges are being faced in the ability to source materials. This huge demand and shortage is driving the associated scheme costs up and resulting in the need to review and prioritise the programmes of works.

ISSUES/PROPOSALS

Housing Capital Programme 2021/22 – Quarter 1

6. Set out in Appendix 1 is the 2021/22 HCP Quarter 1 capital monitoring statement which summarises expenditure to date and compares the current budget against projected outturn for the year. A summary of some of the main Housing Capital schemes are detailed below.

7. Fire Safety – SE Ducts

- a) Fire risk assessments are carried over a two to three year programme which commenced in 2019/20. Works to Fire Safety SE Ducts has been more complex than anticipated following Government guidance and redesign of warm air systems.

8. External Works

- a) The external works programme is a planned schedule of work to renew, improve, and maintain the housing stock at decent homes standard. The approved schemes in 2021/22 include external refurbishments of:
 - i) The Hides;
 - ii) Hollyfield;
 - iii) Spring Hills;
 - iv) Jerounds;
 - v) Fullers Mead;
 - vi) Altham Grove; and
 - vii) Arkwrights.

9. Compliance and Electrical Upgrades (includes Joyners Field Cladding and Fire Safety in Tower Blocks)

- a) Electrical testing and inspection programmes were reviewed following latest Government guidance and HTS Ltd now carries out its programme of testing in accordance with Covid restrictions.
- b) In December 2020 Cabinet approved a £1.8 million increase in the 2020/21 HCP in order to replace the cladding at Joyners Field Towers. This work is expected to complete during 2021/22.
- c) The budget allocation for Fire Safety compartmentation 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. Updated risk assessments continue to be aligned to the three year programme.

10. Housing IT Development

- a) Housing Services are part way through a three year ICT programme aligned to the Council's Corporate and Access Strategy. In December 2020 Cabinet approved the re-profiling of the budget, the projects have

been re-aligned further and project priorities adjusted in order to accommodate the climate over the last 18 months.

11. House Purchase Programme

- a) The house purchase programme completed in March 2021 and this, along with the 2020/21 expenditure on New Builds, enabled the Council to utilise the £ 3.8 million of retained receipts held from the proceeds of Right to Buy sales in 2017/18. The 2021/22 budget reflects the balance of the £12.6 million carried over from the last financial year, which will be used to ensure that all of the 45 properties purchased meet the Modern Homes Standard.

12. New Build Programme

- a) In December 2020 Cabinet approved significant re-profiling of the new build programme in the HCP. Further re-profiling is required in some details and is yet to be completed. The current active housing delivery pipeline is reviewed on a regular basis. At the present time the following are in construction phase:
 - i) Bushey Croft site is which will deliver 16 new affordable homes; and
 - ii) The Hill which will deliver 2 new affordable homes.

Non Housing Capital Programme 2021/22 – Quarter 1

13. Set out in Appendix 2 is the 2021/22 NHCP Quarter 1 capital monitoring statement which summarises expenditure to date and compares the current budget against projected outturn for the year. The following underspends are currently being projected at Quarter 1 2021/22. Confirmation and requests for approval of re-profiling will be confirmed as part of the Quarter 2 Cabinet report.

14. Latton Bush Centre

- a) Replacement of the South House Boiler and Controls is now anticipated to be deferred until 2022/23, with project management fees only incurred during 2021/22. It is currently anticipated that around £190,000 may be requested for re-profile at Quarter 2.

15. Commercial Properties

- a) The replacement of the Mead Park Depot Boiler is considered to be unlikely to proceed until May 2022.
- b) Works at Bush Fair Pavilion and Pypers Hatch are also currently forecast to be undertaken during 2022/23. Consequently all three schemes may be submitted for re-profiling approval as part of the Quarter 2 report meeting.

16. Community Buildings

- a) A previous stock condition survey identified the need to replace the Town Park Paddling Pool roof structure. However, upon inspection it has been deemed that the work required is not as urgent or extensive as originally anticipated and as such it is unlikely to progress this year.
- b) A lack of staffing capacity means that it is unlikely that the full scope of works proposed at the Potter Street Neighbourhood Office, including the boiler replacement, are also unlikely to proceed until 2022/23.

17. Other Public Schemes

- a) Grant funding of £334,600 has been secured towards the cost of installing PV panels at various Council buildings as part of the Councils carbon reduction plan. This scheme has now been amended to include five properties only. The contract in the region of £340,000 is due to be awarded shortly, against an approved budget of £482,250.

18. Enterprise Zone

- a) 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. The development was funded through borrowing repaid by the Enterprise Zone business rate uplift retention as agreed with the South East Local Enterprise Partnership.
- b) Subsequent Grant funding of £1.96 million was secured from the Getting Building Fund (via SELEP) towards the cost of the Modus development to allow for redirecting funding for the central services area of the park for development of a cafe/meeting space and public realm additions. Design work for this area began in June 2021 with completion anticipated in the Spring of 2022.
- c) A further £1.6 million was also secured from the Getting Building Fund to allow for fit-out works of the Nexus building to allow for shifted market norms driven by the Covid-19 pandemic. These new norms now require landlord fit-out as opposed to offset inducements through free rental periods for tenant fit-outs.
- d) Work for the building fit-out commenced with the first and second floors in line with new tenancies being agreed in May 2021. Further works are anticipated to conclude by early 2022.

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

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, Quarter 1, Budget Monitoring Report

Appendix 2 – 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

Appendix 1 – Housing Capital Programme – Quarter 1 2021/22

HOUSING CAPITAL PROGRAMME QUARTER 1 2021/22							
Schemes:	Approved Budget	Carryovers	Budget Allocation & Virements	Current Budget	Expenditure	Projected outturn	Variance: Outturn to current budget
HTS Internal Works - ASC	1,056,299.00	0.00	0.00	1,056,299.00	264,075.00	1,056,299.00	0.00
HTS Internal Works - Compliance	2,721,624.00	54,785.00	0.00	2,776,409.00	258,177.94	2,776,409.00	0.00
HTS Internal Works - Energy Efficiency	53,592.00	0.00	0.00	53,592.00	0.00	53,592.00	0.00
HTS Internal Works - Aids & Adaptations	1,616,412.00	7,144.00	0.00	1,623,556.00	44,024.42	1,623,556.00	0.00
HTS Internal Works - Environmental	0.00	17,091.00	0.00	17,091.00	0.00	17,091.00	0.00
HTS Internal Works - Internal	4,450,631.00	58,178.00	0.00	4,508,809.00	542,854.24	4,508,809.00	0.00
HTS Internal Works - Garages	604,850.00	57,062.00	0.00	661,912.00	0.00	661,912.00	0.00
HTS Internal Works - Sumners Farm Close	495,044.00	4,467.00	0.00	499,511.00	35,060.40	499,511.00	0.00
HTS External Works	86,791.00	0.00	1,000,000.00	1,086,791.00	41,887.85	1,086,791.00	0.00
TOTAL HTS	11,085,243.00	198,727.00	1,000,000.00	12,283,970.00	1,186,079.85	12,283,970.00	0.00
Internal Works - CDM	50,000.00	23,967.00	0.00	73,967.00	3,343.44	73,967.00	0.00
Fire Safety Works - SE Ducts	2,511,217.00	304,537.00	0.00	2,815,754.00	273,540.22	2,815,754.00	0.00
External Works	5,892,931.00	320,851.00	-1,000,000.00	5,213,782.00	655,233.73	5,213,782.00	0.00
Damp & Structural Works	1,159,326.00	236,461.00	0.00	1,395,787.00	122,586.72	1,395,787.00	0.00
Other Works	249,314.00	2,677.00	0.00	251,991.00	75,325.50	251,991.00	0.00
Compliance & Electrical Upgrades	6,272,117.00	-24,060.00	0.00	6,248,057.00	290,980.37	6,248,057.00	0.00
Energy Efficiency Works	1,936,060.00	748.00	0.00	1,936,808.00	0.00	1,936,808.00	0.00
Housing IT	620,810.00	-6,798.00	0.00	614,012.00	58,998.00	614,012.00	0.00
TOTAL CORE HOUSING CAPITAL PROGRAMME	29,777,018.00	1,057,110.00	0.00	30,834,128.00	2,666,087.83	30,834,128.00	0.00
ACQUISITIONS (VOID WORKS ONLY 2021/22)	0.00	383,617.00	0.00	383,617.00	8,892.20	374,725.00	-8,892.00
NEW BUILDS	7,895,673.00	-191,150.00	0.00	7,704,523.00	451,609.90	3,039,725.00	-4,664,798.00
TOTAL HOUSING CAPITAL PROGRAMME	37,672,691.00	1,249,577.00	0.00	38,922,268.00	3,126,589.93	34,248,578.00	-4,673,690.00

Appendix 2 – Non-Housing Capital Programme – Quarter 1 2021/22

NON HOUSING CAPITAL PROGRAMME QUARTER 1 2021/22							
Schemes:	Approved Budget	Carryovers	Budget Allocation & Virements	Current Budget	Expenditure	Projected outturn	Variance: Outturn to current budget
Latton Bush Centre	505,690.00	191,606.00	0.00	697,296.00	37,760.02	502,740.00	-194,556.00
Commercial Properties	774,227.00	2,975.00	0.00	777,202.00	-4,532.50	346,960.00	-430,242.00
Highways & Car Parks	146,310.00	755.00	0.00	147,065.00	585.00	147,065.00	0.00
Drainage Works	174,815.00	-1,325.00	35,000.00	208,490.00	3,716.82	208,490.00	0.00
Community Buildings	912,451.00	40,561.00	21,000.00	974,012.00	15,818.52	784,860.00	-189,152.00
Other Public Schemes	604,252.00	24,708.00	2,751.30	631,711.30	996.00	506,258.00	-125,453.30
Civic Centre	448,000.00	25,070.00	0.00	473,070.00	-11,939.79	461,063.00	-12,007.00
Energy Performance Schemes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Garages	156,000.00	154,488.00	0.00	310,488.00	0.00	310,488.00	0.00
Contingency	50,000.00	0.00	-37,751.30	12,248.70	0.00	12,249.00	0.30
TOTAL FINANCE ASSET MANAGEMENT	3,771,745.00	438,838.00	21,000.00	4,231,583.00	42,404.07	3,280,173.00	-951,410.00
Environmental Place Services	900,000.00	326,141.00	0.00	1,226,141.00	159,472.95	1,226,141.00	0.00
Governance	30,000.00	4,970.00	0.00	34,970.00	-24,733.19	34,970.00	0.00
Finance	176,000.00	55,000.00	0.00	231,000.00	54,881.44	231,000.00	0.00
Community Wellbeing	1,178,778.00	2,676,864.00	-21,000.00	3,834,642.00	60,811.04	3,860,793.00	26,151.00
OTHER SERVICES	2,284,778.00	3,062,975.00	-21,000.00	5,326,753.00	250,432.24	5,352,904.00	26,151.00
Enterprise Zone	4,063,143.00	508,864.00	0.00	4,572,007.00	7,096.00	4,563,911.00	-8,096.00
Other Schemes	4,063,143.00	508,864.00	0.00	4,572,007.00	7,096.00	4,563,911.00	-8,096.00
GF New Build	4,224,852.00	-26,919.00	0.00	4,197,933.00	90,641.93	105,000.00	-4,092,933.00
New Build	4,224,852.00	-26,919.00	0.00	4,197,933.00	90,641.93	105,000.00	-4,092,933.00
Town Centre Ltd Liability Partnership	5,000,000.00	0.00	0.00	5,000,000.00	0.00	5,000,000.00	0.00
Town Centre Ltd Liability Partnership	5,000,000.00	0.00	0.00	5,000,000.00	0.00	5,000,000.00	0.00
TOTAL NON HOUSING CAPITAL PROGRAMME	19,344,518.00	3,983,758.00	0.00	23,328,276.00	390,574.24	18,301,988.00	-5,026,288.00
POD GAF	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ALL NON HOUSING CAPITAL	19,344,518.00	3,983,758.00	0.00	23,328,276.00	390,574.24	18,301,988.00	-5,026,288.00