

Report of the Cabinet Member for Corporate Services

CAPITAL PROGRAMME – MONITOR THREE

Report Summary

1. The purpose of this report is to:

- Inform Members of the likely outturn position of 2011/12 Capital Programme based on the spend profile and information to December 2012;
- Inform the Cabinet of any under or overspends and seek approval for any resulting changes to the programme;
- Inform the Cabinet of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this.

2. The 2011/12 – 2015/16 capital programme was approved by Council on 24th February 2011. Since then a number of amendments have taken place as reported to Cabinet in the 2010/11 Capital Programme Outturn report, the amendments made as at Council on the 30th June 2011, the amendments as reported through the Capital Monitor 1 6th September 2011 and the amendments as reported through Capital Monitor 2 1st November 2011. The changes made as result of the above papers result in a current approved capital programme for 2011/12 of £72.122m, financed by £30.493m of external funding, and internal funding of £41.629m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 1.

	Gross Budget £m	External Funding £m	Internal Funding £m
Original Budget Approved by Council at 24 Feb 2011	58.029	22.356	35.673
Amendments from 2010/11 Outturn report	9.726	7.344	2.382
Amendments from June Council Meeting	(1.656)	0.000	(1.656)
Amendments from Mon 1 Cabinet Report September	5.436	0.635	4.801
Amendments from Mon 2 Cabinet Report November	0.587	0.158	0.429
Current Approved Capital Programme	72.122	30.493	41.629

Table 1 Current Approved Capital Programme

Consultation

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 24 February 2011. 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

4. A decrease of £15.091m is detailed in this monitor that results in a revised capital programme budget from £72.122m to £57.031m.
5. The net decrease of £15.091m is made up of:
 - Adjustments to schemes decreasing budgeted expenditure by £0.959m.
 - Net re-profiling of -£14.132m of schemes from future years to the current year

Table 2 outlines the variances reported against each portfolio area.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m
ACE	Children's Services	15.413	13.549	(1.864)
ACE	Adult Social Services	1.103	0.561	(0.542)
CANS	Communities and Culture	5.254	5.901	0.647
CANS	Environment Services	5.257	5.305	0.048
CANS	Housing & Public Protection	13.950	12.199	(1.751)
City Strategy	City Strategy (P&T)	7.071	3.243	(3.828)
City Strategy	City Strategy (Admin Accom)	14.800	13.529	(1.271)
City Strategy	Community Stadium	4.000	0.200	(3.800)
City Strategy	City Strategy (Economic Development)	0.058	0.000	(0.058)
City Strategy	Property Services	3.819	1.315	(2.504)
CBSS	IT Devpt Plan	1.067	0.899	(0.168)
CBSS	Miscellaneous (Contingency etc)	0.330	0.330	0.000
	Total	72.122	57.031	(15.091)

Table 2 Capital Programme Forecast Outturn 2011/12

6. To the end of December there was £34.515m of capital spend representing 60.5% of the revised monitor 3 budget.

Analysis

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

ACE - Education and Children's Services

Adjustments

8. A number of smaller adjustments have been as a result of this report with no individual scheme exceeding £100k. The net movement of these schemes totals £55k in 11/12 and do impact the CYC internal funding position. A reduction of the externally funded DfE Maintenance scheme is shown on a recurring basis to the value of £221k per annum from 12/13 to 14/15.
9. In relation to the Primary Schools Capital Programme the City of York Council was allocated a total of £8.378m. A report to the Executive Member on 10 June 2008 outlined the priorities for investment: a new school building to replace those used by the federation of Rawcliffe Infant and Clifton Junior Schools, and a scheme that supported the Diocese with the merger of Our Lady's VA RC and English Martyr's VA RC Primary Schools. The total LA budget for the development of both schools was £13.7m. The funding includes DCSF grant, Schools Access Initiative funding, Devolved Formula Capital contributions from the schools.
10. The reduction in the Basic Need schemes is reflective of the revised funding projections in relation to the maintenance funding replaced the Modernisation funding previously allocated to local authorities and totals £1.9m. Accordingly the Knavesmire Expansion scheme has increased by £2.1m in 12/13 funded by Basic Need. The existing provision which is currently under severe pressure due to the increasing number of children within the catchment area of the school seeking a place at the school. This reflects both the popularity of the school and the rising birth rate in recent years. A detailed scheme has now been developed in consultation with the Governors of the school. The school currently has 260 pupils in a building designed for a capacity of 210. The proposed scheme will, in time, double the capacity of the school.
11. The proposed scheme will address a number of building issues at the school and seeks to provide six extra classrooms, a new hall, a new

library area and an improved reception area through a combination of internal remodelling and new build. This work will be completed over three phases. The first phase will create two additional classrooms through internal remodelling which will be available from September 2012 at an estimated scheme cost of £331k, with other elements following in future years. The total cost of the three phases is estimated at £2.2m subject to tender. An application for planning permission is now being prepared.

ACE – Adult Social Services

Adjustments

12. An adjustment of -£70k was made to the Disabled Support Grant scheme as a one off as although referrals have been similar in number to previous years, the value of the costs of the work have been much lower. The 12/13 profile for referrals are for the higher value works which suggests the full budget will be spent next year and thereafter.

Re-profiling

13. Two schemes require re-profiling into future years. The first is the Information Management Improvements scheme that requires £70k of budget to be move to 12/13. The second is Health and Safety Works at Social Services Establishments scheme that requires £431k to be re-profiled to 12/13 as the budget will now be set aside and used to help with funding the cost of Elderly Peoples Home (EPH) reprovision. A report to Cabinet regarding the EPHs is being taken in April.

CANS – Communities and Culture

Adjustments

14. As part of this report the Self Issue Library Machines schemes requires approval to extend the total value of all Self Issue Library Machines to £247k representing an increase of £57k. This is due to installation costs being higher than originally expected and therefore these costs have been capitalised. The additional cost of borrowing is to be funded form within existing revenue budgets.

15. To reflect changes made to the capital programme since Monitor 2 the Energise Gym Expansion scheme at a value of £640k is shown as part of this report. The scheme was approved at Cabinet on 6th December 2011. The scheme is funded from prudential borrowing of £540k to be repaid using the increased revenue schemes as set out in the business case and a contribution from existing revenue budget of £140k. Council approval was received on 8 December 2011.
16. The York Explore phase 2 requires re-profiling of £90k to 12/13 in line with the main element of works for the scheme with an additional £341k being added to the scheme in 12/13 and £320k in 13/14 reflecting the anticipated success of the stage 2 bidding process.

CANS – Environment

Re-profiling & Adjustments

17. The Eco Depot Security Gate and Reception Scheme require re-profiling of £169k in to 12/13 as planning permission is pending.
18. In relation to Highways Resurfacing and Reconstruction £150k of 12/13 budget is requested to be brought forward into this financial year. In addition there are under spends within the Directorate and this funding has been redirected to increase the works required in Highways Restructuring and Reconstruction.

CANS – Housing & Public Protection

Re-profiling & Adjustments

19. The Modernisation of Local Authority Homes scheme will increase by £104k to be funded from existing revenue budgets. The increase is mainly due to significant lift replacements at sheltered schemes.
20. The Major Repairs Allowance schemes will decrease by £273k as the unit costs on tenant's choice schemes are lower than initial estimates.
21. A number of schemes require adjustments all below £100k individually to the existing budget provision resulting in a net increase of £142k. Specifically it is requested that prudential borrowing be increased by £46k for Travellers Sites Electricity Units taking the total scheme value to £230k. The resultant savings will fund the additional cost of borrowing. The second scheme variation to note is the

reduction in CYC funds required of £67 for the Disabled Facilities Grant works as one off. This revised the 11/12 budget to £850k. The average value of grant claims by customers in year has been lower than budgeted. Projections suggest that the full budget will be spent in future years.

22. The Crematorium scheme requires re-profiling into 12/13 and 13/14 in line with the updated work plan and associated lead in times of the upgrade. This will result in the £1.391m in 12/13 being allocated to 13/14 (£1.355m) and 14/15 (£36k).

City Strategy (Planning and Transport)

Re-profiling

23. The York City Walls - Repairs & Renewals scheme requires £125k reprofiling to 12/13 due to the Bar Walls to restoration work at Walmgate Bar has been delayed.
24. The Access York scheme requires re-profiling to 12/13 totalling £3.703m from 11/12 due to the late decision by DfT in December to confirm funding available. Work is progressing on Access York Phases 1 & 2 and final designs are being drawn up for approval in spring 2012. Once approved building & landscaping work can commence.

City Strategy - Administrative Accommodation

Re-profiling

25. The administrative accommodation project requires £1.271m re-profiling to 12/13 from 11/12 following the latest review of contractor payments profile. This will not impact on the scheduled date of handover of the building and the overall project budget remains at the £43.8m approved at Executive June 2008.

City Strategy – Property Services

Adjustments

26. To reflect changes made to the capital programme since Monitor 2 the Works at Hungate Land Site scheme at a value of £115k is shown as part of this report. The scheme was approved at Cabinet on 6th

December 2011. The scheme is funded from prudential borrowing of £115k to be repaid using the increased property services revenue budget as set out in the report to cabinet.

27. A number of smaller schemes priorities have been reassessed in year and it is recommended that funding be moved within the service area to fund pressures. Accordingly the Blue Bridge Slipways work and the urgent river bank repairs are projected to be £128k under budget in 11/12 with the under spend subject to approval being allocated to the overall Riverbank repairs programme (+£124k) and the Slipways scheme (+£4k). The overall impact on Council funding is zero.
28. A number of schemes requiring re-profiling from 11/12 into 12/13 as a result of this monitor all individually under £100k. They are Property Key Components £5k, Fire Safety Regulations Adaptations £68k, Removal of Asbestos £92k, St Clements Hall Refurbishment £27k, Mansion House Repairs £4k, Hungate / Peasholme Relocation £21k, Riverbank Repairs – Blue Bridge Slipway £95k, Photovoltaic Energy Programme £80k, Parliament Street Toilet Demolition £88k, 29 Castlegate Repairs £35k, Decent Home Standards Works £59k, Fishergate Postern £55k, Holgate Park Land Building Clearance - York Central £50k.
29. The Riverbank Repairs - Scarborough to Clifton Bridge scheme requires £450k re-profiling from 11/12 to 12/13. Repairs to the riverbank at Clifton Reaches has been delayed until the summer of 2012 when river levels are at a level that allows the required work to be carried out.
30. The Holgate Park Land – York Central scheme requires £1.490m to be re-profiled from 11/12 to 12/13. The Home & Communities Agency (HCA) have agreed to sell land at Holgate Park, which is part of the larger York Central site, but not before 1 April 2012. The costs in 2011/12 relate to survey and valuation work carried out prior to purchase.

City Strategy – Community Stadium

31. The Community Stadium project requires re-profiling to 12/13 from 11/12. This reflects the spend profile that would be realised if planning permission were granted and the full business case approved By Council.

CBSS - IT Development Plan/Equipment

Re-profiling

32. As a result of this monitor an element of the IT development plan budget of £251k requires re-profiling from 11/12 to 12/13 and an additional £83k is requested to be added to the programme. The budget increase is in relation to - new WIFI Pilot £30k, Voice and data Hornbill project £48k and an increase in call recording costs £5k. The re-profiling is in relation to I-trent project £103k, mobile working project £80k on hold and Web based security and compliance with industry standards £68k.

Housing Revenue Account Reform

33. The HRA self financing reform which essentially ends the impact of the housing subsidy system and will see the HRA as a stand alone business, will increase the debt portfolio by £121.550m when the settlement payment occurs on 28 March 2012. Under regulations this is classed as capital expenditure and accordingly the Capital Programme is amended as part of this monitor to reflect an increase of £121.550m. A separate report on this agenda discusses the detail of the reform and implications for City of York Council in detail

Summary

34. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 3.

Gross Capital Programme	2011/12	2012/13	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m	£m	£m
Current Programme	72.122	53.621	29.368	21.471	11.563	188.145
Adjustments :						
ACE - Children's Services	(0.364)	1.958	(0.221)	(0.221)	0.000	1.152
ACE – Adult Social Services	(0.542)	0.472	0.000	0.000	0.000	(0.070)
CANS – Community and Culture	0.647	0.431	0.320	0.000	0.000	1.398

CANS - Environmental Services	0.048	0.019	0.000	0.000	0.000	0.067
CANS – Housing	(1.751)	1.688	0.036	0.000	0.00	(0.027)
City Strategy - P&T	(3.828)	3.828	0.000	0.000	0.000	0.000
City Strategy - Admin Accom	(1.271)	1.271	0.000	0.000	0.000	0.000
City Strategy - (Community Stadium)	(3.800)	3.800	0.000	0.000	0.000	0.000
City Strategy - (Economic Development)	(0.058)	0.058	0.000	0.000	0.000	0.000
City Strategy - Property Services	(2.504)	2.619	0.000	0.000	0.000	0.115
IT Development Plan	(0.168)	0.251	0.000	0.000	0.000	0.083
Miscellaneous (Contingency etc)	0.000	0.000	0.000	0.000	0.000	0.000
Revised Programme	57.031	70.016	29.539	21.250	11.563	189.363
HRA Reform	121.550					121.550
Revised Programme	178.581	70.016	29.539	21.250	11.563	310.913

Table 3 Revised 5 Year Capital Programme

Funding the 2011/12 – 2015/16 Capital Programme

35. The 2011/12 capital programme excluding the HRA reform of £57.031m is currently being funded from £26.347m external funding and £32.184m of internal funding. The internal funding is comprised of revenue contributions, supported capital expenditure, venture fund, right to buy receipts, capital receipts and prudential borrowing.
36. Table 4 shows the projected call on Council resources going forward.

	11/12	12/13	13/14	14/15	15/16	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	57.031	70.016	29.539	21.250	11.563	189.363
Funded by:						
External Funding	26.347	33.581	21.967	15.316	7.206	104.417
Council Controlled Resources	30.684	36.435	7.536	5.934	4.357	84.946
Total Funding	57.031	70.016	29.539	21.250	11.563	189.363

Table 4 – 2011/12 –2015/16 Capital Programme Financing

37. 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.

Council Plan

38. 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 scarce capital resources to schemes that contribute toward the achievement of the council plan.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

41. There are no equalities implications as a result of this report

Legal Implications

42. There are no legal implications as a result of this report

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

46. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Corporate Asset Management Group (CAMG) meets regularly to plan monitor and review major capital receipts to ensure that all capital risks to the Council are minimised.

Recommendations

47. The Cabinet is requested to:

- Recommend to Full Council the increase in prudential borrowing relating to the Self issue library machines to the value of £57k taking the total amount to £247k in 2011/12 to be funded from departmental revenue budgets.
- Recommend to Full Council the increase in prudential borrowing relating to the Travellers Sites Electricity Units to the value of £46k taking the total amount to £230k in 2011/12 to be funded from departmental revenue budgets.
- Recommend to Full Council the net adjustments of a decrease of £15.091m in 2011/12. The increase as a result of re-profiling and adjustments of £16.395m in 2012/13. The increase as result of

re-profiling and adjustments of £135k in 2013/14 and the decrease of £221k in 2014/15. The individual amendments are detailed in the report and contained in Annex A.

- Note the 2011/12 revised budget of £57.031m as set out in paragraph 5 and Table 2.
- Note the restated capital programme for 2011/12 – 2015/16 as set out in paragraph 34, Table 3 and detailed in Annex A.

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

Contact Details

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Wards Affected: All				
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Background Papers:

Budget Control 2011/12 Mon 3
Departmental Capital Pro-forma

Annexes

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