

CABINET
25 July 2019

CAPITAL PROGRAMME - MONITORING 2019/2020

1. Summary

1.1 To inform Cabinet of the progress to date on the schemes in the approved Capital Programme, and to report the latest position on capital resources.

2. RECOMMENDATION

2.1. That Cabinet note the progress made to date on the 2019/20 Capital Programme.

3. Background and Discussion

3.1. The original budget for 2018/19 was approved by the Council on 25 February 2019 at £30,268,000 [Min No 9]. In the same agenda on the 25 July 2019 it is proposed that Cabinet recommend £503,000 of carry-forward from the 2018/19 programme to the meeting of the General Assembly of the Council on the 7th October 2019. If agreed, the total budget will be increased to £30,771,000.

3.2. Attached as Appendices A and B to this report are details of the Capital Programme and budget for 2019/20. These detail the resources available for Housing and General Fund projects respectively, and the expenditure to the end of June 2019.

3.3 **Housing Revenue Account projects**

The budget approved by GAC on 25 February 2019 was £11.882m. On most of the schemes, works are progressing well and at this stage, there are no concerns with programming or budgetary issues.

New Homes:

The final units at Coleridge and the old Temple Hill cash office have now been completed and only penultimate payments and retentions are due.

The budget for the year was originally set to match the Council house sale income retained for the rebuilding for Council homes. The Council has three years to spend the retained funds, otherwise the unspent funds are to be paid to MHCLG with interest. However, it remains difficult to match the profile of scheme expenditure to the unrelated profile of income received so some level of additional payment to MHCLG may be required.

Due to good progress with existing schemes and additional spending last financial year, the total spend required for the year without any payment to MHCLG is now £4.5m with the majority of this profiled towards the later quarters. This gives time for new schemes to get through planning and

CABINET

25 July 2019

onsite construction and it is currently anticipated that should be possible some time in quarter 3.

Delivery of Phase 3 of the 32 units to be built on the 4 new sites identified is progressing well and it is anticipated that the planning application will be submitted in August 2019. Currently, and prior to competitive tender, it is estimated that the total cost of Phase 3 will be approximately £6m.

3.4 General Fund projects:

- 3.4.1 The budget approved by GAC on 25 February 2019 was £14.65m. Comments on the main ongoing schemes are as follows:

Acacia Hall – The contractors have now been on site since January 2019 for the enabling period and from March, for the start of the main contract. They have been busy carrying out utility replacements across the site, and the renovation of the buildings that are remaining, as well as carrying out design and liaison work for the future elements of the project. Unfortunately, due to continuing ongoing delays (by others) to the design and issue for the agreed river regeneration works, and a delay in the design approval from KCC for the new public vehicular access to the site from Darenth Road, there is an impact on the overall delivery timescales of the project.

The final costs for these elements cannot be confirmed, but the costs for these along with some necessary design modifications to the car park surfacing, and the associated delays in the project, mean that an overspend to the current overall project budget seems likely. These figures should be finalised by the end of July 2019 and will be reported to Cabinet if necessary.

Spend for the current financial year is still difficult to predict with accuracy because of the above reasons and the inability to programme accurately due to lack of final agreements. It is likely that the majority of the current agreed budget will be spent in this financial year, with a finalised amount of spend to occur in the following financial year up until the anticipated end of the project in June/July 2020.

Stone Lodge – Site works are now at an advanced stage of construction on the main contract. The clubhouse itself is erected and internal fit out is well underway. Exterior cladding and finishing is imminent. The completion date for this project is now expected to be 3rd September 2019.

All budget is likely to be spent within this financial year. It is possible that the grass pitch works will take place in the spring of 2020 and payment will likely fall into the following financial year. The separate 3G pitch contract is now complete and certified and passed for full payment, other than usual retention.

CABINET

25 July 2019

In total, a small overspend may occur against the agreed budget for some agreed additional elements, such as an external grounds storage area/small and additional amendments to accommodate the temporary school access.

The Orchard Theatre – Works are taking place during the quieter summer period. There is no change to the budget expectation at this stage.

Leisure and Open Spaces - After an initial project bid across parks and open spaces, an envelope budget of £750,000 was agreed for this financial year for projects to improve and develop parks, play and open spaces. Officers are working with Members to agree and prioritise a scheme of projects to take forward. A scheme is expected to be reported to Cabinet in due course.

Dartford Town Centre Transport and Public Realm Improvements –

The project is now progressing well and to programme, with the Phase 1 (Market Street) construction having commenced 20 May 2019. Some difficulties have been experienced with existing utilities and Thames Water in particular, but this is not expected to affect the completion date of March 2020. The design work for Phase 1a (High Street) is currently being developed, with special consideration needing to be given to the operation of the market and emergency access. Construction is scheduled for January 2020. Phase 2 (the junctions of Lowfield Street/Instone Road and Highfield Road/West Hill) has reached the detail stage – and following verification and challenge to the traffic modelling, whilst the junctions will be improved in terms of pedestrian and cycle use, along with the introduction of technology to improve the flow of traffic, the decision has been taken to retain the existing one-way operation. Phase 3 (Hythe Street) is linked to the redevelopment of the former Co-op site.

Civic Centre Refurbishment - The Civic works are going well and plan to be completed around May 2020.

Community Infrastructure Levy Expenditure – at this stage, funding has not been allocated to individual projects but an envelope for spend has been agreed. Future projects will be agreed by Cabinet.

3.5 Resources

Usable receipts brought forward into 2019/20 totalled £11.794m of which £7.402m are unrestricted receipts that can be used for any capital scheme. £4.393m is restricted to the provision of new social housing (141 receipts). The 141 receipts are required to 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.

CABINET
25 July 2019

Grants and contributions totalling just under £7.595m are expected to be available to fund capital expenditure during 2019/20. In addition, Community Infrastructure Levy income is assumed at £1.5m.

By the end of June 2019, capital receipts of £611,000 had been received arising from the Discounted Sales Scheme at The Bridge. Other income of £244,000 has also been received relating to overage from a previous land sale.

To date, four Right to Buy sales have completed, giving rise to a capital receipt of £561,000 before pooling. Expected retained receipts for general use are around £135,000.

It is currently anticipated that around £2.5m in capital receipts will be received in-year due to expected sales and continuing income from discounted sales. At this level of income, the full budget can be funded without recourse to borrowing or reserves.

If capital receipts are not realised, the Council may fund capital expenditure via borrowing or by making contributions from revenue or reserves.

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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| Financial Implications | <p>The current budget for capital projects is £30.771m. (including the proposed carry-forward amounts of £0.503m).</p> <p>Appendix A shows the Housing Revenue Account budget for 2019/20, which stands at £11,882m. The programme is fully funded.</p> <p>Appendix B shows the General Fund capital programme for 2019/20, which stands at £18.889m, assuming the inclusion of carry-forward amounts from 2018/19.</p> <p>Expected capital receipts, grants and contributions are expected to be sufficient to fund the scheme in the current year.</p> <p>If capital receipts are not realised, the Council may fund capital expenditure via borrowing or by making contributions from</p> |
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CABINET
25 July 2019

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| | revenue or reserves. |
| Legal Implications | None |
| Staffing Implications | None |
| Administrative Implications | None |
| Risk Assessment | 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. |

6 Appendices

Appendix A Capital Programme, Budget and Resources– Housing Projects 2019/20

Appendix B Capital Programme, Budget and Resources – General Fund Projects 2019/20

BACKGROUND PAPERS

| <u>Documents consulted</u> | <u>Date</u> | <u>File Ref</u> | <u>Report Author</u> | <u>Section and Directorate</u> | <u>Exempt Information Category</u> |
|----------------------------|-------------|-----------------|--------------------------|---|------------------------------------|
| | | | Tim Sams 01322 343148 | Financial Services Internal Services | N/A |