

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE – RESOURCES
4 DECEMBER 2013**

**EXECUTIVE
10 DECEMBER 2013**

**COUNCIL
17 DECEMBER 2013**

CAPITAL MONITORING STATEMENT TO 30 SEPTEMBER 2013

1.0 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.

2.0 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.

3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee - Resources on 18 September 2013. From that report schemes totaling £3.344 million within the 2013/14 capital programme have now been deferred and are included within the 2014/15 budgets.

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Resources, 18 September 2013	21,020,080	
Budget Deferred to 2014/15 & Beyond at Quarter 1	(3,343,950)	Approved by Executive 1 October 2013
Overspends/(Underspends) reported at Quarter 1	(285,160)	

King William Street Car Park (formerly Leighton Terrace Car Park) Resurfacing	96,000	£60,000 of this will be funded by a revenue contribution to capital outlay; the remainder will be new borrowing. Approved by Executive 1 October 2013
Private Sector Renewal	80,650	Clawback of loans
HRA Acquisition of Social Housing	59,890	Approved by delegated powers 14 February & 23 July 2013
New grants funded from the New Homes Bonus	35,000	Approved by Executive 1 October 2013
Refurbishment and Upgrade of Paddling Pools	12,550	S106 funding
City Centre Enhancements	9,500	Contributions from Land Securities and John Lewis
Other amendments	2,250	
Revised Capital Programme	17,686,810	

4.0 PERFORMANCE

- 4.1 The revised capital programme for the current financial year is £17.687 million. During the first six months of the year the Council spent £6.044 million on the programme, which equates to 28.6% of the revised programme. This compares with £6.515 million (26.6%) being spent in the first six months of 2012/13.
- 4.2 The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2013/14 of £15.814 million with a further £2.299 million of the programme potentially deferred to 2014/15.
- 4.3 Appendix 2 shows the 2013/14 budget carried forward to 2014/15 and beyond at the first quarter and the proposed amount to be carried forward this quarter for Executive to consider for approval.
- 4.4 Appendix 3 shows the overall position for those schemes which span more than one financial year.

5.0 AVAILABLE CAPITAL RESOURCES

- 5.1 In previous years the annual capital programme has been financed from Government allocated grants together with money from the Council's own capital receipts and capital reserves. However the funding from these sources has now reduced and as a result the Council has to use borrowing instead to fund a significant part of its proposed capital programme.
- 5.2 The available capital resources for the General Fund for 2013/14 are £2.622 million. An estimated spend of £6.255 million is required of which £3.634 million will have to be funded from borrowing. The available capital resources for the HRA for 2013/14

are £12.562 million. An estimated spend of £9.558 million is required leaving £3.003 million to be carried forward into 2014/15. Appendix 4 sets out the forecast use of the resources available for the General Fund and the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next two years.

5.3 The value of actual capital receipts received to date in 2013/14 in respect of the General Fund and the HRA are:

	General Fund £	HRA £
Balance as at 1 April 2013	0	1,263,927
New Receipts	105,500	1,130,960
Ringfenced (Canal Basin)	60,000	
Ringfenced (Homelessness)	310,000	
Less HRA Pooling		(186,610)
Balance as at 30 September 2013	475,500	2,208,277

6.0 EXPENDITURE VARIANCES

6.1 The main variances and issues concerning expenditure that have arisen since 30 June are as follows:

Scheme	Estimated Overspend / (Underspend)	Reason
Vehicle Replacement Programme	(£28,390)	All vehicles within the programme have now been ordered giving rise to an underspend.
HRA Energy Conservation	(£40,000)	Planned works include installing solar panels at Hawthorn Road the remaining budget is declared as a saving
HRA Replacement Concrete Canopies	(£25,000)	No further spend against this budget is required in respect of these cosmetic replacements
HRA Electrical Rewiring	£128,000	Additional electrical re-wires identified through the kitchen and bathroom replacement programmes
HRA Central Heating Programme	£168,000	Increased number of system failures identified by routine servicing programme

HRA Boiler Replacement Programme	£223,000	Increased number of boiler breakdowns and lower than anticipated life expectancy of certain models
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7.0 SCHEMES WHICH MAY BE DEFERRED TO 2014/15 AND BEYOND

7.1 Schemes which have been identified since 30 June as being wholly or partly deferred to 2014/15 and beyond are:

Scheme	Revised 13/14 Budget	Budget to be Deferred	Reason
Wessex Loan Scheme	£647,840	£300,000	This budget has been reprofiled to more closely match anticipated grant expenditure.
Canal Basin and Quayside	£151,130	£47,480	Barriers to progress include: larger areas of spend such as pontoonage, boat storage improvements, paving of public realm, etc. require clarity on future management of the waterspace (Public Realm charged with preparing mooring strategy) and further private sector development activity that is not easy to generate at present.
Exhibition Way Bridge Maintenance	£45,000	Potentially £45,000	This scheme has already been deferred from 2012/13; the delays stem from staffing issues in Engineering. The current officer (who took over from another leaver) is leaving shortly although Engineering advise they are shortly to obtain a quote for the works. Due to uncertainty over how succession issues are to be resolved it is not possible to say at this point in time whether the budget will be spent this year.
Purchase of Land	£280,000	£280,000	This scheme has stalled because of concerns over unknown environmental liabilities and risks that may be associated with this purchase. Options are currently being considered but it is thought that any expenditure in this financial year is unlikely.

Planting Improvements in Riverside Valley Park	£14,910	£14,910	This budget is S106 money for planting close to Makro. There are no current proposals to spend the budget and the scheme will need to co-ordinate with the emerging Exeter Flood Defence Scheme proposals.
HRA Smoke Detector Replacements	£200,000	£200,000	Replacement of smoke detectors will form part of new gas servicing contract which is due to commence in April 2014.
HRA LAINGS Refurbishments	£365,270	£75,000	Refurbishment works to these defective properties are undertaken upon the end of a tenancy with the instruction of further works pending a further property being vacated.
HRA Acquisition of Social Housing	£866,270	£42,510	The acquisition of one out of the four flats at Dean Clarke House is unlikely to be completed until 2014/15 as it forms part of the site not scheduled for conversion until later this year.
COB Rennes Car Park	£205,080	£155,080	Major works are pending the outcomes of an options appraisal for the optimum long-term provision of social housing on a site-wide basis incorporating Rennes House.
COB Newport Road	£600,940	£290,950	Construction on each of these sites is due to commence by the end of the calendar year, the budget will need to be spread into next financial year.
COB Brookway	£654,670	£294,660	
COB Bennett Square	£594,190	£291,190	
COB Development at St Andrews Road	£10,230	£10,230	Project on hold as pending the outcomes of a village green application by local residents.
COB Land Purchase	£300,000	£300,000	Budget set aside for land purchase but currently prioritising development of Council owned land for the provision of new social housing.

8.0 ACHIEVEMENTS

8.1 The following schemes have been completed during the second quarter of 2013/14:

- **Play Area Refurbishments**

The refurbishment project at Chantry Meadow Play Area has been completed and improvements or final touches to larger, longer term projects at Digby

(Kings Heath Play Area), Crossmead (Sylvan Height Development) and Wonford Play Area have been made. In addition the brand new facility at Rydon Park has now been provided.

- **Flowerpot Skate Park**

The old timber-framed ramps have been replaced with a new and improved concrete surfaced skate park that is expected to last for 30 to 40 years. The facility has been a huge success in its first week of opening and has gained national press coverage.

- **Cowick Street Environmental Improvements**

The final stage of the improvement scheme to Cowick Street which started in July is now complete. Improvements have been made to the main shopping areas and other locations along the street and the historic centre of St.

Thomas. New seats and a tree have been planted outside the Natwest Bank and a permeable surfacing has replaced the tarmac beneath the trees at the Sawyers Arms to create better conditions for the roots. Other trees have been planted at different locations in the street. New seats, cycle racks, bollards and bins have been installed.

9.0 FURTHER FUNDING REQUESTS

9.1 Provision of Lighting at Flowerpot Skate Park (£35,000)

Flowerpot Skate Park was replaced with a state of the art concrete surfaced design during 2013; it has proven extremely popular since its creation and has even been subject to national press coverage. The skate park is used by many local young people (and some not so young), and is a really popular place for young people to hang out as well as practice their sports. The facility is used by skateboarders, BMX riders, inline skaters and scooter riders and certainly promotes physical activity and outdoor sports - it fits in very well with the wider health and wellbeing agenda. Furthermore there has been a lot of research (nationally) into how popular and well used youth facilities such as Flowerpot Skate park can reduce crime and anti social behaviour in their surrounding area.

Lighting of the skate park would open up this facility to create many more potential hours of safe and legitimate use per annum. There has already been significant investment to provide this facility, but due to the dark evenings, most people can't use the skate park after school or work during the winter and to some extent the autumn and spring as well. Lighting would allow the skate park to be used safely for a far greater portion of time. The lighting would be specifically designed to be appropriate and fit for purpose, and would be controlled so that an automatic switch off time is implemented (say 9pm), thereby causing minimal disturbance to any local residents within view of the skate park.

9.2 Energy Saving Projects (£120,000)

In 2012/13 the council spent £850,000 on gas, oil and electricity. This is a 13% increase on the previous year and reflects not only rising fuel prices but also increased consumption across the Council's estate. To combat this unnecessary expenditure, the Council will pilot a range of proven renewable technology, together with other energy efficiency measures, to ensure sustained energy security and savings. The pilot will include several projects with the aim to deliver efficient use of investment, derive the greatest savings, long term income generation, and drive the development of an Energy Neutral Council. The projects will reduce the Council's carbon emissions and improve the physical condition of several buildings.

It is proposed that £56,820 from the Local Authority Carbon Management Programme budget, £30,560 from the Council Buildings – Solar Panels budget and £78,000 from the Invest to Save Opportunities budget also be added to the Energy Saving Project to give a total overall budget of £285,380.

9.3 E-Tendering (£15,000)

The Council has decided to introduce a Procurement Officer to co-ordinate procurement contracts across the Council. In order to facilitate this work an e-tendering system will be required, which will reduce staff administration time, allow more effective spend control and reduce the overall cost of tendering. The cost of the system is £15,000 and there is an ongoing cost of £5,000 per annum for licences. Prior to the budget being spent a full business case will be written demonstrating that the purchase will be self financing.

10.0 RECOMMENDATION

That Scrutiny Committee – Resources and Executive notes and Council notes and approves the current position in respect of the annual capital programme and the further funding requests set out in Section 9 above.

ASSISTANT DIRECTOR FINANCE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None