

REPORT TO EXECUTIVE

Date of Meeting: 7 April 2020

REPORT TO COUNCIL

Date of Meeting: 21 April 2020

Report of: Chief Finance Officer

Title: 2019/20 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?

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 8.1 and Appendix 1.

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:

As stated in previous monitoring reports, 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 the report and be satisfied with the reasons set out for deferral.

6. What are the legal aspects?

None identified

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

2019/20 GENERAL FUND CAPITAL MONITORING STATEMENT – QUARTER 3

REVISIONS TO THE CAPITAL PROGRAMME

Description	£	Approval/Funding
Capital Programme, as reported to Council 17 December 2019	61,766,530	
Budget Deferred to 2020/21 & Beyond at Quarter 2	(2,357,470)	Approved by Council on 17 December 2019
Overspends/(Underspends) reported at Quarter 2	(54,980)	
Corporate Property Health & Safety Compliance	650,000	Approved by Council 15 October 2019
Revised Capital Programme	60,004,080	

PERFORMANCE

The revised capital programme for the current financial year is £60.004 million. During the first nine months of the year the Council spent £30.258 million on the programme, which equates to 50.43% of the revised programme. This compares with £10.218 million (32.42%) being spent in the first nine months of 2018/19.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2019/20 of £41.641 million with £0.1 million of the programme being accelerated from 2020/21 and £18.373 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.

AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2019/20 are £13.541 million. An estimated spend of £41.641 million is required of which £33.055 million will be funded from borrowing with £4.955 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 £
Balance as at 1 April 2019	5,374,625
New Receipts	1,205,963
Balance as at 31 December 2019	6,580,588

EXPENDITURE VARIANCES

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

Scheme	Estimated Overspend / (Underspend) £
Air Quality Monitoring Equipment	(35,630)
Officer Responsible: Environmental Health & Licencing Manager	
The total project cost was less than anticipated.	
Replace Lifts at Mary Arches Car Park	(240,000)
Mary Arches Footbridge	240,000
Officers Responsible: City Surveyor & Commercial Operations Manager, Public Realm	
The Mary Arches footbridge requires urgent repair works, it is proposed to use the budget that had been allocated to replace the lifts at Mary Arches Car Park to fund these works.	

SCEMES 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:

Scheme	Budget to be Deferred £
Disaster Recovery Virtual Desktop Infrastructure	53,900
Street Scene and Other Asset Management	35,940
Cash and Income Management	36,350
Financial Management	201,230
<p>Officer Responsible: Chief Executive & Growth Director</p> <p>The disaster recovery virtual desktop infrastructure has been ordered but the suppliers are unable to deliver until the new financial year.</p> <p>The Business Case for the street scene and other asset management project is being finalised. The soft market test that has been undertaken indicates that the cost will be in excess of the budget available, further options will be considered in 2020/21.</p> <p>The cash and income management project has commenced and is scheduled to complete in the autumn.</p> <p>Work on the specification for the new financial management system is nearing completion and the Business Case is being finalised before commencing the tendering process.</p>	
Leisure Centre Essential Enhancements	(100,000)
Riverside Leisure Centre	3,400,000
Leisure Complex - Build	6,787,370
Bus Station Construction	1,165,650
<p>Officer Responsible: Director Communities, Health, Well Being, Sport & Leisure</p> <p>The majority of the Leisure Centre Essential Enhancements budget has already been carried forward into 2020/21 but some of this is now required in the current financial year for enhancements at the Arena.</p> <p>Works on the Riverside Leisure Centre remain within budget and will continue into</p>	

2020/21.

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.

Parks Infrastructure	160,000
Cemeteries & Churchyards Infrastructure Improvements	94,790

Officer Responsible: Service Manager Public & Green Space

Future works are programmed for later this year to carry out further improvements to a number of parks and cemeteries.

Passenger Lift at RAMM	135,000
Building Management System	80,000
Civic Centre Air Conditioning Replacement	150,000
Civic Centre Kitchens Replacement	89,000
Livestock Market Drainage & Toilets	194,380
Fire Risk Assessment Works	620,000

Officer Responsible: City Surveyor

The replacement lift for the RAMM has been ordered and works are due to commence on site at the beginning of March.

A challenge process is underway to rationalise the use of a new Building Management System across sites. Procurement of a new system will commence once this process is complete.

SMB have approved that complete replacement of the air conditioning system is not undertaken, therefore this budget has now been set aside for the partial replacement of the system if and when it fails.

The kitchens in Phase 2 of the Civic Centre will be replaced with fit for purpose installations in the new financial year.

Tenders for the Livestock Market drainage and toilets are in excess of available budget, a revised funding request will be submitted in due course.

An agency resource has been appointed to assist with the fire risk assessment works. Scheme designs have largely been completed and the procurement stage is progressing.

City Wide Property Level Protection	46,660
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Officer Responsible: Commercial Operations Manager, Public Realm

Technical difficulties with listed building consent has caused delays and changes of the design solution, these works will be completed early in the new financial year.

Purchase of Harbour Patrol Vessel for Exe Estuary	30,000
<p>Officer Responsible: Service Manager, Community Safety & Enforcement</p> <p>Purchase of RHIB type vessel for Harbour Patrol purposes in order to comply with Port Marine Safety Code requirements to deter speeding and monitor the use of the Estuary as part of ECC's Safety Management System. Delivery of the vessel is anticipated in 2020/21.</p>	
Council Signage Improvement	39,090
<p>Officer Responsible: Director Communications, Tourism & Culture</p> <p>This budget is to be carried forward to 2020/21 to allow for greater coordination with UNESCO City of Literature and our partners and potential changes around tourist information services.</p>	
Purchase of Commercial Property	4,892,090
<p>Officer Responsible: Chief Finance Officer</p> <p>This budget is to be carried forward to 2020/21 to fund future commercial opportunities as they arise.</p>	

ACHIEVEMENTS

The following scheme has been completed during the third quarter of 2019/20:

- Purchase of Commercial Property

In December ECC purchased the freehold interest in One Emperor Way, an office building comprising some 20,748 square foot, situated in Exeter Business Park, located close to Junction 29 of the M5. One Emperor Way is a detached three-storey Grade A office building, which is single-let to Exeter Business Park Centre Limited, with a parent company guarantee by Regus plc. The expected annual income to the Council is £328,600 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 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.

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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