



Northumberland

County Council

CORPORATE SERVICES & ECONOMIC GROWTH OSC

12 October 2020

Capital Programme 2020-21 - Position at the end of July 2020

Report of Chris Hand, Executive Director of Finance

Cabinet Member: Nicholas Oliver, Portfolio Holder for Corporate Services

1. Purpose of report

- 1.1 The purpose of the report is to inform the Scrutiny Committee of the progress made to date in delivering the Council's capital programme for 2020-21.

2. Recommendations

- 2.1 Members are requested to note the progress made to date regarding the delivery of the capital programme.

3. Link to Corporate Plan

- 3.1 The Council's budget is aligned to the priorities outlined in the Corporate Plan 2018-21 "A Council that Works for Everyone".

4. Key issues

4.1 Overall Position

- 4.1.1 The report provides information and analysis on the Council's financial performance of the capital programme to the end of July 2020. The Council set its budget for 2020-21 on 19 February 2020 and this report focuses on the financial performance to the end of July 2020 and the projected year end position at that point in time.

5. Capital Programme - Position at end of July 2020

- 5.1 The capital programme for 2020-21 totalling £234.936 million was agreed by full Council on 19 February 2020.

- 5.2 The phasing of the capital programme has altered following a review of the schemes at the end of last financial year (£11.119 million reprofiled from 2019-20 to 2020-21). In addition, further approvals totalling £3.862 million for additional schemes and resourcing has been agreed.

- 5.3 The following table sets out the position as at the end of July:

Directorate	2020-21 Approved Budget Full Council 19.02.20	Approved Adjustments	Revised 2020-21 Budget	Expenditure to date	Forecast Expenditure	Net Variance	Over / (Under) spend	Reprofiling
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	2.224	0.406	2.630	0.073	1.814	(0.816)	-	(0.816)
Chief Executive's	4.627	0.832	5.459	0.021	2.626	(2.833)	-	(2.833)
Children's Services	71.739	(6.621)	65.118	10.191	46.975	(18.143)	0.001	(18.144)
Corporate Finance	49.290	14.250	63.540	3.015	49.011	(14.529)	0.002	(14.531)
Human Resources & OD	18.041	(2.112)	15.929	1.367	20.051	4.122	-	4.122
Local Services	48.249	8.003	56.252	7.711	47.266	(8.986)	0.007	(8.993)
Regeneration, Commercial and Economy	40.766	0.224	40.990	2.047	14.424	(26.566)	(0.391)	(26.175)
Total Programme	234.936	14.982	249.918	24.425	182.167	(67.751)	(0.381)	(67.370)
Financed by:								
Capital Receipts	4.671	-	4.671					
External Grants	57.663	9.891	67.554					
GF Borrowing	149.771	5.330	155.101					
GF Revenue Contributions (RCCO)	0.755	-	0.755					
HRA Borrowing	5.940	-	5.940					
HRA Contributions (MRR & RCCO)	16.136	(0.239)	15.897					
Total Financing	234.936	14.982	249.918					

- 5.4 A number of capital schemes have been delayed as a result of lock-down and the furloughing of staff by both external design consultants and contractors. Some major projects did continue on site albeit at a slower rate due to social distancing measures and a reduction in the workforce on site. The Council has fully supported contractors returning to site as soon as it was safe to do so with the necessary Covid-19 risk assessments in place and is now looking to accelerate projects wherever possible.

There has been capital expenditure of £24.425 million during the year to 31 July 2020. The major areas of capital investment during the first four months of the year were as follows:

- a. £7.341 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
 - b. £10.191 million invested in school buildings, including the construction of new schools at Morpeth and Ponteland.
 - c. £1.464 million invested in leisure facilities.
 - d. £0.915 million invested in the Council's housing stock.
- 5.5 There is a net forecast underspend of £67.751 million across the 2020-21 Capital Programme comprising of £67.370 million reprofiling (£73.744 million reprofiling from 2020-21 into 2021-22 and £6.374 million from 2021-22 into 2020-21) and £0.381 million underspend. The Cabinet were requested to approve the reprofiling on 8 September and amend the Medium Term Financial Plan accordingly.
- 5.6 Commentary regarding the key variances to the revised programme can be found in Appendix A.
- 5.7 The variance between the current forecast and the original budget for 2020-21 approved by full Council on 19 February 2020 totals £52.768 million and the details of the individual schemes are shown in Appendix B. The impact on the budget for the 3 years of the MTFP is also illustrated.

Implications

Policy	This is the fourth year of this Administration's Medium Term Financial Plan; and, it fully supports the priorities outlined in the Corporate Plan 2018-21 - A Council that Works for Everyone.
Finance and value for money	The report is of a financial nature and the detail is contained within the body of the report.
Legal	There are no specific legal implications within this report.
Procurement	There are no specific procurement implications within this report.
Human Resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	There are no specific equalities implications within this report.
Risk Assessment	The risks associated with the budget were considered in February 2020 and were considered to be acceptable.
Crime & Disorder	There are no specific crime and disorder implications within this report.
Customer Consideration	There are no specific customer consideration implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health & Wellbeing	The Council's budget is founded on the principle of promoting inclusivity.
Wards	All wards.

Background papers

Cabinet 11 February 2020 and Council 19 February 2020: Medium Term Financial Plan and 2020-22 and Budget 2020-21.

Report sign off

	Name
Monitoring Officer/Legal	Liam Henry
Executive Director of Finance & Section S151 Officer	Chris Hand
Relevant Executive Director	Chris Hand
Acting Chief Executive	Kelly Angus
Portfolio Holder(s)	Nick Oliver

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Key Capital Variances

1. **Adult Services** - £0.816 million reprofiling from 2020-21 to 2021-22 as follows:
 - i. £0.432 million reprofiling from 2020-21 to 2021-22 in relation to Disabled Facilities Grant based on the current level of applications and an assumption that referrals will gradually increase following the easing of the Covid-19 lockdown.
 - ii. £0.284 million reprofiling from 2020-21 to 2021-22 in relation to Community Capacity Grant as no further schemes are expected to commence in this financial year.
 - iii. £0.100 million reprofiling from 2020-21 to 2021-22 in relation to Person Centred Care Information System (SWIFT) due to a delay as a result of C£0.100 million reprofiling from 2020-21 to 2021-22 in relation to Person Centred Care Information System (SWIFT) due to a delay as a result of Covid-19. The procurement process is expected to commence shortly and it is therefore unlikely that there will be any expenditure incurred in the current financial year.
2. **Chief Executive** - £2.833 million reprofiling from 2020-21 to 2021-22 on the Renewable Energy Programme. A number of schemes are progressing including the County Hall and Willowburn Leisure Centre schemes, albeit delayed due to the impact of Covid-19. A separate report will be presented to Cabinet in the Autumn to inform members of those schemes which are now not proceeding and to identify alternative replacement schemes for approval.
3. **Children's Services** - £0.001 million overspend, £18.941 million reprofiling from 2020-21 to 2021-22 and £0.797 million reprofiling from 2021-22 to 2020-21 as follows:
 - i. £0.500 million reprofiling from 2020-21 to 2021-22 in relation to developing two children's homes within the County to accommodate up to four young people. Planning permission for the two sites at Pegswood and Hadston has been delayed due Covid-19 restrictions on public consultation.
 - ii. £1.525 million reprofiling from 2020-21 to 2021-22 in relation to the Schools' Capital Investment Programme (SCIP) based on the programme manager's forecast expenditure due to delays in progress partly as a result of Covid-19.
 - iii. £1.294 million reprofiling from 2020-21 to 2021-22 in relation to the Basic Needs Programme. Children's Services are currently reviewing requirements with a view to revising the programme.
 - iv. £0.610 million reprofiling from 2020-21 to 2021-22 in relation to Bedlington Whitley Memorial and West End First School. The modular classroom is

expected to be completed by the end of October 2020 within budget. The unused SCIP budget will be reallocated to other schemes in future years.

- v £0.500 million reprofiling from 2020-21 to 2021-22 in relation to Bedlington Secondary School Reorganisation. The modular classroom and hall extension at St Benet Biscops is expected to be completed by 2 November 2020. The unused Basic Needs funded budget element will be reallocated to other schemes in future years.
 - vi £4.512 million reprofiling from 2020-21 to 2021-22 in relation to Seaton Valley Federation of Schools. The outline business case is still awaiting approval with no works envisaged in the current financial year.
 - vii £10.000 million reprofiling from 2020-21 to 2021-22 in relation to Hexham Schools Outline Business Case. Phase 1 of the scheme will target the completion of the new school buildings, staff/visitor car park and external all-weather pitches constructed and handed over ready for use in September 2021. The demolition of the old school buildings and formation of the new bus park will form phase 2 and are due for completion at the end of April 2022.
 - viii £0.797 million reprofiling from 2021-22 to 2020-21 in relation to Schools Reorganisation West. The scope of the project at Bellingham Middle School is still to be finalised but it is still expected that the scheme will be completed in the current financial year.
4. **Finance** - £0.002 million overspend, £14.585 million reprofiling from 2020-21 to 2021-22 and £0.054 million reprofiling from 2021-22 to 2020-21 as follows:

Corporate Finance

- i £0.533 million reprofiling from 2020-21 to 2021-22 in relation to Contingency for Grant Funded Projects due to no schemes currently being brought forward.
- ii £4.000 million reprofiling from 2020-21 to 2021-22 in relation to the unallocated balance for Regeneration Schemes.
- iii £0.500 million reprofiling from 2020-21 to 2021-22 in relation to the Loans to NELEP for Bates. There have been some delays onsite due to Covid-19 with works to the electrical substation now scheduled for completion in 2021-22 once the requirements of the investor are known.
- iv £1.200 million reprofiling from 2020-21 to 2021-22 in relation to a Loan to NELEP for Ashwood Business Park. Revised profiles for the scheme are due to be received with reprofiling estimated at this stage.
- v £2.000 million reprofiling from 2020-21 to 2021-22 in relation to Portland Park Grant. £2.000 million was initially due to be spent in March but this may require reviewing following Covid-19.

Information Services

- i £0.114 million reprofiling from 2020-21 to 2021-22 in relation to the upgrading of the County Hall IT infrastructure.
- ii £0.431 million reprofiling from 2020-21 to 2021-22 in relation to the implementation of Office 365 due to delays in project commencement as a result of Covid-19.
- iii £0.500 million reprofiling from 2020-21 to 2021-22 in relation to Telephony due to delays in project commencement as a result of Covid-19.
- iv £0.125 million reprofiling from 2020-21 to 2021-22 in relation to Library Kiosks due to delays in project commencement as a result of Covid-19.

Property Services

- i £0.862 million reprofiling from 2020-21 to 2021-22 in relation to the Property Stewardship Fund due to delays in the toilet refurbishment programme and Woodhorn works due to Covid-19.
- ii £1.000 million reprofiling from 2020-21 to 2021-22 in relation to the refurbishment of County Hall. It is forecast expenditure will be in the region of £3.500 million in the current financial year. Some further reprofiling will be required in 2021-22 and 2022-23 due to Covid-19 and changes to timescales for completion.
- iii £0.800 million reprofiling from 2020-21 to 2021-22 in relation to Alnwick Lindisfarne Site due to a delay in the project commencement as a result of Covid-19.
- iv £0.441 million reprofiling from 2020-21 to 2021-22 in relation to Cowley Road Depot Refurbishment and Car Park with finalisation of the scheme still ongoing.
- v £0.054 million reprofiling from 2021-22 to 2020-21 in relation to County Hall Solar PV and West Hartford parking due to design costs being accelerated.

Fire and Rescue

- i £1.000 million reprofiling from 2020-21 to 2021-22 in relation to FRS Fleet Requirement. The appliance coach builders have advised that there will be a delay on delivery of the orders by six to eight months. It is anticipated that six chassis will be delivered in the current financial year with the bodies to be constructed and attached after this.
- ii £0.079 million reprofiling from 2020-21 to 2021-22 in relation to the Officers Pooled Car Scheme as a full fleet review is underway with budget requirements known once this is completed.

Advance Northumberland

- i £1.000 million reprofiling from 2020-21 to 2021-22 in relation to the redevelopment of Ashington North East Quarter as phase 2 has been removed from the contract and will be completed in-house with programming taking place around the construction of the new cinema.
5. **Human Resources & OD** - £1.328 million reprofiling from 2020-21 to 2021-22 and £5.450 million reprofiling from 2021-22 to 2020-21 as follows:
- i £0.700 million reprofiling from 2020-21 to 2021-22 in relation to Blyth Sports Centre. The scheme commenced on site in July 2020 with completion of works by July 2021.
 - ii £0.170 million reprofiling from 2020-21 to 2021-22 in relation to the provision of leisure facilities within Morpeth. The start on site has been delayed due to planning issues and it is now anticipated that works will commence in September with completion in May 2022.
 - iii £0.458 million reprofiling from 2020-21 to 2021-22 in relation to Newbiggin Sports Centre with work on site anticipated to commence in April 2021
 - iv £5.450 million reprofiling from 2021-22 to 2020-21 in relation to Berwick Leisure Centre based on the estimated cashflow of the project with estimated completion for November 2022.
6. **Local Services** - £0.007 million overspend, £9.066 million reprofiling from 2020-21 to 2021-22 and £0.073 million reprofiling from 2021-22 to 2020-21 as follows:
- Technical Services
- i £0.300 million reprofiling from 2020-21 to 2021-22 in relation to the construction of the new salt barns for winter services. Planning has been granted for Otterburn with procurement currently being undertaken for Bellingham and Morpeth.
 - ii £3.322 million reprofiling from 2020-21 to 2021-22 in relation to the Department for Transport (DfT) Challenge Fund Bid Support. The Council were successful in receiving a £3.700 million grant towards a £4.800 million programme of refurbishment works on eight steel structures. The works will be undertaken over two financial years.
 - iii £1.034 million reprofiling from 2020-21 to 2021-22 in relation to Union Chain Bridge. The contract commenced on 1st July 2020 with a current construction start date of 18th August 2020 with the scheme anticipated to be completed by January 2022.
 - iv £0.419 million reprofiling from 2020-21 to 2021-22 in relation to Corbridge and Newbiggin Car Park schemes.
 - v £0.363 million reprofiling from 2020-21 to 2021-22 in relation to Flood and Coastal schemes at Alnwick, Seaton Delaval, Haydon Bridge, Berwick and Chathill.

- vi £0.200 million reprofiling from 2020-21 to 2021-22 in relation to the river protection works being carried out by the Environment Agency in Hexham. It is now expected that the Council will make its contribution to the scheme in 2021-22.
- vii £1.550 million reprofiling from 2020-21 to 2021-22 in relation to Lynemouth Bay Landfill Encapsulation scheme. All of the pre-enabling works will be completed in the current financial year with construction works expected to commence in 2021-22.
- viii £0.303 million reprofiling from 2020-21 to 2021-22 in relation to Members Local Improvement Schemes. It is expected that all budgets will be committed in the current financial year but it may not be possible to deliver all of the proposed schemes within the timeframe.
- ix £0.073 million reprofiling from 2021-22 to 2020-21 in relation to Hexham (Bunker Site) and Amble Car Parks.

Neighbourhood Services

- i. £1.500 million reprofiling from 2020-21 to 2021-22 in relation to the Fleet Replacement Programme. A large number of specialist vehicles, including refuse, are anticipated to be delivered prior to 31 March 2021. However there is a risk of reprofiling if delivery dates are amended.
 - ii. £0.075 million reprofiling from 2020-21 to 2021-22 in relation to the Parks Enhancement Programme. Future schemes have yet to be identified which will require approval to be met from this programme.
 - iii. £0.024 million underspend in relation to the Glass Recycling Pilot scheme.
- g. **Regeneration, Commercial and Economy** - £0.391 million underspend, £26.175 million reprofiling from 2020-21 to 2021-22 as follows:

Housing Revenue Account

- i £2.517 million reprofiling from 2020-21 to 2021-22 in relation to the Major Repairs Reserve due to delays on works during the period April to June and continuing access issues for internal capital works as a result of householders reluctance to allow access due to Covid-19
- ii £12.627 million reprofiling from 2020-21 to 2021-22 in relation to HRA reprovion and new build. The scheduled commencement dates on sites has been moved a number of times with some not now commencing until 2021-22.

Housing General Fund

- i £0.391 million underspend in relation to Empty Homes Repair and Lease. It is expected that four properties will be completed by 31st March 2021 with the programme ending at that point.

- ii £0.414 million reprofiling from 2020-21 to 2021-22 in relation to the Community Housing Fund with the balance being reprofiled to fund grants in that financial year.

Economy

- i £2.824 million reprofiling from 2020-21 to 2021-22 in relation to the construction of the Blyth Relief Road. The scheme continues to be developed and is currently funded from the revenue budget due to uncertainties around the external funding and timing of delivery.
- ii £0.358 million reprofiling from 2020-21 to 2021-22 in relation to Broadband Phase 2 Gainshare Extension with the funding to be used as match funding for a full fibre project.
- iii £0.450 million reprofiling from 2020-21 to 2021-22 in relation to Community Broadband with the funding to be used as match funding for a full fibre project.
- iv £0.600 million reprofiling from 2020-21 to 2021-22 in relation to Ad Gefrin Distillery and Visitor Centre as a result of delays and the requirement to use external funding first. The Council's contribution requires reprofiling into 2021-22.
- v £0.850 million reprofiling from 2020-21 to 2021-22 in relation to Blyth Future High Street with a funding decision anticipated in September 2020 with design work commencing from January.
- vi £0.218 million reprofiling from 2020-21 to 2021-22 in relation to Hexham Heritage Action Zone due to delays as a result of Covid-19.
- vii £0.500 million reprofiling from 2020-21 to 2021-22 in relation to Hexham Town Centre Redevelopment and as negotiations are continuing no work is planned to commence in the current financial year.
- viii £4.667 million reprofiling from 2020-21 to 2021-22 in relation to Strategic Regeneration Projects with projects not forthcoming as originally anticipated.
- ix £0.150 million reprofiling from 2020-21 to 2021-22 in relation to the Port of Berwick Grant. There is a delay to the implementation of works with the Council making staged payments to the Port with the final payment now being made in 2021-22.