

Appendix C - Capital Programme

The Capital Programme which was agreed as per the Medium Term Financial Strategy (MTFS) in March 2022 was £116.0m which included a target reduction in expenditure of £9.2m. The reason for this is to meet a condition of the Improvement Plan that there be no new borrowing unless failure do so would result in a breach of our statutory duties, and all capital projects are to be funded only by asset sales or grant funding. The removal of borrowing in the current year is required in order to deliver the £0.75m revenue saving that has been included within the budget.

The movement between the MTFS position and the £125.4m as at April 2022 was a result of slippages mainly due to delays completing projects from 2021/22.

The table below updates the budget at June 2022 to take account of £12.6m of identified reductions as a result of a reprioritisation exercise to ensure that no new borrowing is incurred in this financial year, reprofiling of the IFRS16 transition which has been delayed a further year and rephasing of the £20m Levelling Up funding for the University scheme into future years which was not known at the time of the MTFS budget setting.

The actual investment expenditure as at June 2022 is £10.8m (13% of revised budget). The latest forecast provided by project managers predicts an overall spend of £82.0m, therefore the Council is expecting to spend a further £71.2m before March 2023.

The following table shows the breakdown of the Council's Asset Investment over the directorates and how this investment is to be financed:

Directorate	22/23 Capital Programme Approved Budget £000	Slippage from 21/22 £000	22/23 Revised Budget £000	22/23 Budget after reductions £000	22/23 Forecast Outturn £000	22/23 Variance £000
People & Communities	22,441	864	23,305	21,575	21,575	0
Resources	2,965	1,024	3,989	2,181	2,181	0
Place & Economy	71,457	6,447	77,904	51,212	51,212	0
Customer & Digital Services	3,164	769	3,933	3,447	3,447	0
Invest to Save	3,201	382	3,583	3,583	3,583	0
IFRS16 Transition	22,000	0	22,000	0	0	0
Target Reduction	-9,234	0	-9,234	0	0	0
TOTAL CAPITAL PROGRAMME	115,994	9,486	125,480	81,998	81,998	0
Grants & Third Party Contributions	78,994	4,488	83,482	65,631	65,631	0
Capital Receipts repayment of loans*	15,000	0	15,000	0	0	0
Capital Receipts sale of assets	0	0	0	16,367	16,367	0
Borrowing	0	4,998	4,998	0	0	0
IFRS16 Transition	22,000	0	22,000	0	0	0
TOTAL	115,994	9,486	125,480	81,998	81,998	0

*The loan repayment will now be used to reduce the Council's overall debt position.

The following schemes requires amendments to be included in the capital programme :

Market - £105k

In March 2022, Full Council approved the budget of £450k to develop the former customer service centre in Bridge Street to a new food hall. Also agreed, was the development of 12 market kiosks within Bridge Street and 12 temporary pop-up stalls. Both sites will be used to rehouse traders displaced from Northminster with any additional capacity rented to new traders. In addition, temporary pop-up stalls will be purchased and installed to allow for weekend/occasional markets to take place. Since the budget was approved in early March, detailed work has been undertaken with suppliers to begin construction. The market kiosks are a bespoke design and despite Peterborough Ltd contacting several companies, only one was prepared to undertake the works. The project has needed to be designed and constructed concurrently as the council is under a deadline to have the new market open for business. £105k additional budget is required for further works and to meet the increase in costs of materials caused by world-wide supply issues, this is proposed to be funded by borrowing in 2022/23. A further £53k is also being funded from the café culture taking the total funding up to £608k

Further context:

Cost rose from the initial estimated budget for a number of reasons. Firstly as mentioned above the costs of materials have significantly increased, In addition, the electrical supply within Bridge Street was not sufficient to provide power to the new kiosks and had to be upgraded, this was a significant piece of work and not known and had not been quoted for.

Finally, due to the speed in which this project was pulled together (in order to meet the decant of the Northminster site deadline), no full specification of works was issued and subsequently, the contract price could not be fixed at the start of the project. This has led to some small, additional works being required as the project began, which again were unknown when the initial budget was set. The combination of all of these factors has led to the increase in overall costs.

The foodhall was completed and opened at the end of May and the market kiosks have now been built and installed. There is some additional work required with the kiosks to improve their security which is expected to be completed before the end of August. The kiosks will then be ready for occupancy and will begin trading. This is now expected to cost:

Cost Breakdown

- Food Hall construction: £0.278m
- Market Kiosks: £0.330m (this includes the upgrade of electricity)
- **Total: £0.608m**

Green Wheel project - £750k

Parts of the Green Wheel are in need of upgrading and there are sections of the route which have a high volume of users which could be widened to accommodate pedestrians as well as cyclist travelling in both directions. Furthermore, some of the funding will be used to address safety issues along the route as well as upgrading connections onto the Green Wheel. The improvement works will significantly improve the Green Wheel cycleway and will help in the longer term with less maintenance required to be undertaken. Funding for the project is to be provided by the Cambridgeshire and Peterborough Combined Authority.

This page is intentionally left blank