
Executive

15 November 2017

Report of the Director of Customer and Corporate Services (Deputy Chief Executive)

Portfolio of Executive Leader (incorporating Finance & Performance)

CAPITAL PROGRAMME – MONITOR 2 2017/18

Summary

- 1 The purpose of this report is to set out the projected outturn position for 2017/18 including any under/over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 2 The 2017/18 capital programme approved by Council on 23 February 2017, updated for amendments reported to Executive and Council in the July Outturn Report resulted in an approved capital budget of £111.638m.

Recommendations

- 3 Executive is asked to:
 - Recommend to Full Council the adjustments resulting in a decrease in the 2017/18 budget of £3.728m as detailed in the report and contained in Annex A.
 - Recommend to Full Council to approve the amended financing of Earmarked schemes from Capital receipts as set out at paragraphs 42 – 43 below and Table 4:
 - Note the 2017/18 revised budget of £107.910m as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2017/18 – 2021/22 as set out in paragraph 17, 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 Budget Process and agreed by Council on 23 February 2017. 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 £3.728m is detailed in this monitor resulting in a revised capital programme of £107.910m. £4.106m of this decrease is due to a re-profiling of budgets to future years. There is also an increase of £378k in 2017/18, largely attributable to the first year impact of adding the Extension to Marjorie Waite Court scheme to the Capital Programme funded by the HRA as detailed in paragraph 21.
- 6 Table 1 outlines the variances reported against each portfolio area.

Department	Current Approved Budget £m	Projected Outturn £m	Variance £m	Paragraph Ref
Children, Education & Communities	9.618	8.843	(0.775)	8-15
Health, Housing & Adult Social Care – Adult Social Care	5.922	5.137	(0.789)	16-18
Health, Housing & Adult Social Care – Housing & Community Safety	25.718	28.223	2.505	19
Economy & Place – Transport, Highways & Environment	20.607	19.977	(0.630)	20-26
Economy & Place – Regeneration & Asset Management	29.627	29.198	(0.429)	27-30
Community Stadium	14.241	14.241	0.000	
Customer & Corporate services	2.580	2.579	(0.001)	31
IT Development Plan	3.325	2.087	(1.238)	32-33
Total	111.638	107.910	(3.728)	

Table 1 Capital Programme Forecast Outturn 2017/18

Analysis

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

Children, Education & Communities

- 8 A number of schemes were successfully completed over the 2017 summer holiday in schools across the city. These included major roof replacements at Carr Junior and Dringhouses Primary Schools, boiler replacements at Naburn and Ralph Butterfield Primary Schools and the installation of a new water tank at Copmanthorpe Primary. A heating system upgrade including pipe work replacement was carried out at Westfield Primary, with a number of smaller boiler upgrades also carried out at other schools.
- 9 Kitchen ventilation improvements were completed at Archbishop of York Junior, Bishopthorpe Infants, Headlands and Lakeside Primaries and St Paul's Nursery. Electrical rewiring schemes were completed at Dringhouses, Rufforth and Woodthorpe Primaries, and smaller lighting and electrical improvements were carried out at a number of other schools
- 10 There have been a number of amendments as part of this report, resulting in a net decrease to the capital programme of £750k in 2017/18. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £m	Amount 18/19 £m	Amount 19/20- 20/21 £m	Further Details – Paragraph ref
Expansion and Improvement of Facilities for Pupils with SEND	Adjustment	-	0.197	0.397	11-13
Expansion and Improvement of Facilities for Pupils with SEND	Re-profile	(0.350)	0.350	-	14
Haxby Library reprovision	Re-profile	(0.500)	0.500	-	15

- 11 The Expansion and Improvement of Facilities for pupils with SEND scheme requires a number of adjustments including a total increase of £594k to the overall budget between 2018/19 and 20/21 funded by external grant and £350k of funds from 2017/18 to be transferred into 2018/19.
- 12 In March 2017 the Department for Education allocated £215 million of special provision fund capital for the financial years 2018/19 to 20/21. This funding has been allocated to assist local authorities create additional places for pupils with special educational needs and disabilities (SEND), and to improve facilities for them in mainstream and special schools, nurseries, colleges and other education providers.
- 13 The Council have now received notification of the amount of funding allocated to York, which is £197k each year for three years 2018/19, 2019/20 and 2020/21, a total of £591k. As this funding is for the same purposes as the scheme already in the programme, it is sensible to add this into the existing scheme to create an overall budget of £1,116m for investment across the city
- 14 Work is progressing well on planning several specialist provision developments to support the learning and care arrangements for children with complex needs. These developments include a suite of capital projects both within key schools and a new build – currently in design. It is likely that all of the capital works will commence in 18/19 and in the circumstances it is requested that £450k of the budget in 2017/ is re-profiled into 2018/19, leaving £75k for any initial costs incurred.
- 15 The Haxby Library reprovision scheme requires its total budget of £500k to be transferred into 2018/19. Officers are continuing to work with the Memorial Hall trustees to support them in fund raising the capital required to meet CYC conditions before we release the £500k contribution towards the larger project to transform the hall into a new community facility, which will include library provision. The contribution is now unlikely to be released in this financial year

Adult Social Care

- 16 Two amendments have been made as part of this report resulting in a net decrease to the capital programme of £789k in 2017/18. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £m	Amount 18/19 £m	Amount 19/20- 20/21	Further Details – Paragraph ref
Telecare Equipment	Re-profile	(0.197)	0.197	-	17
Older Persons Accommodation review	Re-profile	(0.592)	0.061	0.531	18

- 17 The Telecare Equipment scheme required funds of £197k to be transferred into 18/19 due to an updated expected expenditure profile.
- 18 The budget for the Older Persons Accommodation review has been updated to reflect revised timings following the later start than originally expected on the Burnholme site. Work on Marjorie Waite Court and Burnholme is now expected to be completed in 2019/20 rather than 2018/19 as assumed in the original budget.

Housing & Community Safety

- 19 Two amendments have been made as part of this report resulting in a net increase to the capital programme of £2.505m in 2017/18. Key variances are summarised in the table below, referenced to further narrative..

Scheme	Amendment	Amount 17/18 £m	Amount 18/19 £m	Amount 19/20 £m	Amount 20/21 £m	Further Details – Paragraph ref
IT Infrastructure	Adjustment	(0.250)	-	-	-	20
Extension to Marjorie Waite Court	Adjustment	0.450	2.900	2.100	0.199	21

- 20 The IT Infrastructure scheme budget has been reduced by £250k in 2017/18. This is to reflect that the housing IT replacement programme is currently still at a discovery stage so current costs incurred to date are to be met from the revenue budget
- 21 Executive agreed at its meeting on 31st August 2017 (ratified at Full Council 26th October) to the development of 33 apartment and bungalow

extension at Marjorie Waite Court at a total cost of £5.649m to the HRA. This is to be funded from Right to Buy Receipts and the balance from HRA investment reserve and other capital resources. This scheme is now added into the overall capital programme with costs split across the four years from 2017/18 to reflect the expected profile of expenditure.

Transport, Highways & Environment

- 22 Progress has been made across many of the schemes in this area, including the Better Bus Fund, where the Fourth Avenue lay-bys, Clarence Street Bus Priority and Museum Street Bus Shelter schemes have been completed. Work on the Rougier Street Bus Shelter and the conversions of tour buses to electric drive is ongoing.
- 23 As part of the Local Transport Plan scheme, four of the Traffic Signals Asset Renewal (TSAR) schemes have been completed, with a further two schemes currently on site, and implementation of the remaining two schemes planned for later in 2017/18. All of the installations allow for improved, remote management of the traffic signals. Feasibility and design is ongoing for the school safety schemes, and the installation of new School Crossing Patrol equipment was completed before the start of the new school year
- 24 Progress has been made on the Harewood Whin transfer station scheme, with Yorwaste requested that shareholders provide a loan of £5,000,000 to cashflow their enhanced capital programme split as per the shareholding ratio (77%NYCC and 23% CYC). The largest investment in the York area being the construction of the new Transfer Station at Harewood Whin. The CYC loan was provided in June and the transfer station is now operational
- 25 There have been a number of amendments to this area as part of this report resulting in a net decrease to the capital programme in 17/18 of £630k. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £m	Amount 18/19 £m	Further Details – Paragraph ref
Special Bridge Maintenance	Re-profile	(0.400)	0.400	26
WYTF – York Central Access	Re-profile	(0.270)	0.270	27
WYTF – Dualling Study	Adjustment	0.100	0.195	28

- 26 The Special Bridge Maintenance Scheme requires funds of £400k to be transferred into 2018/19. This is to allow time to prepare contracts for the painting of both Skeldergate and Lendal Bridge.
- 27 The West Yorkshire Transport Fund (WYTF) York Central Access scheme requires funds of £270k to be transferred into 2018/19. This is to reflect the latest forecasts which are being reported to the West Yorkshire Combined Authority (WYCA). The original profiles were undertaken at an early stage and these are now being refined as the projects gather momentum.
- 28 A new scheme has been added to the Capital Programme – the WYTF Dualling Study. This scheme is fully funded by the WYTF and its purpose is to complete the required evidence base, modelling and assessment necessary to develop the strategic case for upgrading the A1237 outer ring road to dual carriageway standard.

Regeneration & Asset Management

- 29 Within Regeneration and Asset management, progress is being made across a number of schemes. The Asset Maintenance budget has been used to carry out roof repairs at Yearsly Pool, install a new boiler at the Crematorium, and carrying out improvements at the Eco Business centre.
- 30 Two amendments have been made as part of this report resulting in a net decrease to the capital programme of £429k in 2017/18. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 17/18 £m	Amount 18/19 £m	Further Details – Paragraph ref
Community Asset Transfer	Re-profile	(0.155)	0.155	31
Critical Repairs and Contingency	Re-profile	(0.274)	0.274	32

- 31 The Community Asset Transfer scheme requires funds of £155k to be transferred into 2018/19. This is to reflect that there are a smaller number of transfers in 2017/18 than originally anticipated.
- 32 The Critical Repairs and contingency scheme requires funds of £274k to be transferred into 2018/19. Whilst the Guildhall project itself is underway, the contingency for the Guildhall roof is unlikely to be spent until 2018/19.

Customer & Corporate Services

- 33 The West Offices Admin Accommodation scheme is due to be completed in 2017/18 with a final payment of £30k due to York LLP investors during the year. The overall scheme has now been completed within budget, therefore the surplus funds of £230k are to be retained in a Major Repairs reserve for any future significant repair work at West Offices.

IT Development Plan

- 34 The IT Development Plan scheme requires funds of £1.238m to be transferred into 2018/19. £238k of this related to the Citrix upgrade which is due to be completed in 2018/19.
- 35 During 2017/18 ICT has reshaped the department and introduced a new Programme Management role resulting in a change to the strategy and the development of programmed themes of work. Prior to Christmas, the Business Engagement Team are undertaking Business Planning Cycle work across each directorate, the results of which will inform the strategic direction of activity and in turn influence the lower level projects and systems replacements. This is being managed by the director and CMT to ensure that the proposed work plan aligns to the directorate stated intent and to the corporate ICT strategy. It has been identified that funds of £1m are now required in 2018/19 in relation to workforce mobilisation, upgrade or replacement of the EDRM, CRM development and replacement of ICT infrastructure.

Summary

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

Gross Capital Programme	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Children, Education & Communities	8.843	29.448	2.588	5.042	0	45.921
Health, Housing & Adult Social Care – Adult Social Care	5.137	4.046	1.107	0.565	0.565	11.420
Health, Housing & Adult Social Care – Housing & Community Safety	25.848	23.464	12.208	9.888	9.812	81.220
Economy & Place – Transport, Highways & Environment	19.977	32.833	29.614	22.363	17.015	121.802
Economy & Place – Regeneration & Asset Management	29.298	8.121	0.860	0.220	0.220	38.619
Community Stadium	14.241	18.266	3.445	0	0	35.952
Customer & Corporate Services	2.579	0.419	0.250	0.250	0.250	3.519
IT Development Plan	2.087	3.263	1.970	1.085	1.770	10.175
Revised Programme	107.910	119.860	52.042	39.413	29.632	348.857

Table 2 Revised 5 Year Capital Programme

Funding the 2017/18 – 2021/22 Capital Programme

37 The revised 2017/18 capital programme of £107.231 m is funded from £47.284m of external funding and £59.947m of internal funding. Table 3 shows the projected call on resources going forward.

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	107.910	119.860	52.042	39.413	29.632	348.857
Funded by:						
External Funding	47.284	75.721	35.741	31.349	21.223	211.318
Council Controlled Resources	60.626	44.139	16.301	8.064	8.409	137.539
Total Funding	107.910	119.860	52.042	39.413	29.632	348.857

Table 3 – 2017/18 –2021/22 Capital Programme Financing

- 38 The Council controlled figure is comprised of a number of resources that the Council has ultimate control over. These include Right to Buy receipts, revenue contributions, supported (government awarded) borrowing, prudential (Council funded) borrowing, reserves (including Venture Fund) and capital receipts
- 39 Overall it is anticipated that net general capital receipts over the next 3 years will be around £5.3m. This includes the expected sales of Ashbank, 29 Castlegate, Stonebow House, Former Manor school- road, Redeness Street and Bootham Row car park.
- 40 In addition to these general receipts, there is a need to review the earmarked capital receipts that have been assumed as part of 3 large schemes within the capital programme – Lowfields, the Older persons programme and Burnholme, and to update on the overall projected receipts position as set out below.
- 41 At the Executive meeting in December 2016 Members agreed to carry out enabling works of £1.4m at Lowfields funded by the future capital receipts from the disposal of the care home at Lowfields. This receipt is anticipated to be received in 2018/19.
- 42 In July 2015 Executive approved £4m of expenditure on the Older Persons Accommodation Programme to be funded by Capital Receipts. This is being spent on: Marjorie Waite Court community facilities (£1m), acquisition and legal costs for land adjacent to Haxby Hall (£0.6m) and project management and other associated moving costs (£2.4m). It is now expected receipts from the sale of surplus care homes will be realised during 2017/18 and 2018/19, and will exceed the £4m figure – receipts generally are now expected to be in the region of £8.020m.
- 43 During Executive meetings in May 2016 and December 2016 Members approved expenditure totalling £6.957m in relation to 3 main work schemes at Burnholme, on the basis they would be covered by the future capital receipts from the disposal of land at the site and sale of Tang Hall library. This expenditure is delivering the redevelopment of community, library and sports facilities as well as retaining playing fields. It ensures premises are reserved for use by community, enterprise and third sector organisations, along with delivering an Explore Library together with flexible spaces for training and lifestyle support that are retained freehold by the Council as well as providing fit-for-purpose accommodation for services for vulnerable adults

44 While receipts totalling £1,129m in relation to this scheme are expected in 2018/19, there is a expected to be a delay on the sale of the remaining sites assumed for the remainder of the receipts, leaving a temporary shortfall of £5.8m.

45 On that basis therefore this report seeks Members approval to temporarily allocate the expected surplus OPA receipts of £4.020m towards Burnholme to ensure that planned expenditure can be financed. Once the Burnholme receipts are received, the surplus receipts can be transferred back to the OPA programme initially, and then Council will be able to consider their future use. Members are also asked to fund the shortfall remaining after this application of £1.808m from the expected general receipts as set out in the table below.

	Burnholme £m	Lowfields £m	OPH £m	General £m	Total £m
Approved expenditure	(6,957)	(1,400)	(4,000)		(12,357)
Expected receipts	1,129	1,400	8,020	5,364	15,913
Expected Net receipts surplus/ (deficit)	(5,828)	-	4,020	5,364	3,556
<u>Reallocation of surplus capital receipts:</u>					
Temporary use of surplus OPA receipts to fund Burnholme	4,020	-	(4,020)	-	-
Use of general fund receipts to fund remaining Burnholme balance	1,808			(1,808)	-
Estimated future capital receipts available	-	-	-	3,556	3,556

Table 4 – Capital Receipts summary

46 During Executive meetings in October 2016 and July 2017, Members decided to ultimately finance the purchase of property at Hospital Fields Road and Swinegate from Capital receipts. Therefore all future capital receipts are assumed to be used for this purpose in the medium term. This strategy will deliver significant revenue savings, and reduce the need for savings within the revenue budget.

Council Plan

47 The information contained in this report demonstrates progress in achieving the priorities set out in the Council Plan.

Implications

48 This report has the following implications:

- **Financial** - are contained throughout the main body of the report
- **Human Resources (HR)** – There are no HR implications as a result of this report
- **One Planet Council/ Equalities** – The capital programme seeks to address key equalities issues that affect the Council and the public. Schemes that address equalities include the Disabilities Support Grant, the Schools Access Initiative, the Community Equipment Loans Store (CELS) and the Disabilities Discrimination Act (DDA) Access Improvements. All individual schemes will be subject to Equalities Impact Assessments
- **Legal Implications** - There are no Legal implications as a result of this report.
- **Crime and Disorder** - There are no crime and disorder implications as a result of this report.
- **Information Technology** – The information technology implications are contained within the main body of the report,
- **Property** - The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from capital receipts.
- **Other** – There are no other implications

Risk Management

49 There are a number of risks inherent in the delivery of a large scale capital programme. To mitigate against these risks the capital programme is regularly monitored as part of the corporate monitoring process, and the project management framework. This is supplemented by internal and external audit reviews of major projects. In addition, the Capital Asset Board meet monthly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised

Contact Details

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Wards Affected: <i>All</i>			
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<i>Specialist Implications:</i>
<i>Legal – Not Applicable</i>
<i>Property – Not Applicable</i>
<i>Information Technology – Not Applicable</i>

Annexes

Annex A – Capital Programme 2017/18 to 2021/22