

**COLCHESTER BOROUGH COUNCIL  
GOVERNANCE AND AUDIT COMMITTEE  
18 OCTOBER 2022  
SUPPLEMENTARY AGENDA ITEM**

**Part A**

(Open to the public including the media)

**10. Amended Capital Monitoring Report Quarter 1 and 2, 2022/2023**

The attached report is a complete replacement for Item 10 on the agenda, which should no longer be referred to.

The report has been adjusted to fully reflect the HRA capital programme. This was not fully included in the previous report due to a ledger issue.

**18 October 2022**

**Report of** Chief Operating Officer

**Author**  
**Paul Cook**  
**☎ 505861**  
**Jo Porter**

**Title** Amended 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:

- Reprofile 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	Spend in 2022/23	Forecast Spend in 2022/23	Future Years Forecast Spend
	£000's	£000's	£000's	£000's
Communities	7,439	1,175	4,732	2,707
Corporate & Improvement	52,568	1,504	3,966	48,602
Environment	2,749	396	1,780	969
Housing Revenue Account	61,785	10,712	24,575	37,210
Place & Client	63,329	483	9,882	53,447
Other Projects	2,465	521	574	1,891
<b>Total Capital Programme</b>	<b>190,335</b>	<b>14,791</b>	<b>45,509</b>	<b>144,826</b>

5.2 Capital expenditure in quarter 2 was £14.8m against a forecast programme of £45.5m. This represents 33% 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 is 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

Light Fleet replacement	20	Keep Britain Tidy grant
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- 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 projects. 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<sup>h</sup> January 2022

## Appendix A – Projects that are in feasibility or delivery stage

Project Name	Service	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	0	120	0%	184	0	Amber
Sustainable warmth - Decent Homes	Communities	690	0	0	0%	690	0	Green
Mandatory Disabled Facilities Grants	Communities	3,767	289	2,315	12%	319	1,134	Amber
Stanway Community Centre	Communities	995	885	995	89%	0	0	Amber
St Marks Community Centre	Communities	1,683	1	1,303	0%	280	100	Red
Shrub End Depot	Environment	1,114	18	450	4%	664	0	Green
Light Fleet Replacement	Environment	685	142	685	21%	0	0	Green
Fleet Upgrade Caged Tippers	Environment	520	199	520	38%	0	0	Amber
Garrison Gym Playground	Environment	306	0	0	0%	306	0	Green
Vineyard Car Park Lift Replacement	Environment	125	36	125	29%	0	0	Green
Grants to Registered Providers (1-4-1 RTB Receipts)	Corporate & Improvement	447	0	0	0%	447	0	Green
Lending to new Council Housing Company	Corporate & Improvement	26,700	0	0	0%	15,000	11,700	Green
Equity Investment in CCHL	Corporate & Improvement	5,800	0	0	0%	5,800	0	Green
Facility Loan to CAEL	Corporate & Improvement	1,220	0	0	0%	1,220	0	Green
Rowan House Refurbishment	Corporate & Improvement	2,808	1,493	2,808	53%	0	0	Amber
E-Cargo	Corporate & Improvement	157	12	157	8%	0	0	Green
Colchester Northern Gateway Heat Network	Corporate & Improvement	5,816	(0)	750	0%	5,066	0	Green
Sport & Leisure Asset Review	Corporate & Improvement	120	0	0	0%	120	0	Amber
Micro Grid / Solar Farm	Corporate & Improvement	5,700	0	0	0%	5,700	0	Green
Fieldgate Quay	Corporate & Improvement	3,800	0	250	0%	3,550	0	Green
CNG Recreational Play Equipment	Place & Client	250	0	0	0%	250	0	Amber
Grow-on - former Queen St Bus Depot	Place & Client	4,879	292	1,500	19%	3,379	0	Red
CNG Wastewater Improvements Pumping Station	Place & Client	236	6	236	3%	0	0	Amber
Town Centre	Place & Client	1,726	0	0	0%	1,726	0	Green
St Nicholas Square	Place & Client	899	22	250	9%	649	0	Red
CNGS - Detailed Planning	Place & Client	450	54	450	12%	0	0	Green
CNGS - Infrastructure	Place & Client	2,477	70	550	13%	1,927	0	Green
Predevelopment/feasibility funds	Place & Client	250	0	0	0%	250	0	Green
Wilson Marriage Digital skills hub	Place & Client (Town Deal)	689	0	689	0%	0	0	Amber
5G	Place & Client (Town Deal)	794	0	723	0%	21	50	Amber
Improved Youth Provision (ECC)	Place & Client (Town Deal)	1,290	0	1,226	0%	20	43	Amber
Town Cen to Greenstead & Uni Cycle	Place & Client (Town Deal)	2,883	0	205	0%	121	2,557	Amber
Jumbo	Place & Client (Town Deal)	1,059	31	108	29%	61	890	Amber
Holy Trinity Church	Place & Client (Town Deal)	505	0	323	0%	182	0	Amber
Essex County Hospital	Place & Client (Town Deal)	489	0	489	0%	0	0	Amber
Balkerne Gate Phase 2	Place & Client (Town Deal)	723	0	107	0%	616	0	Amber
Holy Trinity Square	Place & Client (Town Deal)	650	0	82	0%	569	0	Amber
Kerbless & Green Streets	Place & Client (Town Deal)	634	0	51	0%	582	0	Amber
Heart of Greenstead - Tamarisk Way - new homes	Place & Client (Town Deal)	23,310	0	0	0%	10,683	12,627	Amber
Heart of Greenstead - Supported Living	Place & Client (Town Deal)	8,301	0	0	0%	4,000	4,301	Amber
Heart of Greenstead - New commercial/Retail	Place & Client (Town Deal)	1,817	0	0	0%	1,817	0	Amber
Heart of Greenstead - Community Health & Wellbeing	Place & Client (Town Deal)	5,864	0	157	0%	5,542	166	Amber
Greenstead Land Acquisition	Place & Client (Town Deal)	2,272	9	2,272	0%	0	0	Amber
Essex Pedal Power	Place & Client (Town Deal)	320	0	320	0%	0	0	Amber
Liveable Neighbourhood	Place & Client (Town Deal)	150	0	0	0%	150	0	Amber
Development work and programme fees	Place & Client (Town Deal)	411	0	143	0%	88	180	Amber
Housing Improvement Programme	Housing Revenue Account	19,577	3,077	7,500	41%	12,077	0	Green
Housing ICT Development	Housing Revenue Account	377	0	50	0%	327	0	Green
Sheltered Accommodation	Housing Revenue Account	12,604	1,976	4,889	40%	7,715	0	Amber
Adaptations to Housing Stock	Housing Revenue Account	768	232	232	100%	536	0	Amber
Council House New Build	Housing Revenue Account	12,113	180	1,439	12%	10,674	0	Amber
Purchase of properties - HRA	Housing Revenue Account	10,880	2,104	5,000	42%	5,880	0	Amber
New Build on Garage Sites	Housing Revenue Account	2,319	653	2,319	28%	0	0	Amber
Property Purchase - 100 Homes	Housing Revenue Account	3,147	2,489	3,147	79%	0	0	Green

Comments on red rated schemes:

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