

**Report of the Director of Customer & Business Support Services**

**Capital Programme Budget – 2011/12 to 2015/16**

**Summary**

1. This report presents the current position of the 2010/11 –2014/15 capital programme, highlights the existing funding position and associated pressures and then considers the bids received as part of this years Capital Resource Allocation Model (CRAM) process covering the period 2011/12 – 2015/16.
2. Members are asked to:
  - Note the current funding position of the capital programme
  - Note the new bids for capital schemes, their requirement for funding covering the period 2011/12 – 2015/16 and how best the available resources can be used to achieve the Councils objectives.
  - Recommend to Council the recommendations contained within this report.

**Background**

3. The current 2010/11 – 2014/15 capital programme was approved by Council on 25th February 2010. Since then a number of amendments have taken place as reported to the Executive in the 2009/10 Capital Programme Monitor 3 report, the 2009/10 Capital Programme Outturn report and the 2010/11 Capital Programme Monitor 1, 2 and 3 reports. The changes made as result of the above reports have resulted in a current approved capital programme for 2010/11 – 2014/15 of £221.229m, financed by £121.209m of external funding, and Council controlled resources of £100.020m. Table 1 illustrates the current approved capital programme profile from 2010/11 – 2014/15 as at monitor 3.

	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>64.802</b>	<b>55.875</b>	<b>50.084</b>	<b>30.161</b>	<b>20.307</b>	<b>221.229</b>
Funded by:						
External Funding	35.020	20.302	27.458	22.373	16.056	<b>121.209</b>
Council Controlled Resources	29.782	35.573	22.626	7.788	4.251	<b>100.020</b>
<b>Total Funding</b>	<b>64.802</b>	<b>55.875</b>	<b>50.084</b>	<b>30.161</b>	<b>20.307</b>	<b>221.229</b>

**Table 1 – Capital Programme Funding and Receipts Position**

4. The make up of the current approved 2010/11 – 2014/15 capital programme can be easily summarised in to 3 key elements.
  - Fully Funded (by Government Departments) - £104.472m
  - Political Imperatives - £86.797m
  - Rolling Programmes - £29.988m
  
5. The fully funded schemes make up the majority of the capital programme and include the:
  - Local Transport Plan (£9.971m),
  - Department for Children, Schools and Families (DCSF) (£50.552m)
  - Housing Revenue Account Business Plan (£37.503m)
  - Housing General Fund (£918k)
  - Various (£3.352m)
  
6. The political imperative schemes are made up of 5 major projects and account for £86.797m, the majority of which are funded from corporate resources. These schemes, some of which have already started are summarised below highlighting the budgeted spend between 2010/11 and 2014/15:
  - York Pools – £3.404m
  - Admin Accom - £38.488m
  - Community Stadium - £4.0m
  - West of York Salvage and Recycling Centre - £2.5m
  - Acomb Office - £1.750m
  
7. There are currently a number of rolling programme schemes totalling £29.988m over the current 5 year programme. These include:
  - Highways Resurfacing and Reconstruction £17.044m
  - Disabled Facilities Grant and Disabled Support Budget £5.007m
  - Special Bridge Maintenance £0.972m
  - City Walls £542k

## Funding Position of approved 2010/11 – 2014/15 programme

8. The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle based on current projections. The capital programme continues to place significant reliance on the achievement of a small number of high value asset disposals which have been affected by the economic downturn.
9. As part of the CRAM process officers from Property Services are conducting an assessment of the Councils assets that are surplus to requirements. Following a number of years of rationalisation of Council assets, that allowed property and buildings to be freed up for reinvestment, officers have so far been unable to identify any additional assets that are surplus to requirements. The current capital receipts target for the currently approved programme is in itself the most challenging ever faced by the Council, in terms of both volume and value of sales, with the Council remaining reliant on a small number of high value capital receipts.
10. As reported in the 2010/11 – 2014/15 Capital Budget report approved by Full Council on 25 February 2010, the Council had a capital receipts requirement of £28.477m to fund new capital schemes. It was reported based on projections at the time that the value of the assets to be disposed of was £24.704m leaving a shortfall of £3.773m. The reduced asset value was reflective of property market conditions at that time and it was accepted that over the medium term the asset values would rise to match the required value of £28.477m. As a result the decision was taken to hold the sale of assets where it was not in the interest of the Council to dispose. This places pressure in terms of funding the new capital schemes which is currently using temporary prudential borrowing to fund the programme until such time when the receipts are realised and used to repay the borrowing.
11. The monitor 3 position is for a required level of receipts of £26.659m with an expected receipt value of £24.298m leaving a temporary shortfall of £2.411m. Table 15 shows the position at monitor 2 against the budget setting position.

	<b>Capital Budget Report 10/11 – 14/15</b>	<b>Capital Monitor 3 Report 10/11 – 14/15</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Receipts Required</b>	28.477	26.659	-1.818
<b>Receipts Forecast</b>	24.704	24.248	-0.456
<b>Temporary Shortfall</b>	3.773	2.411	-1.362

**Table 2 – Capital Receipts Shortfall**

12. It should be noted that the 2009/10 and 2010/11 budget process did not add any new schemes that required capital receipts funding so the existing capital receipts pressure is as a result of the 2008/09 budget setting process, which when set was balanced.
13. A further financing position to note relates to the capital schemes that were approved as part of the 2009/10 and 2010/11 budget process. As part of these processes schemes requiring funding totalling £18.029m and £5.836m were approved respectively. These schemes were to be funded based on a combination of revenue contributions and prudential borrowing with the programme being monitored annually to assess the affordability and the impact of timing differences. As budget pressures have transpired these schemes have been funded using prudential borrowing with the revenue implications being managed within the treasury management budget that takes account of the associated revenue pressures of the capital programme.
14. The impact of the 09/10 and 10/11 budget processes that both covered a rolling duration are shown in the table below. The table shows that based on progression of the currently approved schemes in 2011/12 financial year the new revenue implications would be c£836k. The exiting treasury management growth of c£1m as shown in the revenue budget papers provides sufficient capacity to cover the revenue implications of this new programme of works. It should be noted that the table includes the addition outside of the budget cycles of funding for the Crematorium and the Councils contribution to the Heslington Sports Village Pool. The extent of the increase in growth on the revenue budget would be as illustrated in table 3.

<b>Financial Year</b>	<b>Capital Expenditure Value</b>	<b>Revenue Growth Required Assuming Prudential Borrowing</b>	<b>Revenue Funding Awarded / Bid For</b>	<b>Comments</b>
2009/10	£3.050m	£270k	✓	
2010/11	£4.255m	£377k	✓	
2011/12	£9.425m	£836k	✓	Part of current 11/12 budget process
2012/13	£2.595m	£230k	✗	

2013/14	£2.270m	£201k	x	
2014/15	£2.270m	£201k	x	
<b>Total</b>	<b>£23.865m</b>			

**Table 3 – Revenue growth implications of funding existing capital programme using prudential borrowing**

15. The following sets out the major schemes contained within the £10.465m 11/12 financial year that are currently approved:
- Community Stadium £4.000m
  - West of York Recycling £2.500m
  - Highways R&R £1.250m
  - Heslington Sports Village Pool £1.000m
  - Disabled Facilities Grant £475k
  - Acomb Office £350k
16. These assumptions are incorporated into the current revenue budget cycle and will feed into the Councils Medium Term Financial Strategy, but will clearly need to be considered/reviewed as part of each years budget setting process. In particular it may be that additional capital receipts are identified over coming years which would reduce the need for prudential borrowing, and also some capital schemes within the programme are still subject to detailed business cases being considered by the Executive, and as such some of the assumptions for future years will potentially change also.

#### **The 2011/12 CRAM Process**

17. The CRAM process invited bids from the departments asking them to put forward their main capital priorities. Of the 30 bids received, 10 are fully funded from external sources, 6 are rolling programme bids, with the remaining 14 bids seeking additional discretionary resources over and above those already approved in the Capital Programme. In total, requests that would increase the Capital Programme by £30.502m have been made, requiring an additional £10.659m of Council funding over the 5 year period.

#### **Summary of Bids**

18. The 2011/12 – 2015/16 CRAM process uses the ranking system of high, medium and low classifications to assign a level of priority to individual scheme bids. Two key assumptions form the basis of this ranking methodology, firstly the need for rolling programmes remains a high priority in the same way they were on their

original inception into the programme and secondly that any schemes that are legislative requirements will be ranked as high. Using this methodology the Capital Asset Management Group (CAMG) have categorised the bids which have requested new or additional funds beyond the level which is currently approved. Table 4 shows the schemes which are currently requesting Council funding. Note all bids are being included at this stage for completeness.

<b>Rolling Programme Scheme requiring CYC funding</b>	<b>11/12 £000</b>	<b>12/13 £000</b>	<b>13/14 £000</b>	<b>14/15 £000</b>	<b>15/16 £000</b>	<b>Total £000</b>	<b>Rank</b>
Disability Support				10	170	<b>180</b>	High
Community Equipment Loans Service					105	<b>105</b>	High
Disabled Facilities Grant					475	<b>475</b>	High
City Walls Rolling Repair	52	52				<b>104</b>	High
Bridge Maintenance					200	<b>200</b>	High
Highways Resurfacing and Reconstruction					1,250	<b>1,250</b>	High
<b>Sub Total</b>	<b>52</b>	<b>52</b>	<b>0</b>	<b>10</b>	<b>2,200</b>	<b>2,314</b>	
<b>New Schemes requiring CYC funding</b>	<b>11/12 £000</b>	<b>12/13 £000</b>	<b>13/14 £000</b>	<b>14/15 £000</b>	<b>15/16 £000</b>	<b>Total £000</b>	<b>Rank</b>
Access York		293				<b>293</b>	High
Telecare Equipment	250	250	250	250	250	<b>1,250</b>	High
LTP (Minster Piazza)		250				<b>250</b>	High
Riverbank Repairs – Scarborough to Clifton Bridge	600					<b>600</b>	High
Riverbank Repairs – Blue Bridge Slipway	249					<b>249</b>	High
Riverbank Repairs - Marygate		573				<b>573</b>	High
Contingency	300					<b>300</b>	High
Critical Repairs on Retained Buildings	500					<b>500</b>	Med
Highway Drainage Works	200	200	200	200	200	<b>1,000</b>	Med
Carbon Reduction in Street Lighting	200	200	200	200	200	<b>1,000</b>	Med
Hungate Archaeology	70					<b>70</b>	Med

Demolition of Parliament St Toilets	134					<b>134</b>	Med
Modernisation of Exhibition Square Toilets	500					<b>500</b>	Med
Replacement of unsound lighting columns	200	200	200	200	200	<b>1,000</b>	Med
Yearsley Pool Energy Review	376					<b>376</b>	Med
Energy Conservation	100	100	100	100	100	<b>500</b>	Low
Litter Bin Replacements	50					<b>50</b>	Low
<b>Sub Total</b>	<b>3,729</b>	<b>2,066</b>	<b>950</b>	<b>950</b>	<b>950</b>	<b>8,645</b>	
<b>Total</b>	<b>3,781</b>	<b>2,118</b>	<b>950</b>	<b>960</b>	<b>3,150</b>	<b>10,959</b>	

**Table 4 – Summary of Bids Requesting Prudential Borrowing Funding**

#### **Detailed Bid Analysis of High Priority schemes**

19. Details of the bids in table above are set out in the following paragraphs. For each bid a summary is provided along with the potential consequences of not proceeding with the scheme.

#### **Rolling Programme Bids**

##### **Disability Support Budget (£180k) - High**

20. This scheme provides discretionary assistance for disabled customers who need financial help. The assistance (in the forms of loans and grants) given helps disabled people and parents with disabled children to adapt their homes to continue living there and maintain their independence. The assistance helps with the shortfall between the cost of the eligible works and the mandatory disabled facilities grant to purchase a more suitable property where it is more cost effective as well as relocation expenses. Given the relationship with the increasing number of elderly residents and the increasing life expectancy of disabled children with complex needs there is a need to increase funding for this area to meet the demand. There is direct link with the disabled facilities grant budget.
21. The council has a statutory duty to administer disabled facilities grants and without this additional support the number of schemes carried out will decrease. This has the potential to be a significant risk as it effects the ability of the council to provide a statutory service, as well as not being able to deliver timely and quality services leading to increase in complaints, and the potential for vulnerable residents to be put at risk. This is part of the council's obligations to deliver specific legal duties under the Disability Equality Duty Act 2006 by providing the right services to eliminate discrimination and enable disabled people to live independently.

22. Revenue Impact - Should the council not be able to fund the works that the customer requires to remain safe and independently in their home or relocate to a more suitable property could either result in more costly care package in the home or the need for residential or nursing care at a cost to the council. The average cost of a the additional DSB support is about £10k as opposed to the average annual cost of residential care of £19k.
23. Customers Impacted – It is difficult to provide the exact number of customers who are helped with additional support. However we can advise there has been year on year increase in the referrals for families with disabled children following the removal of the statutory means testing (part of the disabled facilities grant process) for this group in December 2007. We anticipate helping about 12-15 families. Without this support there is a significant risk that the both the carers and the disabled person are put at risk and the council doesn't meet its statutory duties.

#### **Community Loans Equipment Service (£105) - High**

24. This scheme enables people with complex and disabling conditions to be safely cared for in their own homes avoiding unnecessary admissions to Hospital or Nursing care. The funding would provide support to Carers to enable them to continue to care for their partner/relative in their own homes. In the main the scheme funds the purchase and maintenance of major items of equipment to aid daily living (£90k).
25. The risks of not proceeding, as with the Disability Support Budget Schemes, are that the financial burden on vulnerable residents increases, the potential for residents to not adapt homes for disability needs and the potential increase cost to PCT/CYC of support in residents own homes or through increased length of stay in hospital.
26. Revenue Impact - A customer, for example, may have a recliner shower chair installed at a cost of £1k which enables their carer to wash the individual. Without this piece of equipment , the carer would be unable to bath the individual and as a bare minimum 2 home carers would need to wash the individual at a cost of £30 per week (£1.5k per annum). At the opposite end of the spectrum, the individual may have to go into residential care which costs £371 per week, approx £19k per annum
27. Customers Impacted – approx 75 pieces of equipment were issued to customers in 2009/10 and similar numbers are expected in 2010/11 and 2011/12.

#### **Disabled Facilities Grant (£475k) - High**

28. This scheme allows payment of mandatory disabled facilities grants in line with statutory and Council policies (Housing Grants, Regeneration and Construction Act 1996 as amended and Grants policy - June 2008). The DFG rolling programme enables disabled people to remain at home and maximise their independence.



29. The council has a duty to assess and make arrangements for adaptations via the Chronically Sick and Disabled Persons Act 1970, and in addition has a mandatory duty to provide grants for adaptations via the Housing Grants Construction and Regeneration Act 1996. Lack of funding could prevent the ability of the Council to fulfil a given level of our legal duties.
30. There is potential for vulnerable customers to be put at risk by living in potentially difficult conditions. It should be noted that non progression with adaptations distorts and increases work loads for other service .e.g. occupational therapists and care services.
31. Revenue Impact - Should the budget be reduced there is direct impact on revenue budgets. The fee income received with each disabled facilities grant directly helps to support the team which enables the work to be carried out in the customers home.
32. Customers Impacted – Given the increasing number of referrals received the number of completed DFGs continue to grow. It is anticipated that we will complete about 175 disabled facilities grants for vulnerable customers in 2011/2012, which is more than double the number completed three years ago.

#### **City Walls Rolling Repairs (£104k) - High**

33. This bid continues the rolling programme, established in 1991, of essential repair and restoration to the City Walls. The bid will pay for works which will ensure the continued structural integrity and stability of the Walls and hence public access and enjoyment of this unique asset. In 2011-12 the programme will address the following areas where monitoring has indicated urgent intervention is required: (a) phase 1 repair and restoration at Walmgate Bar (in particular restoring stone support columns so temporary supports can be removed); (b) phase 1 monitoring, investigation and installation of temporary supports at Tower 32 (ch 2485), Monk Bar steps (ch 2270), Bitchdaughter Tower (ch. 160). Phase 2 of these two pieces of work will follow on in 2012-13 (c) repainting railings at Station Rise, Bootham Bar to Monk Bar, Monk Bar to Layerthorpe prevent further deterioration from corrosion.
34. The impact of not undertaking this scheme will be 1) that the condition of Walmgate Bar will deteriorate 2) that there will be an increased probability of localised structural failure with individual masonry or render pieces falling coupled with either partial or total collapse of the stone columns at Walmgate Bar and the possibility of masonry falls or partial or total collapse at Tower 32, Monk Bar steps and Bitchdaughter Tower 3) that Walmgate Bar or a section of wall may have to be closed within a period of 3 to 5 years 4) that access to areas adjacent to the City Walls may have to be restricted.
35. Revenue Impact - There will be no revenue impact from carrying out the restoration work. Revenue funding is already at an absolute minimum enabling

only basic maintenance to be carried out, with an annually increasing backlog of outstanding work.

36. Customers Impacted – The Bar Walls are one of the city's key visitor attractions and deferring maintenance may lead to partial closure of parts of the walls and leave sections surrounded by scaffolding so the city as a visitor destination will diminish. In addition, further deterioration of Walmgate Bar may lead to additional safety issues for pedestrians and vehicle access.

### **Bridge Maintenance (£200k) - High**

37. Inspections are carried out on highway structures which result in a programme of bridge maintenance work. The regular cycle of general inspections provides a continuing programme of maintenance and there is a backlog of work identified from previous reports. This scheme is required to carry out the work to maintain the structures in a serviceable and safe condition.
38. Bridge inspections are carried out on an annual basis, currently the results of the bridge inspections over the previous years do not highlight any immediate or major repairs to be carried out. However, the general inspections provide information that generates a programme of structural works to keep the assets maintained and safe which at the moment has a backlog. Capital works have been identified for the following structures: 1) Severus Bridge – various concrete repairs, 2) Piccadilly Bridge – waterproof deck and concrete repairs, 3) Rawcliffe Ings Bridge – concrete repairs, 4) Lendal and Skeldergate Bridges – blast clean and painting of the under deck steelwork
39. A funding reduction would not impact on the overall condition of the structure in the short term, but ultimately deterioration in the medium to longer term may reach such a stage that more major works at a far greater expense are required, and causing greater disruption to the highway network.
40. Revenue Impact - There will be no revenue impact from carrying out this work. Existing revenue funding is sufficient to carry out minor repair schemes to the highways structures inventory on an ongoing basis, but not for the major schemes as proposed. Revenue funding will continue to be required for this purpose.
41. Customers Impacted – There will be no customers impacted directly as a result of the completion of the proposed works, but access may be restricted during the works.

### **Highways Resurfacing and Reconstruction (£1,250k) - High**

42. A programme for the resurfacing and reconstruction of the City's roads and footways has been established to halt deterioration and maintain highways in the best condition possible with the anticipated level of capital available. The Transport Asset Management Plan has Identified the total annual rolling budget requirement for a optimum structural maintenance regime is circa £4.00m per year.

In 2010/11 a budget of £2.976m was allocated for R&R, made up from £0.241m CYC Revenue, £1.215m CYC Capital and £1.52m from the DfT Local Transport Plan settlement. Although the proposed allocations in this bid are insufficient to fund the long term maintenance of the highway infrastructure they are considered to be the minimum required based on what is affordable.

43. The Council has a statutory duty under the Highways Act 1980 to maintain the public highway fit for purpose. The risks of not proceeding with this scheme are that without a full programme of work the condition of the roads and footways will deteriorate. A deteriorating highway network would lead to a need to undertake more reactive maintenance, an increase in insurance claims, a lowering of performance indicator scores, and have an effect on the economic environment of the city.
44. Revenue Impact - Failure to undertake capital structural repairs of the road and footway networks will lead to a deterioration of their condition and have a direct impact on the existing revenue budgets that are already under pressure. The rate of deterioration and the additional revenue required is unknown but the costs are anticipated to be substantial.
45. Customers Impacted – A deteriorating condition has the potential to increase the number of insurance claims for damage to person and property and affects all residents and visitors to the Council area.

### **New Schemes**

46. It is normal practice that schemes requiring capital funding are identified where possible well in advance of need giving a lead in time of more than one financial year. Many of the major bids requiring funding in 11/12 support this practice with schemes totalling £9.425m having been approved in previous CRAM processes.
47. However as part of this report there are schemes that require funding in 11/12 that are of a more reactive nature thus not allowing for such a long lead in time. Programme managers are actively encouraged to submit bids with a long a lead in time as possible but this approach is only achievable where the nature of the scheme allows this approach.

### **Access York Phase 1 (£26.3m - £293k new funding requested) - High**

48. The Access York Phase 1 scheme proposes 3 new P&R sites (Askham Bar, A59 Poppleton, Wigginton Road) and improves the A59/A1237 roundabout. The scheme was the subject of a successful bid to the Regional Transport Board in April 2008 with a complete Major Scheme Business Case submitted in February 2009 and refreshed in June 2009. Programme Entry was originally awarded under the previous government in March 2010 but the scheme is now subject to re-evaluation as part of the spending review. 100% of the preparatory costs before the submission of the DfT bid and 50% of the preparatory costs after gaining acceptance by the DfT have to be funded locally. A 10% local contribution is

required for funding the construction of the scheme. Planning consent has been granted for all 3 sites. It is also expected that the sale of the existing Askham Bar site, which will be vacated when the new site becomes operational, will provide some of this funding. It is anticipated that the remainder of the funding will be provided by the Local Transport Plan and Developer contributions. The whole scheme is dependent on the outcome of the Spending Review, although detail probably won't be available imminently. The bid for growth of £293k is to cover the risk that design work currently being undertaken for the Askham Bar site will not be recoverable as part of the local contribution to the scheme. Funding requirement will be confirmed when decision is made by the DfT.

49. The principal risk of not proceeding with this scheme is that the step change in transport provision provided by the new Park & Ride sites and infrastructure improvements will not occur. Air quality and traffic congestion will continue to worsen on the northern Outer Ring Road and radial routes into the city centre. The existing A59/A1237 roundabout, which causes a significant proportion of the delays on the northwest section of the A1237, will not be upgraded reducing the economic attractiveness of the city. Without the improvements included in the Access York Phase 1 project there is a significant risk that the congestion target within the Local Area Agreement will not be achieved. It should be noted considerable abortive development costs would be incurred if the scheme did not progress.
50. Revenue Impact - There are no direct revenue savings from the scheme.
51. Customers Impacted – The overall scheme if approved by the DfT provides 40% more P&R car parking spaces around the city. Additional capacity will be provided at the currently oversubscribed Askham Bar site with new sites built on the A59 and Wigginton Road corridors. Journey times will be reduced significantly for the 40,000 vehicles which pass through the A59/A1237 roundabout each day.

#### **Local Transport Plan (250k) - High**

52. The Third Local Transport Plan (LTP) is the council's strategic transport plan which runs from 2011 onwards. The funding presented within this bid is reflective of the funding settlement. Implementation of the plan includes expenditure on local safety and traffic management measures, pedestrian and cycle improvements, new public transport infrastructure and other transport schemes to support the city's objectives. A nominal allocation for schemes funded from s106 developer contributions is also included within the submission. The reduced anticipated budget (>50% reduction) will mean that the amount of improvement work which can be implemented will be much lower than has been delivered over the last 10 years. The LTP allocation included in this bid will also be used to part fund the local contribution required for the Access York Phase 1 scheme. To account for this reduction and the Access York funding commitments a bid for additional funds (£250k) is made for the contribution to the Minster Piazza scheme which had previously been identified for funding from the LTP.

53. The £250k requested for Minster Piazza was originally to have come from LTP funding. However due to expected cuts to LTP the bid is for the £250k to be funded by CYC resources. The Piazza will have a positive impact on the city, and be achieved with quite a small contribution from CYC. It should be noted that the contribution could still come from within LTP budget, although it would result in fewer transport schemes being funded.
54. Revenue Impact - There are no direct revenue implications as a result of this bid.
55. Customers Impacted – The improvements to the highway adjacent to York Minster will improve linkages between the Minster and the City Centre foot streets. This will significantly improve the experience of visitors to the Minster (currently c. 800,000 per annum) but also to the large numbers who experience the Minster's beauty from outside. In addition, the piazza will become an exciting space for people to congregate and offers opportunities as performance space for arts and culture-related activities, which attract further visitors to York in their own right.

#### **Telecare Equipment (£1,250k) - High**

56. This scheme requests funding for telecare equipment - specifically sensors to be installed in vulnerable customers' homes to deal with specific assessed risks. The sensors will be linked to the Council's Community Alarm system and trigger alerts automatically given a programmed set of circumstances, ensuring a prompt response to problems from our warden service. The continued provision of telecare equipment is vital in the current financial climate in order to provide support to more people at a lower cost. These pieces of equipment have to be provided free of charge to the customer and provide customers with assurance and 24 hour monitoring of their circumstances. In some cases the provision of telecare equipment can prevent a move to potentially expensive residential care and can provide monitoring so that smaller care packages can be commissioned.
57. The risks of not proceeding are that the growth and development of our prevention services will not progress and that existing warden services will not be able to function. This is part of the Council's obligations to deliver specific legal duties under the Disability Equality Act 2006 by providing the right to eliminate discrimination and promote disabled people to enable them to live independently.

It should be noted that the need for equipment for Telecare will be recurrent at this level over the next five years. Officers are also exploring opportunities to supplement the amount in this bid, to expand the availability of Telecare beyond the level requested. For example we have developed a joint bid for use of funding available to health partners to support reablement.

58. Revenue Impact - Assuming the Council continue at the same level, and avoid admission for an average of 12 months per person this would produce a minimum cost avoidance of £983k over a four year period equivalent to a saving/reduced pressure of £246k per annum per £250k capital invested. (Based on an approximate gross charge of £430 per person per week).

59. Customers Impacted – To date this year with 191 new customers receiving Telecare as part of a care package 44 have been identified who would otherwise have been at risk of admission to residential care homes.

**Riverbank Repairs – 3 schemes - (1,422k) - High**

60. In 2002 a Council engineers' survey of the riverbanks of the Ouse and Foss Basin, detailed required works over a 10 year period. Three main areas were identified as requiring stabilising work in 5 years time, of those areas, two are still outstanding requiring urgent repair; east bank between Scarborough Bridge and Clifton Bridge (£600k); east bank between Lendal mooring and Marygate Landing (£249k). These works are required now. Scarborough to Clifton Bridge section has suffered collapse in places with areas having been fenced off. This is additional to the works recently undertaken in this area. Lendal Mooring to Marygate is a continuation of the piling work undertaken earlier at Lendal Mooring which was restricted works due to funding pressures. This stretch is now severely undermined by river erosion and work is required to avoid collapse and damage to visitor moorings. An additional problem has come to light at Blue Bridge Slipway (£573k), which has collapsed at beneath water level and the adjacent wall is severely cracked and posing a potential risk to the public.
61. Potential risks in relation to this scheme not progressing are wide ranging. It could be argued that the Council would not be carrying out its legal duty as navigation authority which could lead to legal although the incidence of this is not evidenced as part of this bid and is believed to be unlikely. If the riverbanks were to collapse there would be no cycle/foot path and no visitor moorings on these area with the areas being fenced off to prevent access to the public. Closure of the affected areas to the general public will have to be considered if the CRAM bid is unsuccessful and may have to be considered as a temporary measure before works can commence. Areas at Clifton have already been fenced off to the general public. Delays in early intervention can often lead to more expensive repair as the river erosion will continue and exploit the weaker riverbank.
62. The prioritisation takes into account safety, and is an engineering judgment on the basis of survey information. The Council has a duty of care to maintain assets in a safe condition and this consideration far outweighs impact on visitors. The Scarborough Bridge to Clifton Bridge length of bank is in very poor condition, already dangerous with holes in the bank, but currently in a repairable condition which would be a minimum cost job. Complete replacement following collapse would be far more expensive and cause disruption to the path on the bank which is very well used by pedestrians and cyclists. The Council does not own any land onto which the path could be diverted. Users are both commuting residents and tourists, as the path is part of Sustrans Route 65 and a route to the Youth Hostel. The Lendal to Marygate length is not in such bad condition and the engineering judgment is that it is not in such urgent need of work.

63. Depending on the Navigational Obligation the Blue Bridge Slipway could be closed as under our duty of care we would be negligent leaving it open to access in it's defective state. British Waterways have been consulted on this option and voiced no objection.
64. Revenue Impact - There will be no revenue impact from carrying out the works as no maintenance is currently carried out on the affected lengths due to there being no revenue funding for this purpose.
65. Customers Impacted – the footpath by the Ouse is popular with pedestrians and cyclists and further damage to the riverbank could leave the Council at risk if public safety is compromised, however some areas are already fenced off. The land adjacent to the path is privately owned so the path could not be re-routed. The riverbank between Lendal Bridge and Marygate is used for public moorings so there is the potential loss of this facility. The Blue Bridge slipway is a public highway but if it was closed there unlikely to be an impact on the general public.

#### **Contingency (£300k) – High**

66. Consideration should be given to creating a corporate capital contingency budget. This would be in effect approved by Council but would then be managed by the Executive. It would allow for small ad hoc schemes to be dealt with by the Executive, and allow for any minor items of an urgent nature to be approved in year.
67. Revenue Impact - This removes the pressure for revenue budgets to be found at short notice to fund capital works.
68. Customers Impacted – Unable to quantify at this stage due to the unforeseen nature of funding.

#### **Highway Drainage Works (£1,000k) - Medium**

69. In 2008 a revenue growth bid was approved to provide £200k to deal with some of the most persistent and troublesome highway drainage problems, with a further £200k revenue provided in 2009/10. Locations were identified which had produced repeated customer complaints, or were known to officers and Ward Members as areas where significant ponding had not been eased by normal reactive maintenance, and these were prioritised according to degree and location of flooding. £1m of additional capital funding was allocated to highway maintenance for 2010/11, of which £200k is being used to continue the drainage work. The funding has enabled significant works beyond the scope of normal highway drainage budgets to be carried out in a number of locations and continued funding will enable further problem locations to be addressed.
70. The locations identified in this programme are known highway drainage problems and the proposed work is designed to refurbish and bring the current drainage network up to current standards.

71. The Flood and Water Management Act requires the Council as a Lead Local Flood Authority to investigate incidents of flooding including those on the highway. This bid relates to rectifying highway drainage flooding problems and improving the current underground surface water systems at these locations. Flooding of property and land adjacent to the highway may occur as a consequence of the highway flooding problem.
72. Revenue Impact - The existing drainage revenue budgets is not sufficient to cope with the continuing drainage problems. Without capital investment to improve the drainage network the pressure on revenue budgets will increase.
73. Customers Impacted – Flooding of the highway has the potential to cause damage to person and property throughout the Council area.

#### **Carbon Reduction in Street Lighting (£1,000k) - Medium**

74. As part of the Council wide carbon reduction commitment of 25% in five years, street lighting has been taking a leading role. To enable a reduction in energy and carbon emissions investment is needed in replacing older less efficient equipment with newer technologies and innovations. It is anticipated following on from this years works a further 10% reduction is needed to meet targets over the next three years.

Without this funding the council will struggle to meet its reduction commitments. It is widely acknowledged that the cost of energy will be set to rise, as such by not investing in more energy efficient equipment the council will incur larger increases in costs.

75. Revenue Impact - It is anticipated that an investment of £200k will yield energy saving of £64.5k per year from 2012/13 onwards. These costs will vary depending on the ratios involved and the anticipated rises in energy costs. The proposed introduction of carbon trading has the potential to increase the level of savings. CYC is committed to save 25% of carbon in lighting over five years, without investment this will not be achieved.
76. Customers Impacted – None specifically identified.

#### **Demolition of Parliament Street Toilets (£134k) - Medium**

77. Following the opening of the new City Centre Public Conveniences at Silver Street, the former toilets building, the Central Building at Parliament Street, is surplus to requirements. The building has attracted some anti-social behaviour and incurs running costs - the largest being empty property rates estimated at £8,000pa in 2011 - 12. The building is located on the public highway, so cannot be sold for a capital receipt. This bid is therefore to demolish the building , re-provide the use of part as a City Centre / Market store, and level and pave the site. The basement would remain as a void for the time being. Removal of the building would not only save costs, but would open up this part of the City Centre and



create a great opportunity to improve the link between Piccadilly and Parliament Street. A second phase will follow , to use the space created as a multi-purpose arena or as agreed, following further consultation and design work, linked to the City Centre plan.

78. The risks of not proceeding with the scheme are vandalism and costs of keeping the underused building. Loss of opportunity to improve the City Centre for residents and visitors.
79. Revenue Impact - Without demolition the council would have to fund £15k costs of maintaining an empty property, including £8k for business rates.
80. Customers Impacted – Alternative toilet facilities have been provided in Silver Street and the cost of new storage facilities for market and city centre activities will be funded via this bid. However, the demolition will impact on the local businesses and pedestrians where the footfall is 150,000 to 200,000 per week.

#### **Replacement of unsound lighting columns (£1,000k) - Medium**

81. As part of the new street lighting contract a structural testing regime for street lighting columns has been put in place. About 1300 steel columns have been tested in 2010/11 and this is showing a failure rate of over 10%. Similarly the majority of concrete columns are rapidly coming to the end of their lives with about 150 reaching a critical condition each year. The Council will have little option other than to carry out these replacements on safety grounds and base budgets cannot support this replacement programme. A fund of approximately £80k is allocated from the LTP settlement but this is insufficient to stem the deterioration and tackle the backlog of columns needing replacing.
82. If the Council fails to act reasonably when provided with information about potentially dangerous lighting columns then in the event of an accident the consequences could be significant such as legal challenge. The alternative to replacement is to remove or cut the columns down. This would result in gaps in the lighting network making the night time scene less safe for the public and will have a detrimental effect on crime figures.
83. Whilst there is no legal compulsion to light a highway, the Council is legally obliged to ensure all lighting stock is in a safe condition. Where the Council does elect to light a highway we are also compelled to light it to the minimum relevant standards. As such a routine testing regime every year along with visual inspections of columns to enable the council to meet its safety obligations is undertaken. This testing has highlighted a 10% failure rate in all steel lighting columns. This rate has shown the columns that pose an immediate danger to the public from sudden failure. As such the authority is compelled to make the columns safe by cutting them down, after they have been removed from imminent danger there is also the possibility the lack of light left behind may increase some of the risk to the public using the highway.

84. In addition to the programmed inspection, on average a further 150 columns of steel and concrete construction are identified as failed from reports from the public and ad hoc site visits. At present the Council replaces approximately 250 columns per year of which £80k is funded from the capital LTP allocation and the remainder from revenue budgets. The current levels of funding are not sufficient to reduce the column replacement backlog. The CRAM bid of £200k will replace approximately 200 columns per year and over a five year period would significantly reduce the backlog.
85. Revenue Impact - The existing LTP (£80k) and revenue budgets are not sufficient to reduce the backlog of street lighting columns that have been identified as being in structural need of replacement. Latest structural inspections indicate that there is a backlog of 3000 unsound columns in need of replacement, typical replacement cost is £1k per column. Failure to provide CYC capital funding will continue to increase pressure on the existing street lighting revenue budgets.
86. Customers Impacted – Insufficient funds may result in unsafe street lighting columns being removed or cut off and not being replaced. Customer complaints will increase, as residents will be concerned with the gaps in lighting and perceived increase in crime and disorder.

#### **Yearsley Pool Energy Improvement (£376k) - Medium**

87. This scheme requests funding for the replacement of the steam heating energy source with a Combined Heat and Power Plant (CHP) plant together with gas fired condensing boilers.
88. A plan will be required to replace the current steam supply with a new heating system at an appropriate time, which will minimise any facility closure and associated costs. In addition, an estimated CO2 saving of 290 tonnes per year is expected.
89. Revenue Impact - This scheme would generate revenue savings as the cost of energy type and the level of energy consumption would reduce. This would be sufficient to cover the cost of associated borrowing to pay for the scheme and is estimated to be in the region of £48k
90. Customers Impacted – if successful this scheme would reduce unplanned downtime.

#### **Critical & Essential Repairs to Retained Buildings (£500k) - Medium**

91. The current 3 year capital programme of £0.6M for urgent repair works has now been completed. The level of urgent and essential works required as shown by the 2009/10 performance indicator which is in excess of £19m (£3m excluding schools). These repairs are needed to carry out Health and safety work only to Council buildings to safeguard delivery of services. The bid is for work on land and buildings which have been identified for retention only through the Service and

Area Asset Management Planning. This bid is for one year only as there is need for capital for the proposed works which cannot be funded from elsewhere. It will continue to be the intention to submit an annual capital bid from now on to cover new urgent repairs identified during each year.

92. If funds are not available then the existing revenue and capital budgets are insufficient to meet the needs identified above with the result that a Health & Safety failure is likely to occur which would result in the closure of a building and the inability to provide the service to customers without a potentially expensive alternative being found.
93. A list containing the buildings where the proposed works would be carried out is below along with their current existing use and service area:
- a) Youth Centres - New Earswick and Heworth Lighthouse
  - b) Libraries - Clifton, Haxby and Huntington
  - c) Community Centres – Priory Street, Burton Stone and Sanderson Court
  - d) Public Conveniences – St Leonard’s Place, Haxby Shopping Centre, St George’s Field and Nunnery Lane
  - e) Community Assets – Hull Road Park Pavillion, Knavesmire Changing Rooms and Clarence Gardens Clubhouse
  - f) Park and Ride Sites – Askham Bar, Monks Cross and Rawcliffe Bar
  - g) Residential Homes – Oakhaven and Wenlock Terrace
  - h) Other – Yorkcraft, Crematorium, War Memorials, Residential Properties (not part of HRA stock), Kings Court and other commercial properties where Council has a responsibility as landlord, War Memorials, Retained Admin Accom properties
94. Revenue Impact - There is no direct revenue saving as it is because of the lack of revenue budgets for repairs that this bid for capital is having to be made. However if there was a critical failure in a Council building which resulted in a full or partial closure then the cost of repair would have to be found from revenue budgets or the funds borrowed prudentially which would need a revenue funding stream.
95. Customers Impacted – By carrying out these works the risk of a failure of the structure of the building would be minimised which would mean that all the current users and visitors to the building would not be affected. Failure which resulted in closure would affect all those users as alternative provision would have to be made.

### **Hungate Archaeology (£70k) - Medium**

96. The Hungate site comprised of the Haymarket car park, the former Peaseholme Hostel and the former Dundas Street Ambulance Station, which has outline planning permission as a employment site, has been declared surplus to requirements and has council authorisation to market for sale. The planning permission includes a condition that a former church graveyard on part of the site requires an archaeological investigation and report. Part of the investigation is

currently being undertaken by a third party as a 'works obligation' under an legal agreement for the sale of an adjoining site. Completion of the archaeological investigation would enhance the value of the site and shorten the sale process. The investigation would cost approximately £50k and approximately £20k to provide a new entrance to the car park and other associated costs.

97. Archaeological work needed on the site before it is sold as per the Terms of Sale Agreement. If it is not done the resulting reduction in Capital Receipt may be greater than the work would cost.
98. Revenue Impact - carrying out this investigation would mean that, as the sale process of the building would be shortened by say 3 months the current revenue costs for maintaining this vacant site would be reduced . More importantly an enhanced capital receipt would be obtained as any purchaser would reduce their offer by the cost of the works as a minimum.
99. Customers Impacted – None directly but a speedier development of this vacant site will improve residents and visitors perception of the visual appearance of this area.

#### **Modernisation of Exhibition Square Toilets (£500k) - Medium**

100. Following a structural survey of the Exhibition Square toilets an estimate of £54k was submitted for repairs which would bring the building up to a reasonable standard, however within 2 to 3 years the condition of the building would be back to a poor state of condition. An outline plan drawn has therefore been drawn up and costed for a total refurbishment of the facility in order to bring it up to all required standards in line with the facility provided in Silver Street earlier this year.
101. Although closure is an option they are the second most used facilities (Silver Street having the highest user numbers). There are limited facilities in this area of the city and the area has high levels of bus stops. Coach drivers are increasingly dropping off passengers at exhibition square, rather than Union Terrace Car Park and therefore the toilets are being used more than in previous years. The condition is such that if they are to stay open they would need to be modernised.
102. Revenue Impact - There is no revenue saving and any additional cost of staffing a new attended facility will be funded from charges for use. However if this scheme does not proceed we will incur significant additional expenditure on essential repairs that would be required, over and above the maintenance budget of £3k, to the structure and to bring the facility up to standard.
103. Customers Impacted – Average footfall for this facility has been recorded at an average of 1100 customers a day. Short term closure of the facility may be necessary during essential repairs and also during any construction.

#### **Energy Conservation (£500k) - Low**

104. To enable continuation of the targeted area based approach to install free loft and cavity wall insulation in all private homes in eligible areas.
105. Vulnerable home owners are put at risk due to health hazards in the home not being removed e.g. excess cold due to lack of insulation. Prevention is the most effective method of reducing the burden on the NHS.
106. Revenue Impact - None
107. Customers Impacted – With this funding the Council will be able to continue the very successful area based insulation scheme. It will directly help approximately another 1000 customers in those areas with the worst energy efficiency ratings identified in the Private Sector Stock Condition Survey 2008. It will also show the council commitment to the environment as this work contributes to the city's ambitious targets in the climate change framework for York – to reduce carbon dioxide by 40% by 2020 and 80% by 2050. This will be achieved through the work complimenting other schemes for example those aimed at stimulating behavioural changes and the installation of renewable technologies. Currently there is no other source of funding for private sector residents since the suspension of the central government scheme Warmfront and the removal of private sector funding.

#### **Litter Bin Replacements (£50k) - Low**

108. The Council currently have approximately 1500 litter and dog waste bins across the city many of which are in need of repair or replacement. Following an audit of all of the bins it is clear that the total number of bins could be reduced by replacing a number which are sited near to each other with one larger bin. This would also assist with Health and Safety concerns relating to manual handling, as the new bins would house a wheelie bin, however the standard bins may still be required in places where there is only one bin or equality issues. There is also a need to maintain flexibility in the service to allow additional bins to be supplied to meet the needs of residents and visitors, this can only be done by reducing the total numbers in our currently stock.
109. There is no clear alternative to the investment in the bins. Leasing replacements have been considered some years ago with little benefit as they have no practical use at end of life. Without the capital the limited revenue costs will continue to be spent with very little improvement in the overall quality.
110. Revenue Impact - There is no revenue saving as existing budget will be required to maintain the existing and new bins.
111. Customers Impacted – The numbers of customers impacted will depend on the location of specific bins, a bin in the city centre foot streets could be used by 5000 customers a day, whereas a bin in a urban or rural setting will be much less.

#### **Proposals to Fund the new 2011/12 – 2015/16 schemes**

112. The requests for funding the extension of the existing rolling programme schemes into 2015/16 plus the minor amendments in 11/12, 12/13 and 14/15 totalling £2,314k is recommended. This would require revenue budget growth of £205k in the 2015/16 budget process. Clearly as with all the schemes in the programme funding will need to be reviewed over this period to ensure the programme remains deliverable subject to funding.
113. The acceptance of any bids over and above the currently approved schemes will require revenue growth beyond that already contained within the treasury management budget 11/12 growth proposals.
114. The requests for funding for the remaining bids that have been categorised as high (£3.515m requirement) are recommended by the CAMG. These recommended schemes along with the medium ranked schemes (£1.376m) that are recommended on an invest to save basis plus the extension of rolling programme schemes are (£2.314m) set out in table 5:

<b>Scheme</b>	<b>Total Value</b>	<b>Revenue Cost per annum of Total Value</b>	<b>Financial Year</b>
<b>New High</b>			
Telecare Equipment	£250k pa £1,250k	£22k pa (£250k) £111k pa (£1.25m)	11/12, 12/13, 13/14, 14/15, 15/16
Contingency	£300k	£27k pa	11/12
Riverbank Repairs – Scarborough to Clifton Bridge	£600k	£53k pa	11/12
Riverbank Repairs – Blue Bridge Slipway	£249k	£22k pa	11/12
Riverbank Repairs – Marygate	£573k	£51k pa	12/13
<b>Total River Banks</b>	<b>£1,422k</b>	<b>£126k pa</b>	
LTP (Minster Piazza)	£250k	£22k pa	12/13
Access York	£293k	£26k pa	12/13

<b>Total New High</b>	<b>£ 3.515m</b>	<b>£312k pa</b>	
<b>New Medium</b>			
Carbon Reduction in Street Lighting	£200k pa £1.000m	£18k pa (£200k) £89k (£1.000m)	11/12, 12/13, 13/14, 14/15, 15/16
Yearsley Pool Energy Improvement	£376k	£34k	11/12
<b>Total New Medium</b>	<b>£1.376m</b>	<b>£123k pa</b>	
<b>Recurring High</b>			
City Walls Rolling Repair	£52k pa £104k	£5k pa (£52k) £9k pa (£104k)	11/12 12/13
Disability Support	£180k	£1k pa (£10k) £15k pa (£170k)	14/15 15/16
Community Equipment Loans Service	£105k	£10k pa	15/16
Disabled Facilities Grant	£475k	£42k pa	15/16
Bridge Maintenance	£200k	£18k pa	15/16
Highways Resurfacing and Reconstruction	£1,250k	£111k	15/16
<b>Total Recurring High</b>	<b>£2.314m</b>	<b>£360k</b>	
<b>Total All</b>	<b>£7.205m</b>	<b>£795k pa</b>	

**Table 5 – Recommended new and rolling schemes**

115. The Carbon Reduction in Street Lighting scheme ranked as medium will generate savings of c£64k per annum for every £200k invested from 12/13 onwards. In addition the Yearsley Pool Energy Improvement Scheme will generate savings of £48k per annum against a £376k investment, this allows for the cost of borrowing to be met from the savings generated. It is therefore recommended that in addition to the £3.515k of schemes set out above that the 2 schemes totalling £1.376m are approved on an invest to save basis with the savings generated from 11/12 and 12/13 onwards being earmarked in the first instance to repaying the associated borrowing costs.

116. The total value of all recommended bids and the revenue implications of funding them through borrowing where applicable are shown in table 6:

<b>Scheme Type / Description</b>	<b>Financial Year</b>	<b>Capital Expenditure Value</b>	<b>Revenue Growth Required Assuming Prudential Borrowing</b>
<b>New Schemes</b> (Telecare/ River Bank Schemes/Carbon Reduction/Yearsley Pool)	2011/12	£1.975m	£180k
<b>Rolling Programme</b> (City Walls)	2011/12	£52k	
<b>New Schemes</b> (Telecare/ LTP /Access York/ River Bank Schemes/ Carbon Reduction)	2012/13	£1,566k	£144k
<b>Rolling Programme</b> (City Walls)	2012/13	£52k	
<b>New Schemes</b> (Telecare/ Carbon Reduction)	2013/14	£450k	£40k
<b>New Schemes</b> (Telecare/ Carbon Reduction)	2014/15	£450k	£41k
<b>Rolling Programme</b> (Disability Support)	2014/15	£10k	
<b>New Schemes</b> (Telecare/ Carbon Reduction)	2015/16	£450k	£40k
<b>Rolling Programme</b> (Disab Supp/ CELS/ DFG/ Bridges/ Highways R&R)	2015/16	£2.200m	£195k
	<b>Total</b>	<b>£7.205m</b>	

**Table 6 – Summary financial implications by year of funding recommended schemes**

117. Members may also give consideration to the inclusion of certain schemes on a one off basis or a year by year approach. This could apply to schemes such as



Highways Drainage works where £200k (single year of the 5 year bid). This would cost c£18k per annum for the £200k one off scheme.

118. As highlighted in the report it is reasonable to expect that some additional capital receipt funding may be identified in the 5 year period of the capital plan. Such receipts would reduce the need for prudential borrowing. However the prudent approach is to assume all of these schemes will require revenue funding to support prudential borrowing in order to finance the funding requirement.
119. Based upon current projections, the level of prudential borrowing and thus the associated revenue to support this will need to increase on an annual basis over the next 5 years to ensure the Capital Programme is sustainable. Table 7 sets out the required revenue growth that is needed to ensure the capital programme is affordable and prudent. The table combines the growth from the 09/10 – 13/14 budget plus the 10/11 – 14/15 budget process along with the new growth requirement from this years to show the full revenue impact of proceeding with the programme.

<b>Financial Year</b>	<b>09/10 – 13/14 Budget Process</b>	<b>10/11 – 14/15 Budget Process</b>	<b>11/12 – 15/16 Budget Process</b>	<b>TOTAL 11/12 – 15/16</b>	<b>Revenue Growth Required Assuming Prudential Borrowing</b>	<b>Revenue Funding Awarded / Bid For</b>
2009/10	£3.050m	N/A	N/A	£3.050m	£270k	✓
2010/11	£1.373m	£2.882m	N/A	£4.255m	£378k	✓
2011/12	£9.100m	£0.325m	£2.027m	£11.452m	£1.016m	✓
2012/13	£2.248m	£0.347m	£1.618m	£4.213m	£374k	x
2013/14	£2.258m	£0.012m	£0.450m	£2.720m	£241k	x
2014/15	N/A	£2.270m	£0.460m	£2.730m	£242k	x
2015/16	N/A	N/A	£2.650m	£2.650m	£235k	x
	<b>£18.029m</b>	<b>£5.836m</b>	<b>£7.205m</b>	<b>£31.070m</b>		

University Pool Cont			£1.000m	£1.000m	£89k	✓
Crematorium			£1.766m	£1.766m	£157k	✓
	<b>£18.029m</b>	<b>£5.836m</b>	<b>£9.971m</b>	<b>£33.836m</b>		

**Table 7 – Revenue implications of funding recommended schemes**

120. Clearly the overall position will need to be reviewed on an annual basis and the capital receipts will need to continue to be tightly monitored to update the latest position to ensure the programme remains affordable. The proposal to use prudential borrowing to fund the new schemes is made on the assumption that over the medium term the current level of required receipts is achieved. Clearly if the projected level of receipts is not achieved action will be required to overcome the resulting funding shortfall. This action could take the form of either increasing revenue contributions or increasing the level of prudential borrowing whilst ensuring affordability to meet any capital receipts shortfall or reducing the capital programme schemes funded by capital receipts. The ability to contribute revenue funds to support prudential borrowing over and above the level currently being proposed as part of this report would have a significant impact on revenue budgets and would potentially place pressure on other Council service areas.
121. Any short term shortfall in funding will be met from prudential borrowing. The revenue implications of any in year shortfall due to timing differences will be borne by the treasury management budget.

#### **Additional Externally Funded Schemes**

122. In addition to the bids for discretionary funding including as part of this report there are additional schemes being proposed to be added to the capital programme that are funded from external sources totalling £3.629m. The funding types external grants and external contributions. Table 8 sets out the additional funding that has been added to the capital programme for 11/12 – 15/16.

<b>Additional external scheme funding</b>	<b>2011/12 External Growth £000</b>	<b>2012/13 External Growth £000</b>	<b>2013/14 External Growth £000</b>	<b>2014/15 External Growth £000</b>	<b>2015/16 External Growth £000</b>	<b>Total External Growth £000</b>
Highways R&R					2,047	2,047

Disabled Facilities Grant					1,500	1,500
Access York		82				82
<b>TOTAL</b>	<b>0</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>3,547</b>	<b>3,629</b>

**Table 8 – Externally Funded Schemes**

### IT Development Plan

123. As part of the 2010/11 budget Members agreed in principle to a future IT development programme of £1m (indicative) per annum. At the same time it was recognised that the programme could be self funded using prudential borrowing that is no longer required from funding previous year IT development.
124. A review has been undertaken as to how much capital is needed to ensure the core IT infrastructure of the council is maintained to ensure continued service delivery. This has concluded that a reduced sum totalling £750k is required in the capital programme. This will enable the council to keep its core systems up to date and also allow preparations for the move to the new Council Headquarters in 2012. Examples of schemes required over the coming years include upgrade of Web Content Management System, Office Upgrade project, equipment for new elected Members and desktop refresh.
125. The revenue costs of £750k investment and ongoing additional maintenance costs can be funded from within the current IT development plan with no additional revenue growth required.
126. If there are requirements for IT expenditure within Directorates for service improvements these will need to be the subject of a business case and also be expected to be self financing. Table 9 sets out the projected profile of budgets over the next 5 year capital budget cycle:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
IT Development Plan	750	750	750	750	750	3,750
<b>TOTAL</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,750</b>

**Table 9 – IT Development Plan 2011 - 2016**

127. It is recommended that the Director of Customer and Business Support Services agrees the detail of the individual Core Infrastructure schemes in the programme in consultation with the Executive Member for Corporate Services. Any service specific developments would be subject to reporting to Executive, with a full business case setting out the financial and service benefits. It should be noted that no funding is included for such service specific schemes, and as such these would be expected to be based upon business cases where the costs are recovered from efficiency improvements.

### Housing Revenue Account (HRA)

128. There is a separate budget report for the HRA which is attached at Annex 6 of the Financial Strategy Paper that is part of this suite of reports. The result of all the adjustments outlined within the report is an in-year surplus of £383k. Together with the projected brought forward working balance of £9,189k this leaves a working balance of £9,572k on the account.

129. The HRA element of the proposed housing capital programme is requesting a revenue contribution totalling £5.691m from HRA balances over a period of 5 years as set out in table 10. Members do as with all the above bids have the option of funding from available resources or reducing the proposed schemes but it is officers recommendation that the programme is financed from HRA contributions.

130. A major reform of HRA Finance from April 2012, including the establishment of a self-financing relationship between local government housing providers and central government, will lead to very substantial changes in the way in which the HRA is financed. At the time of writing the details of the proposed self financing offer had only just been received and officers are working through the detailed implications on the HRA business plan and future funding streams. Any increases in the housing capital programme should therefore be considered after this review has been completed, when there may be the opportunity for further investment. This revenue contribution will be used to fund the following schemes as set out in table 10:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Repairs to Local Authority Properties/ Modernisation of Local Authority Properties/ New build of Local Authority Homes	1,006	258	(1,368)	529	5,266	5,691
<b>Total</b>	<b>1,006</b>	<b>258</b>	<b>(1,368)</b>	<b>529</b>	<b>5,266</b>	<b>5,691</b>

**Table 10 – Housing Revenue Account 2011 - 2016**

## Summary of Analysis

131. The outcome of the proposals outlined above if accepted are illustrated in Table 11 which sets out the proposed capital budget for each directorate over the next 5 years and in detail in Annex A.

	<b>2011/12 £000</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>Total £000</b>
ACE- Childrens	8,755	5,583	5,583	5,583		25,504
ACE – Social Services	733	495	505	515	525	2,773
CANS – Housing	10,672	8,411	8,680	8,426	6,441	42,630
CANS – Leisure	4,946	510				5,456
CANS – Neighbourhood Services	8,277	3,440	3,406	3,334	3,697	22,154
City Strategy – Planning and Transport	5,551	17,219	8,826	2,713		34,309
City Strategy – Economic Development	58					58
City Strategy – Admin Accommod	11,463	14,906	1,468			27,837
City Strategy – Property	2,978	653				3,631
City Strategy – Community Stadium	4,000					4,000
CBSS – IT Equipment	1,050	750	750	750	750	4,050
Contingency	300					300
<b>Total by Department</b>	<b>58,783</b>	<b>51,967</b>	<b>29,218</b>	<b>21,321</b>	<b>11,413</b>	<b>172,702</b>

**Table 11– Proposed Capital Programme 2011 – 2016**

## Corporate Priorities

132. The CRAM process ensures that all bids received for capital funding address the aspirations of the Corporate Strategy with each proposal addressing at least one corporate priority. The capital schemes put forward for consideration are derived from the service and area asset management plans which look at the capital needs and requirements of the service. All schemes that have progressed through for further consideration in this report have demonstrated through the CRAM process that they directly contribute toward the achievement of the Corporate Strategy.

133. As a result of this budget round the capital investment over the next 5 years up to 2015/16 will £172.702m.

## **Implications**

### **Financial Implications**

134. The financial implications are considered in the main body of the report.

### **Human Resources Implications**

135. There are no HR implications as a result of this report.

### **Equalities Implications**

136. A number of schemes have specific implications for Equalities. These include the Disability Support budget, and Disabled facilities grants, assistance to elderly, housing grants, and housing repairs. The detailed equalities implications of the individual schemes will be further assessed by individual directorates once the capital programme has been approved and the schemes are further developed. Any implications will be identified in the individual schemes project plans.

### **Legal Implications**

137. The Council is legally required to set a balanced 3 year capital programme but to assist with Medium Term Financial Planning sets a 5 year programme.

### **Crime and Disorder**

138. There are no crime and disorder implications as a result of this report.

### **Information Technology**

139. There are no information technology implications as a result of this report.

### **Property**

140. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from the disposal of Council assets.

## **Risk Management**

141. The risks associated with both the existing and proposed capital programme has been discussed extensively throughout this report.
142. This report highlights the challenge presented by the proposed capital programme, which includes a significant level of Council driven schemes. Despite the proposed schemes being funded from revenue contributions the existing approved capital programme still places significant reliance on a small number of high value capital receipts. In addition the recent increase in the size of the programme has meant the Council has to ensure that the key skills are in place to allow the programme to be successfully delivered.

143. To mitigate the risks the capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Management Group (CAMG – capital programme managers along with the Capital Finance team) meets regularly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised. The development of the revised CRAM process and capital strategy has put in place gate keeping controls to ensure that only projects that can be delivered are put forward for approval by the Council.
144. The use of prudential borrowing and revenue contributions are required for a balanced programme to be set and the risk associated with this means of funding is the additional pressure placed on the existing revenue budgets. This issue has been covered in detail in the main body of the report.

## **Recommendations**

145. The Executive is requested to recommend that Council:
- Agree to the revised capital programme of £172.702m, that reflects a net overall increase of £16.275m (as set out in Annex A ‘growth’ column). Key elements of this include:
    1. the bids recommended in paragraph 114 (table 5) totalling £7.205m;
    2. the schemes funded from external resources in paragraph 122 (table 8) totalling £3.629m
    3. the revised prudential borrowing profile for the IT development plan in paragraph 126 (table 9) totalling £3.750m that shows a decrease of £250k per annum in years 11/12 – 14/15 and an extension of the programme by £750k in 15/16 containing specific schemes;
    4. the use of HRA balances to fund HRA capital schemes as set out in paragraph 130 (table 10) totalling £5.691m.
  - Note the overall funding position identified in the report, which highlights a current shortfall in resources over the next five years, which the Council will need to address through increased revenue contributions in the medium term;
  - Approve the full restated programme as summarised in Annex A totalling £172.702m up to 2015/16.
146. Reason: To set a balanced capital programme as required by the Local Government Act 2003.

### **Contact Details**

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**Report**  **Date** 28/01/11  
**Approved**

Keith Best  
Assistant Director - CBSS

**Report**  **Date** 28/01/11  
**Approved**

**Specialist Implications Officer(s)**

**Wards Affected:**

All

**For further information please contact the author of the report**

**Background Papers:**

Budget Control 2011  
Departmental CRAM bids

Annexes

Annex A – Capital Programme 2011/12 to 2015/16