

## CAPITAL BUDGET MONITORING REPORT 2021/22 - QUARTER 1 TO 30 JUNE 2021

### COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At its meeting on 26 August 2021, the Overview and Scrutiny Management Board considered the report and unanimously agreed to support the recommendation to the Executive.

The following points were confirmed:

- The capital programme was at risk of either overspends or delays causing underspends. Some schemes were delayed because of availability and supply issues with raw materials due to a combination of the Covid-19 pandemic, Brexit, and the Suez Canal blockage, and also due to a shortage of labour. In addition, there was an increase in global demand for construction material, particularly in the US where there was a huge growth in construction which was impacting on the availability of raw materials. A report on the supply issues and the significant impact on the delivery of the capital programme would be produced shortly.
- The forecast underspend for 2021/22 of £13.513m in the project schemes was mainly due to two projects relating to the Spalding Western Relief Road which were forecasted to underspend in year by over £18m in total.
- The funding for the two Spalding Western Relief Road schemes that were currently underspending was committed and could not be diverted elsewhere otherwise the schemes would not be able to be completed. Instead, consideration would be given to bringing forward other schemes to reduce the level of underspend. However given the current issues with supply and availability of raw materials and labour, then these schemes could face similar challenges and increased costs, and it was currently unclear whether this was a short or long term issue. In addition, bringing forward other schemes in the current financial year would be challenging due to the short timeframe. There was a need for caution about making any dramatic changes to the capital programme.
- There was a forecast overspend on Highways Asset Protection of £4.145m. Approval would be sought from the County Council in September 2021 for an additional £10m of funding to be added to the capital programme budget for Highways.
- The A16/A1073 Spalding to Eye Road Improvement scheme was completed but still listed to account for any new or on-going compensation claims. Officers agreed to review how this scheme was reported in future.
- The £1.468m funding allocated for the fire station projects in Grantham and Leverton was previously contingency funding held for the property scheme. This

would now be separated out from the block funding of around £3m for property maintenance.

- It was currently budgeted that the whole life cost of the Grantham Southern Relief Road scheme would be £104m, including grant funding from the Government, but this was still subject to considerable change due to supply and labour issues.
- The funding allocated for the Linelands –Extra Care Housing scheme, which was no longer going ahead, would now be used for the Welton - Extra Care Housing scheme instead.
- For the North Hykeham Relief Road scheme, £48m had been allocated in the capital programme to help fund the scheme. In addition, there would be an additional £110m of funding from the Department of Transport, subject to a highways business case for the earmarked funding. It was proposed to start the scheme in 2025, subject to receiving the earmarked funding.