

REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Director Finance

Title: 2021/22 General Fund Capital Monitoring Statement – Quarter 2

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?

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:

It is recommended that Executive Committee supports and recommends to Council to approve:

- (1) The revision of the annual capital programme to reflect the reported variations detailed in 8.1 and Appendix 1; and
- (2) The additional budget detailed in 8.6

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 resource implications including non financial resources.

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

5. Section 151 Officer comments:

5.1 As per the previous quarter, Members are reminded that the construction sector is under pressure from rising prices for materials and labour shortages. This will continue to impact the programme for some time, resulting in delays to the programme and likely requests for additional funding where the budget is now insufficient to deliver the planned scheme owing to rising prices. In the short term, this will be managed by seeking Council approval to vire funds from schemes which are delayed, particularly if the asset is under review.

6. What are the legal aspects?

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

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

2021/22 GENERAL FUND CAPITAL MONITORING STATEMENT – QUARTER 2

8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2021/22 Capital Programme, including commitments brought forward from 2020/21, was last reported to Executive on 5 October 2021. Since that meeting the following changes have been made that have increased the programme:

| Description | £ | Approval/Funding |
|--|--------------------|-------------------------------------|
| Capital Programme, as reported to Council 19 October 2021 | 67,455,350 | |
| Budget Deferred to 2022/23 & Beyond at Quarter 2 | (15,497,990) | |
| Overspends/(Underspends) reported at Quarter 2 | (21,470) | |
| Commercial Property Purchase | 55,000,000 | Approved by Council 19 October 2021 |
| IT Replacement Programme | 50,000 | |
| Revised Capital Programme | 106,985,890 | |

8.2. PERFORMANCE

The revised capital programme for the current financial year is £106.986 million. During the first six months of the year the Council spent £9.694 million on the programme, which equates to 9.06% of the revised programme. This compares with £10.260 million (30.98%) that was spent in the first six months of 2020/21.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2021/22 of £89.286 million with £17.590 million of the programme potentially being deferred to 2022/23 and beyond.

Appendix 2 shows the approved budgets for 2022/23 with the proposed 2021/22 budget to be carried forward to 2022/23 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.

8.3. AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2021/22 are £11.659 million. An estimated spend of £89.286 million is required of which £79.559 million will be funded from borrowing with £0.418 million capital receipts carried forward to 2022/23.

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 2021 | 3,329,009 |
| New Receipts | 251,530 |
| Balance as at 30 September 2021 | 3,580,539 |

8.4. EXPENDITURE VARIANCES

The main (greater than +/- £30k) variances and issues concerning expenditure are as follows:

| Scheme | Variance £ |
|---|-------------------|
| Street Scene & Other Asset Management | (£124,840) |
| <p>Officer Responsible: Chief Executive & Growth Director</p> <p>The convergence project initially envisaged did not get past the business case stage therefore the project is not proceeding.</p> | |

8.5. SCHEMES TO BE DEFERRED TO 2022/23 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2022/23 and beyond are:

| Scheme | Budget to be Deferred £ |
|---|-------------------------------|
| Customer Contact Platform | £157,840 |
| <p>Officer Responsible: Chief Executive & Growth Director</p> <p>Transactions for the Firmstep digital platform are being assessed and prioritised as part of the One Exeter transformation programme. New service demands have arisen as a consequence of the transfer of some face-to-face services to more effective and efficient online services, which has diverted resources. This work will continue into 2022 when additional business analysis and ICT resources will be required to enhance the Firmstep portfolio.</p> | |
| Datacentre Relocation | £35,940 |
| <p>Officer Responsible: Chief Executive & Growth Director</p> <p>This project is delayed as other key projects - such as the feasibility of a cloud migration – has not been completed. Depending on the outcome of this and other projects, a decision will be made regarding the future of this project.</p> | |

| Scheme | Budget to be Deferred £ |
|--|----------------------------|
| Pinhoe Playing Field upgrades | 44,530 |
| District Street Lighting | 103,000 |
| Exeter Quay Cellars cliff face | 82,500 |
| Repairs to walls at Farm Hill | 25,000 |
| <p>Officer Responsible: Engineering & Assets Manager</p> <p>Works on the skate park at Pinhoe Playing Fields have been delayed and we are only likely to spend £50,000 this financial year and the rest in 2022/23.</p> <p>Devon CC is contracting with SSE regarding District Street Lighting and there are likely to be delays due to resourcing issues.</p> <p>Agreement has been given to proceed with investigation works at Exeter Quay Cellars cliff face so up to £75,000 will be spent this year and works identified are unlikely to be carried out until 2022/23.</p> <p>The investigation on high risk walls at Farm Hill is further delayed due to resourcing issues and only £25,000 is likely to be spent this year.</p> | |

| Scheme | Budget to be Deferred £ |
|--|----------------------------|
| Riverside Sports Hall Roof | £1,500,000 |
| <p>Officer Responsible: Director</p> <p>This project has been delayed while the added structural requirements needed to support the solar panel array have been investigated. However, it is now anticipated that preliminary work will begin in early 2022, with the majority being completed by summer of that year</p> | |

| Scheme | Budget to be Deferred £ |
|---|----------------------------|
| Loan to Exeter City Living | £15,641,560 |
| <p>Officer Responsible: Director Finance</p> <p>Director Finance has advised that this will take effect on 1st April 2022</p> | |

8.6. FURTHER FUNDING REQUESTS

Brownfield Land Release Projects (£6,391,470)

The Council has recently received funding for brownfield land release projects from the Ministry of Housing, Communities & Local Government, totalling £6,391,470. The funding

will be used for works at Bonhay Meadows, Exeter canal basin, Mary Arches car park, Belle Isle, Cathedral & Quay car park and Clifton Hill.

9. 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.

10. 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.

11. Equality Act 2010 (The Act)

11.1. Under the Act's Public Sector Equality Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2. In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3. In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4. In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the impact of each scheme is considered prior to approval. Any significant deviation from this will be noted within the body of this report.

12. Carbon Footprint (Environmental) Implications:

We are working towards the Council's commitment to carbon neutral by 2030. The impact of each scheme is considered prior to approval.

13. Are there any other options?

There are no other options.

Director Finance & S151 Officer, Dave Hodgson

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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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