

## **REPORT TO EXECUTIVE**

Date of Meeting: 5 October 2021

## **REPORT TO COUNCIL**

Date of Meeting: 18 October 2021

Report of: Director Finance

Title: 2021/22 General Fund Capital Monitoring Statement – Quarter 1

### **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:

- (i) The overall financial position for the 2021/22 annual capital programme; and
- (ii) The amendments and further funding requests to the Council's annual capital programme for 2021/22.

### **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.

### **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 should note the significant amounts being carried forward in the capital programme. The construction sector is under pressure from rising prices for materials and labour shortages. This will impact the programme for some time, resulting in delays to the programme and likely requests for additional funding where the budget is now insufficient to deliver the planned scheme owing to rising prices. In the short term, this will be managed by seeking Council approval to vire funds from schemes which are delayed, particularly if the asset is under review.
- 5.2 The additional request for funding will be financed using capital receipts and not add to the Council's borrowing requirement or impact on the savings required.

## 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 Members will note the Section 151 Officer's comments concerning the delays to projects as a result of rising prices for materials and labour shortages, and proposals as to how this will be managed. In addition there continue to be delays to projects as a result of COVID with a continuing impact on capital projects.
- 7.2 Members will also note the Section 151 Officer's proposals for funding capital projects through the use of capital receipts.

## 8. Report details:

### 2021/22 GENERAL FUND CAPITAL MONITORING STATEMENT – QUARTER 1

#### 8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2021/22 Capital Programme, including commitments brought forward from 2020/21, was last reported to Executive on 6 July 2021. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Council 20 July 2021</b>	<b>64,944,050</b>	
Litter Bins	20,000	Approved by Council 21 July 2021
Exeter Bus Station	784,000	

Cleansing Bins & Boxes – As approved by Council in the Emergency Budget of 2020/21 it was agreed to capitalise the costs of providing bins and boxes for waste and recycling collection. The amount required for 2021/22 is likely to be lower due to the new recycling arrangements.	40,000	Council 21 July 2020
Marsh Barton Station contribution	1,300,000	Council 12 August 2015
Columbarium	367,300	Council 21 July 2021
<b>Revised Capital Programme</b>	<b>67,455,350</b>	

## 8.2. PERFORMANCE

The revised capital programme for the current financial year is £67.455 million. During the first three months of the year the Council spent £5.046 million on the programme, which equates to 7.48% of the revised programme. This compares with £4.222. Million (6.47%) that was spent in the first three months of 2020/21.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2021/22 of £51.936 million with £15.498 million of the programme potentially being deferred to 2022/23 and beyond.

Appendix 2 shows the approved budgets for 2022/23 with the proposed 2021/22 budget to be carried forward to 2022/23 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 2021/22 are £11.646 million. An estimated spend of £51.936 million is required of which £41.927 million will be funded from borrowing with £0.123 million capital receipts carried forward to 2022/23.

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:

	<b>General Fund £</b>
<b>Balance as at 1 April 2021</b>	<b>3,329,009</b>
New Receipts	214,000
<b>Balance as at 30 June 2021</b>	<b>3,543,009</b>

#### 8.4. EXPENDITURE VARIANCES

There are no significant expenditure variances to report this quarter.

#### 8.5. SCHEMES TO BE DEFERRED TO 2022/23 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2022/23 and beyond are:

<b>Scheme</b>	<b>Budget to be Deferred £</b>
<b>Parks Infrastructure</b>	<b>141,880</b>
<b>Cemetery Fields Play Area</b>	<b>67,250</b>
<b>Play Areas</b>	<b>66,000</b>
<b>Officer Responsible: Service Manager – Public &amp; Green Space</b>	
Approximately £100,000 is likely to be spent in 2021/2 on Parks Infrastructure, with the first phase works tender issued in July. The tender for phase 2 works will be issued in Quarter 3 with works delivered no earlier than Quarter 4.	
Cemetery Fields Play Area – the project should be delivered by the summer of 2023 with up to £10,000 incurred this year on surveys.	
For other play areas we anticipate spending £140,000 in 21/22 with the balance slipping to 2022/23.	
<b>Outdoor Leisure Facilities - Newcourt</b>	<b>121,270</b>
<b>Repair canal bank at M5</b>	<b>26,890</b>
<b>Bowling Green marshes coastal defence scheme</b>	<b>340,000</b>
<b>Topsham flood prevention scheme</b>	<b>800,000</b>
<b>Cricklepit Bridge</b>	<b>153,680</b>
<b>Trews Weir safety improvements</b>	<b>60,000</b>
<b>Exeter ship canal M5 viaduct</b>	<b>164,500</b>
<b>Exhibition Way Bridge</b>	<b>41,200</b>
<b>Yaroslavl Bridge</b>	<b>77,250</b>
<b>Leypark Road footbridge</b>	<b>41,200</b>
<b>Mallison Bridge</b>	<b>772,500</b>

<b>Riverside walls at Quay</b>	51,500
<b>Exeter ship canal bottleneck and bird hide</b>	10,300
<b>Canal basin – craning pads</b>	82,400
<b>Heavitree paddling pools</b>	259,000
<b>Taddiford Brook flood scheme</b>	10,300
<b>Flowerpot Skate Park</b>	10,750
<b>Mincinglake Valley Park</b>	41,500
<b>Exeter ship canal Green Tip to Salmonpool</b>	51,500

**Officer Responsible: Engineering & Assets Manager**

The location of the MUGA at Newcourt is still being discussed with the landowner, so there is not likely to be any spend in 2021/22.

The repairs of canal bank at M5 and viaduct works are being delivered together, but there is no significant spend expected until 2022/23.

ECC is in policy discussions with the Environment Agency and RSPB regarding Bowling Green marshes and this could be delayed until 23/24.

The Topsham flood prevention public consultation has not been possible due to Covid. As this work is non-statutory resources have been prioritised elsewhere, however ECC is in discussions with the EA regarding potential project management support.

The Cricklepit Bridge project works will be phased to coincide with other bridge work and is unlikely to begin until 2022/23.

Trews Weir – ECC is currently liaising with the EA consultant, the refurbishment works is still planned for 21/22 but the safety improvements work and the projects on Riverside walls at Quay and Exeter ship canal bottleneck are not expected to begin until 2022/23.

The principal inspections of Exhibition Way bridge, Yaroslavl bridge and Leypark Road footbridge are not yet complete so the programme of works and costings are not yet known, but are unlikely to begin until 22/23 at the earliest.

The Council Leader has suggested that the Mallison Bridge project is put on hold while further contributions are sought from partners to reduce the financial impact for ECC.

The design and build of craning pads for the canal and waterways is dependent on the canal management plan to avoid abortive works, and cannot be undertaken during winter.

The Heavitree paddling pools project has commenced and a topographical survey scheduled for quarter 2, but there is only likely to be £50,000 of ground works costs in 2021/22 with the balance spent next year.

The Taddiford Brook project is not statutory and has been delayed due to lack of resources.

Flowerpot skate park works are programmed for Quarter 3, but the graffiti element is likely to slip until 2022/23.

The tendering for Mincinglake Valley Park will be undertaken this year but the bulk of the budget is likely to be spent in 2022/23.

The planned road closures due to construction of Marsh Barton station mean that works on Exeter ship canal Green Tip to Salmonpool will not be completed this year. ECC is currently in discussions with partners about widening the scope.	
<b>Repairs to Turf Lock Pier Head</b>	<b>63,500</b>
<b>Repairs to walls at Farm Hill</b>	<b>29,900</b>
<b>Bank repairs and stabilisation to watercourses</b>	<b>20,000</b>
<p><b>Officer Responsible: Service Manager – Engineering, Waterways &amp; Parking</b></p> <p>Temporary works are being carried out at Turf Lock Pier Head (subject to consent from Environment Agency and Natural England) which are likely to cost around £10,000 this financial year, with the balance slipping to next year.</p> <p>£50,000 of the Farm Hill walls repair allocation is likely to be spent in 2021/22 on repairs to 2 priority walls. Ground investigation and structural analysis of other high risk walls will be undertaken to prioritise other walls with spend expected in 22/23.</p> <p>The full £20,000 budget for repairs and stabilisation will be carried forward as work has not yet been identified and cannot be done over the winter months.</p>	
<b>Waste Infrastructure</b>	<b>463,300</b>
<p><b>Officer Responsible: Interim Waste, Recycling &amp; Fleet Manager</b></p> <p>The results of the new recycling arrangements trial are unlikely to be known until quarter 4, so expenditure on communal solutions is likely to be incurred during 2022/23.</p>	

<b>Scheme</b>	<b>Budget to be Deferred £</b>
<b>Rough Sleepers Accommodation Programme</b>	<b>737,370</b>
<p><b>Officer Responsible: Service Lead, Housing Needs &amp; Homelessness</b></p> <p>The acquisitions for the Next Steps Accommodation Programme are now complete, The Rough Sleepers Accommodation Programme will now provide 8 units this financial year and continue into 2022/23.</p>	

<b>Scheme</b>	<b>Budget to be Deferred £</b>
<b>Mary Arches MSCP</b>	<b>1,959,470</b>
<b>Cathedral &amp; Quay MSCP</b>	<b>3,496,800</b>
<p><b>Officer Responsible: City Surveyor</b></p> <p>These are ongoing projects. Forecast in-year spends (£172,950 and £377,220 respectively) are consultant fees for surveys and initial designs. The remaining budget is to be rolled forward into subsequent years.</p>	

<b>Civic Centre Phase 3 Roof Repair</b>	<b>230,000</b>
<b>Officer Responsible: City Surveyor</b> This scheme has currently been put on hold.	
<b>City Wall</b>	<b>343,520</b>
<b>RAMM Roof Replacement</b>	<b>338,400</b>
<b>Commercial Properties EPC IMPS</b>	<b>100,830</b>
<b>Officer Responsible: City Surveyor</b> City Wall – Design work and Historic England consultation elements are programmed to be completed by the end of Quarter 4, 2021/22. Works will commence once consent has been obtained  RAMM Roof Replacement - Grant funding is being sought to reduce the Council's funding requirements and enable more work to be undertaken to this historic asset. The resultant programme may slip into 2022.  Commercial Properties EPC IMPS - Ongoing budget to bring properties up to lettable standard as required, all underspend is to roll forward to subsequent years.	
<b>Backlog Maintenance</b>	<b>3,923,890</b>
<b>Wat Tyler House water ingress</b>	<b>235,270</b>
<b>Verney House roof and drainage</b>	<b>121,000</b>
<b>Officer Responsible: City Surveyor</b> These projects are linked to the restructure of the Corporate Property Assets team. They are now anticipated to commence in 2022.	

## 8.6. ACHIEVEMENTS

### Next Steps Accommodation Programme Property Acquisition

The council completed on two further one bedroom flats this financial year to add to the nine units purchase in 2020/21.

All the properties brought on under the Next Steps Accommodation Programme will be used to accommodate someone currently rough sleeping or with a recent history of rough sleeping, with priority to those in emergency housing and then to those in Tier 2 Supported Housing (Gabriel House, Howell Road and Morwenna Court). Any vacancy from emergency accommodation or Tier 2 supported housing must go to someone who is currently on the streets.

## 8.7. FURTHER FUNDING REQUESTS

### IT Replacement Programme (£50,000)

It is proposed to add an on-going budget provision of £50,000 per annum for the purchase of IT equipment.

## **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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