

**REPORT TO** **SCRUTINY COMMITTEE RESOURCES, EXECUTIVE AND COUNCIL**

**Date of Meeting:** **Scrutiny Committee Resources – 16 March 2016**  
**Executive – 12 April 2016**  
**Council – 19 April 2016**

**Report of:** **Assistant Director Finance**  
**Title:** **Capital Monitoring Statement to 31 December 2015**

**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 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 31 December 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:**

This report raises no issues for the Monitoring Officer.

## 8. Report Details:

### CAPITAL MONITORING STATEMENT TO 31 DECEMBER 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 18 November 2015. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
<b>Capital Programme, as reported to Scrutiny Committee – Resources, 18 November 2015</b>	<b>20,477,070</b>	
Budget Deferred to 2016/17 & Beyond at Quarter 2	(1,441,600)	Approved by Council on 15 December 2015
Overspends/(Underspends) reported at Quarter 2	(78,990)	
Acquisition of Social Housing (HRA)	90,000	Approved by Cllr Hannaford (3 December 2015), Delegated Authority for Acquisition of Social Property (Executive 20 March 2012).
Grant towards the redevelopment of Wat Tyler House into a Health & Well Being Hub	30,000	Approved by Cllr Morris (19 November 2015). Funded from the 22 St David's Hill Capital receipt, ring fenced for temporary housing projects (Executive 1 July 2013).
Childrens Play Areas	38,390	S106 funding for Salmon Pool Play Area
Idox	60,000	Approved by Council 15 December 2015
<b>Revised Capital Programme 2015/16</b>	<b>19,174,870</b>	

#### 8.2 PERFORMANCE

The revised capital programme for the current financial year is £19.175 million. During the first nine months of the year the Council spent £10.271 million on the programme, which equates to 53.6% of the revised programme. This compares with £11.098 million (47.9%) being spent in the first nine months of 2014/15.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2015/16 of £17.170 million with £2.186 million of the programme potentially being deferred to 2016/17.

Appendix 2 shows the approved budgets for 2016/17 with the proposed amount of 2015/16 budget to be carried forward this quarter for Council 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 2015/16 are £3.477 million. An estimated spend of £8.689 million is required of which £5.212 million will have to be funded from borrowing. The available capital resources for the HRA for 2015/16 are £16.901 million. An estimated spend of £8.481 million is required leaving £8.420 million to be carried forward into 2016/17. 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:

	<b>General Fund £</b>	<b>HRA £</b>
<b>Balance as at 31 September 2015</b>	<b>273,308</b>	<b>826,792</b>
New Receipts	554,218	617,150
Less HRA Pooling		(108,889)
<b>Balance as at 31 December 2015</b>	<b>827,526</b>	<b>1,335,053</b>

### 8.4 EXPENDITURE VARIANCES

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

<b>Scheme</b>	<b>Estimated Overspend / (Underspend) £</b>	<b>Reason</b>
Vehicle Replacement Programme	(34,350)	The actual cost of vehicles purchased has been less than the budgeted cost.
Programmed Re-roofing	(41,000)	An overspend is expected to occur due to additional health and safety measures at Faraday House including the provision of a guard-rail. Unexpected roof strengthening works have also been necessary in order to support the insulated roof finish. However, a compensating saving will be achieved in the re-roofing programme.
Faraday House Roof Replacement	41,000	
Communal Areas	(29,000)	Uncommitted balance declared a saving, as works identified for 2015/16 including improvements to communal doors and floors will be completed under budget with only a minor element of slippage into

		2016/17 (please see below)
Electrical Re-wiring	(50,000)	A lower than anticipated number of void properties have required electrical rewiring in 2015/16.
St Loyes Extra Care Scheme	322,250	The overall scheme costs reflect the inclusion of three additional units, from 50 to 53 units, with the scheme now submitted for planning permission. The additional costs associated with the extra units will be met from commuted sums.

## 8.5 SCHEMES TO BE DEFERRED TO 2016/17 AND BEYOND

Schemes which have been identified since 30 September as being wholly or partly deferred to 2016/17 and beyond are:

<b>Scheme</b>	<b>Revised 15/16 Budget £</b>	<b>Budget to be Deferred £</b>	<b>Reason</b>
Vehicle Replacement Programme	630,000	50,000	The 2015/16 budget included sums for vehicles that have not yet been purchased, these plans will be reviewed in 2016/17.
Warm Up Exeter	163,650	163,650	This budget is to support energy efficiency initiatives such as the recently launched central heating fund. The latest Government funded scheme launched in January, therefore it is unlikely that any spend will occur until 2016/17.
Temporary Accommodation Purchase	300,000	300,000	Work is being undertaken to identify the likely need and type of requirement for temporary accommodation.
RAMM Shop	68,000	65,500	The shop is now expected to open in late May due to delays with the procurement process.
City Centre Enhancements – TV Screens	40,000	40,000	Delays have resulted from an in-depth look at the project. Initially, one large screen was planned now it has been agreed that 5 or 6 smaller screens will have more impact.
Newtown Community Centre (1 <sup>st</sup> Grant)	50,000	50,000	The group are still trying to raise sufficient funding from other sources before the scheme can go ahead.
Newtown Community Centre (2 <sup>nd</sup> Grant)	49,000	46,750	

Countess Wear Village Hall	75,000	75,000	Work is likely to start on site in April 2016.
Alphington Village Hall	50,000	50,000	The group are still fundraising elsewhere before the project can go ahead.
Energy Saving Projects	2,390,700	200,000	Plans for a further PV project are unlikely to go ahead until 2016/17.
Energy Conservation	50,000	31,000	Further spend of this budget is pending the identification of suitable energy efficiency measures in respect of housing assets.
LAINGS refurbishments	150,010	100,000	The budget for refurbishment of 17 LAINGS properties has been re-profiled in accordance with the latest project programme with works expected to start on site in August '16.
Communal Areas	196,650	9,000	A change in the asbestos removal contractor resulted in a minor delay to the programme of works.
Common Area Footpath/Wall Improvements	420,430	158,000	Retaining walls at Higher Barley Mount are expected to start on site in March 2016 which may result in some slippage into 2016/17. Consultation with leaseholders has also delayed other identified works not starting on site until next financial year.
Lift Replacement at 98 Sidwell Street	56,000	56,000	Contract documents are currently being prepared for the installation of the lift early into 2016/17.
Electrical Re-wiring	1,147,970	100,000	Responsibility for the procurement of electrical repairs to communal areas transferred directly to the HRA following the restructure of Property Services. This has resulted in works being deferred whilst the necessary contract arrangements are put in place.
COB Wave 2 – Rennes Car Park	489,510	446,086	The budget for the development of this site has been re-profiled in accordance with the latest cash-flow projections. Works are now expected to start on site in April '16, as the relocation of telecoms equipment has contributed to delays.
St Lyses Extra Care Scheme	413,980	118,992	The budget for this new build scheme has been re-profiled in accordance with the latest cash-flow projections although the overall completion date remains no later than 31 March 2018 in accordance with the Department of Health grant conditions.

Acquisition of Social Housing	631,580	55,600	The Council has committed to the purchase of three new build properties for use as social housing; two are expected to complete in 2015/16 and the third is on a different phase of the development which is not expected to finish until 2016/17.
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## 8.6 ACHIEVEMENTS

The following schemes have been completed since 30 September 2015:

- **Flowerpot Skate Park Lighting**

Eight six-meter floodlights have been erected around the skate park. The new lighting is scheduled to come on at 4pm and turn off at 9pm.

## 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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