

## Blaby District Council

### Cabinet Executive

<b>Date of Meeting</b>	7 November 2022
<b>Title of Report</b>	<b>Quarter 2 Capital Programme Review 2022/23</b> This is not a Key Decision and is on the Forward Plan
<b>Lead Member</b>	<b>Cllr. Maggie Wright – Finance, People &amp; Performance (Deputy Leader)</b>
<b>Report Author</b>	Accountancy Services Manager
<b>Corporate Priority</b>	Medium Term Financial Strategy (MTFS)

#### 1. What is this report about?

- 1.1 The report provides Members with an update on expenditure against the Capital Programme for the quarter ending 30<sup>th</sup> September 2022.

#### 2. Recommendation(s) to Cabinet Executive and Council

- 2.1 That the report is accepted.
- 2.2 That the latest Capital Programme totalling £8,039,700 is approved.

#### 3. Reason for Decisions Recommended

- 3.1 To ensure that the Council has adequate resources in place to meet its capital expenditure commitments.

#### 4. Matters to consider

##### 4.1 Background

The original Capital Programme for 2022/23 was approved by Council on 24<sup>th</sup> February 2022, and amounted to £2,452,500, which included a borrowing requirement of £1,168,500.

The revised Capital Programme following the 1<sup>st</sup> quarter of 2022/23 was approved in September 2022 and amounted to £5,507,463.

The following table shows the latest Capital Programme which now amounts to £8,039,700 (including S106 projects), taking into account £2,847,013 brought forward from 2021/22, and projects which had been deferred during the financial year. It also includes £2,500,000 approved by Council in

September, in respect of potential strategic property investment to support regeneration. Appendix A gives a complete breakdown of planned expenditure on a scheme-by-scheme basis, including how it will be resourced.

	£
<b>Approved Capital Programme 2022/23</b>	<b>5,507,463</b>
<u>Additions:</u>	
Strategic Property Investment for Regeneration	2,500,000
Additional funding towards Disabled Facilities Grants adaptations	12,183
Essential Works: Replacement boiler	128,066
<u>Reductions:</u>	
Office refurbishment	(100,000)
Asset Management	(28,066)
	8,019,646
Add S106 Contributions allocated to projects in 2022/23	20,054
<b>Revised Capital Programme 2022/23</b>	<b>8,039,700</b>

- Additional funds have been received from East Midlands Homes, for Disabled Facilities Grant adaptations within EMH properties.
- The Planning Obligations Monitoring Group have approved allocation of S106 funds to 2 new projects, Trinity Park Whetstone has had £19,554 allocated for gate and fence works, and Narborough Cemetery has had £500 assigned for granite area markers.
- Additional budget is required for essential works to replace the existing boiler at the Council Offices. Following the procurement exercise, the tendered price has come in at around £240,000, including fees, against a current budget of £111,934. The existing boiler has already reached the end of its useful life and in the event of a failure, the Council would face significant repair and maintenance costs. It is, therefore, considered essential that a replacement boiler is installed. The increase in cost can be accommodated from within the existing capital programme by transferring budget provision from the two budgets below.
- The tendered price for the final phase of refurbishment of the Council Office refurbishment has fallen within the budget provision. This means that £100,000 can be transferred to offset the increased cost of the essential boiler replacement project.
- The asset management contingency budget has been reduced to cover the difference required from the changes to the two projects detailed above.

4.2 At the end of the second quarter of 2022/23, the Council had spent £557,815 against its planned Capital Programme, excluding Section 106 contributions. S106-backed schemes are covered in paragraph 4.3 below.

Explanations for the main variances in Quarter 2 are as follows:

- Extension to Enderby Leisure Centre Car Park - quotes have been received and exceed the Capital budget by £30,000. The additional cost can be covered from the contingency sum allowed for within the Walk and Ride Blaby project. Works are planned to be undertaken during Quarter 3 and Quarter 4.
- Disabled Facilities Grants – Referrals for DFGs are being delayed due to reduced staffing in the Occupational Therapist team at Leicestershire County Council and reviews being undertaken. As at the end of September 2022 £384,359 has been spent against the project.
- Council Offices Refurbishment Project – The tender process has been completed and phase three works are scheduled to start on 31<sup>st</sup> October.
- Blaby Town Centre Toilets – Works are planned to commence in the 4<sup>th</sup> quarter of the year.
- Bouskell Park: Bridge & Car Park Improvements – deferred to allow for further consideration due to cost increases.
- Fosse Meadows: Resurface Car Parks – Following approval of the Car Park Strategy report, quotations have come in on budget and work is expected to commence shortly.
- HR and Payroll System – this project has been delayed to ensure that the proposed procurement process is compliant. Initial indications are that the cost of implementation will fall well within budget, and final details will be built into the new 5-year capital programme.

Several projects are now complete and awaiting final invoices, once received any savings realised will be reflected in the quarter 3 report.

#### 4.3 Section 106 Contributions

The Council receives S106 contributions towards the cost of providing for additional infrastructure needs arising from new housing developments. This includes provision of new offsite open space, play equipment, or affordable housing. Often because of financial viability of sites, payments are triggered at different stages of development which can take place over several years.

S106 contributions are only recognised in the Capital Programme at the point at which they have been allocated to support a defined project.

At 1st April 2022, the Council was holding S106 contributions to the value of £1,051,501, and since then a further £219,277 has been invoiced to developers. In total, £266,764 of the balance received has been allocated to projects, as shown at Appendix A, but spent as at 30th September 2022 is negligible. This leaves a remaining balance of £266,741 which has been allocated to projects, as well as a further £1,004,015 which is unallocated.

### 5. **What will it cost and are there opportunities for savings?**

#### 5.1 Not applicable.

## **6. What are the risks and how can they be reduced?**

### **6.1**

Current Risk	Actions to reduce the risks
Net expenditure may exceed the approved budget due to shortfall in income or overspending	Ongoing budget monitoring to highlight variances at an early stage.
Rising inflation costs may cause project costs to exceed the approved budgets.	Regular monitoring of the project costs by the Project Manager, together with support from the Capital Accountant to address any concerns at an early stage. Any price rise that cannot be accommodated within normal tolerances will be reported back to Council before proceeding with the planned works. The overall affordability of the Capital Programme will be considered in terms of its impact on the revenue budget, and projects will be deferred or removed from the programme as necessary.

## **7. Other options considered**

### **7.1** None

## **8. Environmental impact**

### **8.1** In preparing this report, the author has considered the impact on the Environment, and there are no areas of concern.

## **9. Other significant issues**

### **9.1** In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

## **10. Appendix**

### **10.1** Appendix A – Capital Monitoring Statement to 30<sup>th</sup> September 2022

## **10. Background paper(s)**

### **10.1** None

## **11. Report author's contact details**

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