

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE – RESOURCES
22 JUNE 2011**

**EXECUTIVE
5 JULY 2011**

**COUNCIL
19 JULY 2011**

**CAPITAL MONITORING 2010/11 AND REVISED CAPITAL PROGRAMME FOR 2011/12 AND
FUTURE YEARS**

1. PURPOSE OF THE REPORT

- 1.1 To advise members of the overall financial performance of the Council for the 2010/11 financial year, in respect of the annual capital programme.
- 1.2 To seek approval of the 2011/12 revised capital programme, including commitments carried forward from 2010/11.

2. REVISIONS TO THE CAPITAL PROGRAMME

- 2.1 The progress of the annual capital programme was last reported to Scrutiny Committee – Resources on 23 March 2011. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/funding
Capital Programme, as at 23 March 2011	28,033,690	
Disabled Facility Grants	(198,330)	Approved by Executive 12 April 2011
Disabled Facility Grants	3,470	Late additional allocation / grant
Energy Conservation	4,100	External funding contributions
Topsham Ferry	20,000	Contribution from DCC
National Cycle Network	84,880	Contributions from DCC
Private Sector Renewals	27,010	Grant clawback income
Wessex Loan scheme	27,170	Clawback income
Revised Capital Programme	28,001,990	

3. PERFORMANCE (Appendix 1)

- 3.1 Capital expenditure in the year amounted to £22,335,187, a reduction of £5,666,803 on the planned figure of £28,001,990.

3.2 The actual expenditure during 2010/11 represents 79.8% of the total approved for the revised Capital Programme, which means £6.137 million will need to be carried forward to be spent in future years, as indicated in Appendix 1.

3.3 In comparison with the previous financial year, spending performance has increased. During 2009/10 capital expenditure was £16,589,717, equivalent to 64.8% of the planned figure of £25,613,170.

3.4 **Capitalisation of Staff Costs**

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, 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
- Regeneration of the Canal Basin
- Continuation of the electronic document management system implementation and development, replacement of J Based legacy systems and the GIS Strategy
- Delivery of the kitchen and bathroom replacement programmes, rendering of flats and re-roofing of Council dwellings.

3.7 The total value of staff time charged to capital schemes for 2010/11 amounted to £750,741.

4.0 **VARIANCES AND ACHIEVEMENTS**

4.1 The main variances and achievements are as follows:

4.2.1 **Community & Environment**

Cultural City

- **Play Area Refurbishments**

The following schemes were progressed during the year:

- Completion of the lighting scheme at Pendragon Multi Use Games Area (MUGA).
- Lakeside MUGA was completed including the associated lighting scheme.
- Extensive repair and maintenance work at Flowerpot Chill Zone Skate Park which has extended the useful life of this key facility.
- The final phase of play equipment at Wyvern Park was installed, completing the facilities at the site
- Additional play equipment was provided at Bury Meadow Play Area completing this site.
- Wonford "Wild Play Area was completed, funded from Play Builder grant
- Installation of a basketball post at Arena Park

- MUGA style goal ends were provided at Harrington Lane Play Area in Pinhoe, with additional play equipment to be provided at this site in early summer 2011

- **RAMM Re-development**

Expenditure on the development during the year was £10.0 million, which was mostly required for the base build construction. These works were substantially complete, with the main contractor, BAM, handing over the majority of the building at the end of March. The fit-out contractor, Benbow, is now well into its contract which is expected to be complete towards the end of July. The Museum expects to open to the public in mid-December.

The remaining budget in 2010/11 of £1.1 million will need to be carried forward to complete the development in 2011/12.

Cared for Environment

- **Local Authority Carbon Management Programme**

The following projects were completed in the year:

- A complete upgrade of the lighting systems at King William Street Car Park, which involved remodelling of the lighting levels, the inclusion of new high frequency energy efficient T5 lighting linked into daylight & microwave sensors to provide optimum energy & daylight savings.
- Civic Centre - connection of intelligent SMART meters to BMS system, this provides data logging for all power usage and enables high usage energy areas to be identified and reduced.

- **Domestic Recycling**

The new bi-weekly collection scheme to 14,000 additional properties was completed in November 2010. The demand by residents for bins was less than anticipated resulting in a saving of £30,234. There was also a further saving of £2,614 from the annual bin replacement programme as there were sufficient bins in stock to meet demand.

Everyone has a Home

- **Social Housing Grants**

This budget provides financial support mostly to housing associations for new house-building. Though commitments have been made and project budgets allocated, these often take some time to come to fruition. A significant part of the budget also tends to remain uncommitted at times, providing flexibility when suitable new projects come forward needing support. Thus a large part of this budget frequently underspends in-year and is carried forward to the following year.

In addition, due to a delay in the Comprehensive Spending Review, the Homes and Communities Agency (HCA) was unable to allocate any monies to new schemes during 2010/11. Thus the Council was unable to fund any new joint schemes with housing associations but it is expected negotiations will resume shortly on schemes in the pipeline with the results known in September 2011.

During 2010/11, use of the budget in partnership with housing associations has enabled the provision of 21 homes for social rent and extensions creating two 4-bedroomed homes. A further 17 social rented and 6 shared ownership homes (St Paul's) began construction in the last quarter, bringing the total to 41 affordable homes under construction as at 31 March 2011, 18 of which are now complete.

Further commitments could enable Sovereign Housing Association to start building 34 social rented homes on 2 Council Infill sites. The Council is also due to complete the purchase of a former church site that could support the future provision of 11 affordable homes. Firm bids to provide a further 53 homes have been made to the HCA by housing associations so further opportunities exist in which to invest the Council's finances.

Budget carry forward of £1.112 million is requested, which will provide a total budget in 2011/12 for social housing grants of £5.051 million. Of these monies, £2.6m is already either committed or under negotiation for schemes, leaving up to £2.4m available for further schemes. These monies will be available for allocation during the forthcoming HCA negotiations and in later rounds.

4.2.2 Economy & Development

Accessible City

- **National Cycle Network**

This programme continues with DCC funding the full costs. Schemes recently completed include links from Exe Estuary Trail to Exminster, King George V Playing Fields, and the footpath link from Topsham Road to Mill Yard. A cycle link from Pinn Lane to Pinhoe Road is currently being designed.

- **King William Street Car Park Refurbishment**

The car park refurbishment was mostly completed in 2010/11 with some finishing works in 2011/12 requiring budget carry forward. This part of the scheme will be completed under budget. Works to Sidwell Street will be implemented towards the end of 2011/12.

Cultural City

- **Corn Exchange Improvements**

The toilet facilities have now been refurbished and the remaining budget may well be required to address ongoing water flow problems.

Cared for Environment

- **City Centre Enhancements**

As Members are aware, this is a rolling programme of enhancements. Works to Holloway St Mural were completed in 2010/11 and a contribution made to DCC for materials for Northernhay Gardens improvements, which will be completed in 2011/12. Other works are to be implemented in 2011/12 (Gandy Street, Northernhay Gate, Rougemont Gardens access, Sidwell Street).

- **Surface Water Early Actions EA Scheme**

This scheme which is being funded by the Environment agency was to implement a flood defence scheme at Church Hill, Pinhoe. The scheme was being undertaken over private land and after surveys, computer modelling, and design work was completed, there was a very late change of mind by the landowner and the scheme has had to be aborted. The Environment Agency has however agreed to fund the costs incurred on the basis that the scheme could be resurrected at some future point.

Prosperous City

- **Canal Basin and Quayside**

The new road spur and car park / boat store has been completed and is open for use. The final stage of the fibre optic link to Exton Road has also been completed. The new developer of the Old Electricity Building has commenced the refurbishment of the building and discussions with Sutton Harbour regarding the delivery of the remaining build / refurbishment schemes are ongoing.

- **Science Park**

The 2010/11 capital budget included a sum of £818,700 for the Council's contribution towards this development. £761,730 of the budget will require to be carried forward as the anticipated arrangements for the Science Park Company to draw down the funding have been delayed by legal technicalities related to State Aid. Infrastructure works are progressing well.

4.2.3 Corporate Services

Electronic City

The majority of the 2010/11 capital programme was complete by 31 March with savings achieved on some schemes. Carry forward is required mainly for the following two projects:

- **Geographical Information (GIS) Systems**

The procurement of a GIS management system will span 2010/11 and 2011/12 to allow time for the appropriate project and financial controls to be put in place. The final cost is now anticipated to be within the budget carry forward requested of £60,000 which produces a saving in 2010/11 of £7,952.

- **Authentication Module**

This budget will need to be carried forward as the Council is still awaiting advice on appropriate technologies to enable authentication/security systems for the Council's online systems.

Excellence in Public Services

- **Capitalised Redundancy Costs**

Unbudgeted expenditure was incurred of £379,709 for the cost of redundancies which arose from staff restructuring. Approval to capitalise this cost was received from DCLG in the form of a 'Capitalisation Direction'.

- **Icelandic Investments Impairment**

A provision of £500,380 has been made in the accounts for the impairment of the Council's investment in Icelandic banks. DCLG has approved the capitalisation of this charge. Further details are contained within the Treasury Management report which is included elsewhere on the Committee's agenda.

4.2.4 Council House Building Programme – Phase 1

- **Sivell Place (Rowan House)**

Rowan House was completed on 16 December 2010; all three new homes were let on 20 December 2010. The final air-tests met the standards required for Passiv-Haus certification and the accreditation has now been received.

The final account is currently being calculated and is expected to remain within the contract sum.

- **Merlin Crescent (Knights Place)**

The main contractor experienced delays due to bad weather; the freezing temperatures and snow during December 2010 and the driving rain in the New Year. This led to a re-programming of the remainder of the build and the revised completion date is now early June 2011. The Homes & Communities Agency have been made aware of the revised date.

Contract costs remain contained within the contract sum. The development is on target to be delivered to Passiv-Haus accreditation standards, and air tests undertaken so far this year demonstrate that the required standards are being met.

When completed, Knights Place will provide 18 new 1 & 2 bedroom homes for social rent.

4.2.5 Housing Revenue Account

Everyone Has a Home

- **Sheltered Accommodation**

The internal refurbishment of the flats and lift installation at Amersham Court has been completed. The external refurbishment of the blocks is currently being undertaken and will be complete in July 2011.

- **Defective Properties – British Steel**

The remaining 10 British Steel non-traditional properties have been externally insulated/rendered, including encapsulation of fascias /soffits, new PVCu gutters/downpipes any decorations where required.

- **Rendering of Dwellings**

All blocks of flats programmed to be re-rendered have been completed (Darwin Court, 54-56B Merlin Crescent, 30-32B, 45-51B, 46-48B Lloyds Crescent).

- **Programmed Re-roofing**

All 57 properties programmed to be re-roofed have been completed (34 metal sheet roofs in Walpole Close with remaining being slate roofs in Burnthouse Lane).

- **Plastic Windows and Doors**

26 properties in Bartholomew St West, 5 in John Levers Way and 4 in Okehampton St were indentified as requiring PVCu replacement windows as they were the last remaining housing stock that were single glazed.

- **Kitchen Replacements**

72 out of 164 planned replacement kitchens were completed due to the existing contractor going into administration shortly after starting a new contract in July. A temporary contractor was appointed in December until new a contract could be tendered.

- **Bathroom Replacements**

34 out of 59 planned replacement bathrooms were completed due to the existing contractor going into administration shortly after starting a new contract in July. A temporary contractor was appointed in December until a new contract could be tendered.

- **Other Works**

The following additional works were indentified and completed;

- Underpinning works to 30 Sycamore Close
- Re-roofing of flat roofs to 141-147 Vaughan Rd and 1-4C Prospect Place
- Replacement bin store screens to blocks of flats in Thornberry Avenue
- Re-rendering of 87-97b Merlin Crescent, this block was brought forward in the programme because of the new build works at Knights Place.

- **Programmed Electrical Re-wiring**

230 properties required electrical remedial repairs. (52 of which were rewires).

- **Central Heating Programme**

284 out of 392 planned Gas Central Heating installs were completed. The target installs was not achieved due to a slow start up from the new incoming contractor.

5.0 CAPITAL AND PROJECT PROGRAMME 2011/12 (Appendix 2)

5.1 The revised Capital Programme for 2011/12, after taking into account the carried forward requirements from 2010/11, as well as additional approvals and other changes, now totals £21,836,950.

5.2 In addition to adding the carry forwards from 2010/11, the 2011/12 approved budget has also been increased for the following changes:

	£
Community & Environment	
• Disabled Facility Grants - additional grant funding	9,000
• Private Sector Renewals – grant clawback income	100,000
Total Addition	109,000

5.3 The changes to the 2011/12 budget can be summarised as:

	£
Approved Budget	15,590,640
Carry Forwards from 2010/11	6,137,310
Other changes	109,000
Revised Programme 2011/12	21,836,950

6.0 RECOMMENDED

It is recommended that Scrutiny Committee – Resources notes and Council approves:

6.1 The overall financial position for the 2010/11 annual capital programme.

6.2 That the amendments to the Council’s annual capital programme for 2011/12.

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