

## BARNSELY METROPOLITAN BOROUGH COUNCIL

**REPORT OF:** Executive Director – Core Services & Service Director – Finance (Section 151 Officer)

**TITLE:** CAPITAL PROGRAMME PERFORMANCE – YEAR ENDED 31 MARCH 2022

<b>REPORT TO:</b>	Cabinet
<b>Date of Meeting</b>	1 June 2022
<b>Cabinet Member Portfolio</b>	Core Services
<b>Key Decision</b>	No
<b>Public or Private</b>	Public

### **Purpose of report**

To consider the financial performance of the Council's Capital Programme for the year ended 31<sup>st</sup> March 2022.

### **Council Plan priority**

All priorities

### **Recommendations**

That Cabinet:-

- 1. Note the final financial position on the 2021/22 Capital Programme;**
- 2. Approve scheme slippage totaling £34.9M and scheme re-phasing totaling £2.6M (paragraphs 3.5, 3.6 and Appendix B refer);**
- 3. Note the total net increase in scheme costs in 2021/22 of £0.8M (paragraph 3.7 and Appendix B refer); and**
- 4. Receive an updated 2022/23 indicative Capital Programme position (as part of the Quarterly Finance Monitoring update).**

## 1. INTRODUCTION

- 1.1 The Council's approved Capital Programme for the period 2022 – 2025 was agreed by Full Council on 25<sup>th</sup> February 2021. Cabinet has received quarterly updates on the performance and delivery of key capital schemes. This report provided the final update for the year and highlights the impact on the delivery of the future years programme.

## 2. PROPOSAL

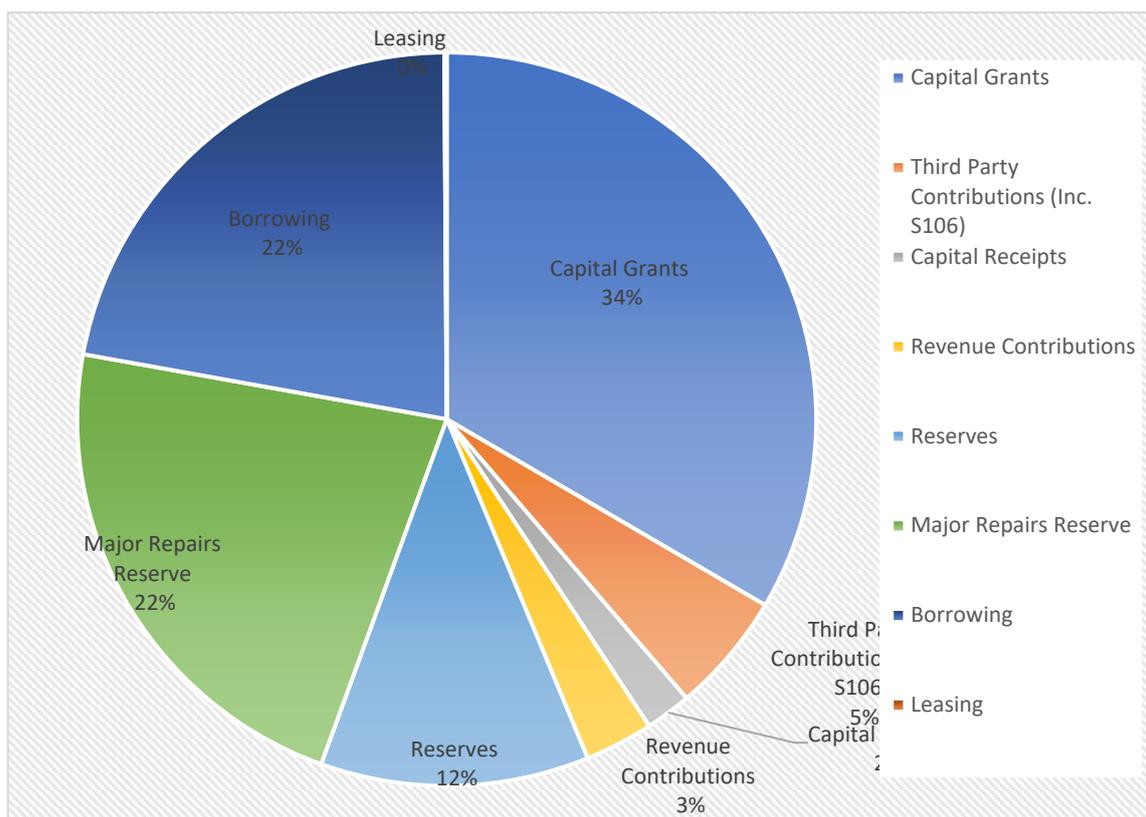
- 2.1 The table below summarises the position on the 2021/22 Capital Programme as at 31<sup>st</sup> March 2022 which shows an overall lower than expected spend of approximately £31.5M against the approved capital programme budget. This variance is explained further in paragraphs 3.4-3.8 below with a further detailed breakdown provided in Appendix A.

<u>Directorate</u>	2021/22 Capital Programme	2021/22 Outturn	2021/22 Variance
	£M	£M	£M
Childrens Services	4.562	3.437	(1.125)
Place	87.624	59.216	(28.408)
Adults & Communities	4.022	4.800	0.778
Core Services	3.634	1.426	(2.208)
Housing Revenue Account	26.540	25.956	(0.584)
<b>TOTAL</b>	<b>126.382</b>	<b>94.835</b>	<b>(31.547)</b>

- 2.2 The following table summarises the resources utilised to fund the 2021/22 Capital Programme. It should be noted that this funding only relates to direct Council expenditure (or where the Council acts as the Accountable Body). A number of schemes also lever in other private and public sector investment, but this is not reflected in the figures below.

<u>Funding Source</u>	2021/22 £M
Capital Grants	31.736
Third Party Contributions (Inc. S106)	5.020
Capital Receipts	1.910
Revenue Contributions	2.846
Reserves	11.141
Major Repairs Reserve	21.166
Borrowing	20.916
Leasing	0.100
<b>Total</b>	<b>94.835</b>

- 2.3 The pie chart below is a graphical representation of the table above.



2.4. The following table summarises the reasons for the £31.5M reduction in spend as compared to that expected in the 2021/22 plan. This variance is primarily a result of scheme slippage across the programme, with the majority relating to schemes delivered by the Place Directorate. All significant variances are explained in further detail in paragraphs 3.5 – 3.7.

<b>Directorate</b>	<b>Slippage</b>	<b>Re-phasing</b>	<b>Net Increase/ (Decrease) in Scheme Costs</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Childrens Services	(1.286)	-	0.161	(1.125)
Place	(29.050)	1.295	(0.653)	(28.408)
Adults & Communities	(0.040)	0.817	0.001	0.778
Core Services	(2.274)	0.065	-	(2.209)
Housing Revenue Account	(2.281)	0.377	1.321 *	(0.583)
<b>Total</b>	<b>(34.931)</b>	<b>2.554</b>	<b>0.830</b>	<b>(31.547)</b>

\* Actual increase in scheme costs within the HRA totals £3.3M. The reported position above includes mitigations agreed in Q4 of 2021/22 but excludes other proposed mitigations. Paragraph 3.7 refers.

## 2.5. Slippage

Of the total variation in expenditure against approved plans, £34.9M relates to scheme slippage (where expenditure plans are expected to be utilised in a future year rather than the current year, due to events largely outside of the Council's control). This position is constantly reviewed by finance officers in

conjunction with project leads to ensure schemes progress as planned and that there are no adverse implications in terms of funding. Those schemes that have slipped in excess of £0.5M are explained further below:

Place: M1 Junction 37 Phase 2 – (£8.937M)

This scheme relates to the front funding of the developer contributions towards the delivery of the M1 Junction 37 Phase 2. There have been delays with the completion of the acquisition of 3rd party land by the developer which has resulted in the expected spend now falling into 2022/23. As a result, the developer is resubmitting a revised delivery programme and spend profile to the Council by the end of Q1 2022/23. Therefore, it is recommended to transfer capital resources totaling £8.937M from 2021/22 into 2022/23. There are no implications affecting the SYMCA funding allocated to this scheme.

Place: Glass Works Development Phase 2 – (£3.968M)

This scheme relates to Phase 2 of the Glass Works Development. Whilst the construction element of the scheme is largely complete, the reported slippage relates to a delay in the letting of units awaiting occupation, resulting in capital incentive payments now falling in 2022/23. Furthermore, an element of the main contractor retention payment is expected to be issued in 2022/23.

Place: Sustainable Warmth – (£5.463M)

This scheme is the Council's element of the Government's "Sustainable Warmth – Protecting Vulnerable Households in England" strategy which outlines the commitment to tackling fuel poverty and helping the most vulnerable by increasing the energy efficiency of homes, reducing the cost of energy bills, contributing to Net Zero targets, and supporting low-income households in the transition to low carbon heating, specifically targeting private owned / rented tenures. The scheme was planned to commence during 2021/22, however, due to supply chain issues and contractor capacity, the scheme is now planned to commence in the 1st quarter of 2022/23. Thus, it is now recommended to transfer capital resources totaling £5.463M into next financial year (2022/23).

Place: LAD 2 – (£1.729M)

This scheme is the Council's element of the Government's £2 billion Green Homes Grant scheme which is designed to upgrade homes across England aimed at improving the energy efficiency of fuel poor homes. Similar to the above scheme, delivery of works required has been delayed due to contractor capacity, recognised nationally as an issue across the entire LAD2 programme by the Department for Business, Energy & Industrial Strategy (BEIS), who are expected to extend the deadline for utilisation of the grant to June 2022.

Place: Public Sector Decarbonisation Scheme – (£1.214M)

This scheme relates to the SALIX administered Government grant scheme to support energy and low carbon projects in public buildings. The scheme has so far funded the upgraded LED lighting, Air Source Heat Pumps and Solar PV works to several Council and BPL buildings. The scheme was due to complete on the 31st March 2022 but due to design and supply chain issues, the scheme has been extended until the 30th June 2022.

Place: Car Parking Strategy – (£0.908M)

This scheme relates to the implementation of the Council's car parking strategy. Phase 1 of the scheme has been partly completed, but the SMART signage procurement exercise was delayed as a result of supply chain issues. The planned impact assessment of the changes implemented during Phase 1 has also been delayed due to the impact of Covid 19 on car park usage, with this data informing whether to progress with Phase 2 of the scheme as planned. The assessment is now expected to take place during 2022/23 together with the installation of SMART signage and ticketing options.

Children's Services: Penistone Grammar School – SEN Places – (£0.811M)

The purpose of the scheme is to commission up to 30 new places for pupils with Special Educational Needs and/or Disabilities (SEND) at Penistone Grammar School. There have been delays to the development in 2021/22 due to a late change to a legal requirement from the LEP/SPV who required a Deed of Variation to the contracts rather than a High Value Change Notification as first identified. As a result, the project has been delayed although arrangements have now been agreed allowing works to commence with the current scheduled completion date for September 2022.

Place: Barnsley Property Investment Fund Phase 2 – (£0.538M)

This scheme relates to the second phase of the Council's investment to provide gap funding and incentivise inward investment into the Borough. The final unit is now expected to complete in Quarter 1 of 2022/23, the practical completion delayed as a result of external works being undertaken outside of the control of the developer.

Various: Other - (£11.363M)

A significant number of other schemes have reported slippage of less than £0.5M (individually) in 2021/22, totaling £11.363M. Appendix B identifies these schemes separately.

- **Recommendation 2 of this report is to formally approve the slippage of plans into later years within the capital programme as outlined above.**

## 2.6. **Re-phasing**

An amount totaling £2.554M has been re-phased (e.g., where additional works have been completed earlier than originally planned due to proactive project planning). There are no financial implications in terms of the overall capital programme. The re-phased schemes, in excess of £0.5M, are detailed below:

### Communities: Disabled Facilities Grant – (£0.819M)

This scheme relates to the provision of adaptation works on private homeowners' / landlords' properties in the form of either direct works or the provision of grants. During the first six months of the financial year, it was anticipated that works would be delayed as a result of supply chain / deliverability issues. These issues were addressed in the latter part 2021/22, which, coupled with an increase in the cost of materials, has meant that additional resources were required in 2021/22. Therefore, it is recommended to bring forward capital budgets totaling £0.819M from 2022/23 into 2021/22. This does not impact on the programme for 2022/23.

### Place: Principal Towns Phase 2 – (£0.552M)

This scheme relates to the second phase of the Council's Principal Towns Programme which seeks to redevelop the Borough's principal towns. The Council has recently agreed to progress Phase 3 of this scheme, as part of the 2022/23 budget process.

Phase 2 of the scheme included refurbishment of shops fronts on private businesses within the Borough. Due to an increase in applications in the final quarter of the financial year the original scheme became oversubscribed. In April 2022, the Principal Towns Project Board approved the release of the remaining uncommitted Phase 2 budget to bring these works forward.

### Various: Others – (£1.371M)

A number of other schemes have been re-phased (all less than £0.5M individually) in 2021/22. Funding for these schemes has also been re-profiled from future years to ensure there are no financial implications overall. Appendix B identifies these schemes separately.

- **Recommendation 2 of this report is to formally approve the net re-phasing of plans from later years within the capital programme as outlined above.**

## 2.7. Variation in Costs

### Overall Position (£0.830M Net Increase)

A number of schemes and programmes have reported a net increase in scheme costs totaling £0.830M. The paragraphs below summarise each Directorate's position in terms of these variations. Appendix B identifies these schemes separately.

### Place (£0.653M Net Decrease)

A number of individual schemes being delivered by the Place directorate, predominately within Highways, have reported minor variations in scheme cost resulting in an overall net decrease of £0.653M. The associated resources are ringfenced for use on the Highways capital programme. These resources will be held pending further development of the work programme for 2022/23. This practice represents effective programme management within the totality of the available resources.

### Housing Revenue Account (£3.321M Increase)

A number of individual schemes within the Housing Revenue Account, reported a combined increase in cost of £3.321M. The most significant programme being the Supplementary Investment Programme which reported an overall net increase in scheme costs totaling £3.003M. This increase is due to a combination of above average inflationary material price rises together with completion of works previously delayed due to the COVID 19 pandemic.

The main area of increased demand was within the Major Adaptations scheme which ensures that the Borough's most vulnerable are able to live independently in their homes, for longer. This, and the other key areas of pressure are shown in the table below:

Programme Area	Budget	Outturn	Variance
	£M	£M	£M
21/22 Major Adaptations	2.812	3.901	1.089
21/22 Planned Replacements	2.130	2.609	0.479
21/22 Domestic Heating	0.481	0.885	0.404
21/22 Extensive Structural	0.875	1.409	0.534
Major Voids / Property Upgrades	1.002	1.499	0.497
<b>Sub - Total Supplementary Investment Programme</b>	<b>7.300</b>	<b>10.303</b>	<b>3.003</b>
Other HRA Schemes	1.103	1.421	0.318
<b>TOTAL</b>	<b>8.403</b>	<b>11.724</b>	<b>3.321</b>

This is to be mitigated via a combination of:

Housing Revenue Account – 2021/22 Barnsley Homes Standard / Acquisitions (£2.7M Net Decrease)

The Barnsley Homes Standard (BHS) seeks to maintain the Council's housing stock to a good standard. Following the receipt of detailed survey works during 2021/22, an overall reduction in scheme costs of £1.7M has been realised. It is proposed that this underspend be used to help address the financial pressure detailed above.

In addition, Cabinet had previously approved the use of further residual resources totaling £1M from the 2020/21 BHS programme to extend the Council's acquisitions programme. To date, no commitments have been made so it is proposed to utilise these resources to contribute to the financial pressure as outlined above.

Housing Revenue Account – 2022/23 Review

The above mitigations account for £2.7M of the £3M pressure. In order to identify funding for the remaining £0.3M cost pressure, Strategic Housing and Financial Services, in conjunction with Berneslai Homes are undertaking a review of the 2022/23 BHS programme. Should this review not provide the required level of resources, then a review of other capital schemes currently approved within the 2022/23 capital programme will need to be undertaken to identify potential deprioritisation.

In summary, the reported position on the HRA in 2021/22 and mitigations are shown in the table below:

<b>Programme Area</b>	<b>Variance £M</b>
<b>Overall Increase in Costs</b>	<b>3.321</b>
<b>Mitigated by:</b>	
21/22 BHS Underspend	(1.716)
Uncommitted Acquisitions	(1.000)
22/23 BHS Position	(0.287)
Uncommitted HRA Resources	(0.318)
<b>TOTAL</b>	<b>(3.321)</b>

Other (£0.162M Net Increase)

A number of schemes within Core Services and Communities have reported a minor net increase in cost of £0.162M that will be contained within uncommitted resources which represents effective programme management within the totality of the available resources.

- **Recommendation 3 of this report is to formally approve the variation of plans within the capital programme due to cost variations as outlined above.**

## Approved Schemes During Quarter 4

- 2.8 A number of new schemes have been approved by Cabinet during the final quarter of 2021/22 and are therefore included in the reported capital programme in section 3 above. The table below provides a reconciliation between the approved quarter 3 position and the year-end position, with significant schemes shown separately:

<u>Reconciliation Between Quarter 3 and Year End Positions</u>	Directorate	Capital Programme £M
<b>Quarter 3 Approved Total Position</b>		<b>181.241</b>
<i>Approved Schemes During Quarter 4:</i>		
Worsbrough & Elsecar Reservoirs	Core	3.375
Housing Repairs System	HRA	2.000
M1 J37 PPP Bridge	Place	1.620
Goldthorpe Market	HRA	1.337
Parkside Sports Facility	Place	1.160
Active Travel Tranche 2	Place	0.979
Thurgoland Bank Stabilisation	Place	0.497
Other	Various	1.271
<b>Total New Approvals</b>		<b>12.239</b>
<b>TOTAL INDICATIVE CAPITAL PROGRAMME</b>		<b>193.480</b>

- 2.9 The table below provides a reconciliation from the approved Quarter 4 capital programme to the indicative future years' plans, subject to the approval of this report.

<u>Directorate</u>	Total Planned Capital Programme (Q4)	2021/22 Variation in Scheme Costs	Revised Total Capital Programme (Following Approval of this Report)	Less 2021/22 Actual Spend	Indicative Future Years' Capital Programme (Inc. Roll Forward)
	£M	£M	£M	£M	£M
Childrens Services	5.442	0.161	5.603	3.437	2.165
Place	133.903	(0.653)	133.250	59.216	74.033
Adults & Communities	9.677	0.001	9.678	4.800	4.879
Core Services	8.385	-	8.385	1.426	6.960
Housing Revenue Account	36.073	1.321	37.394	25.956	11.437
<b>Total</b>	<b>193.480</b>	<b>0.830</b>	<b>194.310</b>	<b>94.835</b>	<b>99.474</b>

## Future Years

- 2.10 The table below summarises the **indicative** position of the 2022/23 to 2025/26 Capital Programme, including all slippage/re-phasing highlighted above. Appendix C provides a breakdown of this position by scheme.

<u>Directorate</u>	Existing 2022/23 Plans	Slippage / Rephasing (2021/22 Position)	2022/23 Indicative Capital Programme	2023/24 Indicative Capital Programme	2024/25 Indicative Capital Programme	Total Indicative Future Years' Capital Programme
	£M	£M	£M	£M	£M	£M
Childrens Services	0.879	1.286	<b>2.165</b>	-	-	2.165
Place	44.669	27.755	<b>72.424</b>	1.609	-	74.033

Adults & Communities	5.656	(0.777)	<b>4.879</b>	-	-	4.879
Core Services	2.753	2.209	<b>4.962</b>	1.443	0.555	6.960
Housing Revenue Account	9.533	1.904	<b>11.437</b>	-	-	11.437
<b>Total</b>	<b>63.490</b>	<b>32.377</b>	<b>95.867</b>	<b>3.052</b>	<b>0.555</b>	<b>99.474</b>

- 2.11 Members should note that this indicative future years' capital programme is based on currently approved schemes. Other schemes that have been approved in principle as part of the annual budget process and schemes administered elsewhere e.g. SYMCA schemes, may not have been formally incorporated into the capital programme at this stage, pending formal governance arrangements. Members will be informed of any significant approvals as part of the quarterly capital programme monitoring reports.
- 2.12 To illustrate the element of the capital programme that is not included in the table above, that has yet to be formally approved, the following table, taken from the 2022/23 budget papers, outlines the new resource allocations for 2022/23:

	<b>2022/23 £M</b>
<b>Specific Funding to be Approved</b>	
School Maintenance Programme (indicative)	<b>0.700</b>
Disabled Facilities Programme (indicative)	<b>2.976</b>
Local Highways Maintenance Programmes	<b>5.187</b>
School Admissions Programme	-
<b>Total</b>	<b>8.863</b>

- 2.13 The capital programme for 2022/23 and beyond is under constant review by both the Finance Business Unit and individual project/budget managers, together with the Capital Oversight Board. The existing capital programme reflects the Council's capital requirements/priorities, but a more detailed analysis will be undertaken to ensure that any slipped resources are still required in full.

#### **Capital Programme Monitoring Position - By Corporate Priority / Outcome**

- 2.14 The table below provides an analysis of the capital plans/resources within the Council's 2021/22 capital programme, aligned to achieving the Council's 5 main Corporate Priorities and the 13 front facing outcomes. Members should note that the later years' indicative capital programme includes the anticipated roll forward from 2021/22 as outlined in the Table 5.1.

Corporate Priorities	Corporate Outcomes	2021/22 Capital Programme	2021/22 Outturn	2021/22 Variance	Later Years Capital Programme (Indicative)
		£M	£M	£M	£M
Healthy Barnsley	(1) People are safe and feel safe	-	-	-	-
	(2) People live independently with good physical and mental health for as long as possible	0.926	0.627	(0.299)	0.571
	(3) We reduced inequalities in health and income across the borough	-	-	-	-
	<b>Sub Total</b>	<b>0.926</b>	<b>0.627</b>	<b>(0.299)</b>	<b>0.571</b>
Learning Barnsley	(4) People have the opportunities for lifelong learning and developing skills including access to apprenticeships	0.326	0.209	(0.117)	0.617
	(5) Children and young people achieve the best outcomes through improved educational achievement and attainment	4.562	3.437	(1.125)	2.166
	(6) People have access to early help and support.	-	-	-	-
	<b>Sub Total</b>	<b>4.888</b>	<b>3.646</b>	<b>(1.242)</b>	<b>2.783</b>
Growing Barnsley	(7) Business start-ups and existing local businesses are supported to grow and attract new investment, providing opportunities for all.	4.279	2.700	(1.579)	6.942
	(8) People have a welcoming, safe, and enjoyable town centre and principal towns as destinations for work, shopping, leisure, and culture.	75.439	48.399	(27.040)	55.353
	(9) People are supported to have safe, warm, and sustainable homes.	32.862	33.273	0.411	21.739
	<b>Sub Total</b>	<b>112.580</b>	<b>84.372</b>	<b>(28.208)</b>	<b>84.034</b>
Sustainable Barnsley	(10) People live in great places, are recycling more and wasting less, feel connected and valued in their community.	0.991	0.702	(0.289)	2.288
	(11) Our heritage and green spaces are promoted for everyone to enjoy.	3.914	2.841	(1.073)	5.727
	(12) Fossil fuels are being replaced by affordable and sustainable energy and people are able to enjoy more cycling and walking.	1.810	1.676	(0.134)	1.943
	<b>Sub Total</b>	<b>6.715</b>	<b>5.219</b>	<b>(1.496)</b>	<b>9.958</b>
Enabling Barnsley	(13) We are a modern, inclusive, efficient, productive and high-performing council.	1.273	0.971	(0.302)	2.128
	<b>Sub Total</b>	<b>1.273</b>	<b>0.971</b>	<b>(0.302)</b>	<b>2.128</b>
	<b>Total</b>	<b>126.382</b>	<b>94.835</b>	<b>(31.547)</b>	<b>99.474</b>

### Capital Programme Board

- 2.15 The Capital Programme Board has oversight for the performance management of the Council's capital programme, including Sheffield City Region schemes where the Council is the lead Authority.
- 2.16. The Oversight Board is particularly important in addressing the Council's capital priorities over the planning period to 2025, especially with anticipated future funding reductions / changes. This is also the case in relation to capital resources that will be re-directed to City Regions as a result of local Devolution Deals and changing Government policies / priorities.

- 2.17. The Oversight Board continues to develop a long-term scheme pipeline as well as considering individual business cases relating to the capital programme. Subsequent reports will be presented to Cabinet as part of the budget setting process to formally approve scheme priorities.

### **3. IMPLICATIONS OF THE DECISION**

#### **3.1 Financial and Risk**

There are no direct financial implications as a result of this report. The 2022/23 Capital programme will be updated to reflect the reported slippage/rephasing on individual schemes. The minor costs variations on scheme reported have been funded by specific resources already set aside for this purpose.

#### **3.2 Legal**

N/A

#### **3.3 Equality**

Not applicable – individual equality impact assessment have been completed prior to delivery of individual capital projects.

#### **3.4 Sustainability**

Individual decision wheels have been completed upon delivery of specific capital schemes.

#### **3.5 Employee**

N/A

#### **3.6 Communications**

N/A – undertaken in detail on individual schemes.

### **4. CONSULTATION**

N/A

### **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 N/A

### **6. REASONS FOR RECOMMENDATIONS**

- 6.1 Recommendations are proposed in accordance with the agreed Capital Investment Strategy.

**7. GLOSSARY**

N/A

**8. LIST OF APPENDICES**

Appendix A - Plans Vs Outturn 2021-22

Appendix B - Variance Analysis 2021-22

Appendix C - Future Years Programme (Excluding Roll Forward From 21-22)

**9. BACKGROUND PAPERS**

Service and Financial Planning 2021/22 – The Council’s Medium Term Financial Strategy – 2021/22 Budget recommendations (Cab.10.2.2021/6 refers).

**10. REPORT SIGN OFF**

<b>Financial consultation &amp; sign off</b>	Report of Service Director of Finance and Section 151 Officer
--	---

**Report Author: Neil Copley**

**Post: Service Director Finance and Section 151 Officer**

**Date: 17/05/2022**