

REPORT TO EXECUTIVE

Date of Meeting: 5 July 2022

REPORT TO COUNCIL

Date of Meeting: 19 July 2022

Report of: Director Finance

Title: General Fund Capital Monitoring 2021/22 and Revised Capital Programme for 2022/23 and Future Years

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To advise members of the overall financial performance of the Council for the 2021/22 financial year in respect of the annual capital programme.

To seek approval of the 2022/23 revised capital programme, including commitments carried forward from 2021/22.

2. Recommendations:

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

- (1) The overall financial position for the 2021/22 annual capital programme; and
- (2) The amendments and further funding requests to the Council's annual capital programme for 2022/23.

3. Reasons for the recommendation:

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.

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

5. Section 151 Officer comments:

Members have been informed of the challenges impacting the delivery of the capital programme throughout the year. This is evidenced by the completed spend of only £17m against a budget which peaked in excess of £100m during the year. The global economy is struggling with demand and further challenges should be expected in 2022-23.

The decision to finance vehicles under the fleet lease will have a substantial benefit to the Council's Medium Term Financial Plan. However, it will only work if Members and Officers manage demand for new vehicles in line with the availability for capital receipts. It is therefore crucial that the section 151 Officer is informed at an early stage of the proposals and that it is noted that the section 151 Officer may recommend delaying some purchases in order to manage affordability. There is a very real risk that unexpected purchases could seriously damage the financial position of the Council.

6. What are the legal aspects?

The capital expenditure system is framed by the Local Government Act 2003. The requirements imposed by the Act are set out in section 3 of the report.

7. Monitoring Officer's comments:

The purpose of this report is to provide members with information concerning the overall financial performance of the Council with regard to the annual capital programme and to seek approval of the revised capital programme, including those commitments which have been carried forward to the new financial year.

The report raises no particular issues for the Deputy Monitoring Officer. Members will note the section 151 Officer comments in particular.

(Simon Copper – Deputy Monitoring Officer)

8. Report details:

GENERAL FUND CAPITAL MONITORING 2021/22 AND REVISED CAPITAL PROGRAMME FOR 2022/23 AND FUTURE YEARS

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2021/22 Capital Programme was last reported to Council on 19 April 2022. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Council on 19 April 2022	100,204,220	
Budget Deferred to 2022/23 & beyond at Quarter 3	(29,060,300)	

Overspends/(Underspends) reported at Quarter 3	690	Approved by Council 19 April 2022
Bromhams Farm Playing Fields	250,000	
Exeter Arena additional CIL funding for teen shelter	18,000	
Safer Streets funded CCTV cameras and installation	297,210	Grant funding
Additional grant received for Play Areas	500	Grant funding
Disabled Facilities Grant	11,490	Increased DFG Funding
Energy Saving Projects	591,410	ERDF funding
Exeter Bus Station	16,000	LEP Funding
Revised Capital Programme	72,329,220	

8.2 PERFORMANCE

Capital expenditure in the year amounted to £17,044,221. The actual expenditure during 2021/22 represents 23.56% of the revised Capital Programme, it is proposed to carry forward a total of £55.246 million budget into future years, whereas £0.139 million budget has been brought forward from future years and spent in 2021/22 (giving a net budget carry forward of £55.385 million), as indicated in Appendix 1.

Appendix 2 shows the overall position for those schemes which span more than one financial year.

8.3 CAPITAL FINANCING

The capital expenditure in 2021/22 of £17,044,221 was financed as follows:

	£
Capital Grants & Contributions	3,339,805
Capital Receipts	590,622
Community Infrastructure Levy	1,300,000
Revenue Contributions	0

Borrowing	11,813,794
TOTAL	17,044,221

8.4 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2021/22 are £8.251 million. Total General Fund capital expenditure is £17.044 million of which £11.814 million will be funded from borrowing, allowing £2.021 million of capital receipts to be carried forward.

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 2021/22 to date in respect of the General Fund are:

	General Fund £
Balance as at 1 April 2021	3,329,009
New Receipts	282,195
Amount used to finance capital expenditure in 2021/22	(590,622)
Amount used to finance historic debt	(1,000,000)
Balance as at 31 March 2022	2,020,582

8.5 EXPENDITURE VARIANCES

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

Scheme	Overspend / (Underspend) £
Domestic Refuse Bins and Boxes	81,260

Officer Responsible: Interim Service Lead – Waste, Recycling & Fleet

The £80k capital budget for wheelie bin replacement was halved to £40k in anticipation of the change to the kerb side sort system. The decision to retain comingle has meant that recycling bins which would have been swapped for

recycling boxes have been replaced like for like. This combined with an increase in the costs of plastics has meant a total spend of £121k against the reduced budget of £40k, an over spend of £81k.

Fleet Lease Costs	146,447
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Officer Responsible: Interim Service Lead – Waste, Recycling & Fleet

The Council changed its policy from buying vehicles to leasing vehicles from 2020/21. In order to address the issues within the MTFP the decision has been taken to capitalise the lease costs and fund from capital receipts.

Capitalised Staff Costs	(100,000)
Energy Saving Projects	100,000

Officer Responsible: Net Zero Project Lead

The Water Lane solar farm project is projected to overspend as a result in changes in the project and price increases since the original bid was prepared. The project includes the staff time of officers delivering the project and as there are no other directly attributable staff costs were incurred during 2021/22 or expected during 2022/23 the approvals have been transferred between schemes to partially offset.

Agile & Flexible Rollout	(62,930)
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Officer Responsible: Deputy Chief Executive

This capital budget is funded from the Transformation Reserve, the saving within the capital budget will be used to increase the amount available for revenue expenditure on the Organisational Change Programme.

Corn Exchange Roof Replacement	(54,168)
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Officer Responsible: City Surveyor

The underspend on this project is due to the lower tender value being less than the budget estimate. Also some built-in contingency sums were not required.

8.6 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 £
Idox System for Planning	60,679

Officer Responsible: Chief Executive & Growth Director

This Strata programme will continue into 2022/23

Financial Management	207,273
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Officer Responsible: Deputy Chief Finance Officer

The eFins finance system was successfully upgraded from version 5 to 6 and new features, such as single sign-in, went live in March 2022. Phase 2 – the implementation of a new eProcurement and Purchase Invoice Management system – has begun and is the planning stage.

SAN Replacement	179,700
Door Access RAMM	100,000
NCSC Zero Trust	53,910

Officer Responsible: Chief Executive & Growth Director

All the above Strata programmes will be continued into 2022/23.

Two replacement SANs were purchased in January; however, due to an international shortage of electronic components, not all the remaining items needed to complete the project have been purchased. It is likely that the this programme will not be completed until Summer 2022.

Work started on the door access to RAMM in April 2022 and it is anticipated that the programme will be completed by early summer.

Leisure Complex Build Project	46,713
Bus Station Construction	298,903
Pinhoe Community Hub	53,760

Officer Responsible: Director

The Leisure Complex and Bus Station Construction budgets have been re-profiled in-line with anticipated expenditure.

Pinhoe Community Club have plans to spend the remaining budget in 2022/23.

Ash die back tree replacement	141,364
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Officer Responsible: Service Lead – Public & Green Space

Works have been carried out on tree specimens with either Ash die back in the end stages of the disease requiring immediate felling, or remedial works carried out to prolong the life of the specimen as far as practicable to increase likelihood of survival. To date works have been carried out over an excess of 50 sites spread city wide. The ash die back replacement programme was originally due to be carried out over 3 years, however now it is anticipated that the majority of the work will be carried out in 2023/24 and 2024/25.

Trews Weir refurb	50,000
Exeter Arena skatepark	42,748
District Street lighting	30,000
Exeter Quay Cellars cliff face	38,925
Bromhams Farm playing fields	250,000

Officer Responsible: Engineering & Assets Manager

Discussions with the Environment Agency regarding Trews Weir works are continuing but there is limited capacity of engineers and designers which has delayed commencement of the scheme from 2021/22.

Phase 1 works at Exeter Arena skatepark have been completed and work on the acoustic barrier is in progress. Further work on providing a teen shelter is to be funded from s106 and completed in 2022/23.

DCC has a street lighting contract with SSE and work began in March on new and replacement installations, this will be completed and invoiced in 2022/23.

Work at the Quay Cellars has been delayed due to legal issues but ground investigations had begun by March 2022.

The EA have agreed to reinstate the pitches at Bromhams Farm playing fields to a satisfactory standard and ECC will fund drainage improvements at while this is being undertaken, which will be best undertaken during the drier months.

Recycling containers	292,104
MRF enhancements	4,141,605

Officer Responsible: Interim Service Lead – Waste, Recycling & Fleet

The roll out of the new food waste collection arrangements has been trialled during 2021/22 but the bulk of the new bins and boxes will be purchased as the scheme is extended across the whole city.

Consultancy and project management services have been engaged to support with the planned enhancements to the Materials Reclamation Facility. There are a number of different elements of this project and there will be a lengthy procurement process with the bulk of the costs likely to be spent in 2023/24.

Energy Saving Projects	1,243,145
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Officer Responsible: Net Zero Project Lead

The Water Lane solar project is scheduled to complete by December 2022, further details of the project and timescales are included below.

Next Steps Accommodation Programme Property Acquisition	771,234
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Officer Responsible: Service Lead, Housing Needs & Homelessness

The acquisition programme will continue into 2022/23.

Leisure Centre Essential Enhancements	32,360
Riverside Leisure Centre	410,930
Riverside Sports Hall Roof	100,000
Leisure Complex – Fit Out	713,430

Officer Responsible: Director, Leisure

The remaining budgets will be needed in 2022/23 to continue the improvement of the current leisure facilities, as well as ensuring that St Sidwell's Point is fully equipped; this is particularly important due to the high level of demand already experienced since the opening in April 2022.

Unfortunately, work on the roof at Riverside was unable to start before 31 March so the remaining budget was not used in the 2021/22 financial year. However, work on this programme is starting in June 2022 and will be completed by October.

Commercialisation Options	500,000
Commercial Property Purchase	44,000,000

Officer Responsible: Director, Finance

These budgets will be needed in 2022/23 for properties including the Guildhall shopping centre, the purchase of which happened in May 2022.

Fire Risk Assessment Works	750,550
Guildhall Roof Replacement	99,570
RAMM Roof Replacement	35,990

Officer Responsible: City Surveyor

All the above capital programmes will continue into 2022/23.

It is anticipated that both the Guildhall and RAMM roof replacements will be completed in 2022/23. It was hoped that additional grant funding would be secured through the Museum Estate & Development (MEND) Fund to expand the current RAMM roof programme but unfortunately, RAMM were unsuccessful in the first round of applications. However, they will submit another proposal during the second round so there is potential to increase this budget although it will most likely not occur until the 2023/24 financial year.

8.7 ACHIEVEMENTS**Energy Saving Projects**

Two Capital projects that will assist ECC to reduce its carbon emissions and deliver a net zero Council include:

The on-going ERDF funded Water Lane Smart Grid and Battery Storage Project will be commissioned later in the autumn. The project includes a successful bid for ERDF grant funding, securing a total of four renewable energy and battery storage projects across our estate. The main site being a City Solar Farm made up of over 3,700 solar panels. The site on Water Lane comprises a 1.2MW solar farm producing green energy for the city, including a battery store and private wire that will supply to the Council's Operations depot with a renewable energy supply to support EV charging for our fleet, including Electric Refuse Collection Vehicles.

Capital Funding spent in 2021/22 includes £661,460 from the Public Sector Decarbonisation Scheme, which fully funded the delivery of a new and upgraded Building Management System (BMS) across our key buildings and installation of new Energy Management Information Software for all building managers.

Binrastructure

This grant saw the purchasing and installation of over 27 new bins around the City. This included two smart self-compacting bins that have resolved waste issues that occurred at Bromhams farm over busy weekends, and the provision of increased capacity bins at Topsham Quay and Bowling Green Road has reduced the litter impacts at the height of tourist footfall. The grant has also provided subway aperture bins giving the service the opportunity to utilise a staged process to preventing domestic waste fly tipping in litterbins across the City and reducing the likelihood of the removal of litter bins as a result of anti-social behaviour.

Parks Infrastructure

During 2021/22 the following improvements have been made:

- the provision of a new stone path around West Garth park which is notorious for waterlogging which will enable at least part of the park to be used all year round.
- new benches on path so that users can stop and enjoy the view over the Exe valley, new trees planted across the site,
- the installation of new fitness equipment,
- new drainage into the wettest areas of the site to try and improve drainage
- the resurfacing of footpaths in Belle isle which had suffered serious decline in condition in recent years
- the comprehensive resurfacing of St Thomas park near the popular play and water facility which will protect prime tree specimens and improve surface condition for the continued enjoyment of the site;
- and the addition of speed bumps in Cowick Barton, improving site safety along the popular and well traversed Cycle and footpath.

Anti Intrusion measures

This scheme is now 50% complete and the following works have been carried out:

- Hamlin lane and Heavitree Playing fields planned works have been completed in full.

- High Security gates have been fitted at Northbrook, Topsham Rec, Summerway POS, and King George V playing fields.
- Exhibition Fields, Isca church POS, Easter Fields cycle path north access, Lymebourne Avenue Heavitree, and Honeylands have all been fitted with post and chain defences across areas vulnerable to access.
- Manchester Bollards have also been completed at Heavitree Roseland Avenue and Hayes Barton Court.
- 99 meters of fencing fitted at Grandisson play area completing the site security works for that site.

8.8 CAPITAL PROGRAMME 2022/23 (Appendix 3)

The revised Capital Programme for 2022/23, after taking into account the carried forward requirements from 2021/22 now totals £131,182,860:

Description	£	Approval/Funding
2022/23 Capital Programme, as reported to Council February 2022	46,468,890	
Budget Deferred to 2022/23 at Quarter 3	29,060,300	Approved by Council on 19 April 2022
Budget Deferred to 2022/23 at Quarter 4	55,384,550	
Disabled Facility Grants	189,120	To reflect the Better Care Allocation from Devon County Council
Purchase of Domestic Bins	80,000	Council 21 July 2020
Revised 2022/23 Capital Programme	131,182,860	

8.9 FURTHER FUNDING REQUESTS

Energy Saving Projects – Water Lane Solar Farm additional approval (£64,000)

The Water Lane Smart Grid and Storage project commenced in 2020 and following substantial challenges, additional costs have had to be met that fall outside of the original grant funded budget. Spend previously unknown includes additional charges from the District Operator (WPD), contamination and structural surveys, and increased electrical infrastructure.

Fleet Leasing Costs (£2,110,830)

As noted earlier in this report the Council's policy is to lease vehicles rather than purchase. In order to address the on-going MTFP issues it is proposed to finance these costs from capital receipts and the budget to form part of the capital programme.

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)

Under the Act's Public Sector Equalities 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.

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.

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.

In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: 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, 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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