

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – RESOURCES
21 NOVEMBER 2012

EXECUTIVE
4 DECEMBER 2012

COUNCIL
11 DECEMBER 2012

OVERVIEW OF CAPITAL EXPENDITURE TO 30 SEPTEMBER 2012

1. PURPOSE OF THE REPORT

1.1

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.

1.2

The report seeks Member approval to amend the annual capital programme, in order to reflect the reported variations.

2. BACKGROUND

2.1

Local authorities are requested to estimate the total of capital expenditure that they plan to incur during the financial year when it sets the prudential indicators of the 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. REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2012/13 Capital Programme, including commitments brought forward from 2011/12, was last reported to Scrutiny Committee – Resources on 19 September 2012. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding (%)
Capital Programme, as at 19 September 2012	19,756,800	
GENERAL FUND		
RAMM Redevelopment	2,200,000	Council 16 October 2012 – Borrowing
E-FIMS Upgrade	30,000	Borrowing
Parks Improvements – Cowick Barton Cycle Path	25,000	Devon CC Contribution
Parks Improvements – Matthews Hall Cycle Path	1,100	Devon CC Contribution
Disabled Facilities Grants	2,500	Capital Contribution from Housing Associations
HRA		
Replacement Smoke Detectors	200,000	Major Repairs Reserve
Additional HRA works	1,987,550	Executive 18 September 2012 – revenue contribution to capital
Purchase of 9 Stoke Hill Crescent and 4 Gareth Crescent	275,730	Delegated Authority - Usable Capital Receipts
LAINGS Refurbishments	5,000	Executive 3 July 2012 - Major Repairs Reserve
Revised Capital Programme	24,483,680	

4. REQUEST FOR ADDITIONAL FUNDING

4.1 No 6 Greenhouse Belle Isle Nursery

There are Health & Safety concerns about the continued use of the largest store at Belle Isle Nursery. This, although known as No 6 Greenhouse, is used for storage of machinery and materials, whilst in the winter months provides a workshop for Parks Bench Refurbishment. It is primarily of Aluminium/Glass construction with a concrete floor. Last winter the weight of snow on the glass roof caused the supporting Aluminium Roof to become distorted and twisted resulting in a number of the aluminium supporting struts popping their rivets and glass sheets falling into the workshop. During July 2012 Capricorn Engineering repaired the roof structure at a cost of £580.00 net.

It is proposed that additional funding of £17,500 is set aside to replace the existing glass sheets with 4mm polycarbonate. This would greatly reduce the possibility of further damage this winter and would allow continued usage of the area as a workshop, removing the threat of glass sheets fracturing and falling on the operators.

4.2 **City Centre Enhancements and King William Street Car Park**

Works on the London Square element of the scheme have been completed by the end of October 2012. Due to additional work to deal with utilities and delays caused by the interactions with the John Lewis contractor, this scheme will exceed the budget. The final expenditure will be agreed with the contractor by the end of November. Members will be aware of the extremely tight timetable for completing the external works in preparation for the opening of the store on 12 October. Much of the overspend will be shared 50:50 with Devon County Council.

Although the Council will be seeking to recover part of this overspend, an additional budget of £254,000 is requested as a worst case scenario for the Council.

5. **PERFORMANCE (Appendix 1)**

5.1 The revised capital programme for the current financial year is £24.484 million. During the first six months of the year the Council spent £6.515 million on the programme, which equates to 26.60% of the revised programme. This compares with £5.516 million (23.80%) being spent in the first six months of 2011/12.

5.2 The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2012/13 of £19.665 million with £1.400 million of the programme potentially deferred to 2013/14. A further £3.609 million worth of General Fund schemes are being proposed for deletion from the programme (see 5.3 below).

5.3 Based upon the forecasts after six months, Appendix 2 sets out the desired changes to the capital programme, including the proposed deletions, for the Executive to consider for approval.

6. **VARIANCES AND ACHIEVEMENTS**

6.1 The main variances, achievements and issues concerning expenditure in 2012/13, and that which may be deferred to 2013/14, are as follows:

6.1.1 **Community & Environment**

Cultural City

- **Parks improvements (Budget £52,760)**

A capital receipt for the completion of a cycle path will offset the overspend of £25,000.

- **RAMM Redevelopment (Budget £2,200,000)**

This additional budget was approved at Council in October 2012 to cover any outstanding liabilities in respect of the redevelopment.

Everyone has a home

- **22 St David's Hill Conversion (Budget £100,000)**

Negotiations are ongoing with NHS Devon and other statutory bodies to co-locate relevant rough sleeper services. This will be subject to planning consent and statutory agency commitment but it is intended that subject to planning; the agreement and therefore reconfiguration of the building will start before April 2013.

6.1.2 Economy & Development

Accessible City

- **Well Oak Footpath/Cycleway (Budget £80,150)**

The path will be completed to tie in the adjacent development. It is anticipated that this will take place in spring 2013. A budget carry forward of £40,000 will be needed in order that this work can be completed.

Cared for Environment

- **City Centre Enhancements (Budget £473,840)**

Please see section 4.2 above.

- **Cowick Street Environmental Works (Budget £200,000)**

The first phase of the works has been completed. Various elements of the street works are to be completed in March or April 2013. A partial budget carry forward is required for these works.

- **Exhibition Way Bridge Maintenance (Budget £45,000)**

An order has been raised for a detailed inspection of the bridge structure which should enable the full extent of the necessary repairs to be identified. It is likely that the works themselves will not take place until 2013/14. This will mean a budget carry forward in the region of £37,000 will be required.

- **Princesshay Artwork (Budget £40,000)**

It is anticipated that the artwork will be installed by Christmas 2012 with the cost being within the allocated budget.

- **Central Station Environmental Works (Budget £185,000)**

Following approval by Planning Member Working Group in July and by Devon County Council Cabinet in September of this year negotiations are in progress about lease arrangements. The detailed design stage continues to progress. Tenders for materials have been received by DCC and expenditure is anticipated in the next quarter. It is expected that contract work on the site will start in spring 2013.

Excellence in Public Services

- **Verney House (Budget £45,000)**

Works to roof covering, window surrounds and edge protection are now complete. A saving of £40,640 has been made on this project due in part to not decorating the windows as it was felt that it would not add to the energy efficiency of the building.

Prosperous City

- **Canal Basin and Quayside (Budget £406,850)**

The new Haven Road Outdoor Education Centre is currently under construction by DCC. ECQT are remarketing the listed buildings and site at the head of the Basin. ECC are looking to carry out a tree planting and seating scheme for Haven Banks and to bring forward some walkway works around the Basin in 2012/13. Works are underway to install coping stones to the walls in the Haven Road car park.

The expenditure on this scheme in 2012/13 is anticipated to be in the region of £90,000; the budget remaining will be carried forward to 2013/14 in order that the scheme can be completed.

- **Science Park (Budget £735,990)**

The main site infrastructure is nearly complete and marketing activity will now step up. Applications are being made to fund the first building and an offer of funding of £4.5million from the Local Enterprise Partnership is currently the subject of negotiation. Planning approval has been secured for the first two buildings.

6.1.3 Resources

Electronic City

- **Authentication Module (Budget £64,000)**

Advice is being received from the Government on improving the authentication checks on on-line systems but it is likely that the budget will need to be carried forward until next year.

6.1.4 Housing Revenue Account

Everyone Has a Home

- **Programmed Re-roofing (Budget £300,000)**

In order to save reactive repair costs the roofs of four properties have been replaced in order to resolve problems with multiple leaks. These properties were not included in the programmed re-roofing works for 2012-13 and have therefore been accelerated. This has resulted in a forecast overspend of £20,000, but will result in future savings in the cost of programmed works.

- **Energy Conservation (Budget £133,240)**
 Significant further spend of this budget is pending the outcomes of a pilot to super insulate properties and identification of suitable energy efficient measures to council dwellings. It is projected that £80,000 of this budget may need to be carried forward into 2013-14 to allow time for a plan of works to be formulated.
- **Re-pointing (Budget £73,850)**
 This budget provides for reactive re-pointing works to council dwellings in order to alleviate problems with water ingress and damp. It is anticipated that £30,000 of this budget may need to be carried forward into 2013-14, due to a lower than budgeted level of properties identified as requiring re-pointing works by the Technical Officers.
- **Communal Areas (Budget £198,110)**
 This budget is intended to be spent on improvements to communal areas of flats including the provision of new flooring. Specifications are currently being prepared so that the tender process can commence. It is currently projected that £50,000 of the budget may need to be deferred into next financial year.
- **Structural Repairs (Budget £71,490)**
 Major structural repairs at 13 West View Terrace are planned to be undertaken this financial year. The uncommitted balance of the budget will therefore be carried forward into future financial years to provide for major repairs to council dwellings as and when they are identified.
- **Fire Alarms at Sheltered Accommodation (Budget £140,000)**
 The specification and tender documents are currently being prepared for fire alarms to be installed at ten sheltered accommodation sites. It is hoped that the appointed contractor will start work on site early in the new year. However, it is projected that £80,000 of this budget will need to be deferred into next financial year.
- **Rennes House Heating Replacement (Budget nil)**
 A minor overspend will occur in 2012-13 in respect of the heating replacement at Rennes House. However, a compensating saving will be made from the Other Works budget.
- **Other Works (Budget £133,540)**
 Additional works associated with the demolition of properties at Chestnut Avenue have been carried out and treated as revenue expenditure; as such works do not qualify as capital expenditure. The saving shown against this budget reflects the transfer of these costs to revenue plus the saving required relating to heating at Rennes House.

Council Own Build Capital Programme

Following the successful completion of the Council Own Build (COB) sites at Rowan House and Knights Place, the Council now has a COB Capital Programme for developing Phase 2 and Phase 3 sites.

The options available to the Council for delivering new council housing and regeneration are currently being assessed following the introduction of self-financing. The £300,000 budget approved for the acquisition of land for the development of affordable housing is therefore unlikely to be spent until the options appraisal has been undertaken and the preferred delivery model/s identified.

7. RECOMMENDATION

- 7.1 It is recommended that Scrutiny Committee – Resources, and the Executive, notes and Council notes and approves the current position in respect of the annual capital programme
- 7.2 It is recommended that Executive approve an additional budget of £17,500 in the 2012-13 General Fund Capital Programme for the replacement of the glass panes in No. 6 greenhouse, Belle Isle Nursery.
- 7.3 It is recommended that Executive approve an additional budget of £254,000 in the 2012-13 General Fund Capital Programme for the additional works in London Inn Square.
- 7.4 It is recommended that Executive approves the amendments to the Council's annual capital programme outlined in Appendix 2.

ASSISTANT DIRECTOR FINANCE

STRATEGIC DIRECTOR

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

- 1. None