1. Summary

1.1 To inform Cabinet of the progress to date on the projects which make up the approved Capital Budget and to report the latest position on capital resources.

2. RECOMMENDATIONS

2.1. Progress made to date on the 2017/18 Capital Programme, be noted.

2.2. That the current position on the Capital Prudential Indicators, as shown in Appendix C, be noted.

3. Background and Discussion

3.1. The original budget for 2017/18 was approved by the GAC on 27 February 2017 at £22.216m. The budget was subsequently amended by Cabinet to reflect partially complete projects from the 2016/17 programme on 29 June 2017; the capital budget currently stands at £23.067m.

3.2. Attached as Appendices A and B to this report are details of the Capital Programme and budget for 2017/18. These detail the resources available for Housing and General Fund projects respectively, and the expenditure to the end of September 2017. Appendix C shows an updated position on the Council’s Capital Prudential Indicators.

3.3 Housing Revenue Account projects

The budget approved by GAC on 27 February 2017 was £12.21m and was subsequently revised by Cabinet to £12.817m in June to roll forward underspend for necessary communal area work.

Appendix A shows the financial position for each scheme as at the end of September 2017.

Most work programmes are progressing to plan but it is worth noting two projects below:

External Wall Rendering:

The project was due to take place in 2017/18. However as the project included an element of external insulation the project has been deferred so that any lessons for the Council’s low level stock from the Grenfell Tower tragedy can be considered. The project is expected to proceed in 2018/19. Roll over of unspent funds will be requested from Cabinet.
New Build Housing:

Expenditure on New Build Housing is funded in the ratio of 30:70 by retained capital receipts (which would otherwise have had to be paid over to central government). The delivery of the Council’s new build projects is subject to an agreement with the Secretary of State, whereby the Council must spend to agreed limits (driven by the amount of capital receipts it retained three years earlier) or face repayment of the underspent amount, plus interest. It is not always easy to match the expenditure incurred with the target sum but the Council has not had to repay any monies or interest to central government since the start of its new build programme.

Although substantial works have started on the scheme at Coleridge Road/Shaftesbury Lane, in terms of groundworks, development has been slower than planned due to delays in receiving the necessary highways licences from Kent County Council to enable delivery vehicles on site. It is possible that this will lead to an underspend against the spend profile. If this happens, this will require the Council to pay into the national pool previously received capital receipts, equivalent to the underspend. The Council will also be required to make an interest payment to the Department for Communities and Local Government. The current projects will not be impacted by these payments as other retained receipts can be used in the place of the pooled receipts.

In order to maximise the use of retained receipts Officers will be assessing various options with the aim of identifying sites and obtaining the necessary permissions.

3.4 General Fund projects:

Including Community Infrastructure Levy projects, the general fund budget approved by GAC on 27 February 2017 was £10.006m and was subsequently revised to £10.25m in July. Most schemes are progressing satisfactorily. Some project specific updates are included below:

**Acacia Hall** – The Cranford Road depot works are now on site and due for completion this calendar year. Completion of this facility is timely as the new grounds maintenance contract will be awarded shortly thereafter. The majority of the project works are now expected to be incurred in the next financial year with an expected in year underspend of £2.5m.

The Acacia project has been further delayed as officers have been working closely with the Environment Agency (EA) to resolve flood risk design associated with the removal of the weir at the rear of Acacia Hall and naturalisation of the river within the Acacia grounds. The works require statutory approval from the EA and modelling work is complex and highly specialised.
However, this project has generated a much wider interest with the EA now seeking funding to improve the whole stretch of the river from Princes Tunnel to the Acacia site, through Central Park (some 700-800m) which will bring a phase change to the visual and ecological quality of the river through Central Park. The flood modelling work is now well under way and initial agreement with the EA on proposals are expected soon.

Officers are looking to coordinate work with the EA so both projects are carried out at the same time, to ensure the flood risk is managed and the environmental improvements are coordinated.

Officers anticipate a planning application for the Acacia site will be submitted shortly with the works tendered early in the New Year.

**Fairfield Improvements** – Cabinet agreed this project in June [Min. No. 21]. In order to determine the most appropriate and cost effective way of maximising the car parking capacity, officers have commissioned consultancy services through the Civil Structural Engineering Professional Consultancy Framework.

Places for People have been told to proceed with the internal works to the changing rooms - commencement of which is planned in January 2018.

**Stone Lodge Leisure Facilities** – Consultants have been appointed to manage a parallel process of developing an outline planning application for the majority of the Stone Lodge site coupled with a full planning application for the rugby club site. This has proved to be another highly complex piece of work, but a hybrid application for the full and outline elements is due to be submitted in late 2017. Reptile relocation and site clearance work has been undertaken on the rugby site to enable the archaeological investigations to commence as soon as possible, due to the sensitivity of the site in archaeological terms. Detailed design of the rugby club is under way.

Negotiations for the school site have been protracted with the Education Funding Authority, but initial Heads of Terms have been received and will be subject to further consideration.

**Dartford Town Centre Transport and Public Realm Improvements** – The Council has commissioned consultants to support the development of the full business case to secure the South East Local Enterprise Partnership funding, produce a costed programme of works that facilitate travel movements into and around Dartford Town Centre; and produce a detailed public realm design for Market Street. The scheme will be subject to a future Cabinet report.

**Wayfinding** - The second phase of works is now complete with new monoliths and fingerposts in Central Park, east and north Dartford. The scheme will be fully financed by grant funding.
Community Infrastructure Levy Expenditure – A report will be put to December Cabinet recommending future CIL spend. However, at this stage, no projects have been identified for spending in the current financial year. Remaining monies will be retained for future projects.

Disabled Facilities Grant (DFG) – Expenditure at the end of the first half of the financial year was £98,085. Expenditure for the seconded Occupational Therapist and for the Health & Housing Co-ordinator yet to be charged is £23,500 and £14,000 respectively. There are currently 12 cases approved and anticipated expenditure on these is £117,000, 15 cases at pre-approval stage and estimated costs for these could be in the region of £143,000 and 21 new cases where future expenditure cannot yet be estimated.

The number of enquiries on DFGs is up 41% from this time last year and the Council has been promoting DFGs via a news article, website and a new leaflet which will be circulated to appropriate service providers including local pharmacies.

Total expenditure is anticipated to be in the region of the budget but this is dependent on assessments of new cases being completed in time for the works to be carried out in the current financial year.

3.5 Resources

Usable receipts brought forward into 2017/18 totalled £9.24m of which £4.49m are unrestricted receipts that can be used for any capital scheme, £0.024m are restricted to schemes delivering affordable housing or regeneration objectives, and £4.724m are restricted to the provision of new social housing (141 receipts). The 141 receipts must be used on the provision of new social housing, within three years of the receipt, and match-funded in the ratio of 30:70 by other funding.

Capital receipts of £1.515m had been received by the end of September, arising from the Discounted Sales Scheme at The Bridge.

To date, 12 Right to Buy sales have completed, giving rise to a capital receipt of £1.579m. Of this: £1.012m is retained as part of the “one for one” new build agreement with the Department for Communities and Local Government, £363,000 is retained as a general capital receipt and £205,000 is required to be paid over to government as part of the pooling arrangements.

At this stage, it is reasonable to assume at least another £500,000 of general capital receipts will be received in the year. This is reflected in Appendix B

Grants and contributions totalling just under £0.740m are expected to be available to fund capital expenditure during 2017/18 assuming full spend on the relevant schemes.
CABINET
2 NOVEMBER 2017

If the general fund capital programme was spent in full, additional funding of £640,000 would be required. However, given that there is slippage on the Acacia project of £2.5m, it is expected that all the 2017/18 expenditure can be funded within existing resources.

The Council can also fund capital expenditure via borrowing or by making contributions from revenue or reserves. Capital expenditure will not be committed prior to the identification of the resources to fund it.

4 Relationship to the Corporate Plan

The capital programme covers many individual projects and will contribute to meeting many of the objectives in the Corporate Plan.

5 Financial, legal, staffing and other administrative implications and risk assessments

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<td>There is a small risk of committed schemes needing to be curtailed due to lack of capital finance; this risk is mitigated by regular and sound budget monitoring and reporting.</td>
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6 Appendices

Appendix A - Capital Budget - Planned Expenditure & Resources - Housing Revenue Account Projects 2017/18

Appendix B - Capital Budget - Planned Expenditure & Resources – General Fund Projects 2017/18.

Appendix C – Capital Prudential Indicators

BACKGROUND PAPERS

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