

Capital Programme Update – 2020/21 to 2022/23

Report of the Finance Portfolio Holder

Recommended:

That the revised estimates and financing for the 2020/21 to 2022/23 Capital Programme as shown in Annex 1 to the report, be approved.

SUMMARY:

- This report updates Councillors on the progress of the existing 2020/21 Capital programme and includes forecast changes to its timescale and total cost.
- It also provides an update on projects where the timetable has changed from that currently approved, in particular where projects are expected to slip from the current year.

1 Introduction

- 1.1 The progress of the Capital Programme is reported to Councillors each year usually in May, November and February.
- 1.2 The last update was presented on 2 December 2020 and gave details of the overall expenditure and financing of the Capital Programme for 2020/21 to 2022/23.
- 1.3 This report provides an update on the Capital Programme presented to that meeting and also examines how the costs of the proposed new programme will be financed.

2 Background

- 2.1 It is always difficult to assess accurately the cost, timescale and progress of a project when an initial bid is made. This is exacerbated by the fact that bids are often made a year before a project is expected to commence and before exact costs have been agreed.
- 2.2 As a result of this the timing and total cost of the approved Capital Programme is constantly changing.
- 2.3 All capital budget holders have been asked to review the projects under their control. The objective is to provide an up to date assessment of the latest estimate for the total cost and timescale for each project.
- 2.4 Major changes to schemes need to be reported in accordance with the schedule of limits in the Council's Financial Regulations.

3 Existing Capital Programme

- 3.1 The following paragraphs summarise the main changes to the Capital Programme since the December report. A full breakdown of each Service's Capital Programme and a summary of the General Fund Capital Programme Financing are shown in Annex 1.
- 3.2 The table below analyses the movement in the capital programme since the December 2020 update.

	£'000
2020/21 to 2022/23 capital budget per December report	29,718.0
Ganger Farm – Sports & Recreation enhancement	207.7
Abbotswood Public Art	56.0
Multi Story Car Park Lift refurbishment	6.6
Chantry House Lifts	7.2
Old Creamery Footway	(4.8)
Andover/Romsey CCTV	(37.2)
Registered providers – removal of budget	(600.0)
2020/21 to 2022/23 capital budget per Annex 1	29,353.5

- 3.3 The paragraphs below provide some detail of the reasons for the above changes to budgets and also identifies projects that are expected to slip from 2020/21 to 2021/22. A summary of project slippage is shown in Annex 2.

3.4 Asset Management Projects

The Asset Management Plan (AMP) was presented to Cabinet on 2 December 2020.

The report identified a number of projects that fall into one of three main categories; land and buildings, vehicles and plant and IT equipment. Some of these projects are revenue in nature whilst others represent capital expenditure.

The total cost of the capital items is summarised by category in Annex 1. The detailed expenditure across all AMP projects will be reported at the end of the financial year.

3.5 Community and Leisure

Ganger Farm project – a report was received by Cabinet on the 2 December 2020 and subsequent approval was given by Council (27 January 2021) for enhancements to the current project enabling public use of the facilities. These additional works include CCTV installation, kitchen enhancements and furniture and will be funded by S106 receipts.

Abbotswood Public Art – approval was given by Council (27 January 2021) for the commission of an artist to develop a project at Abbotswood. This will be funded by S106 receipts.

Slippage has been identified in the following projects:

Plaza Theatre rebuild – this project has been slipped to 2023 as the external funding stream has been impacted by Covid 19.

Three further projects being Andover War Memorial, Fishlake Meadows and Boundary Fencing have been impacted by Covid and will slip into 2021/22.

3.6 Property and Asset Management

There was a small increase in the final costs of the Multi Storey Car Park and Chantry House Lift projects. These additional costs have been approved under delegated authority.

The Old Creamery Footway project has been completed with a small saving of £4.8k.

Andover/Romsey CCTV – this project was completed in last years' programme. It has been necessary to re-classify some of the expenditure related to the ongoing maintenance costs. As a result a credit is being shown in the current programme.

Slippage has been identified in the following projects:

Smannell to Augusta footpath link - due to a delay in Hampshire County Council confirming a programme of works, the main element of this project will slip into 2021/22.

Southampton Road, Pedestrian and Cycle route – this project has been delayed and work is due to start in April, therefore most of the expenditure will be in 2021/22.

3.7 Affordable Housing

Contributions to Registered Providers have been withdrawn from the Capital programme as there are no current projects to which these can be applied. This funding from s106 contributions can only be used for affordable housing projects and will, therefore, remain earmarked for future affordable housing projects.

4 Resource Implications

- 4.1 The Capital Strategy is based on the principle that the Capital Programme will be self-financing over the medium to long-term. The strategy permits expenditure ahead of receiving capital receipts which may create a temporary deficit on the programme.
- 4.2 The forecast of funding remaining at 31 March 2023 for the Capital Programme is £5.045M, a reduction of £6.8M from the level of the Capital Receipts Reserve as at 1 April 2020.

Slippage within the Capital Programme

- 4.3 Some slippage within a Capital Programme is entirely normal. Expenditure can be delayed for many reasons and this is frequently outside the Council's control.
- 4.4 This report identifies three additional projects that are expected to slip to 2021/22 and 2022/23. The total slippage identified is £2.435M as shown in Annex 2. The reasons for the additional slippage have been explained in the paragraphs above and previous reports to Cabinet.

5 Financing the Capital Programme.

Capital Receipts Reserve

- 5.1 The balance on the Capital Receipts Reserve as at 1 April 2020 was £11.805M.
- 5.2 The maximum use of grants and contributions from external bodies and other internal reserves has been taken into account in the proposed financing of the Capital Programme.

The following table shows the level of capital receipts available to allocate to capital projects after considering the implications of past years' expenditure and the recommendations of this report.

Existing Capital Programme	December 2020 £'000	February 2021 £'000
Balance Capital Receipts Reserve (CRR) as at 1 April 2020	11,804.5	11,804.5
Total Capital Expenditure 2020/21 – 2022/23	(29,718.0)	(29,353.5)
Total Capital Financing 2020/21 – 2022/23	22,531.3	22,594.0
Capital Receipts Reserve as at 31 March 2023	4,617.8	5,045.0

6 Revenue Consequences of the Capital Programme

- 6.1 The ongoing revenue impact of the capital budget has been built into Service estimates for 2021/22 and will be monitored throughout the year.

7 Corporate Objectives and Priorities

- 7.1 The capital programme enables capital investment to support the Council's priorities and to maintain its assets so that services may continue uninterrupted in the future.

8 Risk Analysis

- 8.1 Each individual project will have specific risks attached to it. These will be identified by the responsible officer at the start of each project.
- 8.2 The Capital Programme presented for approval takes into account all known future capital receipts. If there are no future sources of capital receipts, there is a risk that the Council will not be able to fund a sustainably financed Capital Programme beyond 2022/23.

9 Equality Issues

- 9.1 An EQIA screening has been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination or negative impact has been identified, therefore a full EQIA has not been carried out.

10 Consultations

- 10.1 Portfolio Holders, Heads of Service and project managers were consulted in the update of the 2020/21 to 2022/23 Capital Programme.

11 Conclusion and reasons for recommendation

- 11.1 The report also provides an update on the existing approved Capital Programme.

<u>Background Papers (Local Government Act 1972 Section 100D)</u> N/A			
<u>Confidentiality</u> It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	2	File Ref:	N/A
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