

Report To:	CABINET	Date:	25th NOVEMBER 2019
Heading:	2019/20 QUARTER 2 FORECAST OUTTURN FOR GENERAL FUND, HOUSING REVENUE ACCOUNT (HRA) AND CAPITAL PROGRAMME AND REVISED PROPOSED CAPITAL PROGRAMME 2019/20 TO 2023/24		
Portfolio Holder:	COUNCILLOR DAVID MARTIN – PORTFOLIO HOLDER FOR FINANCE		
Ward/s:	ALL		
Key Decision:	YES		
Subject to Call-In:	YES		

Purpose of Report

To summarise the Council's forecast financial outturn position to 31 March 2020 compared to the latest approved budgets for the General Fund, Housing Revenue Account (HRA) and the Capital Programme. The forecast financial outturn is based on the actual financial activity to the 30 September 2019 and forecast costs and income from 1 October to 31 March 2020.

This report also outlines the requirements for the Capital Programme over the period 2019/20 to 2023/24. This includes an update on the proposed expenditure for existing approved schemes and outlines new schemes to be added to the Capital Programme 2019/20 to 2023/24. It also identifies the funding implications of these changes and additions.

Recommendation(s)

Cabinet is requested:

- (1) To note the current forecast outturn on the General Fund, Housing Revenue Account (HRA) and Capital Programme 2019/20 and the reasons for major variances as set out in Section 1, 3 and 5 of the report.**
- (2) To approve the use of £20k of the forecast General Fund underspend to fund additional staff training in relation to new digital processes introduced through the Digital Transformation Programme and access the £20k of National Lottery match funding available from Citizens Online (Section 1.10).**
- (3) To recommend to Council the amendments and the addition of new schemes to the Capital Programme 2019/20 to 2023/24 and the funding of the Capital Programme as set out in Section 6 of the report.**

Reasons for Recommendation(s)

In accordance with the Council's Financial Regulations to report to those charged with Governance the financial position to 30 September 2019.

In accordance with the Council's Financial Regulations the Capital Programme for 2019/20 to 2023/24 is required to be reported to Cabinet to ensure that the programme meets the corporate priorities.

In accordance with Council's Financial Regulations Cabinet are required to consider and recommend to Council the Capital Programme 2019/20 to 2023/24.

Alternative Options Considered

None

Detailed Information

1. General Fund Forecast Outturn as at 30 September 2019

- 1.1 Table 1 below shows the original budget for 2019/20 as approved by Full Council on the 4 March 2019 and the current revised budget including approved budget adjustments to 30 September 2019. It sets out the 2019/20 net revenue forecast outturn position based on actual income and expenditure to 30 September 2019 and forecast income and expenditure to 31 March 2020 compared to the revised budget.
- 1.2 The current Net General Fund Revenue Forecast Outturn position is a £1.095m underspend; £923k greater than budget. This includes the net movement on general fund balance of £172k reported in the revised budget position. The £172k is the net impact of the part-year savings from the base budget review and the cost of the revised Cabinet structure both previously approved. The current additional forecast underspend is £923k, an increase of £681k in the level of forecast underspend since the July financial monitoring report considered by Cabinet on the 16 September 2019. Details of the significant variances for the forecast underspend of £923k are detailed below.

Table 1 - Net General Fund Revenue Forecast to 31 March 2020

General Fund	Original Budget	Revised Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£'000	£'000	£'000	£'000	£'000	£'000
Directorate						
Chief Executive Officer	527	527	529	2	0	2
Legal and Governance	1,844	1,897	1,897	0	(7)	(7)
Resources and Business Transformation	1,613	1,592	1,029	(563)	(138)	(425)
Place and Communities	10,672	10,820	10,810	(10)	(79)	69
Housing and Assets	2,345	2,343	2,332	(11)	(18)	7
Total Net Directorate Expenditure	17,001	17,179	16,597	(582)	(242)	(340)
Net Recharges	(4,708)	(4,708)	(4,708)	0	0	0
Capital Financing	1,781	1,781	1,306	(475)	0	(475)
Net Interest Payable	198	198	145	(53)	0	(53)
Transfer to(from) earmarked reserve	129	-221	-34	187	0	187
Total Net Revenue Expenditure	14,401	14,229	13,306	(923)	(242)	(681)
Funding as per Approved Budget	(14,401)	(14,401)	(14,401)			
Movement on General Fund Balance (Forecast underspend)	0	(172)	(1,095)	(923)	(242)	(681)

1.3 Legal and Governance (Forecast balance budget)

The main forecast variances within the Legal and Governance Directorate are:

- Democratic Services - £3.5k forecast underspend on the Modern Government Committee Management System which is due to a one off impact of a prepayment.
- Members Services – £1.5k unbudgeted income from the sale of IT equipment.
- Directorate wide - £5k forecast overspend due to non-achievement of the vacancy factor.

1.4 Resources and Business Transformation (£563k forecast underspend)

The main forecast variances within the Resources and Business Transformation Directorate are:

- ICT - £23k forecast underspend due to additional recharges of internet, printing and leasing costs.
- Commercial Property - £400k over achievement of income due to £412k increase in investment property income for new investment properties being partially offset by potential costs of £12k for the use of external consultants in relation to dilapidation costs.
- Revenues and Benefits - £35k additional income expected from sundry debtors and unbudgeted £152k New Burdens Grant.
- HR & Payroll - £3k forecast underspend due to receiving Employer Incentive Payments from college/universities offset by £3k overspend on Occupational Health costs.
- Financial Management - £3k overspend due to additional pensions report required for 2018/19 Statement of Accounts and new CIPFA guidance and unbudgeted EU Exit Grant £35k.
- Directorate wide - £77k forecast overspend due to non-achievement of the vacancy factor and £2k overspend being the net of small underspends/overspend over several areas.

1.5 Place and Communities (£10k forecast underspend)

The main forecast variances within the Place and Communities Directorate are:

- A number of services are forecasting salaries underspends due to vacancies. The significant variances are within the Complex Case team £14k, Environmental Services Administration section £35k, Neighbourhood Response £32k and Forward Planning £22k. These are partially offset by a forecast overspend on salaries and agency staff in Waste Collection £63k, as a result of covering holidays, sickness and a secondment to the Transport Section.
- Within Trade Waste collection, income is expected to be £25k lower than budget, and the brown bin collection costs are forecast to overspend by £15k.
- The net of small underspends/overspend over several areas resulting in £10k underspend.

1.6 Housing and Assets (£11k forecast underspend)

The main forecast variances within the Housing and Assets Directorate are:

- Private Sector Housing – £15k underspend due to a £20k underspend on enforced sales of properties, partially offset by £5k unbudgeted spend on legal fees to move on travellers.
- Supported Housing - £21k forecast overspend due to delays in the service transferring to a new provider. Due to delays with the original service provider, an alternative provider has now been identified, transfer to complete December 2019. The forecast overspend is due to additional costs being incurred whilst the service remains in-house. These additional costs are partially off-set by an improved forecast saving on the transfer to the new provider.
- Asset Management - £21k forecast underspend on salaries and car mileage due to vacancies.

- Car Parks – £9k forecast income pressure based on 2018/19 actual performance and 2019/20 actual performance to date.
- Centralised Offices - £3k forecast underspend on salaries due to a vacancy.
- Building Cleaning General - £10k forecast underspend on salaries due to vacancies.
- Other - £8k overspend due to non-achievement of the vacancy factor across the wider Directorate.

1.7 Capital Financing (£475k underspend)

Capital Financing costs are the revenue charges that are a consequence of the historic and existing capital programme. It comprises of the Minimum Revenue Provision (MRP), interest payable on external loans and Direct Revenue Financing. The forecast underspend is due to reduced MRP charges in year due to slippage on the capital programme in 2018/19 (MRP charges commence the year after the capital expenditure is incurred). It is also due to reduced interest charges due to utilising internal borrowing capacity and new loans being taken at lower interest rates than budgeted, prior to the recent 1% rate increase in Public Works Loan Board (PWLB) loans.

1.8 Net Interest Payable (£53k underspend)

This is the net of the interest receivable on the Council's treasury management investments and the interest payable on HRA balances. The forecast underspend is due to changes in investment levels and balances, and the interest rate.

1.9 Transfer to (from) earmarked reserve (£187k transfer to reserve)

It is currently forecast that the unbudgeted New Burdens and EU exit grants will be transferred to earmarked reserves as the costs associated with these activities are being contained within the revised budget.

1.10 Proposed use of £20k forecast General Fund underspend

The Council has the opportunity to access £20k National Lottery match funding via Citizens Online to support the training of staff to ensure that the switch to online, implemented via the Digital Transformation Strategy doesn't exclude citizens. Upskilling our staff will provide them with the knowledge and skills to proactively assist and motivate our residents as they navigate to more on-line processing.

Cabinet is asked to agree use of £20k of the forecast underspend to match and allow access to this funding. The funding offer is guaranteed providing we confirm acceptance before the end of November 2019. If approved, a one-off £20k will be vired from the Capital Financing budget underspend.

2. **General Fund Savings/Efficiencies Monitoring 2019/20**

- 2.1 As previously reported in the July financial monitoring report considered by Cabinet on the 16 September 2019, the 2019/20 budget included proposed savings and efficiencies of £248k and all have been achieved with the exception of a £6k Lifeline Service saving. Delivery of these savings is included within the forecast outturn reported in section 1 above.

3. Summary for Housing Revenue Account (HRA)

- 3.1 Table 2 sets out the 2019/20 HRA forecast outturn position based on actual income and expenditure to 30 September 2019 and forecast income and expenditure to 31 March 2020, compared to the revised budget including approved budget adjustments to 30 September 2019.
- 3.2 Details of any significant variances incorporated within the forecast outturn are detailed in the commentaries below the table.

Table 2 – Housing Revenue Account (HRA) Forecast to 31 March 2020

Description	2019/20 Revised Budget £'000	2019/20 Forecast Outturn £'000	Forecast Variance £'000	Previous Variance £'000	Change £'000
Income					
Rents, Charges and Contributions	(24,260)	(24,342)	(82)	0	(82)
Other Grants	0	0	0	0	0
Interest and Investment Income	(210)	(210)	0	0	0
Total Income	(24,470)	(24,552)	(82)	0	(82)
Expenditure					
Borrowing and Capital Financing Charges	3,599	3,599	0	0	0
Repairs and Maintenance	7,783	7,742	(41)	0	(41)
Supervision and Management	4,844	4,809	(35)	(7)	(28)
Interest Payable and Appropriations	3,548	3,548	0	0	(0)
Other Expenditure	298	290	(8)	(8)	0
Direct Revenue Financing	1,626	1,606	(20)	(118)	98
Transfer to/from Major Repairs Reserve	5,572	2,780	(2,792)	(2,792)	0
Total Expenditure	27,270	24,374	(2,896)	(2,925)	29
(Surplus)/Deficit for the year	2,800	(178)	(2,978)	(2,925)	(53)

3.3 Rents, Charges and Contributions (£82k forecast over achievement of income)

Rental income from new property additions to the housing stock are higher than budgeted. The rental void rate is currently running lower than budgeted, creating additional rental income to date. There has also been a lower number of properties sold under Right To Buy (RTB) than budgeted in the first six months again increasing the rental income over the financial year.

3.4 Repairs and Maintenance (£41k forecast underspend)

The Housing Estates team is being reviewed as part of the Housing Repairs Service Review and recruitment to vacant posts is not being undertaken until the review is complete. This is

forecast to generate a £30k underspend in this financial year. Various other areas of expenditure are projecting an overall underspend of £11k.

3.5 Supervision and Management (£35k forecast underspend)

The forecast underspend is across several budget areas including a reductions in independent support payments, payments towards internal furnishings, printing and telecommunications.

3.5 Other Expenditure (£8k forecast underspend)

The forecast underspend is due to lower than expected charges for council tax payments made for empty council houses.

3.6 Direct Revenue Financing (£20k forecast underspend)

The current forecast outturn shows the level of financing required from the HRA for the capital programme for 2019/20, based on the 2019/20 HRA capital monitoring update. This underspend is due to slippage in the capital programme and the funding will be required to support the programme into the future. The Direct Revenue Financing forecast underspend has decreased since previously reported due to funding the new Davies Avenue and SAN Hardware schemes as detailed in 6.4 of this report.

3.7 Transfer to/from Major Repairs Reserve (£2.792m forecast underspend)

The current forecast outturn shows the reduced level of financing required from the HRA for the capital programme for 2019/20, based on the 2019/20 HRA capital monitoring update. As with the Direct Financing above, this underspend is due to timing and the funding will be required to support the capital programme going forward.

4. HRA Savings/Efficiencies Monitoring 2019/20

- 4.1 As previously reported in the July financial monitoring report considered by Cabinet on the 16 September 2019, the 2019/20 HRA budget included proposed savings and efficiencies of £89k and all savings have been achieved and are included within the forecast outturn position reported in section 3 above.

5. Capital Programme Summary 2019/20

- 5.1 Table 3 below details the current approved Capital Programme for 2019/20 as at 30 September 2019. This is the original budget approved by Full Council on the 4th March 2019 adjusted for £4.715m slippage from the 2018/19 Capital Programme as approved by Full Council on the 27th July 2019 and other amendments to 2019/20 Capital Programme as approved by Full Council up to 30 September 2019.

Table 3 - Capital Programme Summary 2019/20

Description	Forecast as at 30 September 2019 £'000	Current Approved Capital Programme as at 30 Sept 2019 £'000	Variance to Current Approved Capital Programme £'000
Housing Revenue Account			
<i>Decent Homes Schemes</i>			
Management Fee	557	556	(1)
Catch Up and Future Major Works	5,562	6,503	941
Service Improvements	50	1,323	1,273
Contingent Major Repairs	50	236	186
Exceptional Extensive Works	465	858	393
Kirkby & Rural	0	0	0
Disabled adaptations - Major adaptations	27	27	0
Disabled adaptations - Minor adaptations	496	496	0
Sub Total	7,207	9,999	2,792
<i>Other Housing Revenue Account Schemes</i>			
Investment in New or Existing Dwellings	1,394	1,394	0
Major Repairs Temporary Accommodation	30	148	118
Housing Vehicles	417	417	0
Other Housing Revenue Account Schemes (less than £100k)	184	110	(74)
Sub Total	2,025	2,069	44
Total HRA Capital Programme	9,232	12,068	2,836
General Fund			
Kings Mill Reservoir (The King and Miller to Kingfisher)	1,403	1,403	0
Piggins Croft Car Park	154	154	0
Lindleys Lane Play/Youth Area	0	102	102
Hucknall Car Park - Titchfield Street	0	115	115
Leisure Transformation Programme	274	297	23
Kirkby Leisure Centre	2,000	2,000	0
Friezeland Recreation Ground - Scooter Park	118	118	0
Hucknall Leisure Centre	181	181	0
Investment Properties	45,585	45,585	0

Improvement Grants 1996 Act Disabled Facility Grant	900	1,110	210
Purchase of Vehicles	2,529	2,529	0
Titchfield Park Brook	385	385	0
Kirkby Footpaths/Cycle Ways	129	129	0
Other General Fund Schemes (less than £100k)	931	926	7
Total General Fund Capital Programme	54,589	55,034	445
Total Capital Programme	63,821	67,102	3,281

- 5.2 The Capital Programme for 2019/20 is currently forecasting a £3.281m underspend compared to the revised approved capital programme, largely due to slippage (delays in implementing schemes). The reasons for the current key forecast variances are detailed in the Proposed Capital Programme 2019/20 to 2023/24 section of the report.

6. Summary Capital Programme 2019/20 to 2023/24

6.1 The proposed Capital Programme and funding for 2019/20 to 2023/24 is summarised in Table 4 below. A detailed breakdown of all the schemes is shown in Appendix 1.

The three areas of the Capital Programme (Area Schemes, General Fund and Housing Revenue Account (HRA)) are discussed in more detail within the report.

Table 4 – Capital Programme (2019/20 to 2023/24)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Capital Expenditure						
Area Schemes	1,116	804	0	0	0	1,920
General Fund	53,473	26,481	22,153	3,289	20	105,416
Housing Revenue Account	9,232	14,142	11,685	10,338	9,897	55,294
Grand Total	63,821	41,427	33,838	13,627	9,917	162,630
Capital Financing						
Developers Contributions - Area Schemes	340	560	0	0	0	900
Borrowing	250	240	0	0	0	490
Direct Revenue Financing	42	0	0	0	0	42
Other Capital Grants and Contributions - Area Schemes	484	4	0	0	0	488
Sub Total - Area Schemes	1,116	804	0	0	0	1,920
Prudential Borrowing - General Fund	50,939	25,339	21,335	2,495	20	100,128
Direct Revenue Financing - General Fund	191	0	0	0	0	191
Developers Contributions - General Fund	285	113	0	0	0	398
Capital Receipts	0	0	0	0	0	0
Other Capital Grants and Contributions - General Fund	2,058	1,029	818	794	0	4,699
Sub Total - General Fund	53,473	26,481	22,153	3,289	20	105,416
Funded from HRA Reserves	7,933	12,962	10,505	9,158	8,717	49,275
Future 1-4-1 Capital Receipts Funding Recently Built and New Schemes	419	300	300	300	300	1,619
Non 1-4-1 Capital Receipts	880	880	880	880	880	4,400
Sub Total - HRA	9,232	14,142	11,685	10,338	9,897	55,294
Grand Total	63,821	41,427	33,838	13,627	9,917	162,630

6.2 Area Scheme Capital Programme

6.2.1 The majority of these schemes are funded by external contributions already received towards enhancing the local environment. These are mainly developers' contributions (known as Section 106 funding) and also additional grant funding is sought wherever possible to maximise the benefit to local communities.

6.2.2 Table 5 shows the proposed Area Schemes and funding for 2019/20 to 2023/24.

Table 5 – Area Schemes (2019/20 to 2023/24)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Area						
Hucknall Area	541	15	0	0	0	556
Kirkby Area	222	595	0	0	0	817
Sutton Area	198	192	0	0	0	390
Rural Area	155	2	0	0	0	157
Total	1,116	804	0	0	0	1,920
Funded by						
Borrowing	250	240	0	0	0	490
Donation	2	0	0	0	0	2
Hucknall and Linby Committee	10	0	0	0	0	10
Nottinghamshire County Council (NCC)	438	0	0	0	0	438
Reserves	42	0	0	0	0	42
Rural Payments Agency	0	4	0	0	0	4
Section 106	204	560	0	0	0	764
Selston Parish Council	21	0	0	0	0	21
Skanska	13	0	0	0	0	13
Sustainable Transport S106	136	0	0	0	0	136
Total	1,116	804	0	0	0	1,920

Changes to Approved Area Schemes by Area

6.2.3 Table 6 below shows where changes to Area Schemes have been made from the previous approved Capital Programme to the revised proposed Capital Programme.

Table 6 – Area Schemes (changes to approved schemes - by Area)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Approved Area Scheme	1,363	120	120	0	0	1,603
Changes to Hucknall Schemes	-11	15	0	0	0	4
Changes to Sutton Area Schemes	-2	72	0	0	0	70
Changes to Kirkby Area Schemes	-236	595	-120	0	0	239
Changes to Rural Area Schemes	2	2	0	0	0	4
Proposed Area Schemes to be Approved	1,116	804	0	0	0	1,920

Changes to Approved Area Schemes by Scheme

6.2.4 Table 7 shows the changes to Area Schemes by Scheme. Many of the schemes planned for 2019/20 are not expected to be completed until 2020/21. The actual allocation to each scheme including the proposed changes is shown at Appendix 1.

Table 7 – Area Schemes (changes to approved schemes - by scheme)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Hucknall Area						
Butlers Hill Allotment Access	-7	0	0	0	0	-7
Hucknall Mining Memorial	-1	0	0	0	0	-1
Play Areas	0	12	0	0	0	12
Titchfield Park and Hucknall Cemetery: implementation of park masterplan	-3	3	0	0	0	0
Sub Total	-11	15	0	0	0	4
Sutton Area						
Ashfield Estate Footpaths	4	0	0	0	0	4
Brierley Forest Park Management Plan	2	4	0	0	0	6
Football Changing Rooms	-15	15	0	0	0	0
Play Areas	0	-12	0	0	0	-12
Roundhill Recreation Ground	12	0	0	0	0	12
Sutton Lawn management Plan	5	0	0	0	0	5
Taylor Crescent Recreation Ground	-10	10	0	0	0	0
Sub Total	-2	17	0	0	0	15
Kirkby Area						
Annesley Art Project	-27	26	0	0	0	-1
Forest Road Nature Area	-30	30	0	0	0	0
Kingsway Park: implementation of management plan	-37	32	0	0	0	-5
Lindleys Lane Play/Youth Area	-102	103	0	0	0	1
Play Areas	0	365	-120	0	0	245
Portland Park Management Plan: General Improvements	-1	0	0	0	0	-1
Sports pavilion, Titchfield Park	-39	39	0	0	0	0
Sub Total	-236	595	-120	0	0	239
Rural Area						
Friezeland Recreation Ground - Scooter Park	0	2	0	0	0	2
Jacksdale Car Park Extension	2	0	0	0	0	2
Sub Total	2	2	0	0	0	4
Grand Total	-247	629	-120	0	0	262

6.2.5 **Kirkby Play Areas** – This scheme has been bought forward by one year. It now includes refurbishment of the Skegby Road play area in Annesley / Kirkby Woodhouse, additional toddler equipment at West Park, works at Titchfield Park and other planned works in Kirkby's parks (including Annesley Recreation Ground and Kingsway Park).

6.2.6 The additional Area Scheme expenditure will be funded from Section 106 contributions.

New Area Scheme

6.2.7 Table 8 details a proposed New Area Scheme to be added to the Area Scheme Capital Programme 2019/20 to 2023/24.

Table 8 – New Area Scheme

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Sutton Area						
Brierley Forest Park Car Park Extension	0	55	0	0	0	55
Grand Total	0	55	0	0	0	55

6.2.8 This scheme will provide additional car parking at the site which will be constructed using an eco-grid which grass will grow through. The scheme will provide up to 40 additional spaces. As part of the works the butterfly area adjacent to the small car park will be remodelled with the plants transplanted where necessary. The additional expenditure will be funded from Section 106 contributions.

6.3 General Fund Capital Programme

6.3.1 Changes to the General Fund Capital Programme are explained below and summarised in the Table 9 and 10.

Changes to Approved General Fund Schemes

6.3.2 The Council profiles its capital programme but inevitably there will be some slippage to scheme timetables. The Council will endeavour to ensure that costs are forecast accurately however in some cases scheme costs will vary from the budget due to market forces or unexpected circumstances. The impact of such changes to the approved general fund schemes are outlined in Table 9.

Table 9 – General Fund Schemes (changes to approved schemes - by scheme)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Changes to Current Projects						
Hucknall Car Park - Titchfield Street Improvement Grants 1996 Act	-115	115	0	0	0	0
Disabled Facility Grant	-210	210	0	0	0	0
Leisure Transformation Programme	-23	0	0	0	0	-23
Grand Total	-348	325	0	0	0	-23

6.3.3 Details of the changes are outlined below:

- **Hucknall Car Park – Titchfield Street**
This scheme is not expected to start until 2020/21.
- **Disabled Facility Grant**
The anticipated spend for 2019/20 has been revised and the forecast unspent allocation has been slipped into 2020/21.
- **Leisure Transformation Programme**
Forecast underspend on scheme in 2019/20.

Table 10 – New General Fund Schemes

6.3.4 Table 10 details proposed New General Fund Schemes to be added to the General Fund Capital Programme 2019/20 to 2023/24.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
New Projects						
Firewalls	0	11	0	0	0	11
Idlewells Market Hall	16	0	0	0	0	16
Kings Mill Reservoir Car Park Expansion	98	98	0	0	0	196
New Servers	0	30	20	20	20	90
SAN Hardware	36	0	0	0	0	36
Switch Network Hardware	0	83	0	0	0	83
Grand Total	150	222	20	20	20	432

6.3.5 Details of the new schemes are outlined below:

- **Firewalls, New Servers and SAN Hardware**
ICT equipment funded by prudential borrowing. (Note: This expenditure was previously charged to the Council's General Fund Revenue budget however it is more economical to fund as prudential borrowing) and free-up revenue budget savings.
- **Idlewells Market Hall**
Final contractor payment in excess of scheme allocation. Funded by prudential borrowing.
- **Kings Mill Reservoir Car Park Expansion** – Additional parking bays. Funded from £20k grant from Nottinghamshire County Council and £176k prudential borrowing.
- **Switch Network Hardware** – New network hardware that ensure the ICT infrastructure remains supported, secure and up to date, helping to ensure employees can utilise IT systems and telephony fully. Funded by prudential borrowing.

Total Changes to Approved General Fund Schemes

6.3.6 Table 11 below summarises the movements to the Approved General Fund Schemes to the proposed General Fund Schemes.

Table 11 Changes to Approved General Fund Schemes (Current Capital Programme to Proposed Capital Programme November 2019)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Current Capital Programme	53,671	25,934	22,133	3,269	0	105,007
New Projects	150	222	20	20	20	432
Changes to Current Projects	-348	325	0	0	0	-23
Proposed November 2019	53,473	26,481	22,153	3,289	20	105,416

General Fund Capital Programme Funding

6.3.7 Table 12 below show the changes in financing required to move from the existing Capital Programme to the proposed 2019/20 to 2023/24 Capital Programme.

Table 12 – General Fund – Financing of the Capital Programme

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Current Capital Programme	53,671	25,934	22,133	3,269	0	105,007
Capital Grants	-210	210	0	0	0	0
Capital Receipts - General Fund	0	0	0	0	0	0
Prudential Borrowing	128	244	20	20	20	432
Developers Contributions - General Fund	-116	93	0	0	0	-23
Direct Revenue Financing	0	0	0	0	0	0
Proposed November 2019 Capital Programme	53,473	26,481	22,153	3,289	20	105,416

Investment Properties

6.3.8 The current and the proposed Capital Programme includes £85.585m for Investment Properties. This assumes that the Authority will be able to purchase future Investment Properties. The net rental figure obtainable from Investment Properties helps support continued provision of key existing Council services.

6.3.9 The Chartered Institute of Public Finance and Accountancy (CIPFA) are due to issue Prudential Property Investment guidance in November 2019. This guidance will be evaluated once received and an amended Capital Programme may need to be brought to Cabinet/Council for consideration and approval to reflect the requirements of the guidance.

Future Funding Opportunities

6.3.10 In September 2019 both Kirkby-in-Ashfield and Sutton-in-Ashfield were named in the list of 100 towns invited to develop proposals to receive funding through a Town Deal, with up to £25m available for each town. Sutton has also been included on the list of 100 towns which can apply for funding through the Future High Streets Fund (FHSF) of up to £25m which is a competitive process.

6.3.11 If proposals are successful an amended Capital Programme will be brought for Cabinet/Council for consideration and approval to reflect the addition of the new scheme(s).

6.4. Housing Revenue Account (HRA) Capital Programme

6.4.1 Table 13 below summarises the movement from the current approved Housing Revenue Account (HRA) Capital Programme to the proposed Housing Revenue Account (HRA) Capital Programme for 2019/20 to 2023/24.

Table 13 – Housing Revenue Account (changes to budget)

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Expenditure Approved	12,068	11,339	11,613	10,282	0	45,302
Changes to Current Projects						
Management Fee	1	0	0	0	591	592
Catch up and Major Repairs	-941	-458	53	26	7,011	5,691
Service Improvements	-1,273	-10	-11	0	610	-684
Contingent Major Repairs	-186	0	0	0	145	-41
Exceptional Extensive Works	-393	400	0	0	10	17
Disabled Adaptations	0	0	0	0	500	500
Investment in New or Existing Dwellings	0	0	0	0	1,000	1,000
Major Repairs Temporary Accommodation	-118	30	30	30	30	2
Sub Total	-2,910	-38	72	56	9,897	7,077
New Schemes						
Davies Avenue Housing Project	60	2,810	0	0	0	2,870
Firewalls	0	4	0	0	0	4
SAN Hardware	14	0	0	0	0	14
Switch Network Hardware	0	27	0	0	0	27
Sub Total	74	2,841	0	0	0	2,915
Grand Total	9,232	14,142	11,685	10,338	9,897	55,294

6.4.2 The Decent Homes Expenditure has reduced by £2.792m in 2019/20 due to a recent review of the long term housing investment strategy, and in order to provide better long term sustainability of the HRA, the investment requirements are continually reviewed with a view to extend the lifecycles of building components where possible, and to move works into later years where the building components have some degree of residual life. Similarly, allowances for improvement works have been reduced to retain funding for priority replacement works in future years. Also, contingency sums for unforeseen works have been reduced. Tenant refusals and the delivery of projects for lower values also results in less need for immediate use of monies carried forward from the previous year. There has been changes to the mix and profiling for years 2020/21 to 2022/23 for these schemes but overall the total capital expenditure for these schemes for these years remains the same. Further expenditure totalling £8.867m for Decent Homes schemes has been added for financial year 2023/24.

6.4.3 A further £1m is included in 2023/24 for Investment in new or existing dwellings; this continues the £1m annual capital expenditure from previous years. The Major Repairs Temporary Accommodation has been re-profiled over the current year and the next four financial years.

6.4.4 Details of the Davies Avenue Housing Project are contained within the report Housing Project, Davies Avenue, Sutton-In-Ashfield reported to Cabinet on 21st January 2019.

6.4.5 The Firewalls, New Servers and SAN Hardware relate to ICT equipment that was previously charged to the HRA revenue budget, however, it is more economical to charge to the capital budget.

6.4.6 Table 14 below show the changes in financing required to move from the existing HRA Capital Programme to the proposed HRA Capital Programme for 2019/20 to 2023/24.

Table 14 – Funding of the Housing Revenue Account Capital Programme

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Capital Funding						
Funded from HRA Reserves	7,933	12,962	10,505	9,158	8,717	49,275
Future 1-4-1 Capital Receipts Funding Recently Built and New Schemes	419	300	300	300	300	1,619
Non 1-4-1 Capital Receipts	880	880	880	880	880	4,400
Total Capital Funding	9,232	14,142	11,685	10,338	9,897	55,294

6.4.7 The expected 1-4-1 and Non 1-4-1 Housing Capital Receipts is based on receipts received in the previous financial years. These have been extrapolated to provide full year estimates for 2019/20 and future years. If future Right to Buy receipts are more or less than the estimate then this will impact on the HRA balances

Implications

Corporate Plan:

The Capital Programme reflects the priorities in the Corporate Plan.

Legal:

If approved by Cabinet, the third recommendation of this report will require approval by Council in order to comply with Financial Regulations. The report ensures compliance with monitoring requirements set out in Financial Regulations.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	As detailed in the main report.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

Risk	Mitigation
That the budget set may be insufficient to provide the required services and subsequently services overspend.	Regular and timely Financial Monitoring reports to CLT and Cabinet.

Human Resources:

Equalities:

No equalities implications

Other Implications:

None

Reason(s) for Urgency

Not Applicable

Reason(s) for Exemption

Not applicable

Background Papers

Annual Budget and Council Tax 2019/20 and Medium Term Financial Strategy Update to Council 4 March 2019

Draft Outturn 2018/19 Accounts Report to Council 25 July 2019

July Financial Monitoring Report to Council 24 September 2019

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