

|                       |   |                                   |
|-----------------------|---|-----------------------------------|
| <b>Report of</b>      | <b>Assistant Director Corporate and Improvement</b> | <b>Author</b><br><b>Jo Porter</b> |
| <b>Title</b>          | <b>Capital Outturn 2021/22</b>                      |                                   |
| <b>Wards affected</b> | Not applicable                                      |                                   |

## 1 Executive Summary

- 1.1 This report sets out actual spend against capital programme allocations for financial year 2021/22. The Capital Programme includes 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 Assistant Directors are responsible for the control of expenditure against the approved Capital Programme. Progress is reported monthly to Project Delivery Group. Financial monitoring information is input to My Budget and is reported monthly to Project Management Board. Assistant Directors report every three months to Portfolio Holders on the progress of Capital Schemes.
- 1.3 The Head of Finance presents consolidated reports on quarterly expenditure against the approved Capital Programme to Governance and Audit Committee. This is the fourth and final report on 2021/22.

## 2 Action Required

- 2.1 To review the progress on the Capital Programme as set out in this report.
- 2.2 To review the RAG rating for each scheme as rated by the relevant project manager.

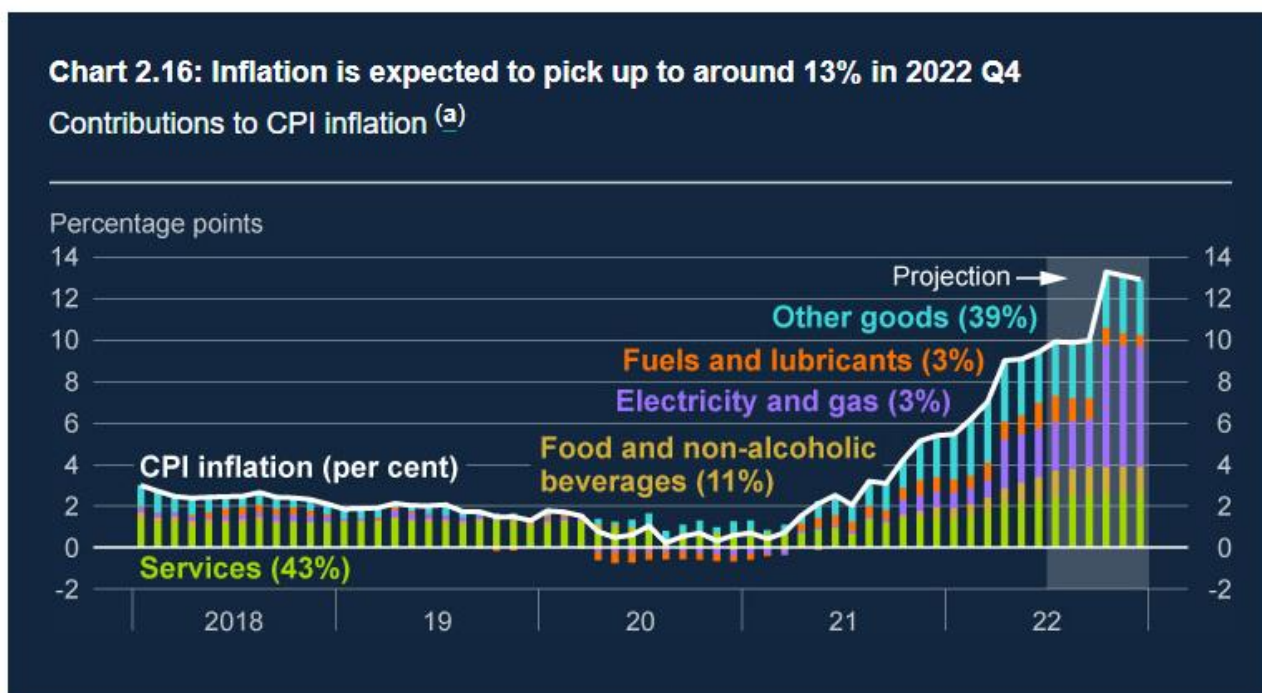
## 3 Review of the 21/22 outrun by Governance and Audit Committee

- 3.1 The Committee is able to hold Service Managers and Portfolio Holders to account for their 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 This report presents the full year's expenditure of the reset 2021/22 Capital Programme.

- 4.2 The Capital Programme was reset for 2022/23 and later years as part of setting the 2022/23 Budget. The new schemes and additional funding agreed in budget setting will be included in the 2022/23 Q1 Capital Monitoring report.
- 4.3 Inflation is forecast to reach 13% by 2022 Q4.



Sources: Bloomberg Finance L.P., Department for Business, Energy and Industrial Strategy, ONS and Bank calculations.

(a) Figures in parentheses are CPI basket weights in 2021 and do not sum to 100 due to rounding. Data to June 2022. Bank staff projection from July 2022 to December 2022. Fuels and lubricants estimates use Department for Business, Energy and Industrial Strategy petrol price data for July 2022 and then are based on the sterling oil futures curve. Other goods is the difference between CPI inflation and the other contributions identified in the chart.

- 4.4 Not all schemes will be affected by inflation, such as lending facilities to companies and the use of cash limited government grants.
- 4.5 Any scheme cost variations will be addressed in 2022/23 monitoring and the 2023/24 capital programme reset. Considerations will include:
- 4.5.1 Changes in scheme estimates based on actual tenders received
  - 4.5.2 Project variations that cannot be addressed by value engineering
  - 4.5.3 Negotiation with external funders

## 5 Quarterly Capital Monitoring Position

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

| Service     | Total Programme | 21/22 Plan | 21/22 Actual | Future Years Plan |
|-------------|-----------------|------------|--------------|-------------------|
|             |                 | £'000      | £'000        | £'000             |
| Communities | 10,689          | 4,418      | 3,374        | 6,271             |
| Environment | 3,560           | 1,264      | 860          | 2,296             |

|                                |                |               |               |               |
|--------------------------------|----------------|---------------|---------------|---------------|
| Corporate & Improvement        | 41,979         | 4,768         | 2,155         | 37,211        |
| Place and Client               | 14,571         | 9,400         | 4,198         | 5,171         |
| Housing Revenue Account        | 53,964         | 42,772        | 25,607        | 11,192        |
| <b>Total Capital Programme</b> | <b>124,763</b> | <b>62,622</b> | <b>36,194</b> | <b>62,141</b> |

5.2 21/22 Actual expenditure was £36.194m against a plan of £62.622m. Actual was 57.798% of the planned spend. In 2020/21 capital expenditure was £41m or 78% of the budget.

5.3 The Capital Programme was adjusted by £1.101m in Quarter 4 to reflect the following additions:

| Project                      | £'000 | Fund Source      | Summary   |
|------------------------------|-------|------------------|---|
| Parking Vehicles & Equipment | 121   | Revenue Income   | Vehicle purchase funded from NEPP revenue income                  |
| Priory Street Mosque         | 26    | S106             | S106 funding to refurbish the mosque                              |
| Mercury SELEP                | 228   | Grant Funding    | SELEP funding   |
| Sustainable Growth           | 690   | External Funding | Energy efficient grant for homeowners                             |
| Mobile Skate Park            | 15    | External Funding | Funding from Essex County Council to purchase a mobile skate park |
| St Nicholas Square           | 21    | S106             | Contribution towards the refurbishment of St Nicholas Square      |

5.7 Actual expenditure for the year for schemes and RAG ratings are provided in Appendix A

## 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. The position is being continuously monitored.

## 9 Consultation

9.1 The Capital Programme is part of annual budget setting and 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 is 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**

## Appendix A

| Project                              | Total<br>Prog<br>21/22 | Plan<br>Spend<br>21/22 | Actual<br>21/22 | Plan<br>Spend<br>22/23 | Plan<br>Spend<br>23/24 | Plan<br>Spend<br>24/25 | Del | Time | Cost |   |
|--------------------------------------|------------------------|------------------------|-----------------|------------------------|------------------------|------------------------|-----|------|------|---|
| Private Sector Renewals              | £'000                  | £'000                  | £'000           | £'000                  | £'000                  | £'000                  |     |      |      | £83k additional funding allocated in 22/23 reset.<br>Additional decontamination costs expected.<br>Continuing parish council discussions, including Toucan crossing.<br>£300k additional funding allocated in 22/23 reset<br>Public realm works completed<br>Accelerated Town Deal, progressing 22/23<br>Now part of Levelling Up bid |
| Sustainable warmth - Decent Homes    | 286                    | 86                     | (18)            | 200                    | 0                      | 0                      |     |      |      |   |
| Mandatory Disabled Facilities Grants | 690                    | 0                      | 0               | 690                    | 0                      | 0                      |     |      |      |   |
|                                      | 4,593                  | 900                    | 826             | 1,280                  | 1,280                  | 1,133                  |     |      |      |   |
| Stanway Community Centre             | 1,701                  | 1,001                  | 819             | 700                    | 0                      | 0                      |     |      |      |   |
| St Marks Community Centre            | 1,500                  | 600                    | 58              | 800                    | 100                    | 0                      |     |      |      |   |
| Mercury Theatre Phase 2              | 273                    | 273                    | 969             | 0                      | 0                      | 0                      |     |      |      |   |
| St Nicholas Square                   | 613                    | 613                    | 56              | 0                      | 0                      | 0                      |     |      |      |   |
| St Botolph's Public Realm            | 118                    | 118                    | 0               | 0                      | 0                      | 0                      |     |      |      |   |
| Other                                | 915                    | 827                    | 664             | 88                     | 0                      | 0                      |     |      |      |   |
| <b>Communities</b>                   | <b>10,689</b>          | <b>4,418</b>           | <b>3,374</b>    | <b>3,758</b>           | <b>1,380</b>           | <b>1,133</b>           |     |      |      |   |

|                                    |              |              |            |              |          |          |   |
|------------------------------------|--------------|--------------|------------|--------------|----------|----------|---|
| Rowan House EV Charging Points     | 114          | 114          | 55         | 0            | 0        | 0        | Additional £370k allocated in 22/23 reset |
| Shrub End Depot                    | 993          | 289          | 249        | 704          | 0        | 0        |   |
| Light Fleet Replacement            | 726          | 106          | 61         | 620          | 0        | 0        |   |
| Fleet Upgrade Caged Tippers        | 520          | 0            | 0          | 520          | 0        | 0        |   |
| Castle Park Cricket Pavilion S106  | 125          | 125          | 19         | 0            | 0        | 0        |   |
| Garrison Gym Playground            | 306          | 0            | 0          | 306          | 0        | 0        |   |
| Vineyard Car Park Lift Replacement | 130          | 0            | 5          | 130          | 0        | 0        |   |
| Recreation Ground Old Heath        | 123          | 123          | 81         | 0            | 0        | 0        |   |
| Other                              | 523          | 507          | 390        | 16           | 0        | 0        |   |
| <b>Environment</b>                 | <b>3,560</b> | <b>1,264</b> | <b>860</b> | <b>2,296</b> | <b>0</b> | <b>0</b> |   |

|                                |        |       |     |        |     |   |  |  |  |  |  |
|--------------------------------|--------|-------|-----|--------|-----|---|--|--|--|--|--|
| Grants to Registered Providers | 447    | 447   | 0   | 0      | 0   | 0 |  |  |  |  |  |
| Lending to Housing Company     | 27,300 | 600   | 600 | 26,700 | 0   | 0 |  |  |  |  |  |
| Equity Investment in CCHL      | 5,800  | 300   | 0   | 5,500  | 0   | 0 |  |  |  |  |  |
| Facility Loan to CAEL          | 1,520  | 700   | 300 | 620    | 200 | 0 |  |  |  |  |  |
| Rowan House                    | 1,855  | 1,303 | 487 | 552    | 0   | 0 |  |  |  |  |  |
| Leisure World Pool View        | 118    | 118   | 112 | 0      | 0   | 0 |  |  |  |  |  |
| Leisure World artificial pitch | 250    | 250   | 0   | 0      | 0   | 0 |  |  |  |  |  |

| Project                            | Total<br>Prog<br>21/22 | Plan<br>Spend<br>21/22 | Actual<br>21/22 | Plan<br>Spend<br>22/23 | Plan<br>Spend<br>23/24 | Plan<br>Spend<br>24/25 | Del | Time | Cost |   |
|------------------------------------|------------------------|------------------------|-----------------|------------------------|------------------------|------------------------|-----|------|------|---|
| CNG Heat Network                   | 3,869                  | 350                    | 105             | 3,039                  | 480                    | 0                      |     |      |      | Discussions continuing with UK Power Networks |
| Sport & Leisure Asset Review       | 120                    | 0                      | 0               | 120                    | 0                      | 0                      |     |      |      |   |
| Town Hall Boilers                  | 165                    | 165                    | 246             | 0                      | 0                      | 0                      |     |      |      | Funding for the additional cost identified    |
| Other                              | 535                    | 535                    | 305             | 0                      | 0                      | 0                      |     |      |      |   |
| <b>Corporate &amp; Improvement</b> | <b>41,979</b>          | <b>4,768</b>           | <b>2,155</b>    | <b>36,531</b>          | <b>680</b>             | <b>0</b>               |     |      |      |   |

|                                     |               |              |              |              |            |          |  |  |  |  |
|-------------------------------------|---------------|--------------|--------------|--------------|------------|----------|--|--|--|--|
| CNG Recreational Play Equipment     | 250           | 0            | 0            | 250          | 0          | 0        |  |  |  | Awaiting main contractor appointment                       |
| Grow-on - former Queen St Bus Depot | 4,640         | 3,410        | 485          | 1,230        | 0          | 0        |  |  |  | Scheme enhanced under the Town Deal                        |
| Greenstead Land Acquisition         | 2,300         | 2,300        | 28           | 0            | 0          | 0        |  |  |  | Negotiations ongoing with Notting Hill Genesis             |
| CNG Pumping Station                 | 250           | 50           | 14           | 200          | 0          | 0        |  |  |  | Ongoing flow rate investigations                           |
| Town Centre                         | 1,979         | 230          | 253          | 1,000        | 749        | 0        |  |  |  |  |
| CNGN - Sports Park                  | 519           | 339          | (2)          | 180          | 0          | 0        |  |  |  | Retention to be released September 22                      |
| CNGS - Detailed Planning            | 511           | 511          | 58           | 0            | 0          | 0        |  |  |  | Working towards detailed planning application              |
| CNGS - The Walk                     | 1,025         | 1,025        | 1,976        | 0            | 0          | 0        |  |  |  | 2/3 reset total cost £4.613m of which £4.213 external      |
| CNGS - Infrastructure               | 1,493         | 250          | 16           | 1,243        | 0          | 0        |  |  |  | Ongoing works to support the detailed planning application |
| LFFN Broadband                      | 990           | 990          | 1,287        | 0            | 0          | 0        |  |  |  | 2/3 reset total cost £3.702m of which £3.228 external      |
| Predevelopment/feasibility funds    | 250           | 0            | 0            | 250          | 0          | 0        |  |  |  | Carried over for future requirements                       |
| Other                               | 364           | 295          | 83           | 69           | 0          | 0        |  |  |  |  |
| <b>Place &amp; Client</b>           | <b>14,571</b> | <b>9,400</b> | <b>4,198</b> | <b>4,422</b> | <b>749</b> | <b>0</b> |  |  |  |  |

|                               |        |        |       |       |   |   |  |  |  |   |
|-------------------------------|--------|--------|-------|-------|---|---|--|--|--|---|
| Housing Improvement Programme | 14,439 | 11,039 | 6,164 | 3,400 | 0 | 0 |  |  |  | There have been increased timelines on procurement exercises, contractor delays and post-covid supply chain issues, along with a delay in the supplementary projects. Funding has been carried forward. |
| Sheltered Accommodation       | 6,611  | 6,611  | 1,722 | 0     | 0 | 0 |  |  |  | Work is ongoing to establish the next scheme to be refurbished, which has resulted in a delay in expenditure. Funding has been carried forward.   |
| Adaptations to Housing Stock  | 760    | 760    | 635   | 0     | 0 | 0 |  |  |  |   |
| Council House New Build       | 2,900  | 2,900  | 1,461 | 0     | 0 | 0 |  |  |  | Delays due to access and receiving the materials. Expected completion early 22/23. Funding carried forward.   |

| Project                        | Total<br>Prog<br>21/22 | Plan<br>Spend<br>21/22 | Actual<br>21/22 | Plan<br>Spend<br>22/23 | Plan<br>Spend<br>23/24 | Plan<br>Spend<br>24/25 | Del | Time | Cost |   |
|--------------------------------|------------------------|------------------------|-----------------|------------------------|------------------------|------------------------|-----|------|------|---|
| Purchase of properties - HRA   | 7,417                  | 200                    | 137             | 7,217                  | 0                      | 0                      |     |      |      | <p>Insufficient supply of properties on the open market, all located properties acquired through the 100 Homes project. Funding has been carried forward to 22/23 when the properties will be acquired.</p> <p>Delays in refurbishment works and a small number of properties that did not complete in 21/22 due to delays in the purchase chain. Funding has been carried forward to 22/23.</p> <p>No capital expenditure on ICT in 21/22. Funding carried forward to 22/23.</p> |
| New Build on Garage Sites      | 4,273                  | 4,273                  | 1,954           | 0                      | 0                      | 0                      |     |      |      |   |
| Property Purchase - 100 Homes  | 17,247                 | 16,672                 | 13,534          | 575                    | 0                      | 0                      |     |      |      |   |
| Other                          | 317                    | 317                    | 0               | 0                      | 0                      | 0                      |     |      |      |   |
| <b>Housing Revenue Account</b> | <b>53,964</b>          | <b>42,772</b>          | <b>25,607</b>   | <b>11,192</b>          | <b>0</b>               | <b>0</b>               |     |      |      |   |
| <b>TOTAL CAPITAL PROGRAMME</b> | <b>124,763</b>         | <b>62,622</b>          | <b>36,194</b>   | <b>58,199</b>          | <b>2,809</b>           | <b>1,133</b>           |     |      |      |   |

| 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.  |