

REPORT TO **CORPORATE SERVICES SCRUTINY COMMITTEE,
EXECUTIVE AND COUNCIL**
Date of Meeting: **Corporate Services Scrutiny – 23 November 2017
Executive - 12 December 2017
Council - 19 December 2017**
Report of: **Chief Finance Officer**
Title: **Capital Monitoring Statement to 30 September 2017**

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 30 September 2017.

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 30 SEPTEMBER 2017

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2017/18 Capital Programme, including commitments brought forward from 2016/17, was last reported to Corporate Services Scrutiny Committee on 28 September 2017. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Corporate Services Scrutiny Committee, 28 September 2017	33,405,130	
Budget Deferred to 2018/19 & Beyond at Quarter 1	(8,697,390)	Approved by Council 17 October 2017
Overspends/(Underspends) reported at Quarter 1	(977,760)	
Mary Arches Lifts	100,000	
Acquisition of Affordable Housing (HRA)	115,000	Delegated Powers 20 September 2017
Revised Capital Programme	23,944,980	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £23.945 million. During the first six months of the year the Council spent £4.134 million on the programme, which equates to 17.3% of the revised programme. This compares with £4.063 million (17.5%) being spent in the first six months of 2016/17.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2017/18 of £16.433 million with £7.370 million of the programme potentially being deferred to 2018/19 and beyond.

Appendix 2 shows the approved budgets for 2018/19 with the proposed 2017/18 budget to be carried forward to 2018/19 and beyond 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 2017/18 are £7.367 million. An estimated spend of £6.014 million is required of which £3.698 million will be funded from borrowing with £5.050 million capital receipts carried forward to 2018/19. The available capital resources for the HRA for 2017/18 are £21.628 million. An estimated spend of £10.419 million is required leaving £11.209 million to be carried forward into 2018/19. 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 £
Balance as at 30 June 2017	147,530	573,819
New Receipts	130,000	870,864
Less HRA Pooling		(106,676)
Balance as at 30 September 2017	277,530	1,338,007

8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2017/18 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Re-rendering	6,000	A minor overspend following settlement of the 2015/16 final account.
Energy Conservation	(90,000)	It was originally planned for external wall insulation works to be undertaken, but following an options appraisal it was identified that cavity filling was more appropriate, resulting in significant savings.
Other Works	(50,000)	This is a capital contingency budget, which is no longer required. Approval will be sought for any capital expenditure that falls outside planned works, in accordance with proper practice.
Estate Regeneration	Budget transfer of £133,410 from Heavitree to South Street	In March 2017 the Council received £1.295m Estate Regeneration funding. The grant is to be used across four HRA sites and providing the project deliverables set out in the grant bid are met, the grant funding can be applied fluidly across the sites. The overall forecast costs remain at £1.295m.

8.5 SCHEMES TO BE DEFERRED TO 2018/19 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2018/19 and beyond are:

Scheme	17/18 Budget £	Budget to be Deferred £	Reason
Repair Canal Bank at M5	34,290	30,000	Planned works can only be carried out during summer months due to environmental restrictions.
Leisure Complex – Build Project	5,121,540	4,648,960	The budget has been re-profiled to reflect the delay to the Leisure Complex build and proposal to de risk the remaining site (formally Crown Estates Development).
Bus Station Construction	281,850	(12,150)	
Energy Saving Projects	1,556,200	1,533,870	An application has been made to the European Regional Development Fund for a grant towards an innovative Smart Grid PV and Battery Storage Project that will require match funding.
Programmed Re-roofing	400,300	100,000	Vacant Surveyor posts have placed a constraint on delivery of the programme of re-roofing houses and it is currently projected that works amounting to £100k will be deliverable.
Energy Conservation	190,000	100,000	As reported above, an options appraisal of the optimum system of insulation has been undertaken which has led to delays. It is anticipated that works will commence next financial year.
Structural Repairs	189,430	119,430	Following structural monitoring it has been identified that underpinning works are required at Redlands Close. These works will be scheduled for 2018/19 to allow time for any necessary tenant decants.
Rennes House Structural Works	500,000	500,000	The latest pre-tender estimates for the major refurbishment of Rennes House indicate a budget shortfall of £1.3m. Significant spend of the budget will be delayed until approval has been secured for the latest project costings.
Electrical Re-wiring – Communal Areas	1,073,870	300,000	Plans to upgrade emergency lighting in communal areas have been identified as a priority for 2017/18, other remedial works will be undertaken in 2018/19 due to officer capacity.

Whipton Barton House Water Mains	50,000	50,000	It was originally planned that a separate water mains would be provided to Council owned bungalows, however the site is subject to an Estate Regeneration appraisal. It is therefore considered prudent to defer capital spend until the future of the site is known.
----------------------------------	--------	--------	---

8.6 ACHIEVEMENTS

The following schemes have been completed during the second quarter of 2017/18:

- **Newcourt Community Hall**
The grant helped the relatively newly formed Newcourt Community Association with the setting up and initial running costs of a new community building. They have risen to the challenge and developed it into a popular and successful local venue, most notably providing a home for the new primary school until its own building is complete.
- **Rougemont Gardens – Path and Railings**
A defective, steeply sloping path within the public gardens has been stabilised and repaired after having been temporarily closed for several months. The works to the pathway involved obtaining Ancient Monument Consent and involved ground stabilisation investigations before the works could be undertaken. The outcome is that this path has been re-opened and the damaged metal fencing repaired to the public in time for the summer months and the outdoor park events.
- **Canal Pontoons**
The withdrawal from service and replacement of a deteriorating wooden pontoon immediately downstream from Double Locks, plus the addition of a second new pontoon facility upstream, has been funded by Exeter Canal and Quay Trust. The installation and anchorages have been overseen by Public Realm staff and local adaptations made to improve access for boat users to launch boats, canoes, even rowing boats – multi-skulled. Feedback from users has been very positive and makes entry onto the water safe and more stable. A genuine improvement that allows users to more easily avoid the lock when it is closed.

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

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