

23 November 2020

Report of

Assistant Director Corporate and Improvement

**Author
Paul Cook
☎ 505861**

Title

Capital Expenditure Progress and Programme Update

Wards affected

Not applicable

1 Executive Summary

- 1.1 The report sets out progress on the capital programme up to quarter 2 and forecast expenditure on schemes.
- 1.2 This report recommends increased funding for some schemes and makes four urgent additions to the capital programme.

2 Recommended Decision

- 2.1 To note progress on the capital programme as set out in this report.
- 2.2 To approve the new capital schemes set out in Section 4.1 for inclusion in the capital programme
- 2.3 To approve the budget transfers and funding requirements set out in Section 4.2

3 Background

- 3.1 The Capital Programme includes projects delivering General Fund services, the HRA Housing Investment Programme and the Revolving Investment Fund (RIF). It is a significant programme with a high level of investment benefiting the Borough, contributing towards the local economy and working towards recovery.
- 3.2 The capital programme is monitored for spend and progress throughout the year and is revised and updated annually. This year's update and resubmission will take account of the new schemes noted within this report. And the impacts of the coronavirus on contractors, their supply chain, and the resultant costs and target dates for project delivery.
- 3.3 Spending on individual schemes is typically planned across several financial years. Variations happen because:
 - 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.
- 3.4 The table below provides a summary of the capital programme by service area:

Service	Programme	20/21 Spend Q2	2020/21 Forecast	Future Years Forecast
	£'000	£'000	£'000	£'000
Communities	9,234	2,461	4,522	4,712
Environment	2,149	237	1,449	700
Corporate and Improvement	40,965	599	3,702	37,263
Revolving Investment Fund	18,347	6,424	15,397	2,950
Housing Revenue Account	56,500	5,936	39,055	17,445
Total Capital Programme	127,195	15,657	64,125	63,070

- 3.5 Accrued capital spending for the first six months of the year totalled £15.7m or 24% of the £64m spend forecast. This is less than for the same period last year (£18.3m or 29% in 2019/20) and significantly under expectation, primarily because of lockdown. The full implications of Covid 19 are continually being assessed on a scheme by scheme basis. Spending forecasts for the balance of 2020/21 and future years will be adjusted accordingly.
- 3.6 **Appendix A** sets out details of spending on schemes of £100k or more, along with expenditure forecasts provided by budget managers
- 3.7 The Capital Programme has already been adjusted this year to reflect changes since the 2020/21 quarter 1 capital report and has increased by £27m. The main increases are £22m for the HRA 100 Homes scheme funded by borrowing and capital receipts, £2.5m for the HRA New Builds funded by borrowing, £1.8m for the Stanway Community Centre funded by S106 and £0.6m for Food Waste Vehicle purchases funded by borrowing.
- 3.8 A full reset of the Capital Programme will be reported to January 2021 Cabinet and February 2021 Budget Council taking account of the impacts of the Coronavirus lockdown and in-year revisions to scope, cost and schedule. To bring forward new schemes to increase investment and aid recovery. And to reset Treasury Management assumptions.

4 New schemes and additional funding

4.1 The following new schemes are seeking Cabinet approval

Reference	Project	Service Area	Source of Funding	CBC Funding
CAP007	Leisure World - Pool view	Place and Client	Prudential Borrowing	£120,000
This investment in pool cameras will enhance users' safety.				
CAP030	Sports Park Signage	Place and Client	Prudential Borrowing	£100,000
This investment is to ensure visitors and residents are aware of the variety and location of the different facilities available at the Sports Park.				
CAP002	EV Charging Points	Environment	Capital Receipts / Revenue	£100,000
This investment is to support the Council's upgrade to electric vehicles by providing suitable charging infrastructure at Rowan House.				
CAP025	Light Fleet Replacement	Environment	Savings from external leasing	£726,100
This investment is to replace the light fleet vehicles with an electric vehicle fleet to support the Council's aim to tackle the climate emergency.				

4.2 A summary of additional investment and its proposed funding is set out below.

Scheme	Details	Funding
Colchester Northern Gateway Sports Park	Increased investment to ensure the scheme is delivered in full taking account of the impacts of Covid-19 and lock down	£800k transfer to Colchester Northern Gateway Sports Park from Colchester Northern Gateway South Infrastructure
Jack's St Nicholas Square	The complexities of working within an historic building and the process of discovery through the rebuild require an increased budget. The investment is necessary to ensure timely completion and achieve lease income.	£120k transfer from other Town Centre funding.
Housing Renewal Fund	Continuation of this key project making adoptions and repairs to people's homes and providing essential default works to make homes safe requires an additional budget.	£200k transfer from existing Disabled Facilities Grant allocation.

5 Strategic Plan references

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

6 Financial Implications

6.1 Within the details of this report.

7 Risk management implications

- 7.1 Risk management issues are considered as part of individual capital projects. Currently the key risk within the capital programme as reported relates to the finalisation of funding arrangements to enable key schemes primarily within the RIF to progress. Relevant officers are endeavouring to formalise funding arrangements where necessary. The position is being continuously monitored.

8 Consultation

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

9 Environmental and Climate Change Implications

- 9.1 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.

10 Equality and Diversity Implications

- 10.1 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.

11 Other Standard References

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

Background papers - None

Appendix A – Expenditure Report

	Total Approved Budget £'000	Prior Years Spend £'000	Remaining Budget £'000	Accrued spend to Q2 £'000	Forecast 2020/21 £'000	Spend against forecast %	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000
Purchase of properties - HRA 2020/21	29,492	N/A	29,492	4,000	17,392	23%	12,100	0	0
Lending to new Council Housing Company	28,800	400	28,400	300	1,400	21%	7,500	19,500	0
Council House New Build	9,594	N/A	9,594	138	7,009	2%	2,585	0	0
Housing Improvement Programme 20/21	8,747	N/A	8,747	1,168	8,747	13%	0	0	0
CNGN - Sports Park	27,938	20,893	7,045	4,224	6,631	62%	339	75	0
New Build on Garage Sites	6,974	N/A	6,974	52	4,214	1%	2,760	0	0
Equity Investment in CCHL	7,300	1,500	5,800	0	300	0%	5,500	0	0
Mandatory Disabled Facilities Grants	3,994	N/A	3,994	254	750	34%	1,280	1,280	685
Colchester Northern Gateway Heat Network	4,407	512	3,896	36	100	36%	2,862	454	480
Digital Strategy - works	3,436	250	3,186	863	3,186	27%	0	0	0
CNGS – The Walk	3,471	429	3,042	1,196	1,792	67%	1,100	150	0
Mercury Theatre Redevelopment Phase 2	8,067	5,183	2,884	2,024	2,884	70%	0	0	0
Town Centre	4,956	2,857	2,099	5	964	1%	1,135	0	0
CNGS - Infrastructure	2,120	65	2,055	8	2,055	0%	0	0	0
Stanway Community Centre	1,892	48	1,844	29	450	6%	1,394	0	0
Facility Loan to CAEL	2,520	900	1,620	100	700	14%	500	420	0
Shrub End Depot	1,056	44	1,012	1	312	0%	700	0	0
Sheltered Accommodation	740	N/A	740	339	740	46%	0	0	0
Adaptations to Housing Stock	696	N/A	696	121	696	17%	0	0	0
Food Waste Vehicles	580	N/A	580	0	580	0%	0	0	0
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	1,708	1,261	447	0	447	0%	0	0	0
CCTV Monitoring	440	68	372	150	372	40%	0	0	0
Waste Fleet Vehicles	4,912	4,647	265	151	265	57%	0	0	0
Housing ICT Development	257	N/A	257	118	257	46%	0	0	0
Pre development/feasibility funds	250	0	250	0	250	0%	0	0	0
Private Sector Renewals - Loans and Grants	178	N/A	178	31	105	30%	73	0	0
East Colchester Enabling Fund	141	0	141	0	141	0%	0	0	0
Castle Park Cricket Pavilion Extension S106	125	0	125	0	125	0%	0	0	0

Sport & Leisure Asset Review	120	0	120	0	60	0%	60	0	0
St Botolphs Public Realm	155	37	118	0	118	0%	0	0	0
LED Lighting - MSCP	116	0	116	85	116	73%	0	0	0
Colchester Leisure World - Roof	140	37	103	0	103	0%	0	0	0
CNGS - Detailed Planning	923	939	-16	16	-16	N/A	0	0	0
Jacks - St Nicholas St	891	914	-22	66	-22	N/A	0	0	0
Sheepen Road Phase 2	2,314	2,298	15	25	15	N/A	0	0	0
Other			1,025	157	887	18%	104	34	0