

REPORT TO SCRUTINY COMMITTEE RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources – 18 March 2015
Executive – 14 April 2015
Council – 21 April 2015
Report of: Assistant Director Finance
Title: Capital Monitoring Statement to 31 December 2014

Is this a Key Decision?

Yes

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 revisions to the capital programme detailed in section 8.1**
- (ii) **The revision of the annual capital programme to reflect the reported variations detailed in 8.4 and 8.5**
- (iii) **The proposed additions to the Capital Programme detailed in section 8.7**

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 31 December 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:

This report raises no issues for the Monitoring Officer

8. Report Details:

CAPITAL MONITORING STATEMENT TO 31 DECEMBER 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 19 November 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, 19 November 2014	25,672,970	
Budget Deferred to 2015/16 & Beyond at Quarter 2	(1,982,460)	Approved by Executive on 9 December 2014
Overspends/(Underspends) reported at Quarter 2	(647,670)	
Exton Road Lighting	37,500	Approved by delegated powers (13 November 2014)
Municipal Bonds Agency	50,000	Approved by Executive on 9 December 2014
RAMM Passenger Lift	45,000	Approved by Executive on 9 December 2014
Other	(7,000)	
Revised Capital Programme 2014/15	23,168,340	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £23.168 million. During the first nine months of the year the Council spent £11.098 million on the programme, which equates to 47.90% of the revised programme. This compares with £8.190 million (50.4%) being spent in the first nine months of 2013/14.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2014/15 of £18.940 million with £3.957 million of the programme potentially being deferred to 2015/16.

Appendix 2 shows the approved budgets for 2015/16 with the 2014/15 budget carried forward to 2015/16 and beyond at the second quarter and the proposed amount to be carried forward this quarter for Executive to consider for approval.

Appendix 3 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 £1.616 million. An estimated spend of £9.167 million is required of which £7.552 million will have to be funded from borrowing. The available capital resources for the HRA for 2014/15 are £15.171 million. An estimated spend of £9.772 million is required leaving £5.398 million to be carried forward into 2015/16. 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.

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

	General Fund £	HRA £
Balance as at 30 September 2014	127,095	1,007,293
New Receipts	357,500	531,000
Less HRA Pooling		(106,807)
Balance as at 31 December 2014	484,595	1,431,486

8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure that have arisen since 30 September are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Vehicle Replacement Programme	(29,580)	The actual cost of vehicles purchased has been less than the budgeted cost.
Exton Road Lighting	(6,000)	Quotes for works have been less than budgeted
Smoke Detector Replacements	(67,230)	A saving in the cost of replacing smoke detectors is expected to be achieved following the tender of the contract.
Property Entrance Improvements	(18,890)	The extent of health and safety works to property entrances was lower than anticipated.
Bridespring/Mincing lake Road Works	(3,360)	Drainage improvements works at Bridespring Road have been completed with a minor saving.

Central Heating Programme	(30,000)	Significant savings are expected to be made in respect of replacement central heating systems following the commencement of a new comprehensive gas servicing contract in July. Works will be undertaken to maximise the life expectancy of central heating systems as part of the routine service and maintenance regime. Savings of £229k have already been reported to this committee; this additional saving realigns the forecast with latest projections.
Boiler Replacement Programme	(100,000)	Significant savings are expected to be made in respect of boiler replacements following the commencement of a new comprehensive gas servicing contract in July. Works will be undertaken to maximise the life expectancy of boilers as part of the routine service and maintenance regime. Savings of £350k have already been reported to this committee; this additional saving realigns the forecast with latest projections.

8.5 SCHEMES TO BE DEFERRED TO 2015/16 AND BEYOND

Schemes which have been identified since 30 September 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	115,290	18,170	Staff resources an issue and some projects weather dependent.
Flowerpot Skate Park Lighting	35,000	33,650	Planning requirements in respect of bats has delayed the scheme.
Vehicle Replacement Programme	397,000	21,000	The Cash Collection Van that was included in the 2014/15 schedule but will now be purchased in 2015/16.
Warm Up Exeter	163,650	163,650	The new CosyDevon scheme is nearly fully funded by Eon Energy but funding will be required to facilitate solid wall insulation over the next 3 years. CosyDevon was delayed and only started in July 2014 due to continued uncertainty with Energy Company Obligation rules which resulted in delays in decisions making by Eon. It is unlikely that any spend will be required this financial year.
Temporary Accommodation Purchase	300,000	300,000	Work is being undertaken to identify the likely need and type of requirement for temporary accommodation.

Repair to Turf Lock Gate	150,000	90,000	There is a very small window of opportunity when these works can be carried out due to needing low tides. Unfortunately there has been a delay with the supply of materials necessary to dam the canal so this window may be lost and consequently there may be significant budget carry forward to 2015/16.
St Sidwells Community Centre	40,000	40,000	Building works are due to start early in 2015/16.
Exeter Gymnastics Club	40,000	40,000	The Association are re-thinking their proposals, so preparatory work on hold.
Science Park Loan	1,000,000	500,000	£500,000 of the loan will be advanced to the Science Park this financial year.
Rendering of Council Dwellings	323,500	95,000	There have been delays to the programme related to the damp ingress works and consultation issues with leaseholders
Energy Conservation Works	70,400	38,000	Further spend of this budget is pending the identification of suitable energy efficiency measures in respect of housing assets.
LAINGS Refurbishments	225,000	225,000	Structural surveys have taken place on five vacant properties. The results form part of an options appraisal for the extent of works to be undertaken, due to staff restructure changes the appraisals have been delayed and therefore the works will not be undertaken in 2014/15.
Kitchen Replacement Programme	2,648,710	58,000	Fewer void properties have resulted in a lower than anticipated number of kitchen replacements.
Bathroom Replacement Programme	1,164,850	80,000	Fewer void properties have resulted in a lower than anticipated number of bathroom replacements.
Other Works	24,620	24,620	This budget provides for ad hoc capital works identified during the course of the financial year. To date, no works have been identified for 2014/15.
Fire Precautionary Works to Flats	277,090	140,000	The tenders for the fire doors were not returned until October. This has caused a delay to the first phase of door installations.
Communal Areas	151,640	41,000	Eighteen communal areas have been identified for improvement works including; the provision of new flooring, doors and glazing. Full spend of the budget is pending the

			outcomes of a prioritisation process for the next phase of improvements to communal areas and leaseholder consultation.
Structural Repairs	184,390	138,000	Works are mainly concerned to subsidence issues at Wilford Road. There have been some issues procuring consultancy which have now been resolved and specifications are now being finalised to go out to tender.
Rennes House Structural Works	35,840	35,840	Works are pending the outcomes of a full options appraisal for the long term future of this site.
Common Area Footpath/Wall Improvements	50,000	42,450	Priority health and safety works will be undertaken in 2014/15 with further spend of the budget pending the appointment of a Compliance Officer who will be tasked to prepare a programme of works to improve footpaths and walls.
Higher Barley Mount Improvements	34,000	34,000	The procurement of structural engineering services has led to a delay with the works to the pathway and retaining wall at Higher Barley Mount.
Lift Replacement Sidwell Street	50,000	50,000	Quotes are being reviewed. Due to the long lead in times for manufacture the budget will not be spent until 2015/16.
Replacement Lead Water Mains	25,000	10,000	This budget provides for ad hoc lead water main replacements as and when they are identified as part of the kitchen replacement programme. Fewer replacements have been identified during 2014/15.
Communal Garden Retaining Walls	55,000	55,000	The procurement of structural engineering services has led to a delay with these works.
Soil Vent Pipe Replacement	20,000	6,000	Further soil vent pipe replacements are pending consultation with leasehold flat owners.
Electrical Re-wiring	749,630	236,000	Fewer full electrical re-wires have been required in accordance with the recommendations of periodic electrical testing with remedial repairs undertaken instead. The testing of communal areas has also been delayed.
COB Wave 2 – Rennes House Car Park	774,900	624,900	Work is required to resolve planning issues in respect of the development of this site.

COB Wave 2 – Newport Road	716,250	69,790	The budget for the development of this site has been re-profiled in accordance with the latest cash-flow projections with completion expected in August 2015.
St Loyes ExtraCare	296,350	254,000	The budget for this extra care housing scheme has been re-profiled in accordance with the latest cash-flow projections. Design work is expected to commence following the appointment of a project manager and design team.
Phase 2 St Andrews Road	10,230	10,230	Further spend in respect of developing this site are 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.
Acquisition of Social Housing	333,450	163,420	The acquisition of four new affordable housing units are expected to complete this financial year, the remaining budget will be deferred into 2015/16.

8.6 ACHIEVEMENTS

The following schemes have been completed since 30 September 2014:

- Major Flood Prevention Works**
 Exeter City Council has paid the Environment Agency £3,000,000 as its contribution to the £30 million flood defence scheme. Work has already begun on the scheme with the aim to complete by late 2017. Once finished, the scheme will reduce flood risk to over 3,000 residential and commercial properties in the city.
- Wonford Community Centre Boiler**
 An efficient condensing boiler has been installed at the community centre; a supplementary system to heat hot water in case of boiler failure has also been installed.

8.7 PROPOSED ADDITIONS TO THE CAPITAL PROGRAMME

- UK Space Agency – Digital Data Trial (£32,800)**
 Space age technology is being used to help pin-point trees in Exeter as part of a ground-breaking pilot scheme. As part of the Space for Smarter Government Programme first call for Expression of Interest Exeter City Council has secured funding from the UK Space Agency to help develop a tree management system that will allow officers to report the exact location and details of fallen or damaged trees in the city.

The system uses satellite positioning, navigation and timing technology, which is able to pick up natural objects such as trees. If the scheme proves

successful it could be expanded further so that members of the public can use it on smartphones or mobile devices.

Working with Bartec Auto ID – the same company who developed in-cab technology in the City Council's refuse and recycling vehicles – officers are trialling five hand-held devices that can identify the precise location of a tree and input relevant information onto the system. Currently tree officers have to use traditional mapping to pinpoint a tree and the information is fed into an iPad whilst on location and then transferred to a database once back in the office.

The funding will be released from the UK Space Agency after expenditure has been incurred by ECC.

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

Contact for enquiries:

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