

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – RESOURCES
19 SEPTEMBER 2012

EXECUTIVE
2 OCTOBER 2012

COUNCIL
16 OCTOBER 2012

CAPITAL MONITORING STATEMENT TO 30 JUNE 2012

1. PURPOSE OF THE REPORT

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.

2.0 BACKGROUND

2.1 Local authorities are requested to estimate the total of capital expenditure that they plan to incur during the financial year when it sets the prudential indicators of the capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.

2.2 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.

2.3 This report is prepared on a quarterly basis in order to update Members with any known cost variations, slippage and acceleration of projects.

3. REVISIONS TO THE CAPITAL PROGRAMME

3.1 The 2012/13 Capital Programme, including commitments brought forward from 2011/12, was last reported to Scrutiny Committee – Resources on 20 June 2012. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding (%) *
Capital Programme, as at 20 June 2012	19,684,780	
Princesshay Artwork	40,000	New Homes Bonus – Major Infrastructure Fund
Parks Improvements – Cowick Barton Cycle Path	25,000	S106 monies
Social Housing Grants	3,520	S106 monies
Mincinglake/Northbrook Study	3,500	External Funding contribution – Environment Agency
Revised Capital Programme	19,756,800	

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

4. REQUESTS FOR ADDITIONAL FUNDING

4.1 Replacement Smoke Detectors (HRA Capital Programme)

Several years ago the Council undertook a programme of fitting smoke detectors in flats, houses and maisonettes. The detectors were hard wired into the electrical circuit but also had a battery back up, should, in the event of a fire the electrical supply be disrupted. The programme concentrated on carrying out works to flats during year one and the remaining properties the following year. The smoke detectors are checked and serviced each year to ensure they are operating correctly by contracted servicing engineers. It has been brought to our attention by the engineers that the smoke detectors in flats are now exceeding the recommended manufacturer's life span and that the detectors should be considered for replacement. The component that is coming to the end of its lifespan is the sensor unit which unfortunately cannot be replaced as a separate item so the complete detector has to be renewed. The Principal Health and Safety Officer recommend's immediate replacement of the detectors.

It is therefore proposed that additional funding of £200,000 is set aside to enable smoke detectors in flats to be replaced during this financial year. A budget of £200,000 for replacing smoke detectors in houses and maisonettes will be incorporated into the HRA Capital Programme for 2013/14 and approval sought as part of the annual budget setting process. The combined £400,000 funding required will be met from the Major Repairs Reserve.

4.2 E-FIMS Upgrade

The e-financials system was implemented in 2007/08; the system that we use sits on an Oracle database that Oracle no longer support. As a result Advanced Business Solutions will no longer support the e-financials system that we currently have from 1 January 2013. If the Council do not upgrade the system, there is a real risk that it will fail and no longer work after this date, resulting in the Council being unable to pay suppliers and produce our accounts.

In order to upgrade to the new version of the software a budget of £30,000 is required. There will be a number of improvements in the new system, including the ability to download more information into spreadsheets for analysis, a single sign-on facility (to cover the four to six modules that the users currently have to login to individually each day), an email password reminder function (saving time for users and less disruption for the system administrators), general improvements to the look and feel of the system making it more user friendly. It is intended that the upgrade will occur during the Autumn 2012. This will require additional borrowing of £30,000 to finance the project.

5. PERFORMANCE (Appendix 1)

5.1 The revised capital programme for the current financial year is £19.757 million. During the first three months of the year the Council spent £1.970 million on the programme, which equates to 9.97% of the revised programme. This compares with £2.489 million (10.90%) being spent in the first three months of 2011/12.

5.2 The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2012/13 of £18.746 million with £0.671 million of the programme potentially deferred to 2013/14.

6. VARIANCES AND ACHIEVEMENTS

6.1 The main variances, achievements and issues concerning expenditure in 2012/13, and that which may be deferred to 2013/14, are as follows:

6.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £301,640)**

Two good quality new items of play equipment have been provided and other general improvements have taken place at Looe Road Play Area.

The floodlighting at Pinhoe Station Road Multi Use Games Area (MUGA) has been completed and the lighting made operational.

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

Everyone Has A Home

- **Laings (Budget £50,000)**
- **Conversion 23 Longbrook Terrace (Budget £25,000)**
- **Wheelchair Homes in RNSD Depot (Budget (£250,000)**

The above three budgets are no longer required in 2012/13, therefore producing an overall saving of £325,000 in this area.

6.1.2 Economy & Development

- **Verney House (Budget £45,000)**

Works to roof covering, window surrounds and edge protection are now complete. A saving has been made on this project due in part to not decorating the windows at Verney House, as it was felt that it would not add to the energy efficiency of the building.

Prosperous City

- **Canal Basin and Quayside (Budget £406,850)**

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; install coping stones to the walls in the Haven Road car park and bring forward some walkway works around the Basin in 2012/13.

6.1.4 Housing Revenue Account

Everyone Has a Home

- **Energy Conservation (Budget £133,240)**

Significant further spend of this budget is pending the outcomes of a pilot to super insulate properties and identification of suitable energy efficient measures to council dwellings. It is projected that £40,000 of this budget may need to be carried forward into 2013/14 to allow time for a plan of works to be formulated.

- **Fire Alarms at Sheltered Accommodation (Budget £140,000)**

The specification and tender documents are currently being prepared for fire alarms to be installed at ten sheltered accommodation sites. It is hoped that the appointed contractor will start work on site before the end of 2012. However, it is projected that £40,000 of this budget will need to be deferred into next financial year.

- **Communal Areas (Budget £198,110)**

This budget is intended to be spent on improvements to communal areas of flats including the provision of new flooring. Specifications are currently being prepared so that the tender process can commence. It is currently projected that £50,000 of the budget may need to be deferred into next financial year.

- **Rennes House Heating Replacement (Budget nil)**

A minor overspend will occur in 2012/13 in respect of the heating replacement at Rennes House. However, a compensating saving will be made from the Other Works budget.

- **Other Works (Budget £133,540)**

Additional works associated with the demolition of properties at Chestnut Avenue have been carried out and treated as revenue expenditure, as such works do not qualify as capital expenditure. The saving shown against this budget reflects the transfer of these costs to revenue plus the saving required relating to heating at Rennes House.

7.0 RECOMMENDED

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

- (i) The current position in respect of the annual Capital Programme
- (ii) The amendments to the Council's annual Capital Programme

ASSISTANT DIRECTOR FINANCE

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

1. None