

REPORT TO EXECUTIVE

Date of Meeting: 4 April 2023

REPORT TO COUNCIL

Date of Meeting: 18 April 2023

Report of: Director Finance

Title: 2022/23 General Fund Capital Monitoring Statement – Quarter 3

Is this a Key Decision?

No

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 overall financial position for the 2022/23 Annual Capital Programme.
- (2) The amendments and further funding requests to the Council's annual capital programme for 2022/23.

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

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

5. Section 151 Officer comments:

Despite the fact that the Council has spent a significant amount of the programme, the challenges to delivering schemes remain and have resulted in a substantial carry forward. Further work will be undertaken at year-end to ensure that the schemes that are still required are added to the approved capital programme for approval in July.

6. What are the legal aspects?

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

7. Monitoring Officer's comments:

This report sets out a factual position with regards the capital programme and as such raises no issues for the Monitoring Officer.

8. Report details:

8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2022/23 Capital Programme was last reported to Executive on 29 November 2022. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Council 13 December 2022	95,550,050	
Budget Deferred to 2022/23 & Beyond at Quarter 2	(11,883,340)	Approved by Council 13 December 2022
Overspends/(Underspends) reported at Quarter 3	(4,614,740)	
Bus Station & St Sidwell's Point Programme	2,914,050	
Pinhoe Community Hub	1,222,710	
Energy Saving Projects	67,330	ERDF Funding
St Thomas Splashpad	100,000	Approved by Council 21 February 2023, CIL Funded
Pinhoe Playing Field Upgrades	91,830	S106 Funded

Revised Capital Programme	83,447,890	
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8.2. PERFORMANCE

The revised capital programme for the current financial year is £83.448 million. During the first nine months of the year the Council spent £52.592 million on the programme, which equates to 63.02% of the revised programme. This compares with £12.924m (12.90%) that was spent in the first nine months of 2021/22.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2022/23 of £63.233 million with £19.992 million of the programme potentially being deferred to 2023/24 and beyond.

Appendix 2 shows the approved budgets for 2023/24 with the proposed 2022/23 budget to be carried forward to 2023/24 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 2022/23 are £13.073 million. An estimated spend of £63.233 million is required of which £54.281 million will be funded from borrowing with £4.120 million capital receipts carried forward to 2023/24.

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 2022	3,020,582
New Receipts	2,874,160
Balance as at 31 December 2022	5,894,742

8.4. EXPENDITURE VARIANCES

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

Scheme	Variance £
SAN Replacement	(76,270)
<p>Officer Responsible: Chief Executive</p> <p>This saving is due to the project cost being over-estimated at the planning stage; also a built-in contingency was not utilised.</p>	
Door Access RAMM	(50,000)
<p>Officer Responsible: Chief Executive</p> <p>This programme was completed under-budget due to an overestimation of resources needed at the planning stage.</p>	
IT Replacement Project	(35,950)
<p>Officer Responsible: Chief Executive</p> <p>The majority of the year-on-year budget of £50,000 will be spent in this financial year. However, the surplus from 2021/22 was rolled into 2022/23 but this element of the budget will not be spent and so is a saving this year.</p>	

Riverside Leisure Centre	(310,160)
Leisure Centre Essential Enhancements	310,160
<p>Officer Responsible: Director - Communications, Culture & Leisure</p> <p>This budget was created to enable completion of the Riverside Leisure Centre repair and refurbishment works. This has now been completed and it is proposed that the underspend is allocated to the Leisure Centre Essential Enhancements budget in 2023/24.</p>	

Scheme	Variance £
Energy Saving Projects	(185,080)
<p>Officer Responsible: Service Lead – Net Zero & Business</p> <p>Project expenditure has increased due to the impact of covid and inflation on costs to buy materials together with unforeseen spend relating to contaminated land at Exton Road and new constraints imposed by the Distribution Network Operator that resulted in additional infrastructure requirements. Additional works have also been necessary because of the highly complex Private Wire installation.</p>	

Scheme	Variance £
Mary Arches MSCP	(108,010)
Cathedral & Quay MSCP	(116,200)
Princesshay 2 MSCP	(75,080)
<p>Officer Responsible: City Surveyor</p> <p>All the above programmes have been identified as potential savings as part of the amended capital project proposal.</p>	

8.5. SCHEMES TO BE DEFERRED TO 2023/24 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2023/24 and beyond are:

Scheme	Budget to be Deferred £
Customer Contact Platform	161,030
<p>Officer Responsible: Executive Support</p> <p>Costed developments of the Firmstep platform and associated works have not been identified in the current year pending the outcome of service reviews and clarification of requirements as part of the development of a customer and digital strategy.</p>	
Strata – Idox	60,680
<p>Officer Responsible: Chief Executive</p> <p>This project has been deferred due to planning delays and adequate resources being unavailable.</p>	

Scheme	Budget to be Deferred £
Ash Die Back Tree Replacement	50,000
<p>Officer Responsible: Service Manager Parks & Green Spaces</p> <p>Work is ongoing to assess and remove affected trees and replant with other varieties. It will continue through the medium term, to 2025/26, dependent on disease impact and funding.</p>	
Bowling Green Marshes Coastal Defence Scheme	50,000
Trews Weir Refurbishment	30,000
District Street Lighting	242,150
St Thomas Splashpad	95,000
<p>Officer Responsible: Engineering & Assets Manager</p> <p>It has been reported in previous quarters that there was likely to be significant slippage within the Engineering capital programme for 2022/23. Project re-prioritising has identified that the above schemes will also be deferred, in whole or part, due to Engineering's on-going capacity issues.</p>	
Enhance the Materials Reclamation Facility	(36,510)
<p>Officer Responsible: Service Manager – Recycling, Waste & Fleet</p> <p>This project has been accelerated, so budget is required earlier than previously forecast.</p>	

Scheme	Budget to be Deferred £
Council Signage Improvement	69,090
<p>Officer Responsible: Director - Communications, Culture & Leisure</p> <p>The design and implementation of this programme has now been approved. Work may begin by the end of 2022/23 so part of the budget has been left in; the rest has been deferred into 2023/24.</p>	
Leisure Centre Essential Enhancements	310,160
<p>Officer Responsible: Director - Communications, Culture & Leisure</p> <p>As above this budget was created to enable completion of the Riverside Leisure Centre repair and refurbishment works. This has now been completed and it is proposed that the underspend is allocated to the Leisure Centre Essential Enhancements budget in 2023/24.</p>	
Riverside Sports Hall Roof	976,160
<p>Officer Responsible: Director- Communications, Culture & Leisure</p> <p>The sports hall roof has now been completed. £76,160 of the slippage will be used to cover the retention payment plus any defect corrections. The remaining £900,000 will be retained for further potential works.</p>	

Leisure Complex – Fit Out	290,520
Leisure Management	245,440
Leisure Complex – Build Project	804,900
Bus Station Construction	280,940
<p>Officer Responsible: Director- Communications, Culture & Leisure</p> <p>The Build Project has several outstanding commitments in 23/24, including retention payments for SSP and the bus station, as well as any additional work that will need to be completed after End of Defects Reviews. It is likely that the budgets will be re-profiled in the new financial year to match the likely spend pattern.</p>	
Pinhoe Community Hub	1,276,470
<p>Officer Responsible: Director- Communications, Culture & Leisure</p> <p>Additional funding was approved by Council in December 2022, pending planning permission. This will not be granted within the current financial year therefore the budget has been slipped into 2023/24.</p>	

Scheme	Budget to be Deferred £
Loan to Exeter City Living	3,500,000
<p>Officer Responsible: Chief Finance Officer</p> <p>Due to difficult conditions in the construction industry, ECL's project is moving slower than originally anticipated. £1.5m will be used in 2022/23 but the majority of the loan will be in the new financial year.</p>	
Commercial Property Purchase	10,460,970
<p>Officer Responsible: City Surveyor</p> <p>The majority of the under-spend has been slipped into 2023/24 to continue the regeneration of the Guildhall Shopping Centre. However, some budget has been left in this financial year as a contingency in case of any unexpected costs that may arise.</p>	
Fire Risk Assessment Works	700,550
<p>Officer Responsible: City Surveyor</p> <p>The programme is still waiting for tender returns so the majority of the cost will be in the next financial year. A small amount of budget has been left in 2022/23 to cover any other costs.</p>	
Exmouth Buoy Store	93,710
<p>Officer Responsible: City Surveyor</p> <p>This project had been put on hold due to a review of current capital requirements. It has now been moved into the new financial year as there will no work started on it in 2022/23.</p>	

8.6. FURTHER FUNDING REQUESTS

Brownfield Land Release Fund – Lower Wear Road (£293,390)

The Council has recently received further funding for brownfield land release projects from the Ministry of Housing, Communities & Local Government. The funding will be used for works at Lower Wear Road.

Cathedral Green Display Cases (£35,000)

To facilitate the reconstruction and refurbishment of the event display cases at the entrance to Cathedral Green, together with associated improvements.

Topsham Museum (£150,000)

There is an urgent need to carry out extensive rendering repairs and associated works at the museum. The historic grade 2 listed asset is located in a conservation area and has suffered decline through age and exposure to the elements. The traditional methods used in construction necessitate regular maintenance. Failing render can fall into the streets around the museum, posing a health and safety risk to the public.

This historic grade 2 listed asset needs to be maintained to prevent decline of the structure and ensure the fabric remains water tight and the building suitable for use as a museum.

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 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.

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.

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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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