

REPORT TO EXECUTIVE

Date of Meeting: 9 April 2024

REPORT TO COUNCIL

Date of Meeting: 23 April 2024

Report of: Director Finance

Title: 2023/24 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?

1.1 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:

2.1 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 Members should note the continued challenge with delivery of the capital programme. It is now projected that only £8.6 million will be spent out of a programme that started the year at £70 million. Whilst some of the projects are uncertain in their timing – for example, the fund for enhancements to the Guildhall Shopping Centre is entirely dependent on new tenancy agreements, there are challenges across the entire programme.

6. What are the legal aspects?

6.1 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:

7.1 This report raises no issues for the Monitoring officer.

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 28 November 2023. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Council 12 December 2023	42,155,300	
Budget Deferred to 2023/24 & Beyond at Quarter 2	(522,170)	Approved by Council 12 December 2023
Overspends/(Underspends) reported at Quarter 2	3,100	
Civic Centre Phase 3 Roof	140,000	
MRF	3,800,000	
Revised Capital Programme	45,576,230	

8.2. PERFORMANCE

The revised capital programme for the current financial year is £45.576 million. During the first nine months of the year the Council spent £3.450 million on the programme, which equates to 7.57% of the revised programme. This compares with £52.592 (63.02%) that was spent in the first nine months of 2022/23.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2023/24 of £8.648 million with £33.637 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 £8.596 million. An estimated spend of £8.648 million is required of which £2.363 million will be funded from borrowing with £2.311 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	20,280
Balance as at 31 December 2023	2,968,851

8.4. EXPENDITURE VARIANCES

Scheme	Variance £
Leisure Complex – Fit Out	(40,000)
Bus Station Construction	40,000
<p>Officer Responsible: Director, Communications, Culture & Leisure Facilities</p> <p>This budget transfer allows a more accurate representation of the spending profile for both these programmes.</p>	

Scheme	Variance £
BLRF – Bonhay Meadows	(1,001,150)
BLRF – Cathedral & Quay Car Park	(2,344,770)
<p>Officer Responsible: City Surveyor</p> <p>Both these programmes have now been cancelled. There has been a small amount of spend on each; the outstanding grant for both will be repaid to the One Public Estate programme.</p>	

Scheme	Variance £
RAMM Roof Replacement	(697,320)
MEND RAMM roof repair and insulation	697,320
<p>Officer Responsible: City Surveyor</p> <p>These two budgets have been combined to total £1.2m. £498k has been funded by the Museum Estate & Development Fund (Arts Council); £697.3k represents ECC's contribution to the programme. Work has commenced at the Museum and will continue into 2024/25.</p>	

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	Budget to be deferred £
Customer Contact Platform	161,030
<p>Officer Responsible: Director, Transformation</p> <p>Development of this system will be progressed in 24/25 as the Council introduces a new contact centre system.</p>	
Datacentre Relocation	35,940
<p>Officer Responsible: Director, Transformation</p> <p>This programme depends upon the future of the Civic Centre, which is currently under discussion. Therefore, no spend is anticipated in the 2023/24 financial year.</p>	

Scheme	Budget to be Deferred £
Parks Infrastructure	44,000
Ash Die Back Tree Replacement	50,000
Northbrook Wild Arboretum	66,000
Play Areas	140,000
Heavitree Paddling Pools	116,680
<p>Officer Responsible: Service Manager - Parks & Green Spaces</p> <p>Parks Infrastructure, Ash Die Back and Play Areas are allocations for schemes where timings of spend against the scheme are dependent on either deterioration of existing assets or the availability of suppliers to provide facilities required with works expected to slow down until the new year.</p> <p>Arboretum deferral reflects a timing delay in respect of commencement of the scheme.</p> <p>The tenders for Heavitree Paddling Pools are now being evaluated but no significant work is likely to commence before Easter.</p>	
Bowling Green Marshes Coastal Defence Scheme	46,500
Cricklepit Bridge	30,000
Trews Weir Refurbishment	45,000
District Street Lighting	150,000
Farm Hill Retaining Walls	50,000
Landfill Gas Extraction Systems	26,100
Mincinglake Valley Park Reed Beds & Pipe Inlet	31,100
ECC Bridge Repair Programme	150,000
Oxford Road Car Park Retaining Wall	200,000

Officer Responsible: Engineering and Assets Manager

Several projects have made reduced progress due to previous resourcing limitations. The Council has recently commissioned support from Bournemouth, Christchurch, and Poole Council in respect of a number of the schemes within the capital programme, including Bowling Green Marshes and Mincinglake Valley Park, the contract preparation and reviews for this support has led to a delayed start, which will delay progress until into the new year.

The District Street Lighting scheme is dependent on Devon County Council's supplier's timescales for completing this work, over which we have no influence. Options to accelerate delivery through use of alternative suppliers have been considered, however this is not considered cost beneficial.

Farm Hill Retaining Walls – on-going review to determine what is ECC's responsibility is still outstanding; work therefore unlikely to start before the new year.

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 a further £26,100 less than forecast at Quarter 2.

The Bridge repair programme has been affected by limited resources and requirement for strategic decision making in the absence of a formal asset management strategy and no work is believed to be required before the start of the new year.

Oxford Road Car Park retaining wall project is a reserved budget held in case neighbouring landowner claims that ECC has a responsibility to contribute to a retaining wall repair which is anticipated imminently. These works have been delayed by the landowner so budget is retained until works are complete.

Waste Infrastructure	411,410
Improved Recycling Containers	121,360
Enhance the Materials Reclamation Facility (MRF)	7,839,370

Officer Responsible: Service Lead – Recycling, Waste & Fleet

Waste Infrastructure work to improve how the Council carries out services has seen some digitisation this year, but the big step forward requires the enhancement of the MRF to take place. The increased budget for the MRF will allow the scheme to be advanced to maximise potential revenue savings at the earliest opportunity, but this will not commence until the new year. The service has no further capacity for storage in respect of Improved Recycling Containers scheme at present.

Disabled Facility Grants (DFG)	150,000
<p>Officer Responsible: Service Lead – Environmental Health & Community Safety</p> <p>The agreement of these grants is not reflected exactly by current level of spend, in some case for many months, as suppliers cannot be agreed until confirmation has been given to the claimant and is dependent on their availability to carry out the work. There will always be some year-end crossover within this scheme requiring deferral.</p>	
Exeter Canal Bank Repairs	51,890
<p>Officer Responsible: Harbour Master</p> <p>This scheme was created to allow for unforeseen events to be dealt with at whatever speed is necessary with any unspent funds to be deferred to preserve this facility from one year to the next. In year money has been allocated for Turf Lock gate repairs.</p>	

Scheme	Budget to be deferred £
Riverside Sports Hall Roof	60,870
<p>Officer Responsible: Director, Communications, Culture & Leisure Facilities</p> <p>The amount is to be used as prudent contingency against any further issues with Riverside's roof and netting which may arise in the future.</p>	
Leisure Complex – Fit Out	355,250
Leisure Complex – Build Project	639,140
<p>Officer Responsible: Director, Communications, Culture & Leisure Facilities</p> <p>The budgets for these projects represent what is required for the remainder of the historic build programme; these include final works and retention payments. At this point, the total amount to be slipped into 2024/25 is £994,390; any outstanding budget at year-end will be slipped into 2024/25 at quarter four.</p>	
Leisure Property Enhancements	2,026,800
<p>Officer Responsible: Director, Communications, Culture & Leisure Facilities</p> <p>This slipped amount will be used to implement the Council's leisure estate improvement programme. A built facilities strategy is underway and will be presented to Council. A small amount has been left in for any unforeseen costs in 2023/24 and any outstanding amount at year-end will be slipped at quarter 4.</p>	
Leisure Equipment Replacement Programme	561,660
<p>Officer Responsible: Director, Communications, Culture & Leisure Facilities</p> <p>New equipment was due to be purchased for Riverside. However, the potential impacts of the Public Sector Decarbonisation Scheme project – including potential roof replacement – are being established this quarter, therefore the purchase of the new equipment is paused until clarity on the roof position is confirmed. This also ties in with the built facilities strategy. £100,000 has been left in 23/24 to cover the replacement of smaller pieces of equipment, if necessary</p>	
Pinhoe Community Hub	1,276,470
<p>Officer Responsible: Director, Communications, Culture & Leisure Facilities</p> <p>Trustees are actively seeking funding for the whole project and keeping ECC updated as per terms of the memorandum of understanding and Council paper.</p>	

Scheme	Budget to be deferred £
Commercial Property Purchase	10,851,220
<p>Officer Responsible: City Surveyor</p> <p>A small amount of this budget has been left in 2023/24 for capital contributions and interventions, leaving the majority to be slipped into 2024/25.</p>	
Fire Risk Assessment Works	1,600,690
<p>Officer Responsible: City Surveyor</p> <p>Detailed fire door surveys are in hand, with the procurement of the overall scheme to follow. Work is expected to commence mid-2024; however, the Livestock Centre work has been completed</p>	
Exmouth Buoy Store	212,720
Backlog Maintenance	465,240
Cathedral Green Display Cases	35,000
<p>Officer Responsible: City Surveyor</p> <p>The Backlog Maintenance programme has been used for repairs to the Northcott theatre. The rest of this budget – plus work at the Exmouth Buoy Store and on the Cathedral Green Display Cases – are on hold and will commence when the Assets team restructure is in place.</p>	
Leighton Terrace & KW St MCP	618,000
<p>Officer Responsible: City Surveyor</p> <p>A consultant has been appointed and structural repairs are expected to commence mid-2024.</p>	
Civic Centre Phase 3 Roof Repair	368,510
<p>Officer Responsible: City Surveyor</p> <p>The contract has been awarded and works expected to start on site in March 2024.</p>	
City Wall	489,180
<p>Officer Responsible: City Surveyor</p> <p>The original scheme has been re-designed and is currently progressing through the procurement process. Work is anticipated to start in mid-2024.</p>	
BLRF – Exeter Canal Basin	589,120

BLRF – Mary Arches Car Park	1,285,740
BLRF – Belle Isle	662,170
BLRF – Clifton Hill	225,000
BLRF – Lower Weir Road	293,390
<p>Officer Responsible: City Surveyor</p> <p>The progress of these projects are subject to planning and viability exercises. Belle Isle is also dependant on the outcome of the Depot Relocation project.</p>	
Depot Relocation	375,970
<p>Officer Responsible: City Surveyor</p> <p>The budget will be used for fees incurred during the design stages of the project. A suitable site search is currently under way.</p>	
Topsham Museum	140,000
<p>Officer Responsible: City Surveyor</p> <p>Work is to commence on site in March 2024 and will continue into the new financial year.</p>	
Commercial Property Ancillary Accommodation	142,600
<p>Officer Responsible: City Surveyor</p> <p>This budget will be used for several different schemes, one of which is currently out to tender.</p>	
Wat Tyler House	270,000
<p>Officer Responsible: City Surveyor</p> <p>A consultant has been appointed for this project and work is expected to commence mid-2024.</p>	
Commercial Properties – capital improvements	30,000
<p>Officer Responsible: City Surveyor</p> <p>This budget is used as and when necessary to ensure commercial properties comply with EPC legislation. Any unused amounts are slipped into the following year.</p>	

8.6 FURTHER FUNDING REQUESTS

DEFRA Grant, via University of Exeter – Safer Streets 4 (£227,350)

Exeter was successful in applying for additional Safer Street funding earlier in the year. It was more advantageous to the project for the University rather than the Local Authority to be the lead organisation and be the recipient of the funding. The Council has already billed the University for the funds required to carry out the project.

Environment Agency - Bromham's Farm Playing Fields Remediation Work (£63,270)

Compensation funding from the Environment Agency reflects additional works and material requirements that have been identified since the initial estimate was made for inclusion in the 2022/23 Capital Programme.

Shared Prosperity Fund (£19,430)

Correction of apportionment between revenue and capital in line with actual spend.

Corn Exchange Lift (£50,000)

This programme will be funded from additional revenue received from Government. This is to be added to the 24/25 capital programme.

AV Equipment for Hybrid Meetings (£48,800)

It is acknowledged that hybrid meetings have now become normal practice with some people attending in person and others joining remotely. Currently none of the meeting spaces within the Civic Centre have been set up to provide hybrid meetings and most have outdated/ineffective AV equipment.

In liaison with Strata, we have received a specification and quote to upgrade the AV equipment in a number of meeting rooms within the Civic Centre. This is an approach that has worked successfully for both East Devon and Teignbridge District Councils' our Strata partners. The outcome will be bespoke AV systems that will better support hybrid working both internally and externally on all the floors in the Civic Centre. The equipment is transferrable and can be easily repositioned if there is a move from the Civic Centre to a new site.

This budget will be funded from the Transformation Reserve.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 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?

10.1 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:

12.1 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?

13.1 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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