

REPORT TO **CORPORATE SERVICES SCRUTINY COMMITTEE,
EXECUTIVE AND COUNCIL**
Date of Meeting: **Corporate Services Scrutiny - 22 November 2018
Executive - 11 December 2018
Council - 18 December 2018**
Report of: **Chief Finance Officer**
Title: **2018/19 Capital Monitoring Statement - Quarter 2**

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 8.1, 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:

There are no additional requests for funding for Council to consider. In terms of deferrals, a number of scheme have been re-profiled and close to £2.9 million of projects are being proposed for deferral to future years. Members should ensure that they are satisfied with the reasons for deferral.

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:

2018/19 CAPITAL MONITORING STATEMENT – QUARTER 2

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2018/19 Capital Programme, including commitments brought forward from 2017/18, was last reported to Corporate Services Scrutiny Committee on 27 September 2018. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Corporate Services Scrutiny Committee, 27 September 2018	39,498,420	
Budget Deferred to 2019/20 & Beyond at Quarter 1	(7,171,960)	Approved by Council 16 October 2018
Overspends/(Underspends) reported at Quarter 1	(652,720)	
Outdoor Leisure Facilities (Arena Skatepark)	128,700	Additional S106 funding
Revised Capital Programme	31,802,440	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £31.802 million. During the first six months of the year the Council spent £4.164 million on the programme, which equates to 13.09% of the revised programme. This compares with £4.134 million (17.3%) being spent in the first six months of 2017/18.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2018/19 of £28.896 million with £3.180 million of the programme potentially being deferred to 2019/20 and beyond and £0.239 million being brought forward from future years.

Appendix 2 shows the approved budgets for 2019/20 with the proposed 2018/19 budget to be carried forward to 2019/20 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 2018/19 are £9.889 million. An estimated spend of £14.025 million is required of which £10.390 million will be funded from borrowing with £6.254 million capital receipts carried forward to 2019/20. The available capital resources for the HRA for 2018/19 are £33.847 million. An estimated spend of £14.871 million is required leaving £18.976 million to be carried forward into 2019/20. 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 2018/19 to date in respect of the General Fund and the HRA are:

	General Fund £	HRA £
Balance as at 1 April 2018	6,306,833	7,704,749
New Receipts to 30 September	87,500	1,384,242
Balance as at 30 September 2018	6,394,333	9,088,991

8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2018/19 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Topsham Lock	50,000	The initial stabilising solution failed. A separate report will be presented to the Executive on 11 December.
Adaptations	(50,000)	Based on current levels of referrals it is anticipated that an under-spend may occur.
Zebcat Project	(30,000)	A saving is reported in-line with recent tender returns. The Council is undertaking a net zero energy whole building retrofit to six homes, as part of a project with five other delivery partners.
COB Wave 2 – Rennes Car Park	73,365	An overspend is forecast in respect of additional fire safety works identified as part of the final building control inspection.

8.5 SCHEMES TO BE DEFERRED TO 2019/20 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2019/20 and beyond are:

Scheme	18/19 Budget £	Budget to be Deferred £	Reason
Repair Canal Bank at M5	29,090	25,990	Delays in receiving various consents within Site of Special Scientific Interest.
Bowling Green Marshes Coastal Defence Scheme	28,900	28,900	To cover initial costs should the Environment Agency schemes proceed.
Exeter Flood Alleviation Scheme	200,000	200,000	
Replacement of Mallison Bridge	350,000	300,000	Delays due to the planning process and the additional design work required as scope of the scheme has expanded (with external funding) and the project will take longer than anticipated to complete.
Purchase of Harbour Patrol Vessel for Exe Estuary	50,000	50,000	Purchase of boat to be within wider Council vehicle replacement programme tender in February 2019.
City Wide Property Level Protection	94,400	30,000	To overcome listed building issues.
Outdoor Leisure Facilities	425,530	80,000	Long term sickness absence of the officer best placed to deliver these schemes.
Leisure Complex	1,399,200	(141,610)	Budgets re-profiled in-line with anticipated expenditure.
Bus Station Construction	265,200	(97,180)	
Programmed Re-roofing	280,590	180,000	A major programme of re-roofing is pending the outcomes of the additional stock condition surveys that are due to start in November, so that planned works can be based on 100% condition data.
Energy Conservation	100,000	50,000	Further commitments against this budget are pending the outcomes of the net zero energy building retrofit demonstrations.
Balcony Walkway Improvements	210,000	100,000	These works form part of a wider low maintenance contract awarded from 1 October. The budgets have been re-profiled to reflect the mid-year start on

Communal Door and Screens	331,000	100,000	site, following completion of the tender process.
Rennes House Structural Works	350,000	140,000	A 10 month contract has been awarded in respect of the lift improvements at Rennes House, running from October '18 to July '19. The budget has been re-profiled accordingly.
Common Area Footpath/Wall Improvements	350,000	100,000	Inspections of HRA footpaths and walls are being undertaken in order to inform a planned programme of improvement works with the budget re-profiled to allow for any identified health and safety works in the current financial year.
Fire Safety Storage Facilities	150,000	90,000	The two Fire Safety Implementation Officers were appointed in August '18. The provision of new storage facilities will be co-ordinated by the officers and the budget has been re-profiled to reflect their mid-year start.
Fire Risk Assessment Works	476,810	150,000	Slippage of £150K to 2019/20 due to the appointment of a new Fire Risk Assessment Contractor not commencing until 1st November 2018. Additionally, industry guidance on the technical specification for composite fire doors was only released in September 2018 so the associated works to complete the installation programme has been delayed.
St Loyes Extra Care Scheme	5,100,000	1,500,000	The budget has been re-profiled in line with the latest cash-flow projections from external consultants. The projected spend for 2018/19 is less than their last assessment, due to an extended pre-construction phase to allow a value engineering process and some limited re-design work to be completed.

8.6 Achievements

- **Cowick Barton Tennis Courts**

Three tennis courts at Cowick Barton Playing Fields have been refurbished to provide enhanced (and free) facilities to further encourage active lifestyles. The previously tired, grey and crumbling courts have been transformed with a far more suitable surface in pleasing shades of green. The courts provide a great opportunity for tennis players of all ages and abilities to either take up the sport or improve their game.

- **Guildhall Fire Alarms**

The scheme to ensure the historically significant asset and users of the facility are effectively protected has been completed.

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