

CABINET

18 October 2022

MID-YEAR CAPITAL PROGRAMME UPDATE

Report of the Portfolio Holder for Finance, Governance and Performance, Change and Transformation

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference: FP/020922	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Notes the capital 2022/23 forecast as at the end of August (paragraph 3.4).
2. Notes the changes to the 2022/23 capital programme as at the end of August (paragraph 3.2).
3. Notes the 2022/23 unallocated capital funding as at the end of August (Section 4).
4. Notes that a Midlands bid for £935,355 led by Lincolnshire County Council (LCC) for c350 electric vehicle charging points was successful and that LCC as the accountable body will deliver this project working with partner organisations.
5. Request approval to close the Ketton Centre Library and Community Hub project (paragraph 3.3).

1 PURPOSE OF THE REPORT

- 1.1 To provide Cabinet and all Members with an update on the delivery of the capital

programme as at the end of August 2022.

2 EXECUTIVE SUMMARY

2.1 The Executive Summary provides the answers to the key questions Members might be asking about the capital programme. More detail is provided in Section 3 onwards.

	Key questions	Further information
1	What's the latest capital programme and how has it changed since that originally approved?	<p>The approved capital programme now stands at £15.509m compared to that approved as part of the Outturn.</p> <p>A list of changes is included in paragraph 3.2.</p>
2	Are there capital projects forecasting to overspend?	<p>Yes, Barleythorpe roundabout project has overspent by £25k.</p> <p>The Highways team will look for possible savings within their capital programme to cover this overspend.</p>
3	How confident are we about forecasts?	<p>The confidence level is good. Many of the large capital projects are monitored closely via project groups, these budgets are created based on supplier quotations and known costs.</p> <p>The Council is closely monitoring the impact that high inflation may have on the capital programmes. Further comments can be found in paragraph 3.5.</p>
4	What progress is being made in delivering projects? Are there any major delays?	<p>No, progress is being made on all key projects. Details are given in paragraph 3.5.</p>
5	What capital funds are being held for future use?	<p>The total held is £13.039m (this includes CIL and Section 106 contributions). Details are given in paragraph 4.1 with a report expected in November re the future use of funds.</p>

3 MAIN CONSIDERATIONS

3.1 Overall position

3.1.1 This report sets out the latest position as at the end of August 2022 against the agreed capital programme. It includes:

- Details of any changes to the capital programme since it was approved at outturn (Paragraph 3.2)
- Cancelled projects (Paragraph 3.3)
- Latest financial position on the capital programme (Paragraph 3.4)
- Commentary on confidence of forecasts (Paragraph 3.5)

- Progress updates on key capital projects (Paragraph 3.6)
- Capital funding updates (Paragraph 3.7)
- Future capital updates (Paragraph 3.8)
- Unallocated capital funding (Section 4)

3.2 Changes to the Capital Programme

3.2.1 In February 2022 £18.298m (Report 09/2022) was approved as the new capital programme. This was updated at Outturn (Report 105/2022) to £14.010m with further amendments noted in 3.2.2. Changes to the capital programme are made in the following ways:

- Approval by Council or Cabinet;
- Emergency delegations;
- By the s151 Officer – this applies only to funding which is ring fenced i.e. where the Council receives funding which must be used for a specific purpose;
- Delegation within the Council's constitution; and
- Closed or completed project are removed from the capital programme.

3.2.2 The net change to the capital programme is £1.499m, therefore giving a revised capital programme of £15.509m.

	Project	Capital Project Approval or Delegation	Value £000	Value £000
Approved Capital Programme (Outturn Report 105/2022)				14,010
New Capital Programme – Approved Since Outturn				
Asset Management Requirements	Highways Capital Programme	Council Approval (Report 110/2022)	1,506	
Total New Capital Programme – Approved Since Outturn				1,506
Cancelled Capital Programme – Requesting Approval				
Strategic Aims and Priorities	Ketton Centre (Library and Community Hub)	Request Approval	(7)	
Total Cancelled Capital Programme – Requesting Approval				(7)
Revised Capital Programme 2022/23				15,509

3.3 Cancelled Projects

3.3.1 Ketton Centre (Library and Community Hub) – The project was approved in 2019 by Cabinet (Report 187/2019). The project was for the acquisition of land adjoining Ketton Centre [Library and Community Hub] from the Peterborough Diocese and the initial costs to put the land in a good serviceable condition as a car park. The land was transferred as a nil consideration in 2021/22. The council has no plans to progress this project as the works would not provide value for money, the future maintenance of the car park will be supported from revenue.

3.4 Latest financial position

3.4.1 The table below shows the position at the end of August on the capital programme. More detailed analysis by scheme can be found in Appendix A.

	Total Project Budget	Prior Years Outturn (A)	Estimated Future Outturn (B)	Total Project Outturn (A+B)	Total Project Variance
	£000	£000	£000	£000	£000
Approved Projects (detailed in Appendix A)					
Total	15,509	5,071	10,464	15,534	25
Financed By:					
Grant	(13,634)	(4,640)	(8,994)	(13,634)	0
Prudential Borrowing	(349)	0	(349)	(349)	0
Capital Receipts	(30)	0	(30)	(30)	0
Revenue Contributions	(309)	(66)	(243)	(309)	0
Developers Contribution	(1,187)	(365)	(847)	(1,212)	(25)
Total Financing	(15,509)	(5,071)	(10,463)	(15,534)	(25)

3.5 Confidence in forecasts

3.5.1 It is important that Rutland County Council considers the impact of inflation and staff shortages on delivering its capital programmes. The high inflation currently seen on materials, fuel and energy, may mean that less works can be completed from the funding given. The annual capital projects that are approved each year (i.e. Highways, Disabled Facilities Grants) are set against government grant allocations, works are completed by priority, based on the yearly capital allocation, so in many cases the risk of overspend is minimised.

3.5.2 The following projects are subject to “inflation risk” and are being monitored closely:

3.5.2.1 SEND –The tender for phase 1 has been confirmed and works are expected to start in September, no financial pressures are expected. Phase 2 is in the early stages of the project and any financial risks will be closely monitored at the Project Board

3.5.2.2 Catmose Expansion – The tender for the project has been confirmed, any risks will be monitored closely via Board meetings and through the projects risk register.

3.5.2.3 The SEND and Catmose Expansion projects are both run in partnership with a third party and any funding is given as a contribution towards these works. Any risks associated with higher inflation would therefore, per the contract, be borne by the third party but the Council is likely to come under pressure given the extreme circumstances.

3.5.2.4 Highway Projects - Works in this area have seen a high increase in costs, particularly around bitumen and energy. For the first time, the highways contract with Tarmac has triggered its annual fluctuation clause of plus 3%. To keep the capital programme within budget, a reduction in the works for 2022/23 is required.

3.5.3 From an accounting point of view, underspends on highways capital projects could create a pressure, in a given year, on the revenue budgets. For example the Tarmac overhead costs are split based on the annual spend for revenue and capital works. Also the amount of salary costs that can be allocated against capital projects would be lower if works are not completed within year.

3.6 Progress updates on key projects

3.6.1 This section includes a progress update on key projects. Key projects are defined as those that are:

- Demand led;
- Over £500k; and
- Likely to overspend.

3.6.2 Demand led projects

3.6.3 Disabled Facilities Grant (Budget £494.5k) – In October 2017 Rutland County Council introduced a Health and Prevention Grant (HaPs) as part of the Disabled Facilities Project. The project is funded from a ring fenced grant.

a) Disabled Facilities Grant (DFG) – This is a means-tested grant which can be used to make changes to the home to enable disabled children and adults to lead more independent lives.

b) Health and Prevention Grant (HAP) – This is a discretionary grant awarded to service users to support health, wellbeing and prevention priorities

3.6.4 The table below shows details on the type of spend from 2019/20 on DFG and HAPs projects.

		2019/20 Actual		2020/21 Actual		2021/22 Actual		2022/23 Forecast M5	
		Qty	£	Qty	£	Qty	£	Qty	£
DFG	Over £6k Schemes	3	33,656	4	22,343	3	33,205	9	95,489
HAP	Level Access	14	53,312	9	36,911	13	56,773	21	97,676
HAP	Stair Lifts	14	56,177	9	28,008	13	37,297	3	7,643
HAP	Under £6k Misc Scheme	11	31,548	14	51,870	22	58,718	11	33,472
Misc	Support Costs **							N/A	48,499
Total DFG and HAP Application		42	174,692	36	139,132	51	185,993	44	282,779

** Support cost – capitalised salary costs and assistive technology equipment

3.6.5 The DFG schemes that are over £6k can often take more than one year to complete, due to the complexity of the works required. Some of these schemes were delayed further due to the Covid-19 pandemic and are shown in the 2022/23 forecast.

3.6.6 Key projects over £500k

SEND (Budget £1.5m – Report 86/2018)

3.6.7 The Council was granted capital funding as part of the DfE Special Provision Capital Fund, alongside its own £200k contribution. The funding has been allocated as follows, Uppingham Community College (£700k), Nurture Project (£26k) with the remainder being used to develop additional mainstream school facilities for children with SEND (£821k).

3.6.8 The main capital works at Uppingham Community College have been completed. The Project was to create 10 SEND places within the College. All 10 places are expected to be filled by 2023/24. The remaining budget will be used as fit out costs for the project and to provide an outside learning space.

3.6.9 The Nurture project at Edith Weston Primary School was completed 31st March 2021. The Nurture provision is a focused intervention designed to provide additional support to children within their learning environment and connecting to their home environment by addressing children's and families challenges that may be associated with their attachment needs.

3.6.10 RCC have entered into an agreement with UCC to deliver refurbishments for mainstream facilities. This will meet the needs of a group of 10 children with Education Health and Care plan requirements, who move to Secondary school in September 2022. The costs are based on the feasibility study with suitable contingency built in and allocated under the Chief Executive delegation (Report No 191/2016). The project is expected to be completed by January 2023 within the original budget.

Schools Expansion Project

3.6.11 Catmose Project (Budget £5.4m – Report 38/2021) - The capital programme enables the local authority to meet its statutory obligation to provide sufficient secondary school places within Rutland.

3.6.12 A two-stage feasibility study for school expansion across all of the secondary provision in Rutland was completed in February 2020. The second stage feasibility study was to look at the preferred site at Catmose College to deliver 30 additional places through the development of an 8 Form Entry secondary school.

3.6.13 The project is managed by Catmose School, payments are made after each milestone, the first payment for remodelling and refurbishment was paid July 2021. This phase of the project has been completed on schedule to allow an 8th form entry for the 2022 cohort, with all eight classes full and a small waiting list.

3.6.14 The remaining milestones will be paid over the next two years. The new build will begin in Autumn term 2022. Planning permission has been submitted, with only Sports England response outstanding. Work is expected to be completed by the summer 2024.

Digital Rutland

- 3.6.15 Local Full Fibre Network (LFFN) (Budget £2.229m – Report 159/2019) - the LFFN project supports full fibre connectivity to public buildings within Rutland. The programme was successfully delivered in 2020/21 to the 55 public sector sites. An external agency will be assisting the Council to finalise the contract closure for LFFN. It is expected that the project will come in under budget.
- 3.6.16 The original project was funded by Building Digital UK (BDUK) and Rutland County Council (RCC) based on a ratio split. The funding from BDUK was paid in full during the early stages of the Project. At the end of the project any underspends will result in a clawback to BDUK based on the same ratio split. Details of the clawback will be reported once confirmation is received from BDUK.

Affordable housing

- 3.6.17 Affordable Housing Brooke Road, Oakham (Budget £650k – 133/2020 & 04/2021) - The project is for the development on the former allotment site at Brooke Road. The project has now been granted reserved matters planning consent and is expected to start in 2022/23.

ITB Capital projects (Budget £1.035m report 25/2021)

- 3.6.18 The Highways and Transport Working Group meet every two months to provide an update on current issue and schemes. Any schemes under £10k are approved by the budget manager, those schemes over £10k but less than £200k are approved under delegation. These are published on the Councils website¹. Further details on the Local Transport Plan² can be found on the council website.

Highways

- 3.6.19 Highways (Budget £2.6m Report 52/2022 & 110/2022) - The projects below are funded from Department of Transport capital funding.

¹ Officer Decisions

² Local Transport Plan

Project Description	2022/23 Budget	Comments
Footways Dressing	65,000	Works completed
Pre-Surface Dressing Patching	430,000	Programmed works is ongoing with any essential works completed as required.
Surface Dressing	690,000	Works completed
Footways	106,000	Majority of works committed for the year.
Bridges	126,400	Planned works have been delayed due to the Stone mason availability during the Environmental Agency consent window. This works is planned for June 2023 The 2021/22 budget will be used on other urgent projects from the ongoing programme of works.
Carriageway Micro asphalt	60,000	Works due to commence in autumn 2022.
Drainage Schemes	149,100	Planned works will be ongoing throughout the year.
Street Lighting	29,600	Works completed for structural testing across the county. Any columns requiring immediate attention have been removed and replaced.
A6003 Uppingham to Caldecott	220,000	Works is expected to begin autumn 2022
A6003/ A47 Roundabout	95,000	Investigation works started September 2022, it's expected that the works will be finalised in 2023 if additional funding is required.
Manor Lane, Barleythorpe	130,000	Works expected to begin in October 2022.
Condition Survey & Programming	50,000	N/A – Yearly surveys relating to capital projects
Capital Overheads & Capitalised Salary Costs	455,000	The capital contribution will be calculated at the year end, based on works completed in year.
	2,606,100	

3.7 Funding Updates

- 3.7.1 Lincolnshire County Council led a bid for £935,355 in association with Herefordshire Council, Leicestershire County Council, Rutland County Council and Stoke-on-Trent City Council for electric vehicle charging funding. The funding will in total see 322 standard and 27 rapid electric vehicle charging points across the Midlands.

- 3.7.2 The grant was awarded to Midlands Connect with Lincolnshire County Council as the lead authority. We will await details from them about how the programme will be delivered and how many points will be created in Rutland.

3.8 Future capital projects

- 3.8.1 The projects listed below, are potential future capital projects that may be brought forward for approval over the next 12 months.
- 3.8.2 Levelling Up fund bid – Cabinet approval was given in June to submit a joint application with Melton Borough Council for Levelling Up Funding. If successful, the Council may be asked to provide match funding for up to 20% of the award value. An announcement on the grant award is expected to be made in the Autumn statement.
- 3.8.3 UK Share Prosperity Fund Allocation (UKSPF) – the funding has been launched to support the Levelling Up agenda. All local authority areas in the UK have received a conditional allocation. Rutland's allocation is £1m. A local investment plan was submitted on the 1st August 2022. A further update will be provided once confirmation has been received from government.
- 3.8.4 The new Prosperity Fund was announced by Government on 3rd September 2022. It complements the UKSPF and is a top-up to help address the extra needs and challenges facing rural areas. Rutland has a notional allocation of £400k. An investment plan needs to be developed and submitted by 30th November to release the funding.
- 3.8.5 Property Asset Review – Cabinet approval was granted on the 21st September 2021 for the preparation of a property asset review on its operational and commercial properties. A paper will be going to cabinet in November, which will set out the principles for the Council's property and asset strategy. The condition survey work has highlighted that significant investment will be required in all assets if they are retained. This was expected. The second phase of work will now focus on the options for each class of assets and subsequently the development of a longer term planned maintenance programme. Any emergency immediate works will be covered in the November paper.
- 3.8.6 SEND Capital Funding – Funding for High Needs Provision Capital Allocation (HNPCA) has been confirmed for 2022/23 (£500k) and 2023/24 (£540k). The funding is to support local authorities to deliver new places and improve existing provision for children's and young people with special educational needs and disabilities or who require alternative provision.

4 UNALLOCATED FUNDING

- 4.1 Currently the Council is holding circa £13m of unallocated capital funds. This accounts for any new grant funding we have received in 2022/23, any over or underspends on completed projects, plus any known commitments.
- 4.2 The director of Places will be bringing a detailed report to cabinet in November to explain how the funding is likely to be used in the future (Para 3.8.5).

5 CONSULTATION

5.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with all officers regarding the financial position and future projects

6 ALTERNATIVE OPTIONS

6.1 Cabinet is requested to approve the closure of the Ketton Centre (Library and Community Hub) capital project. Cabinet can choose to reject this request and keep the capital project within the programme.

7 FINANCIAL IMPLICATIONS

7.1 The financial implication on the project being cancelled within the report, will result in S106 funding be released for other capital projects.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 There are no legal implications arising from this report

9 DATA PROTECTION IMPLICATIONS

9.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks or issues that affect the rights and freedoms of natural persons.

10 EQUALITY IMPACT ASSESSMENT

10.1 An Equality Impact Assessment (EqIA) has not been completed for the following as this report does not impact on Council policies and procedures.

11 COMMUNITY SAFETY IMPLICATIONS

11.1 There are no community safety implications.

12 HEALTH AND WELLBEING IMPLICATIONS

12.1 There are no health and wellbeing implications.

13 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

13.1 The period 5 report shows that good progress is being made in delivering the capital programme within budget and shows no material risks to the Council

14 BACKGROUND PAPERS

14.1 None

15 APPENDICES

15.1 Appendix A – Capital Programme 2022/23

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Appendix A: Capital Programme

Project Description	Approved Budget at Outturn	New Projects approved	Total Project Budget	Prior Year Expenditure	Estimated 2022/23 Outturn	Estimated Project Outturn	Project Over / (Under) Spend
	£000	£000	£000	£000	£000	£000	£000
School Maintenance	36	0	36	16	20	36	0
School Capital Expansion Project	5,400	0	5,400	1,860	3,540	5,400	0
Highways Capital Projects	1,100	1,506	2,606	0	2,606	2,606	0
Integrated Transport Block	1,451	(72)	1,379	345	1,034	1,379	0
Emergency Active Travel	31	72	103	2	101	103	0
St Eabbass Close	4	0	4	0	4	4	0
ITCP – Barleythorpe Roundabout	45	0	45	0	70	70	25
Total Asset Management Requirements Capital Programme	8,067	1,506	9,573	2,223	7,375	9,598	25
Devolved Formula Capital	12	0	12	0	12	12	0
Disabled Facilities Grant	495	0	495	0	495	495	0
Changing Place at Anglian Water	78	0	78	0	78	78	0
Changing Place at Uppingham	80		80	0	80	80	0
SEND	727	0	727	716	11	727	0
SEND 2021/22	822	0	822	9	813	822	0
Sports Grants	418	0	418	343	75	418	0
Catmose Pool – Contribution	150	0	150	0	150	150	0
Digital Rutland – LFFN	2,229	0	2,229	1,686	543	2,229	0
Uppingham Town Centre WC	27	0	27	0	27	27	0
Great Casterton C of E Primary	43	0	43	22	21	43	0

Project Description	Approved Budget at Outturn	New Projects approved	Total Project Budget	Prior Year Expenditure	Estimated 2022/23 Outturn	Estimated Project Outturn	Project Over / (Under) Spend
	£000	£000	£000	£000	£000	£000	£000
Ketton Centre	7	(7)	0	0	0	0	0
St Mary & St John Primary School	17	0	17	6	11	17	0
Affordable Housing, Brooke Road	650	0	650	0	650	650	0
OEP – Unit 2 and 4	110	0	110	66	44	110	0
Website Development	49	0	49	0	49	49	0
IT Projects	30	0	30	0	30	30	0
Total Strategic Aims and Priorities Capital Programme	5,944	(7)	5,936	2,848	3,089	5,937	0
Total Capital Programme	14,010	1,499	15,509	5,071	10,464	15,535	25