

7 March 2023

Report of Chief Operating Officer

Author
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Title Capital Monitoring Report Quarter 3 2022/23

Wards affected Not applicable

1 Executive Summary

- 1.1 This report sets out the Council's Capital Programme against budget for quarter 3 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 three 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 3 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.

4.4 In response to these findings a Review of the Capital Programme commenced in November and is now nearing completion. This review will bring about improvements to:- planning, prioritisation, management, oversight and delivery of all capital projects and programmes. This review has also noted the points raised and recommendation to Cabinet from the last Governance and Audit Committee meeting. The review will also include recommendations to improve our approach to monitoring and reporting of the projects and programmes we deliver. Changes introduced from Quarter 4 of 2022/23 and onwards, but interim findings, where practical are already being implemented, including the recruitment of additional project and financial capacity. 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 programme

	Opening Programme £000's	Expenditure in 2022/23 £000's	Forecast Spend in 2022/23 £000's	Future Years Forecast Spend £000's
Communities	13,552	1,697	4,288	9,264
Corporate & Improvement	52,113	3,479	5,392	46,721
Environment	2,869	1,012	1,749	1,120
Place & Client	36,845	1,536	12,154	24,691
Other Projects	892	423	681	211
Housing Revenue Account	61,785	18,197	39,800	21,985
Total Capital Programme	168,056	26,343	64,064	103,992

5.2 Capital expenditure in quarter 3 was £26.3m against a forecast programme of £64.1m. This represents 41% of the forecast spend. At a similar stage in 2021/22 capital expenditure was £23.4m and 38% 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 Name	£000's	
E Cargo	157	Air quality grant for e cargo bikes
Stanway Community Centre	30	Contribution from the parish council for additional works

Rowan House	40	COMF contribution for Rowan House
Light Fleet replacement	20	Keep Britain Tidy grant
Disabled Facility Grant	1,452	Grant funding
Rowan House Refurbishment	205	Contribution from Essex County Council and Colchester Borough Homes
Lorkin Daniell Playing field	11	S106 funding for projects delivered externally
West End Bowls Club	15	
Great Tey Playing field	79	
Prior St Mosque	6	
Gilberd School floodlights	87	
All Saints Church	175	
North Station footbridge	10	

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

5.4 The RAG status is currently being reviewed as part of the Peer Challenge Capital Review. The objective is to provide meaningful analysis of a project by time, cost and delivery scope. It is noted that the comments from last cabinet paper was Councillors would like to see a percentage given rather than a RAG status and this is currently being worked on.

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

Project Name	Opening Programme	Expenditure to Date for 2022/23	Remaining Balance	Forecast Spend in 2022/23	Forecast Spend in 2023 and beyond	Overall RAG Status
Private Sector Renewals - Loans and Grants	286	0	286	75	211	Amber
Sustainable warmth - Decent Homes	690	37	653	690	0	Amber
Mandatory Disabled Facilities Grants	8,123	493	7,630	1,393	6,730	Amber
Stanway Community Centre	995	1,053	(58)	1,100	(105)	Amber
Stanway Toucan crossing	200	0	200	0	200	Amber
Mill Road Rugby Club	1,821	10	1,811	250	1,571	Amber
All Saints Church, S106	174	174	0	174	0	Green
St Nicholas Square	1,156	34	1,122	500	656	Red
Mercury Theatre Redevelopment Phase 2	106	(105)	211	106	0	Amber
Communities	13,552	1,697	11,855	4,288	9,264	
Shrub End Depot	1,114	118	996	343	771	Green
Light Fleet Replacement	681	204	478	400	281	Green
Fleet Upgrade Caged Tipplers	538	538	0	538	0	Green
Castle Park Cricket Pavilion Extension S106	106	117	(11)	106	(0)	Amber
Garrison Gym Playground	306	0	306	306	0	Green
Vineyard Car Park Lift Replacement	125	36	88	57	68	Green
Environment	2,869	1,012	1,857	1,749	1,120	
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	447	0	447	0	447	Green
Lending to new Council Housing Company	26,700	0	26,700	0	26,700	Amber
Equity Investment in CCHL	5,800	0	5,800	0	5,800	Amber
Facility Loan to CAEL	1,220	100	1,120	500	720	Amber
Rowan House refurbishment	3,773	3,221	552	4,387	(614)	Amber
E-Cargo	157	12	145	157	0	Green
Colchester Northern Gateway Heat Network	5,816	145	5,671	348	5,468	Amber
Micro Grid / Solar Farm	5,700	0	5,700	0	5,700	Green
Fieldgate Quay	2,500	0	2,500	0	2,500	Amber
Corporate & Improvement	52,113	3,479	48,634	5,392	46,721	
CNG Recreational Play Equipment	250	0	250	0	250	Amber
CNG Wastewater Improvements Pumping Station	236	25	210	100	136	Amber
Town Centre	1,726	0	1,726	0	1,726	Amber
CNGN - Sports Park	521	61	460	250	271	Amber
CNGS - Detailed Planning	453	163	290	453	(0)	Green
CNGS - The Walk	192	41	151	192	(0)	Green
CNGS - Infrastructure	2,477	157	2,320	700	1,777	Green
Grow-on - former Queen St Bus Depot	5,231	420	4,811	1,084	4,147	Red
Wilson Marriage Digital skills hub	689	0	689	689	0	Green
5G	794	27	768	794	0	Green
Improved Youth Provision (ECC)	1,290	0	1,290	1,290	0	Green
Town Cen to Greenstead & Uni Cycle	4,562	17	4,545	859	3,704	Green
Essex County Hospital	489	489	0	464	24	Green
Balkerne Gate Phase 2	918	2	916	918	0	Green
Holy Trinity Square	862	2	860	862	0	Green
Kerbless & Green Streets	807	1	807	364	443	Green
Jumbo	1,059	75	984	1,059	0	Green
Holy Trinity Church	505	1	504	505	0	Green
Land Acquisition	2,272	9	2,263	1,000	1,272	Green
HOG - Tamerick Way - new homes	5,000	0	5,000	0	5,000	Green
HOG - Community Health & Wellbeing	5,864	29	5,836	100	5,764	Green
HOG - Essex Pedal Power	320	10	310	320	0	Green
HOG - Liveable Neighbourhood	150	8	142	150	0	Green
Development work and programme fees	177	0	177	0	177	Green
Place & Client	36,845	1,536	35,309	12,154	24,691	
Housing Improvement Programme	19,577	5,227	14,350	39,800	21,985	Amber
Housing ICT Development	377	0	377			
Sheltered Accommodation	12,604	3,376	9,228			
Adaptations to Housing Stock	768	395	373			
Council House New Build	12,113	258	11,855			
Purchase of properties - HRA	10,880	5,285	5,595			
New Build on Garage Sites	2,319	925	1,395			
Property Purchase - 100 Homes	3,147	2,731	416			
Housing Revenue Account	61,785	18,197	43,588	39,800	21,985	
Other Projects	892	423	469	681	211	Green
TOTAL CAPITAL PROGRAMME	168,056	26,343	141,712	64,064	103,992	

Comments on red rated schemes:

St Marks Community Centre
Timing: Tendering and approval delays will affect delivery (as well as cost)
Cost: Need additional funding and costs are rising
Delivery: Awaiting decision on budget to appoint contractor, options are being explored by appointed QS
Approved Budget: £1.8m
Grow On – Former Queen Street
Timing: CAT due to start on site and tender nearly ready, so programme stabilising
Cost: There is major concern around costs given the amount the demolition has taken so far and the impact of inflation and rising prices on the tender returns
Delivery: Delays to demolition due to structural issues that is having a big impact on costs.
Approved Budget: £5.2m
St Nicholas Square
Timing: Delays due to highways and material 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: £1.3m

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.