

REPORT TO CORPORATE SERVICES SCRUTINY COMMITTEE

Date of Meeting: 26 September 2019

REPORT TO EXECUTIVE

Date of Meeting: 8 October 2019

REPORT TO COUNCIL

Date of Meeting: 16 October 2019

Report of: Chief Finance Officer

Title: 2019/20 General Fund Capital Monitoring Statement – Quarter 1

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

- 1.1 To report the current position in respect of the Council's revised annual capital programme and to advise Members of the anticipated level of deferred expenditure into future years.

The report seeks Member approval to amend the annual capital programme in order to reflect the reported variations.

2. Recommendations:

- 2.1 It is recommended that Corporate Services Scrutiny Committee supports and the Executive recommends to Council to approve:

- (i) The revision of the annual capital programme to reflect the reported variations detailed in 9.1 and Appendix 1.
- (ii) The additional budget request detailed in 9.7.

3. Reasons for the recommendation:

- 3.1 Local authorities are required to estimate the total of capital expenditure that it plans to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.

Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.

In order to manage the risks associated with capital programming the annual capital programme is updated every three months to reflect any cost variations, slippage or acceleration of projects.

4. What are the equality and diversity impacts of the decision?

- 4.1 There are no significant equality and diversity impacts associated with this decision.

5. What are the resource implications including non financial resources

5.1 The financial resources required are set out in the body of this report.

6. Section 151 Officer comments:

6.1 There are no areas of concern to bring to Councils attention at the end of the first quarter. The significant schemes are on site and progressing. The request for an additional budget will be funded from the Transformation Fund and will not impact upon the Council's borrowing requirement.

7. What are the legal aspects?

7.1 The capital expenditure system is framed by the Local Government and Housing Act 1989.

8. Monitoring Officer's comments:

8.1 The report raises no issue for the Monitoring Officer.

9. Report Details:

2019/20 GENERAL FUND CAPITAL MONITORING STATEMENT – QUARTER 1

9.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2019/20 Capital Programme, including commitments brought forward from 2018/19, was last reported to Corporate Services Scrutiny Committee on 27 June 2019. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Corporate Services Scrutiny Committee, 27 June 2019	41,615,310	
Energy Saving Projects	150,000	Approved by Council on 23 July 2019
Oracle Weblogic	11,000	
Agile Working	50,000	
Disabled Facility Grants	121,910	Actual grant higher than anticipated
Riverside	527,100	Insurance payment received
Miscellaneous Adjustments	1,400	
Revised Capital Programme	42,476,720	

9.2 PERFORMANCE

The revised capital programme for the current financial year is £42.477 million. During the first three months of the year the Council spent £5.492 million on the programme, which equates to 12.9% of the revised programme. This compares with £0.657 million (3.2%) being spent in the first three months of 2018/19.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2019/20 of £40.988 million with £1.288 million of the programme potentially being deferred to 2020/21 and beyond.

Appendix 2 shows the approved budgets for 2020/21 with the proposed 2019/20 budget to be carried forward to 2020/21 and beyond for Executive and Council to consider for approval.

Appendix 3 shows the overall position for those schemes which span more than one financial year.

9.3 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2019/20 are £11.958 million. An estimated spend of £40.988 million is required of which £31.689 million will be funded from borrowing with £2.659 million capital receipts carried forward to 2020/21.

Appendix 4 sets out the forecast use of the resources available for the General Fund and the likely amounts of borrowing that will be necessary to fund the capital programme over the next three years.

The value of actual capital receipts received in the quarter in respect of the General Fund are:

	General Fund £
Balance as at 1 April 2019	5,374,625
New Receipts	57,155
Balance as at 30 June 2019	5,431,780

9.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure are as follows:

Scheme	Estimated Overspend / (Underspend) £
Pyramids Essential Works	(138,330)
Leisure Centre Essential Enhancements	(733,520)
Leisure Centre Additional Enhancements	(231,860)
Sports Facilities Refurbishment	(96,290)
Riverside Leisure Centre	1,200,000
<p>Officer Responsible: Category Contracts Manager</p> <p>£1.2m underspends on the Pyramids, Leisure Centre Enhancements and Sport Facilities Refurbishment schemes are to be used to increase the Riverside Leisure Centre budget in accordance with the report to Council approved on 26 February 2019.</p>	
Disabled Facility Grants	(600,000)
Warm Up Exeter	600,000
<p>Officer Responsible: Environmental Health & Licensing Manager</p> <p>Both the Disabled Facility Grants and Warm Up Exeter schemes are funded from the Better Care Fund, it is proposed to transfer £600k budget from the Disabled Facility Grants budget to fund Warm Up Exeter Schemes in line with anticipated expenditure.</p>	
Exeter Flood Alleviation Scheme	(170,000)
<p>Officer Responsible: Commercial Operations Manager, Public Realm</p> <p>This scheme offered property level protection to properties not protected by the Environment Agency's main scheme. Take up has been lower than anticipated so the full budget is not required. All expenditure was to be funded by the Environment Agency.</p>	

9.5 SCHEMES TO BE DEFERRED TO 2020/21 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2020/21 and beyond are:

Scheme	Budget to be Deferred £
Leisure Complex - Build	173,970
Bus Station Construction	852,250
<p>Officer Responsible: Director Communities, Health, Well Being, Sport & Leisure</p> <p>The budgets for St Sidwell's Point and the new Bus Station have been re-profiled in accordance with the latest expenditure projections. The final completion date of the projects have not changed.</p> <p>Good progress continues to be made on the construction of a major new leisure complex in Exeter. Throughout August activity on site has seen the pouring of concrete to form the pool boxes and the retaining walls that separate the eventual wet and dry sides of the leisure centre. The lift and staircase cores are also being formed. An 85-tonne piling rig (brought to site under police escort before morning rush hour) has returned to complete the dry side piled foundations and start the new bus station.</p>	
Repairs to Turf Lock Pier Head	60,000
Repairs to Walls at Farm Hill	60,000
<p>Officer Responsible: Service Manager, Community Safety & Enforcement</p> <p>Turf Locks Pier Head is a designated Site of Special Scientific Interest and therefore works can only be undertaken in the summer months and only when permission has been granted from Natural England & the Environment Agency. It is anticipated that the works will now commence next year.</p> <p>Works to structurally assess the walls at Farm Hill will be undertaken in this financial year, it is likely that actual repair works will commence in 2020/21.</p>	
Waste Infrastructure	115,200
<p>Officer Responsible: Cleansing & Fleet Manager</p> <p>The expected redesign of the kerbside recycling service to add food waste and glass will require a rethink regarding infrastructure for recycling collections; not likely to be in effect until 2021. However, there has been a successful trial of Metro Store communal bin stores with agreement from Housing to install at a further four locations in 2019/20</p>	

9.6 ACHIEVEMENTS

The following schemes have been completed during the first quarter of 2019/20:

Replacement of Kings Arms Swing Bridge

The new King's Arms swing bridge linking Haven Banks to the Kings Arms Isthmus – land that includes footpaths and cycle paths beside the Trews Weir Flood Relief Channel – has been installed and is now open to use.

The old bridge, which was first installed in 1972, had deteriorated over time and become rotten in places. The new bridge is almost identical but made of steel. Metalwork from the old bridge has been used on the new structure so that it remains in keeping with its surroundings.

Haven Road Car Park Resurfacing

Works to the car parking surfacing have been completed.

Replacement AV Equipment at the Civic Centre and Guildhall

The project has replaced the previously outdated and badly performing audio and visual presentation facilities at the Civic Centre's major meeting rooms, together with the Guildhall. Up to date large screens which can easily be linked to presenters laptops, or directly to the Council's system, have been installed and offer much better presentation facilities – this includes a mobile version for the Guildhall which enhances its ability to be used as a conference facility. Similarly, an up to date microphone system has been installed in the public meeting rooms and the Guildhall enhancing the audio quality available both at the meetings and for those watching public meetings on line.

9.7 FURTHER FUNDING REQUEST

Agile and Flexible Working (request for £600,000 additional budget)

It is proposed to add a budget of £600,000 to be funded from the Transformation Fund to enable agile and flexible working.

We are going through a period of significant change. The financial pressures facing the council and the scale of the financial savings that need to be made over the next few years mean that we need to take every opportunity to change the way the council currently operates. Transforming the way we work is vital to making sure that we can provide the services our customers expect and demand now and in the future.

The relocation of office-based staff to Phase 2 of the Civic Centre is one of the main ways we are looking to reduce our accommodation costs and increase income by letting out Phase 1 to other tenants. This relocation offers the opportunity to create an even better working environment and more flexible working arrangements.

10. How does the decision contribute to the Council's Corporate Plan?

The Capital Programme contributes to all of the key purposes, as set out in the Corporate Plan.

11. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

The impact of each scheme is considered prior to approval. Any significant deviation from this will be noted within the body of this report.

13. What other options are there, and why have they been dismissed?

There are no other options.

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Chief Finance Officer

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Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:
None

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