Community Wellbeing & Housing Committee

28 September 2021

Title	Capital Monitoring Report 2021/22 – Q1 June 2021
Purpose of the report	To note the above for the Community Wellbeing & Housing Committee
Report Author	Paul Taylor Chief Accountant
Ward(s) Affected	All Wards
Corporate Priority	Financial Sustainability
Recommendations	**This is an abridged copy of the full report to be submitted to the Corporate Policy & Resources Committee at their meeting on 4 October and just shows the capital projects that fall under the Community Wellbeing & Housing Committee's remit.** **The Committee is asked to note the current level of underspend on capital expenditure against its Capital Programme provision as at 30 June 2021.** **Also, it has not been possible to disaggregate the housing element of the Elmsleigh project for 91/92 High Street for this report, therefore, the whole scheme is shown under Economic Development.**

1. Key issues

1.1 The Capital Monitoring report covers the cumulative actual expenditure to date, against the cumulative Council approved capital programme budget and compares this against the latest forecast outturn from Officers.

1.2 For the quarter ended 30 June 2021 our approved Capital Expenditure Programme for the Community Wellbeing & Housing Committee was £303,971k0m. The latest forecast outturn position is £302,681k, giving a projected aggregate underspend of (£290k) as per appendix B

1.3 In arriving at the cumulative expenditure to date, the Finance Team account for capitalised borrowing costs, salaries, and all costs of acquisition on each development project.

1.4 The ongoing delays in the overall progress of a couple of our development projects, due to the Council moratorium is likely to put additional pressure on our revenue budgets, as the CIPFA Code indicates that the Council should suspend capitalisation of borrowing costs during extended periods in which it suspends active development of qualifying assets.

1.5 It is anticipated that any continued delay will cost approximately £40k per month (i.e., approximately £480k per annum).

2. Variance analysis

2.1 We report on any significant projected variance over £50k or 20% of budget, whichever is the highest, by committee as follows:

2.2 Community Wellbeing & Housing – projected net underspend (£290k)

(a) Benwell 1 (£2,700k) projected underspend with project almost completed, noting that this was offset by a £623k overspend on the purchase of the land and building for Benwell 1 and 2

(b) Bugle (£672k) projected underspend negotiations are still ongoing between the Administrator and our Legal department to close the project.

(c) Victory Place (Ashford Hospital) £1,470k projected overspend due to changes in initial scheme, with a revised specification for heat pumps, PV's, green roof, and future proofed electric car chargers. Noting that a revised budget of £27,505k was submitted for approval to the Development Subcommittee to cover these changes to the original proposal.

(d) Whitehouse Hostel £356k overspend due to the pandemic, updated specification, with (£308k) of additional funding obtained from S106 and Better Care to meet the majority of the additional costs incurred.

(e) Whitehouse Land £299k overspend from July 2017, noting that the land has been split 50:50 between the residential and hostel elements of this project.

(f) Ashford MSCP £233k projected overspend to allow for the basement scheme to be included in the design phase.

(g) Community Centre Projects £60k projected overspend to be funded by revenue underspend in the repairs and maintenance budget.

(h) Thameside House the net project underspend between the land and construction costs is below the reporting limit. However, final scheme spend will depend on what is agreed after reviewing the viability of reducing the height of the scheme.

(i) West Wing the projected overspend is below the reporting limit.

3. Financial implications

3.1 Once a project is completed, any underspend on the approved Capital Programme enables the Council to invest the monies to gain additional treasury management investment income or to fund additional schemes.

3.2 Working closely with our Treasury Management advisors, officers are currently saving the Council more than £1,300k per annum in interest charges, through prudent use of short-term interest rates to fund regeneration development projects.

3.3 Upon completion of each project, officers obtain fixed rate interest loans to significantly reduce the Council's exposure to risk of future interest rate rises over the next 50 years.

4. Other considerations

4.1 None.

5. Equality and Diversity

5.1 Not Applicable.

6. Sustainability/Climate Change Implications

6.1 Not Applicable.

7. Timetable for implementation

7.1 Not applicable

Background papers: There are none*.*

Appendices:

Appendix A – Detailed Capital Monitoring Report by Committee at 30 June 2021*.*