

7th September 2021

Report of	Assistant Director Corporate and Improvement	Author Paul Cook ☎ 505861 Lily Malone
Title	Capital Monitoring Report Quarter 1 2021/22	
Wards affected	Not applicable	

1 Executive Summary

- 1.1 This report sets out the Council's Capital Programme against budget for quarter 1 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.

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 1 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:
 - Reprofile 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 Q1 Expenditure	2021/22 Capital Programme	Future Years' Forecast
	£'000	£'000	£'000	£'000
Communities	8,907	1,249	3,384	5,523
Environment	3,122	0	2,372	750
Corporate & Improvement	41,651	795	16,831	24,820
Revolving Investment Fund (RIF)	13,081	1,067	9,745	3,336
Housing Revenue Account	53,964	4,574	52,319	1,645
Total Capital Programme	120,725	7,685	84,651	36,074

- 5.2 Capital expenditure was £7.7m against a forecast programme of £84.7m. This represents 9% of the projected budget. At a similar stage in 2020/21 capital expenditure was £5.4m and 9% of the budget.
- 5.3 The Capital Programme has been adjusted to reflect the 2020/21 capital outturn and additional approved schemes have been included as per the Resetting the Capital Programme.
- 5.4 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.
- 5.8 Please see Appendix B for a detailed report on the status of Shrub End Depot which was rated as Red on the Capital Monitoring Outturn report.

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

SUMMARY	Total Approved Budget	Previous Years Spend	Remaining Budget £000	Accrued spend to Q1 £000	Forecast 2021/22 £000	Spend against forecast £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	RAG		
										Delivery	Time	Cost
Lending to new Council Housing Company	28,800	1,500	27,300	600	10,400	6%	16,900	0	0	G	G	G
Property Purchase - 100 Homes	22,000	4,753	17,247	3,403	16,672	20%	575	0	0	A	G	G
Housing Improvement Programme	14,439	0	14,439	284	14,439	2%	0	0	0	G	G	G
Purchase of properties - HRA	7,417	0	7,417	9	6,347	0%	1,070	0	0	A	G	G
Sheltered Accommodation	6,611	0	6,611	131	6,611	2%	0	0	0	G	A	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	51	3,410	1%	1,230	0	0	A	A	G
Mandatory Disabled Facilities Grants	5,418	825	4,593	191	900	21%	1,280	1,280	1,134	A	A	A
New Build on Garage Sites	4,273	0	4,273	446	4,273	10%	0	0	0	A	A	A
Colchester Northern Gateway Heat Network	4,407	623	3,784	10	2,850	0%	454	480	0	G	A	A
Council House New Build	2,900	0	2,900	231	2,900	8%	0	0	0	G	A	G
Town Centre	4,836	2,857	1,979	23	1,435	2%	544	0	0	R	R	R
Stanway Community Centre	1,892	191	1,701	19	1,001	2%	700	0	0	G	G	R
Facility Loan to CAEL	2,520	1,000	1,520	0	700	0%	620	200	0	G	G	G
St Marks Community Centre	1,500	0	1,500	9	600	2%	800	100	0	G	G	G
CNGS - Infrastructure	1,670	177	1,493	0	1,000	0%	493	0	0	G	G	G
Rowan House Regeneration	1,327	0	1,327	0	995	0%	332	0	0	G	A	A
CNGS - The Walk	3,471	2,446	1,025	957	1,025	93%	0	0	0	A	A	A
Shrub End Depot	1,056	67	989	0	289	0%	700	0	0	A	G	A
LFFN	3,437	2,489	948	294	948	31%	0	0	0	A	A	G

Adaptations to Housing Stock	760	0	760	70	760	9%	0	0	0	G	G	G
Light Fleet Replacement	726	0	726	0	676	0%	50	0	0	A	A	G
St Nicholas Square	695	82	613	16	613	3%	0	0	0	A	A	G
Rowan House Ventilation System	528	0	528	8	308	3%	212	8	0	G	G	G
Fleet Upgrade Caged Tippers	520	0	520	0	520	0%	0	0	0	A	A	A
CNGN - Sports Park	28,838	28,319	519	-310	339	-91%	180	0	0	A	A	G
CNGS - Detailed Planning	1,498	987	511	21	511	4%	0	0	0	A	A	A
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	0	317	0%	0	0	0	G	G	G
Garrison Gym Playground	306	0	306	0	306	0%	0	0	0	G	G	G
Mercury Landscaping Works	350	55	295	0	295	0%	0	0	0	New scheme	New scheme	New scheme
Private Sector Renewals - Loans and Grants	375	92	286	20	86	23%	200	0	0	A	A	A
Mercury Theatre Redevelopment Phase 2	9,313	9,040	273	930	273	341%	0	0	0	G	G	R
CNG Recreational Play Equipment	250	0	250	0	0	N/A	250	0	0	New scheme	New scheme	New scheme
CNG Wastewater Improvements Pumping Station	250	0	250	0	50	0%	200	0	0	A	A	A
Leisure World conversion of artificial pitch	250	0	250	0	250	0%	0	0	0	New scheme	New scheme	New scheme
CCTV Monitoring	528	315	213	161	213	76%	0	0	0	G	G	G
Vineyard Car Park Lift Replacement	130	0	130	0	130	0%	0	0	0	New scheme	New scheme	New scheme
Castle Park Cricket Pavilion Extension S106	125	0	125	0	125	0%	0	0	0	G	G	G

Sport & Leisure Asset Review	120	0	120	0	0	N/A	120	0	0	G	G	G
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	20	0	N/A	114	0	0	G	G	G
Other Projects			1,450	88	1,101	8%	349	0	0			
Total			120,725	7,685	84,651	9%	32,873	2,068	1,134			

Comments on red rated schemes:

Town Centre
Timing: Alumno – Dependant on progress of discussions between various parties. Vineyard Gate – Dependant on discussions with freeholders.
Cost: Alumno – Dependant on progress of discussions between various parties. Vineyard Gate - Increased as site purchase area increased.
Delivery: Alumno – Dependant on progress of discussions between various parties. Vineyard Gate – Pursuing discussions with freeholders.
Approved Budget: External funding contribution £0 CBC funding contribution £4.8m Total £4.8m
Stanway Community Centre
Timing: Aiming to be on site in July/August following contractor appointment, completion due spring 2022.
Cost: Potentially over budget looking at value engineering options.
Delivery: Expected Delivery Spring 2022.
Approved Budget: External funding contribution £1.9m CBC funding contribution £0 Total £1.9m
Mercury Theatre Redevelopment
Timing: Scheme complete.
Cost: Cost increase due to asbestos and additional client requirements for fire regulation updates to design.
Delivery: Scheme complete.
Approved Budget: External funding contribution £7.8m CBC funding contribution £1.5m Total £9.3m
St Botolphs Public Realm
Timing: Dependent on the progress of the Town Centre project.
Cost: The original long stop date for expenditure has passed.
Delivery: Awaiting further client consultation and instruction.
Approved Budget: External funding contribution £0 CBC funding contribution £0.2m Total £0.2m

Comments on amber rated schemes:

Property Purchase – 100 Homes
Timing: Of the 41 properties we have completed on since October 2020, 5 properties have been repaired and let and a further 3 have been repaired and handed over from the contractor and are being advertised. A further 18 properties are in the legal process.

Cost: Property prices have increased significantly since the programme started along with the cost of materials to complete the works to the properties. Expenditure is being closely monitored to ensure we stay on budget.
Delivery: 33 properties to be repaired and let due to poor performance by the contractor.
Approved Budget: External funding contribution £0 CBC funding contribution £22m Total £22m
Purchase of Properties – HRA
Timing: Acquisition of properties are being delivered on time and in line with the project plan.
Cost: The acquisitions are being delivered within the predicted budget.
Delivery: We have not competed on any properties in June as the focus is on purchasing the 100 Homes. Once the 100 Homes is completed the purchases under this programme will begin.
Approved Budget: External funding contribution £0 CBC funding contribution £7.4m Total £7.4m
Sheltered Accommodation
Timing: Meetings scheduled in order to progress the next scheme for re-development.
Cost: Contract awarded within budget.
Delivery: Start on site for Elfreda House in the summer.
Approved Budget: External funding contribution £0 CBC funding contribution £6.6m Total £6.6m
Grow On – Former Queen Street Bus Depot
Timing: Awaiting final drawings and report on the demolition before submitting planning application.
Cost: Total project budget funded by SELEP/CBC/Town Deal.
Delivery: Detailed design work is continuing.
Approved Budget: External funding contribution £3.7m CBC funding contribution £0.9m Total £4.6m
Mandatory Disabled Facilities Grants
Timing: Contractors are very busy. Cases are progressing but lead times are increasing due to demand on the building sector generally. An external contractor has undertaken inspections on our behalf to assist with progressing as many applications as possible but due to the complexity of cases, they have required additional input from officers. Work on configuring the new Northgate system has commenced.
Cost: Contractors are busy with increasing lead times, resulting in slower turnaround. We are advised some are not able to undertake works for 3+ months.
Delivery: We are working through the backlog of works. Social distancing measures and migration to Northgate system will impact on delivery. Staff taking leave in the summer period and contractor availability are also a consideration.
Approved Budget: External funding contribution £4.9m CBC funding contribution £0.5m Total £5.4m
New Build on Garage Sites
Timing: Buffett/Scarfe Way completion expected by January 22. Hardings Close completion expected August 21.

Cost: Currently within budget.
Delivery: Scheme completions have been delayed due to the effects of Covid 19. Covid safe requirements on site, labour shortages, and impact on the supply chain issues. Other delays caused by adverse weather and difficulties securing licences.
Approved Budget: External funding contribution £0 CBC funding contribution £4.2m Total £4.2m
Colchester Northern Gateway Heat Network
Timing: To meet March 21 heat pump commissioning deadline for Renewable Heat Incentive, Energy Centre install must start October/November 2021.
Cost: Tender return cost for lot 1 are over current budget, work required to understand why and on negotiation of price.
Delivery: The Heat Network is affected by the progress on the development of the CNG site overall, however energy centre install must start late 2021 for the Renewable Heat Incentive.
Approved Budget: External funding contribution £3.7m CBC funding contribution £0.7m Total £4.4m
Council House New Build
Timing: There is no permanent delay and works are expected to be scheduled into 2021/22.
Cost: Fixed budget.
Delivery: Confident of programme delivery.
Approved Budget: External funding contribution £0 CBC funding contribution £2.9m Total £2.9m
Rowan House Regeneration
Timing: Space planning design scheme deadline pushed back due to inclusion of Reception. Estimated project completion Summer 2022.
Cost: Increased cost of HVAC system; manage potential unforeseen costs.
Delivery: HVAC system and lighting design on track. Space planning target dates tightened up to ensure ready for tender. Overall work programme being drawn up.
Approved Budget: External funding contribution £0 CBC funding contribution £1.3m Total £1.3m
Colchester Northern Gateway – The Walk
Timing: Programme has been delayed significantly due to Colchester Rugby Football Club not vacating site.
Cost: Completion is set for September 2021. The only outstanding milestone is the approval of the S50 Licence that is currently sitting with ECC Highways - the S50 licence is required for the surface water drainage connection which forms the wider Surface Water Drainage strategy for CNGS. This milestone is not on the critical path for completion as the works can be treated separately albeit at a cost due to associated De-mobilisation/are-mobilisations costs.
Delivery: S50 Licence application form has been sent over to ECC Highways for consideration.
Approved Budget: External funding contribution £3.5m CBC funding contribution £0 Total £3.5m
Shrub End Depot

Timing: This will be more accurately determined once design has been completed and tendering has been undertaken. However some works are proceeding.
Cost: Current estimates indicate that the works can be undertaken close to the full budget allocation. Design stage needs to be completed and tender exercise undertaken to determine this more accurately.
Delivery: The project is currently based on estimated costs and not based on detailed design or surveys.
Approved Budget: External funding contribution £0 CBC funding contribution £1m Total £1m
LFFN Broadband (Local Full Fibre Network)
Timing: Completing the programme by the extended deadline of 30 September 2021 is largely dependent on us being able to secure Highways permits without further issues. If these proceed smoothly, the contractors will be able to deliver the programme on time.
Cost: Proceeding to budget at the current time, but status changed from Green to Amber to reflect the potential for increased costs arising from further, complex traffic management requirements that may be imposed by the Highways authority.
Delivery: The focus is now on the build of the metronet and the integration of our core networks with the first large VX deployment to 8000 homes, in addition to the final decisions on how the second and third VX phases (town centre and Wivenhoe) will be integrated with our network. Status changed from Green to Amber to reflect the complexity of the permitting process.
Approved Budget: External funding contribution £3.4m CBC funding contribution £0m Total £3.4m
Light Fleet Replacement
Timing: Delayed due to covid and EU exit.
Cost: Budget set remains on course.
Delivery: Timescales difficult with increasing build times.
Approved Budget: External funding contribution £0 CBC funding contribution £0.7m Total £0.7m
St Nicholas Square
Timing: Timings will be delayed due to delays in the legal agreement and land sale completion.
Cost: Funded by the accelerated Town Deal funding.
Delivery: Aiming to start on St Nicholas Square September with completion at the end of 2021.
Approved Budget: External funding contribution £0.7m CBC funding contribution £0 Total £0.7m
Fleet Upgrade Caged Tippers
Timing: Build times delayed due to covid and materials are more difficult to source.
Cost: Additional capital will be required due to the increase in steel prices and high demand for the product.
Delivery: Resolve the issue with Marshalls and move forward with the order or look to cancel the order and procure from another manufacturer, our procurement team will be consulted throughout this period.

Approved Budget: External funding contribution £0m CBC funding contribution £0.5m Total £0.5m
CNGS Sports Park
Timing: Although site is handed over and operational works are still on-going by RGC to rectify the Landscaping Issues that have occurred during the contract period. Snagging/Defect repairs are still being undertaken to both the Sports Hub and Rugby Club Building.
Cost: Costs are on target. Some additional works are required.
Delivery: Snagging/Defect repairs are being undertaken.
Approved Budget: External funding contribution £4.5m CBC funding contribution £24.3m Total £28.8m
CNGS Detailed Planning
Timing: Planning Application (Hybrid) is due to go to planning committee in July 2021. Approval is highly likely.
Cost: Additional funding provided March 2021.
Delivery: Project was anticipated for site works in Autumn '20, delays due to ECC and Covid. Once committee report submitted to Planning Committee for decision this should clarify the delivery of the project.
Approved Budget: External funding contribution £0.4m CBC funding contribution £1.1m Total £1.5m
Private Sector Renewals – Loans and Grants
Timing: Challenges with balancing cases against other work. Northgate will require time to configure, develop and migrate.
Cost: Challenges with balancing cases against other work. Northgate will require time to configure, develop and migrate.
Delivery: Challenges with balancing cases against other work. Northgate will require time to configure, develop and migrate.
Approved Budget: External funding contribution £0 CBC funding contribution £0.4m Total £0.4m
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: If Jackson's 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. From that point, 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

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.