

Appendix: Winchester and Woodthorpe Extra Care and Energy Efficiency Works – Additional capital budget £0.210m

Financial comments

Approval was granted at Executive Board in September 2016 to deliver energy efficiency works and develop an extra care facility at Winchester and Woodthorpe Courts at a cost of £12.600m. Portfolio Holder decision DD2827 (signed on 4/5/2017) incorporated various scheme changes and the tendered contract price and increased the value of this decision by a further £0.750m to £13.350m.

As outlined in the main report the scheme is nearing completion and final costs require an increase to the budget of a further £0.210m. This will require a change to the Public Sector Housing Capital Programme as shown in Table 1.

Type of expenditure	MTFP £m	Increase £m	Revised £m
Extra Care new build	6,820,000	662,000	7,482,000
Energy efficiency works (towers)	5,895,000	(462,000)	5,433,000
Capital programme management fee	635,000	10,000	645,000
TOTAL	13,350,000	210,000	13,560,000

The increase to the Winchester Woodthorpe Extra Care New Build budget line (£0.662m) will be transferred from the New Build Unallocated line of the programme and the reduction in the Winchester Woodthorpe energy efficiency budget (£0.462m) will be transferred back to the Energy Efficiency & Tackling Fuel Poverty unallocated budget (No Fines/ External & Solid Wall Insulation Schemes).

Funding the scheme

The Council's MTFP includes expenditure of £13.350m for this scheme in the Public Sector Housing Capital Programme. The approval of this report will increase the scheme budget by £0.210m and a total of £13.560m.

Provisional details on the funding is shown in Table 2.

Description	Approved	Increase	Revised
Prudential Borrowing	4,465,000	434,270	4,899,270
Grant funding (mainly Adult Care Capital grant)	600,000	0	600,000
RTB Replacement Receipts (1-4-1)	1,600,000	756,830	2,356,830
Major Repairs Reserve contribution	6,685,000	(981,100)	5,703,900
TOTAL	13,350,000	210,000	13,560,000

The actual funding of the scheme will depend on the final costs for each element of the scheme; the use of grants and RTB Replacement Receipts will be maximised as permitted by the relevant terms and conditions. The funding includes a contribution of at least £0.600m grant from adult social care towards the new build element in return for nomination rights to the extra care scheme. The council has sufficient unallocated Right to Buy Replacement Receipts to utilise £2.357m for this scheme (30% of the new build costs). The increase in use of receipts is partly due to clarification that the provision of communal areas is eligible expenditure, which had not been allowed for in earlier versions of the financial modelling.

The transfer will not increase the overall size of the capital programme or require any additional resources as the new build unallocated lines of the programme is fully financed from existing resources.

Revenue assumptions for the Extra Care new build

The cashflow position post completion is forecast to be a net outflow of approximately £0.060m per annum reducing annually until an in-year balance is achieved in year 25; this cashflow includes a contribution of £0.043m per annum to the Major Repairs Reserve.

Long term financial modelling of the new build shows a payback of 47 years to produce an in-year surplus based on borrowing over a 50 year period at current prudential borrowing rates. The payback length has not increased due to the increased use of RTB Replacement Receipts as explained above.

Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 11/03/2019.