

BARNSELY METROPOLITAN BOROUGH COUNCIL

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

TITLE: CAPITAL PROGRAMME PERFORMANCE – YEAR ENDED 31 MARCH 2023

REPORT TO:	Cabinet
Date of Meeting	14th June 2023
Cabinet Member Portfolio	Core Services
Key Decision	Yes
Public or Private	Public

Purpose of report

To consider the financial performance of the Council's Capital Programme for the year ended 31st March 2023.

In broad terms this report covers:

- 2022/23 Monitoring Position;
- Details of any in quarter variances;
- An update on the Council's indicative programme for future years

Council Plan priority

All

Recommendations

It is recommended that Cabinet:

- 1. Note the final financial position on the 2022/23 Capital Programme;**
- 2. Approve scheme slippage totalling £37.3M (paragraph 2.6 and Appendix B refer)**
- 3. Approve scheme re-phasing totalling £3.8M (paragraph 2.7 and Appendix B refer);**
- 4. Note the total net increase in scheme costs in 2022/23 of £1.1M (paragraph 2.8 and Appendix B refer);**
- 5. Receive an updated 2023/24 indicative Capital Programme position (as part of the Quarterly Finance Monitoring update).**

1. INTRODUCTION

- 1.1 The Capital Investment Programme for 2022/23 was approved on 9 February 2022. It identifies the overall framework for identifying and prioritising the Council's capital investment priorities and seeks to align those priorities against all available resources.
- 1.2 The Council operates a rolling five-year capital programme whereby resources and priorities are assessed annually to enable an efficient and successful programme of works to be completed in the best interest of the Borough.

2. PROPOSAL

2022/23 Capital Programme Monitoring Position

- 2.1. The table below summarises the position on the 2022/23 Capital Programme as at 31st March 2023 which shows an overall lower than expected spend of approximately £32.3M against the approved capital programme budget. This variance is explained further in paragraphs 2.5-2.8 below with a further detailed breakdown provided in Appendix A.

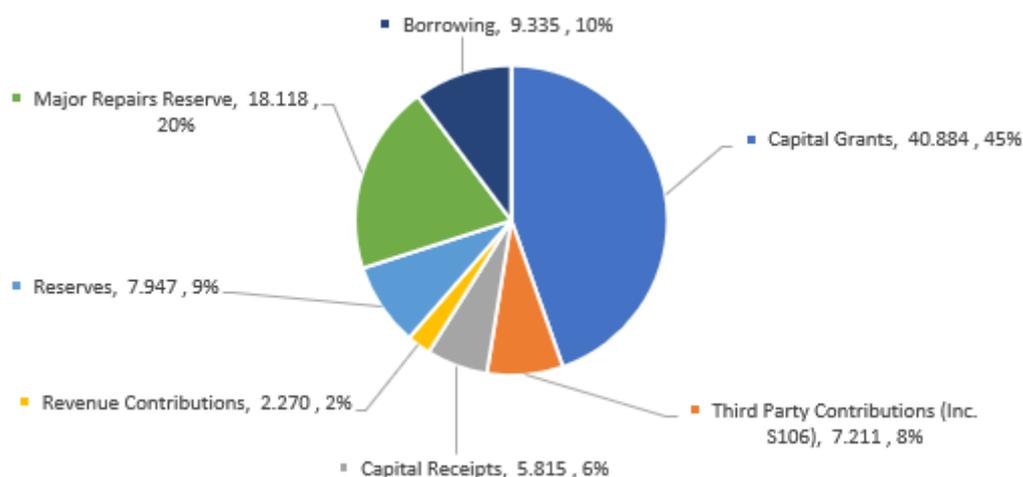
<u>Directorate</u>	2022/23 Capital Programme £M	2022/23 Outturn £M	2022/23 Variance £M
Childrens Services	4.543	4.047	0.495
Growth & Sustainability	67.869	50.527	(17.342)
Place Health & Adult Social Care	4.300	5.134	0.834
Public Health & Communities	0.186	0.354	0.168
Core Services	4.878	3.249	(1.629)
Housing Revenue Account	42.120	28.269	(13.851)
TOTAL	123.897	91.581	(32.316)

- 2.2. Subject to the above approvals, the table overleaf shows the breakdown of the capital programme movement throughout the full financial year from the opening budget, all relevant variations and final spend figure.

<u>Opening 2022/23 Budget Position (at 30th June 22 - Q1)</u> £M	<u>2022/23 Slippage Q1-Q3</u> £M	<u>2022/23 Re-phasing Q1-Q3</u> £M	<u>2022/23 Net Increase/ (Decrease) in Scheme Costs Q1-Q3</u> £M	<u>Total 2022/23 New Approvals</u> £M	<u>Opening 2022/23 Budget Position Q4</u> £M
149.339	(35.146)	0.497	0.698	8.509	123.897

2.3. The following table summarises the resources utilised to fund the 2022/23 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.

Funding Source	2022/23 £M
Capital Grants	40.884
Third Party Contributions (Inc. S106)	7.211
Capital Receipts	5.815
Revenue Contributions	2.270
Reserves	7.947
Major Repairs Reserve	18.118
Borrowing	9.335
Leasing	-
Total	91.581



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

2.5. The table overleaf summarises the reasons for the £32.3M reduction in spend as compared to that expected in the 2022/23 plans. This variance is primarily a result of scheme slippage across the programme, with the majority relating to schemes delivered by the Growth & Sustainability Directorate. All significant variances are explained in further detail in paragraphs 2.6 – 2.8.

Directorate	Slippage £M	Re-phasing £M	Net Increase/ (Decrease) in Scheme Costs £M	Total £M
Childrens Services	(0.743)	0.025	0.222	(0.495)
Growth & Sustainability	(21.256)	2.634	1.279	(17.342)
Place Health & Adult Social Care	-	0.834	-	0.834
Public Health & Communities	(0.017)	0.111	0.073	0.168
Core Services	(1.853)	0.224	-	(1.629)
Housing Revenue Account	(13.406)	-	(0.445)	(13.851)
Total	(37.274)	3.828	1.130	(32.316)

2.6. **Slippage**

Of the total variation in expenditure against approved plans, £37.274M 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 and/or additional costs. Significant schemes that have slipped are explained further below:

Growth & Sustainability: Sustainable Warmth (LAD3) – (-£5.363M)

The Sustainable Warmth scheme is intended to deliver energy improvements to private properties. These works consist of external and cavity wall insulation along with other energy saving measures such as double glazing and roof insulation. The delays in delivery have been experienced nationwide due to market saturation of these types of specialist works. The Department for Business, Energy and Industrial Strategy (BEIS) and Department for Energy Security and Net Zero (DESNZ) have approved the grant funding to be rolled forward into 2023/24. The programmed grant funding is not expected to be fully utilised due to contractual issues with delivery partners. A revised programme of works is being developed to fit into the required timescales as per the grant terms.

Growth & Sustainability: Goldthorpe Towns Fund – (-£3.292M)

The £23.1M Goldthorpe Towns Fund DLUHC grant is allocated against 7 projects, relevant business cases have now been approved by DLUHC. Cumulatively, this investment will help regenerate, renew and revitalise Goldthorpe, Thurnscoe and Bolton upon Dearne through the Towns Fund. Delays with approval of the final business cases have impacted on the actual onsite delivery of projects, although preparatory works have been taking place in readiness for receipt of these approvals. Therefore, it is recommended that £3.292M of Towns Fund monies be slipped into 2023/24. It is anticipated that the full DLUHC Towns Fund Grant will be fully defrayed by the programmed date of 31/03/2025.

Growth & Sustainability: Social Housing Decarbonisation Fund – (-£2.466M)

The Social Housing Decarbonisation Fund scheme is intended to deliver energy improvements to the Council's social housing stock. These works consist of external and cavity wall insulation along with other energy saving measures such as double glazing and roof insulation. The delays in delivery have been experienced nationwide due to market saturation of these types of specialist works. Government departments BEIS and DESNZ have approved the grant funding to be rolled into 2023/24, allowing an extension to June 2023. The match funding provided from the HRA is not time limited and will be available for the duration of the project until exhausted.

Growth & Sustainability: Glass Works Development Phase 2 – (-£1.565M)

This relates to the Glass Works Development project currently being undertaken to redevelop the town centre. Whilst the vast majority of the project is complete, the progression of leasing of any remaining unlet space will now fall into financial year 2023/24. As such it is recommended to slip the remaining monies into next financial year.

Housing Revenue Account: Fire Safety & Compliance (-£4.423M)

The combined programme of works includes the HRA annual Fire Safety budgets, Sprinkler installations to high rise buildings and other specialist one-off investments planned to be completed during 2022/23. A number of these investments mainly Spandrel Panels, Asbestos and Flooring works are specialist in nature which has caused delays in relation to pricing and selecting suitable delivery methods. It is therefore recommended to slip £4.4M of resources to allow completion of these projects in 2023/24.

Housing Revenue Account: Barnsley Homes Standard (BHS) – (-£3.350M)

The Council's 2022/23 BHS programme relates to the planned works in 1,250 council houses to maintain the decency standard. The total value of the works delivered as at 31st March stood at £8.787M against a budget of £12.146M. This represents the completion of 949 properties (78% of the total programme). The delivery mechanism of the remaining properties is under review as a result of specialist work, such as asbestos, requiring tenants to decant properties and has such caused a slight delay in delivery. The remaining 301 properties are expected to be completed during the first quarter of 2023/24, so it is therefore recommended to transfer capital budgets totalling £3.350M into 2023/24 to reflect the new schedule.

Housing Revenue Account: Goldthorpe Market – (-£1.960M)

The Goldthorpe Market scheme consists of 9 new-build housing units on a council-owned site adjacent to Market Street, Goldthorpe. Following delays to the tender process driven by market forces (e.g. inflationary increases in the cost of materials over the expected original approval in January 2022) the project commenced on site on 30th January 2023. Total expenditure to date stands at £0.348M. The scheme is expected to complete during the 2023/24 financial year.

Various: Other - (-£14.855M)

A significant number of other schemes have reported slippage in 2022/23, totalling £14.855M. 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.**

2.7. **Re-phasing**

An amount totalling £3.828M 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. Significant schemes that have re-phased funds are detailed below:

Growth & Sustainability: Transforming Cities Fund – (£0.903M)

The Transforming Cities scheme consists of four projects to improve transport infrastructure across the borough; A635 Bus Rapid Transit, A61, A635 and Darton/Elsecar Station Access. Work relating to the A61, A635 & Station Access were previously awarded extensions into 2023/24 alongside additional approvals at Bar Lane, Trans Pennine Trail (Stairfoot to Oakwell) and Signals reconfiguration at Harborough Hills. Elements of these works have been accelerated to complete ahead of initial expectation.

Place Health & Adult Social Care: Disabled Facilities Grant – (£0.834M)

This programme relates to the provision of grants to private householders to allow adaptation works to be made to their properties. An increased number of adaptations have been delivered during 2022/23 than previously forecast. This along with increased costs in labour, fuel and materials has resulted in an increased level of spend than originally anticipated. Therefore, it is recommended to bring forward capital budgets totalling £0.834M from 2023/24 into 2022/23. It should be noted that this is re-profiling the current years' funding allocation and will not impact on the delivery of the 23/24 programme of works.

Growth & Sustainability: M1 J37 Phase 2 – (£0.791M)

This budget is the front funding of the developer contributions towards the delivery of the M1 Junction 37 Phase 2 business case which will be fully reimbursed by South Yorkshire Mayoral Combined Authority (SYMCA). The developer has been proactively working to complete the acquisition of 3rd party land, and the necessary licences required to deliver some of the works. As such it is required to re-phase £0.791M from 2023/24 back into 2022/23.

Various: Others – (£1.300M)

A number of other schemes across the council have seen minor re-phasing in 2022/23 totalling £1.300M. 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 3 of this report is to formally approve the net re-phasing of plans from later years within the capital programme as outlined above.**

2.8. Variation in Costs

Overall Position (£1.130 Net Increase)

An amount totalling £1.130M relates to a net increase in expenditure across a number of schemes as a result of cost variations / scheme completion in 2022/23. This variance is made up across a number of schemes with significant amounts detailed below. Appendix B identifies these schemes separately. It should be noted the total variance will be transferred from unallocated resources, which represents effective programme management.

Growth & Sustainability: Highways Capital Programme (£1.135M Net Increase)

A number of individual schemes being delivered within the Highways capital programme have reported variations in cost of £1.135M. The main projects reporting an increase in cost all relate to the council's primary planned maintenance programmes of work, which look at maintaining and improving the overall highways infrastructure across the borough, with the main cause being a significant rise in the price of plant and materials required to deliver these schemes:

Drainage Planned Maintenance has increased by £0.495M. The overall increase has been partly offset through reductions in reactive works elsewhere in the wider drainage programme.

Similarly, works on maintaining the Borough's carriageways have increased in cost by £0.442M. The scope of some schemes has also increased, from that originally stated in the 2022/23 capital programme report, based on engineering judgement/pragmatism.

This overall cost increase has been offset by schemes with reduced scope in the wider local roads carriageway programme.

Finally, the Footways Planned Maintenance programme has seen increases totalling £0.322M. Works to High Street, Wombwell were also brought forward to complement works funded through the Principal Towns Fund.

A number of other schemes within Highways saw an overall decrease of -£0.124M, as plans were switched in order to prioritise certain areas of work as well as offset some of the above increases in cost. The overall increase will be funded through uncommitted resources available and allocated to the highways programme, with no additional funds required. This practice represents effective programme management within the totality of the available resources.

Housing Revenue Account: (-£0.445M Net Decrease)

A number of individual schemes being delivered within the Housing Revenue Account have reported variations in scheme cost resulting in an overall net decrease of £0.445M. This includes funding relating to the previous year's BHS programme which has now been completed. The funding is ringfenced to the HRA through the Major Repairs Reserve, and as such will fall back into unallocated monies to be utilised in future years.

Children's Services Directorate: (£0.222M Net Increase)

A number of individual schemes being delivered by the Children's Services Directorate have reported variations in scheme cost resulting in an overall net increase of £0.222M. This predominately relates to the DFC – All Schools project (£0.217M), which relates to capital expenditure within individual schools. The overall increase will be funded from uncommitted external grant available to the Council.

Other (£0.218M Net Increase)

A number of other schemes across the Council have reported minor individual variances totalling a net increase in cost of £0.218M that will be contained within uncommitted resources which represents effective programme management within the totality of the available resources.

- **Recommendation 4 of this report is to formally approve the variation of plans within the capital programme due to cost variations as outlined above.**

2.9 Overall Capital Programme Position

Following approval of this report, the capital programme will be amended accordingly to take account of the variations as highlighted throughout. The table overleaf shows the revised capital programme.

<u>Directorate</u>	Total Planned Capital Programme (Q4) £M	2022/23 Variation in Scheme Costs £M	Revised Total Capital Programme (Following Approval of this Report) £M	Less 2022/23 Actual Spend £M	Indicative Future Years' Capital Programme (Inc. Roll Forward) £M
Childrens Services	9.447	0.222	9.669	(4.047)	5.622
Growth & Sustainability	127.991	1.279	129.270	(50.527)	78.743
Place Health & Adult Social Care	8.716	-	8.716	(5.134)	3.582
Public Health & Communities	0.375	0.073	0.448	(0.354)	0.094
Core Services	8.637	-	8.637	(3.249)	5.388
Housing Revenue Account	42.120	(0.445)	41.676	(28.269)	13.406
Total	197.286	1.130	198.416	(91.581)	106.836

Approved Schemes During Quarter 4

- 2.10 No new schemes have been approved by Cabinet during the final quarter of 2022/23

Future Years

- 2.11. The table overleaf summarises the **indicative** position of the 2023/24 to 2026/27 Capital Programme, including all slippage/re-phasing highlighted above. Appendix C provides a breakdown of this position by scheme.

Directorate	Existing 2023/24 Plans £M	Slippage / Rephasing (2022/23 Position) £M	2023/24 Indicative Capital Programme £M	2024/25 Indicative Capital Programme £M	2025/26+ Indicative Capital Programme £M	Total Indicative Future Years' Capital Programme £M
Childrens Services	4.604	0.717	5.322	0.300	-	5.622
Growth & Sustainability	50.944	18.622	69.565	7.400	1.778	78.743
Place Health & Adult Social Care	1.472	(0.834)	0.638	1.472	1.472	3.582
Public Health & Communities	0.189	(0.095)	0.094	-	-	0.094
Core Services	3.204	1.629	4.833	0.555	-	5.388
Housing Revenue Account	-	13.406	13.406	-	-	13.406
Total	60.413	33.446	93.859	9.727	3.250	106.836

2.12 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.

2.13 To illustrate an element of the capital programme that is not included in the table above that has yet to be formally approved, the table below outlines the new capital resource allocations for 2023/24. Further details can be found within the 2023/24 budget papers.

	2023/24 £M
Specific Funding Allocations to be Approved	
School Maintenance Programme (indicative)	0.667
Disabled Facilities Programme (indicative)	3.377
Highways Capital Investment	12.045
High Needs Provision (SEN)	3.278
Total	19.367

2.14 It should be noted that the above only includes allocations available to the Council provided on an annual basis, primarily from external sources. The 2023/24 budget papers outline further funding opportunities currently being explored which, if successful, will further add to the future years' capital programme.

2.15 The capital programme for 2023/24 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

2.16. The table overleaf provides an analysis of the capital plans/resources within the Council's 2022/23 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 2022/23 as outlined in the Table 5.1.

<u>Corporate Priorities</u>	<u>Corporate Outcomes</u>	2022/23 Capital Programme	2022/23 Outturn	2022/23 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	0.766	0.533	(0.233)	0.546
	(3) We reduced inequalities in health and income across the borough	-	-	-	-
	Sub Total	0.766	0.533	(0.233)	0.546
Learning Barnsley	(4) People have the opportunities for lifelong learning and developing skills including access to apprenticeships	0.706	0.592	(0.113)	0.302
	(5) Children and young people achieve the best outcomes through improved educational achievement and attainment	4.543	4.047	(0.495)	5.622
	(6) People have access to early help and support.	-	-	-	-
	Sub Total	5.248	4.640	(0.609)	5.924
Growing Barnsley	(7) Business start-ups and existing local businesses are supported to grow and attract new investment, providing opportunities for all.	4.328	2.973	(1.355)	6.782
	(8) People have a welcoming, safe and enjoyable town centre and principal towns as destinations for work, shopping, leisure and culture.	55.140	40.946	(14.195)	57.493
	(9) People are supported to have safe, warm and sustainable homes.	49.639	33.924	(15.715)	22.938
	Sub Total	109.108	77.843	(31.265)	87.213
Sustainable Barnsley	(10) People live in great places, are recycling more and wasting less, feel connected and valued in their community.	0.723	0.763	0.040	0.225
	(11) Our heritage and green spaces are promoted for everyone to enjoy.	2.411	1.222	(1.189)	6.364
	(12) Fossil fuels are being replaced by affordable and sustainable energy and people are able to enjoy more cycling and walking.	2.958	3.831	0.872	5.669
	Sub Total	6.093	5.816	(0.277)	12.258
Enabling Barnsley	(13) We are a modern, inclusive, efficient, productive and high-performing council.	2.682	2.749	0.067	0.895
	Sub Total	2.682	2.749	0.067	0.895
	Total	123.897	91.581	(32.316)	106.836

Capital Programme Board

2.17. The Capital Programme Board has oversight for the performance management of the Council's capital programme, including South Yorkshire Mayoral Combined Authority schemes where the Council is the lead Authority.

- 2.18. The Oversight Board is particularly important in addressing the Council's capital priorities over the planning period to 2026, 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.
- 2.19. 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

- 3.1.1 The final outturn position against the 2022/23 Approved Capital Programme is an underspend of £32.316M. This is comprised of slippage of £37.274M, rephasing of £3.828M and an increase in scheme costs of £1.130M.
- 3.1.2 The 23/24 Approved Capital Program will be updated to reflect the above, maintaining the rolling 5-year programme

3.2 Legal

Not applicable.

3.3 Equality

Not applicable – Equality Impact Assessments are undertaken for key Treasury Management decisions where appropriate.

3.4 Sustainability

Decision-making wheel not completed – where appropriate individual decision-making wheels would be completed for key capital investment decisions.

3.5 Employee

None arising from this report.

3.6 Communications

No specific requirements.

4. CONSULTATION

- 4.1 This report has been prepared in consultation with Link Asset Services and approved by the Treasury Management Panel.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable as reporting year-end position.

6. REASONS FOR RECOMMENDATIONS

6.1 Recommendations made in-line with the approved Capital Investment Strategy.

7. GLOSSARY

Not applicable.

8. LIST OF APPENDICES

Appendix A: Plans V Outturn 2022/23

Appendix B: Variance Analysis 2022/23

Appendix C: Future years' programme

9. BACKGROUND PAPERS

Service and Financial Planning 2022/23 – The Council's Medium Term Financial Strategy – 2022/23 Budget recommendations (Cab.9.2.2022/6 refers).

10. REPORT SIGN OFF

Financial consultation & sign off	Report prepared by Director of Finance
Legal consultation & sign off	Legal Services officer consulted and date

Report Author: Neil Copley

Post: Director of Finance

Date: 03/05/23