

**Report To** CORPORATE SERVICES SCRUTINY COMMITTEE,  
EXECUTIVE AND COUNCIL

**Date of Meeting:** Corporate Services Scrutiny Committee – 22 June 2017  
Executive – 11 July 2017  
Council – 25 July 2017

**Report of:** Chief Finance Officer

**Title:** Capital Monitoring 2016/17 and Revised Capital Programme for 2017/18 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 2016/17 financial year, in respect of the annual capital programme.

To seek approval of the 2017/18 revised capital programme, including commitments carried forward from 2016/17.

**2. Recommendations:**

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

**(i) The overall financial position for the 2016/17 annual capital programme.**

**(ii) The amendments and further funding request to the Council's annual capital programme for 2017/18.**

**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 March 2017 ahead of inclusion in the Council's annual Statement of Accounts.

**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 of concern to the Monitoring Officer.

**8. Report Details:**

**CAPITAL MONITORING STATEMENT TO 31 MARCH 2017**

**8.1 REVISIONS TO THE CAPITAL PROGRAMME**

The 2016/17 Capital Programme was last reported to Corporate Services Scrutiny Committee on 23 March 2017. 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, 23 March 2017</b>	<b>19,474,590</b>	
Budget Deferred to 2017/18 & Beyond at Quarter 3	(6,229,710)	Approved by Council 25 April 2017
Overspends/(Underspends) reported at Quarter 3	(235,920)	
District Heating Company	5,000	S106 funded
Vehicle Replacement Programme	4,500	Plug In Car Grant
Miscellaneous	1,500	Contributions
Disabled Facilities Grants	(94,000)	Underspend repaid to Devon County Council
Disabled Facilities Grants	(120,000)	Devon County Council have allowed ECC to use £120k of the underspent DFG budget to be used to fund Warm Up Grants
Warm Up Grants	120,000	
<b>Revised Capital Programme</b>	<b>12,925,960</b>	

**8.2 PERFORMANCE**

Capital expenditure in the year amounted to £9,942,174. The actual expenditure during 2016/17 represents 76.92% of the revised Capital Programme, which means £2.884 million will need to be carried forward to be spent in future years, as indicated in Appendix 1.

Appendix 2 shows the overall position for those schemes which span more than one financial year.

### 8.3 CAPITAL FINANCING

The capital expenditure in 2016/17 of £9,942,174 was financed as follows:

	<b>General Fund £</b>	<b>HRA £</b>	<b>Total £</b>
Housing Revenue Account (Revenue)		4,689,075	4,689,075
HRA Major Repairs Reserve		312,895	312,895
Capital Grants & Contributions	730,683	506,534	1,237,217
Capital Receipts	162,429	111,561	273,990
Community Infrastructure Levy	889,720		889,720
Revenue (New Homes Bonus etc.)	1,414,486		1,414,486
Borrowing	1,124,791		1,124,791
	<b>4,322,109</b>	<b>5,620,065</b>	<b>9,942,174</b>

The available capital resources for the General Fund for 2016/17 are £7.933 million. Total General Fund capital expenditure is £4.322 million of which £1.125 million will be funded from borrowing, allowing £4.735 million of capital receipts to be carried forward. The available capital resources for the HRA for 2016/17 are £19.946 million. Total HRA capital expenditure is £5.620 million leaving £14.326 million to be carried forward into 2017/18.

Appendix 3 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 last quarter in respect of the General Fund and the HRA are:

	<b>General Fund £</b>	<b>HRA £</b>
<b>Balance as at 31 December 2016</b>	<b>188,308</b>	<b>2,000,116</b>
New Receipts	4,261,907	1,036,035
Less HRA Pooling		(215,540)
<b>Balance as at 31 March 2017</b>	<b>4,450,215</b>	<b>2,820,611</b>

#### 8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure that have arisen since 31 December are as follows:

Scheme	Overspend / (Underspend) £	Reason
Heavitree Church Retaining Wall	(41,781)	Preparatory ground investigation works revealed that the wall was failing due to a combination of water pressure and poor construction, not from the pressure from the ground which it retained. Therefore the wall was able to be taken down to a sound level and then re-built with weep holes. Hence a saving on this budget was made.
eFinancials – Version 5	(25,566)	The upgrade was successfully installed in February with Strata negotiating savings.
Capitalised Staff Costs	(100,000)	No directly attributable staff costs were incurred this year.
Adaptations	60,694	A combination of pressures arising from an ageing population and a drive to minimise waiting times has resulted in a budget overspend. Adaptations are undertaken to help the elderly and disabled remain in the homes for longer. The cost of adaptations will form part of a procurement review in 2017/18 in order to help identify potential cost efficiencies.
Programmed Re-roofing	16,906	On a spend to save basis, the replacement of roofs at Taunton Close and Wellington Road were completed during the year in order to minimise repair costs due to their poor condition.
Kitchen Replacement Programme	113,153	A net overspend in replacement kitchens and bathrooms has occurred which reflects the levels of void properties requiring replacements prior to being let.
Bathroom Replacement Programme	(79,272)	
Replacement Housing Management System	19,380	The budget for the new OPENHousing system has been re-aligned with the contract value.
COB Wave 2	(20,648)	A saving is reported following settlement of the final accounts. In total, 14 new properties were built to passiv haus standards on these two council own build sites (Silverberry Close and Barberry Close)

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

Schemes which have been identified since 31 December as being wholly or partly deferred to 2017/18 and beyond are:

Scheme	Revised 16/17 Budget £	Budget to be Deferred £	Reason
Warm Up Exeter/PLEA Scheme	283,650	124,620	The budget for 16/17 was originally £163,650 but Devon County Council have contributed £120,000 Better Care Funding towards this scheme allowing the unspent budget to be carried forward
Wessex Loan Scheme	112,260	107,818	Take up of loans has been less than predicted. Increased levels of marketing and changes to the means by which enquiries are processed have been introduced to improve loan take-up.
WHIL Empty Properties	189,000	194,000	We are continuing to promote the empty homes loan and we have several applicants that are currently being reviewed by Wessex for suitability for the loan.
Play Area Refurbishments	80,330	(36,244)	The S106 funded project at Station Road, Pinhoe progressed more quickly than anticipated.
Replace Lifts at Mary Arches Car Park	100,000	100,000	Following condition surveys a wider scheme proposal to mitigate condition priorities and align multi storey car parks with the car park and property maintenance strategies is now being developed.
Riverside Arches	60,000	60,000	Consent has been obtained. Ongoing discussions in hand with a sub-leaseholder. Amended design pending at which point works will commence.
City Wide Property Level Protection	100,000	94,750	Scheme now underway and will continue in 2017/18.
Passenger Lift at RAMM	75,000	73,880	The scheme is still on hold pending listed building consent, which is currently being contested.
St Nicholas Priory	115,000	107,760	Works are now in progress.
RAMM Roof Access Improvements	68,500	68,500	Works now on hold to align with new RAMM ventilation scheme.

Bus Station Construction	1,065,870	176,150	Budgets re-profiled in-line with anticipated expenditure.
Leisure Complex	1,436,370	379,604	
Rennes House Structural Works	80,680	17,413	Significant progression of this scheme is pending an options appraisal including potential grant funding for energy conservation measures. In the meantime the replacement of the lifts has been prioritised for 2017/18.
Common Area Footpath/Wall Improvements	494,050	14,371	Major works planned at Meadow Way will extend into 2017/18 and the budget has been profiled accordingly.
Electrical Re-wiring	664,510	345,297	The main contractor for planned electrical works were appointed in July 2016, slippage of the budget has occurred due to the later start date.
COB Wave 2 – Rennes House Car Park	1,896,340	517,952	The installation of a new substation, asbestos removal works and freezing temperatures affecting the laying of blockwork have resulted in a minor slippage of the scheme with the forecast completion date moving by one month (September 2017 to October 2017).
St Loyes Extra Care Scheme	454,390	41,571	Both the budget and project timetable for this scheme are pending the outcomes of the latest tender return and value engineering exercise. A separate report will be prepared for Executive on 13 June and Council on 25 July to update Members and seek approval for any budgetary changes.
Acquisition of Social Housing	271,760	(141,458)	The Council successfully completed on the acquisition of 4 x 3 bedroom properties at Hill Barton Vale before the end of the financial year, earlier than anticipated (3,5,7 and 9 Elsie Place). On the flipside, acquisition of 8 Membury Crescent will now complete in 2017/18 after final inspections have taken place.

## 8.6 ACHIEVEMENTS

The following schemes have been completed during the final quarter of 2016/17:

- **Children's Play Areas**

Capital investment, largely from S106 developments has enabled the following play area work to be undertaken:

Millbrook S106 money (£47,000), enabled a new play area for under 12's to be

provided to serve the locality at Gate Meadow.

Crossmead S106 money (£20,000) has allowed for the fencing and gating of the two play areas at Sylvan Heights and a new litter bin and bollards have been installed.

At Cowick Barton surfacing and a very popular trampoline has been provided.

- **Heavitree Church Retaining Wall**

The rebuilding of part of the old stone wall has been successfully completed. The preparatory ground investigation works revealed that the wall was failing due to a combination of water pressure and poor construction, not from the pressure from the ground which it retained. Therefore, the wall was able to be taken down to a sound level and then re-built with weep holes. Hence a considerable saving was made.

- **Northernhay Driveway**

The strengthening and resurfacing of the main thorough-way has been completed and provides an improved surface for pedestrians and city centre events. The contract was completed & delivered on budget but later than planned owing to onerous procurement changes.

- **Haven Road Car Park**

One of the two parking areas has been re-surfaced and white lined as the existing surface was breaking up and pot holes were fairly widespread. The work was completed within two long days being undertaken by the surfacing contractor. The second parking area will be resurfaced in 2017/18.

- **Countess Wear Village Hall**

New building now complete and hosting a full programme of courses, talks and entertainment.

- **St Sidwell's Community Centre**

Improvements to meeting rooms, café and grounds have resulted in an improved social hub, and have themselves been conducted as community projects to develop skills and commitment among volunteers.

- **Housing Revenue Account**

During the financial year we fitted 132 kitchens and 98 bathrooms and renewed roofs to flats at Sidwell Street and Wellington Road. Following earlier risk assessments we carried out major demolition and rebuilding of retaining walls at Higher Barley Mount and Albert Street together with bank stabilisation works at Salters Road. The lift at 98 Sidwell Street was replaced and 250 new front doors to individual flats were replaced to comply with fire regulations.

## **8.7 CAPITAL PROGRAMME 2017/18 (Appendix 4)**

The revised Capital Programme for 2017/18, after taking into account the carried forward requirements from 2016/17 and additional S106 funding of £403,580 (£343,640 for Children's Play Areas and £59,940 for the acquisition of Ludwell Valley Park) now totals £27,276,380.

## **8.8 FURTHER FUNDING REQUEST**

A budget of £60,000 is requested to develop a new ashes section at Exwick Cemetery to provide capacity for the next ten years. Exwick is currently full with regard to ashes interments, and this proposal will provide local choice and a market-based income stream significantly in excess of construction costs. At the current level of fees this project will generate £158k of income. Trends suggest ashes interment is becoming

increasingly popular. The design will allow for efficient use of limited space, better access, and significantly lower maintenance costs, to balance the increasing costs of maintaining the cemeteries.

**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?**

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. Are there any other options?**

No

**DAVE HODGSON**  
**Chief Finance Officer**

**Author:**

Nicola Matthews-Morley

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

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

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275