

23 November 2021

Report of	Assistant Director Corporate and Improvement	Author Paul Cook ☎ 505861 Lily Malone
Title	Capital Monitoring Report Quarter 2 2021/22	
Wards affected	Not applicable	

1 Executive Summary

- 1.1 This report sets out the Council's Capital Programme against budget for quarter 2 financial year 2021/22. 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 first quarter and the budget forecasts for future years. To review the RAG rating for each scheme as rated by the relevant project manager.
- 2.2 To review the risk analysis on areas where there is a risk of material shortage, inflation, or other increase in costs.

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 The Capital Programme was reset for 2021/22 and later years as part of setting the 2021/22 Budget. This report includes new schemes agreed in budget setting and presents the quarter 2 expenditure of the reset 2021/22 Capital 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:

- 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

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

Service	Programme	2021/22 Q2 Expenditure	2021/22 Capital Programme	Future Years' Forecast
	£'000	£'000	£'000	£'000
Communities	9,648	1,773	4,125	5,523
Environment	3,410	56	1,704	1,706
Corporate & Improvement	41,651	1,188	6,940	34,711
Place and Client	12,270	3,005	7,099	5,171
Housing Revenue Account	53,964	10,663	46,172	7,792
Total Capital Programme	120,943	16,685	66,040	54,903

5.2 Capital expenditure was £16.7m against a forecast programme of £66m. This represents 25% of the projected budget. At a similar stage in 2020/21 capital expenditure was £15.7m and 24% 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
Recreational Ground Old Heath	122.9	Improvement works to recreational and sport facilities.
Priory Street Mosque	10.0	Contribution towards refurbishments to the Mosque.

5.4 There has been capitalised maintenance approved by Performance Management Board and the relevant Portfolio Holder for funding from Repairs and Renewals Reserves or Building Maintenance Plan which will be added into the capital programme in the next quarter.

Project	£'000	Summary
Leisure World Access Control Gates	38.0	Replacement of turnstile gates
Leisure World Pool Filters	77.6	Refurbishment of pool filters throughout Leisure World
Town Hall Boilers	136.0	Replacement of boiler flue

5.5 The Town Deal projects will be included in the Capital Programme once the individual project detail has been finalised.

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

5.6 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.

- 5.7 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 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 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 – None

Appendix A

Summary	Total Approved Budget	Previous Years Spend	Total Programme	Accrued spend to Q2	Forecast 2021/22	Spend against forecast	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Delivery	Timing	Cost
Lending to new Council 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	6,679	16,672	40%	575	0	0	A	G	G
Housing Improvement Programme	14,439	0	14,439	1,754	14,439	12%	0	0	0	G	G	G
Purchase of properties - HRA	7,417	0	7,417	35	200	18%	7,217	0	0	A	G	G
Sheltered Accommodation	6,611	0	6,611	370	6,611	6%	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 - former Queen St Bus Depot	4,677	37	4,640	141	3,410	4%	1,230	0	0	A	A	A
Mandatory Disabled Facilities Grants	5,418	825	4,593	456	900	51%	1,280	1,280	1,134	A	A	A
New Build on Garage Sites	4,273	0	4,273	739	4,273	17%	0	0	0	G	A	A
Colchester Northern Gateway Heat Network	4,492	623	3,869	74	2,850	3%	539	480	0	A	A	A
Council House New Build	2,900	0	2,900	844	2,900	29%	0	0	0	G	A	A
Town Centre	4,836	2,857	1,979	24	230	10%	1,000	749	0	G	A	G
Stanway Community Centre	1,892	191	1,701	85	1,001	8%	700	0	0	A	A	A
Facility Loan to CAEL	2,520	1,000	1,520	200	700	29%	620	200	0	A	A	A
St Marks Community Centre	1,500	0	1,500	11	600	2%	800	100	0	G	G	A
CNGS - Infrastructure	1,670	177	1,493	0	250	0%	1,243	0	0	A	A	A
Rowan House Regeneration	1,327	0	1,327	36	995	4%	332	0	0	A	A	R
CNGS - The Walk	3,471	2,446	1,025	1,634	1,025	159%	0	0	0	G	G	A
Shrub End Depot	1,056	67	989	4	289	1%	700	0	0	G	G	A

LFFN Broadband	3,645	2,697	948	1,205	948	127%	0	0	0	A	A	R
Adaptations to Housing Stock	760	0	760	204	760	27%	0	0	0	G	G	G
Light Fleet Replacement	726	0	726	0	676	0%	50	0	0	A	A	G
St Nicholas Square & Balcerne Gardens	695	82	613	21	613	3%	0	0	0	R	R	R
Rowan House Ventilation System	528	0	528	30	308	10%	212	8	0	A	A	A
Fleet Upgrade Caged Tippers	520	0	520	0	0	NA	520	0	0	A	A	A
CNGN - Sports Park	28,838	28,319	519	-69	339	-20%	180	0	0	A	G	G
CNGS - Detailed Planning	1,498	987	511	48	511	9%	0	0	0	G	A	G
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	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	NA	306	0	0	G	A	G
Mercury Landscaping Works	350	55	295	104	295	35%	0	0	0	G	G	G
Private Sector Renewals - Loans and Grants	375	89	286	21	86	24%	200	0	0	A	A	A
Mercury Theatre Redevelopment Phase 2	9,313	9,040	273	982	273	360%	0	0	0	G	G	R
Leisure World conversion of artificial pitch	250	0	250	0	250	0%	0	0	0	G	G	G
CNG Recreational Play Equipment	250	0	250	0	0	NA	250	0	0	G	G	G
CNG Wastewater Improvements Pumping Station	250	0	250	0	50	0%	200	0	0	A	A	A
Pre development/feasibility funds	250	0	250	0	0	NA	250	0	0	G	G	G
CCTV Monitoring	528	315	213	193	213	91%	0	0	0	G	A	G
Waste Fleet Vehicles	2,816	2,647	169	0	169	0%	0	0	0	G	G	G

Vineyard Car Park Lift Replacement	130	0	130	0	130	0%	0	0	0	G	G	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	6	123	5%	0	0	0	G	G	G
Sport & Leisure Asset Review	120	0	120	0	0	NA	120	0	0	NA	NA	NA
Leisure World Pool View	120	2	118	3	118	3%	0	0	0	G	G	G
St Botolphs Public Realm	155	37	118	0	118	0%	0	0	0	R	R	G
Rowan House EV Charging Points	114	0	114	23	0	NA	114	0	0	A	G	G
Walls - new merged scheme	110	19	91	3	91	3%	0	0	0	A	A	G
Other Projects			950	187	835	22%	115	0	0			
Total			120,943	16,685	66,040	25%	50,953	2,817	1,134			

Comments on red rated schemes:

St Nicholas Square
Timing: Delays due to the re-tender of construction contract, the graveyard sale, and highways queries.
Cost: Contract tenders currently out, but due to rising costs it is likely they will be over our current construction budget.
Delivery: Complex project with many interdependencies and land ownerships that are difficult to coordinate.
Approved Budget: External funding contribution £0.7m CBC funding contribution £0 Total £0.7m
St Botolphs Public Realm
Timing: On hold pending Alumno developments.
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

Comments on amber rated schemes:

Property Purchase – 100 Homes
Timing: This project is currently on target to acquire the 100 properties by March 2022.
Cost: Given the change in the market, there is a possibility we may need to consider carrying forward some of the budget to acquire the remaining properties in 22-23
Delivery: The purchase and acquisition element of this project is green, repairs still need to be carried out.
Approved Budget: External funding contribution £0 CBC funding contribution £22m Total £22m
Purchase of Properties – HRA
Timing: Unlikely CBC will be able to acquire the 30 properties for 21-22 in the 5 year acquisition programme, due to an insufficient, suitable supply on the open market
Cost: The acquisitions are forecast to be delivered within the predicted budget.
Delivery: We have not competed on any properties this year as the focus is on purchasing the 100 Homes. Expected to acquire 60 properties over the following two financial years.
Approved Budget: External funding contribution £0 CBC funding contribution £7.4m Total £7.4m
Grow On – Former Queen Street Bus Depot
Timing: Demolition timelines are longer than forecast but will involve very careful works particularly around queen street and the roman wall.
Cost: Demolition & Archaeological costs above budget. Main scheme not yet fully costed as the tender pack is not complete.

Delivery: Project and site are complex with a myriad of interdependencies, party walls, and complex groundworks and investigations still required.
Approved Budget: External funding contribution £3.7m CBC funding contribution £0.9m Total £4.6m
Mandatory Disabled Facilities Grants
Timing: Applications are progressing, but contractors' availability has impact on spend on time. Referrals from ECC are also lower due to demand on social care.
Cost: Cost of materials are rising as demand continues to be high.
Delivery: Contractors continue to be busy, and materials costs are rising, uPVC items are in short supply. Cases are progressing but lead times continue to be higher than previous years.
Approved Budget: External funding contribution £4.9m CBC funding contribution £0.5m Total £5.4m
New Build on Garage Sites
Timing: Delays due to labour and material shortages. Buffett and Scarfe Way were due to complete October 21. Completion is now due March/April' 22 weather permitting.
Cost: Currently within budget.
Delivery: All sites are being delivered to the agreed brief for the project and 16 homes are being constructed in Phase 2. Phase 3 now started.
Approved Budget: External funding contribution £0 CBC funding contribution £4.2m Total £4.2m
Colchester Northern Gateway Heat Network
Timing: The financial proposition is under review by the Deputy Leader and the Head of Finance following October Cabinet decisions
Cost: Tender return cost for the Energy Centre installation has come back over budget, an increase in the budget was agreed by Cabinet subject to review by the Deputy Leader and Head of Finance.
Delivery: The revised timetable for the project has yet to be determined
Approved Budget: External funding contribution £3.7m CBC funding contribution £0.7m Total £4.4m
Council House New Build
Timing: There are delays on 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. 40 units are currently under construction (Military Road and Elfreda House).
Approved Budget: External funding contribution £0 CBC funding contribution £2.9m Total £2.9m
Stanway Community Centre

Timing: Project has been delayed due to retendering and high costs. Project completion is anticipated for July 2022.
Cost: Anticipated overspend on the construction costs but will be mitigated by S106 contributions.
Delivery: Lease agreement on the building is dependent on pedestrian access works discussions are underway.
Approved Budget: External funding contribution £1.9m CBC funding contribution £0m Total £1.9m
Facility Loan to Colchester Amphora Energy Company
Timing: See comments on the Heat Network.
Cost: See comments on the Heat Network.
Delivery: See comments on the Heat Network.
Approved Budget: External funding contribution £0m CBC funding contribution £2.5m Total £2.5m
St Marks Community Centre
Timing: No delays experienced or expected.
Cost: Anticipated overspend identified, additional funding to be requested.
Delivery: Project progressing well with no obstructions.
Approved Budget: External funding contribution £0m CBC funding contribution £1.5m Total £1.5m
CNGS Infrastructure
Timing: Tender and works to progress for anticipated completion of Summer 22.
Cost: Current costs unknown pending the tender review and returns.
Delivery: Tender and works to progress for anticipated completion of Summer 22.
Approved Budget: External funding contribution £0 CBC funding contribution £1.6m Total £1.6m
Shrub End Depot
Timing: Project on track to revised timeline.
Cost: After thorough costings the project is higher than budgeted in the Capital Programme.
Delivery: Project is progressing well.
Approved Budget: External funding contribution £0 CBC funding contribution £1m Total £1m
LFFN Broadband
Timing: Meeting between contractors and Essex Highways scheduled for early November to agree timescales for completion of last element of civil works.
Cost: Additional funding required to cover project management fees which cannot be claimed from the grant funder and a modest overspend on project delivery.
Delivery: The change to amber underscores the considerable time pressure to get the remaining network elements completed ahead of the deadline. However, it is still envisaged that the project will be completed as planned.

Approved Budget: External funding contribution £3.4m CBC funding contribution £0.2m Total £3.6m
Colchester Northern Gateway – The Walk
Timing: Practical Completion was extended to October 2021 due to issues with supply and demand in the construction industry.
Cost: Contributions from CAEL and CAHL due to the associated infrastructure that has been installed for these two companies are expected. A funding request has been submitted for increased costs.
Delivery: Project has progressed as per brief with no changes to the outcomes.
Approved Budget: External funding contribution £3.5m CBC funding contribution £0 Total £3.5m
Light Fleet Replacement
Timing: Delivery due January - March 2022. Increased delivery times from the pandemic and material shortages.
Cost: Estimated to come within budget.
Delivery: Ten of nineteen vehicles have now been ordered.
Approved Budget: External funding contribution £0 CBC funding contribution £0.7m Total £0.7m
Rowan House Ventilation System
Timing: Uncertain when project will go out to tender.
Cost: Pretender estimate in excess of Salix grant funding estimate.
Delivery: HVAC works package now delayed along with Redevelopment Project.
Approved Budget: External funding contribution £0.5m CBC funding contribution £0m Total £0.5m
Rowan House Regeneration
Timing: There are likely timescale implications and key milestones will be reviewed following a decision on costs/options.
Cost: Pre-tender cost estimates significantly higher than expected for HVAC works and other refurbishment works.
Delivery: Review of costs/options currently underway.
Approved Budget: External funding contribution £0 CBC funding contribution £1.3m Total £1.3m
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: Nineteen vehicles ordered.
Approved Budget: External funding contribution £0m CBC funding contribution £0.5m Total £0.5m
CNGS Sports Park

Timing: Defect repairs are still being undertaken to both the Sports Hub and Rugby Club Building.
Cost: Costs are on target.
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
CNGS Detailed Planning
Timing: Planning Application (Hybrid) has been approved although this was significantly delayed.
Cost: All costs are on target.
Delivery: Works are on progress to allow a Summer 2022 start.
Approved Budget: External funding contribution £0.4m CBC funding contribution £1.1m Total £1.5m
Private Sector Renewals Loans and Grants
Timing: Older applications are progressing. The team is reviewing and reassessing applications where required, balancing cases against newer applications.
Cost: Older applications are progressing. The team is reviewing and reassessing applications where required, balancing cases against newer applications.
Delivery: Older applications are progressing. The team is reviewing and reassessing applications where required, balancing cases against newer applications.
Approved Budget: External funding contribution £0 CBC funding contribution £0.4m Total £0.4m
Mercury Phase 2
Timing: Project has completed.
Cost: Waiting for decisions from grant funders.
Delivery: Project has completed.
Approved Budget: External funding contribution £7.8m CBC funding contribution £1.5m Total £9.3m
CNG 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: Waiting for survey results, if the report does not provide full clarity of existing system, users and required upgrades, we will approach a different Drainage Engineer with more resources to resolve these points. The intention is to appoint a Drainage Engineer on a Design & Build contract to complete the required upgrades.
Approved Budget: External funding contribution £0 CBC funding contribution £0.3m Total £0.3m

Rowan House EV Charging Points
Timing: UKPN works dependant on groundworks being completed.
Cost: Currently on budget however officers await costs for groundworks.
Delivery: Timelines affected due to vehicle delivery dates and the Rowan House project.
Approved Budget: External funding contribution £0m CBC funding contribution £0.1m Total £0.1m
Walls
Timing: Weather window within which works can be undertaken will now be missed due to withdrawal of first contractor. Works therefore to be held until spring 2022.
Cost: Tenders returned within budget, although delay with commencement of works may increase costs if second contractor will not agree to hold tender sum.
Delivery: Delay due to first contractor withdrawing their tender means that works will now be held until the spring.
Approved Budget: External funding contribution £0 CBC funding contribution £0.1m Total £0.1m

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.