

REPORT TO SCRUTINY COMMITTEE RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources - 16 September 2015
Executive - 6 October 2015
Council - 20 October 2015
Report of: Assistant Director Finance
Title: Capital Monitoring Statement to 30 June 2015

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

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 2015.

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 report raises no issue for the Monitoring Officer.

8. Report Details:

CAPITAL MONITORING STATEMENT TO 30 JUNE 2015

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2015/16 Capital Programme, including commitments brought forward from 2014/15, was last reported to Scrutiny Committee – Resources on 1 July 2015. 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, 1 July 2015	23,210,170	
HRA Acquisition of Social Housing	3,210	Funded from usable capital receipts
Revised Capital Programme	23,213,380	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £23.213 million. During the first three months of the year the Council spent £1.534 million on the programme, which equates to 6.6% of the revised programme. This compares with £1.210 million (4.9%) being spent in the first three months of 2014/15.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2015/16 of £20.477 million with £2.663 million of the programme potentially being deferred to 2016/17.

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 2015/16 are £3.011 million. An estimated spend of £9.770 million is required of which £6.759 million will have to be funded from borrowing. The available capital resources for the HRA for 2015/16 are £15.869 million. An estimated spend of £10.707 million is required leaving £5.162 million to be carried forward into 2016/17. 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	192,883	387,720
Less HRA Pooling		(109,151)
Balance as at 30 June 2015	192,883	278,569

8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2015/16 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Countess Wear Community Centre (1 st Grant)	(68,580)	These underspends and overspends reflect the changes outlined to the New Homes Bonus and Grants Panel on 25 June and subsequently approved by Council on 28 July 2015.
Countess Wear Community Centre (2 nd Grant)	(50,000)	
Countess Wear – Village Hall	75,000	
Beacon Heath Martial Arts & Boxing Club – New Roof	21,805	
MRA Fees	(26,620)	The provision of quantity surveying support to the HRA by Property Services has ceased following their restructure, which will result in a reduced recharge. Recharges will remain for maintenance of the select list of contractors.
Faraday House Roof Replacement	9,000	An overspend is expected to occur due to additional health and safety measures at Faraday House including the provision of a roof guard-rail. However, a compensating saving will be made in the re-roofing programme.
Re-roofing Programme	(9,000)	
COB Phase 3 Professional Fees	(9,200)	No further works will be undertaken in respect of COB Wave 3 until resources have been secured for development of the sites.
Rennes House Wider Site Development	(7,050)	This budget provision was intended to provide for works to return 7 Hill Lane to a lettable standard, but such works were not required.

8.5 SCHEMES TO BE DEFERRED TO 2016/17 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2016/17 and beyond are:

Scheme	Revised 15/16 Budget £	Budget to be Deferred £	Reason
Northbrook Flood Alleviation Scheme	498,130	498,130	Awaiting further information from the Environment Agency
Leisure Complex – Build Project	0	(1,600,000)	The capital budget was profiled to commence in 2016/17, however it is now proposed to accelerate this project and commence the capital spend this financial year.
Energy Saving Projects	2,990,700	600,000	Detailed spending plans for projects to be undertaken this financial year have now been confirmed. The surplus budget will be deferred to fund 2016/17 projects.
LAINGS Refurbishments	653,210	503,200	Currently seeking to appoint consultants to design, procure and manage the refurbishment of the LAINGS properties. It is hoped that works will commence on site towards the end of the financial year, but that significant spend will take place in 2016/17.
COB Wave 2 – Rennes House car park	1,710,810	804,758	The budget for the development of this site has been re-profiled in accordance with the latest cash-flow projections. Further design work was undertaken in order to re-submit the scheme for planning approval, which has led to delays.
St Loyes Extra Care Scheme	1,827,210	1,413,236	The scheme has been re-designed following consultation with Extra Care experts which has resulted in a significant re-profiling of expected cash-flow although the completion date is still no later than 31 March 2018 in accordance with Department of Health grant conditions.
Acquisition of Social Housing	1,154,580	440,000	The Council has committed to buying 10 two bedroom dwellings for use as social housing; however they are not scheduled for completion by developers until 2017/18.

8.6 ACHIEVEMENTS

The following schemes have been completed during the first quarter of 2015/16:

- **Paris Street Roundabout Landscaping & Sculptural Swift Tower**

The swift tower forms part of the Exeter Wild City project an initiative between Exeter City Council and Devon Wildlife Trust which aims to help wildlife thrive in the city and help people connect to nature on their doorstep. The tower project has been developed working closely with the RSPB.

The eight metre high tower has been constructed as a centre piece for the newly landscaped Paris Street Roundabout. Its sculptural form provides a series of nest holes for use by swifts. It is hoped that in coming years the tower will provide bespoke city centre housing, although experience from towers provided elsewhere in Europe suggests that it may take a few years before the birds fully take up residence.

In addition to the tower, the roundabout has also been planted so that it will provide people and wildlife with a stunning summer display of wildflowers. Flowers including poppies and cornflowers will give a splash of colour to the roundabout and help to feed important pollinating insects such as bumblebees and butterflies.

The tower has been funded by the construction of the nearby Jury's Inn hotel and from housing development. No money was spent from Exeter City Council's budget. Devon Wildlife Trust has also contributed to the scheme. Whilst providing a purpose designed nest tower for swifts the sculptural form meets a requirement of the funding for an artwork in this locality.

- **Energy Saving Projects – RAMM Solar Panels**

The energy-saving panels have been installed on the roof of the Grade II Listed Royal Albert Memorial Museum (RAMM) by SunGift Solar, as the City Council strives to become an energy neutral authority. The aim is to reduce the amount of energy used whilst generating renewable electricity to replace what is consumed.

The City Council now has solar panels on both Civic Centre buildings, a museum store, the Materials Reclamation Facility and on offices at Oakwood House. Two further arrays will shortly be placed on Mary Arches Street Car Park and John Lewis Car Park.

- **COB Wave 2 – Brookway & Bennett Square**

Silverberry Close and Barberry Close provide a total of 14 new three-bedroom properties, including two fully wheelchair accessible homes. These rented houses are now providing comfortable living space for families who were waiting for a suitable place to live on Exeter's Housing Register.

Barberry Close was previously a small underused green space off Bennett Square, and Silverberry Close was the site of the disused former Whipton Methodist Church. These underutilised areas have now been transformed to provide new homes, regenerating the area for local communities and investing in a brighter future for these parts of Exeter.

The buildings are designed to be ecological, low energy and affordable for tenants. Built to Passive house standard - a benchmark for low energy homes - each property contains a host of clever methods of saving energy. All this

means the new families moving in will have significantly reduced fuel and water bills, and the homes themselves are contributing to a low carbon, ecologically sound future.

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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