

**REPORT TO CUSTOMER FOCUS SCRUTINY COMMITTEE**  
**Date of Meeting: 6 February 2020**

**Report of: Chief Finance Officer**

**Title: 2019/20 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?**

- 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 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.

**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 stated in the quarter 1 report, the fact that the major schemes are now on site has meant that progress in delivering this year's programme is significantly higher than previous years. Members should note the scheme deferrals set out in section 8.5 and be satisfied with the reasons set out for deferral.

**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:**

- 7.1 This report raises no issues for the Monitoring Officer.

**8. Report Details:**

**2019/20 GENERAL FUND CAPITAL MONITORING STATEMENT – QUARTER 2**

**8.1 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 26 September 2019. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Corporate Services Scrutiny Committee, 26 September 2019</b>	<b>42,476,720</b>	
Budget Deferred to 2020/21 & Beyond at Quarter 1	(1,288,310)	Approved by Council on 16 October 2019
Overspends/(Underspends) reported at Quarter 1	(200,100)	
Purchase of Commercial Property	20,000,000	£10 million approved by Council on 13 June 2018 & a further £10 million approved by Council 23 July 2019
Agile & Flexible Rollout	600,000	Approved by Council on 16 October 2019
Alphington Community Association Loan	50,000	Approved by Council on 16 April 2019
RAMM Lift	128,220	Approved by Council 16 October 2019
<b>Revised Capital Programme</b>	<b>61,766,530</b>	

## **8.2 PERFORMANCE**

The revised capital programme for the current financial year is £61.767 million. During the first six months of the year the Council spent £19.138 million on the programme, which equates to 30.98% of the revised programme. This compares with £5.634 million (18.91%) being spent in the first six months of 2018/19.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2019/20 of £59.354 million with £1.638 million of the programme being accelerated from 2020/21 and £3.995 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.

## **8.3 AVAILABLE CAPITAL RESOURCES**

The available capital resources for the General Fund for 2019/20 are £12.225 million. An estimated spend of £59.354 million is required of which £50.580 million will be funded from borrowing with £3.451 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 2019/20 to date in respect of the General Fund are:

	General Fund £
<b>Balance as at 1 April 2019</b>	<b>5,374,625</b>
New Receipts	69,155
<b>Balance as at 30 September 2019</b>	<b>5,443,780</b>

## **8.4 EXPENDITURE VARIANCES**

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

<b>Scheme</b>	<b>Estimated Overspend / (Underspend) £</b>
<b>Cabinet &amp; Network Replacement</b>	<b>(35,000)</b>
<b>Officer Responsible:</b> Chief Executive & Growth Director	
Three floors of Phase 1 of the Civic Centre have not been upgraded due to the rollout of agile and flexible working so fewer switches needed to be purchased.	

## **8.5 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:

<b>Scheme</b>	<b>Budget to be Deferred £</b>
<b>Iodox System for Planning</b>	<b>90,010</b>
<b>Officer Responsible:</b> Chief Executive & Growth Director	
Improvements will take place in the new financial year.	
<b>Leisure Centre Essential Enhancements</b>	
<b>1,041,600</b>	
<b>Officer Responsible:</b> Category Contracts Manager	
These works are on-going.	
<b>Leisure Complex - Build</b>	<b>(1,638,070)</b>
<b>Bus Station Construction</b>	<b>415,560</b>
<b>Officer Responsible:</b> Director Communities, Health, Well Being, Sport & Leisure	
The budgets for St Sidwell's Point and the new Bus Station have been re-profiled in accordance with the latest expenditure projections, the expected completion date remains unchanged.	
<b>Energy Saving Projects</b>	<b>1,945,380</b>
<b>Officer Responsible:</b> City Surveyor	
Planning consent for the European Regional Development Fund scheme has now been granted and it is expected that the formal grant agreement will be signed soon. Although some work will commence this financial year most expenditure will occur in 2020/21.	

<b>Outdoor Leisure Facilities</b>	<b>115,350</b>
<b>Replacement of Mallison Bridge (Exeter Quay)</b>	<b>317,600</b>

**Officer Responsible: Commercial Operations Manager, Public Realm**

A multiple use games area is planned for the Omaha Drive site but we are still waiting for the agreement for Devon County Council to pass the site to Exeter City Council before work can commence.

The current Mallison Bridge has been identified as requiring replacement by DCC engineers with the opportunity to replace with a flatter, wider, 'fit for use' bridge to cater for heavy use. Additional funding is being sought from external sources before the project can commence.

## 8.6 ACHIEVEMENTS

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

- **Pinhoe Station Road Play Area**

The newly refurbished play area at Pinhoe Station Road was officially opened in September.

The new play area provides a challenging and enjoyable mix of equipment for children of all ages and abilities. Along with the traditional favourites of swings and see-saws, there are two split-level play towers designed for toddlers and juniors, a challenging 4.1m high mizzenmast climbing net, buddy board rocker and giant rope swing designed for groups of children to use together.

There are also features designed specifically with accessibility in mind, including a roundabout installed to ground level with a designated wheelchair station, swing with face-to-face seats, play panels, musical panels and sensory areas.

- **Purchase of Commercial Property**

In July ECC purchased the long leasehold interest in Senate Court, an office building comprising some 33,000 square foot, situated in the heart of Exeter City Centre's Business District. Senate Court is a prime detached four-storey Grade A office building, with tenants including Foot Anstey, OTB Eveling, the Insolvency Service and Prydis Ltd. The expected net annual income to the Council is £591,000 less financing costs of £335,000 per annum.

## 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: because
- 11.4.1 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. What other options are there, and why have they been dismissed?**

There are no other options.

**DAVE HODGSON**  
**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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