

REPORT TO EXECUTIVE

Date of Meeting: 7 July 2020

REPORT TO COUNCIL

Date of Meeting: 21 July 2020

Report of: Chief Finance Officer

Title: Capital Monitoring 2019/20 and Revised Capital Programme for 2020/21 and Future Years

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?

To advise members of the overall financial performance of the Council for the 2019/20 financial year in respect of the annual capital programme.

To seek approval of the 2020/21 revised capital programme, including commitments carried forward from 2019/20.

2. Recommendations:

It is recommended the Executive recommends to Council to approve:

- (i) The overall financial position for the 2019/20 annual capital programme.**
- (ii) The amendments and further funding requests to the Council's annual capital programme for 2020/21.**

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. Members will note the significant spend in 2019-20 and the significant revised budget for 2020-21. Borrowing was only undertaken against either property expenditure or for the purposes of capital loans. Members will recall that such borrowing was undertaken at historically low rates of interest and that they match either the useful life of the asset or the loan period to which they relate. The Council has converted the financing of shorter dated assets from revenue to capital receipts to protect the General Fund Working Balance.

5.2 The normal capital monitoring reports will inform members of the progress against the revised 2020-21 capital programme, and will highlight any delays or issues caused by the restrictions under which the whole Country is operating.

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:

CAPITAL MONITORING 2019/20 AND REVISED CAPITAL PROGRAMME FOR 2020/21 AND FUTURE YEARS

8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2019/20 Capital Programme was last reported to Executive Committee on 7 April 2020. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Council 21 April 2020	60,004,080	
Budget Deferred to 2020/21 & Beyond at Quarter 3	(18,272,680)	Approved by Council on 21 April 2020
Overspends/(Underspends) reported at Quarter 3	(90,310)	
Revised Capital Programme	41,641,090	

8.2. PERFORMANCE

Capital expenditure in the year amounted to £40,620,961. The actual expenditure during 2019/20 represents 97.6% of the revised Capital Programme, it is proposed to carry forward a total of £1.230 million budget into future years, whereas £0.787 million budget has been brought forward from future years and spent in 2019/20 (giving a net budget carry forward of £0.433 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 2019/20 of £40,620,961 was financed as follows:

	£
Capital Grants & Contributions	2,159,172
Capital Receipts	2,573,648
Community Infrastructure Levy	2,957,205
Revenue Contributions	32,048
Borrowing	32,898,888
TOTAL	40,620,961

8.4. AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2019/20 are £12.055 million. Total General Fund capital expenditure is £40.621 million of which £32.899 million will be funded from borrowing, allowing £4.333 million of capital receipts to be carried forward.

Appendix 3 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 four 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	1,532,233
Amount used to finance capital expenditure in 2019/20	(2,573,648)
Balance as at 31 March 2020	4,333,210

8.5. EXPENDITURE VARIANCES

The main (greater than +/- £30k) variances and issues concerning expenditure that have arisen since 31 December are as follows:

Scheme	Estimated Overspend / (Underspend) £
Alphington Community Association Loan	(50,000)
Wessex Loan Scheme	(90,507)
<p>Officers Responsible: Director Communities, Health, Well Being, Sport & Leisure</p> <p>The new grants programme enabled Alphington Community Association to receive a Strategic grant and therefore the loan was not required.</p> <p>Wessex Home Improvement Loans have now made loans from all but £18,230 of the original sum paid to them, the loan repayments they receive are recycled to enable further loans to be made. The original budget was £90k higher than necessary so can now be shown as a saving.</p>	
Vehicle Replacement Programme	(367,774)
Civic Centre Air Conditioning Replacement	(125,000)
Livestock Market Drainage & Toilets	125,000
Capitalised Staff Costs	(100,000)
<p>Officers Responsible: Director Environment and City Management</p> <p>The Vehicle Replacement Programme budget was only required to purchase one vehicle in 2019/20 before the new lease agreement commenced.</p> <p>It is proposed to utilise the budget allocated for the Civic Centre Air Conditioning replacement to fund additional expenditure required at the Livestock Centre due to the increase in value of tender returns. These works will be carried out in 2020/21.</p> <p>No directly attributable staff costs were incurred this year.</p>	

8.6. SCHEMES TO BE DEFERRED TO 2020/21 AND BEYOND

Schemes which have been identified since 31 December as being wholly or partly deferred to 2020/21 and beyond are:

Scheme	Budget to be Deferred £
Customer Contact Platform	162,840
<p>Officers Responsible: Chief Executive & Growth Director</p> <p>Officers are currently planning works to be undertaken in 2020/21.</p>	
Leisure Centre Essential Enhancements	54,918
Riverside Leisure Centre	(82,452)
Leisure Complex - Build Project	(330,969)
Bus Station Construction	(215,029)
Pinhoe Community Hub	53,756
Agile & Flexible Rollout	105,303
Disabled Facility Grants	44,960
Warm Up Exeter/PLEA Scheme	53,048
<p>Officers Responsible: Director Communities, Health, Well Being, Sport & Leisure</p> <p>Works from the approved Leisure Centre Essential Enhancements schemes continue to be delivered.</p> <p>The Leisure Complex and Bus Station Construction budgets have been re-profiled in-line with anticipated expenditure.</p> <p>Pinhoe Community Club have plans to spend the remaining budget in 2020/21.</p> <p>There are plans to spend remaining Agile & Flexible budget in 2020/21.</p> <p>The residual Disabled Facility Grant and Warm Up budgets will be carried forward and added to the new funding to be spent in 2020/21.</p>	
Mary Arches Footbridge	240,000
Car Park Resurfacing, Lining & Boundary Improvements	140,717
Waste Infrastructure	64,500
<p>Officer Responsible: Director Environment and City Management</p> <p>Before capital works could commence on the Mary Arches Footbridge additional consultants reports were required to understand potential options, costs and programmes, to reduce risks going forward and to aid decision making. This report</p>	

was delivered in April 2020 so the budget can now be spent in 2020/21.

A review of costs on the car park resurfacing scheme led to change in specification and subsequent procurement delay. Works now procured and programmed to start in May 2020.

The waste infrastructure budget will be used to provide recycling bins at the Quay in 2020/21.

8.7. CAPITAL PROGRAMME 2020/21 (Appendix 4)

The revised Capital Programme for 2020/21, after taking into account the carried forward requirements from 2019/20 now totals £62,275,310.

Description	£	Approval/Funding
2020/21 Capital Programme, as reported to Council 25 February 2020	26,786,260	
Budget Deferred to 2020/21 at Quarter 3	18,272,680	Approved by Council on 21 April 2020
Budget Deferred to 2020/21 at Quarter 4	369,100	
Loan to Exeter City Living	15,641,560	
Northbrook Flood Alleviation	100,000	Approved by Council 21 January 2020
Bowling Green Marshes Coastal Defence Scheme	151,100	
Topsham Flood Defence Scheme	800,000	
Harbour Patrol Vessel	25,000	Contributions from East Devon District Council & Exmouth Town Council Approved by Council 21 April 2020
Disabled Facility Grants and Warm-Up Grants	81,460	To reflect Better Care Fund allocation
Energy Saving Projects	48,150	ERDF Grant Funding
Revised 2020/21 Capital Programme	62,275,310	

8.8. FURTHER FUNIDNG REQUESTS

Pinhoe Station Road Playing Field Upgrades (£250,000)

Pinhoe Station Road Playing Field is the only significant area of public green space in the Pinhoe and Monkerton Area, an area which is currently seeing a lot of new development. This new development is expected to increase the demand on the sport pitches and outdoor facilities at Pinhoe Station Road, for which there is currently an under-provision and the existing facilities (BMX pump track and sports pitches) are in a poor condition which significantly limits their use. The new developments at Hill Barton and Monkerton have brought with them substantial Section 106 contributions towards outdoor leisure and provision and improvement of playing fields which serve these developments, of which Pinhoe is the primary site.

We therefore want to use some of this to improve the facilities at Pinhoe Station Road, namely:

Football Pitches Upgrade - funding to carry out a full upgrade of both the full-size and junior-size football pitches, which will increase the playing area of the full-size pitch to an FA standard adult 11x11 pitch and increase the junior pitch to the FA standard 9x9 Under 12s pitch. The works will include regrading of the pitches and improving the soil, and a substantial improvement to the pitch drainage, so that the pitches should be available for use most weekends of the year. The total cost for this element of works is estimated at approximately £200k

Skate Ramp & BMX jumps – To facilitate the new play area at the site, an existing skate ramp was dismantled and is stored in the Belle Isle Depot for re-use. This skate ramp was a popular facility, even given its small size, so we plan to reinstate the ramp at the eastern end of the playing field. The ramp will be widened to allow it to be better used and to improve safety for users. Additionally, the existing BMX jumps on the site have been allowed to degrade and become significantly overgrown, meaning that they are now unusable and offer just an unsightly mound in the park. We plan to level the existing ramps, and create a new pump track similar to the one recently built in Heavitree Park. The total cost for this element of works is estimated at approximately £50k

A capital budget of £250k is requested, with funds coming entirely from S106. Please note this budget is an estimate and expected costs will not be confirmed until the procurement process has been completed.

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.

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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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