

REPORT TO: CABINET

DATE: 2 DECEMBER 2021

TITLE: CAPITAL PROGRAMMES, QUARTER 2 FINANCE REPORT 2021/22

PORTFOLIO HOLDERS: COUNCILLOR SIMON CARTER, PORTFOLIO HOLDER FOR HOUSING
COUNCILLOR JAMES LEPPARD, PORTFOLIO HOLDER FOR FINANCE

LEAD OFFICER: SIMON FREEMAN, DEPUTY TO THE CHIEF EXECUTIVE AND DIRECTOR OF FINANCE (01279) 446228

This is not a Key Decision

It is on the Forward Plan as Decision Number I012616

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

The decision is within the scope of the budget agreed by Full Council in January 2021

This decision will affect no ward specifically.

RECOMMENDED that:

- A** Notes the progress in the delivery of the Council's Housing and Non Housing Capital Programmes at Quarter 2 as follows:
- i) The current budget for the Housing Capital Programme (HCP) is £38.923 million. The forecast outturn and proposed revised budget is £27.332 million, comprising £24.083 million for the Core Housing programme and £3.248 million for New Build developments.
 - ii) The current budget for the Non Housing Capital Programme (NHCP) is £23.346 million. The forecast outturn and proposed revised budget is £11.796 million.
- B** Approves the removal from the HCP of the balance of the Brenthall Towers budget totalling £734,995 as this scheme is no longer progressing.
- C** Approves the removal from the HCP of the balance of the Stackfield budget totalling £131,857 as this scheme has been removed.
- D** Notes the various delays encountered across the Capital Programmes, many of which are as a direct result of the Covid-19 Pandemic and the subsequent impact this has had on the ability to source materials, resulting in price increases.

- E** Approves a virement of £99,589 from the existing NHCP scheme for the Bush Fair Pavilion to fund the replacement of buried pipework and Courtyard work at Netteswellbury Farm and St. Andrews Church. The balance of the Bush Fair Pavilion scheme has been re-profiled to 2022/23.
- F** Approves the inclusion in the 2021/22 NHCP of an additional £783,750 for works to commence projects at the Bus Station, Broadwalk and Staple Tye as part of the Towns Fund grant. The £23.7 million grant was confirmed by the Ministry for Housing, Communities and Local Government (MHCLG) in June 2021.
- G** Approves an increase of £217,581 to the Paddling Pools and Splash Parks current 2021/22 budget to £823,581. This follows on from Key Decision Number I02905 approved at Cabinet on 14/10/21 for the conversion of the Staple Tye paddling Pool to a Splash Park with retained paddling pool element.
- H** Approves the inclusion of the installation of a new Fire Alarm and Learning Centre Conference Facilities at Pet's Corner, totalling £17,000. Both schemes are to be funded from underspends within the current approved NHCP.
- I** Approves that £180,000 is brought forward from 2022/23 to 2021/22 to align with the timeframe of works anticipated at 4 The Hill.
- J** Approves re-profiling of capital budgets as set out in Appendices A and B to the report.

REASON FOR DECISION

- A** To ensure that Cabinet reviews performance against the Council's approved 2021/22 Housing and Non Housing Capital Programmes

BACKGROUND

1. This report on the Capital Programme forms part of the suite of budget monitoring reports provided to ensure close supervision over the financial position throughout the year.
2. The tables below shows a summary of the movement in both the Housing and Non Housing Capital programmes since their approval in January 2021. Further details of these budgets are contained in Appendices A and B.

Housing	£000s	Cabinet date
2021/22 Original Budget	26,319	21/01/2021
2020/21 Re-profiled at period 9	11,354	25/03/2021
2020/21 Re-profiled at year-end	1,250	12/07/2021
2021/22 Current Budget	38,923	12/07/2021

Non Housing	£000s	Cabinet date
2021/22 Original Budget	17,820	21/01/2021
2020/21 Period 9 re-profiling	1,524	25/03/2021
2020/21 Year-end re-profiled	3,984	12/07/2021
2021/22 Budget Adjustment	18	09/09/2021
2021/22 Current Budget	23,346	12/07/2021

3. This report compares the current capital budget with actual expenditure as at the end of September 2021. It highlights the variations in both the Housing and Non Housing capital programmes and provides explanations for those variations as well as identifying budgets to be re-profiled totalling £11.377 million for the HCP and £12.374 million for the NHCP.
4. 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.

ISSUES/PROPOSALS

5. Set out in Appendix A is the 2021/22 HCP budget monitoring statement which compares the current budget with actual expenditure to date. The most notable variances are as follows:
6. HTS Capital works including Compliance, Roofing, Internals and the Property Conversion at Sumners Farm have incurred expenditure of £2.4 million against a budget of £12.2 million. The projected outturn is £10.4 million resulting in £1.9 million being re-profiled to 2022/23.
7. The external works programme is a planned schedule of work to renew, improve and maintain the housing stock at decent homes standard. Due to the intrusive nature of the work and the requirement to suspend the service during periods of lockdown delays have been encountered which have resulted in the need to re-profile £1.43 million to 2022/23.
8. Previously, a budget of £4.438 million was established for Fire Safety in tower blocks. In addition, a further £1.8 million was approved for replacement cladding at Joyners Field. Complexity of the scope of works and requirement to update component parts to align with building safety requirements has resulted in delays. These schemes are no longer able to complete in 2021/22 and £2.737 million will need to be re-profiled to next year.
9. The replacement of Communal boilers in flat blocks including Barn Mead, Barley Croft & Lower Meadow is not now anticipated to commence in earnest until Easter 2022. As a result of this re-profiling of £1.25 million is required.
10. Housing Services are part way through a three year ICT programme aligned to the Council's Corporate and Access Strategy. The 2021/22 budgets have been

re-aligned and project priorities adjusted in order to accommodate the climate over the last 21 months, subsequently £294,012 will need be re-profiled to 2022/23.

11. During 2020/21 the Prentice Place capital scheme was transferred from the Non Housing to Housing Capital Programme as the properties were due to be let resulting in rental income being generated for the HRA. In 2021/22 the Final account was settled to the value of £476,697. This will be funded by the Programme of Development Grant Funding (POD/GAF) monies.

New Builds

12. In December 2020 Cabinet approved significant re-profiling of the new build programme in the HCP. Previously approved schemes at the Readings, Brenthall Towers and Stackfield are no longer proceeding and Lister House and the Yorkes are currently being revised. These changes, along with some proposed new schemes, are being considered as part of the new Housing Delivery Pipeline.
13. The Bushey Croft Development for the construction of 16 houses, along with a biodiversity plan is progressing well, with completion anticipated by March 2022.
14. As per the recommendations it is anticipated that 4 the Hill will outturn in full, with £180,000 of the 2022/23 budget also being spent this year. The 2022/23 budget will be reduced to £100,000 with completion of works expected in April 2022.
15. Lister House (Perry Road) has seen changes to the original proposals and as such has not proceeded as anticipated. As a result it will be necessary to re-profile £2.325 million to 2022/23 towards the proposed revised scheme.
16. Likewise the Yorkes has also seen changes made to the previously approved scheme, resulting in the need to re-profile £1.441 million towards the proposed revised scheme.

Non Housing Capital Programme, Quarter 2

17. Set out in Appendix B is the NHCP budget monitoring statement which compares the current budget with actual expenditure to date. The most notable variances are as follows:
 - a) A lack of staffing capacity means that it will not be possible to complete works to the Latton Bush South Boiler or Roof during 2021/22. Consequently works totalling £475,498 will be re-profiled to next year.
 - b) Works to Commercial properties totalling £425,038 have also been re-profiled to 2022/23. This includes Ladyshot Sports Pavilion, which will be subject to a tenant being found, Pypers Hatch and the replacement of the boiler at Mead Park Depot.

- c) A total of £352,579 will be re-profiled for various works to community Buildings including replacement of the Potter Street Neighbourhood Office boiler, the Harlow Museum Walled Gardens and Bush Fair Public Realm Improvements.
- d) Refurbishment of 21 the Rows is linked to the Levelling-Up Fund bid, with a decision anticipated by December 21. As a result it is likely this project will not complete until next year, resulting in a need to re-profile £295,826.
- e) The 1.25 million budgeted for the acquisition of Ocassio House will be re-profiled to 2022/23.
- f) Ongoing issues around the Grade II listed church close to Elm Hatch have stopped progression of this scheme. New proposals are being considered but there will be a requirement to re-profile the existing budget totalling £4,092,933 to next year.
- g) The Town Centre Limited Liability Partnership scheme is not anticipated to take place during this financial year, resulting in the re-profiling of £5 million.

18. The total value of schemes to be re-profiled in the NHCP is £12,373,536 as detailed in Appendix B. This equates to a further £481,662, comprising various schemes, in addition to the items referred to in paragraphs 17 to 24 above.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Director of Strategic Growth and Regeneration

Finance (Includes ICT, and Property and Facilities)

As contained in the report.

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

Housing

None specific.

Author: Andrew Murray, Director of Housing

Community Wellbeing

None specific.

Author: Jane Greer, Director of Communities and Environment

Governance (Includes HR)

None specific.

Author: Simon Hill, Director of Governance and Corporate Support

Appendices

Appendix A – Housing Capital Programme – Quarter 2

Appendix B – Non Housing Capital Programme – Quarter 2

Background Papers

None.

Glossary of terms/abbreviations used

HCP – Housing Capital Programme

NHCP – Non Housing Capital Programme

HRA – Housing Revenue Account

DRC – Direct Revenue Contributions

POD/GAF – Programme of Development – Grant Funded

Appendix A Housing Capital Programme, Quarter 2

Housing Capital Programme Variances Quarter 2 2021								
	Approved Budget	Carryovers	Budget Allocation & Virements	Current Budget	Expenditure	Projected outturn	Variance: Outturn to current budget	Period 6 re-profiling
Schemes:								
INTERNAL WORKS CDM	50,000	23,967	0	73,967	23,054	73,967	0	0
HTS INTERNAL WORKS ASC	1,056,299	0	0	1,056,299	528,150	1,056,299	0	0
HTS INTERNAL WORKS COMPLIANCE	2,721,624	54,785	0	2,776,409	434,320	2,576,409	-200,000	200,000
HTS INTERNAL WORKS ENERGY EFFICIENCY	53,592	0	0	53,592	0	53,592	0	0
HTS INTERNAL WORKS AIDS AND ADAPTATIONS	1,616,412	7,144	0	1,623,556	171,842	1,623,556	0	0
HTS INTERNAL WORKS ENVIRONMENT	0	17,091	0	17,091	0	17,091	0	0
HTS INTERNAL WORKS INTERNAL	4,450,631	58,178	0	4,508,809	952,061	3,508,809	-1,000,000	1,000,000
HTS INTERNAL WORKS GARAGES	604,850	57,062	0	661,912	184,284	661,912	0	0
HTS INTERNAL WORKS SUMNERS FARM CLOSE	495,044	4,467	0	499,511	40,565	199,511	-300,000	300,000
HTS EXTERNAL WORKS	86,791	0	1,000,000	1,086,791	60,331	686,791	-400,000	400,000
FIRE SAFETY - SE DUCTS TOWER BLOCKS	2,511,217	304,537	0	2,815,754	848,608	2,815,754	0	0
EXTERNAL WORKS	5,892,931	320,851	-1,000,000	5,213,782	1,664,438	3,783,782	-1,430,000	1,430,000
DAMP/STRUCTURAL	1,159,326	236,461	0	1,395,787	232,085	1,395,787	0	0
OTHER WORKS	249,314	2,677	0	251,991	154,858	251,991	0	0
COMPLIANCE/ELECTRICAL UPGRADES	6,272,117	-24,060	0	6,248,057	928,113	3,511,057	-2,737,000	2,737,000
ENERGY EFFICIENCY WORK	1,936,060	748	0	1,936,808	15,520	686,808	-1,250,000	1,250,000
VOID WORKS RE 2020/21 ACQUISITIONS	0	383,617	0	383,617	206,183	383,617	0	0
NEW BUILDS	7,895,673	-191,150	0	7,704,523	1,393,590	3,248,175	-4,456,348	3,766,165
HOUSING IT	620,810	-6,798	0	614,012	59,246	320,000	-294,012	294,012
PRENTICE PLACE	0	0	0	0	476,697	476,697	476,697	0
TOTAL HOUSING CAPITAL PROGRAMME	37,672,691	1,249,577	0	38,922,268	8,373,945	27,331,605	-11,590,663	11,377,177
FINANCED BY						RE 2021/22		
DIRECT REVENUE CONTRIBUTION (DRC)						10,991,082		
MAJOR REPAIRS RESERVE						12,310,000		
1-4-1 RECEIPTS USED						285,900		
OTHER CAPITAL RECEIPTS						1,178,926		
RIGHT TO BUY RECEIPTS ARRIVING IN YEAR						1,449,000		
OTHER GRANTS AND CONTRIBUTIONS						640,000		
POD/GAF FUNDING OF PRENTICE PLACE						476,697		
TOTAL FINANCING						27,331,605		

Appendix B
Non Housing Capital Programme 2021/22 Expenditure, Quarter 2

Schemes:	Approved Budget	Carryovers	Budget Allocation & Virements	Current Budget	Expenditure	Projected outturn	Variance: Outturn to current budget	Period 6 re-profiling
LATTON BUSH CENTRE	505,690	191,606	0	697,296	39,475	216,572	-480,724	475,498
COMMERCIAL PROPERTIES	774,227	2,975	0	777,202	4,582	200,979	-576,223	425,038
HIGHWAYS AND CAR PARKS	146,310	755	0	147,065	7,392	147,065	0	0
DRAINAGE WORKS	174,815	-1,325	35,000	208,490	53,556	118,080	-90,410	90,410
COMMUNITY BUILDINGS	912,451	40,561	21,000	974,012	125,661	609,996	-364,016	352,579
OTHER PUBLIC SCHEMES	604,252	24,708	2,751	631,711	21,873	416,877	-214,834	183,252
CIVIC CENTRE	448,000	25,070	0	473,070	132,562	435,848	-37,222	30,000
GARAGES	156,000	154,488	0	310,488	0	310,488	0	0
CONTINGENCY	50,000	0	-37,751	12,249	0	12,249	0	0
TOTAL FINANCE ASSET MANAGEMENT	3,771,745	438,838	21,000	4,231,583	385,102	2,468,154	-1,763,429	1,556,777
ENVIRONMENTAL PLACE SERVICES	900,000	326,141	0	1,226,141	419,288	1,218,141	-8,000	8,000
GOVERNANCE	30,000	4,970	17,760	52,730	7,195	52,730	0	0
FINANCE	176,000	55,000	0	231,000	73,102	230,881	-119	0
COMMUNITY WELLBEING	1,178,778	2,676,864	-21,000	3,834,642	693,054	2,365,548	-1,469,094	1,715,826
OTHER SERVICES	2,284,778	3,062,975	-3,240	5,344,513	1,192,639	3,867,300	-1,477,213	1,723,826
ENTERPRISE ZONE	4,063,143	508,864	0	4,572,007	1,793,519	4,572,007	0	0
Other Schemes	4,063,143	508,864	0	4,572,007	1,793,519	4,572,007	0	0
GF NEW BUILD - ELM HATCH	4,224,852	-26,919	0	4,197,933	104,081	105,000	-4,092,933	4,092,933
New Build	4,224,852	-26,919	0	4,197,933	104,081	105,000	-4,092,933	4,092,933
TOWN CENTRE LTD. LIABILITY PARTNERSHIP	5,000,000	0	0	5,000,000	0	0	-5,000,000	5,000,000
Town Centre Ltd Liability Partnership	5,000,000	0	0	5,000,000	0	0	-5,000,000	5,000,000
TOWNS FUND - BUS STATION INTERCHANGE	0	0	0	0	0	145,000	145,000	0
TOWNS FUND - BUS STATION HUB BUILDING	0	0	0	0	0	325,000	325,000	0
TOWNS FUND - BROADWALK IMPROVEMENTS	0	0	0	0	0	163,750	163,750	0
TOWNS FUND - STAPLE TYE NEIGHBOURHOOD	0	0	0	0	0	150,000	150,000	0
TOWNS FUND - GRANT FUNDED	0	0	0	0	0	783,750	783,750	0
TOTAL NON HOUSING CAPITAL PROGRAMME	19,344,518	3,983,758	17,760	23,346,036	3,475,340	11,796,211	-11,549,825	12,373,536
PROGRAMME OF DEVELOPMENT GRANT FUNDED	0	0	0	0	16,808	0	0	0
TOTAL ALL NON HOUSING CAPITAL	19,344,518	3,983,758	17,760	23,346,036	3,492,149	11,796,211	-11,549,825	12,373,536

Non Housing Capital Programme 2021/22 Financing, Quarter 2

Financed by	Approved Budget				Projected outturn
CAPITAL RECEIPTS					
RIGHT TO BUY - ELM HATCH	1,267,456				0
EARMARKED RECEIPTS (PADDLING POOLS)	0				115,161
TOTAL	1,267,456				115,161
ASSET DISPOSAL PROGRAMME					
SALE OF LAND - BCA PHASES 2 AND 3	612,985				0
SERVICE BAYS 34-36 THE STOW DEPOT	650,000				650,000
TOTAL	1,262,985				650,000
REVENUE CONTRIBUTIONS					
LOCAL HIGHWAYS PANEL (TBC)	0				20,000
HRA RECHARGE GARAGES	156,000				310,488
GF HR/PAYROLL SYSTEM UPGRADE	8,000				0
GF ELECTIONS TABLETS	0				17,760
TOTAL	164,000				348,248
EARMARKED RESERVES					
ENV. FUND - MEAD PARK DEPOT BOILER	50,000				0
ENV. FUND - BUSH FAIR PAVILION	155,767				0
PADDLING POOLS RESERVE	466,000				708,420
TOTAL	671,767				708,420
GRANTS					
ECC ALL ABILITIES PLAYGROUND	20,000				20,000
DISABLED FACILITIES GRANT	500,000				620,746
TOWNS FUND ACCELERATED GRANT FUND	0				938,582
GETTING BUILDING FUND (SELEP) NEXUS	3,360,000				1,960,000
GETTING BUILDING FUND (SELEP) MODUS	0				1,600,000
BEIS DECARBONISATION - PV PANELS	0				333,850
BEIS DECARBONISATION - HANDDRYERS	0				16,797
TOWNS FUND BUS STATION INTERCHANGE	0				145,000
TOWNS FUND BUS STATION HUB BUILDING	0				325,000
TOWNS FUND BROAD WALK IMPROVEMENTS	0				163,750
TOWNS FUND STAPLE TYE NEIGHBOURHOOD	0				150,000
TOTAL	3,880,000				6,273,725
LOANS					
RENOVATION LOAN REPAYMENTS	5,000				5,000
TOTAL	5,000				5,000
BORROWING					
ENTERPRISE ZONE NEXUS	0				62,699
ENTERPRISE ZONE MODUS	0				949,308
ELM HATCH	2,957,395				105,000
TOWN REGENERATION PARTNERSHIP	5,000,000				0
PRUDENTIAL BORROWING	4,135,915				2,578,650
TOTAL	12,093,310				3,695,657
TOTAL FINANCING	19,344,518				11,796,211