

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE – RESOURCES
17 SEPTEMBER 2008**

**EXECUTIVE
30 SEPTEMBER 2008**

CAPITAL MONITORING STATEMENT TO JUNE 2008

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.

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 This report is prepared on a quarterly basis in order to update Members with any known cost variations, slippage and acceleration of projects.

3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2008/09 Capital Programme, including commitments brought forward from 2007/08, was last reported to Scrutiny Committee - Resources on 18 June 2008. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/funding
Capital Programme, as at 18 June 2008	29,521,055	
Renovation Grants	99,570	Allocation from the Regional Housing Pot capital grant
Warm Up Exeter	50,000	Allocation from the Climate Change Parking Levy
Social Housing Grants	(50,000)	Transfer to revenue in respect of Registered Social Landlord Downsizing Incentive Scheme
Fore St, Heavitree - Environmental Enhancements	2,080	Section 106 monies

Landscape Design Project at Honiton Road	(20,000)	Transfer to Planning Delivery Grant funded scheme
Central Station Gateway Enhancement	550	Section 106 monies
Canal Basin Re-development	(10,000)	Adjustment relating to Bridger Marine capital receipt
Energy Conservation	88,280	External funding secured from utility companies
Information Technology Capital Programme	3,540	Grant funding from the Department of Work and Pensions in respect of the Local Housing Allowance
Information Technology Capital Programme	15,840	Grant funding from the Department of Work and Pensions in respect of the Employment and Support Allowance
Information Technology Capital Programme	10,000	Revenue Contribution to Capital Outlay
Signage / Pedestrian Interpretation	(20,000)	Adjustment relating to contribution from Devon County Council
Signage / Pedestrian Interpretation	5,490	Section 106 monies
Revised Capital Programme	29,696,405	

4.0 MONITORING PERFORMANCE

- 4.1 In order to help improve overall delivery and monitoring of the capital programme schemes have been placed within two categories, C1 and C2. Category C1 is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales. Conversely, Category C2 is for those schemes that the Council is less certain of being able to deliver primarily due to factors outside the control of the Council.
- 4.2 The categories do not extend to the HRA Capital Programme as it was hoped that the full programme would be deliverable within planned timescales due to the Council's commitment to achieving the Decent Homes Standard.

5.0 PERFORMANCE

5.1 Projected Outturn

The capital programme for the current financial year is £29,696,405. It is projected that just under £1 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.

5.2 Progress

During the first three months of the current financial year the Council spent £2,046,164 of the 2008/09 Capital Programme.

- 5.3 This equates to 6.9% of the revised Capital Programme being spent in the first three months of 2008/09, compared to £2.5 million (9.8%) being spent in the first three months of 2007/08.

5.4 The table below sets out how the Council is performing in terms of capital expenditure, compared to the same time last financial year, analysed by category:

Category	2008/09 Capital Programme £	2008/09 Expenditure 1 st Quarter £	2008/09 Expenditure expressed as % of Capital Programme	2007/08 Capital Programme £	2007/08 Expenditure 1 st Quarter £	2007/08 Expenditure expressed as % of Capital Programme
C1	14,372,405	865,915	6.0%	9,326,670	1,162,685	12.5%
C2	8,607,120	178,543	2.1%	8,153,900	517,201	6.3%
HRA	6,716,880	1,001,706	14.9%	8,007,090	813,122	10.2%
Total	29,696,405	2,046,164	6.9%	25,487,660	2,493,008	9.8%

6.0 VARIANCES

6.1 The main variances are as follows:

6.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £470,110)**

Delivery of the Play Area Refurbishment Programme is progressing well, with sites at Pendragon Road, Myrtle Close, Summerway Park, Kings Heath Park and Kinnerton Way scheduled to have works undertaken during this financial year. The programmed works include; the provision of new play areas, multi-use games areas, granite sculpture stones and lighting improvements.

However, it is forecast that £62,910 of the budget for the new play area at Wyvern Park will need to be carried forward into next financial year. It is expected that the new multi-use games area and lighting of this facility will be carried out during 2008/09, but the installation of the new play area is unlikely to take place before Spring 2009, as the final design for the play area is pending the outcome of consultation with the newly formed Wyvern Residents' Association.

Excellence in Public Services

- **Replacement of Tractor Sheds at King George's Field, Countess Wear (Budget £148,210)**

Parks and Open Spaces use the premises at King George's Field as a depot for the storage of their large items of plant and equipment. Due to the poor condition of the premises, it is proposed that they are demolished and replaced with a purpose built depot.

External architects were appointed in November 2007 to prepare an outline design for the new depot, so that a planning application could be submitted and once approved, commence the tender process. However, Devon County Council has recently advised that they are seeking to carry out highway improvements along Bridge Road, which will impact on the location of the new depot on the site.

It is therefore forecast that £74,105 of the budget will need to be carried forward into 2009/10 in order to reflect the delays associated with re-designing the depot to include changes to the foundations and retaining walls, with Devon County Council agreeing to bear the incremental costs.

6.1.2 Economy & Development

Cared For Environment

- **Exeter Corn Exchange Install Wood Pellet Boiler (Budget £80,000)**
The estimated cost of replacing the existing oil burner at Exeter Corn Exchange with a wood pellet boiler is in the region of £160,000, which includes the provision of a new wood pellet boiler, provision of a supporting gas boiler, removal of the existing boilers and oil tanks and asbestos removal works. This exceeds the original budget by £80,000.

In order to increase the budget to the required level, monies have been earmarked from the Local Authority Carbon Management Programme and an application has been submitted for a bio-energy capital grant. Further progress of this scheme is therefore pending the outcome of the grant application and is also dependant upon the reliability and effectiveness of the new wood pellet boiler at Belle Isle Nursery being fully assessed, which is the first to be trialled by the Council.

It is therefore anticipated that the £80,000 budget will need to be deferred into the next financial year, until the necessary funds have been secured and a suitable timetable for completing the works has been agreed, as the works will need to be scheduled during times when it is appropriate to turn off the heating at the Corn Exchange.

6.1.3 Corporate Services

Cared for Environment

- **Civic Centre Conversion of Boiler to Dual Fuel (Budget £25,400)**
Delivery of this capital scheme has been postponed until the reliability and effectiveness of the new wood pellet boiler at Belle Isle Nursery have been fully assessed.

Unfortunately, there have been snagging issues with the wood pellet boiler since it was installed last financial year and therefore the replacement of the oil burner at the Civic Centre will not take place until they have been investigated and resolved. It is projected that the full budget will need to be carried forward into 2009/10, so that any works can be scheduled after the heating is turned off at the Civic Centre.

If proven successful, new wood pellet boilers will help the Council to reduce its carbon emissions and utilise sustainable energy, as the Council has committed to reducing its greenhouse gas emissions by signing the Nottingham Declaration on Climate Change and the Devon Wide Declaration on Climate Change and Fuel poverty.

Excellence in Public Services

- **Replace Control Panels in Civic Centre Lifts (Budget £48,000)**
A refurbishment of the Civic Centre lifts is expected to be completed this financial year, which will include works to meet the requirements of the Disability Discrimination Act.

The planned works include the installation of new controllers, drive units, landing push stations, emergency alarm facilities and new handrails. A complete rewire of the lift shafts and associated wiring in the motor room will also be undertaken. It is hoped that utilisation of the latest technologies will help to improve the efficiency and reliability of the two lifts in Phase I and Phase II of the Civic Centre.

Unfortunately, following a costing review, it is estimated that the budget may overspend by £12,000

- **Civic Centre Communal Area Refurbishment (Budget £481,160)**
This budget forms part of a rolling programme to replace the fire doors, refurbish staff toilets, upgrade lift lobbies, refurbish kitchen areas and replace floor coverings in communal areas throughout the Civic Centre.

So far this financial year the refurbishment of the toilets and common areas on the ground floor, Phase I, including new laminate flooring has been completed. The next stage of the project is to upgrade the communal areas on the third floor of Phase I.

In order to profile the budget in accordance with the project timetable it is forecast that £81,160 will need to be deferred into next financial year, as the final stage of works are programmed for completion between April and May 2009. These works include the refurbishment of the second floor toilets, kitchen and lift lobby and ground floor lift lobby in Phase II of the Civic Centre.

6.1.4 Housing Revenue Account

Everyone Has a Home

- **Sheltered Accommodation (Budget £1,044,190)**
This budget provides for the cost of upgrading sheltered accommodation to meet the standards of the Supporting People Programme.

The Supporting People Programme is committed to providing a better quality of life for vulnerable people to live more independently and to develop and sustain an individual's capacity to live within their accommodation. Programmed works include the installation of lifts, provision of wheelchair access, walk-in showers and level access.

Specifications for the works are currently being prepared so that the tender process can be undertaken later this year. Once the appointed contractor starts on site it is hoped that works can be completed swiftly, but it is projected that £400,000 of the budget will need to be carried forward into 2009/10 as significant spend of the budget will not start until the later part of this financial year.

The impact on vulnerable tenants during the Winter months will also be taken into consideration when the schedule for the works is prepared, which might further affect the level of expenditure for 2008/09.

- **Programmed Re-roofing (Budget £855,280)**

Significant savings of £155,280 are expected to be achieved in the cost of re-roofing council dwellings.

The completion of roof condition surveys have identified that fewer properties than anticipated will require re-roofing, as their overall condition and life expectancy remains good. Substantial savings were also achieved due to re-negotiating more favorable rates with the two main roofing contractors. These savings will be used to offset forecast overspends in the cost of electrical re-wires, so that it is possible to re-wire void properties whilst they are vacant.

During this financial year it is hoped that 135 properties in Briar Crescent and Laburnum Road will benefit from the re-roofing programme.

7.0 RECOMMENDED

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

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

SR/Capital Monitoring
5 September 2008