

## **REPORT TO EXECUTIVE**

Date of Meeting: 6 April 2021

## **REPORT TO COUNCIL**

Date of Meeting: 20 April 2021

Report of: Director Finance

Title: 2020/21 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 revision of the annual capital programme to reflect the reported variations detailed in 8.1 and Appendix 1; and
- (2) The additional budgets detailed in 8.6

### **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:

The report details the likely carry forward of schemes into 2021-22. There are also requests for two additional budgets, which if approved will be added to the programme. It should be noted that one of the requests is for additional funding for an existing project for which the tender price is higher than the existing budget. The second scheme is fully funded from external resources and will support the Council in its target of delivering a net zero carbon estate.

#### 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 raises no issues for the Monitoring Officer.

#### 8. Report details:

##### 2020/21 GENERAL FUND CAPITAL MONITORING STATEMENT – QUARTER 3

##### 8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2020/21 Capital Programme was last reported to Executive on 1 December 2020. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Council 15 December 2020</b>	<b>65,731,720</b>	
Budget Deferred to 2021/22 & Beyond at Quarter 2	(550,410)	Approved by Council 15 December 2020
Overspends/(Underspends) reported at Quarter 2	(60,000)	
Corporate Asset Maintenance	2,286,270	Approved by Council 20 October 2020
YMCA Grant	260,000	S106 Funded
Next Steps Accommodation Programme	3,491,450	S106 & Homes England Funded, Council 23 February 2021

Energy Saving Projects	30,980	Funding from ERDF
<b>Revised Capital Programme</b>	<b>71,190,010</b>	

## 8.2 PERFORMANCE

The revised capital programme for the current financial year is £71.190 million. During the first nine months of the year the Council spent £22.940 million on the programme, which equates to 32.22% of the revised programme. This compares with £30.258 million (50.43%) that was spent in the first nine months of 2019/20.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2020/21 of £29.181 million with £42.011 million of the programme potentially being deferred to 2021/22 and beyond.

Appendix 2 shows the approved budgets for 2021/22 with the proposed 2020/21 budget to be carried forward to 2021/22 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 2020/21 are £11.054 million. An estimated spend of £29.181 million is required of which £25.513 million will be funded from borrowing with £7.386 million capital receipts carried forward to 2021/22.

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 £
<b>Balance as at 1 April 2020</b>	<b>4,333,210</b>
New Receipts	1,500,000
<b>Balance as at 31 December 2020</b>	<b>5,833,210</b>

#### 8.4 EXPENDITURE VARIANCES

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

Scheme	Estimated Overspend / (Underspend) £
Leisure Centre Essential Enhancements	(£975,000)
Riverside Leisure Centre	£975,000
<p><b>Officer Responsible: Director</b></p> <p>It is proposed that these two budgets are merged together so additional enhancements can be completed at the Riverside Leisure Centre over and above the repair works. This will include a complete refresh of the changing village, new spectator seating and other general enhancements.</p>	

#### 8.5 SCHEMES TO BE DEFERRED TO 2021/22 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2021/22 and beyond are:

Scheme	Budget to be Deferred £
Idox System for Planning	78,500
Street Scene & Other Asset Management	124,840
Cash & Income Management	54,230
Finance System Upgrades	35,000
Financial Management	248,000
<p><b>Officer Responsible: Chief Executive &amp; Growth Director</b></p> <p>The Idox for Planning project commenced in October and will take two years to complete</p> <p>Soft market testing showed the initial scheme for Street Scene and Other Asset Management would be too costly, other options are now being explored.</p> <p>The Finance system works are now underway and will continue into 2021/22.</p>	
Leisure Complex Build Project	7,732,210
<p><b>Officer Responsible: Director</b></p> <p>The budget has been reprofiled in line with the latest cash flow projections.</p>	

<b>Parks Infrastructure</b>	<b>54,110</b>
<b>Ash Die Back Tree Replacement</b>	<b>(34,920)</b>
<p><b>Officer Responsible: Service Manager – Public &amp; Green Space</b></p> <p>Works to West Garth Road commenced in March and will continue into the new financial year.</p> <p>Replacement tree works commenced in March on land off Lancelot Road.</p>	
<b>District Street Lighting</b>	<b>50,000</b>
<b>Trews Weir Safety Improvements</b>	<b>60,000</b>
<p><b>Officer Responsible: Engineering &amp; Assets Manager</b></p> <p>These projects were approved as part of the Corporate Asset Maintenance programme, however there have been various capacity issues and delays which mean that they are unlikely to progress until the new financial year. DCC have been on site at Exeter Arena longer than expected so the CCTV work is unable to commence. DCC has been through a re-tendering procedure for county wide street lighting which has delayed these works. The safety works at Trews Weir require planning approval before work can begin.</p>	
<b>Repairs to Walls at Farm Hill</b>	<b>20,000</b>
<b>Bank Repairs and Stabilisation to Watercourses</b>	<b>20,000</b>
<b>CCTV Improvements</b>	<b>240,000</b>
<p><b>Officer Responsible: Service Manager – Engineering, Waterways &amp; Parking</b></p> <p>Investigation and repairs to the walls at Farm Hill have been delayed during the year due to Covid 19 and some part of the work will slip to 2021/22. Similarly the work to stabilise watercourses has been delayed and is deferred to the summer when the conditions make this work easier. The bulk of the CCTV improvement works will be done in the new financial year and it is hoped they will be complete by the autumn.</p>	
<b>Waste Infrastructure</b>	<b>319,300</b>
<p><b>Officer Responsible: Interim Waste, Recycling &amp; Fleet Manager</b></p> <p>This project has not progressed during the year as originally intended due to the impact of Covid 19 on operations, the absence of key staff, and the staff time required to support other reviews and consultancy work currently looking at the future of the waste and recycling service.</p>	
<b>Next Steps Accommodation Programme Property Acquisition</b>	<b>3,002,450</b>
<p><b>Officer Responsible: Service Lead, Housing Needs &amp; Homelessness</b></p> <p>This budget was created for the acquisition of long term move on accommodation for homelessness. Three properties will be purchased before the end of this financial year. Of the £3m to be carried forward £1m is committed to the purchase of further</p>	

properties during April, the remaining £2m has been subject to temporary delay, a further update will be given in May when the next Homes England grant bidding round will be determined.

<b>Riverside Leisure Centre</b>	<b>1,669,664</b>
<b>Riverside Sports Hall Roof</b>	<b>2,000,000</b>
<b>Leisure Complex - Fit Out</b>	<b>1,306,000</b>
<b>Leisure Management</b>	<b>230,000</b>

**Officer Responsible (Fit Out only): Community, Health, Wellbeing, Sport & Leisure Manager**

On-going works to ensure existing and new facilities are ready to (re)open in summer 2021. St Sidwell's Point fit out only started at beginning of 2021 and only a small amount of AV & pool equipment has been purchased to date.

<b>Loan to Exeter City Living</b>	<b>15,641,560</b>
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**Officer Responsible: Director Finance**

Loan to be utilised on 1st April 2021, as per Director Finance

<b>Commercial Opportunities</b>	<b>4,912,720</b>
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**Officer Responsible: Director**

To be reviewed in 21/22 after assessment of the impact of the pandemic.

<b>Energy Saving Projects</b>	<b>1,659,066</b>
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**Officer Responsible: City Surveyor**

ERDF Project. Ground clearance completed and tender for the contract has gone out but contractor will not be decided before year-end. Estimated £50,000 additional cost in 20/21 for consultation work.

<b>Building Management System (BMS)</b>	<b>80,000</b>
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**Officer Responsible: City Surveyor**

Insufficient staff resources to complete the review at the present time. Funding will be used to replace and systems that may fail in the interim.

<b>Pinces Gatehouse Roof repairs</b>	<b>78,500</b>
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**Officer Responsible: City Surveyor**

Consultant has been appointed and the project is ready for tendering.

<b>Corn Exchange Roof Replacement</b>	<b>250,000</b>
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**Officer Responsible: City Surveyor**

In design stage

<b>Exmouth Buoy Store</b>	<b>95,000</b>
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**Officer Responsible: City Surveyor**

In design and consultation stage. Landlord consent is required.

<b>Mary Arches MSCP</b>	<b>172,950</b>
<b>Guildhall MSCP</b>	<b>103,120</b>
<b>Cathedral &amp; Quay MSCP</b>	<b>377,220</b>
<b>Harlequins MSCP</b>	<b>16,510</b>
<b>John Lewis MSCP</b>	<b>126,770</b>
<b>Princesshay 2 MSCP</b>	<b>118,270</b>
<b>Princesshay 3 MSCP</b>	<b>57,700</b>
<b>Leighton Terrace &amp; King William St MSCP</b>	<b>81,680</b>
<p><b>Officer Responsible: City Surveyor</b></p> <p>For all of the above, the Council has signed off on the framework, enabling the design stage of this package of work to commence. Due to delays in approval processes, the spend will occur in 2021/22</p>	
<b>Civic Centre Phase 3 Roof Repair</b>	<b>230,000</b>
<p><b>Officer Responsible: City Surveyor</b></p> <p>The scheme has been put on hold pending the viability of alternative options being considered</p>	
<b>City Wall</b>	<b>378,520</b>
<p><b>Officer Responsible: City Surveyor</b></p> <p>An assessment by a Historic England approved consultant must be carried out before works can commence. The process of appointing this consultant has begun.</p>	
<b>Backlog Maintenance</b>	<b>238,530</b>
<p><b>Officer Responsible: City Surveyor</b></p> <p>This is being deferred to 2021/22 whilst a viable mechanism to deliver the schemes is implemented.</p>	

## 8.6 REQUESTS FOR ADDITIONAL BUDGETS

### **Fire Risk Assessment Works (additional £250,000)**

The Fire Risk Assessment Works tenders have been received. The lowest acceptable bid is £660,000.

The additional cost above estimates is partly due to additional essential works identified during the design stage, predominantly the need to replace most fire escape doors in the MSCP portfolio, with the remainder of the higher costs likely a result of the pandemic affecting market conditions.

With the agency fees and fire alarm replacement at Bradninch Place expended to date there is a current shortfall in the region of £250,000.

### **Public Sector Decarbonisation Fund Scheme (£661,500)**

An upgrade of the Councils Building Management System (BMS) with funding from the decarbonisation fund to replace a failing legacy system and to provide essential software/bureau services to measure and manage consumption and emissions across key assets, assisting the authority to deliver its Net Zero ambition.

The budget will be fully funded from the Public Sector Decarbonisation Fund which is required to be spent by 30 September 2021. The Fund allows Public Sector bodies 100% grant to finance capital energy saving projects aligning with the Governments net Zero and clean growth goals.

## **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)**

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.

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.

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.

In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: 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.

**Director Finance, Dave Hodgson**

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### **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:

None

Contact for enquires:

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