

Bristol City Council Quarter 2/Period 5 2024/25 - Finance Monitoring Capital Report

1. CAPITAL SUMMARY POSITION

- 1.1. The revised Capital programme budget for 2024/25 is £439.8 million comprising £204.1 million for the General Fund, £12.3 million Corporate Contingency and Funds and £323.4 million for the HRA. Excluding Corporate Contingency and Funds, the forecast variation at Quarter 2/Period 5 (Q2/P5) is a £62.3 million underspend, of which £34.3 million is on General fund and £28.0 million on HRA. Details of these variations are set out by directorate in Table 1 below and, by Committee, in Table 2 below.

Table 1: Capital Programme 2024/25 By Directorate

Approved Budget (Feb 24)	Budget Changes to P5	Directorate	Revised Budget	Actual Spend to date	Budget Spend to date	P5 / Q2 Forecast Outturn	Forecast to Budget Variance
£m	£m		£m	£m	%	£m	£m
42.5	(19.5)	Childrens & Education	23.0	4.5	19%	18.7	(4.3)
7.8	0.1	Adults & Communities	7.9	1.0	13%	7.9	0.0
151.1	13.8	Growth and Regeneration	164.9	26.3	16%	136.0	(28.9)
2.7	3.2	Resources	5.9	0.7	12%	5.4	(0.5)
2.6	(0.2)	Bristol Harbour Fund	2.4	0.2	9%	1.8	(0.6)
206.7	(2.6)	GF service Total	204.1	32.7	16%	169.8	(34.3)
358.0	(134.6)	Housing Revenue Account	223.4	45.8	20%	195.4	(28.0)
358.0	(134.6)	HRA service Total	223.4	45.8	20%	195.4	(28.0)
564.7	(137.2)	HRA & GF Service Total	427.5	78.5	18%	365.2	(62.3)
12.0	0.3	Corporate Contingencies & Funds	12.3	1.0	8%	3.9	(8.4)
576.7	(136.9)	Capital Programme Grand Total	439.8	79.5	18%	369.1	(70.7)

Last Year 2023/24 Comparison at end of Period 5

298.1	68.6	Capital Programme Grand Total	366.7	61.8	17%	292.3	(74.4)
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Actual Expenditure achieved - 2023/24 Outturn Report £232m

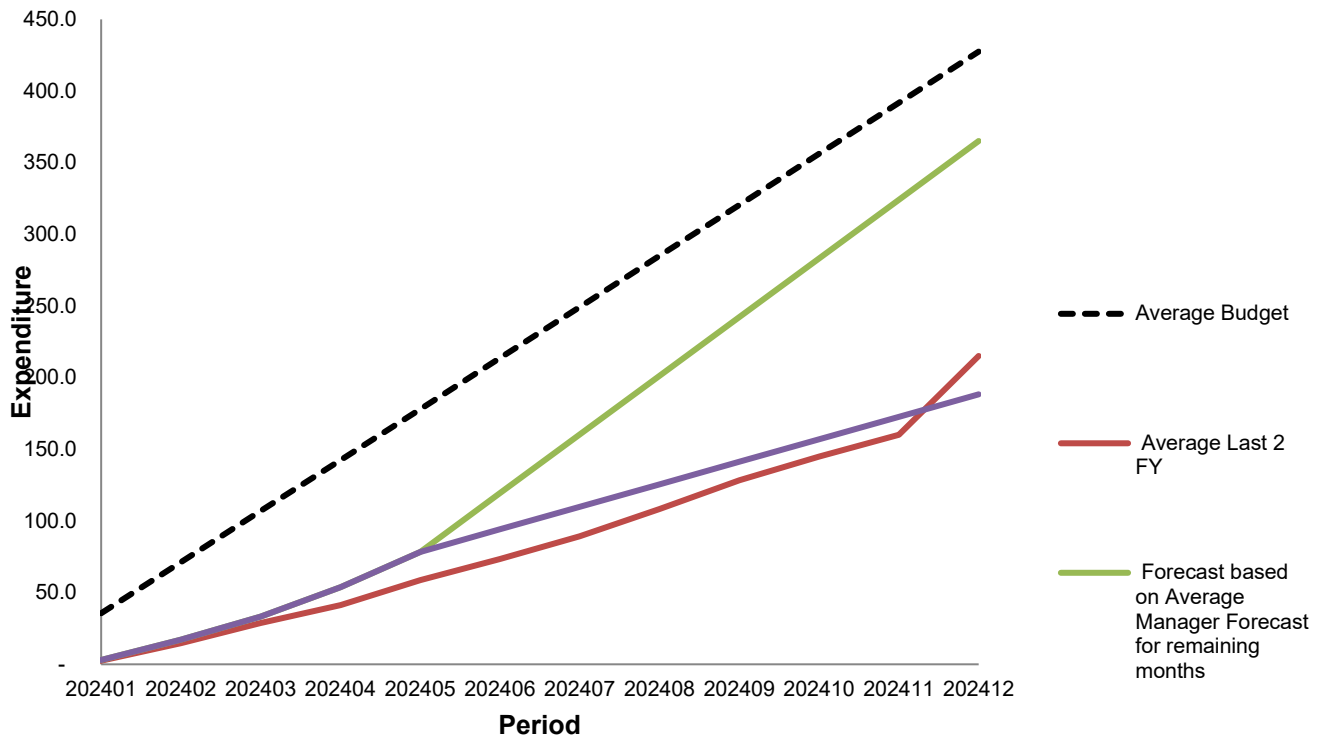
Table 2: Capital Programme 2024/25 By Committee

Approved Budget (Feb 24)	Budget Changes up to P5	Policy Committee	Revised Budget	Actual Spend to date	Budget Spend to date	P5 Forecast Outturn	Forecast to Budget Variance
£m	£m		£m	£m	%	£m	£m
42.5	(19.4)	Children and Young People	23.1	4.5	19%	18.7	(4.4)
3.8	(1.8)	Adult Social Care	2.0	0.0	0%	2.0	0.0
9.6	3.4	Public Health and Communities	13.0	1.9	15%	11.3	(1.7)
385.8	(127.0)	Homes and Housing Delivery	258.8	50.1	19%	221.3	(37.5)
49.6	7.3	Transport and Connectivity	56.9	13.9	24%	54.2	(2.7)
12.8	(1.6)	Environment and Sustainability	11.2	1.0	9%	10.9	(0.3)
15.4	20.8	Economy and Skills	36.2	5.5	15%	22.1	(14.1)
57.2	(18.6)	Strategy and Resources	38.6	2.6	7%	28.6	(10.0)
576.7	(136.9)	Capital Programme Grand Total	439.8	79.5	18%	369.1	(70.7)

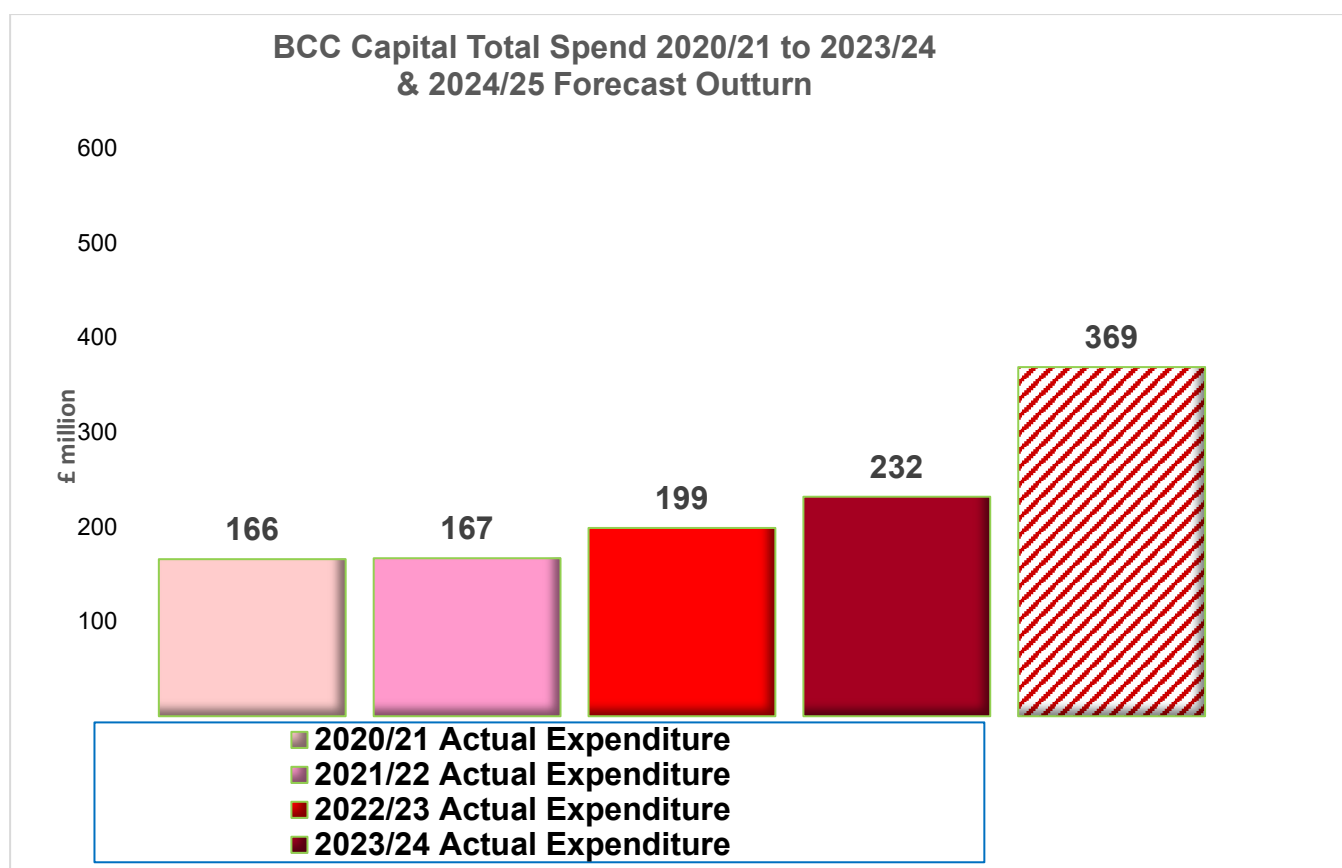
- 1.2. The reported spend at Period 5 is £79.5 million though this includes accruals of (£16.0m) as part of closing the financial statements for year ending 31st March 2024, in turn reducing the reported spend in April 2024. Therefore, on a cash basis, should this trajectory follow the same path over the remaining months of the year, this predicts a spend deficit of £136.0 million (37%) compared to the latest forecast. However, this does not take account of the council's pattern of higher expenditure towards the end of the financial year that would indicate an outturn in the region of £260.0 million (28% slippage) compared to the latest forecast. This is reflected in the current run rate graph below (Table 3) which includes previous years spend patterns.

Table 3: 2024/25 Capital Programme run rate graph

Cumulative run rates



1.3. The 2024/25 forecast outturn target of £365.2 million at Quarter 2/Period 5 is optimistic given the level of spend to date along with the historic trend analysis of capital expenditure across previous years as seen in Table 4 below.

Table 4: Capital Expenditure trend analysis by years

- 1.4. Further work, reviews and analysis of projects and programmes will be undertaken during Period 6 with project leads to challenge forecasts to ensure budgets and forecasts are profiled accurately and reported accordingly for both, 2024/25 budget monitoring and the base budget for the medium term financial plan. It is anticipated that further re-profiling will be recommended as part of the Period 6 reporting.
- 1.5. Capital Delivery - the Council set up a project (the Capital Portfolio Transformation Project) in 23/24 to review and implement changes to capital delivery and promote best practice. This project is now complete and the establishment of a Capital Portfolio Management Office (PMO) is underway. This will provide ongoing capacity and support for Capital Programme delivery as well as further shape and evolve best practice standards, reporting and governance.
- 1.6. The re-profiling of £62.3 million reflects alignments with the latest expected programme delivery schedule. Delays are linked to a variety of reasons including planning and procurement processes taking longer than anticipated, capacity to deliver internally and externally along with optimistic delivery timeframes. The programmes to which these primarily relate are summarised within Table 5 and amount to £61.1 million, with further departmental information in section 2 below along with detailed commentary within directorate and committee appendices which follow.

Table 5: Capital Programme re-profiling by value (Programme changes +£1m)

Ref	Programme	Current Year 2024/25 - Period 5				Performance to budget	
		Latest Budget	Expenditure to Date (P5)	Latest Forecast	Budget to Forecast Variance	Expenditure to date	Forecast
		£000s				%	
HRA2	New Build and Land Enabling	144,683	25,167	117,748	(26,935)	17%	81%
HRA1	Planned Programme - Major Projects	77,223	20,083	75,311	(1,912)	26%	98%
	HRA Subtotal	221,906	45,250	193,059	(28,847)	20%	87%
CRF2	South Bristol Youth Zone	4,908	491	891	(4,017)	10%	18%
	C&E Subtotal	4,908	491	891	(4,017)	10%	18%
GR01	Strategic Property – Temple Meads Development	19,686	2,935	9,925	(9,761)	15%	50%
PL30	Housing Delivery Programme	27,972	2,015	18,545	(9,427)	7%	66%
GR18	Strategic Transport Projects	8,215	731	3,546	(4,669)	9%	43%
GR03	Economy Development - ASEA 2 Flood Defences	5,386	52	2,240	(3,146)	1%	42%
GR09	Clean Air Zone Programme	5,581	1,254	3,530	(2,051)	22%	63%
NH03	Cemeteries & Crematoria investment	2,446	74	1,060	(1,387)	3%	43%
GR08	Delivery of Regeneration of Bedminster Green	4,927	1,457	3,811	(1,116)	30%	77%
PL11A	Cattle Market Road site re-development	573	542	1,935	1,362	95%	338%
GR15	Active Transport	6,609	2,058	8,603	1,994	31%	130%
	C&E Subtotal	81,395	11,118	53,194	(28,200)	14%	65%
	Total Top 15 Capital Programme Variances	308,209	56,858	247,144	(61,065)	18%	80%

- 1.7. It should also be noted that 2 projects within the G&R directorate are forecasting to bring forward spend to support the delivery of projects amounting to £3.4 million. These are detailed below in the directorate commentary in section 2 below.
- 1.8. A review of the financing for the capital funding will be carried out following the re-profiling of the capital programme to determine the revenue impact and this will be reported at the

next monitoring report. The changes relating to the HRA will also update the HRA 30 year Business Plan.

- 1.9. This reprofiling has been provided by project managers. Details of the changes at programme level are included within the Capital Programme Summary Monitor Report (by directorate at Appendix 9 and by committee at Appendix 19) as at the end of Period 5 (August) 2024 with further detail and commentary in Directorate and Committee appendices.

Strategy and Resources Committee is recommended to approve the reprofiling of this underspend of £62.3 million from 2024/25 into future periods.

Additional Grant Income / Budget Changes

- 1.10. The Capital programme budget at Period 5, has been revised downwards by £0.4 million from £440.2 million at Period 4 to £439.8 million. This decrease mainly relates to the £0.7 million re-profiling of the PL10 Transport Amphitheatre power supply project to 2025/26 approved at T&C Committee during July 2024 and some minor funding additions to the capital programme on the GR13 Heat Decarbonisation work (S106) £0.1 million, GR03 Flood defences project (S106) £0.1 million and PL35 Harbour project (Reserve) £0.1 million agreed by officer delegated decisions.

2. DIRECTORATE COMMENTARY

2.1. Bristol Harbour

- 2.1.1. The investment to Harbour Operational Infrastructure is £2.4 million with minor spend to date. The programme will be continually reviewed, and the forecast assessed and updated accordingly as part of future monitoring reports.

2.2. Adults and Communities

- 2.2.1. There are no significant variances to report on Adult and Communities capital programme.
- 2.2.2. The material projects, Leisure Centres – Capital Investment (£4.0m), Adult Social Care – Better Lives at Home Programme (£2.0m) and Covid Recovery Fund for Communities (£1.9m) are forecast in line with budget. Minor spend has been incurred on these projects has been reviewed and forecasts assessed and updated accordingly.

2.3. Children and Education

- 2.3.1. One of the top programmes for re-profiling sits within Children and Education, with regards the delivery of the South Bristol Youth Zone (£4.9m). The latest forecast of £0.9 million results in re-profiling spend of £4.0 million into future periods, the reason for this being that the access road construction required completion before the development agreement could be signed. Construction work on the main project is now due to commence later in September, but the majority of the costs will be incurred in 2025/26.
- 2.3.2. The remaining projects are reporting a net slippage of £0.3 million against a budget of £18.1 million. The year-to-date spend of £4.0 million (23%) represents an average of £0.8 million per month. To achieve the forecast target for 2024/25, the directorate will need to increase the average spend per month by £1.2 million to an average of £2.0 million each month for the remainder of the year.
- 2.3.3. Projects will continually be monitored and reviewed, and forecasts assessed and updated accordingly.

2.4. Resources

- 2.4.1. Resources are forecasting an underspend of £0.5 million (9%) in relation to the ICT Refresh project, as a result of an underspend of £0.9 million on Switches/Servers offset by a £0.4 million overspend on Laptop/Desktop Upgrades. There is an 'Emerging Pressures Request' for a new four year cycle of replacement devices from 25/26 and, if agreed, the 24/25 underspend and remaining budget for 25/26 can be classed as 'Funds to be Released' under the 25/26 MTFs capital review. The Digital Transformation Programme – Networks project is currently forecasting online to budget, however, there is an anticipated underspend of £0.5 million which will be updated for Period 6.

2.5. Growth and Regeneration

- 2.5.1. G&R are reporting a net variance, due mainly to programme slippage, of £28.9 million against a budget of £164.9m. This represents an estimated delivery of 82% compared to the latest budget. The year-to-date spend of £26.4 million (20%) represents an average of £5.3 million per month. To achieve the forecast target for 2024/25, the directorate will need to increase the average spend per month by £10.4 million to an average of £15.7 million each month for the remainder of the year. Spend for 2023/24 averaged £9.2 million per month.
- 2.5.2. The directorate is continuing to focus on robust and accurate forecasting, so any slippage is captured at the earliest opportunity. In addition, it is on an improvement plan that is to accelerate the delivery of the remaining Capital programme over the year 24/25 and into the future.
- 2.5.3. The capital programmes with the largest variances within Growth and Regeneration are as follows:

- GR01 – Temple Meads Development (variance £9.8m). This includes a £7.4 million underspend relating to the Economic Development Fund projects Engine Shed and Temple Development projects being sold to Homes England with the remaining funding to be reallocated to other eligible projects in future years. A further £1.8 million relates to the Temple Quarter Phase One being combined and re-forecast with new West of England Combined Authority (WECA) funding. Finally, £0.5 million relates to a sale of brownfield land has been not completed therefore the One Public Estates funding will be to be returned.
- PL30 - Housing Delivery Programme (variance £9.4m): (£7.7m) is slippage on the Filwood Framework programme which has experienced delays on some projects and are in discussions over alternative projects within the programme. (£1.0m) Hengrove Work Package programme progress on site has been slower than expected as a result contractors have provided revised spend profiles. This slippage has been agreed with WECA via a formal change request. (£0.8m) BCC RP Grant this slippage is due to updated milestones.
- GR18 – Strategic Transport Projects (variance £4.7m): This is a reprofiling of £3.3 million in funding for the YTL Arena Bristol as a result of severe delays to its opening. Originally set for 2025, there are now discussions indicating it will more likely be 2027. There is also an underspend relating to Hengrove Park as a result of delays in the projects due to utilities, among other issues, leading to £1.5 million being reprofiled to 2025/26.
- GR03 – ASEA 2 Flood Defences (variance £3.1m). This is a 50/50 collaboration with South Gloucester Council (SGC). SGC have agreed to contribute their half of this budget in year therefore the Council's remaining contribution has been reprofiled to 2025/26.
- GR09 - Clean Air Zone Programme (variance £2.1m): This programme has been reprofiled in month due to slippage and abandoned projects. Confirmation has been obtained to allow the reallocation of unspent monies to new projects in future years.
- NH03 – Cemeteries and Crematoria Investment (variance £1.4m): South Bristol Cemetery Expansion (SBCE) – Phase 1 works - Progress is delayed due to new administration seeking reassurance on the scope and cost of project.
- GR08 – Bedminster Green Regeneration (variance £1.1m). Delivery has been paused due to delays in governance.

2.5.4. The following two projects are accelerating spend from future periods amounting to £3.4 million:

- GR15 – Active Transport (variance £2.0m): This is due to additional WECA funding, £1.5m, being granted for Liveable Neighbourhood, Street Space and Bristol Family Cycling Centre to be spent in year. A £0.3 million pressure forecast for Liveable Neighbourhood is expected to be covered via WECA after the submission change request in year.
- PL11A – Cattle Market Road site re-development (variance £1.4m). This is an overspend due to the collapse of a section of the harbour bank. To complete the project £3.0 million, split evenly between 2024/25 and 2025/26, will need be found. Discussions are underway to fund this work within Transport's existing Capital allocation.

2.6. HRA

2.6.1. The material forecast changes within the HRA programme are summarised as follows –

2.6.2. HRA2 - New Build and Land Enabling (variance £26.9m).

- Leinster Avenue (£1.5m) – Reprofile of spend to 2025/26 after receipt of updated delivery plan to realign the forecast to the most updated position of work progress.
- Branwhite (£1.4m) - Reprofile of spend to 2025/26 after receipt of updated delivery plan to realign the forecast to the most updated position of work progress.
- Greville (£2.7m) – Spend slippage owing to start on site delays on account of contractor's capacity issues.
- Filwood Cinema (£2.4m) - Reprofile of spend after receipt of updated delivery plan from the contractor to realign the forecast to the most updated position of work progress.
- Romney House (£2.0m) - Reprofile of spend after receipt of updated delivery plan with forecast full year cost from the contractor.
- Embleton (£0.6m) - Reprofile of spend given the slower progress of scheme whilst we await a decision and negotiate conditions.
- Hengrove Future Phases (£3.0m) – Forecast being removed from the current year given a proposal is being progressed to withdraw Hengrove 1b from the programme.
- AHDP EDAROTH (£5.0m) – This significant reduction in forecast reflects the ongoing delays caused by the scheme being under review due to issues with planning.
- Dovercourt Depot (£2.8m) – Forecast reprofiled to 2024/25 to reflect the forecast delayed Start on site of April 2025, when further money will be due to Goram.
- New Fosseyway (£2.8m) - Reprofile of spend after receipt of updated delivery plan to realign the forecast to the most updated position of work progress.
- Baltic Wharf (£2.0m) - Reprofile of previously forecasted deposit payments as the scheme is currently on hold, with the possibility that BCC may not proceed with it.

- SHAP funded Units (£2.8m) – Forecast spend reduced by half on downward revision of forecast acquisition number from 30 to 15 units.

Besides the above slippages, forward slippage is reported for the below project:

- Hengrove Apartments (£2.0m) – Forecast increased to align with the most updated status of scheme progress. Scheme started on site in April 2023 and work is progressing well.

2.6.3. HRA1 – Home Improvement Programme - HIP (variance £1.9m):-

Overspends:

- £1.6 million overspend on Kitchen Relets and Bathroom Relets.
- £1.7 million overspend on Fire Alarm Installations arising from additional blocks added to the programme.
- £0.6 million overspend on Rewires works project.
- £2.4million overspend on Littlecross House energy efficiency works.
- £0.6million overspend on JCH, Haviland, etc. energy efficiency works.

The offsetting projects with slippages include:

- £2.9 million underspend on Staffing Cost.
- £0.5 million slippage on Lifts in Blocks.
- £0.9 million slippage on Barton Hill refurbishments due to building safety approval delays.
- £0.5 million slippage on Francombe, Underdown and Waring due to ongoing delays in contract finalisation and signing.
- £1.7 million slippage on Sprinklers Installation project. There has been a major delay to programme due to delays in Building Safety Regulator applications.
- £0.6 million underspend on Fire Door Replacement project.
- £0.6million slippage on Easiforms energy efficiency works.

2.6.4. HRA4 – HRA Infrastructure (variance £0.8m):-

- £0.8 million overspend on HRA infrastructure is on account of future years funding being brought forward to combat expected delays to current delivery timeframe

2.6.5. Any over or underspends on schemes will be managed within the overall budget envelope for the programme.

2.6.6. The service is currently undertaking a full review of the Home Improvement Programme in relation to compliance and health and safety works. Although not yet quantified, it is anticipated that this review will result in an increased investment requirement in existing stock, thereby utilising some of the slippage and underspends reported.

3. FLEXIBLE USE OF CAPITAL RECEIPTS

- 3.1. Local authorities have the continued freedom until March 2030, which began on 1 April 2016, to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. Updated directions were provided by government in April 2022 detailing the type of expenditure that qualifies for the flexible use of capital receipts and a new sign off and reporting process via the Secretary of State (SOS), for each financial year in which the direction is used.
- 3.2. £12.0 million has been budgeted in 2024/25 for revenue expenditure which relates to the delivery of savings from the Transformation programme including the Top 4 delivery capacity projects being;
 - 3.2.1. Reduce council owned property,
 - 3.2.2. Adult Social Care transformation,
 - 3.2.3. Our Families programme and
 - 3.2.4. Temporary accommodation need.
- 3.3. The flexible use of capital receipts strategy was approved as part of the budget process and submitted to the Secretary of State, a requirement before this flexibility can be applied. The value of expenditure capitalised must not exceed the amount set out in the plan, however changes can be made and submitted to the Secretary of State subject to Full Council approval.
- 3.4. It should be noted that the financing of these projects along with projects in the capital programme is dependent on securing circa £27.1 million capital receipts in 2024/25 from the disposal of assets over the remaining periods. There is a pipeline of disposals to meet this target and the current expectation is that these will be completed this financial year, noting the disposal of Temple Square for £10.0 million as part of the Temple Quarter regeneration in April. This will be monitored over the remaining months and any increase to this risk will be reviewed and reported accordingly along with any mitigations. It should also be noted that as part of any re-profiling of the Capital Programme, which is anticipated during the year, that this target for 2024/25 may reduce.

Strategy and Resources Committee is asked to note the planned use of capital receipts of £12.0 million.