



Governance & Audit Committee 10 March 2020

Item
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Report of	Assistant Director – Corporate and Improvement	Author	Paul Cook ☎ 505861
Title	Update on approved capital programme 2019/20		
Wards affected	Not applicable		

1 Action required

- 1.1 To review progress on the 2019/20 capital programme.

2 Reason for Scrutiny

- 2.1 To ensure that spending on projects is within agreed budgets
- 2.2 Projects are delivered to the required level to support service delivery objectives
- 2.3 The Council maximises its available capital resources, supporting the Council's Treasury Management Strategy and associated statutory requirements.
- 2.4 Members have assurance that the key risks associated with the capital programme are being managed to ensure efficient and effective delivery of the programme.
- 2.5 To hold Service Managers and Portfolio Holders accountable for budgets and project delivery.

3 Background and Improved Reporting Arrangements

- 3.1 Since the revised 2019/20 programme approved by Budget Council capital allocations have been increased for some projects with significant changes set out in the table below. These additional allocations are recommended to 11 March 2020 Cabinet. Please note these additional allocations are assumed in the Appendix.

Scheme	Need for increased allocation	19/20 £k	20/21 £k
Colchester Northern Gateway North	Additional Highway Works, revised costs where provisional sums included in the original contract, establishment of additional contract contingency		1,500
Colchester Northern Gateway South	Tenders exceed programme allocation	-310	660

- 3.2 In order to focus monitoring on significant projects reporting changes have been made as set out below.

- 3.2.1 Some significant projects (Colchester Northern Gateway North; Colchester Northern Gateway South; Digital Strategy) have previously been reported as a number of separate rows. These are now combined to give a transparent report of overall project cost.
- 3.2.2 The reporting structure has been revised to treat all projects under £100k total cost as a single combined line.
- 3.2.3 Projects are now reported in order of total value rather than grouped by responsible Assistant Director.
- 3.3 Comments on amber rated projects are set out below. More detail is available in the Appendix. Within the Appendix comments are subdivided into the key project management domains of timing, cost and complexity.
 - 3.3.1 Stanway Community Centre is slightly delayed because of a contamination survey.
 - 3.3.2 There are delays in spending the full allocation for Disabled Facilities Grants. Systems and staffing improvements are being made.
 - 3.3.3 The Shrub End Depot project has been delayed by management changes during which time the opportunity has been taken to improve the scheme design.
 - 3.3.4 Equity advances and lending to be directed to Colchester Amphora Housing Limited are delayed on two projects due to planning issues. This has led to a significant timing delay.
 - 3.3.5 There is a slight timing delay in on the Colchester Northern Gateway Sports Park.
 - 3.3.6 There are also timing delays on the Town Centre allocation.
 - 3.3.7 The Digital Strategy is awaiting final approval of the Government funding

4 .Strategic Plan references

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

5 Financial implications

- 5.1 Within this report

6 Environmental and Sustainability Implications

- 6.1 The Capital Programme reflects the Council's declaration of a Climate Emergency and its commitment to becoming carbon neutral by 2030. The environmental and sustainability implications of individual programmes will be thoroughly assessed with reference to the definition of sustainable development set out in the National Planning Policy Framework.

7 Equality and Diversity Implications

- 7.1 Equality and diversity issues for individual projects are assessed in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

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 **Other standard references**

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

10 **Background papers – None**

Project Update Q3 2019/20 (£k)	Total programme 19/20 onwards	Actual to Q3 19/20	19/20 Forecast	Actual as % of forecast	20/21 Forecast	21/22 Forecast	22/23 Forecast	RAG Status
Lending to Housing Company	28,800	400	400	100.0%	1,400	7,500	19,500	Amber
Colchester Northern Gateway North	24,317	13,657	18,616	73.4%	5,701			Amber
HRA - Housing Improvement Programme	8,663	3,644	8,663	42.1%				Green
HRA - Purchase of properties	7,400	4,353	7,400	58.8%				Green
Equity investment in Housing Company	7,300	1,500	1,500	100.0%	300	5,500		Amber
Mercury Theatre Redevelopment Phase 2	6,631	1,850	3,881	47.7%	2,750			Green
Colchester Northern Gateway South	5,844	417	941	44.3%	4,910			Amber
Colchester Northern Gateway Heat Network	4,089	20	500	4.0%	3,589			Green
HRA - New Build on Garage Sites	3,907	33	407	8.1%	3,500			Green
Mandatory Disabled Facilities Grants	3,459	568	1,222	46.5%	957	1,280		Amber
Digital Strategy	3,450		400	0.0%	3,050			Amber
Waste Fleet Vehicles	2,816	2,529	2,665	94.9%	151			Green
Lending to Energy Company	2,520	800	900	88.9%	700	500	420	Green
Town Centre	2,185	116	500	23.2%	1,685			Amber
Other projects	1,145	383	1,071	35.8%	93			Green
Shrub End Depot	1,041	28	100	28.0%	941			Amber
HRA - Council House New Build	759	310	759	40.8%				Green
HRA - Adaptations to Housing Stock	722	457	722	63.3%				Green

Project Update Q3 2019/20 (£k)	Total programme 19/20 onwards	Actual to Q3 19/20	19/20 Forecast	Actual as % of forecast	20/21 Forecast	21/22 Forecast	22/23 Forecast	RAG Status
Grants to Registered Providers (1-4-1 Right To Buy Receipts Funded)	671	225	225	100.0%	446			Green
Jacks - St Nicholas St	644	389	644	60.4%				Green
HRA - Housing ICT Development	617				617			Green
Heritage Lighting	350	54	350	15.4%				Green
HRA - Sheltered Accommodation	300	61	300	20.3%				Green
Pre-development and feasibility funds	250				250			Green
Private Sector Renewals - Loans and Grants	235	45	62	72.6%	100	73		Green
Castle Park Improvements	183	163	183	89.1%				Green
Digital Strategy	173	86	173	49.7%				Green
Town Hall Boilers	160	115	160	71.9%				Green
East Colchester Enabling Fund	141		141	0.0%				Green
CCTV Monitoring	127	25	127	19.7%				Green
Castle Park Cricket Pavilion Extension S106	125				125			Green
Sport & Leisure Asset Review	120				120			Green
Local Authority Carbon Management (LACM) - Car Park LED lighting	119	4	119	3.4%				Green
Stanway Community Centre	118	22	118	18.6%				Amber
St Botolph's Public Realm	118	2	10	20.0%	108			Green

Project Update Q3 2019/20 (£k)	Total programme 19/20 onwards	Actual to Q3 19/20	19/20 Forecast	Actual as % of forecast	20/21 Forecast	21/22 Forecast	22/23 Forecast	RAG Status
Walls	110	15	13	115.4%	50	47		Green
Totals	119,609	32,271	53,272	60.6%	31,543	14,900	19,290	

Comments on amber rated schemes

Lending to Housing Company

The comments below apply also to the later row equity investment in housing company

Timing: Creffield Road gained permission in 2019 and completed a land transfer on 27 February 2020. The site is on course to start construction soon and complete in March 2021.

The other two sites in the programme will be delivered but the advances will be made mainly in 2021/22. The Council will gain dividend income from the house sales as the schemes roll forward

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 but still needs to navigate the planning process prior to any land disposal and related equity investment.

Cost: remains on budget.

Complexity: High due to the intrinsic links to the wider Northern Gateway and traffic modelling for this whole growth area.

Colchester Northern Gateway North

Timing: Target Sports Hub completion of May 2020 has been pushed back to practical completion of August opening September 2020.

Cost: Work ongoing with funders to meet funding criteria and with end users of the completed Sports Hub facility.

Complexity: No new issues
Colchester Northern Gateway South
Timing: Some delays on completion of the Boulevard
Cost: Increased cost on receipt of tenders
Complexity: No new issues
Mandatory Disabled Facilities Grants
<p>Timing: There have been a total of 69 grants paid as of 14.2.20.</p> <p>Total spend is £676,466 year to date. There are 40 grants approved with a total commitment standing at £393,621 at the end of Quarter 2. Total Spend and commitment is £1,070,087.</p> <p>There was a total of 62 DFGs completed in 2018/19, compared to 80 in 2017/18</p>
Cost: The grant funding is ringfenced to this purpose
<p>Complexity: The Healthy Homes Team have worked with the Business Improvement Team to reduce grant and loan processing time by finding efficiencies, and to review and update the Financial Assistance Policy. A new grant process will be implemented in April 2020. This work will also support the transfer of an optimised process into the new Northgate system, ensuring an inefficient process is not replicated.</p> <p>Ways are being identified to improve efficiency by transferring to a Ferret Information Systems digital applications form system, offered by. This will reduce the need for physical paperwork when administering grant applications. Northgate migration is scheduled for June/July 2020. This new system is expected to bring greater efficiency and improve the customer experience.</p>
Town Centre
Timing: The programme will be delivered but some spend in 2020/21.
Cost and complexity: No new issues
Shrub End Depot

Timing: There has been some time taken to get new management up to speed on the project.
Cost: No variations to report
Complexity: During this time careful consideration is being taken on the impact of any changes; this has included consultation with a Waste and Transfer Station specialist. An initial conversation has also been had with a workspace specialist. Draft master plans will start to be drawn up shortly.
Stanway Community Centre
Timing: Three weeks late due to contamination surveys on site.
Complexity: No variance to report
Cost: No variance to report