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**Executive**

**27 August 2015**

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

**Capital Programme – Monitor 1 2015/16**

**Summary**

- 1 The purpose of this report is to set out the projected outturn position for 2015/16 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 2 The 2015/16 capital programme approved by Council on 26 February 2015, and updated for amendments reported to Executive and Council including the 16 July Budget Amendments, resulted in an approved capital budget of £100.381m.

**Recommendations**

- 3 Executive is asked to:
  - Recommend to Full Council the adjustments in the programme of a decrease of £5.091m in 2015/16 as detailed in the report and contained in Annex A.
  - Note the 2015/16 revised budget of £95.290m as set out in paragraph 6 and Table 1.
  - Note the restated capital programme for 2015/16 – 2019/20 as set out in paragraph 30, Table 2 and detailed in Annex A.

Reason: To enable the effective management and monitoring of the Council's capital programme.

**Consultation**

- 4 The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 26 February 2015. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do

follow a consultation process with local Councillors and residents in the locality of the individual schemes.

## Summary of Key Issues

- 5 A decrease of £5.091m is detailed in this monitor resulting in a revised capital programme of £95.290m. £5.300m of the decrease is attributable to re-profiling to budgets to future years. Offsetting this is a net increase of £209k attributable to an increase in government grants available and use of S106 funds. The Councils borrowing need across the 5 year programme has reduced slightly, by £174k, as a result of the changes set out in this report.
- 6 Table 1 outlines the variances reported against each portfolio area.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m
CSES	Children's Services, Education & Skills	18.185	13.361	(4.824)
ASC	Adult Social Services	1.679	1.464	(0.215)
CANS	Communities Culture & Public Realm	3.015	3.127	0.112
CANS	Housing & Community Safety	19.193	19.193	0.000
CES	Highways & Waste	6.226	6.226	0.000
CES	Transport	8.483	8.619	0.136
CES	Economic Development	0.058	0.058	0.000
CES	Community Stadium	20.714	20.714	0.000
CBSS	Asset Management	3.559	3.559	0.000
CBSS	West Offices - Admin Accom	0.512	0.512	0.000
CBSS	IT Development Plan	2.996	2.696	(0.300)
CBSS	Misc(Contingency )	0.443	0.443	0.000
CBSS	Economic Infrastructure Fund	15.318	15.318	0.000

	<b>Total</b>	<b>100.381</b>	<b>95.290</b>	<b>(5.091)</b>
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**Table 1 Capital Programme Forecast Outturn 2015/16**

- 7 To the mid point in August there was £13.2m of capital spend representing 13% of the revised monitor 1 budget.

### **Analysis**

- 8 A summary of the key exceptions and implications on the capital programme are highlighted below.

### **CSES – Children Services, Education and Skills**

- 9 There is a single request for re-profiling funds from 15/16 to 16/17 required as part of this report.
- 10 In 2015/16 the main focus of Basic Need expenditure is on the schemes at Fulford School and St Barnabas Primary School. Apart from these expansions, only a small number of minor schemes will be carried out in this financial year. A total of £520k is committed to providing the local authority's contributions to the two EFA funded school rebuilds (Carr Infant and Lord Deramore's Primary), under the Priority Schools Building Programme (PSBP), that were the subject of successful bids in 2012. At Carr Infant an estimated contribution of £370k is funding additional classrooms within the new building and some landscaping works, neither of which will be funded by the EFA. These two schemes are expected to complete in 2015/16 therefore the contributions will be required in this financial year.
- 11 As a result of the above, it is proposed to re-profile an amount of £5m of the Basic Need programme into 2016/17 whilst work is on-going to plan the best use of this funding to respond to the pupil pressures across the city.
- 12 There are a number of minor amendments for CSES programme resulting in a net increase to the programme of £176k, all funded by grants received from the Department for Education or S106's.
- 13 The forecast spend inclusive of the above for 15/16 is £13.361m.

### **Adult Social Services**

- 14 There are a number of adjustments required as part of this report. It should be noted that the scheme has been revised to reflect the Older Persons

Accommodation review report as approved by 30th July Executive creating a multi year £1.706m scheme. In addition it is proposed that £298k under the Older Persons Homes Infrastructure works scheme is transferred to the Older Persons Accommodation Review.

- 15 An adjustment is required to reduce the budget and remove the prudential borrowing element of the Burton Stone Community Centre. The building will now not be used as originally proposed, although a small element of the budget is being retained for the sensory room. This results in a net reduction of £174k. Any future capital investment needs will be considered and reported to Executive in the usual way.
- 16 A number of other minor adjustments to the ASC programme result in a net reduction to the programme of £41k.
- 17 The forecast spend inclusive of the above for 15/16 is £1.464m.

### **Communities and Neighbourhood Services – Communities, Culture and Public Realm**

- 18 The Gateway to History (York Explore Phase 2) scheme sees a reallocation of funding from the capital element of the scheme to revenue resulting in a reduction in the capital programme of £158k. The reallocation of the grant is allowable in this circumstance as the conditions of the grant allow an element to be used to fund revenue activities.
- 19 The Parks and Open Spaces schemes are updated to reflect proposed in year activity and results in an increase of £120k all funded from S106 contributions.
- 20 The Little Knavesmire Pavilion scheme sees an increase in the overall cost of the scheme from £500k to £650k to reflect the final scope of the scheme. The scheme is primarily funded from external sources including Football Association (50% of overall cost), Football Foundation and Sport England. The council's contribution to the scheme remains unchanged at £100k.
- 21 The forecast spend inclusive of the above for 15/16 is £3.127m.

### **Communities and Neighbourhood Services - Housing & Community Safety**

- 22 No amendments are proposed in relation to Housing and Community Safety and the projected 15/16 spend is profiled at £19.193m.

- 23 Regarding the delivery of new council housing, all 27 homes have now been completed at Beckfield Lane. The 18 council homes have been let and sales have completed on 7 of the 9 market homes. Hewley Avenue is on site with 8 all homes due to complete in October, and 14 homes will complete at the Pack of Cards in November. Tender returns are due back for Ordnance Lane (39 unit homeless accommodation and 18 council homes), Fenwick Street (8 council homes), Chaloners Road (8 council homes) and Pottery Lane (6 council homes) in September.
- 24 Two more loft conversions have been completed so far this year with a further 4 identified for conversion. Since this programme began, a total of 98 properties have been surveyed for their suitability for conversion and by the end of the year, 30 conversions will have been carried out from the original £1m budget.
- 25 The £1.1m Heating installation programme is progressing well and the budget is on track to be spent in full by the end of the year. The Tenants Choice programme (£2.95m) is progressing broadly in line with expectations with 97 dwellings completed to date. In addition, a further 19 void properties where tenants previously refused works have now been brought up to equivalent standards. More than 160 properties have been identified as requiring major damp remedial works; this work will be coordinated with the Tenants Choice works where replacement bathrooms or kitchens are required. All other schemes are progressing as expected for this point in the year and there are no variations to any schemes to report at this time.

### **City & Environmental Services – Highways & Waste**

- 26 The programme is currently projecting a 15/16 spend of £6.226m.

### **City & Environmental Services - Transport + Economic Development**

- 27 Additional Better Bus Area 2 grant has been identified and will be added to the existing programme of works, resulting in a revised budget of £612k. The increase is funded by a Better Bus Area 2 grant.
- 28 The Economic Development budget of £58k remains as is in 15/16.

### **City & Environmental Services – Community Stadium**

- 29 There are no amendments to report. As contracts are finalised the profile will be updated to reflect the development schedule.

**Customer and Business Support Services - Administrative Accommodation**

30 No changes to the projected spend are proposed at this monitor with in year spend budgeted at £0.513m.

**Customer and Business Support Services – Asset Management / IT Development Plan / Contingency/ Economic Infrastructure Fund (EIF)**

31 No schemes under the Asset Management area require adjustment and the programme is forecast to spend £3.559m.

32 The IT development plan programme of works requires £300k of funds to re-profile from 15/16 to 16/17 reflecting the latest delivery plans for the current financial year.

**Summary**

33 As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 2.

<b>Gross Capital Programme</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's Services, Education & Skills	13.361	15.312	5.256	5.081	5.081	<b>44.091</b>
Adult Social Services and Public Health	1.464	0.917	0.967	0.915	0.565	<b>4.828</b>
Communities Culture & Public Realm	3.127	0	0	0	0	<b>3.127</b>
Highways & Waste	6.226	3.231	3.168	2.977	2.977	<b>18.579</b>
Housing & Community Safety	19.193	14.260	9.831	8.472	9.812	<b>61.568</b>
Transport	8.619	2.293	4.331	1.660	1.660	<b>18.563</b>
Community Stadium	20.745	0	0	0	0	<b>20.714</b>
Economic Development	0.058	0	0	0	0	<b>0.058</b>
Asset Management	3.559	1.212	0.300	0.300	0.300	<b>5.671</b>
West Offices - Admin Accom	0.512	0	0	0	0	<b>0.512</b>

IT Development Plan	2.696	2.220	2.245	2.025	1.970	<b>11.156</b>
Contingency	0.443	0	0	0	0	<b>0.443</b>
Economic Infrastructure Fund	15.318	2.284	0	0	0	<b>17.602</b>
<b>Revised Programme</b>	<b>95.290</b>	<b>41.729</b>	<b>26.098</b>	<b>21.430</b>	<b>22.365</b>	<b>206.912</b>

**Table 2 Revised 5 Year Capital Programme**

### **Funding the 2015/16 – 2019/20 Capital Programme**

34 The revised 2015/16 capital programme of £95.321m is funded from £47.760m external funding and £47.561m of internal funding. Table 3 shows the projected call on resources going forward.

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>95.290</b>	<b>41.729</b>	<b>26.098</b>	<b>21.430</b>	<b>22.365</b>	<b>206.912</b>
Funded by:						
External Funding	47.729	25.507	16.890	14.086	14.344	<b>118.556</b>
Council Controlled Resources	47.561	16.222	9.208	7.344	8.021	<b>88.356</b>
<b>Total Funding</b>	<b>95.290</b>	<b>41.729</b>	<b>26.098</b>	<b>21.430</b>	<b>22.365</b>	<b>206.912</b>

**Table 3 – 2015/16 –20**

### **19/20 Capital Programme Financing**

35 The Council controlled figure is comprised of a number of resources that the Council has ultimate control over how it chooses to apply them, these include Right to Buy receipts, Revenue Contributions, Supported (government awarded) Borrowing, Prudential (Council funded) Borrowing, Reserves and Capital Receipts.

36 Capital receipts should be considered at risk of not being realised within set time frames and to the estimated values until the receipt is received. The capital programme is predicated on a small number of large capital receipts which, if not achieved, would cause significant funding pressures for the programme. The Director of Customer and Business Support closely monitors the overall funding position to ensure that over the full duration of

the capital programme it remains balanced. Any issues with regard to financing will be reported as part of the standard reporting cycle to the Executive.

## **Council Plan**

37 The capital programme is decided through a formal process, using a Capital Resource Allocation Model (CRAM). CRAM is a tool used for allocating the Council's capital resources to schemes that contribute toward the achievement of the Council Plan. The Capital Asset Board (CAB) meet monthly to ensure the capital programme targets the Councils Plan. The capital programme addresses all priorities of the Council Plan as shown in the main body of the report.

## **Implications**

### **Financial Implications**

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

### **Human Resources Implications**

39 There are no HR implications as a result of this report

### **Equalities Implications**

40 There are no equalities implications as a result of this report

### **Legal Implications**

41 There are no legal implications as a result of this report

### **Crime and Disorder**

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

### **Information Technology**

43 The information technology implications are contained in the main body of the report.

### **Property**

44 The property implications of this paper are included in the main body of the report.

## Risk Management

- 45 The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Board (CAB) meets regularly to plan monitor and review major capital schemes to ensure that all capital risks to the Council are minimised.

### Contact Details

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Debbie Mitchell Corporate Finance Manager 01904 554161	<b>Report Approved</b>	√	<b>Date</b> 17/08/15
<b>Wards Affected:</b> All			
<i>For further information please contact the author of the report</i>			

<b>Specialist Implications:</b>
<i>Legal – Not Applicable</i>
<i>Property – Not Applicable</i>
<i>Information Technology – Not Applicable</i>

### Annexes

Annex A – Capital Programme 2015/16 to 2019/20

### Glossary of Abbreviations used in the report:

ASC – Adult Social Services

CAB - Capital Asset Board Capital Resource Allocation Model

CSES - Children's Services, Education & Skills

EFA – Education Funding Agency

PSB - Priority Schools Building Programme