

EAST DEVON DISTRICT COUNCIL

Report of a meeting of the Capital Strategy and Allocation Group held in Room One, Knowle, Sidmouth on Monday, 2 December 2013

Present: **Councillors:**
Ray Bloxham
David Cox
Andrew Moulding
Ian Thomas

Also present: **Officers:**
Simon Davey, Head of Finance
Laurelie Gifford, Financial Services Manager
Diana Vernon, Democratic Services Manager

Apologies Phil Twiss

The meeting started at 2.00 pm and ended at 3.33 pm.

1 **RESOLVED** Councillor David Cox be elected Chairman of the Group.

2 **Background**

At its meeting on 2 October 2013, the Cabinet agreed to re-establish the Capital Strategy and Allocation Group with a remit to recommend Capital Budget allocation; there was a requirement to prioritise capital spend.

3 **Introduction**

The Chairman advised that a range of capital bids with business cases had been put forward by officers. The Head of Finance drew Members' attention to the current Capital Programme funding statement which required £189,187 to be drawn from Capital Reserves. The Capital Reserve Balance going forward did not include any of the new bids.

The other statement included within the agenda papers for 2013/14 included rolling programme items, significantly Exmouth Regeneration phased expenditure. A specific meeting would be required to discuss LED Leisure bids. The statement indicated that by 2014/15 the Capital Reserve would have been used and the Council would have to rely on borrowing for Capital Expenditure until the Reserve was again built up with the New Homes Bonus (35% would be taken out of the total for the Local Enterprise Partnership – LEP) and Capital Receipts.

The budget summary sheet circulated at the meeting showed all current capital schemes, whether statutory or funded and included new bids with scoring. The Delt Plan C (ICT Shared Services) was not reflected in the Capital Programme but it did include significant unspent ICT budgets which would contribute to the Delt Plan C implementation costs if the project was agreed by Council.

In most cases, under-spends were as a result of delays in projects and were carried forward.

4 **Capital projects**

A list of capital bids had been included with the agenda papers; each with a detailed business case for consideration.

For the larger one-off schemes, a report would be referred to Cabinet before being progressed. The Capital Programme would be considered in its entirety to see what borrowing needed to be put in place and when Capital Receipts would be available.

(a) **Industrial Unit reroofing (Manstone and Riverside)**
Net Capital Cost - £140,000 (2015/16) (£135,000 net of capital salaries)

Recommend - Leave in budget but monitor potential relocation opportunities. Review position before committing funds.

(b) **Camperdown Creek regeneration project – arising from Exmouth Masterplan**
Relocation of Exmouth Sea Scouts and Exmouth Sea Cadets
Net Capital Cost £710,000 (2014/15) & £30,000 (2015/16)

The potential for sharing some of the facilities such as changing rooms and kitchens had been rejected by both the Sea Scouts and Sea Cadets who wanted to keep their independence to help access additional sources of funding. However access to the Mamhead Slipway would be a shared facility.

Relocating the Sea Scouts and Sea Cadets from their current sites (Hut on the Imperial Recreation Ground and temporary buildings at Camperdown Terrace respectively, in addition to moving the Camperdown Depot would free up Council land for residential or retail development.

Recommend - Agree.

(c) **Estuaryside supermarket project**
Relocation of the Exmouth Rugby Club
Net Capital Cost: £5,001,000 (2014 onwards)

A number of supermarket chains were keen to have this site and having a supermarket sited near to the town was seen as a benefit for Exmouth's economy. Officers were currently working with the Rugby Club in reviewing site options for relocation. The Club's prime objective was to move to a high quality site to match their abilities and therefore had a strong incentive to reach an agreement with EDDC.

Recommend - Agree. (But need to revisit for realistic phasing, so not all in 14/15)

(d) **Exmouth Pavilion – female toilets – refurbishment**
Net Capital Cost £40,000 (2014/15)

Need to consider the future of the Pavilion which was currently a drain on LED Leisure revenue - which in turn was subsidised by EDDC. The Bowling Alley on Exmouth seafront was now in operation and provided excellent facilities and opportunities on the first and second floors for a range of uses. Exmouth Pavilion provision could possibly re-aligned and reviewed. Other works, including improvements to the foyer, were also discussed.

Recommend - Postpone until LED Leisure's plans/feasibility studies are in place.

- (e) **Exmouth Town Hall replacement boiler plant & roofing**
Net Capital Cost £8,500 (2015/16) (£6,940 net of capital salaries)
Essential maintenance works were recharged to Town Hall tenants.

Recommend - Ask for full report on addressing heating problems and essential reroofing. Check to see if timetable for planned works can be tightened. Following the meeting Officers advised that the works could not be brought forward as 12 months' notice to tenants on major works is required due to annual budget process requirements.

- (f) **Honiton & Sidmouth Leisure Centre roofing**
Net Capital Cost £210,000 (2015/16/17/18) (£29,000 15/16 £86,000 16/17 £86,000 17/18 net of capital salaries)
These were dual use centres - there would be a contribution from Devon County Council.

Recommend - Agree

- (g) **Honiton Leisure Centre car park resurfacing**
Net Capital Cost £53,000 (2014/15)
The car park was currently in very poor condition. The works would achieve value for money – current annual repair work was £3,350 and therefore the works would achieve savings in maintenance costs over time.

Recommended - Agree

- (h) **Jacobs Ladder beach huts – replacement**
Net Capital Cost £34,000 (2015/16) (£33,000 net of capital salaries)
In total, across the district, EDDC's beach huts generated an income of £72,000. Other authorities used beach huts to generate more significant incomes. The Asset Management Forum had recognised the potential income from the Council's beach huts; charges made should at least cover the cost of provision and maintenance.

Recommend - Undertake a full review of beach hut provision, costs and income potential.

- (i) **Mamhead Slipway, Exmouth**
Net Capital Cost £1,509,000 (2014/15) – need to reflect DCC's contribution of £750,000. The Exmouth Regeneration Team was also looking for other sources of funding including Local Enterprise Partnerships (LEPs) and 106 Agreements.
The scheme would provide an enhanced deep water slipway with potential to generate income and attract tourists/water users.

Recommend - Approve.

- (j) **Public toilets – refurbishment**
Net Capital Cost £340,000 - Rolling programme of refurbishment – 2014/15/16/17 (£320,000 net of capital salaries)
Discretionary provision. Potential to charge for use.

Included in the scope of the Budget Scrutiny Task and Finish Forum.

Recommend – carry out a policy review and include evidence from benchmarking neighbouring authorities in respect of charges.

- (k) **Queens Drive leisure area infrastructure (Part of Exmouth Masterplan)**
Net Capital Cost £1,825,000 (2014/15)
Planning application being referred to Development Management Committee on 10 December 2013. This is part of the 'unlocking' scheme with potential (although local controversy) to generate a large capital receipt.

Recommend - await outcome of Development Management Committee decision.

- (l) **Seaton Town Hall boiler plant – replacement**
Net Capital Cost £84,000 (2015/16) (£81,000 net of capital salaries)
The facility needed to be properly maintained.

Recommend - Agree

(The Head of Finance declared a personal interest in this item as his wife has recently been appointed Assistant Seaton Town Clerk).

- (m) **Websters Garage site, Axminster**
Net Capital Cost – 0 (2014/15) Cost of £102,000 would be recouped from funding sources

The Garage had been vacant for several years. It had potential for a small food store or retail units with residential over There was a current planning application to use the site for a temporary (5 year) car park whilst keeping options open for development. The Council owned the neighbouring car park and so this site had potential for the Council through a possible joint venture which could generate a capital receipt and on-going source of revenue. Appropriate development of the site would be in line with future aspirations for the regeneration of Axminster.

Recommend - Refer to the Asset Management Forum with an up-date and for further consideration.

Other considerations

Thelma Hulbert replacement boiler and ancillary equipment (£50,000)—deferred for consultant's report on future of the Gallery

Manor Pavilion window and flat roof improvements (£50,000) – agreed and carried over from last year.

Timings

The Working Group discussed the importance of realistically phasing project expenditure timings to reduce the need to borrow/draw on Reserves. The largest projects were in respect of Exmouth Regeneration and these would effectively eliminate the Capital Reserves. This meant that any supplementary estimates agreed would require the Council to borrow. The New Homes Bonus would help the Reserve to grow in the future.

It was suggested that the Exmouth Regeneration projects should be re-phased to avoid heavy reliance on the 2014/15 budget. The counter-argument was that the Exmouth projects would help the value of the sites to be maximised - generating revenue and unlocking capital. Up-front financial commitment was needed for these projects although some slippage was anticipated. EDDC funding being in place would show strong commitment to Exmouth and the regeneration projects.

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Capital projects (continued)

- RECOMMENDED**
- (1) that the recommended actions in respect of the Capital projects bids set out above be noted and agreed;
 - (2) that the Deputy Chief Executive – Development, Regeneration and Partnerships be asked to review the Exmouth Regeneration project phasing and timings;
 - (3) that the Capital Strategy and Allocation Group meet more regularly to monitor the Capital Programme and the approved projects – the next meeting to be held in early May 2014 to discuss outturn for 2013/14 and the Capital Plan for 2014/15.

Chairman: Date:.....