

## **REPORT TO EXECUTIVE**

Date of Meeting: 29 November 2022

## **REPORT TO COUNCIL**

Date of Meeting: 13 December 2022

Report of: Director Finance

Title: 2022/23 General Fund Capital Monitoring Statement – Quarter 2

### **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 overall financial position for the 2022/23 annual capital programme.
- (2) The amendments and further funding requests to the Council's annual capital programme for 2022/23.

### **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

The financial resources required are set out in the body of this report.

#### 5. Section 151 Officer comments:

The work to reprofile and shrink the capital programme is ongoing and will likely be included in the capital programme for 2023-24 onwards to be presented in February. Given the rise in interest rates, it is inevitable that there will be a reduction in the resources available to spend, where there is no viable income stream to cover those costs. Capital projects financed through sources other than borrowing will be unaffected, although, where allowed, Councillors may wish to consider diverting those resources to priority projects which otherwise would be funded by borrowing.

#### 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 sets out the Council's position with regards the capital programme and as such raises no issues for the Monitoring Officer.

#### 8. Report details:

##### 8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2022/23 Capital Programme, including commitments brought forward from 2021/22, was last reported to Executive on 4 October 2022. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Council 18 October 2022</b>	<b>133,406,970</b>	
Budget Deferred to 2022/23 & Beyond at Quarter 1	(38,590,330)	Approved by Council 18 October 2022
Overspends/(Underspends) reported at Quarter 1	104,620	
Noise Monitoring Equipment	45,000	
Northbrook Wild Arboretum	288,580	
Energy Saving Projects	295,210	ERDF Funding
<b>Revised Capital Programme</b>	<b>95,550,050</b>	

## 8.2. PERFORMANCE

The revised capital programme for the current financial year is £95.550 million. During the first six months of the year the Council spent £49.532 million on the programme, which equates to 51.84% of the revised programme. This compares with £9.694 (9.06%) that was spent in the first six months of 2021/22.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2022/23 of £79.052 million with £11.883 million of the programme potentially being deferred to 2023/24 and beyond.

Appendix 2 shows the approved budgets for 2023/24 with the proposed 2022/23 budget to be carried forward to 2023/24 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 2022/23 are £13.018 million. An estimated spend of £79.052 million is required of which £69.789 million will be funded from borrowing with £3.755 million capital receipts carried forward to 2023/24.

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 2022</b>	<b>3,020,582</b>
New Receipts	2,323,353
<b>Balance as at 30 September 2022</b>	<b>5,343,935</b>

## 8.4. EXPENDITURE VARIANCES

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

Scheme	Variance £
<b>District Street Lighting Upgrade Programme</b>	<b>(150,000)</b>
<p><b>Officer Responsible: Director - Net Zero Exeter &amp; City Management</b></p> <p>The overall price of works on this scheme have come in lower than anticipated, this reduces the original budget profiled to be spent in 2024/25.</p>	
<b>Taddiford Brook</b>	<b>(40,000)</b>
<b>Salmonpool Swingbridge / Clapperbrook Lane</b>	<b>40,000</b>
<p><b>Officer Responsible: Engineering &amp; Assets Manager</b></p> <p>The Taddiford Brook scheme is identified as a low priority project it is proposed part of the budget be brought forward to fund the overspend on the Clapperbrook Lane scheme in the current financial year.</p>	
<b>Leisure Complex – Build Project</b>	<b>49,080</b>
<p><b>Officer Responsible: Director - Communications, Culture &amp; Leisure</b></p> <p>Future capital spend requirements are currently being reviewed, with the results being submitted to Executive in November and Council in December.</p> <p>Leisure is not currently built into the council’s capital repairs programme. It is likely that there will be changes to the capital programme as vital works are identified throughout the Leisure estate</p>	
<b>Commercialisation Options</b>	<b>(4,484,070)</b>
<p><b>Officer Responsible: Chief Finance Officer</b></p> <p>It is proposed to remove this budget following the Government’s clampdown on Commercial property acquisitions. Any further commercial opportunities that arise will be assessed and presented to Council for consideration where there is a positive business case to consider</p>	

#### 8.5. SCHEMES TO BE DEFERRED TO 2023/24 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2023/24 and beyond are:

Scheme	Budget to be Deferred £
<b>Financial Management</b>	<b>144,800</b>
<p><b>Officer Responsible: Deputy Chief Finance Officer</b></p> <p>This slippage will be used to replace the current finance system over the coming years, in a project jointly procured with East Devon and Teignbridge District Council.</p>	

Scheme	Budget to be Deferred £
<b>Pinhoe Playing Fields Upgrades</b>	<b>91,830</b>
<b>Landfill Gas Extraction Systems</b>	<b>32,480</b>
<p><b>Officer Responsible: Engineering &amp; Assets Manager</b></p> <p>It was reported at Quarter 1 that there is likely to be significant slippage in the Engineering capital programme for 2022/23. Project re-prioritising has identified that the above two schemes will also be deferred, in whole or part, due to Engineering's on-going capacity issues.</p>	
<b>Cemeteries &amp; Churchyards Infrastructure Improvements</b>	<b>134,790</b>
<b>Columbarium</b>	<b>351,040</b>
<p><b>Officer Responsible: Interim Service Manager – Public &amp; Green Space</b></p> <p>The Columbarium scheme had been delaying the Infrastructure Improvements programme. With the recent conclusion that the Columbarium will not be able to progress that scheme is being closed down and the Infrastructure Improvements reassessed, but the delays will push the scheme into next financial year.</p>	
<b>Northbrook Wild Arboretum</b>	<b>345,604</b>
<p><b>Officer Responsible : Interim Service Manager – Public &amp; Green Space</b></p> <p>Only the initial phases of the scheme will complete within the current financial year; the balance should be rolled forward to when the expenditure was anticipated within the plans.</p>	
<b>Cemetery Fields Play Area</b>	<b>156,830</b>
<p><b>Officer Responsible : Interim Service Manager - Public &amp; Green Space</b></p> <p>This scheme is on hold pending possible alternate provision and a decision to be taken thereafter on the need for the scheme which is not expected to happen in the present financial year.</p>	

<b>Scheme</b>	<b>Budget to be Deferred £</b>
<b>Loan to Exeter City Living</b>	<b>10,641,560</b>
<p><b>Officer Responsible: Chief Finance Director</b></p> <p>Whilst the majority of the loan will be deferred, ECL have incurred legitimate expenditure in respect of the development, not least purchasing the site. It is anticipated that some of the loan facility will be drawn down in 2022-23 to cover at least part of the costs incurred, leaving the majority available to deliver the site at the appropriate time.</p>	
<b>Civic Centre Phase 3 Roof Repair</b>	<b>180,000</b>
<p><b>Officer Responsible: City Surveyor</b></p> <p>The start of the programme is subject to viable tender returns, expected by the end of March 2023. The remaining budget in 22/23 is for any initial costs, such as consultant fees.</p>	

## 8.6. FURTHER FUNDING REQUESTS

### **Countess Wear Retaining Wall (£150,000)**

There is an urgent need to reconstruct a retaining wall on Countess Wear Road which collapsed in December 2020. A temporary measure, restricting the highway is in place, and Devon County Council have now approved the proposed scheme in principle. There is a forecast underspend of £150,000 in respect of the District Lighting scheme, it is requested that this be transferred across as the source of funds for this scheme.

## **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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