

REPORT TO EXECUTIVE

Date of Meeting: 28 November 2023

REPORT TO COUNCIL

Date of Meeting: 12 December 2023

Report of: Director Finance

Title: 2023/24 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 2023/24 annual capital programme.
- (2) The amendments and further funding requests to the Council's annual capital programme for 2023/24.

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 It remains slow progress in delivering the capital programme. Indeed, it is highly likely that further significant deferrals will take place throughout the year. One of the significant problems is that tenders are coming in significantly over budget. In some cases we are revising the scheme and re-tendering and in others (as demonstrated by the request for further funding) we have to go back to Council to request the additional funds. This adds time to an already lengthy process.

5.2 Looking forward, as interest rates show no sign of dropping, capital receipts will become integral to the deliver of any future capital schemes. It is essential that the Council refrains from borrowing.

6. What are the legal aspects?

Monitoring of capital expenditure is required in order to comply with the provisions of the Local Government Act 2003.

The requirements imposed on the Council by the Act are set out in section 3 of the report.

7. Monitoring Officer's comments:

This is a financial update report and as such the Monitoring officer has no comment to make.

8. Report details:

8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2023/24 Capital Programme, including commitments brought forward from 2022/23, was last reported to Executive on 3 October 2023. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Council 17 October 2023	70,171,930	
Budget Deferred to 2023/24 & Beyond at Quarter 1	(28,025,360)	Approved by Council 17 October 2023
Overspends/(Underspends) reported at Quarter 1	8,730	
Revised Capital Programme	42,155,300	

8.2. PERFORMANCE

The revised capital programme for the current financial year is £42.155 million. During the first six months of the year the Council spent £2.199 million on the programme, which equates to 5.22% of the revised programme. This compares with £49.532 (51.84%) that was spent in the first six months of 2022/23.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2023/24 of £41.636 million with £0.522 million of the programme potentially being deferred to 2024/25 and beyond.

Appendix 2 shows the approved budgets for 2024/25 with the proposed 2023/24 budget to be carried forward to 2024/25 and beyond for Executive and Council to consider for approval.

8.3. AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2023/24 are £17.092 million. An estimated spend of £41.636 million is required of which £26.544 million will be funded from borrowing with £2.000 million capital receipts carried forward to 2024/25.

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 £
Balance as at 1 April 2023	2,948,571
New Receipts	25,280
Balance as at 30 September 2023	2,973,851

8.4. EXPENDITURE VARIANCES

There are no significant expenditure variances to report this quarter.

8.5. SCHEMES TO BE DEFERRED TO 2024/25 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2024/25 and beyond are:

Scheme	Variance £
ECC Civic Centre HFX Door Access Replacement	100,000
<p>Officer Responsible: Chief Executive</p> <p>This project has been put on hold until the future of the Civic Centre has been decided.</p>	
Financial Management	258,920
<p>Officer Responsible: Deputy Chief Finance Officer</p> <p>The approved budget for the replacement of the Council's income management system and financial management system has been re-profiled to reflect the latest project time-tables and subsequent contract stage payments.</p>	

Scheme	Budget to be Deferred £
Northbrook Wild Arboretum	78,350
<p>Officer Responsible: Service Manager - Parks & Green Spaces</p> <p>Arboretum deferral relates to costs associated with years 3 to 5 of this scheme.</p>	
Farm Hill Retaining Walls	50,000
Landfill Gas Extraction Systems	30,000
<p>Officer Responsible: Engineering and Assets Manager</p> <p>Farm Hill Retaining Walls – on-going review to determine what is ECC's responsibility; work will not to start before the new year, spend is now expected to only be £50,000 in the current financial year.</p> <p>Landfill Gas Extraction – further winter monitoring to occur before a decision is taken on the way forward for this scheme, but spend expected to be £30,000 less than forecast at Quarter 1.</p>	

8.6 FURTHER FUNDING REQUESTS

Civic Centre Phase 3 Roof Repair (£140,000)

Following changes to meet the Council's Insurer's stipulations in respect of insulation type plus additional market pressures the original approved budget is now insufficient. To enable the project to proceed an additional £140,000 is requested to be approved.

8.7 ACHIEVEMENTS

Council Signage Improvement

Visitors to Exeter city centre will find it easier to navigate their way to key attractions following the installation of 23 striking new monoliths.

The information posts are designed to promote the city centre and highlight the wonderful things happening in the city centre including St Sidwell's Point, Underground Passages, RAMM, Custom House, historic Guildhall, Barnfield Theatre, Exeter Farmers Market, Red Coat tours, Corn Exchange and Riverside Leisure Centre.

All of the brightly coloured monoliths include information of the nearby attraction and a map with points of interest. QR codes link to the Visit Exeter website.

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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