



# Cabinet

8 July 2020

Item  
**8(iii)**

**Report of** Assistant Director – Corporate and Improvement Services

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**Title** Capital Outturn 2019/20

**Wards affected** Not applicable

## 1 Executive Summary

1.1 This report sets out the Council's capital programme performance against budget for the financial year 2019/20. The capital programme covers both General Fund services and the HRA Housing investment Programme. The capital programme also includes the Revolving Investment Fund (RIF).

1.2 Capital expenditure was £46.233m against a revised programme of £53.401m.

1.3 Capital programme revisions to reprofile underspending schemes and make new allocations for 2020/21 and later financial years are included in the budget update elsewhere on the Cabinet agenda.

## 2 Recommendations

2.1 To approve the 2019/20 Capital Outturn.

## 3 Reason for Recommended Decision

3.1 The Capital Programme is a key element of service delivery.

## 4 Alternative Options

4.1 None

## 5 Background Information

5.1 It should be noted that the capital programme mainly consists of schemes with spending planned across several years. Financial variances within a single financial year may occur due to one or more factors including:

- Delays in the progress of schemes
- Changes in the timing of payments
- Changes to scheme design
- Additional costs

5.2 Capital spending for 2019/20 totalled £46.2m. This represents 87% of the projected budget.

5.3 2019/20 expenditure at the summary level was

- Housing Revenue Account £15.6m
- Revolving Investment Fund £19.0m
- General Fund excluding RIF £11.6m

- 5.4 The 2019/20 capital outturn does not include new budgets identified in the Council's Capital Strategy including New Strategic Priorities and 100 Homes as these do not affect the 2019/20 outturn. They will be included in reports for 2020/21.
- 5.5 Comments on amber rated projects are set out in the Appendix. These are subdivided into the key project management domains of timing, cost and complexity.
- 5.6 In comparison 2018/19 capital expenditure was £25.1m. This was 81% of programme.
- 5.7 The five schemes with largest underspends in 2019/20 are as below:

<b>Scheme</b>	<b>£000 Variation</b>	<b>Reason</b>
Colchester Northern Gateway – Sports Park	(1,166)	Variance is a timing issue and a revised project cashflow is being developed.
HRA Purchase of Properties	(992)	4 properties planned for completion in 19/20 delayed due to Covid-19. Funding has been carried forward to 20/21 for when they complete.
Housing Improvement Programme	(949)	Underspends across various workstreams including Emergency Capital and Capital voids. There is a carry forward request for Sheltered Fire Doors.
Colchester Northern Gateway South	(721)	Works started on site in June, so variance is a timing issue.
HRA - Council House New Build	(651)	Timing of projects means costs will carry over into the next financial year.

- 5.8 Other significant underspends
- 5.8.1 Town Centre (£479k) – now spending in 2020/21.
- 5.8.2 Mandatory Disabled Facility Grants (£478k) – new system being introduced.
- 5.8.3 Colchester Northern Gateway Heat Network (£306k) - delayed in achieving planning permission by one year and installation and testing overrun by 3 months.
- 5.9 Within the heading “Other Projects” the Garrison Gym project overspent by £13k. This overspend has been funded from capital receipts as part of the financing of the 2019/20 capital expenditure.
- 5.10 There are some other small overspends reported in the Appendix. These can be addressed by budget virements.

## **6 Equality, Diversity and Human Rights implications**

- 6.1 Not required for this recommended decision

## **7 Strategic Plan references**

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

## **8 Financial implications**

- 8.1 Within this report

## **9 Environmental and Sustainability Implications**

- 9.1 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.

## **10 Equality and Diversity Implications**

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

## **11 Risk management implications**

- 11.1 Risk management issues are considered as part of individual capital projects. Currently the key risk within the capital programme 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.

## **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.

## **13 Background papers – None**

<b>Project Update Q4 19/20</b>	<b>Total Programme £'000</b>	<b>Actual Spend Q4 19/20 £'000</b>	<b>Forecast 2019/20 £'000</b>	<b>Spend against forecast %</b>	<b>Forecast 2020/21 £'000</b>	<b>Forecast 2021/22 £'000</b>	<b>Forecast 2022/23 £'000</b>	<b>RAG Status</b>
Lending to new Council Housing Company	28,800	400	400	100%	1,400	7,500	19,500	Amber
CNGN - Sports Park	24,316	17,449	18,615	94%	5,701	0	0	Amber
Housing Improvement Programme	8,663	7,714	8,663	89%	0	0	0	Green
Purchase of properties - HRA	7,400	6,408	7,400	87%	0	0	0	Green
Equity Investment in CCHL	7,300	1,500	1,500	100%	300	5,500	0	Amber
Mercury Theatre Redevelopment Phase 2	6,731	3,838	3,881	99%	2,850	0	0	Amber
CNGS (including The Walk)	5,844	523	1,244	42%	4,600	0	0	Green
Colchester Northern Gateway Heat Network	4,089	194	500	39%	3,589	0	0	Green
New Build on Garage Sites	3,907	333	407	82%	3,500	0	0	Amber
Mandatory Disabled Facilities Grants	3,459	744	1,222	61%	957	1,280	0	Amber
Digital Strategy - works	3,413	227	363	63%	3,050	0	0	Green
Waste Fleet Vehicles	2,816	2,552	2,665	96%	151	0	0	Green
Facility Loan to CAEL	2,520	900	900	100%	700	500	420	Green
Town Centre	2,120	21	435	5%	1,685	0	0	Amber
Shrub End Depot	1,041	28	100	28%	941	0	0	Amber
Other Projects	1,231	518	1,128	46%	117	0	0	Green
HRA - Council House New Build	759	108	759	14%	0	0	0	Amber
HRA - Adaptations to Housing Stock	722	762	722	106%	0	0	0	Green
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	671	225	225	100%	446	0	0	Green
Jacks - St Nicholas St	644	666	644	103%	0	0	0	Amber

CCTV Monitoring	391	40	141	28%	250	0	0	Green
Heritage Lighting	350	323	350	92%	0	0	0	Green
Sheltered Accommodation	300	323	300	108%	0	0	0	Green
Pre development/feasibility funds	250	0	0	N/A	250	0	0	Green
Private Sector Renewals - Loans and Grants	235	57	62	92%	100	73	0	Green
Castle Park Improvements	183	163	183	89%	0	0	0	Green
Town Hall - Boilers	160	117	160	73%	0	0	0	Green
East Colchester Enabling Fund	141	0	141	0%	0	0	0	Green
Colchester Leisure World - Roof	140	37	31	119%	109	0	0	Green
Castle Park Cricket Pavilion Extension S106	125	0	0	N/A	125	0	0	Green
Sport & Leisure Asset Review	120	0	0	N/A	120	0	0	Green
Local Authority Carbon Management (LACM) - Car Park LED lighting	119	4	119	3%	0	0	0	Green
Stanway Community Centre	118	44	118	37%	0	0	0	Amber
St Botolphs Public Realm	118	0	10	0%	108	0	0	Green
Housing ICT Development	117	0	0	N/A	117	0	0	Green
Town Walls	110	15	13	115%	50	47	0	Green
<b>Totals</b>	<b>119,423</b>	<b>46,233</b>	<b>53,401</b>	<b>87%</b>	<b>31,216</b>	<b>14,900</b>	<b>19,920</b>	

#### Comments on amber rated schemes:

#### Lending to Housing Company

The comments below apply also to the later row equity investment in CCHL.

**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:** There was a target Sports Park completion of May 2020. The estimated practical completion is now October 2020.

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

**Complexity:** There has been a revision to the Sports Park building which is now having a balcony built causing the further delay to practical completion.

#### Colchester Northern Gateway South

**Timing:** The Walk contract and associated infrastructure works started June 2020

**Cost:** Increased cost on receipt of tenders

**Complexity:** No new issues

#### Equity Investment in CCHL

**Timing:** see comment above

<b>Cost:</b> see comment above
<b>Complexity:</b> see comment above
<b>Mercury Theatre Redevelopment Phase 2</b>
<b>Timing:</b> Practical completion is estimated for December 2020
<b>Cost:</b> Due to additional costs being not originally included in the budget, there is a significant risk that the scheme will overspend.
<b>Complexity:</b> Works will continue with progress being monitored
<b>New Build on Garage Sites</b>
<b>Timing:</b> Construction planned for August 2020
<b>Cost:</b> No variations to report
<b>Complexity:</b> 3 of the 5 sites have planning permission
<b>Mandatory Disabled Facilities Grants</b>
<p><b>Timing:</b> There have been a total of 74 grants paid in year 2019/20.</p> <p>Total spend is £744,330 year to date. There are 46 grants approved with a total commitment standing at £457,574 at the end of Quarter 4. Total Spend and commitment is £1,201,904.</p>
<b>Cost:</b> The grant funding is ringfenced to this purpose
<p><b>Complexity:</b> Migration towards the new Northgate system is underway and anticipated in August 2020. A new streamlined application process with increased customer contact and support will form the basis of the new pathway. The Financial Assistance Policy is currently being reviewed and will support the new process.</p> <p>The new Fast-Track DFG, led by the Snr OT in Housing has demonstrated its value and has resulted in 10 applications, 4 of which have completed.</p>

The Snr OT in Housing Project will continue into Year 2 and will support applications, building upon the work to improve hospital discharge and prevent admission to hospital and care settings.

CV19 Recovery Planning has commenced and will incorporate working with Social Care to support the most vulnerable applicants.

### **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.

### **HRA – Council House New Build**

**Timing:** Military Road works to commence July/August 2020

**Cost:** No variations to report

**Complexity:** Works will carry into 2021/22

### **Jacks - St Nicholas St**

**Timing:** This project has been completed



<b>Cost:</b> This scheme has overspend against its original budget.
<b>Complexity:</b> No new issues
<b>Stanway Community Centre</b>
<b>Timing:</b> Cabinet report for construction works to be submitted and approved.
<b>Cost:</b> No variance to report
<b>Complexity:</b> Until the cabinet report has been approved no significant progress can be made.