

APPENDIX A

CAPITAL PROGRAMMES QUARTER 2 FINANCE REPORT, 2018/19 **Update on the Status of Capital Projects**

Housing Capital Programme

- A1. Expenditure on the Mulalley External Works Programme (budget carried over from 2017/18) remains low at the end of Quarter 2 and into the beginning of Quarter 3. This does not present cause for concern given the contractual payment mechanism that is associated with three large schemes within the Task Order (Longbanks, Moorfields and Northbrooks which have a combined value of circa £2.8m). Payments on these schemes only become due once all elements of works to an entire block are accepted as complete and handed over.

Whilst schemes instructed under this programme have progressed, further delays in completion and handover have been encountered. The result is that expenditure originally anticipated for the end of Quarter 2 and early Quarter 3 is unlikely to now begin to come to fruition until late in Quarter 3.

Notwithstanding this the Council still expects that the long term financial outturn of the programme within the financial year of 2018/19 will not be significantly affected. The Council continues to pursue a cautious approach to assumptions in respect of commercial risks. However the mid-year re-forecasting anticipates that the programme will be delivered within the budget allocation.

Procurement of the new phase of External Works is progressing with the first contract awards due to be made in November. Tender, decision making and consultation periods associated with the works prioritised for this programme will mean that it will be necessary for a significant proportion of the attendant budget to be carried into 2019/20. The phasing of works and financial outturn expectations for the current financial year were recast in October. Current programme forecasts suggest that works under this programme are likely to conclude at the end of Quarter One of the financial year 2019/20. Provisional dates will be confirmed as tenders conclude and construction phase programmes are agreed with the successful contractors.

A2. ANNUAL SERVICE CHARGE (ASC) Fixed Prices

Works to the ASC fixed prices for 2018/19 commenced on the 1 April 2018. The number of units completed at end of September is shown in the table below. The variance against the profiled spend is as a result of the exceptionally high demand for boiler replacements in April. The overspend against the profiled budget has increased slightly for September, with close scrutiny, monthly reporting and escalations as appropriate continuing in line

with the agreed governance meeting structure.

Element	Total Annual units agreed	Agreed Total ASC to date	Completed Units to date	Total Value to date	Variance to Profiled Budget
Kitchens	84	£409,728	43	£208,463	£3,599
Re-Wires	45	£107,472	15	£35,685	(-)£18,051
Boiler/ Heating	142	£439,580	87	£268,328	£48,538
Total	271	£956,780	145	£512,476	£34,086

Non-Housing Capital Programme

- A3. The completed stock condition survey will enable a 20 year programme to be drawn up covering the development or disposal of commercial and municipal assets and will help shape and inform the future capital investment requirements for the non-housing asset portfolio.
- A4. IT work in 2018/19 will include the upgrade of the telephony system in the Civic Centre.
- A5. In Community Wellbeing schemes in 2018/19 include the on-going work to refurbish the Playhouse (totalling £434,000), schemes in the Town Park (£308,000) and work to the Stow in front of the Moot House (£195,000). Work to 21 The Rows (£250,000) is planned to carryover to 2019/20.
- A6. Included in the Town Park Schemes is the Inclusive Play Scheme approved in 2018/19 with a budget of £200,000 which has secured an additional £11,000 from Essex County Council (ECC) for a new footpath and footpath improvements. This will assist with the creation of the Inclusive Play facility in the Town Park.
- A7. A new van for the Community Rangers is included in the programme with a budget of £30,000.
- A8. Urgent works are required to upgrade the main Council website, £40,000, to be funded in part from the approved budget of £20,000 to upgrade council websites (approved February 2017).
- A9. Schemes originally approved at the Latton Bush Centre total £361,000 plus a carryover of £173,000 to support the roofing work. In addition there are schemes to replace one of the two boilers (£95,000) and asbestos removal work (£50,000). The work on the boiler will now take

place in 2019/20 requiring a carryover of £92,000.

- A10. Home Repairs Assistance Loans (estimate £15,000) are made available by the Council to owner occupiers for work to improve their homes.
- A11. The Council's Commercial portfolio in 2018/19 includes roofing work to various properties and schemes to refurbish Ladyshot Pavilion (£60,000), Bush Fair Offices (£55,000), Barbara Castle Health Centre (£65,000) and the Leah Manning Centre (£40,000). Carryovers of £159,000 are anticipated to work planned due to the amalgamating of tenders and the procurement process.
- A12. The Town Centre Public Realm Improvements scheme (carryover £205,000) is expected to complete in 2018/19. To facilitate completion the budget is increased by £100,000 from the Town Centre Reserve.

Other works in Place Services include the replacement of the boilers and control system at Abercrombie Playbarn (£25,000) in order to replace obsolete and inefficient gas boiler. This will mean that there is reliable heating and hot water to the buildings and will also reduce energy usage and CO₂ emissions. Work to the toilets by Pets Corner in the Town Park (£72,000) and the continued restoration work at Oakwood Pond (£15,000).

Renewal of the existing obsolete and inefficient gas boilers providing both central heating and hot water to Sumners Leisure Centre is estimated to outturn at £78,000, part funded from a tenant contribution of £20,000.

- A13. Pending a bid by Science Alive to Heritage Lottery Fund (HLF) for major works to the Museum of Harlow, which may require some level of match funding; health and safety works will be carried out (£20,000) in 2018/19 and the remaining budget carried over to 2019/20 (£180,000).
- A14. A budget for Energy Performance Certificates (£26,000) will enable capital works to upgrade commercial properties to meet the minimum E EPC rating in line with the Energy Act (2011) and EU legislation which came into force 1 April 2018. This will increase the sustainability of the commercial portfolio as the regulations will apply from the granting or renewing of leases to tenants. By 2023 properties leased with less than an E rating will be subject to a penalty payment.
- A15. The Regeneration of Prentice Place was approved by Cabinet 31 March 2016 and a business case included in the Non Housing Capital Programme 2017/18. A carryover from 2017/18 of £76,000 will bring the estimated spend for 2018/19 to £3,350,000 financed in part from ring fenced capital receipts (£1,595,000).

- A16. The Council is undertaking a major project to construct premises on the Enterprise Zone with expenditure of £4.195m in 2017/18 and a current estimate of £5.79m 2018/19 (original estimate £6.523m). The lower spend in 2018/19 is forecast based on a delay to the start of construction work and an updated schedule of works. The project from 2018/19 will be funded from borrowing. Income will be generated through future business rate receipts.