

REPORT TO EXECUTIVE

Date of Meeting: 27 June 2023

REPORT TO COUNCIL

Date of Meeting: 18 July 2023

Report of: Director Finance

Title: General Fund Capital Monitoring 2022/23 and Revised Capital Programme for 2023/24 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 2022/23 financial year in respect of the annual capital programme.

To seek approval of the 2023/24 revised capital programme, including commitments carried forward from 2022/23.

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 2023/24.

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:

Delivery of the capital programme remains extremely challenging. The revised programme for 2022-23 at the start of the year totalled £131m of which less than half was spent. Given that £44m of the £59m spent related to the Guildhall Shopping Centre, it can be seen just how difficult delivery is with the resources available and wider economic conditions. Unfortunately, the delays have coincided with significant rises in interest rates, which will add pressure to the financial position of the Council unless other forms of funding can be identified.

6. What are the legal aspects?

Monitoring of capital expenditure is required in order to comply with the provisions of the Local Government Act 2003.

The requirements imposed on the Council by the Act are set out in section 3 of the report.

7. Monitoring Officer's comments:

The Monitoring officer has no comment to make

8. Report details:

8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2022/23 Capital Programme was last reported to Council on April 18 2023. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Council 18 April 2023	83,447,890	
Budget Deferred to 2022/23 & Beyond at Quarter 3	(19,921,580)	Approved by Council 18 April 2023
Overspends/(Underspends) reported at Quarter 3	(293,540)	
Brownfield Land Relief Fund - Lower Wear Road	293,390	
Cathedral Green Display Case Enhancement	35,000	
Topsham Museum	150,000	
New Harbour Workboat	30,000	

Shared Prosperity Fund	130,370	Council 19 July 2023
Revised Capital Programme	63,871,530	

8.2. PERFORMANCE

Capital expenditure in the year amounted to £59,448,525. The actual expenditure during 2022/23 represents 93.08% of the revised Capital Programme, it is proposed to carry forward a total of £4.593 million budget into future years, 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 2022/23 of £59,448,525 was financed as follows:

	£
Capital Grants & Contributions	4,816,919
Capital Receipts	2,980,157
Community Infrastructure Levy	3,227,055
Revenue Contributions	71,372
Borrowing	58,353,022
TOTAL	59,448,525

8.4 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2022/23 are £14.044 million. Total General Fund capital expenditure is £59.449 million of which £48.353 million will be funded from borrowing, allowing £2.949 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 the year in respect of the General Fund are:

	General Fund £
Balance as at 1 April 2022	3,020,582
New Receipts	2,908,146
Balance as at 31 March 2023	5,928,728

8.4. EXPENDITURE VARIANCES

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

Scheme	Variance £
Energy Saving Projects	191,370
<p>Officer Responsible: Service Lead – Net Zero and Business</p> <p>Additional spend was incurred due to unforeseen works such as contaminated land at Exton Road, additional electrical infrastructure requirements and disconnection charges imposed by the Distribution Network Operator, a highly complex Private Wire installation and CCTV costs to connect with the Council's Control Centre.</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 £
ECC Civic Centre HFX Door Access Replacement	100,000
<p>Officer Responsible: Chief Executive</p> <p>This project has been put on hold as discussions regarding the future of the Civic Centre continue.</p>	

Scheme	Budget to be Deferred £
Northbrook Wild Arboretum	42,980
Play Areas	(33,006)
Pinhoe Playing Field Upgrades	42,050
District Street Lighting	35,239
<p>Officer Responsible: Service Manager - Parks & Green Spaces</p> <p>The Wild Arboretum project is still awaiting sign off. Works will not commence until 2023/24.</p> <p>There are only three main contractors in the market for work on Play Areas and therefore it is necessary to accept schemes occurring outwith the expected time-cycle planned. The Lakeside Avenue play area works commenced in March because of contractor availability; this year's overspend will be carried forward to reduce the sum available for the 2023/24 programme.</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>	
Waste Infrastructure	451,410
Improved Recycling Containers	(46,216)
Fleet Lease Costs	177,203
<p>Officer Responsible: Service Lead – Waste, Recycling & Fleet</p> <p>Waste Infrastructure – the next phase of this scheme is to refurbish glass banks but other aspects of the scheme are in scoping stage and require discussions with other stakeholders. With priority having been given to the roll out of food waste, there is no current timescale for this element of the project.</p> <p>The incremental roll out of kerbside collection has required continued purchase of additional and replacement bins for use on the existing service provision at levels above those expected when the budget was apportioned between years. The overspend will be carried forward to reduce the available 2023/24 programme, itself carried forward from 2022/23.</p> <p>Delays in the roll out of kerbside collections has slowed the procurement of additional fleet vehicles this year, costs that should be incurred in the early part of 2023/24 as the scheme accelerates.</p>	
Disabled Facilities Grants	852,117
CCTV Improvements	188,280
Noise Monitoring Equipment	45,000

Officer Responsible: Service Lead – Environmental Health & Community Safety

There are delays between DFG application, approval and works completion that can span many months with funds committed but no spend yet due. At the end of 2022/23 this pipeline was in excess of £150k, whilst still to be agreed proposals amounted approximately to a further £475k before adding the administrative charge.

CCTV - There has been an element of inter-linking between this scheme and the Shared Prosperity Fund (SPF) capital one with strategic delays here to accommodate the faster timeline required by the SPF grant. The project is anticipated to be completed by Q2 2023/24.

Noise Monitoring Equipment procurement has yet to commence with staff working on higher priority areas such as Homes4Ukraine delaying plans.

Scheme	Budget to be Deferred £
Next Steps Accommodation Programme Property Acquisition	517,933

Officer Responsible: Service Lead, Housing Needs & Homelessness
The acquisition programme will continue into 2023/24.

Scheme	Budget to be Deferred £
Riverside Leisure Centre	50,480
Leisure Complex – Fit Out	204,730
Leisure Complex – Build Project	(65,760)
Bus Station Construction	(38,570)

Officer Responsible: Director- Communications, Culture & Leisure
The Build Project (including the Bus Station) has outstanding commitments in 2023/24, including retention payments and any additional work that will need to be completed as a result of End of Defects reviews. The over- and under- spends will be rolled forward to become part of the 2023/24 budgets. A review of capital requirements will be taking place in the new financial year and after this, the budgets will be re-allocated to reflect the on-going maintenance needs of the Leisure facilities.

Scheme	Budget to be Deferred £
Commercial Property Purchase	490,250
<p>Officer Responsible: City Surveyor</p> <p>The remainder of this programme's budget has been slipped into 2023/24 to continue the regeneration of the Guildhall Shopping Centre through a combination of capital contributions to incoming tenant's fit out works and capital works to be delivered to re-purpose areas of the Centre.</p>	
Fire Risk Assessment Works	46,950
Civic Centre Phase 3 Roof Repair	49,510
<p>Officer Responsible: City Surveyor</p> <p>FRA works are pending the outcomes of further surveys to provide greater clarity during the tender processes.</p> <p>Phase three roof repair is being redesigned to align with changes to insurance industry guidance.</p>	
City Wall	30,480
<p>Officer Responsible: City Surveyor</p> <p>Consultant-driven surveys and work plan designs are nearing completion. Work is due to be tendered in summer 2023.</p>	
BLRF – Bonhay Meadows	46,420
BLRF – Mary Arches Car Park	38,900
BLRF – Cathedral & Quay Car Park	33,680
LRF – Clifton Hill	225,000
BLRF – Lower Wear Road	293,390
<p>Officer Responsible: City Surveyor</p> <p>The Brownfield Land Release Fund programmes are on-going, with ECL progressing the work at each of these sites.</p> <p>The funding for Lower Wear Road has only recently been received therefore planning work will commence in 2023/24</p>	
Depot Relocation	375,970
<p>Officer Responsible: City Surveyor</p> <p>The costs of relocation have proved to be excessive so we are re-visiting alternative approaches.</p>	
Guildhall Roof Replacement	91,420

Officer Responsible: City Surveyor	
The Jury room and robing room roofs have been replaced and the internal reinstatement works are now commencing. Completion expected summer 2023.	
Cathedral Green Display Cases	35,000
Topsham Museum	150,000
Officer Responsible: City Surveyor	
Both the above projects are new programmes and work will begin on each in 2023/24.	
Event display cases at the entrance to Cathedral Green will be reconstructed and refurbished.	
Essential and urgent work at Topsham Museum can now be started, including extensive rendering repairs and other maintenance to ensure the building remains suitable as a Museum.	

8.6. ACHIEVEMENTS

SAN Replacement Programme

A project, managed by Strata, was started in 2021/22 to replace two Storage Area Networks (SANs) which hold all the council data and systems, with the purpose of replacing the existing SANs that were going out of support (end of life). Despite a challenging supply environment, due to a world-wide shortage of electronic components, this project was completed during 2022/23. The project cost during the planning stage was over-estimated, therefore a saving was achieved against the budget.

Play Areas

2022/23 has seen the refurbishment or additional equipment provided across a number of play areas. Lloyds Crescent, Burrator Drive, Devonshire Place, Lakeside, Bury Meadow and a number of smaller sites have all seen works carried out to replace and enhance play value on site.

8.7 CAPITAL PROGRAMME 2023/24 (Appendix 3)

The revised Capital Programme for 2023/24, after taking into account the carried forward requirements from 2022/23 now totals £62,483,270:

Description	£	Approval/Funding
2023/24 Capital Programme, as reported to Council February 2023	37,481,610	
Budget Deferred to 2023/24 at Quarter 3	19,921,580	Approved by Council on 18 April 2023

Budget Deferred to 2023/24 at Quarter 4	4,592,630	
Shared Prosperity Fund	44,300	Council 19 July 2023
Heavitree Paddling Pool	443,150	CIL Funded
Revised 2023/24 Capital Programme	62,483,270	

8.8 FURTHER FUNDING REQUESTS

Riverside & RAMM Decarbonisation Projects (£6,391,660)

Exeter City Council has been awarded £6,391,664 to deliver heat decarbonisation projects at the Royal Albert Memorial Museum (RAMM) and the Riverside Leisure Centre (Riverside). The Royal Albert Memorial Museum is the largest in Exeter which holds over one million objects in areas such as zoology, anthropology, fine art and archaeology. The museum is housed in a Grade II listed Gothic Revival building, a local New Red Sandstone. RAMM will install a new air sourced heat pump system, replacing existing gas fired boilers that are at the end of their life. This system will enable RAMM to reduce its overall energy consumption by utilising free cooling from the heat pump system. The Riverside Leisure Centre features a 25m swimming pool, a 6 court sports hall and 2 squash courts amongst other facilities. Riverside will replace an end of life boiler and heating plant with air sourced heat pumps, integrate a heat recovery system and upgrade its roof to improve its thermal efficiency and accommodate the roof mounted air sourced heat pumps. The expenditure will be spent in advance and claimed back monthly. £1.25m will be required in 2023/24 and £5.141664 in 2024/25.

DEFRA Air Quality Grant (£49,000)

This grant is to support the development and installation of a virtual Air Quality (AQ) monitoring package along the Heavitree Corridor.

RAMM Roof Repair & Insulation – MEND funding (£498,000)

This grant from the Museum Estate & Development Fund (MEND) is matched by an existing capital programme budget. This project will provide vital funds to address the maintenance backlog of the RAMM roof and will include installation of a permanent access system to the roof, upgrading the roofs' insulation and the re-decoration of damaged ceilings

Fleet Lease Costs (£750,000)

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)

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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