

## **REPORT TO EXECUTIVE**

Date of Meeting: 9 July 2024

## **REPORT TO COUNCIL**

Date of Meeting: 16th July 2024

Report of: Director Finance

Title: General Fund Capital Monitoring 2023/24 and Revised Capital Programme for 2024/25 and Future Years

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

### **1. What is the report about?**

To advise members of the overall financial performance of the Council for the 2023/24 financial year in respect of the annual capital programme.

To seek approval of the 2024/25 revised capital programme, including commitments carried forward from 2023/24.

### **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 2024/25.

### **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:

Given the limited spend in 2023/24, Finance have worked with Project managers to devise a more realistic programme to be delivered over the next few years. This better profiling should assist Members in monitoring the programme more effectively going forward.

#### 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:

The Monitoring Officer has no additional comments.

#### 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 9 April 2024. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Council 23 April 2024</b>	<b>45,576,230</b>	
Budget Deferred to 2023/24 & Beyond at Quarter 3	(33,636,980)	Approved by Council 23 April 2024
Overspends/(Underspends) reported at Quarter 3	(3,291,150)	
DEFRA Grant, via University of Exeter – Safer Streets 4	227,350	
Environment Agency - Bromham's Farm Playing Fields Remediation Work	63,270	
Shared Prosperity Fund	19,430	
Corn Exchange Lift	50,000	
AV Equipment for Hybrid Meetings	48,800	
<b>Revised Capital Programme</b>	<b>9,056,950</b>	

## 8.2. PERFORMANCE

Capital expenditure in the year amounted to £5,575 million. The actual expenditure during 2023/24 represents 61.56% of the revised Capital Programme, it is proposed to carry forward a total of £2.408 million budget into future years, as indicated in Appendix 1.

## 8.3. CAPITAL FINANCING

The 2023/24 capital expenditure was financed as follows:

	£
Capital Grants & Contributions	3,199,275
Capital Receipts	0
Community Infrastructure Levy	246,157
Revenue Contributions	137,314
Borrowing	1,992,479
<b>TOTAL</b>	<b>5,575,224</b>

## 8.4. AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2023/24 are £6.552 million. Total General Fund capital expenditure is £5.575 million of which £1.992 million will be funded from borrowing.

Appendix 3 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 year in respect of the General Fund are:

	General Fund £
<b>Balance as at 1 April 2023</b>	<b>2,948,571</b>
New Receipts	20,280
Use of capital receipts to finance past debt	(2,968,851)
<b>Balance as at 31 March 2024</b>	<b>0</b>

## 8.5. EXPENDITURE VARIANCES

Scheme	Variance £
<b>Riverside &amp; RAMM Decarbonisation Projects</b>	<b>(859,030)</b>
<p><b>Officer Responsible: Service Manager – Net Zero &amp; Business</b></p> <p>This budget is grant funded. The underspend is a result of the Contractor's failure to reach Control Point 3, and to provide the level of project detail (cost &amp; design) needed to purchase equipment in advance without putting the Council at risk. The grant funding cannot now be claimed due to the grant terms and conditions.</p>	
<b>Leisure Equipment Replacement Programme</b>	<b>(38,359)</b>
<p><b>Officer Responsible: Director, Communications, Culture &amp; Leisure Facilities</b></p> <p>This programme was under-utilised this financial year, mainly due to delaying equipment purchases at Riverside whilst awaiting the outcome of the feasibility study for the decarbonisation works (&amp; associated roof works). The full budget will be required in 2024/25 and future years, to replace equipment on a rolling basis.</p>	

#### 8.6. 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 £
<b>AV Equipment – Hybrid Meeting Room</b>	<b>48,800</b>
<b>Idox System for Planning</b>	<b>60,680</b>
<b>NCSC Zero Trust</b>	<b>53,910</b>
<b>Microsoft Power Apps</b>	<b>35,930</b>
<p><b>Officer Responsible: Director, Transformation</b></p> <p>These projects were not started during 2023/24; several such as the AV Equipment programme only had budgets agreed during the year. These budgets are to be rolled forward into 2024/25.</p> <p>A recent review of future Strata projects has been carried and a more realistic and achievable programme has been devised. This has led to a few existing programmes being carried forward beyond 2024/25.</p>	

Scheme	Budget to be Deferred £
Northbrook Wild Arboretum	128,134
<p><b>Officer Responsible: Service Manager - Parks &amp; Green Spaces</b> Arboretum deferral reflects a timing delay in respect of commencement of the scheme.</p>	
District Street Lighting	50,000
Exeter Quay Cellars Cliff Face	(81,123)
Bromham Farm Playing Fields	90,311
<p><b>Officer Responsible: Engineering and Assets Manager</b> 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.</p> <p>Exeter Quay Cellars Cliff Face works commenced in February, when the specialist firm had time availability. The timing of this work meant an overspend on the scheme in year which will be funded from the future year's budget. Work is expected to complete in the first quarter of 2024/25.</p> <p>Bromhams Farm Playing Fields works were due to start in March 2024 but, due to an extended period of extremely wet weather, these weather-sensitive works were postponed into April 2024.</p>	
Fleet Lease Costs	910,290
<p><b>Officer Responsible: Service Lead – Recycling, Waste &amp; Fleet</b> No further vehicle requirements were needed at present. The continuing roll out of food waste collection services will require additional vans in the coming years.</p>	
Disabled Facility Grants (DFG)	47,827
<p><b>Officer Responsible: Service Lead – Environmental Health &amp; Community Safety</b> 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. Schemes approved and in the pipeline at year end amount to around £297,000.</p>	
CCTV Improvements	97,111
<p><b>Officer Responsible: Service Lead – Environmental Health &amp; Community Safety</b> This scheme has been expanded to absorb the Safer Streets 4 funding, work on which only started in the latter part of the year.</p>	

Scheme	Budget to be deferred £
Leisure Complex – Fit Out	87,422
Leisure Complex – Build Project	207,707
<p><b>Officer Responsible: Director, Communications, Culture &amp; Leisure Facilities</b></p> <p>Both these programmes (along with the leisure complex build project) are reaching the final stages of completion, with end of defects work and retention payments outstanding. Most of the remaining budgets have already been carried forward into 2024/25; the amounts above will now also be slipped into next financial year and beyond.</p>	

Scheme	Budget to be deferred £
Commercial Property Purchase	33,058
<p><b>Officer Responsible: City Surveyor</b></p> <p>The majority of this budget was carried forward into next financial year, leaving some to cover on-going works. This balance will now also be slipped into 2024/25 and beyond, to continue the regeneration programme at the Guildhall.</p>	
John Lewis MSCP	(66,639)
Civic Centre Phase 3 Roof Repair	(105,132)
Commercial Property Ancillary Accommodation	(38,063)
<p><b>Officer Responsible: City Surveyor</b></p> <p>The budgets for these projects were carried forward into 2024/25 as no costs were expected to be realised in 2023/24, the programmes will continue in 2024/25.</p>	
RAMM Roof Repair & Insulation	526,166
<p><b>Officer Responsible: City Surveyor</b></p> <p>This project – jointly funded by both the Council and MEND will continue into 2024/25 and is expected to be completed during the summer. This balance will be carried forward to facilitate the completion of the works.</p>	
Corn Exchange Lift	50,000
<p><b>Officer Responsible: City Surveyor</b></p> <p>This new programme was added at quarter three and work is expected to commence in the summer of 2024/25. This project is funded from additional revenue received from Government.</p>	

## 8.7 CAPITAL PROGRAMME 2024/25 (Appendix 3)

The revised Capital Programme for 2024/25, after taking into account the carried forward requirements from 2023/24 now totals £27,966,305:

Description	£	Approval/Funding
<b>2024/25 Capital Programme, as reported to Council February 2024</b>	<b>15,313,010</b>	
Budget Deferred to 2024/25 at Quarter 3	33,636,980	Approved by Council on 23 April 2024
Budget Deferred to 2024/25 at Quarter 4	2,408,334	
Less Budgets to be reprofiled to future years	(23,392,019)	
<b>Revised 2024/25 Capital Programme</b>	<b>27,966,305</b>	

## 8.8 FURTHER FUNDING REQUESTS

### **DEFRA Grant, new burdens funding for food waste collections (£857,138)**

ECC has been allocated funding for capital transitional costs for the roll out of weekly food waste collections. This is to support waste collection authorities meet the requirement to collect food waste weekly from households from 1<sup>st</sup> April 2026. The funding is intended for the purchase of food bins (including kitchen and kerbside caddies) and food waste collection vehicles.

### **Mallinson (£64,670)**

The new Mallison Bridge replaces the former ECC-owned timber bridge demolished in 2020 and will provide an improved pedestrian and cycle connection from the Quay to the Canal and Riverside areas, avoiding the narrow walkway to Commercial Road. The bridge will be designed and delivered by DCC, and then adopted by ECC. The requested budget will not be an additional financial liability on ECC, it is the remainder of the Mallison bequest which has previously been allocated towards the replacement of the former Mallison Bridge at Exeter Quay. The budget will be used as a contribution towards a DCC-led scheme, funded by a grant from Active Travel England, ECQT and this contribution from ECC. The budget is required for 2024/25, with payment to DCC expected in late 2024, and the bridge is likely to be constructed in 2025/26.

### **Parks Infrastructure (£20,000 & £50,020)**

Request for funds for construction of lean-to protection for essential equipment at Belle Isle site, in line with Health & Safety and Provision and Use of Work Equipment Regulations (PUWER). (£20,000)

S106 contributions allocated to this budget in respect of the Apsham Grange development at Topsham. (£50,020)

## **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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