

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 20 MARCH 2013

EXECUTIVE
9 APRIL 2013

COUNCIL
23 APRIL 2013

OVERVIEW OF CAPITAL EXPENDITURE 2012/13

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.

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.

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 21 November 2012. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding (%)
Capital Programme, as at 21 November 2012	24,483,680	
GENERAL FUND		
Amendments to programme approved at the Executive Dec 2012	(4,778,630)	Deletions and carry forwards
Play Area Improvements – Wonford Play Area	12,500	Devon CC Contribution
Exwick Community Centre	(20,880)	Funds passed to Community Centre
Cemeteries Improvements	11,950	Borrowing
Disabled Facilities Grants	83,740	Additional Grant from Government
HRA		
Purchase of 6 flats and associated stamp duty at RNSD	309,000	revenue contribution to capital
Revised Capital Programme	20,101,360	

4. REQUEST FOR ADDITIONAL FUNDING

4.1 PARIS Income Management System (£25,000)

The Council has used the PARIS income management system since 2005. It is a wide ranging system that provides for payments by:

- The Internet;
- An Automated Telephone System;
- Payments via Telephone Operatives;
- Face to Face Payments;
- Cheques received by post and direct bank payments to be allocated.

The current system does not meet regulatory payment industry standards, and Northgate, the provider of the system have informed us that they will be withdrawing the current system at the end of 2013. The Council therefore has three options – upgrade the PARIS system at a cost of £20,000 - £25,000, go out to tender (indicative pricing suggests a cost of £80,000 - £100,000 for a new system), or withdraw the facility to accept payments.

As the Council needs to maintain the facility to accept payments, it is considered that upgrading the present system will provide the most cost effective solution. The new system operates using a bureau solution, which is in line with the other solutions in the marketplace, and will incur ongoing revenue costs of approximately £5,000 per annum in the form of transaction charges. The budget requested is £25,000 and it is hoped the work can be completed by June 2013.

5. PERFORMANCE (Appendix 1)

- 5.1 The revised capital programme for the current financial year is £20.101 million. During the first nine months of the year the Council spent £11.119 million on the programme, which equates to 55.32% of the revised programme. This compares with £7.910 million (50.20%) being spent in the first nine 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 £17.415 million with £2.657 million of the programme potentially deferred to 2013/14.

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

- **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 £50,000)**

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.

- **Private Sector Renewal Scheme (Budget £150,000)**

This budget is used to facilitate the reuse of privately owned empty homes and properties, ensuring they are fit for habitation. The expenditure is expected to exceed the budget as a number of properties are expected to be brought back into use before the end of this financial year. The overspend on this scheme will not require additional borrowing as any expenditure incurred will be financed from capital receipts. This capital project is intended to be self financing as landlords repay much of the outlay either upfront, through reduced rents or via sundry debt invoices.

- **Steps Acquisitions (Budget £50,000) and 11-13 Stepcote Hill (Budget £60,000)**

The budgets for the above schemes are no longer required and will be declared as a saving.

6.1.2 Economy & Development

Accessible City

- **Well Oak Footpath/Cycleway (Budget £40,000)**

The path will be completed to tie in the adjacent development. It is anticipated that this will take place in spring 2013.

Cared for Environment

- **City Centre Enhancements (Budget £697,840)**

Works on the London Square element of the scheme were 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 exceeded the budget. The final expenditure will be agreed with the contractor by the end of the financial year. There was an extremely tight timetable for completing the external works in preparation for the opening of the store. Much of the overspend will be shared 50:50 with Devon County Council.

- **Cowick Street Environmental Works (Budget £140,000)**

The first phase of the works has been completed. Various elements of the street works will commence on site in April –May 2013. A partial budget carry forward is required for these works.

- **Exhibition Way Bridge Maintenance (Budget £7,500)**

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 that a small amount of work will take place in this financial year and the majority of the works themselves will take place in 2013/14. This will mean a budget carry forward will be required.

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

Works have been completed 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, Network Rail were able to give notice terminating the existing tenancy of the forecourt and will gain vacant possession in May. In the meantime the necessary traffic orders have been made, and new lease arrangements are being negotiated between Network Rail and DCC, which need to be concluded before materials can be ordered. It is currently expected that work on the site will take place during summer 2013.

Prosperous City

- **Canal Basin and Quayside (Budget £90,000)**

The new Haven Road Outdoor Education Centre is currently under construction by DCC and should be completed by the end of May/beginning June. 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. Coping stones to the walls in the Haven Road car park have now been installed.

The expenditure on this scheme in 2012/13 is anticipated to be in the region of £15,000; 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 complete and marketing activity has been increased. Funding has been secured for the Science Park Centre from the Local Enterprise Partnership which will provide over 30,000sq ft of space for businesses and programmes of support to help new businesses to start and grow and create new jobs. It is now expected that the balance of funding will be paid over as the agreed contribution to the new building costs in the next financial year meaning a budget carry forward is required.

6.1.3 Resources

Electronic City

- **Server and Storage Strategy (Budget £39,930)**

There has been a small overspend in the cost of upgrading the equipment.

- **Authentication Module (Budget £0)**

The Executive approved the deferral of a number of schemes in the September budget monitoring report. At the time it was expected that this scheme would be deferred until 2013/14 as the Government had not finalised the detail of the programme. However, this has now been approved and it is anticipated that £42,890 will be spent in the current year. The budget of £64,000 in next year's programme will be reduced accordingly.

- **IT Development time (Budget £37,500)**

An estimate is made at the time of setting the budget on the amount of IT development staff time that can be capitalised each year. It is estimated that by the end of the financial year that the £37,500 budget will be overspent by £7,500, taking expenditure to £45,000. The work relates to transferring all of the Council's IT legacy platforms to a modern secure way of accessing this old historic data that the Council still needs to keep and have access to.

- **Corporate Network Infrastructure (Budget £25,000)**

There has been a small overspend in the cost of upgrading the equipment.

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 an overspend of £20,654, but will result in future savings in the cost of programmed works.
- **Energy Conservation (Budget £53,240)**

A separate report is being presented to this committee in respect of proposed energy works for 2013/14. Further spend of this budget has therefore been deferred until next financial year, so that the budget can be used towards improving the thermal efficiency of two properties at Shakespeare Road and towards the installation of solar panels at Hawthorn Road.
- **Smoke Detector Replacements (Budget £200,000)**

The £200,000 budget in 2012/13 is intended to provide for the replacement of smoke detectors in flats with a further £200,000 set aside next financial year for the replacement of smoke detectors in all other council dwellings. Work is currently being undertaken to identify the most efficient way to deliver this programme and it is likely that both budgets will be consolidated in 2013/14 so that the full programme can be completed next financial year.
- **Communal Areas (Budget £148,110)**

This budget is intended to be spent on improvements to communal areas such as; replacement communal entrance doors, staircase decorations and the provision of new flooring. The main contractor started on site in the summer with all planned works expected to be completed by the end of March at a cost of £98,110. The remaining balance of £50,000 will be carried forward and amalgamated with next year's budget provision in order to allow for a larger scheme of works to be undertaken in 2013/14.
- **Structural Repairs (Budget £51,490)**

Major structural repairs at 13 West View Terrace are planned to be completed 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 £60,000)**

The main contractor has recently been appointed following completion of a tender process and the programme of work is now being agreed to install fire alarms at ten sheltered accommodation sites. It is hoped that work on site will start this month and it is projected that £20,000 of this budget will need to be deferred into next financial year.
- **Fire Precaution Works to Flats (Budget £331,050)**

Planned works include emergency lighting and fire door improvements. A minor delay has been experienced due to the time involved with changing the door manufacturer, which is expected to result in £50,000 of the budget being deferred until 2013/14.

- **Acquisition of Social Housing (Budget £797,280)**
This budget includes £212,550 for the acquisition of 5 flats at Dean Clarke House which will be added to the Council's social housing stock. Delays in the housing development due to the developer seeking planning amendments have resulted in a revised completion date for the 5 flats and it is now expected that the properties will be available in the summer. The budget provision will therefore be deferred into 2013/14.
- **Other Works (Budget £133,540)**
Works to replace soil down pipes in blocks of flats have been delayed due to the requirement to undertake consultation with leaseholders. It is currently projected that around £40,000 of the budget will need to be carried forward into 2013/14, so that works can be completed once leaseholder's agreement has been obtained.

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.

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.

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.

ASSISTANT DIRECTOR FINANCE

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

1. None