

8th September 2020

Report of

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Author

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Title

Capital Expenditure Monitor 2020/21 – April 2020 to June 2020

Wards affected

Not applicable

The Committee is invited to review progress on the Capital Programme

1 Executive Summary

- 1.1 The report addresses the budgetary position of schemes included in the Capital Programme for the first quarter of the financial year
- 1.2 The report also considers budget forecasts for 2020/21 and future years.
- 1.3 This report also gives the Committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets and project delivery.

2 Recommended Decision

- 2.1 To note budgetary spend and forecast, and progress on the Capital Programme.

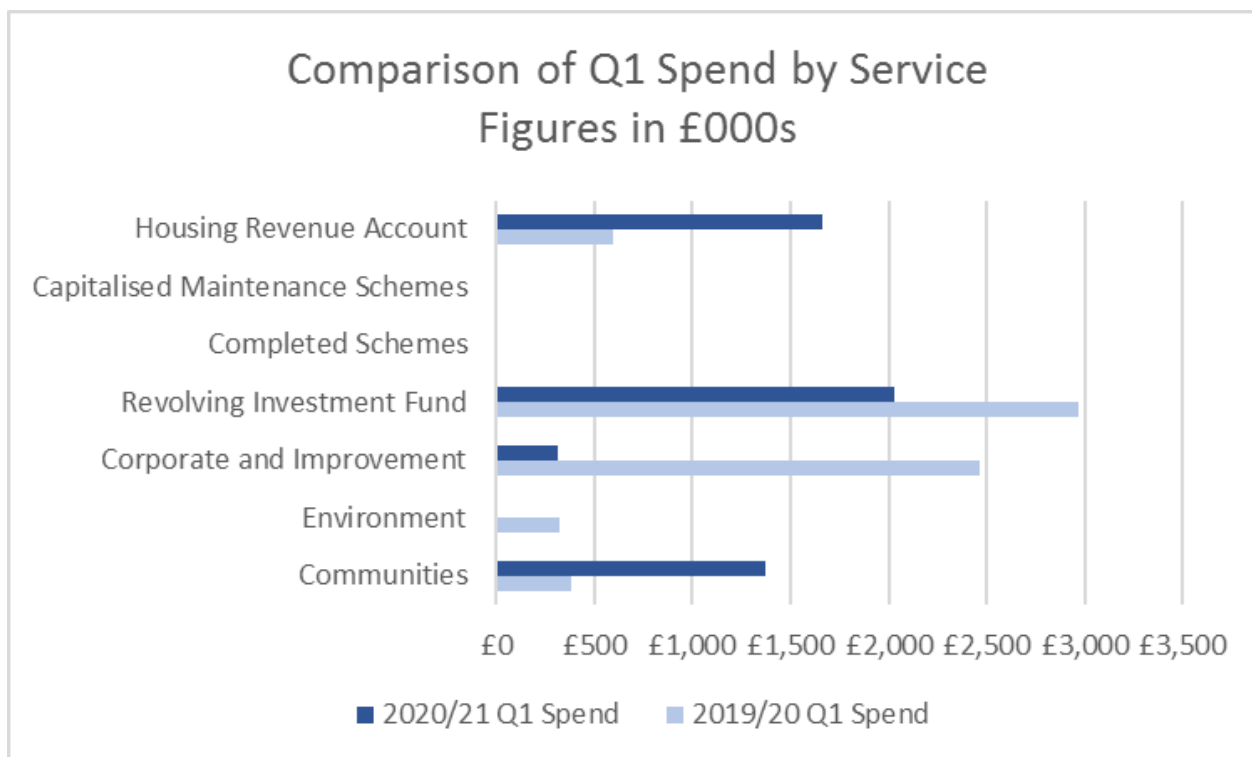
3 Background

- 3.1 The purpose of the report is to ensure
 - Spending on projects is within agreed scheme budgets,
 - Projects are delivered to the required level to support service delivery objectives within the designated budget, and
 - The Council maximises its available capital resources, supporting 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.
- 3.2 There will be a PowerPoint presentation at the Committee to set the overall context of the Capital Programme. This uses Microsoft Power BI analytics, which is the development aim for future monitoring reports, which will then provide more programme management and delivery forecast and status, rather than the prime budgetary focus of this financial report.
- 3.3 The Capital Programme includes project delivering General Fund services and the HRA Housing Investment Programme. It also includes the Revolving Investment Fund (RIF).

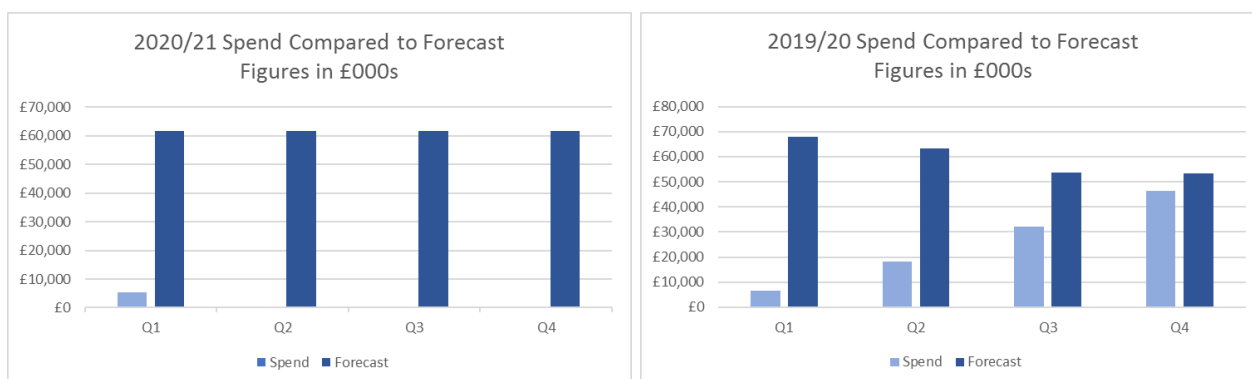
- 3.4 It should be noted that the Capital Programme mainly consists of schemes where spending is planned across more than one year. Financial variances on schemes can arise from:
- Reprofiting of scheme budgets into the following financial year to reflect scheme progress on site,
 - Changes in timing of payments
 - Additional budget requirements due to changes in schemes or unforeseen costs.
- 3.5 Any schemes with significant divergences from plans are analysed in the report.
- 3.6 The table below provides a summary of the Capital Programme by service area:

Service	Programme	20/21 Spend Q1	2020/21 Forecast	Future Years Forecast
	£'000	£'000	£'000	£'000
Communities	7,327	1,371	4,010	3,317
Environment	1,561	0	1,561	0
Corporate and Improvement	40,799	309	7,332	33,467
Revolving Investment Fund	18,346	2,030	16,536	1,810
Completed Schemes	87	8	87	0
Capitalised Maintenance Schemes	146	0	146	0
Housing Revenue Account	31,915	1,661	31,915	0
Total Capital Programme	100,181	5,379	61,587	38,594

Below is a comparison of how this year's Quarter 1 spend compared to last year's Quarter 1 spend.

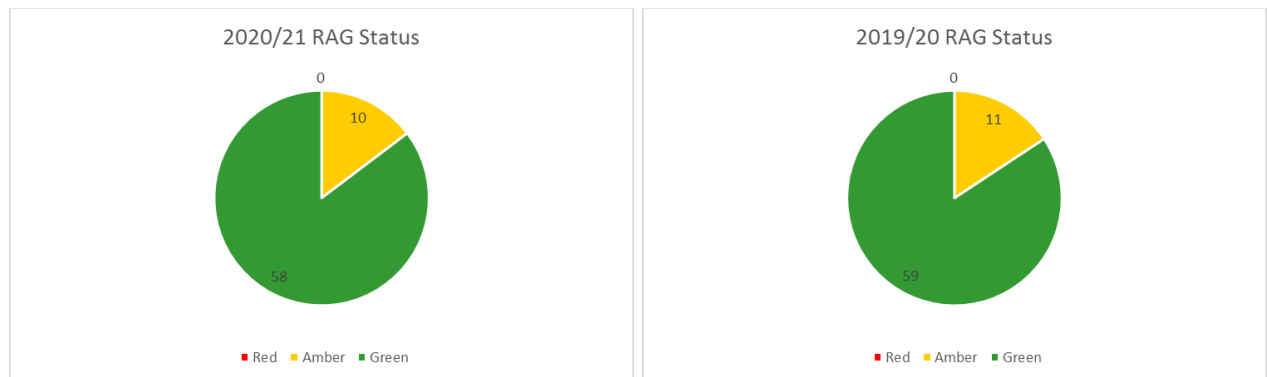


- 3.7 Accrued capital spending for the first three months of the year totalled £5.4 million or 9% of the projected spend when compared to the £61.6m spend forecast (£6.7m or 10% in 2019/20). The spend has been impacted by the effects of lockdown. The full implications of Covid 19 are being assessed on a scheme by scheme basis.
- 3.8 **Appendix A** sets out details of spending on schemes of £100k or more, along with expenditure forecasts provided by budget managers to provide an indication of progress against their expectations for schemes in monetary terms.
- 3.9 Below is a comparison of the overall quarterly spend compared to last financial year.



- 3.10 The Capital Programme has been adjusted to reflect the 2019/20 capital outturn and has been increased by £27m. The main increases are £25.7m for the 2020/21 Housing Investment Programme and £1.3m for Disabled Facilities Grants supported by the 2020/21 Government capital grant.
- 3.11 The most significant areas of planned expenditure for the year are detailed in **Appendix A**, along with the actual expenditure and updated commentary from budget holders.
- 3.12 **Appendix A** includes a RAG (Red, Amber, and Green) status of overall project performance against capital schemes. Although there are no 'Red' schemes, a total of eleven schemes were classed as 'Amber' by the budget managers.

- 3.13 The current position against these schemes is detailed in **Appendix A** to this report. There was only one change in the RAG status from Green to Amber from the status as reported at the end of quarter 4 2019/20. This was additional cost to the Jack's listed building in St Nicholas Square, reflecting the difficulty and complexity of the project.
- 3.14 Please see the below the number of Amber schemes in Q1 2020/21 compared to Q4 2019/20.



4 Strategic Plan references

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

5 Financial Implications

- 5.1 Within the details of this report.

6 Risk management implications

- 6.1 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.

7 Consultation

- 7.1 The annual addition of new schemes to the Capital Programme as part of budget setting is subject to the normal budget consultation.

8 Environmental and Climate Change Implications

- 8.1 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.

9 Equality and Diversity Implications

- 9.1 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.

10 Other Standard References

10.1 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

	Total Programme £'000	Accrued spend to Q1 £'000	Forecast 2020/21 £'000	Spend against forecast %	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000	RAG Status Current
Lending to new Council Housing Company	28,400	200	1,400	14%	7,500	19,500	0	Amber
Housing Improvement Programme	8,747	-82	8,747	-1%	0	0	0	Green
Purchase of properties - HRA	7,492	1,647	7,492	22%	0	0	0	Green
CNGN - Sports Park	7,078	1,414	6,664	21%	414	0	0	Amber
Council House New Build	7,009	131	7,009	2%	0	0	0	Amber
New Build on Garage Sites	6,974	-31	6,974	0%	0	0	0	Amber
Equity Investment in CCHL	5,800	0	300	0%	5,500	0	0	Amber
CNGS (Including The Walk)	5,161	67	4,991	1%	170	0	0	Green
Mandatory Disabled Facilities Grants	3,994	110	750	15%	1,280	1,280	684	Amber
Colchester Northern Gateway Heat Network	3,896	6	3,896	0%	0	0	0	Green
Digital Strategy - works	3,186	434	3,186	14%	0	0	0	Green
Mercury Theatre Redevelopment Phase 2	2,892	1,234	2,892	43%	0	0	0	Amber
Town Centre	2,099	12	964	1%	1,135	0	0	Amber
Facility Loan to CAEL	1,620	100	700	14%	500	420	0	Green
Shrub End Depot	1,012	0	1,012	0%	0	0	0	Amber
Sheltered Accommodation	740	0	740	0%	0	0	0	Green
Adaptations to Housing Stock	696	-28	696	-4%	0	0	0	Green
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	447	0	447	0%	0	0	0	Green
CCTV Monitoring	352	0	352	0%	0	0	0	Green
Waste Fleet Vehicles	265	0	265	0%	0	0	0	Green
Housing ICT Development	257	24	257	9%	0	0	0	Green
Pre-development and feasibility funds	250	0	250	0%	0	0	0	Green
Private Sector Renewals - Loans and Grants	178	5	105	5%	73	0	0	Green
East Colchester Enabling Fund	141	0	141	0%	0	0	0	Green

Castle Park Cricket Pavilion Extension S106	125	0	125	0%	0	0	0	Green
Sport & Leisure Asset Review	120	0	60	0%	60	0	0	Green
St Botolph's Public Realm	118	0	118	0%	0	0	0	Green
Local Authority Carbon Management (LACM) - Car Park LED lighting	116	0	116	0%	0	0	0	Green
Colchester Leisure World - Roof	103	0	103	0%	0	0	0	Green
Other	935	65	857	8%	78	0	0	Green
Jacks - St Nicholas St	-22	71	-93	N/A	0	0	0	Amber

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 have been social distancing, and lock-down delays to project and an agreed variation to project, to the Sports Park building which is now having a balcony built that has also delayed completion.

HRA – Council House New Build
Timing: Works across the sites are due to commence from September 2020
Cost: No variations to report
Complexity: Works will carry into 2021/22
New Build on Garage Sites
Timing: Construction planned for September and October 2020
Cost: No variations to report
Complexity: 3 of the 5 sites have planning permission
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
Complexity: see comment on Lending to Housing Company
Mandatory Disabled Facilities Grants
<p>Timing: Covid19 has resulted in all contractors undertaking DFG works ceasing from the end of March 2020. Some works have since recommenced with the relaxation of restrictions, with the agreement of applicants.</p> <p>The DFG Team has no control over contactors recommencing works, or whether applicants will allow works to start.</p> <p>The Team has continued to progress applications remotely with new processes to enable this. Interim payments have been made where justified in order to support contactors.</p> <p>The Team has kept in close contact with applicants, many of whom are in high risk categories and shielding due to their vulnerability.</p> <p>Cost: The grant funding is ringfenced to this purpose. Committed spend is £585k. This includes £293k committed since lockdown came into force.</p> <p>Spend is lower than anticipated due to the pandemic. This is mirrored across the county and country in terms of DFG.</p> <p>As we have continued to process applications remotely, applicants in the borough are at a stage where many of them can now liaise with contractors around start dates.</p>

Complexity: Preparation is underway for migration to Northgate. This new system will bring efficiencies in grant processing and officer time. Systems implementation will coincide with an increase in demand for new DFG applications, as people are assessed by adult social care following prolonged periods of isolation and inactivity.

The Team has continued to support complex hospital and care setting discharge and has completed 3 Fast-Track DFG's since lockdown commenced, in conjunction with the Senior OT in Housing.

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

Mercury Theatre Redevelopment Phase 2

Timing: Practical completion is estimated for December 2020

Cost: Driven by social distancing constraints and pandemic effects completion has been delayed and additional costs have arisen, to be scoped so there is a significant risk that the scheme will overspend. However additional funding is being sought to cover this.

Complexity: Works will continue with progress being monitored

Town Centre

Timing: The programme will be delivered with the majority of the spend in 2020/21.

Cost and complexity: No new issues

Shrub End Depot

Timing: There has been delays due to Covid.

Cost: No variations to report

Complexity: The project has been delayed. A review of scheme requirements is needed due to the impact of Covid on operations and lessons learnt

Jack's – St Nicholas Square

Timing: Project has completed with a new tenant.

Cost: There is a overspend of £90k to the end of Q1 which will increase to approximately £120k Q2 once the retention money is paid.

Complexity: The project has been exceptionally complex but is now complete. It is expected that any overspend can be met by virement.