

## CABINET – 16 MARCH 2021

### CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Director of Finance

#### Recommendations

1. The Cabinet is **RECOMMENDED** to:
  - (a) Note the latest capital monitoring position for 2020/21 in Annex 1; and
  - (b) Note the latest forecast for additional costs to the Capital Programme associated with COVID-19 of £2.7m.

#### Executive Summary

2. This report sets out the latest monitoring position for 2020/21 capital programme based on activity to the end of January 2021 and provides an update on latest ten-year capital programme to 2030/31.
3. The report and annexes reflect all changes approved by Council in February 2021 as part of the budget and business planning process. Following Council's approval, this is the first update reflecting the in-year and overall position.
4. The capital monitoring position shows the forecast strategy programme expenditure for 2020/21 is **£169.0m** (excluding earmarked reserves). This is a decrease of **£5.0m** compared to the latest approved capital programme. The main variations are set out in paragraphs 8 to 14 of the report.
5. The total ten-year capital programme (2020/21 to 2030/31) is **£1.418bn**, an increase of **£0.3m** compared to the latest approved capital programme.

#### Introduction

6. This is the third capital programme update and monitoring report for the year and focuses on the delivery of the 2020/21 capital programme based on projections at the end of January 2021 and new inclusions within the overall ten-year capital programme.
7. The following annex is attached:

Annex 1 Capital Programme Monitoring

## 2020/21 Capital Monitoring

### Forecast Programme Expenditure

8. The capital monitoring position set out in Annex 1, shows the forecast strategy programme expenditure for 2020/21 is **£169.0m** (excluding earmarked reserves). This has decreased by **£5.0m** compared to the capital programme approved by Council in February 2021.
9. The table below summarises the variations by strategy area:

Strategy Area	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Pupil Places	44.6	44.6	+0.0
Major Infrastructure	36.5	36.7	+0.2
Highways AMP	48.2	46.4	-1.8
Property, Estates & Investments	9.6	7.1	-2.5
ICT	5.7	4.8	-0.9
Passport Funding	29.4	29.4	+0.0
Vehicles & Equipment	0.0	0.0	+0.0
<b>Total Strategy Programmes</b>	<b>174.0</b>	<b>169.0</b>	<b>-5.0</b>
Earmarked Reserves	0.0	0.0	+0.0
<b>Total Capital Programme</b>	<b>174.0</b>	<b>169.0</b>	<b>-5.0</b>

\* Approved by Council 9 February 2021

10. The Highways Asset Management Programme (AMP) is now forecasted to be **£46.4m** in 2020/21, a decrease of **£1.8m** in forecasted project expenditure profiles since the last capital programme update. This relates to issues with the in-year supply of lighting columns for the LED street lighting replacement programme. It is forecast that **£6.0m** will be spent in 2020/21 compared to planned expenditure of **£7.8m**. The balance of **£1.8m** has been reprofiled into future years and there is no change to the overall investment in the programme.
11. The **£40.8m** LED street lighting replacement programme will convert 47,000 traditional lanterns to LED lanterns and fully replace 21,000 columns that are at the end of their life. The five year programme is still expected to be completed by the end of 2024/25 as planned.
12. By March 2021 8,000 lanterns will have been converted to LED and 400 columns replaced. This is 73% of what was originally planned for delivery this year but delivery will catch up in later years of the programme. The expected energy reduction at the end of year two is in line with the plan as higher energy consumption lanterns have been prioritised. The installation of energy efficient lighting will result in significant cost reduction through reduced maintenance and lower energy consumption, which will help reduce exposure to rising energy prices. The LED streetlights will reduce energy consumption by around 70% helping the Council to meet carbon reduction targets.

13. Within the Property & Estates Programme, a reduction of **£2.5m** is identified within the structural maintenance programme. The cumulative effect of COVID-19 measures which impact particularly on indoor work, including lockdown restrictions, have caused delays to planned works which will now not be completed before 31 March.
14. Actual capital expenditure at the end of January 2021 was **£93.7m**. The combined spend to date and commitments for the Capital Programme is **£130.6m** or 77% of the revised estimate for the year.

### **COVID-19**

15. Across all programmes, the estimated total additional costs incurred due to COVID-19 for 2020/21 is **£2.7m**. This represents 1.7% of forecast expenditure for 2020/21 and is included within the total forecast expenditure of **£169.0m**.
16. Within the Pupil Place Programme, the additional cost due to COVID-19 has been estimated to be **£0.8m** across eight school developments. This is due to delays in construction, costs associated with enhanced welfare of construction staff, additional equipment and disruption to the supply chain.
17. Within the Major Infrastructure Programme, the additional cost due to COVID-19 has been estimated to be **£1.2m** due to mainly to the extension of preliminary works across seven projects. In addition to the additional time taken to complete the work, extra costs have also been incurred to protect the welfare of onsite staff. Measures include increased supervision, additional Personal Protective Equipment (PPE) and additional cleaning regimes.
18. Within the Highways Asset Management Programme, the cost due to COVID-19 has been estimated to be **£0.5m**. As with the Major Infrastructure Programme, additional costs have been incurred to safeguard the welfare of on-site staff.
19. Additional expenditure of **£0.2m** has been estimated within the ICT Programme, due to the purchase of extra equipment to support employees during the pandemic over and above the usual replacement programme. This has included the provision of laptops and monitors to help staff to work effectively from home.
20. Individually, at project and programme level, the cost pressures arising from this additional expenditure has not been significant and it has been possible to manage the additional costs through the use of contingency budgets at project and programme level or through agreement of additional funding from within the capital programme. However, had these exceptional costs not been incurred, there would be additional resources of **£2.7m** available within the Capital Programme for investment in other priorities.

## Ten Year Capital Programme Update

21. The total ten-year capital programme (2020/21 to 2030/31) is **£1.418bn** (excluding earmarked reserves), an increase of **£0.3m** compared to the latest approved capital programme. The following table summarises the variations by strategy.

Strategy Area	Last Approved Total Programme (2020/21 to 2030/31) * £m	Latest Updated Total Programme (2020/21 to 2030/31) £m	Variation £m
Pupil Places	260.1	260.3	+0.2
Major Infrastructure	617.9	618.2	+0.3
Highways AMP	338.0	337.8	-0.2
Property, Estates & Investments	70.6	70.6	+0.0
ICT	27.2	27.2	+0.0
Passport Funding	94.5	94.5	+0.0
Vehicles & Equipment	9.4	9.4	+0.0
<b>Total Strategy Programmes</b>	<b>1,417.7</b>	<b>1,418.0</b>	<b>+0.3</b>
Earmarked Reserves	48.8	49.5	+0.7
<b>Total Capital Programme</b>	<b>1,466.5</b>	<b>1,467.5</b>	<b>+1.0</b>

\* Approved by Council 9 February 2021

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February 2021