

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE – RESOURCES**  
**19 MARCH 2014**

**EXECUTIVE**  
**1 APRIL 2014**

**COUNCIL**  
**8 APRIL 2014**

**CAPITAL MONITORING STATEMENT TO 31 DECEMBER 2013**

**1.0 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.
- 1.2 The report seeks Member approval to amend the annual capital programme in order to reflect the reported variations.

**2.0 BACKGROUND**

- 2.1 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.
- 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 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.

**3.0 REVISIONS TO THE CAPITAL PROGRAMME**

- 3.1 The 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee - Resources on 4 December 2013. From that report schemes totaling £2.299 million within the 2013/14 capital programme have now been deferred and are included within the 2014/15 budgets.

Description	£	Approval/Funding
<b>Capital Programme, as reported to Scrutiny Committee – Resources, 4 December 2013</b>	<b>17,686,810</b>	
Budget Deferred to 2014/15 & Beyond at Quarter 2	(2,298,610)	Approved by Executive 10 December 2013
Overspends/(Underspends) reported at Quarter 2	425,610	
Flowerpot Skate Park Lighting	35,000	Additional budgets approved by Executive 10 December 2013
eTendering System	15,000	
Energy Saving Projects	120,000	
Grant to the Red House Hotel	165,000	Approved by delegated powers (10 October 2013), to be funded from the 22 St Davids Hill capital receipt
Grant to St Petrocks	10,050	
Canal Banks Repairs and Strengthening	40,000	Originally included in 2014/15 Capital Programme but works now urgently required. Approved by delegated powers (21 January 2014). Funded by borrowing
Newcourt Community Centre	34,900	S106 funding
Mobile Iron Software	25,000	Approved by delegated powers (22 January 2014), to be funded from borrowing
Neighbourhood Parks and Local Open Spaces	6,000	DCC contribution
Other	200	
<b>Revised Capital Programme</b>	<b>16,264,960</b>	

#### 4.0 PERFORMANCE

- 4.1 The revised capital programme for the current financial year is £16.265 million. During the first nine months of the year the Council spent £8.190 million on the programme, which equates to 50.4% of the revised programme. This compares with £11.119 million (55.3%) being spent in the first nine months of 2012/13.

- 4.2 The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2013/14 of £14.513 million with a further £1.610 million of the programme potentially deferred to 2014/15.
- 4.3 Appendix 2 shows the 2013/14 budget carried forward to 2014/15 and beyond at the second quarter and the proposed amount to be carried forward this quarter for Executive to consider for approval.
- 4.4 Appendix 3 shows the overall position for those schemes which span more than one financial year.

## 5.0 AVAILABLE CAPITAL RESOURCES

- 5.1 In previous years the annual capital programme has been financed from Government allocated grants together with money from the Council's own capital receipts and capital reserves. However the funding from these sources has now reduced and as a result the Council has to use borrowing instead to fund a significant part of its proposed capital programme.
- 5.2 The available capital resources for the General Fund for 2013/14 are £2.962 million. An estimated spend of £6.400 million is required of which £3.438 million will have to be funded from borrowing. The available capital resources for the HRA for 2013/14 are £13.160 million. An estimated spend of £8.113 million is required leaving £5.046 million to be carried forward into 2014/15. Appendix 4 sets out the forecast use of the resources available for the General Fund and the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next two years.
- 5.3 The value of actual capital receipts received in the last quarter in respect of the General Fund and the HRA are:

	<b>General Fund £</b>	<b>HRA £</b>
<b>Balance as at 30 September 2013</b>	<b>825,731</b>	<b>2,208,277</b>
New Receipts	544,500	374,540
Less HRA Pooling		(88,357)
<b>Balance as at 31 December 2013</b>	<b>1,370,231</b>	<b>2,494,460</b>

## 6.0 EXPENDITURE VARIANCES

- 6.1 The main variances and issues concerning expenditure that have arisen since 30 September are as follows:

<b>Scheme</b>	<b>Estimated Overspend / (Underspend)</b>	<b>Reason</b>
HRA Electrical Rewiring	(£28,000)	The number of kitchens and bathrooms replaced has been lower than anticipated in order to remain within approved budgets; therefore the number of re-wires linked to these replacements has also been lower.
HRA Boiler Replacement Programme	(£113,000)	The forecast overspend previously reported on the Boiler Replacement Programme was based on the worst case scenario and the rate of actual boiler failures has been slower than this.

## 7.0 SCHEMES WHICH MAY BE DEFERRED TO 2014/15 AND BEYOND

7.1 Schemes which have been identified since 30 September as being wholly or partly deferred to 2014/15 and beyond are:

<b>Scheme</b>	<b>Revised 13/14 Budget</b>	<b>Budget to be Deferred</b>	<b>Reason</b>
Flowerpot Skate Park Lighting	£35,000	£35,000	Work on this scheme will not commence until April.
WHIL Empty Properties	£194,000	£194,000	This budget is for Wessex Home Improvement Loans to assist owners to bring empty properties back into use. Whilst ECC have paid the sum over to Wessex Loans no actual loans are expected to be taken out until the new financial year.
The Haven	£250,000	£87,940	Tenders for works to this property are not due back until the end of January and therefore work on site will not commence until March.
Canal Basin & Quayside	£103,650	(£55,000)	The boat transporter required to properly use the Haven Road boat store will be acquired this financial year rather than next year as previously expected.
Rendering of Council Dwellings	£305,670	£30,000	Adverse weather conditions and consultation with leasehold flat owners have led to minor delays.
Other Works	£86,670	£25,000	Noise abatement works to flats are pending the identification of suitable properties.
Fire Precaution Works to Flats	£302,330	£20,000	Consultation with leasehold flat owners has led to minor delays.

Communal Areas	£161,530	£75,000	Further significant spend of this budget is pending the outcomes of a prioritisation process for the next phase of improvements to communal areas including the provision of new flooring, doors and glazing.
Structural Repairs	£147,380	£120,000	Two semi-detached properties at Wilford Road require major structural repairs including underpinning. This work is currently being tendered with works not expected to start until 2014/15.
Property Entrance Improvements	£20,000	£20,000	Properties that require door step/threshold alterations for health and safety reasons are currently being prioritised so that work can commence in 2014/15.
Acquisition of Social Housing	£823,560	£612,070	A large proportion of this budget is committed towards the acquisition of 12 new properties for use as social housing. However, the latest development schedules indicate that these properties will not be completed until 2014/15.
COB Wave 2 – Newport Road	£309,990	£124,638	The capital budgets have been re-profiled in accordance with the latest cash-flow forecasts for the development of new social housing at these sites, with contractors now forecast to start on site in March 2014.
COB Wave 2 – Whipton Methodist Church	£360,010	£137,338	
COB Wave 2 – Bennett Square	£303,000	£139,723	

## 8.0 ACHIEVEMENTS

8.1 The following schemes have been completed during the third quarter of 2013/14:

- **Play Area Refurbishments**  
The Rydons Play Area is now complete and open for use, the play area at Chaucer Grove is under construction. The public consultation at Crossmead (Sylvan Heights) has been completed with development due early new year.
- **RAMM Off Site Store**  
New flooring and shelving units have been installed at the Ark.
- **Central Station Environmental Works**  
Completion of the works at Central Station sees the transformation of the station forecourt into a new urban space, attractive in its own right, which also enhances the setting of the elegant crescent-shaped 1930s station building as an important gateway to the City. This complements the newly reinstated booking hall and other recent station improvements carried out

by Network Rail as part of the expected increased importance of the station as result of the planned growth in and around Exeter.

Removal of the parking has allowed the whole of the forecourt and existing pavement to be paved at the same level with high quality York stone creating a people-friendly space complementing the paving completed last year at the adjoining Northernhay Gate.

Two new bays have been formed either side of the bus bay for dropping-off and loading and the shelter replaced with a new one unobstructed by advertising panels. A distinctive design of street lights with additional lower level lamps has been installed and new trees planted where cars used to park complemented by new seating. New cycle stands have been installed and a 'Cycle Hub' (a place for cycle storage, repair and maintenance) will be opening in a vacant shop within the crescent later on this year.

- **Energy Saving Projects**

LED lighting project at the Civic Centre (1<sup>st</sup> floor, Phase 2) has been delivered, providing an improved quality of lighting and energy efficiency savings.

Modern low wattage hand dryers have been installed throughout the Civic Centre, which will achieve reduced energy consumption and paper towel costs.

## **9.0 RECOMMENDED**

That Scrutiny Committee – Resources and Executive notes and Council notes and approves the current position in respect of the annual capital programme.

## **ASSISTANT DIRECTOR FINANCE**

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None