

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE – RESOURCES
20 JUNE 2012**

**EXECUTIVE
3 JULY 2012**

**COUNCIL
17 JULY 2012**

**CAPITAL MONITORING 2011/12 AND REVISED CAPITAL PROGRAMME
FOR 2012/13 AND FUTURE YEARS**

1. PURPOSE OF THE REPORT

- 1.1 To advise members of the overall financial performance of the Council for the 2011/12 financial year, in respect of the annual capital programme.
- 1.2 To seek approval of the 2012/13 revised capital programme, including commitments carried forward from 2011/12.

2. REVISIONS TO THE CAPITAL PROGRAMME

- 2.1 The progress of the annual capital programme was last reported to Scrutiny Committee – Resources on 21 March 2012. Since that meeting the following changes have been made that have increased the programme:

| Description | £ | Approval/Funding (%) * |
|---|-------------------|--------------------------------------|
| Capital Programme, as at 21 March 2012 | 15,757,420 | |
| Energy Conservation | 14,390 | External funding contribution (100%) |
| Development of HRA Land | 940 | S106 funding (100%) |
| Canal Basin | 5,000 | Capital receipt (100%) |
| Childrens Play Areas | 38,570 | S106 funding (100%) |
| Sports Facilities Refurbishments | 15,000 | Capital receipt (100%) |
| Disabled Facility Grants | 4,660 | Additional funding from CLG (100%) |
| National Cycle Network | 192,400 | Contributions from DCC (100%) |
| St Loyes Design Fees | 67,140 | External funding contribution (100%) |
| Mincinglake/Northbrook Study | 18,370 | External funding contribution (100%) |
| RAMM HLF Parks Bid | 202,490 | External funding contribution (100%) |

| | | |
|----------------------------------|-------------------|--|
| RAMM Redevelopment | (71,260) | HLF Grant used to fund revenue expenditure |
| Council's Own Build Schemes | 44,270 | S106 Funding (100%) |
| Wessex Loan Scheme | 15,690 | Clawback income (100%) |
| Revised Capital Programme | 16,305,080 | |

* There is no additional borrowing required to fund the additional works above.

3. PERFORMANCE (Appendix 1)

- 3.1 Capital expenditure in the year amounted to £70,007,271, an increase of £53,702,191 on the planned figure of £16,305,080. However, £56,884,000 of this expenditure was due to the HRA Self-Financing payment.
- 3.2 In order to implement the HRA Self-Financing Scheme, each of the 171 councils that own housing stock had to take on a proportion of the national historic council housing debt, based on the affordability of their 30-year business plan. This resulted in Exeter making a one-off debt settlement payment to the Department for Communities and Local Government (DCLG) of £56,884,000 on 28 March.
- 3.3 Statute requires that this transaction is to be treated as capital expenditure and will therefore be treated as Revenue Expenditure Funded from Capital Under Statute. The Council has borrowed £56,884,000 from the PWLB over fifty years, to finance this payment.
- 3.4 If this figure is excluded then capital expenditure in the year amounted to £13,123,271, a reduction of £3,181,809 on the planned figure of £16,305,080. The actual expenditure during 2011/12 represents 80.5% of the total approved for the revised Capital Programme, which means £4.9 million will need to be carried forward to be spent in future years, as indicated in Appendix 1.
- 3.5 In comparison with the previous financial year, spending performance has increased slightly. During 2010/11 capital expenditure was £22,335,187, equivalent to 79.8% of the planned figure of £28,001,990.
- 3.6 Capitalisation of Staff Costs
- In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, any costs attributable to bringing a fixed asset into working condition for its intended use qualify as capital expenditure. Directly attributable costs include the labour costs of certain Council employees, which have been directly involved in the construction or acquisition of a specific asset.
- 3.7 During the financial year, the cost of the Council's IT developers, engineers, architects and surveyors have been treated as capital expenditure, based upon timesheet information.

3.8 Several large capital schemes have required a high commitment in staff time, including the:

- Re-development of the Royal Albert Memorial Museum
- Refurbishment of the King William Street Car Park
- Continuation of the replacement of J Based legacy systems
- Delivery of the kitchen and bathroom replacement programmes and re-roofing of Council dwellings

3.9 The total value of staff time charged to capital schemes for 2011/12 amounted to £493,350.

4.0 VARIANCES AND ACHIEVEMENTS

4.1 The main variances and achievements are as follows:

4.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £199,150)**

An extensive refurbishment of Harrington Lane Play Area in Pinhoe was completed in early summer 2011, this included the installation of some exciting new play equipment and added to the Multi Use Games Area (MUGA) style goal ends which had been installed on the adjacent tarmac area earlier in the year.

Floodlighting was provided at Pinhoe Station Road Multi Use Games Area bringing it into line with the majority of similar courts in the city

A major refurbishment of Dickens Drive Play Area has been completed greatly improving what was a neglected site.

All of these projects were funded via various Section 106 contributions and they all incorporated significant community engagement and public consultation.

- **RAMM Redevelopment (Budget £1,666,470)**

The RAMM project has now achieved practical completion; it opened to the public in December 2011. Visitor numbers have set new records and both the building and the new displays have been highly praised. The project is on the shortlist for the Art Fund Prize for Museum of the Year, and has won or been shortlisted for a number of other awards.

- **Bromhams Farm Changing Rooms (Budget £15,530)**

Aluminium windows and rainwater goods were installed at the Bromhams Farm Changing Rooms and the project is now complete.

- **Leisure Management Contract (Budget £59,680)**

This budget relates to the old DC Leisure Contract and is now complete.

Cared for Environment

- **Local Authority Carbon Management Programme (Budget £96,130)**

Heating controls have been fitted at the Corn Exchange and solar panels have been installed at Belle Isle.

A project is currently underway to upgrade the lighting in King William Street Car Park, as part of the overall refurbishment project, to a more energy efficient lighting system. This has resulted in more expenditure in 2011/12 than originally planned and therefore some of the budget that was agreed to be carried forward in September 2011 to 2012/13 should be slipped back into 2011/12.

- **Improvements to Cemetery Roads & Pathways (Budget £21,020)**

Improvements have been made to various roads and pathways at the City's cemeteries.

Excellence in Public Services

- **Vehicle Replacement Programme (Budget £418,110)**

The programme has been spent for 2011/12 and has produced a saving of £40,308 for this financial year.

Everyone Has A Home

- **Warm Up Exeter/PLEA Scheme (Budget £265,540)**

This budget will continue to be used to support energy efficient grants and the Green Deal until funds are returned from Energy Action Devon (EAD), after which a review will take place.

4.1.2 **Economy & Development**

Accessible City

- **King William Street Car Park Refurbishment - Stage 2 (Budget £46,450)**

Work has progressed more quickly than expected in 2011/12. Therefore, some of the budget that was agreed to be carried forward in September 2011 to 2012/13 should be slipped back into 2011/12 to cover this expenditure.

Cultural City

- **St Katherine's Priory Re-Roofing (Budget £47,040)**

The final tenders for this project were over budget which has resulted in delaying the start of this scheme. However, £28,000 additional funding was agreed by Executive on 3 April 2012 and this project is now due to commence in September 2012.

Cared For Environment

- **City Centre Enhancements (Budget £140,170)**

The works to Gandy Street are now complete and Northernhay Gate is nearing completion. Works to Rougemont Garden Gate are due to start in June 2012.

- **Cowick Street Environmental Works (Budget £100,000)**

This project is now planned to start in the Autumn of 2012. Work will include: bridge cleaning and lighting, co-ordinated street furniture and signage, and pedestrian improvements to the front of St Thomas Shopping Centre.

Excellence in Public Services

- **Verney House (Budget £47,270)**

Works to roof covering, window surrounds and edge protection nearing completion. A saving is expected to be made in 2012/13 once this work is complete.

Prosperous City

- **Canal Basin and Quayside (Budget £377,120)**

The new Haven Road Outdoor Education Centre is currently under construction by DCC. ECQT are remarketing the listed buildings and site at the head of the Basin. ECC are to carry out a tree planting and seating scheme for Haven Banks during 2012.

- **137 Cowick Street (Budget £147,690)**

This project is almost complete with just some landscaping work taking place at the front of the property. Age Concern have been able to move in.

4.1.3 Corporate Services

- **Environment Health System Upgrade (Budget £4,590)**

This project is now complete and has produced a saving of £4,590.

- **Franking Machine (Budget £16,020)**

The new franking machine has been purchased and this project is now complete.

- **Capitalised Redundancy Costs**

Unbudgeted expenditure was incurred of £460,157 for the cost of redundancies which arose from staff restructuring. Approval to capitalise this cost was received from DCLG in the form of a 'Capitalisation Direction'.

4.1.4 Housing Revenue Account

Everyone Has a Home

- **Sheltered Accommodation (Budget £143,540)**

This project is now complete. 401 Properties had minor adaptations carried out upon request from the tenants. 134 Properties had major adaptations. There were also a number of emergency referrals at the beginning of 2012 requiring work which had not been possible to anticipate.

- **D/PS British Steel Properties (Budget £10,760)**

This project is now complete.

- **Rendering of Council Dwellings (Budget £283,760)**

All 2011/12 programmed blocks were completed. However, urgent structural work was also required at Alfred Crescent.

- **Programmed Re-roofing (Budget £349,880)**

All 54 properties on the 2011/12 programme were completed. Four houses in Walnut Road and sixteen bungalows in Magdalen Gardens were added and also completed. The flat roof sheltered bungalows in Magdalen Gardens were also insulated at the same time.

- **Asbestos Survey (Budget £103,060) and Asbestos Removal Works (Budget £261,850)**

In accordance with HSE Asbestos Regulations, contractors should be provided with information on the location of any asbestos. Surveys are therefore carried out to identify these locations and state which are in a poor condition and requiring removal. In addition, all voids and properties where major works are to take place have refurbishment surveys done.

- **Kitchen Replacement Programme (Budget £567,430)**

All 160 programmed replacement kitchens were completed during 2011/12. There were also delays caused by the existing contractor going into administration and further delays in appointing a subsequent contractor.

- **Bathroom Replacement Programme (Budget £239,290)**

89 out of 93 planned replacement bathrooms were completed during 2011/12. There were also delays caused by the existing contractor going into administration and further delays in appointing a subsequent contractor.

- **Programmed Electrical Re-wiring (Budget £553,750)**

235 electrical periodic tests were completed to the housing stock. All properties that were tested either require minor works or a rewire.

- **Central Heating Programme (Budget £878,970)**

247 out of a planned 490 were completed. Mears handed back the contract in July 2011 and therefore no further installs were completed until a new contract commenced with DR Jones, Spectrum and KSE Engineering in December 2011.

- **Fire Precautionary Works to Flats (Budget £402,420)**

Replacement of '30 minute fire resistant' flat entrance doors programme, with so far 241 out of a planned 406 being completed. All the doors have been surveyed and made and are now awaiting installation. A new fire alarm and emergency lighting was installed at 98 Sidwell Street, this work also included the replacement of existing glazed lobby and screens to '30 minute fire resistant'. 36 blocks of flats also had new emergency lighting.

- **Acquisition of 16 Chanter Court (Budget £0)**

An overspend of £75,000 is shown to reflect the estimated purchase price of buying this property as approved by Executive on 24 January 2012.

4.1.5 Council House Building Programme – Phase 1

- **Sivell Place (Rowan House) & Merlin Crescent (Knights Place) (Budget £707,510)**

Rowan House was completed in December 2010; all three new homes were let on 20 December 2010.

Knights Place was completed early on in 2011/12 and has provided 18 new 1- and 2-bedroom homes for social rent and has been occupied since July 2011.

The specification for both sites was upgraded in 2010 to meet the Passiv-Haus standard. Passiv Haus is a performance standard that requires the elimination of uncontrolled draughts and a very high level of insulation. The properties do not require heating or cooling on conventional scales leading to long term energy savings for the occupants and preventing them from falling into fuel poverty.

During the course of the site clearance the contractor discovered asbestos sheeting that had been buried on part of the site that had been occupied by garages. This resulted in a large amount of contaminated soil been removed from the site by a specialist contractor and disposed of at a specialist site.

The final account has been calculated and due to the upgrade to meet the Passiv Haus standard and the asbestos problems this has exceeded the original budget by £44,270. It has been agreed by Delegated Powers that this overspend will be met from Affordable Housing Section 106 monies.

5.0 CAPITAL AND PROJECT PROGRAMME 2012/13 (Appendix 2)

- 5.1 The revised Capital Programme for 2012/13, after taking into account the carried forward requirements from 2011/12 as well as additional approvals and other changes, now totals £19,684,780.
- 5.2 In addition to adding the carry forwards from 2011/12, the 2012/13 approved budget has also been increased for the following changes:

| Description | £ | Approval/Funding (%) * |
|--|-------------------|--|
| Approved Budget | 14,631,830 | |
| Carry Forwards from 2011/12 | 4,909,790 | |
| St Katherine's Priory Re-roofing | 28,000 | Additional funding approved by Executive on 3 April 2012 |
| Childrens Play Areas | 1,050 | Interest on Section 106 monies (100%) |
| Exwick Community Centre | 100 | Interest on Section 106 monies (100%) |
| Well Oak Footpath/Cycleway | 150 | Interest on Section 106 monies (100%) |
| Planting Improvements in Riverside Valley Park | 70 | Interest on Section 106 monies (100%) |
| Private Sector Renewal Scheme | 113,790 | Clawback income (100%) |
| Revised Programme 2012-13 | 19,684,780 | |

* Additional borrowing will be required for St Katherine's Priory re-roofing only, which has been approved by Executive.

6.0 RECOMMENDED

It is recommended that Scrutiny Committee – Resources notes and Council notes and approves:

- 6.1 The overall financial position for the 2011/12 annual capital programme.
- 6.2 The amendments to the Council's annual capital programme for 2012/13.

ASSISTANT DIRECTOR FINANCE

Local Government (Access to Information) Act 1985 (as amended) Background papers used in compiling this report:

1. None