

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE – RESOURCES
23 NOVEMBER 2011**

**EXECUTIVE
6 DECEMBER 2011**

**COUNCIL
13 DECEMBER 2011**

CAPITAL MONITORING STATEMENT TO SEPTEMBER 2011

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 2012/13 and beyond and presented to Members as part of the annual budget process.

3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2011/12 Capital Programme, including commitments brought forward from 2010/11, was last reported to Scrutiny Committee - Resources on 21 September 2011. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/funding
Capital Programme, as at 21 September 2011	22,831,860	
137 Cowick Street	22,070	External funding contribution
137 Cowick Street	108,640	Section 106 monies
National Cycle Network	10,000	Contribution from DCC
Energy Conservation	20,900	External Funding Contributions
Social Housing Grants	141,260	Section 106 monies
Social Housing Grants	18,000	External Funding Contribution
RAMM HLF Parks Bid	15,000	Grant from DCC
Revised Capital Programme	23,167,730	

4.0 PERFORMANCE

4.1 Projected Outturn

The capital programme for the current financial year is £23,167,730. It is projected that £7.3 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.

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

4.3 Progress

During the first six months of the current financial year the Council spent £5,515,868 of the 2011/12 Capital Programme.

4.4 This equates to 23.8% of the revised Capital Programme being spent in the first six months of 2011/12, compared to £6.964 million (22.8%) being spent in the first six months of 2010/11.

5.0 VARIANCES AND ACHIEVEMENTS

5.1 The main variances and achievements are as follows:

5.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £157,390)**

An extensive refurbishment of Harrington Lane Play Area was completed in early summer 2011, this included the installation of some exciting new play equipment and added to the Multi Use Games Area (MUGA) style goal ends which had been installed on the adjacent tarmac area earlier in the year. This scheme was funded via the Section 106 Agreement Contribution from the Chancel Lane Development.

Money from the Chancel Lane development will also fund floodlights for the existing MUGA at Pinhoe Station Road. Extensive community consultation on this scheme has been completed and planning permission now obtained. Materials and parts have been purchased and ECC's in-house electrical team will be installing in the next few weeks.

A refurbishment of Dickens Drive Play Area has been planned following community consultation, new play equipment has been ordered and this project is scheduled to be completed in December 2011.

Public consultation has now commenced at Sylvan Heights (Crossmead) and The Rydons (RNSD site) where large new play facility schemes are planned - the public open space at either site is yet to be adopted.

- **Allotments – Toilet Replacement (Budget £40,000)**

Due to the onset of winter it is likely that only three of the five planned toilet replacements will be installed this financial year.

Cared for Environment

- **Local Authority Carbon Management Programme (Budget £129,130)**

Heating controls have been fitted at the Corn Exchange and solar panels have been ordered for Belle Isle and are due to be installed. It is proposed that £42,130 of the budget be carried forward to 2012/13.

- **Green Waste Shredders (Budget £36,000)**

This project is now complete.

Everyone Has A Home

- **Social Housing Grants**

The Social Housing Grants budget at the last quarter was £4,815,090, of which just over £2.1 million was committed to schemes leaving a residue of £2.7 million. Since the last committee report a decision was taken in consultation with the portfolio holder to allocate this £2.7 million across a range of schemes and opportunities. The budgets for these new schemes are shown as individual projects within Appendix 1. It is anticipated that the majority will commence in the next financial year.

As the Homes and Communities Agency (HCA) was unable to allocate any monies to new schemes during 2010/11, the Council was unable to fund any new joint schemes with housing associations. Once negotiations between the HCA and the Registered Providers (RP's) (Housing Associations) on the 2011-2015 Programme are complete (circa 30 November 2011), the Council will begin negotiations with RP's to fund other potential schemes.

In 2010/11, with RPs the budget enabled the provision of 20 homes for social rent and an extension creating a 4-bedroomed home. Similarly, during 2011/12, so far 39 social rented homes have been completed including five 4-bedroomed homes. The former Whipton Methodist Church site has also been purchased. Whilst this has planning consent for 11 affordable homes, a further £300k has been allocated to buy more land for social rented housing. Further grant commitments enable Sovereign Housing Association to commence construction shortly of 34 social rented homes.

Safe City

- **Replace Digital Recording Equipment at Control Centre (Budget £16,000)**

The digital recorders were bought in 2010/11 and were paid for by a grant from the Crime and Disorder Reduction Partnership. This was treated as revenue expenditure.

5.1.2 Economy & Development

Accessible City

- **Well Oak Footpath/Cycleway (Budget £80,000)**

Construction is expected to start in the spring with completion towards the end of 2012, therefore it is proposed that the budget be carried forward to next financial year.

- **King William Street Car Park Refurbishment Stage 1 (Budget £218,300)**

The King William Street Car Park Refurbishment has been split into two stages for 2011/12. The remainder of the Stage 1 Refurbishment will now be completed in 2012/13 with slippage of £195,000 to be used for London Inn Square (Paris Street, New North Road and Sidwell Street Improvements).

- **King William Street Car Park Refurbishment Stage 2 (Budget £900,000)**

The second stage of this scheme is at the pre-qualification questionnaire stage. Tenders were sent out in October to be returned by mid November. A contractor will be appointed mid December or early January, with work due to start on site in April 2012. It is therefore anticipated that there will be slippage of £875,000 to 2012/13, with £25,000 to be spent on fees in 2011/12.

The programme for this project has been elongated so that completion coincides with the opening of the new John Lewis store. This stage of the project is due for completion by October 2012.

Cultural City

- **Corn Exchange – Haystack Lantern (Budget £17,240)**

The work on this project is now complete.

Cared For Environment

- **City Centre Enhancements (Budget £407,220)**

It is forecast that £140,000 will be spent in 2011/12 on Gandy Street, Northernhay Gate and Rougemont Garden Gate. The works planned for Northernhay Gate commenced in September, however it is anticipated there will be delays due to the RAMM reinstatement works. The extent of these delays are currently being assessed. The remainder of the budget (£267,220) will be carried forward to 2012/13 to be spent on London Inn Square (Paris Street, New North Road and Sidwell Street).

Prosperous City

- **Canal Basin and Quayside (Budget £648,990)**

The refurbishment scheme for the Old Electricity Building is substantially completed and a new lease is to be granted shortly. Sutton Harbour schemes have not come forward and both ECC and ECQT are considering alternative delivery possibilities. Devon County Council have confirmed their intention to deliver the new Outdoor Education Centre and work is well advanced to facilitate a start on site early in 2012. Tree planting and seating improvements will be carried out along Haven Banks during the year.

5.1.4 Housing Revenue Account

Everyone Has a Home

- **Kitchen and Bathroom Replacement Programme (Budget £1,500,000 and £446,690 respectively)**

The kitchen and bathroom replacements have been delayed due to the temporary contractor declining to continue with the work. The tender has been sent out and it is planned for the new contract to be in place by December 2011. Due to these delays, it is proposed to carry forward £1 million for the Kitchen Replacement Programme and £270,000 for the Bathroom Replacement Programme to 2012/13.

6.0 RECOMMENDED

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

6.2 It is recommended that Executive approves the amendments to the Council's annual capital programme outlined in Appendix 2.

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