

18 October 2022

Report of Chief Operating Officer

Author
Paul Cook
☎ 505861
Jo Porter

Title Capital Monitoring Report Quarter 2 2022/23

Wards affected Not applicable

1 Executive Summary

- 1.1 This report sets out the Council's Capital Programme against budget for quarter 2 financial year 2022/23. The Capital Programme includes projects delivering General Fund services, and the HRA Housing Investment Programme. It is a significant programme with a high level of investment benefitting the Borough, contributing towards the local economy, and working towards recovery.
- 1.2 In line with the Council's Financial Regulations a review of the schemes included in the capital programme is required on a quarterly basis.

2 Action Required

- 2.1 To review the progress on the Capital Programme as set out in this report, the associated spend for the first two quarters of 2022/23 and the budget forecasts for future years. To review the RAG rating for each scheme as rated by the relevant project manager.

3 Reason for Report

- 3.1 This report gives the Committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets and the project delivery progress and outcomes.
- 3.2 The purpose of the report is to ensure:
- Spending on projects is within the agreed budgets,
 - Budgets are sufficient to enable timely project delivery and support the related service objectives.
 - The Council makes good use of its available capital resources, in accord with the Council's Treasury Management Strategy and associated statutory requirements.
 - Members have assurance that the key risks associated with the Capital Programme are being managed to ensure efficient and effective delivery of the programme.

4 Background Information

- 4.1 The Capital Programme was reset for 2022/23 and later years as part of setting the 2022/23 Budget. This report includes new schemes agreed in budget setting and presents expenditure as at quarter 2 of this programme.
- 4.2 It should be noted that the Capital Programme mainly consists of schemes where spending is planned across several years. Financial variances can occur as a result of:
- Reprofiting of scheme budgets into the following financial year to reflect scheme progress on site,

- Changes in timing of payments,
- Additional budget requirements due to changes in schemes or unforeseen costs.

4.3 The Local Government Association Corporate Peer Challenge has recommended the Council improves its planning and ensures there is the appropriate strategic finance capacity and resource to progress capital projects. This will lead to changes to improve planning, prioritisation, management, oversight and delivery of all capital projects and programmes. This could include implementing a benefits realisation approach to monitor the outcomes that projects and programmes deliver. It is expected the format of financial monitoring reports will be revised accordingly, with changes introduced from Quarter 3 of 2022/23 onwards. This report continues the established format pending the results of the review.

5 Quarterly Capital Monitoring Position

5.1 The table below provides a summary of the capital programme by service area:

	Opening Programme	Expenditure in 2022/23	Forecast Spend in 2022/23	Future Years Forecast Spend
	£000	£000	£000	£000
Communities	7,438	1,133	4,732	2,706
Corporate & Improvement	47,211	1,492	4,814	42,397
Environment	2,886	408	1,917	969
Housing Revenue Account	19,765	7,634	17,592	2,173
Place & Client	80,182	492	12,154	68,028
Total Capital Programme	157,482	11,159	41,209	116,273

5.2 Capital expenditure in quarter 2 was £11.159m against a forecast programme of £41.209m. This represents 27% of the projected budget. At a similar stage in 2021/22 capital expenditure was £16.7m and 24% of the budget. Low spending in the capital programme are partly due to the impact of Covid causing construction delays followed by large volumes of work coming to market during recovery. The Capital Programme has been adjusted to reflect additional funding received in year.

Project	£000	Summary
E Cargo	157	Air quality grant for e cargo bikes
Stanway Community Centre	30	Contribution from the parish council for additional works
All Saints Church	175	S106 for repairs and upgrade of facilities
Rowan House	40	COMF contribution for Rowan House

5.3 The Town Deal projects are now included in the Capital Programme within Place & Client.

5.5 The actual expenditure for the year and updated commentary from the budget holders is detailed in Appendix A.

- 5.6 Appendix A includes a RAG (Red, Amber and Green) status of all active project performance against capital schemes. This has been updated with revised criteria showing an overall RAG status summarising three aspects of a project – time, cost, and delivery. The criterion for the RAG is the corporate standard and has been assessed by the project manager.

6 Strategic Plan references

- 6.1 The Council's Capital Programme is aligned to the Strategic Plan.

7 Financial Implications

- 7.1 Within the details of this report.

8 Risk Management Implications

- 8.1 Risk management issues are considered as part of individual capital projects.

9 Consultation

- 9.1 The Capital Programme is part of annual budget setting is subject to the normal budget consultation.

10 Environmental and Climate Change Implications

- 10.1 All projects are assessed for their likely environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's recovery planning and a core theme of the new Strategic Plan.

11 Equality and Diversity Implications

- 11.1 Consideration will be given to equality and diversity issues in respect of the Capital Programme as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

12 Other Standard References

- 12.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Background Papers – Resetting the Capital Programme, Cabinet, 26^h January 2022

Appendix A

Project Name	Service Area	Opening Programme	Spend to date in 2022/23	Forecast Spend in 2022/23	Spend against forecast %	Forecast Spend in 2023/24	Forecast Spend in future years	Overall RAG Status
Private Sector Renewals - Loans and Grants	Communities	304,423	0	120,000	0%	184,423	0	Amber
Sustainable warmth - Decent Homes	Communities	689,823	0	0	0%	689,823	0	Green
Mandatory Disabled Facilities Grants	Communities	3,766,977	246,858	2,314,872	11%	318,505	1,133,600	Amber
Stanway Community Centre	Communities	994,636	884,785	994,636	89%	0	0	Amber
St Marks Community Centre	Communities	1,682,644	1,200	1,302,644	0%	280,000	100,000	Red
Shrub End Depot	Environment	1,113,898	18,496	450,000	4%	663,898	0	Green
Light Fleet Replacement	Environment	665,234	142,207	665,234	21%	0	0	Green
Fleet Upgrade Caged Tippers	Environment	520,000	198,793	520,000	38%	0	0	Amber
Garrison Gym Playground	Environment	305,500	0	0	0%	305,500	0	Green
Vineyard Car Park Lift Replacement	Environment	124,600	36,247	124,600	29%	0	0	Green
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	Corporate & Improvement	446,600	0	0	0%	446,600	0	Green
Lending to new Council Housing Company	Corporate & Improvement	26,700,000	0	0	0%	15,000,000	11,700,000	Green
Equity Investment in CCHL	Corporate & Improvement	5,800,000	0	0	0%	5,800,000	0	Green
Facility Loan to CAEL	Corporate & Improvement	1,220,000	0	0	0%	1,220,000	0	Green
Rowan House Refurbishment	Corporate & Improvement	3,308,358	1,492,721	2,800,458	53%	507,900	0	Amber
E-Cargo	Environment	157,300	12,085	157,300	8%	0	0	Green
Colchester Northern Gateway Heat Network	Corporate & Improvement	5,815,946	(323)	1,763,946	0%	4,052,000	0	Green
Sport & Leisure Asset Review	Corporate & Improvement	120,000	0	0	0%	120,000	0	Amber
Micro Grid / Solar Farm	Place & Client	5,700,000	0	0	0%	5,700,000	0	Green
Fieldgate Quay	Corporate & Improvement	3,800,000	0	250,000	0%	3,550,000	0	Green
CNG Recreational Play Equipment	Place & Client	250,000	0	0	0%	250,000	0	Amber
Grow-on - former Queen St Bus Depot	Place & Client	4,878,909	291,570	1,500,000	19%	3,378,909	0	Red
Greenstead Land Acquisition	Place & Client	2,271,776	8,741	2,271,776	0%	0	0	Green
CNG Wastewater Improvements Pumping Station	Place & Client	235,903	6,256	235,903	3%	0	0	Amber
St Nicholas Square	Place & Client	898,617	21,660	250,000	9%	648,617	0	Red
CNGS - Detailed Planning	Place & Client	450,433	53,936	450,433	12%	0	0	Green
CNGS - Infrastructure	Place & Client	2,477,230	69,686	550,000	13%	1,927,230	0	Green
Predevelopment/feasibility funds	Place & Client	250,000	0	0	0%	250,000	0	Green
Wilson Marriage Digital skills hub	Place & Client	689,300	0	689,300	0%	0	0	Amber
5G	Place & Client	794,214	0	723,214	0%	21,000	50,000	
Improved Youth Provision (ECC)	Place & Client	1,290,186	0	1,226,460	0%	20,325	43,401	
Town Cen to Greenstead & Uni Cycle	Place & Client	2,883,370	0	204,940	0%	120,993	2,557,437	
Jumbo	Place & Client	1,059,000	31,323	108,000	29%	61,000	890,000	
Holy Trinity Church	Place & Client	505,323	0	323,330	0%	181,993	0	
Essex County Hospital	Place & Client	488,707	0	488,707	0%	0	0	
Balkerne Gate Phase 2	Place & Client	722,753	0	106,701	0%	616,052	0	
Holy Trinity Square	Place & Client	650,305	0	81,598	0%	568,707	0	
Kerbless & Green Streets	Place & Client	633,739	0	51,309	0%	582,430	0	
HOG - Tamerick Way - new homes	Place & Client	34,166,977	0	0	0%	21,540,163	12,626,814	
HOG - Supported Living	Place & Client	8,301,186	0	0	0%	4,000,000	4,301,186	
HOG - Construction C - New commercial/Retail	Place & Client	1,817,129	0	0	0%	1,817,129	0	
HOG - Community Health & Wellbeing	Place & Client	5,864,481	0	157,069	0%	5,541,688	165,724	
Land Acquisition	Place & Client	2,271,776	8,741	2,271,776	0%	0	0	
Essex Pedal Power	Place & Client	319,810	0	319,810	0%	0	0	
Liveable Neighbourhood	Place & Client	150,000	0	0	0%	150,000	0	
Development work and programme fees	Place & Client	410,771	0	143,384	0%	87,658	179,729	
Sheltered Accommodation	Housing Revenue Account	4,888,807	1,976,411	4,888,807	40%	0	0	Amber
Adaptations to Housing Stock	Housing Revenue Account	124,516	231,584	231,584	100%	0	0	Amber
Council House New Build	Housing Revenue Account	1,439,037	179,774	1,439,037	12%	0	0	Amber
Purchase of properties - HRA	Housing Revenue Account	7,280,473	2,103,881	5,000,000	42%	2,280,473	0	Amber
New Build on Garage Sites	Housing Revenue Account	2,319,453	653,362	2,319,453	28%	0	0	Amber
Property Purchase - 100 Homes	Housing Revenue Account	3,712,919	2,489,410	3,712,919	67%	0	0	Green

Comments on red rated schemes:

St Marks Community Centre - Communities
Timing: Tendering and approval delays will affect delivery (as well as cost)
Cost: Tenders are significantly higher than budget
Delivery: Awaiting decision on budget to appoint contractor
Approved Budget: £1.8m
Grow on former Queen Street
Timing: Additional programme delays due to underpinning needed and delays to installing temporary works.
Cost: Delays to demolition due to structural issues that is having a big impact on costs.
Delivery: Delays to demolition due to structural issues that is having a big impact on costs.
Approved Budget: £5.4m
St Nicholas Square
Timing: Project seriously delayed due to supply chain issues.
Cost: Big cost increases due to delays and price fluctuations.
Delivery: Supply chains and risk of highways’ approvals not taking place and additional costs associated with Christmas period stand down.
Approved Budget: £1.1m

RAG Status Definition

Status	Definition	Action
Red	There are significant problems with the project and the project is not meeting expectations to date. The project requires corrective action to meet business objectives. The problem cannot be handled solely by the project manager.	The matter should be formally escalated to the project board. A remedial action plan to be implemented, including reviewing the frequency of progress reports.
Amber	Not meeting the expectations to date. There are mitigating circumstances in most cases and improvement is likely but risks are being flagged.	The project sponsor and owner must have early sight of the circumstances. All stakeholders are to be informed. Resolution options are to be investigated.
Green	Meeting expectations to date.	No action required.