

REPORT TO SCRUTINY COMMITTEE RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources - 17 September 2014
Executive - 7 October 2014
Council - 14 October 2014
Report of: Assistant Director Finance
Title: Capital Monitoring Statement to 30 June 2014

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

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.

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

2. Recommendations:

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

(i) The current position in respect of the annual capital programme.

3. Reasons for the recommendation:

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.

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.

In order to manage the risks associated with capital programming the annual capital programme is updated every three months to reflect any cost variations, slippage or acceleration of projects.

4. What are the resource implications including non financial resources

The financial resources required are set out in the body of this report.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of the Capital Programme as at 30 June 2014.

6. What are the legal aspects?

The capital expenditure system is framed by the Local Government and Housing Act 1989.

7. Monitoring Officer's comments:

The Monitoring Officer has no issues to raise on the content of this report.

8. Report Details:

CAPITAL MONITORING STATEMENT TO 30 JUNE 2014

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2014/15 Capital Programme, including commitments brought forward from 2013/14, was last reported to Scrutiny Committee – Resources on 2 July 2014. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Resources, 2 July 2014	24,180,130	
Play Area Refurbishments	7,250	Contribution from Bull Meadow Playground Project
Topsham Recreation Ground	30,490	Contribution from Topsham Community Association
Firewalls	18,050	Approved by delegated powers (24 June 2014)
Rennes House Wider Development	280,000	Executive 24 June 2014
St Loyes Extra Care Scheme	231,350	Executive 18 March 2014
Revised Capital Programme	24,747,270	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £24.747 million. During the first three months of the year the Council spent £1.210 million on the programme, which equates to 4.89% of the revised programme. This compares with £2.748 million (13.1%) being spent in the first three months of 2013/14.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2014/15 of £24.837 million with £0.204 million of the programme potentially being accelerated from 2015/16.

Appendix 2 shows the overall position for those schemes which span more than one financial year.

8.3 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2014/15 are £1.537 million. An estimated spend of £7.462 million is required of which £5.925 million will have to be funded from borrowing. The available capital resources for the HRA for 2014/15 are £15.855 million. An estimated spend of £14.825 million is required leaving £1.03 million to be carried forward into 2015/16. Appendix 3 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.

The value of actual capital receipts received in the quarter in respect of the General Fund and the HRA are:

	General Fund £	HRA £
New Receipts	127,095	763,880
Less HRA Pooling		(96,380)
Balance as at 30 June 2014	127,095	667,500

8.5 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2014/15 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Structural Repairs	(70,000)	Savings are projected in respect of underpinning 44 Heath Road, 37 Leypark Road and 129 Beacon Lane as less extensive works have been identified as necessary in order to stabilise the properties.
Flood Prevention Works	(20,000)	Despite prolonged heavy rain in the early part of 2014, no council dwellings experienced problems with flooding. There are therefore no plans to spend this budget in 2014/15. Budgets may be requested in future years for flood prevention measures as and when they are deemed necessary.
Bridespring / Mincinglake Road Works	(16,000)	Alterations to the car park and retaining walls have been completed below their estimated cost, following a re-design of the existing car park drainage rather than installing a new drainage system.
COB Wave 2 – Newport Road	191,606	In overall terms, a budget of £7.5m was approved by Executive in respect of COB Wave 2. The allocation of this budget over the four sites has been adjusted to reflect the latest cash-flow projections, with the budgets for Newport Road, Whipton Methodist Church site and Bennett Square increasing and a corresponding reduction made in respect of Rennes House Car Park – due to a re-design of the scheme. It is projected that all four sites remain deliverable within the overall
COB Wave 2 – Rennes House Car Park	(471,102)	
COB Wave 2 – Whipton Methodist Church	144,549	

COB Wave 2 – Bennett Square	134,947	budget, unless additional affordable units are added to the Rennes House scheme.
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8.6 SCHEMES TO BE DEFERRED TO 2015/16 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2015/16 and beyond are:

Scheme	Revised 14/15 Budget £	Budget to be Deferred £	Reason
Play Area Refurbishments	182,280	48,010	The schemes at Pinhoe and Crossmead are unlikely to be completed in this financial year.
Northbrook Flood Alleviation Scheme	198,130	198,130	Awaiting further information from the Environment Agency
Newtown Community Centre (2 nd Grant)	50,000	40,000	Significant funds need to be raised from other sources before this project can proceed
Wear United	50,000	50,000	This New Home Bonus Grant is for a new community building but it is unlikely the project will be able to commence this financial year
Smoke Detector Replacements	428,230	150,000	The programme of replacing smoke detectors has been incorporated into the new comprehensive Gas Contract, which commenced in July 2014; to be completed over a 12 month period. The budget for works profiled for April to July 2015 will therefore need to be carried forward into 2015/16.
Structural Repairs	279,390	25,000	The stability of 3 Leypark Crescent will be monitored during 2014/15 in order to determine the extent of structural repairs required. Actual works are expected to be deferred until 2015/16 until the outcomes are known.

Common Area Footpath/Wall Improvements	150,000	100,000	The appointment of a Health and Safety Compliance Officer is pending the restructure of Housing Services. It is therefore projected that significant spend of this budget will be deferred until 2015/16 when the new officer will be tasked with identifying a programme of works to improve footpaths and walls. Priority health and safety works will be undertaken in the interim.
COB Wave 2 – Rennes House car park	148,430	(1,504,615)	Significant spend on the Rennes House site was not anticipated until 2015/16, therefore this represents an acceleration of approved funding to 2014/15, as works are now projected to start on site in November.
COB Wave 2 – Newport Road	1,023,560	498,918	In accordance with the latest projections, this scheme is due to complete in August 2015 and therefore this budget will need to be carried forward into 2015/16.
Acquisition of Social Housing	904,580	152,415	The acquisition of three properties on the lower Royal Navy Store Depot site, for social housing, are unlikely to complete until 2015/16 as this phase of the development is not due to start on site until January 2015.

8.7 ACHIEVEMENTS

The following schemes have been completed during the first quarter of 2014/15:

- **Play Area Refurbishments**

The Bull Meadow project has been completed and is proving very successful. The new play area at Sylvan Heights has been provided, there is some remaining budget which will fund possible future improvements at the site following further public consultation. Further safety surfacing improvements have been made at Newcourt and this project is now fully complete.

- **Refurbishment and Upgrade of Paddling Pools**

The new Splash Pad at St Thomas Pleasure Ground opened on 23 May. The City Council has replaced the old paddling pool with a brand new water splash play area that is unique to the city.

A series of water fountains, cannons and a tipping bucket now entertain children on top of a brightly coloured rubber surface. There has also been a series of general improvements in the park with an old tarmac area being replaced with freshly laid turf, ideal for picnicking families.

- **Vehicle Replacement Programme**

Exeter City Council has underlined its green credentials by purchasing two Nissan LEAF electric cars for staff to use when out and about on official duty.

The pool cars will replace some of the Council's ageing diesel-powered vans. As well as reducing climate change emissions, moving away from diesel power reduces particulate emissions and this will help improve air quality on Exeter's streets.

9. How does the decision contribute to the Council's Corporate Plan?

The Capital Programme contributes to all of the key purposes, as set out in the Corporate Plan.

10. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

12. Are there any other options?

No

David Hodgson, Assistant Director Finance

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

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