

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – RESOURCES

20 JUNE 2007

EXECUTIVE

3 JULY 2007

### CAPITAL MONITORING 2006-07 AND REVISED CAPITAL PROGRAMME FOR 2007-08 AND FUTURE YEARS

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To advise members of the overall financial performance of the Council for the 2006-07 financial year, in respect of the annual capital programme.
- 1.2 To seek approval of the 2007-08 revised capital programme, to include commitments carried forward from 2006-07.

#### 2.0 REVISIONS TO THE CAPITAL PROGRAMME

- 2.1 The progress of the annual capital programme was last reported to Scrutiny Committee - Resources on 14 March 2007. Since that meeting the following changes have been made that have increased the programme:

<b>Description</b>	<b>£</b>	<b>Approval/Funding</b>
Capital Programme, as at 14 March 2007	20,102,290	
Information Technology/ E Government	29,330	Funding allocated from the Telephony Review reserve
RAMM Re-development	8,730	Revenue contribution to capital outlay
Implementation of Document Management and Workflow	26,590	External funding secured from the Department of Work and Pensions
Warm Up Exeter	7,000	Additional allocation from the Regional Housing Pot capital grant
Disabled Facility Grants	30,000	Revenue contribution to capital outlay
National Cycle Network – Exe Estuary	7,970	External funding secured from Devon County Council
<b>Revised Capital Programme 2006-07</b>	<b>20,211,910</b>	

### **3.0 CAPITAL AND PROJECT EXPENDITURE 2006-07 (Appendix 1)**

#### **Performance**

- 3.1 Capital expenditure in the year amounted to £17,469,757, a reduction of £2,742,153 on the planned figure of £20,211,910.
- 3.2 The actual expenditure during 2006-07 represents 86.4% of the total approved for the revised Capital Programme, which means that £3 million will need to be carried forward to be spent in future years, as indicated in Appendix 1.
- 3.3 In comparison to last financial year, performance in terms of spending the annual Capital Programme has improved with an additional £3.3 million spent this year (£14.2 million spent in 2005-06), expressed in percentage terms, spend of the revised Capital Programme increased from 81.8% to 86.4%.

#### **Capitalisation of Staff Costs**

- 3.4 In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice, any costs attributable to bringing a fixed asset into working condition for its intended use qualify as capital expenditure. Directly attributable costs include the labour costs of certain Council employees, which have been directly involved in the construction or acquisition of a specific asset.
- 3.5 During the financial year, the cost of the Council's IT developers, engineers, architects and surveyors have been treated as capital expenditure, based upon timesheet information.
- 3.6 Several large capital schemes have required a high commitment in staff time, including the re-development of the Royal Albert Memorial Museum, construction of Oakwood House, reconfiguration of St Georges Market, delivery of the kitchen replacement, central heating and bathroom replacement programmes in council dwellings, the major refurbishment of the Guildhall car park and improvements to the Council website.
- 3.7 The total value of staff time charged to capital schemes for 2006-07 amounted to £996,823.98.

### **4.0 COST VARIANCES**

#### **4.1 Adaptations**

A higher than budgeted demand for adaptations to Council dwellings for the elderly, disabled and tenants with health issues, has led to a £69,809 overspend. However, this overspend will be met by a revenue contribution from the Housing Revenue Account, which will help to reduce the pressure on the Council's capital resources.

Works carried out during the year include, the installation of walk-in showers, ramps, grab rails and stair lifts, lowering kitchen units and widening doors.

#### 4.2 **Low Maintenance UPVC**

This budget provides for the cost of carrying out external improvements to council dwellings including, rendering works, fitting UPVC fascia boards and guttering.

Due to having the contractor on site early in the financial year it was possible to accelerate this programme of works, which has resulted in an £115,875 overspend. However, due to the nature of the improvement works compensating revenue savings within the Housing Maintenance Programme have been achieved, as fewer council properties now require external painting to their walls, fascias and guttering.

#### 4.3 **Implementation of Document Management and Workflow**

The implementation of document management (DIP) and workflow for the Housing Benefits service was successfully completed during the year, in accordance with the project timetable. Accessibility to information has increased as a result of the project, with the contents of over 13,000 paper files scanned for immediate retrieval. This means that officers have quick and easy access to all the necessary information when dealing with customers. Unfortunately the level of back scanning has led to an £11,289 overspend, as there were more files to scan than originally anticipated.

Housing Benefits now work as a paperless office with post being delivered to staff electronically and this has helped to pave the way for home working, which is to be piloted within the section.

#### 4.4 **Public Toilet Refurbishment**

An overspend of £22,250 is anticipated in respect of the Public Toilet Refurbishment Programme. Following completion of the tender process in respect of the new toilet facilities at Honiton Road Park and Ride, it is projected that an additional £15,000 will be needed to complete the works, which are being jointly funded by Devon County Council.

In accordance with planning requirements and in order to save future utility costs, it is proposed that an additional £7,250 is spent on rainwater harvesting so that water can be recycled for use in the new Matford Park and Ride toilets.

#### 4.5 **St Georges Hall – Passenger Lift Improvements**

An overspend of £58,587 has occurred in the cost of installing a new passenger lift at St Georges Hall, which is predominantly due to additional works undertaken to satisfy the Fire Safety Inspection Officer. Following an inspection of the property it was recommended that improvements needed to be made to the means of escape, especially for people with physical disabilities. Additional costs were therefore incurred in respect of widening doorways, installing new fire doors, upgrading the fire alarm and improving emergency lighting.

The new fire regulations would have reduced the legal capacity of the hall to 280 people, but this work has enabled the capacity to remain at 500 people.

#### 4.6 **Exton Road Review**

In addition to the £69,000 overspend reported to Executive on 6 December 2005, the cost of constructing the new office accommodation, Oakwood House, is expected to exceed the revised budget by £72,488 once final account negotiations are concluded.

A combination of factors have led to the overspend including, incorporating energy saving measures into the project, using sustainable materials, additional costs associated with removing asbestos from the redundant offices, a change in the specification for the electricians workshop and additional partitioning in the new offices. A large proportion of these additional costs will contribute towards lower ongoing revenue costs in terms of maintenance and energy costs.

#### **4.7 National Cycle Network – Exe Estuary**

An overspend of £11,299 is anticipated in the cost of the National Cycle Network – Exe Estuary, which is largely due to the cost of widening a small section of access track alongside the diverted Alphin Brook between Bridge Road and the Alphin Brook Siphon, in order to satisfy the requirements for the Environment Agency.

#### **4.8 Howell Road Car Park Drainage**

A saving of £9,515 has been achieved in the cost of improving drainage at Howell Road car park, as the results of a drainage survey revealed that bore holes would provide sufficient drainage, rather than excavating trenches and laying new drainage channels to link up to the existing drain pipes.

### **5.0 ACHIEVEMENTS**

#### **5.1 Energy Conservation**

In partnership with British Gas, the Council has insulated 75 wall cavities and 257 lofts in council dwellings during the financial year, helping to meet the Decent Homes Standard.

#### **5.2 Kitchen Replacements**

During the financial year, 266 council dwellings benefited from the kitchen refurbishment programme, helping the Council towards meeting the Exeter Standard.

#### **5.3 Programmed Electrical Re-wiring**

During the financial year, 135 council dwellings around the City were rewired, helping the Council towards meeting the Decent Homes Standard.

#### **5.4 Central Heating**

During the financial year, 244 council dwellings around the City had central heating installed, helping the Council towards meeting the Decent Homes Standard.

#### **5.5 Civic Centre Communal Area Refurbishment**

This budget forms part of a rolling programme to replace the fire doors, refurbish staff toilets, upgrade lift lobbies and replace floor coverings in communal areas throughout the Civic Centre. During the year the communal area refurbishment of Phase I, 1<sup>st</sup> and 2<sup>nd</sup> floor and Phase II, 4<sup>th</sup> floor has been completed.

#### **5.6 Social Housing Grants**

The Social Housing Grants paid during 2006-07 helped to facilitate the provision of 83 affordable homes; 73 for rent and 10 for shared ownership, built in partnership with housing associations, the Housing Corporation and developers. It also enabled sprinklers to be installed within 68 affordable homes for rent.

### 5.7 **RAMM Re-development**

Significant progress has been made during 2006-07 in respect of the re-development of the Royal Albert Memorial Museum, which culminated in the Heritage Lottery Fund (HLF) approving the Council's Stage II Business Plan in January 2007. This decision means that the HLF trustees are satisfied with the detailed designs and that planning permission, listed building consent and schedule monument consent has been obtained.

Following confirmation of the HLF grant funding for the full project, the consultant team has proceeded to take the project to the next stage in order to advertise for the main construction contractor.

### 5.8 **RAMM Off Site Store**

The Royal Albert Memorial Museum's new off site store, Exeter Ark, is critical to the main project and construction of the energy efficient, environmentally sustainable, two-storey building commenced during 2006-07. By the end of the financial year, block-work up to the first floor level, storm water drainage and underground services pipe-work to site boundaries had been completed. Despite delays relating to the discovery of material of archaeological importance, the work is progressing in accordance with the project timetable and is on schedule for completion in the Autumn, so that the decant of the museum collections can begin.

### 5.9 **Exton Road Review**

Ben Bradshaw MP officially opened the Council's new environmentally friendly office building, Oakwood House, on 21 July 2006. The new offices provide state of the art office accommodation for staff in the cleansing, fleet and building and electrical services departments.

### 5.10 **Cathedral Yard Enhancement**

Work on the first phase of Cathedral Yard Enhancement was completed in the Autumn with pedestrianisation of the area commencing in early October. Contractors are now on site for the second phase, Southernhay through to No. 10 Cathedral Close, with work expected to complete by August 2007.

### 5.11 **National Cycle Network – Exe Estuary**

The Council and Devon County Council officially opened a new section of the Exe Estuary Trail on 30 March 2007. The 5km stretch from Bridge Road to Turf Lock is a significant step in the £6.2 million 'National Cycle Network' project to establish walking and cycling routes from Exeter to Dawlish and Exmouth.

### 5.12 **St Georges Hall Tiered Seating**

Tiered seating was successfully installed at St Georges Hall in August, which has helped to provide audiences with an improved view of events and performances. The new facilities have helped to attract a range of new acts including, comedians Punt and Dennis, The Ukulele Orchestra of Great Britain and Moscow Ballet. The tiered seating has also facilitated the introduction of children's shows.

## **6.0 CAPITAL AND PROJECT PROGRAMME 2006-07 (Appendix 2)**

- 6.1 The revised Capital Programme for 2007-08, after taking into account the carried forward requirements from 2006-07 and amounts deferred into future financial years, now totals £24,884,765.

## **7.0 RECOMMENDATIONS**

- 7.1 It is recommended that the overall financial position for the 2006-07 annual capital programme be noted
- 7.2 That the amendments to the Council's annual capital programme for 2007-08 be approved by Executive

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