

**REPORT TO** **CORPORATE SERVICES SCRUTINY COMMITTEE,  
EXECUTIVE AND COUNCIL**  
**Date of Meeting:** **Corporate Services Scrutiny – 23 March 2017  
Executive – 11 April 2017  
Council – 25 April 2017**  
**Report of:** **Assistant Director Finance**  
**Title:** **Capital Monitoring Statement to 31 December 2016**

**Is this a Key Decision?**

No

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

Council

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

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:**

**It is recommended that Corporate Services Scrutiny Committee supports and the Executive recommends to Council to approve:**

- (i) The revision of the annual capital programme to reflect the reported variations detailed in 8.4 and 8.5**

**3. Reasons for the recommendation:**

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:**

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of the Capital Programme as at 31 December 2016.

**6. What are the legal aspects?**

The capital expenditure system is framed by the Local Government and Housing Act 1989.

**7. Monitoring Officer's comments:**

This report raises no issues for the Monitoring Officer.

## 8. Report Details:

### CAPITAL MONITORING STATEMENT TO 31 DECEMBER 2016

#### 8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2016/17 Capital Programme, was last reported to Corporate Services Scrutiny Committee on 24 November 2016. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Corporate Services Scrutiny Committee, 24 November 2016</b>	<b>23,209,770</b>	
Budget Deferred to 2017/18 & Beyond at Quarter 2	(4,160,740)	Approved by Council 13 December 2016
Overspends/(Underspends) reported at Quarter 2	90,610	
Flood Prevention Works – City Wide Property Level Protection	100,000	
Flood Prevention Works – Bowling Green Marshes Coastal defence Scheme	40,000	
RAMM Lift	30,000	
Smart Mobile Devices	60,000	
Acquisition of Social Housing (HRA)	104,950	Delegated Authority for Acquisition of Social Property (Council 24 April 2012).
<b>Revised Capital Programme</b>	<b>19,474,590</b>	

#### 8.2 PERFORMANCE

The revised capital programme for the current financial year is £19.175 million. During the first nine months of the year the Council spent £5.956 million on the programme, which equates to 30.58% of the revised programme. This compares with £10.271 million (53.6% being spent in the first nine months of 2015/16).

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2016/17 of £13.009 million with £6.230 million of the programme potentially being deferred to 2017/18 and beyond.

Appendix 2 shows the approved budgets for 2017/18 with the 2016/17 budget to be carried forward to 2017/18 and beyond this quarter for Executive and Council to consider for approval.

Appendix 3 shows the overall position for those schemes which span more than one financial year.

### 8.3 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2016/17 are £8.496 million of which £4 million will be carried forward to finance the Leisure Complex.

An estimated spend of £6.726 million is required of which £2.230 million will have to be funded from borrowing. The available capital resources for the HRA for 2016/17 are £18.138 million. An estimated spend of £6.283 million is required leaving £11.855 million to be carried forward into 2017/18. 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 three years.

The value of actual capital receipts received in the quarter in respect of the General Fund and the HRA are:

	General Fund £	HRA £
<b>Balance as at 30 September 2016</b>	<b>0</b>	<b>1,360,106</b>
New Receipts	188,308	747,825
Less HRA Pooling		(107,815)
<b>Balance as at 31 December 2016</b>	<b>188,308</b>	<b>2,000,116</b>

### 8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2016/17 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Guildhall, John Lewis and Mary Arches MSCP Alarms	(90,000)	In line with the property maintenance strategy a full fire risk assessment has been undertaken at these sites to determine need in accordance with compliance legislation. The outcome of the assessments is that only minor alterations are required and these can be funded from existing reactive budgets.
Budlake Road Resurfacing	(50,000)	The budget was provided on the condition that the road was brought up to a standard acceptable to DCC for adoption. Their survey revealed that this would cost in the region of £160k. The project is therefore not achievable.

Electrical Re-wiring	(95,587)	A saving is forecast in respect of re-wires to void properties, as lower than anticipated level of electrical re-wires required following electrical inspection
Fire Alarm – Russett House	(30,000)	Due to the change in use from offices to flats (38 and 38A) the fire alarm no longer requires replacing in accordance with fire regulations

## 8.5 SCHEMES TO BE DEFERRED TO 2017/18 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2017/18 and beyond are:

Scheme	16/17 Budget £	Budget to be Deferred £	Reason
Temporary Accommodation Purchase	300,000	300,000	It is likely that a property will be purchased in 2017/18.
Play Area Refurbishments	153,830	75,000	This code holds the funds for nine projects. One of these relates to an area which has just been transferred to us by DCC. We have to now go out to tender and public consultation. The second project is waiting for consent from Railtrack.
Exhibition Way Bridge Maintenance	39,580	39,580	We are waiting the DCC bridge inspectors report. If the future of the bridge is pedestrian / light traffic the budget may well be sufficient to undertake repairs. If the land is to be developed the cost of a load bearing structural repair over a railway line could cost four times the amount budgeted.
Repair Canal Bank at M5	44,550	40,000	We are working with the RSPB, Environment Agency and Natural England to agree a Habitat Regulations Assessment. This is a SSSI and the window within which works are permitted is very limited, hence anticipated completion is now delayed until next winter.
Heavitree Church Retaining Wall	55,000	30,000	The area of wall that is bulging out will be completed by March. This is a very old wall structurally, it is likely that once the initial area is exposed the adjacent areas will break free. We anticipate a domino effect and the final costs will be determined by the extent of works necessary to achieve stability.

Bus Station Construction	1,096,580	30,710	Both projects are still on schedule, these amounts reflect minor variations in the profiling of the budget to reflect actual expenditure to date plus expected future expenditure.
Leisure Complex – Build Project	1,362,800	(73,570)	
Energy Conservation	86,000	86,000	Plans to provide external wall insulation to 18 properties are programmed for 2017/18. This budget is required to be slipped into next financial year, so that it can be amalgamated with the 2017/18 budget provision and undertaken as one contract.
LAINGS Refurbishments	219,300	140,000	The extensive refurbishment of 17 LAINGS properties has been delayed as a result of higher than budgeted tender prices. An options appraisal is currently being undertaken.
Communal Areas	48,820	48,820	Planned improvements to flooring in communal areas have been delayed due to issues with the floor adhesive. Officers are currently working with the manufacturer to resolve the issue before rolling out planned works.
Whipton Barton House Water Mains	50,000	50,000	Officers have been working with South West Water in respect of wayleaves. Works have therefore been delayed until the necessary arrangements are in place.
Re-roofing Works Shilhay	165,000	155,780	The contract for this scheme is currently out to tender with tenders due back on 2 February. A 30 day consultation with leaseholders will then follow. Works are therefore not expected to start on site until May/June 2017.
COB Wave 2 – Rennes House car park	2,171,030	261,620	The budget for the development of this site has been re-profiled in accordance with the latest cash-flow projections. Progress on site has been slightly impeded by freezing temperatures affecting the laying of blockwork. However, completion of this development is still scheduled for September 2017.

St Loyes Extra Care	4,294,120	3,839,732	<p>The budget for this new build scheme has been re-profiled in accordance with the latest cash-flow projections.</p> <p>Significant slippage of this scheme has occurred as original tender prices were higher than expected which necessitated a second tender process. This was reported to committee as a budgetary risk in June and September. The outcomes of the second tender process are due by mid-March. This scheme therefore remains a budgetary risk until such time as full scheme costs are known. A report will be prepared for Executive on 11 April to update Members.</p>
Acquisition of Social Housing – Open Market	1,000,000	1,000,000	<p>Officers are currently identifying opportunities to buy-back former council homes along with new builds both inside and outside the local authority area. It is anticipated that completions will take place in the next financial year.</p>

**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. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

No impact

**12. Are there any other options?**

No

**Nicola Matthews-Morley, Principal Accountant - Corporate**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

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