

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 25 NOVEMBER 2009

**EXECUTIVE
8 DECEMBER 2009**

CAPITAL MONITORING STATEMENT TO SEPTEMBER 2009

1.0 PURPOSE OF THE REPORT

- 1.1 In accordance with the Prudential Code for Capital Finance in Local Authorities, it is necessary to monitor performance against the prudential indicator for capital expenditure and highlight significant deviations from expectations. This report therefore sets out the current position in respect of the Council's annual capital programme and advises Members of the anticipated variations.
- 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 six months, to reflect any cost variations, slippage or acceleration of projects.
- 2.4 It is considered timely for the capital programme to be amended mid-year to reflect the variations to individual projects, so that the impact of changes between financial years can be incorporated into the capital programme for 2010/11 and beyond and presented to Members as part of the annual budget process.

3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2009/10 Capital Programme, including commitments brought forward from 2008/09, was last reported to Scrutiny Committee - Resources on 16 September 2009. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/funding
Capital Programme, as at 16 September 2009	25,204,870	
Social Housing Grants	(22,080)	Transferred to revenue
National Cycle Network	124,250	Contribution from DCC
Revised Capital Programme	25,307,040	

4.0 MONITORING PERFORMANCE

- 4.1 In order to help improve overall delivery and monitoring of the capital programme schemes have been placed within two categories, C1 and C2. Category C1 is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales. Conversely, Category C2 is for those schemes that the Council is less certain of being able to deliver primarily due to factors outside the control of the Council.
- 4.2 The categories do not extend to the HRA Capital Programme as it was hoped that the full programme would be deliverable within planned timescales due to the Council's commitment to achieving the Decent Homes Standard.

5.0 PERFORMANCE

5.1 Projected Outturn

The capital programme for the current financial year is £25,307,040. It is projected that £1.4 million of the programme will need to be carried forward into future years. For details, please refer to Appendix 1 and to the explanations below.

- 5.2 Based upon the forecasts after six months, Appendix 2 sets out the desired changes to the capital programme for Executive to consider for approval.

5.3 Progress

During the first six months of the current financial year the Council spent £6,013,431 of the 2009/10 Capital Programme.

- 5.4 This equates to 23.8% of the revised Capital Programme being spent in the first six months of 2009/10, compared to £5.8 million (19.6%) being spent in the first six months of 2008/09.

5.5 The table below sets out how the Council is performing in terms of capital expenditure, compared to the same time last financial year, analysed by category:

Category	2009/10 Expenditure 2nd Quarter	2008/09 Expenditure 2nd Quarter	2009/10 Expenditure expressed as percentage of Capital Programme	2008/09 Expenditure expressed as percentage of Capital Programme
C1	3,040,533	2,643,890	22.9%	18.4%
C2	945,886	892,539	15.5%	10.4%
HRA	2,027,012	2,292,253	34.0%	33.9%
Total	6,013,431	5,828,682	23.8%	19.6%

6.0 VARIANCES AND ACHIEVEMENTS

6.1 The main variances and achievements are as follows:

6.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £356,530)**

Floodlight columns have been installed at the Multi Use Games Area at Pendragon Road and will be made operational during November 2009.

Play equipment at Summerway Park was installed in February 2009 and is proving a success. The remainder of the budget will fund additional equipment for children and teenagers.

A range of outdoor fitness equipment for teenagers and adults and an outdoor table tennis table (both unique for parks in Exeter) have been installed at Belmont Park.

The Countess Wear Multi Use Games Area initial public consultation phase has been completed, and a formal planning application has been submitted. It is anticipated that the facility will be installed in Spring 2010.

A Multi Use Games Area and an extensive range of play facilities have been provided at Kings Heath Park and this is now the best equipped play area in the city. It is planned to provide additional seating and planting at the site this financial year.

A Multi Use Games Area at Wyvern has been provided (Summer 2008) and work has begun on installation of the children's play area and landscaping. Work should be completed by Spring 2010.

- **Contribution to RAMM re HLF Parks Bid (Budget £176,800)**

This budget is for the landscaping at the rear of the museum building and cannot be undertaken until the contractor's compound has been removed; therefore it is proposed that the budget be deferred until 2010/11.

Cared for Environment

- **New Trade Waste Recycling Service Vehicle (Budget £33,360)**

In 2008/09 one vehicle was purchased to be used on the new recycling rounds collecting cardboard and plastics and it is proposed that the remainder of the budget be deferred to 2010/11 when the success of the current round can be determined and the decision whether to buy a second vehicle made.

- **General Open Space Improvements (£0 Budget)**

It was necessary to rebuild a pathway in Northernhay Gardens in advance of the Taste of the West festival in order to establish a route from the rear entrance of the park to allow access for emergency vehicles.

Everyone has a Home

- **Social Housing Grants (Budget £3,386,470)**

It is proposed to defer £775,520 of this budget to 2010/11 in line with scheduled expenditure.

6.1.2 Economy & Development

Accessible City

- **National Cycle Network (Budget £148,700)**

Work this year in relation to the National Cycle Network beside the Exe Estuary includes the viewing platform near Turf and a short length of cycleway to bypass the lock pit, also at Turf, it should be noted that Devon County Council pays half of these costs.

Prosperous City

- **Canal Basin and Quayside (Budget £966,100)**

Planning permission for the new road/car park/boat store has been granted, and tender returns are within budget with work expected to commence in November and complete in the Spring. The first phase of the optic fibre cable link to Exton Road has been completed, with the final phase to progress once the route has been finalised. Works of demolition to the old chandlery are underway. The Signpost development adjoining 60 Haven Road is due to complete in November. Terms are agreed, subject to contract, for a variation to the development agreement for the old electricity building to allow the recent planning permission for a play centre to be implemented. Devon County Council's application for the outdoor education centre has been approved.

- **Science Park (Budget £95,760)**

The Science Park is broadly on schedule despite slippage of a month in submission of the planning application. The aim is still for a start on site in 2010 with the first building occupied in 2011. The accompanying infrastructure, being delivered as part of the New Growth Point, is also progressing well to ensure that the necessary transport and utilities infrastructure is in place in time.

6.1.3 **Housing Revenue Account**

Everyone Has a Home

Due to an overspend within the Housing Revenue Account reactive repair works and void property budgets it has been necessary to make savings on several capital schemes in order to reduce the Housing Revenue Account contribution to capital.

- **Upgrading Council Roads/Footpaths (Budget £15,540)**

The works were completed in 2008/09 so the budget is no longer required.

- **External Walls (Budget £12,000)**

The works were completed in 2008/09 so the budget is no longer required.

- **Asbestos Removal Works (Budget £50,000)**

It has been necessary to undertake extensive asbestos removal works and it is forecast that there will be an overspend in the region of £50,000 at the end of the financial year. Once asbestos has been identified as being in poor condition it must be removed to protect the health and safety of the occupiers of those properties and contractors.

- **Communal TV Aerials (Budget £5,000)**

The work to upgrade all the communal TV aerials to receive digital signal was completed in 2008/09 so the remaining budget is no longer required.

7.0 RECOMMENDED

7.1 It is recommended that the current position in respect of the annual capital programme be noted.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling this report:

1. None