

22nd June 2021

Report of	Assistant Director Corporate and Improvement	Author Paul Cook Lily Malone
Title	Capital Expenditure Outturn 2020/21	
Wards affected	Not applicable	

1 Executive Summary

- 1.1 This report sets out the Council's Capital Programme against budget for the financial year 2020/21. 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 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 financial year 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 Scrutiny

- 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 Since the revised 2020/21 programme was approved by Council, capital allocations have been increased for some projects.

The Capital Programme was reset for 2021/22 and later years as part of setting the 2021/22 Budget. This report does not include new schemes agreed in budget setting as they do not affect the 2020/21 outturn. They will be included in future reports for 2021/22. This report compares 2020/21 final expenditure to the revised 2020/21 Capital Programme, including any cost increases approved by Cabinet for schemes.

- 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:

- 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.

5 Quarterly Capital Monitoring Position and 2020/21 Outturn

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

Service	Programme	20/21 Outturn	2020/21 Revised Programme	Future Years' Forecast
	£'000	£'000	£'000	£'000
Communities	9,464	5,200	4,706	4,758
Environment	3,488	877	1,457	2,031
Corporate & Improvement	41,654	2,114	3,714	37,940
Revolving Investment Fund (RIF)	18,447	12,161	14,824	3,623
Housing Revenue Account	49,693	20,631	27,675	22,018
Total Capital Programme	122,746	40,983	52,376	70,370
<i>Total of proposed New Schemes (inc. the Town Deal projects) *</i>	224,685			224,685
Total on Resetting the Capital Programme*	347,431	40,983	52,376	295,055

* The Capital Programme is dynamic with forecast figures changing as individual projects develop.

5.2 Capital expenditure was £41m against a revised programme of £52.4m. This represents 78% of the projected budget. At a similar stage in 2019/20 capital expenditure was £46.2m and 87% of the budget.

5.3 Since the quarter 3 review of the programme by Cabinet in March 2021, the programme has increased.

5.4 The schemes with the largest underspends in 2020/21 are as below:

Scheme	Variation £'000	Reason
Property Purchase - 100 Homes	(3,747)	21 out of the 25 homes purchased in 20/21 still have outstanding repair work due to be completed on them at a value of £428k. A further 20 properties in the legal process of being purchased did not complete by year end (estimated value £4m).
Housing Improvement Programme	(1,916)	The HIP is multiple workstreams and each has a different reason attached. The main underlying issue is related to the first Covid lockdown during which the construction industry was effectively closed for 5 months. Once reopen the impact of the closure was felt for the remainder of the year in interrupted supply chains, unavailable staff resource and being unable to achieve social distancing and safe systems of work when working in tenants' homes.
CNGS - Infrastructure	(1,143)	This project has been put on hold awaiting outcome of a feasibility study of the microgrid

		which could have an impact on the energy requirements of the site.
LFFN Broadband	(947)	The delivery period for this project was extended by DCMS due to Covid-19's impact on suppliers and the ability to deliver works, with further elements of the project delayed to protracted difficulties in obtaining street works permits. It is anticipated that the entire assigned budget will have been spent by 30 June 2021, the extended deadline determined by DCMS.
Purchase of properties - HRA	(917)	2 properties did not complete before year-end (value £376k including works). 9 properties which were purchased still have repair work due to be completed. Outstanding works costs are estimated to be £409k
New Build on Garage Sites	(673)	There were restricted working pressures on the project sites due to Covid19. Covid19 also had an impact on the supply chain. Other delays on the sites were due to adverse weather and difficulties securing licences.

- 5.5 The schemes which are showing an overspend are being mitigated with additional funding as approved on the Resetting the Capital Programme Report presented to Cabinet in January 2021 and this will be reflected in the 2021/22 Capital Programme reporting.
- 5.6 The actual expenditure for the year and updated commentary from the budget holders is detailed in Appendix A.
- 5.7 Appendix A shows the actual expenditure for all schemes with a remaining budget of £100k or more. The Other Schemes section include feasibility projects which have had further budget approval as per the Resetting the Capital Programme Report and will be reflected in the 2021/22 Capital Programme reporting. These schemes are St Marks Community Centre and Queen Street Grow On Facility.
- 5.8 Appendix A includes a RAG (Red, Amber and Green) status of overall project performance against capital schemes. This has been updated with revised criteria showing an individual status for three aspects of a project – time, cost, and delivery. The criteria for the RAG is the corporate standard, and has been assessed by the project manager.
- 5.9 The current RAG position and comments against amber and red RAG rated schemes is detailed 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. 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.

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, 27th January 2021

Appendix A

	Total Approved Budget	Previous Years Spend	Remaining Budget	Accrued spend to Q4	Forecast 2020/21	Spend against forecast	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	RAG Status		
	£000	£000	£000	£000	£000	%	£000	£000	£000	Deliver y	Time	Cost
Lending to new Council Housing Company	28,800	400	28,400	1,100	1,200	92%	19,800	7,400	0	G	G	G
Property Purchase - 100 Homes	22,000	N/A	22,000	4,753	8,500	56%	13,500	0	0	G	G	G
Housing Improvement Programme	8,747	N/A	8,747	6,831	8,747	78%	0	0	0	G	G	G
CNGN - Sports Park	28,838	20893	7,945	7,426	7,531	99%	339	75	0	A	A	G
Purchase of properties - HRA	6,992	N/A	6,992	6,075	6,992	87%	0	0	0	G	G	G
New Build on Garage Sites	6,160	N/A	6,160	927	1,600	58%	4,560	0	0	A	A	A
Equity Investment in CCHL	7,300	1500	5,800	0	300	0%	5,500	0	0	G	G	G
Council House New Build	4,358	N/A	4,358	743	400	186%	3,958	0	0	G	A	G
Mandatory Disabled Facilities Grants	3,966	N/A	3,966	825	721	114%	1,280	1,280	685	A	A	A
Colchester Northern Gateway Heat Network	4,407	512	3,896	111	100	111%	2,862	454	480	G	A	G
LFFN Broadband	3,436	250	3,186	2,239	3,186	70%	0	0	0	A	G	G
CNGS - The Walk	3,471	429	3,042	2,017	2,292	88%	600	150	0	A	A	A
Mercury Theatre Redevelopment Phase 2	8,067	5183	2,884	3,857	2,884	134%	0	0	0	G	G	G
Town Centre	4,836	2857	1,979	0	9	0%	1,970	0	0	A	A	A
Stanway Community Centre	1,892	48	1,844	143	450	32%	1,394	0	0	G	G	G
Facility Loan to CAEL	2,520	900	1,620	100	500	20%	700	420	0	G	G	G
CNGS - Infrastructure	1,320	65	1,255	112	1,255	9%	0	0	0	G	G	G
Shrub End Depot	1,056	44	1,012	23	312	7%	700	0	0	R	R	R
Sheltered Accommodation	740	N/A	740	829	740	112%	0	0	0	G	G	G
Light Fleet Replacement	726	N/A	726	0	0	N/A	726	0	0	A	A	G
Adaptations to Housing Stock	696	N/A	696	473	696	68%	0	0	0	G	G	G
Food Waste Vehicles	618	N/A	618	618	618	100%	0	0	0	G	G	A
Fleet Upgrade Caged Tipplers	520	N/A	520	0	40	0%	480	0	0	A	A	G
CCTV Monitoring	527	68	459	247	459	54%	0	0	0	A	G	G
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	1,708	1261	447	0	447	0%	0	0	0	G	G	G
Private Sector Renewals - Loans and Grants	378	N/A	378	92	305	30%	73	0	0	A	A	A
Waste Fleet Vehicles	4,967	4647	320	151	320	47%	0	0	0	G	G	G

Pre development/feasibility funds	250	0	250	0	0	N/A	250	0	0	G	G	G
Laptops	232	N/A	232	232	232	100%	0	0	0	G	G	G
E-Cargo	137	N/A	137	137	137	100%	0	0	0	G	A	G
Castle Park Cricket Pavilion Extension S106	125	0	125	0	0	N/A	125	0	0	G	G	G
Leisure World Pool View	120	N/A	120	2	0	N/A	120	0	0	G	A	G
Sport & Leisure Asset Review	120	0	120	0	0	N/A	120	0	0	G	G	G
St Botolphs Public Realm	155	37	118	0	118	0%	0	0	0	A	A	A
LED Lighting - MSCP	116	N/A	116	85	116	73%	0	0	0	G	G	G
Rowan House EV Charging Points	114	N/A	114	0	0	N/A	114	0	0	A	A	G
Colchester Leisure World - Roof	140	37	103	98	103	95%	0	0	0	G	G	G
Other Schemes			1,321	737	1,066	69%	221	34	0			
Total			122,746	40,983	52,376	78%	59,392	9,813	1,165			

Comments on red rated schemes:

Shrub End Depot
Timing: Delays due to operational changes during the pandemic. Works expected during 2021/22 following Neighbourhood Services restructure and post-Covid operating model. Further strategic options for the depot may be developed as a second phase alongside future waste strategy options, the EV fleet transition plan and review of the grounds maintenance contract.
Cost: Forecast costs are over budget, to be reviewed in Q1 2021/22.
Delivery: Delivery impacted by pandemic response, consequent operational changes and revised planning assumptions to help 'future-proof' the project.
Approved Budget: External funding contribution £0 CBC funding contribution £1m Total £1m

Comments on amber rated schemes:

Lending to Housing Company
The comments below apply also to the later row equity investment in Colchester Commercial Holdings Limited.
Timing: Creffield Road gained permission in 2019 and completed a land transfer on 27 February 2020. The site is in full construction and will complete by end of June 2021.
The other two sites in the programme will be delivered but the advances will be made mainly in 2021/22.
There are delays in the determination of the Northern Gateway South planning application which includes the Mill Road housing site. There is an expectation to build 350 (105 affordable, 245 private) houses at Mill Road.
At St Runwald Street the initial scheme has been revised to 36 apartments, 30% will be affordable, but still needs to navigate the planning process prior to any land disposal and related equity investment. A Red book valuation is being prepared to establish a land value based upon the revised scheme.
Cost: Remains on budget.
Delivery: High due to the intrinsic links to the wider Northern Gateway and traffic modelling for this whole growth area.
Approved Budget: External funding contribution £0 CBC funding contribution £28.8m Total £28.8m
Property Purchase – 100 Homes
Timing: The project is still on track to deliver 100 homes by March 2022
Cost: The project is being delivered within budget. The underspend in this first year is partly due to profiling - 20 properties did not complete to full purchase by year-end; and partly due to outstanding works and repair costs to the properties that have been purchased.
Delivery: The purchases are in-line with the project plan of 100 homes purchased by the end of March 2022. 25 properties purchased since approval given in September 2020 and 20 properties in the process of being purchased but did not complete before year-end.

Approved Budget: External funding contribution £0 CBC funding contribution £22m Total £22m
Housing Improvement Programme
Timing: Planned accelerated delivery for 2021/22
Cost: There is an underspend for 2020/21
Delivery: Experiencing access issues to tenants' homes due to pandemic.
Approved Budget: External funding contribution £0 CBC funding contribution £8.7m Total £8.7m
Purchase of Properties - HRA
Timing: Acquisitions of properties are being delivered on time and in line with the project plan.
Cost: The acquisitions are being delivered within the predicted budget. The underspend is due to two properties not completing before year end and outstanding repair and work to bring the homes up to a lettable standard which had yet to be completed by year-end.
Delivery: 34 homes purchased in 2020/2021, exceeding the target of 30 properties.
Approved Budget: External funding contribution £0 CBC funding contribution £7m Total £7m
New Build on Garage Sites
Timing: Buffet/Scarfe Way completion September/October 21. Hardings Close completion June 2021.
Cost: Scope of services agreed with CBC. Currently within budget. However, may have to pay EOT costs to be negotiated with the contractor.
Delivery: There were restricted working pressures on the project sites due to Covid19. Covid19 also had an impact on the supply chain. Other delays on the sites were due to adverse weather and difficulties securing licences.
Approved Budget: External funding contribution £0 CBC funding contribution £6.2m Total £6.2m
Equity Investment in CCHL (CBC investment in Colchester Commercial Holdings Limited)
Timing: See comment on Lending to Housing Company
Cost: See comment on Lending to Housing Company
Delivery: See comment on Lending to Housing Company
Approved Budget: External funding contribution £0 CBC funding contribution £7.3m Total £7.3m
Mandatory Disabled Facilities Grants
Timing: Many applicants are in vulnerable groups and have chosen to delay works and inspections during the pandemic. Restrictions and social distancing measures have slowed contractors onsite. Social Care halted assessments during national lockdowns resulting in fewer referrals for adaptations.
Cost: Despite the pandemic, the team have increased spend on last financial year owing to ongoing process improvement work. The team have been progressing the paperwork for applications in lockdown, in readiness for the inspection phase.

Delivery: Only essential Fast-Track inspections could take place in national lockdowns. Additional resource has been brought in to progress the backlog of works caused by national lockdowns.

Approved Budget: External funding contribution £3.5m | CBC funding contribution £0.5m | Total £4m

LFFN Broadband (Local Full Fibre Network)

Timing: Project proceeding on schedule but there remains potential for delays in granting permits depending on Highways ability to reserve road space.

Cost: On budget at the current time.

Delivery: Complexities surrounding the street permitting applications and traffic management requirements currently affecting the overall delivery of the programme.

Approved Budget: External funding contribution £3.4m | CBC funding contribution £0m | Total £3.4m

Colchester Northern Gateway – The Walk

Timing: Site delays due to the vacating of Colchester Rugby Football Club. Some delays due to the procurement of resin for the bonded surface. This is due to a world shortage of resin due to a number of occurrences worldwide.

Cost: Costs on target, however this is dependant for the Hybrid application approval and virement from Colchester Amphora Homes Limited for infrastructure works installed.

Delivery: Project will still be delivered to the brief approved. There will be a difference in land heights near the former Clubhouse due to the underground infrastructure that is installed beneath The Walk but this is being planned for through the Community Centre project.

Approved Budget: External funding contribution £3.5m | CBC funding contribution £0 | Total £3.5m

Mercury Theatre Redevelopment Phase 2

Timing: Practical completion has been achieved. The Mercury are looking to a 26 June opening with public performances as part of a soft launch commencing on the 28 July.

Cost: This project is within budget as per the funding approval at January Cabinet, there is potential for further funding from external project partners, the additional funding will be reflected in the 2021/22 quarter 1 reporting.

Delivery: Building completed, Mercury working out of the production block and recruiting new staff, new groups starting again.

Approved Budget: External funding contribution £6.9m | CBC funding contribution £1.1m | Total £8m

Colchester Northern Gateway South Infrastructure

Timing: Project on hold pending stage 2 feasibility of the potential microgrid from Colchester Amphora Energy Limited, upon review and acceptance works to recommence feeding in the amended power consumption.

Cost: No costs to report, changes to the initial required power pending microgrid stage 2 works.

Delivery: Infrastructure will still be delivered as required, but some alternative options may become available shortly if the Microgrid is to be implemented.

Approved Budget: External funding contribution £0m | CBC funding contribution £1.3m | Total £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.