

REPORT TO: CABINET

DATE: 23 MARCH 2023

TITLE: CAPITAL PROGRAMMES, OUTTURN REPORT
QUARTER 3 2022/23

PORTFOLIO HOLDERS: COUNCILLOR JAMES LEPPARD, PORTFOLIO
HOLDER FOR FINANCE

COUNCILLOR ALASTAIR GUNN, PORTFOLIO
HOLDER FOR HOUSING

LEAD OFFICERS: SIMON FREEMAN, DEPUTY CHIEF EXECUTIVE
AND DIRECTOR OF FINANCE (01279 446228)

SENIOR MANAGEMENT BOARD

This is not a Key Decision

It is on the Forward Plan as Decision Number I013870

The decision is not subject to Call-in Procedures for the following reason:

It is within the scope of the budget agreed in January 2022

This decision will affect no ward specifically.

RECOMMENDED THAT Cabinet:

- A** Notes the progress and forecasts in the delivery of the Council's Housing Capital Programme (HCP) as at Quarter 3 2022/23 as follows:
- i) The current budget is £24.770 million, including £2.762 million carried forward from 2021/22. The projected outturn at Quarter 3 is £27.078 million as set out in Appendix 1 to the report.
- B** Notes the progress in the delivery of the Council's Non-Housing Capital Programme (NHCP) as at Quarter 3 2022/23 as follows:
- i) The current budget is £19.325 million, including £4.066 million carried forward from 2021/22. The projected outturn at Quarter 3 is £34.800 million as set out in Appendix 2 to the report.
- C** Approves the inclusion in the NHCP budget of an additional £71,000 for the installation of CCTV at various underpasses. Expenditure is to be fully financed from external grant.

REASON FOR DECISION

- A** To ensure Cabinet reviews the performance against the approved 2022/23 Housing and Non-Housing Capital budgets.

BACKGROUND

1. Cabinet approved the 2022/23 HCP budget of £30.169 million in January 2022. Quarter 3 2021/22 re-profiling of £6.465 million was approved in March 22 plus further carry-overs of £2.761 million were agreed in July 22. Further re-profiling totalling £4.680 million was agreed in September 2022 and £9.945 million in December 2022.
2. The NHCP budget of £18.603 million was also approved by Cabinet in January 2022. Quarter 3 2021/22 re-profiling of £0.117 million was approved in March 22, further carry overs of £4.066 million were agreed in July 22. Further re-profiling totalling £60,083 was agreed in September 2022 and £3.521 million in December 2022.
3. The report compares the actual expenditure as of 31st December 2022 with the 2022/23 budget and following consultation with budget managers, forecasts the projected outturn at year end.
4. The ongoing implications of the Covid Pandemic over the last two years still have a number of implications in terms of reducing the size of the Council's capital programme from £55.402 million to £44.095 million and availability of Contractors, increased complexity of works, limited supply chains and programme and project management capacity. This has / will mean the requirement for significant reprofiling and reprogramming of the capital schemes into next year.
5. In addition, national increase in demand with a limited resources market are significantly driving the scheme costs, are also resulting in the need to reprioritize the programme of works within approved resources.

HOUSING CAPITAL PROGRAMME 2022/23 – Quarter 3

6. Set out in Appendix 2 is the 2022/23 HCP Quarter 3 capital monitoring statement which summarises expenditure to date and compares the current budget against projected outturn for the year.

Annual Works Packages

7. The current gap between the afforded “core” housing capital programme and forecast backlog is £14.904 million over the first five years of the programme. The recently approved Housing Revenue Account Business Plan has provided resources for this backlog as part of its revised financing and profiling.

Fire Safety

8. Fire Risk Assessments continue to be carried out over the approved three-year programme. Current indications illustrate these have been more complex than anticipated with additional Government statutory regulation on building safety. New Government legislation for fire safety has meant changes to the additional requirements for decommissioning of SE Ducts, smoke/heat detectors, compartmentation works and changes to fire door requirements, continue to impact on the delivery timetable.
9. Due to the intrusive nature of the works in relation to compartmentation and fire stopping in flat blocks has resulted in additional works and a revised projected outturn.

External Works

10. The External Works programme, programme recommenced in 2021. It involves extensive consultation with Leaseholders with works to properties to renew, improve, and maintain the housing stock in accordance with Housing Revenue Account (HRA) Business Plan Asset Management principles. The approved schemes in 2022/23 include Five Acres Felmongers, Arkwrights, Parsonage Leys, Milward's and Wedhey.
11. Increased consultation and the availability of the supply chains, it is expected for some of these works to be re-profiled into 2023/24.
12. Due to the demand for roofing work, resources have been focused on prioritising the delivery of new roofing projects to estates as part of the wider Housing Investment Program, with the additional resources focused on supporting the delivery of street property roofing projects. Aligned with the Housing Investment Program and ongoing commitment within the HRA Business plan, works will continue to roll out a wider program of roofing works set over the next 5 years including flat blocks as part of its Investment Programme.
13. Due to a significant increase in the number of damp and structural cases being reported, has resulted in a revised projected outturn based on the current demand.

Internal Works

14. The Decent Homes works are set within a 5-year programme which allows the programme to roll over the entire 12 months. Due to the pandemic, there had been a significant back log of work, however the programme has now picked up pace and with additional resources now focused on ensuring the Council stock remains compliant and decent has resulted in an updated projection due to productivity associated with this specific Business Case.

Housing IT Development

15. Housing Services commenced a three-year ICT enhancement programme, aligned to the Council's Corporate and Access Strategy. Work has been completed to upgrade the current reporting structures in Housing. The Business Objects reporting tool has been migrated to the latest version which will improve the reporting capabilities for PI's and allow us to introduce target rent reporting for Locata Advertisements.
16. Work has also been completed on migrating the physical servers to a new virtual server to maintain a more robust database, increase security and provide confidence in the longevity and expansion of the orchard housing management system.
17. Work has now commenced on new projects such as the Asset Management model which is one of the largest upgrades to be implemented since the introduction of the Orchard Management System. This project will also run alongside an Orchard Mobile project which is a tablet version of Orchard and can be used on site visits for real time interfacing with the management system. The project will be running in stages over the next 12 months with wider expansion expected over the next 2 years. The project will ensure valuable strategic planning and provide a full asset management functionality. This will ensure effective day-to-day management and maintenance, including current and predicted performance. The software will also provide trigger events such as fire risk assessments and upcoming service/inspection or asbestos surveys. This will result in customers experiencing less compliance issues.
18. Work has also commenced to apply target rents to the rent accounting module and testing is scheduled for October for a live roll out in April 2023.

New Build Programme

19. Current active housing delivery pipeline is reviewed on a regular basis. Whilst at the present time no schemes are in construction phase, the following are either in pre-delivery or feasibility stage.

Scheme	No. of units	Notes
Bushey Croft (John Dowdell Close)	16	Scheme Completed. In 12 months Defect Period.
4 The Hill (Crescent View / Corn Mill House)	2	Scheme Completed. In 12 months Defect Period.
Perry Road	24 units / 569m ² commercial space	Planning permission granted on 17/08/22. The scheme has been redesigned to remove one level of commercial floor space and add two levels resulting in 24 residential units. A change request to remove Towns Funding from the scheme and use for Town Centre projects is being discussed with DLUHC.

Scheme	No. of units	Notes
Staple Tye Depot	10	Stage 3 Report now received from McBains which is currently being reviewed by the Regeneration Team. Issues identified in Title Report are being investigated with appropriation of southern section of the site from General Fund to HRA to be progressed.
The Yorkes	6 (bungalows)	A two-stage tender was uploaded to the portal on 02/02/23. A contractor will be appointed during Stage 4a to provide technical advice under a PCSA without design responsibility. Following a request from one of the contractors, an extension of two weeks has been granted for returns and are now expected on 16/03/23.
Arkwrights Terraces	8	Planning permission was approved at DMC on 09/11/22. A two-stage tender was uploaded to the portal on 02/02/23. A contractor will be appointed during Stage 4a to provide technical advice under a PCSA without design responsibility. Following a request from one of the contractors, an extension of two weeks has been granted for returns and are now expected on 16/03/23.
Woodleys	6	Planning permission granted at DMC on 12/10/22. Tender pack is currently being prepared by the Architect/EA ready to be uploaded to the portal for traditional tender. A kick-off design team meeting was held on 24/02/23 on site between the client, Architect/EA, Structural Engineer, and M&E Engineers to review the site and discuss specific issues relating to the scheme.
Sherards House	15	The demolition notice for Sherards House has now expired. Procurement via the tender portal began on 28/01/23 with a closing date of 02/03/23. Further meetings have been held on site with the Architect, and both Arboricultural consultants to agree a way forward and update the ecology reports to support the planning application.
Pytt Field	5	The draft planning drawings have been circulated and comments raised are being addressed through the architect. Sub-

Scheme	No. of units	Notes
		Consultants have been commissioned to carry out various surveys and reports ahead of a planning application being submitted.
Red Lion Lane	3	Scheme being explored as a potential site for marketing to the Self-Build Register. Regeneration Team reviewing government guidance on process for self-build and implications to the Council.
Elm Hatch	6 flats / 1 house	McBains explored options for use of Cross Laminated Timber (CLT) / Timber Frame (TF) for this scheme however received no adequate cost advice from CLT suppliers, whilst TF was not considered suitable for the scheme. McBains then carried out an exercise for rationalisation of steel use on the scheme. The heritage consultant (Iceni) has issued initial comments on design changes following the pre-app feedback received. A Passivhaus consultant (Beyond Carbon) has been appointed for Stage 3 design. Stage 2 Cost Plan received early February and currently being reviewed. Stage 3 design commenced on 20/02/23.
Parnall Road	5 flats / 6 houses	Scheme being progressed at Stage 2 Design. Pre-App discussions have been held with Planning with comments relating to requirement of lifts in the flat block. A decision has now been taken to change the scheme to all houses.
Potter Neighbourhood (Conversion to residential)	Street Office to 5	Planning Application was submitted in mid-February 2023 however, following review of the Title Report, it has transpired that there is a covenant on the land, which will require appropriation from GF to HRA and compensation to ECC. Regeneration has notified colleagues in Housing and Property & Facilities that it is their recommendation to withdraw the planning application and abort the scheme due to scheme now being unviable to proceed.
Lower Meadow Garage Site (Phase 2 List	7 or 8 flats	Title Report received on 28/10/22. Architect commissioned to commence feasibility designs. A topographical survey has been undertaken and initial meetings on site with the architect has been held. It

Scheme	No. of units	Notes
		is anticipated that a small block of 6-8 flats can be delivered on the site. Currently awaiting feasibility drawings from the architect.

NON-HOUSING CAPITAL PROGRAMME 2022/23 – QUARTER 3

20. Set out in Appendix 2 is the 2022/23 NHCP Quarter 3 capital monitoring statement which summarises expenditure to date and compares the current budget against projected outturn for the year. The most notable variances are as follows.

Latton Bush Centre

21. Boiler and boiler control replacement work and associated asbestos removal will not progress this year due to delays in awarding contract. A carry over request will be submitted.

Commercial Properties

22. Works in respect of Mead Park Depot boiler replacement are no longer taking place this year due cost increases and delays in awarding the proposed works contract. Consequently, a carry over request will be submitted. Works at Cannons Cottages and Barrows Farm Cottage will not take place this year due to delays in awarding the proposed works contract. Consequently a carry over request will be submitted.

Community Buildings

23. LMC electrical works are due to start on site 20 March therefore a budget carry over request will be submitted to cover the appropriate proportion of the existing budget. 2 Wych Elm Boiler replacement project scope is being actively considered however the works will not commence prior to year-end. Re-roofing and refurbishment works at Osler House no longer proceeding in the current financial year, pending a review of future use options for the property. The final invoice in respect of Netteswellbury Farm replacement buried pipework was paid in quarter 3.

Drainage

24. Works on site have not commenced due to a delay in acquiring permits from the Environment Agency. These delays were unexpected as evidence required to be submitted as part of the permit application has increased since the last time the Council had initiated works in these areas. Construction works cannot take place until a permit has been acquired. Carryover to be requested with minimal expenditure by financial year end.

Other Public Schemes

25. The PV Panels budget has been reprofiled due to the need to repay back part of the Government Grant. No further expenditure anticipated in 22-23 in respect of the Town Park Railway Bridge. BP Pulse EV chargepoints project partially deferred to 23-24.

Civic Centre

26. Works will not commence until 2023/24 due to delays in awarding the proposed works contract. Carry over request to be submitted.

The Playhouse

27. Refurbishment shutter works still outstanding due to supplier let down. £25,000 carry over to be requested for this and final payment for Anglia Fire. Boiler replacement £292,400 carry over to be requested due to internal changeover of staffing support and ongoing questioning of renewable energy sources. External lighting £38,000 carry over to be requested due to human resources issues and impacts of inflation have resulted in revisitation of design brief in line with budget. Sound upgrade significant progress made however supplier issues have hindered some works being invoiceable prior to this close of financial year. £46,000 carry over to be requested.

The Harvey Centre

28. The recent acquisition of The Harvey Centre is included in the projected outturn as reflected in Appendix 2.

Paddling Pools

29. Additional costs have been unavoidable for several reasons. Following the statutory inspections undertaken by Affinity and Thames water at the commencement of the project, it was identified that extensive relocation works of the existing water tanks and associated drainage would be required. Due to the major excavation works required to facilitate the changes to the water and drainage, resulted in further expenditure to make good all landscaped areas, which had not been previously included within the scope of works. In addition to this there continued to be throughout the build period, ongoing and sustained attacks of vandalism, which resulted in the requirement for additional security measures (24/7 on site security) and the ongoing requirement for permanent CCTV of the site.

POD / GAF

30. Spend to date reflects costs incurred on various feasibility studies for the Council house new build programme up to planning approval. Expenditure expected to be fully financed by external grant.

Towns Fund

31. Reflects re-profiling of schemes. Expenditure expected to be fully financed by external grant.

IMPLICATIONS

Strategic Growth and Regeneration

None specific.

Author: Andrew Bramidge, Chief Executive

Finance

As contained in the report.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Housing

As contained in the report.

Author: Andrew Murray, Director of Housing

Communities and Environment

None specific.

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Governance and Corporate Services

None specific

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Appendices

Appendix 1 – Housing Capital Programme, Quarter 3, Budget Monitoring Report

Appendix 2 – Non-Housing Capital Programme, Quarter 3, Budget Monitoring Report

Background Papers

None.

Glossary of terms/abbreviations used

HCP – Housing Capital Programme

NHCP – Non-Housing Capital Programme

HRA – Housing Revenue Account

Appendix 1 – Housing Capital Programme – Quarter 3 2022/23

HOUSING CAPITAL PROGRAMME QUARTER 3 2022/23							
Schemes	Approved Budget	Carryovers	Budget Allocation & Virements	Current Budget	Expenditure to date	Projected Outturn	Variance: Outturn to current budget
	£	£	£	£	£	£	£
HTS Internal Works - ASC	1,089,000	0	0	1,089,000	906,660	1,089,000	0
HTS Internal Works - Compliance	3,200,000	284,804	-484,804	3,000,000	1,910,250	3,000,000	0
HTS Internal Works - Energy Efficiency	1,250,000	53,592		1,303,592	829,777	1,303,592	0
HTS Internal Works - Environmental Estates Work	0	1,270	-1,270	0	0	0	0
HTS Internal Works - Aids & Adaptations	718,065	154,889	0	872,954	806,489	872,954	0
HTS Internal Works - Roofing	400,000	129,228	25,000	554,228	559,148	559,148	4,920
HTS Internal Works - Internal	4,800,000	391,688	-2,000,001	3,191,687	3,425,688	4,000,000	808,313
HTS Internal Works - Garages	172,000	328,755	1,269	502,024	339,442	502,024	0
HTS Internal Works - Sumners Farm Close	456,946	0	-400,047	56,899	229	56,899	0
TOTAL HTS	12,086,011	1,344,226	-2,859,853	10,570,384	8,777,683	11,383,617	813,233
External Works	4,314,986	302,430	-1,868,965	2,748,451	2,220,280	3,049,915	301,464
Damp & Structural Works	600,000	113,500	-1	713,499	732,548	750,248	36,749
Other Works	700,000	22,998		722,998	665,049	733,099	10,101
Fire Safety & Compliance	7,851,691	68,560	-2,861,062	5,059,189	4,406,137	5,531,170	471,981
Energy Efficiency Works	100,000	407,814	121,568	629,382	445,185	716,330	86,948
Housing IT	344,012	285,940	-300,001	329,951	164,464	329,951	0
TOTAL CORE HOUSING CAPITAL PROGRAMME	25,996,700	2,545,468	-7,768,314	20,773,854	17,411,346	22,494,330	1,720,476
New Build	10,636,690	216,270	-6,857,046	3,995,914	1,768,763	4,583,411	587,497
NEW BUILD	10,636,690	216,270	-6,857,046	3,995,914	1,768,763	4,583,411	587,497
TOTAL ALL HOUSING CAPITAL PROGRAMME	36,633,390	2,761,738	-14,625,360	24,769,768	19,180,109	27,077,741	2,307,973

Appendix 2 – Non-Housing Capital Programme – Quarter 3 2022/23

NON HOUSING CAPITAL PROGRAMME QUARTER 3 2022/23							
Schemes	Approved Budget	Carryovers	Budget Allocation & Virements	Current Budget	Expenditure to date	Projected Outturn	Variance: Outturn to current budget
	£	£	£	£	£	£	£
Latton Bush Centre	624,778	17,465	-114,060	528,183	51,354	126,546	-401,637
Commercial Properties	675,353	187,460	14,571	877,384	35,044	145,106	-732,278
Highways & Car Parks	75,000	42,700	0	117,700	40,641	117,700	0
Drainage Works	210,410	0	0	210,410	53,255	63,505	-146,905
Community Buildings	665,460	264,015	-456,595	472,880	79,716	136,592	-336,288
Other Public Schemes	299,002	66,661	-36,669	328,994	143,674	153,511	-175,483
Civic Centre	730,000	216,375	-291,775	654,600	35,528	58,852	-595,748
Garages	142,731	31,112	0	173,843	0	173,843	0
Contingency	50,000	0	0	50,000	0	0	-50,000
TOTAL FINANCIAL ASSET MANAGEMENT	3,472,734	825,788	-884,528	3,413,994	439,212	975,655	-2,438,339
Communities and Environment	3,020,629	956,175	0	3,976,804	2,731,548	4,098,244	121,440
Governance and Support Services	74,294	10,904	0	85,198	67,182	98,178	12,980
Strategic Growth & Regeneration	0	0	0	0	43,503	43,503	43,503
OTHER SERVICES	3,094,923	967,079	0	4,062,002	2,842,233	4,239,925	177,923
Enterprise Zone	0	1,489,221	0	1,489,221	34,382	1,489,221	0
Towns Fund	6,885,000	783,750	-2,403,750	5,265,000	960	350,960	-4,914,040
Acquisition of The Harvey Centre	0	0	0	0	22,039,500	22,377,522	22,377,522
Museum Café	0	0	0	0	0	25,000	25,000
OTHER SCHEMES	6,885,000	2,272,971	-2,403,750	6,754,221	22,074,842	24,242,703	17,463,482
New Build	267,525	0	-172,525	95,000	28,019	95,000	0
NEW BUILD	267,525	0	-172,525	95,000	28,019	95,000	0
Town Centre Ltd Liability Partnership	5,000,000	0	0	5,000,000	0	5,000,000	0
TOWN CENTRE LTD LIABILITY PARTNERSHIP	5,000,000	0	0	5,000,000	0	5,000,000	0
TOTAL NON-HOUSING CAPITAL PROGRAMME	18,720,182	4,065,838	-3,460,803	19,325,217	25,384,306	34,553,283	15,203,066
POD/GAF	0	0	0	0	190,932	246,833	246,833
POD/GAF	0	0	0	0	190,932	246,833	246,833
TOTAL ALL NON-HOUSING CAPITAL PROGRAMME	18,720,182	4,065,838	-3,460,803	19,325,217	25,575,238	34,800,116	15,449,899