

Report of	Chief Operating Officer	Author Paul Cook ☎ 505861
Title	Capital Monitoring Report Quarter 3 21/22	
Wards affected	Not applicable	

1 Executive Summary

- 1.1 This report compares Capital Programme expenditure to budget at the end of Quarter Three 21/22. The Capital Programme encompasses General Fund services, the Housing Revenue Account Housing Investment Programme, and the Revolving Investment Fund. It is a significant capital programme with a high level of investment benefitting the Borough, contributing towards the local economy, and working towards recovery.
- 1.2 Under the Council's Financial Regulations, a review of the schemes included in the capital programme is required quarterly.

2 Recommendations

- 2.1 To approve the progress of the Capital Programme as set out in this report, the associated spend for Quarter Three and the programme forecasts for future years.
- 2.2 To note the RAG rating for each capital programme scheme provided by project managers.
- 2.3 To review the risk analysis on areas where there is a risk of material shortage, inflation, or increases in costs.

3 Purpose of the report

- 3.1 This report enables the Committee the opportunity to hold Service Managers and Portfolio Holders accountable for their capital programme and the project delivery progress and outcomes.
- 3.2 The purpose of the report is to ensure:
 - Spending on projects is within agreed allocations,
 - Capital programme allocations 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.
 - The Committee is satisfied 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 Capital Programme presents the Quarter Three expenditure of the reset 2021/22 Capital Programme. The comparisons are based on the capital programme as at 31 December 2021.
- 4.2 The Capital Programme was subsequently reset for 22/23 and later years in setting the 22/23 Budget. The new schemes and funding agreed at 22/23 budget setting will be included in the capital monitoring report for Quarter One 22/23.
- 4.3 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 the timing of payments,
 - Additional budget requirements due to changes in schemes or unforeseen costs.

5 Quarterly Capital Monitoring Position

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

Service	Programme	2021/22 Q3 Expenditure	2021/22 Capital Programme	Future Years' Forecast
	£'000	£'000	£'000	£'000
Communities	9,648	2,390	4,112	5,537
Environment	3,427	490	1,622	1,805
Corporate and Improvement	41,984	1,633	4,773	37,211
Place and Client	14,570	3,584	9,399	5,171
Housing Revenue Account	53,964	15,602	42,772	11,192
Total Capital Programme	123,593	23,699	62,678	60,916

5.2 Capital expenditure was £23.7m against a forecast programme of £62.7m. This represents 38% of the projected budget. At a similar stage in 2020/21 capital expenditure was £26.4m and 51% of the budget.

5.3 The Capital Programme has been adjusted to reflect S106 released funding, details of which have been reviewed by the relevant portfolio holders.

Project	£'000	Summary
King George Basketball Court	16.9	Improvement works to recreational and sport facilities.

5.4 The Capital Programme has been adjusted to reflect Estate Regeneration Fund approved by 17 November 2021 Cabinet

Project	£'000	Summary
Greenstead Land Acquisition	2,300	To accelerate and enhance our proposed regeneration scheme for the Heart of Greenstead within the Town Deal programme.

5.5 The Council is the accountable body for the We Are Colchester Town Deal. The business cases for Town Deal projects are recommended for approval to 9 March 2022 Cabinet.

Following subsequent approval by the We Are Colchester Board, the business cases will be submitted to the Department of Levelling Up, Housing and Communities by 31 March 2022. Town Deal projects approved by the Department of Levelling Up, Housing and Communities will be reported in a separate domain in the Capital Programme. This is expected to commence from Quarter One 22/23.

- 5.7 Actual expenditure for the year and updated commentary from the budget holders on all schemes is detailed in Appendix A to this report.
- 5.8 Appendix A includes the RAG (Red, Amber and Green) status of overall project performance against all capital schemes. This has been updated with revised criteria showing the status for three aspects of a project – time, cost, and delivery. The criteria for the RAG are the corporate standard. The RAG status has been assessed by the project manager. Detailed comments are provided in Appendix A against amber and red RAG rated schemes.

6 Strategic Plan references

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

7 Financial Implications

- 7.1 Contained in the main 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 and is subject to the normal budget consultation processes.

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

Estate Regeneration Fund – Cabinet 17 November 2021

Appendix A

Project	Budget	Prior Years Spend	Current	Spend to Q3 21/22	Fore-cast 21/22	% to Q3	Fore-cast 22/23	Fore-cast 23/24	Fore-cast 24/25	Delivery	Timing	Cost
Lending to Housing Company	28,800	1,500	27,300	600	600	100%	26,700	0	0	G	G	G
Property Purchase - 100 Homes	22,000	4,753	17,247	9,208	16,672	55%	575	0	0	G	G	G
Housing Improvement Programme	14,439	0	14,439	2,872	11,039	26%	3,400	0	0	G	G	G
Purchase of properties - HRA	7,417	0	7,417	49	200	25%	7,217	0	0	G	G	G
Sheltered Accommodation	6,611	0	6,611	724	6,611	11%	0	0	0	G	G	G
Equity Investment in CCHL	7,300	1,500	5,800	0	300	0%	5,500	0	0	G	G	G
Grow-on Queen St Bus Depot	4,677	37	4,640	179	3,410	5%	1,230	0	0	G	G	G
Mandatory Disabled Facilities Grants	5,418	825	4,593	661	900	73%	1,280	1,280	1,134	A	A	A
New Build on Garage Sites	4,273	0	4,273	1,214	4,273	28%	0	0	0	G	G	G
N Gateway Heat Network	4,492	623	3,869	87	350	25%	3,039	480	0	G	A	A
Council House New Build	2,900	0	2,900	1,128	2,900	39%	0	0	0	A	A	A
Greenstead Land Acquisition	2,300	0	2,300	27	2,300	1%	0	0	0	G	G	G
Town Centre	4,836	2,857	1,979	254	230	110%	1,000	749	0	G	G	G
Stanway Community Centre	1,892	191	1,701	397	1,001	40%	700	0	0	G	G	G
Facility Loan to CAEL	2,520	1,000	1,520	300	700	43%	620	200	0	A	A	A
St Marks Community Centre	1,500	0	1,500	25	600	4%	800	100	0	G	G	G
N Gateway S Infrastructure	1,670	177	1,493	0	250	0%	1,243	0	0	A	A	G
Rowan House Regeneration	1,327	0	1,327	40	995	4%	332	0	0	G	A	G
Northern Gateway S The Walk	3,471	2,446	1,025	1,878	1,025	183%	0	0	0	G	A	G
Shrub End Depot	1,056	67	989	141	270	52%	719	0	0	G	G	G
Local Fast Fibre Network	3,645	2,697	948	1,224	948	129%	0	0	0	G	G	G
Adaptations to Housing Stock	760	0	760	369	760	49%	0	0	0	G	G	G
Light Fleet Replacement	726	0	726	0	676	0%	50	0	0	A	A	G
St Nicholas Square	695	82	613	34	613	6%	0	0	0	G	G	G
Rowan House Ventilation System	528	0	528	30	308	10%	212	8	0	A	A	A
Fleet Upgrade Caged Tipplers	520	0	520	0	0	N/A	520	0	0	A	A	A
N Gateway Sports Park	28,838	28,319	519	-58	339	-17%	180	0	0	G	G	A
N Gateway S Detailed Planning	1,498	987	511	48	511	9%	0	0	0	A	G	G
Grants to Registered Providers	1,708	1,261	447	0	447	0%	0	0	0	G	G	G
Housing ICT Development	317	0	317	38	317	12%	0	0	0	G	G	G
Garrison Gym Playground	306	0	306	0	0	N/A	306	0	0	G	G	G
Mercury Landscaping Works	350	55	295	160	295	54%	0	0	0	G	G	G
Private Sec Renew Loans/Grants	375	89	286	2	86	2%	200	0	0	A	A	A

Mercury Theatre Phase 2	9,313	9,040	273	992	273	363%	0	0	0	G	G	G
Leisure World artificial pitch	250	0	250	0	250	0%	0	0	0	G	G	G
N Gateway Pumping Station	250	0	250	0	50	0%	200	0	0	A	A	A
N Gateway Play Equipment	250	0	250	0	0	N/A	250	0	0	G	G	G
CCTV Monitoring	528	315	213	196	213	92%	0	0	0	G	G	G
Waste Fleet Vehicles	2,816	2,647	169	169	169	100%	0	0	0	G	G	G
Town Hall Boilers	165		165	87	165	53%	0	0	0	G	G	G
Vineyard Lift Replacement	130	0	130	0	130	0%	0	0	0	A	A	G
Castle Park Cricket Pavilion Extension S106	125	0	125	0	125	0%	0	0	0	G	G	A
Recreation Ground Old Heath	123	0	123	61	123	50%	0	0	0	G	G	G
St Botolphs Public Realm	155	37	118	0	118	0%	0	0	0	A	A	G
Leisure World Pool View	120	2	118	112	118	95%	0	0	0	G	G	G
Rowan House EV Charging Points	114	0	114	32	0	N/A	114	0	0	A	A	G
Other Projects			1,596	419	1,018	41%	578	0	0			
Total			123,593	23,699	62,678	38%	56,965	2,817	1,134			

Comments on amber rated schemes:

Mandatory Disabled Facilities Grants

Timing: Applications are progressing, but contractors' availability has impacted on the programme. Referrals from Essex County Council are also lower due to other demands on social care resources.

Cost: Cost of materials are variable and longer lead times are being experienced as demand continues to be high.

Delivery: Contractors' times are slower due to demand. Configuring the new Council IT system for the grants is impacting staff resources.

Approved Budget: External funding contribution £4.9m | CBC funding contribution £0.5m | Total £5.4m

Northern Gateway Heat Network

Timing: External deadlines have been extended which reduces the urgency to start construction.

Cost: Tender return cost for the Energy Centre installation has come back over budget. An increase in the project budget was agreed by Cabinet subject to a financial sustainability review delegated to the Deputy Leader and Head of Finance. The review is being progressed. Delays in the development may impact the cost of the project.

Delivery: The revised timetable for the project has yet to be determined once external development issues have been resolved.

Approved Budget: External funding contribution £3.7m | CBC funding contribution £0.7m | Total £4.4m

Council House New Build

Timing: There are delays due to access and receiving the materials, however the site is progressing.

Cost: The project is currently running above the contract sum. However, the contractors have said they will do everything they can to design the project within budget.

Delivery: The sites are all being delivered to the original brief and outcomes expected. Completion date is expected to be April 2022.

Approved Budget: External funding contribution £0 | CBC funding contribution £2.9m | Total £2.9m

Facility Loan to Colchester Amphora Energy Limited

Timing: See Heat Network. This project may be affected by proposed government changes to accounting for minimum revenue provisions

Cost: See Heat Network. This project may be affected by proposed government changes to accounting for minimum revenue provisions.

Delivery: See Heat Network This project may be affected by proposed government changes to accounting for minimum revenue provisions.

Approved Budget: External funding contribution £0m | CBC funding contribution £2.5m | Total £2.5m

Northern Gateway South Infrastructure

Timing: All works are progressing; discussions are ongoing with UK Power Networks.

Cost: If a reduced power provision is installed, costs will reduce as a result.

Delivery: The reduced connection may have implications to the works that could be undertaken to the site. This will be determined once available power sources have been identified.

Approved Budget: External funding contribution £0 CBC funding contribution £1.6m Total £1.6m
Rowan House Regeneration
Timing: Project has been delayed to allow work to mitigate potentially high costs. The project will complete in 2022.
Cost: Contract is currently being tendered and greater certainty around costs will be known when tenders have been returned
Delivery: HVAC works set to be completed by June 2022 with other works expected to be complete by September.
Approved Budget: External funding contribution £1.3m CBC funding contribution £0.5m Total £1.8m
Northern Gateway South – The Walk
Timing: The project is now completed.
Cost: Contributions from CAEL and CAHL due to the associated infrastructure that has been installed for these two companies is expected. A funding request has been submitted for increased costs. Additional costs to make safe the large oak tree onsite, with potential further works to the tree.
Delivery: All works completed.
Light Fleet Replacement
Timing: Not all electric vehicles can be ordered at this time due to infrastructure.
Cost: Estimated to come within budget.
Delivery: Timelines affected due to vehicle delivery dates and impacts of other projects.
Approved Budget: External funding contribution £0 CBC funding contribution £0.7m Total £0.7m
Rowan House Ventilation System
Timing: Project has been delayed to allow work to mitigate potentially high costs. The project will complete in 2022.
Cost: Contract is currently being tendered and greater certainty around costs will be known when tenders have been returned
Delivery: HVAC works set to be completed by June 2022 with other works expected to be complete by September.
Approved Budget: External funding contribution £1.3m CBC funding contribution £0.5m Total £1.8m
Fleet Upgrade Caged Tippers
Timing: Delivery due early part of the new financial year 2022. Increased delivery times from the pandemic and material shortages.
Cost: Total cost risen due to material shortages and increased material prices.
Delivery: Delivery expected April 2022.
Approved Budget: External funding contribution £0m CBC funding contribution £0.5m Total £0.5m
Northern Gateway Sports Park

Timing: The development has now been completed
Cost: Costs have been delivered on the revised budget.
Delivery: Defect repairs are being undertaken. Waiting for Archery to move onto the site.
Approved Budget: External funding contribution £4.5m CBC funding contribution £24.3m Total £28.8m
Northern Gateway South - Detailed Planning
Timing: The project is affected by progress on CNGS Infrastructure – see comments above.
Cost: All costs are on target.
Delivery: The project is affected by progress on CNGS Infrastructure – see comments above.
Approved Budget: External funding contribution £0.4m CBC funding contribution £1.1m Total £1.5m
Private Sector Renewals Loans and Grants
Timing: See comments on Disabled Facility Grants.
Cost: See comments on Disabled Facility Grants.
Delivery: See comments on Disabled Facility Grants.
Approved Budget: External funding contribution £0 CBC funding contribution £0.4m Total £0.4m
Northern Gateway Wastewater Improvements Pumping Station
Timing: This project must be complete before the first homes of the CNGS Housing development are occupied.
Cost: Final costs are currently unknown.
Delivery: The required upgrades and associated costs and timelines for completion are yet to be fully realised.
Approved Budget: External funding contribution £0 CBC funding contribution £0.3m Total £0.3m
Vineyard Car Park Lift
Timing: Working to timescales.
Cost: Potential savings to be made.
Delivery: Process is moving forward.
Approved Budget: External funding contribution £0 CBC funding contribution £0.13m Total £0.13m
Castle Park Cricket Pavilion
Timing: Construction begin in January 2022.
Cost: External funding is being raised to contribute to the project.
Delivery: Waiting for third party consent in relation to the leasehold title.

Approved Budget: External funding contribution £0.13m CBC funding contribution £0m Total £0.13m
St Botolphs Public Realm
Timing: The timeline continues to be reviewed
Cost: On hold pending Alumno developments.
Delivery: On hold pending Alumno developments.
Approved Budget: External funding contribution £0 CBC funding contribution £0.2m Total £0.2m
Rowan House EV Charging Points
Timing: Timelines affected due to vehicle delivery dates and progress of other projects.
Cost: Currently on budget.
Delivery: Power connections to be completed in February to allow installation works to take place.
Approved Budget: External funding contribution £0.01m CBC funding contribution £0.1m Total £0.11m

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.