

Executive

26 November 2015

Report of the Director of Customer and Business Support Services

Capital Programme – Monitor 2 2015/16

Summary

1. The purpose of this report is to set out the projected outturn position for 2015/16 including any adjustments and requests to re-profile budgets between years.
2. The 2015/16 capital programme as approved by Council on 26 February 2015 and updated for amendments reported to Executive and Council is £95.290m.

Recommendations

3. Executive is asked to:
 - Recommend to Council a decrease in the 2015/16 programme of £901k as detailed in the report and contained in Annex A.
 - Note the 2015/16 revised budget of £94.389m as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2015/16 – 2019/20 as set out in paragraph 33, 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 £901k is detailed in this monitor resulting in a revised capital programme of £94.389m. £961k of the decrease is due to re-profiling to budgets to future years. Offsetting this is a net increase of £60k due to an increase in external contributions.
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	13.361	13.361	0.000
ASC	Adult Social Services	1.464	1.464	0.000
CANS	Communities Culture & Public Realm	3.127	2.660	(0.467)
CANS	Housing & Community Safety	19.193	19.133	(0.060)
CES	Highways & Waste	6.226	6.226	0.000
CES	Transport	8.619	8.619	0.000
CES	Econ Development (trfrd to Asst Mgt)	0.058	0.000	(0.058)
CES	Community Stadium	20.714	20.714	0.000
CBSS	Asset Management	3.559	3.576	0.017
CBSS	West Offices - Admin Accom	0.512	0.512	0.000
CBSS	IT Development Plan	2.696	2.383	(0.313)
CBSS	Misc(Contingency)	0.443	0.423	(0.020)
CBSS	Corporate Schemes (former EIF)	15.318	15.318	0.000
	Total	95.290	94.389	(0.901)

Table 1 Capital Programme Forecast Outturn 2015/16

Analysis

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

CSES – Children Services, Education and Skills

8. There are no variations to report and the forecast spend inclusive of the above for 15/16 is £13.361m.

Adult Social Services

9. No variations are proposed as part of this report and the forecast spend inclusive of the above for 15/16 is £1.464m.

Communities and Neighbourhood Services – Communities, Culture and Public Realm

10. Two schemes require re-profiling of budgets over £100k to future years. Better Play Areas requires budget of £290k to be moved to 16/17 from 15/16. This is to allow time for planning permissions to be obtained. Secondly the Knavesmire Culverts schemes requires £270k to be re-profiled from 15/16 to 16/17 as the CCTV surveys to assess the condition of specific culverts have not yet been undertaken and remediation work will not start until next financial year.
11. Programmed work will still be completed at the Leeman Road War Memorial and Triangle Gardens. However, it has been identified that landscaping works can be funded from revenue using section 106 funds allocated to open spaces.
12. It is proposed that the £50k of capital resource released by using s106 is used to fund the range of river safety measures recommended by the Royal Society for the Prevention of Accidents. Phase one of the work programme includes the introduction of new life buoys, post and chain fencing along the River Foss and improvements to river side tow paths. Phase two of the work will see new ladders and chains installed to aid exit from the river and replacement post and chain fencing at Wellington Row and Kings Staith.
13. Following this transfer, the remaining £28k capital budget in the War Memorial programme will be spent on the capital work at the Leeman Road War Memorial and Triangle Gardens.

14. The capital programme to refurbish the Theatre Royal, originally projected to require 27 weeks, will now require a minimum of 47 weeks to complete. The principal reasons for this extension include:
- The discovery of asbestos in the back wall of the stalls
 - Archaeology: Reasonable time provision was made to deal with the archaeology but some extension has been required by the extensive nature of the St Leonard's Hospital foundations uncovered (thought to have been destroyed in the Victorian period)
 - Significant complications arising from working with the medieval fabric uncovered during the works
15. The additional capital cost to the theatre of the time extension is circa £250k. The Theatre is continuing its fund-raising campaign, and is now close to its original target, but there is little prospect of closing the extra gap in the time available.
16. The time extension also has revenue implications for the Theatre of just over £500k. This is caused by:
- The additional cost of staging the pantomime in the tent, especially creating portakabin type facilities to house the production crew, etc.
 - A continuing dark period up to a revised re-opening date of 22 April
17. The Theatre will be seeking to close this gap through a number of routes including seeking Arts Council "Intervention Funding". A Council contribution towards the capital overspend of £20k will be required in order to support the theatre's application. It is proposed that this is funded from the Capital Contingency. There is currently budget available of £443k and should this £20k be approved, the revised budget would be £423k. The payment will be subject to the funding application being successful.
18. The revised budget is therefore £2.660m.

Communities and Neighbourhood Services - Housing & Community Safety

19. A number of amendments are proposed in relation to Housing and Community Safety resulting in a net reduction of £60k.

Requests are made to reallocate HRA funds totalling £222k from Major Repairs allowance schemes to the Building Insulation programme (£128k) and Modernisation of Local Authority Homes (£94k). The over spend on Modernisation is due to significant fire remedial works required across Sheltered Housing schemes. The overspend on Building Insulation is due

to the window replacements at Gale Farm Court and Festival Flats being more complex and more expensive than initially anticipated.

20. These overspends have been managed by removing non-essential major repairs works from this year's programme. For example by not bringing forward any additional Tenants Choice properties to offset any tenant refusals, therefore bringing the overall HRA programme to a nil forecast variance
21. Revisions to the Local Authority Homes Phase 1 schemes have resulted in the following expenditure plans:

Individual Scheme	Current Approved Budget (£m)	Forecast per Monitor 2 (£m)	Variance (£m)
Beckfield Lane	3.645	3.522	(0.123)
Chaloners Road	1.000	1.409	0.409
Fenwick Street	0.985	1.525	0.539
Hewley Avenue	0.926	1.206	0.280
Newbury Avenue*	1.125	1.125	0.000
Pottery Lane	0.830	1.101	0.271
Pack of Cards	1.677	1.765	0.088
Ordnance Lane Hostel and Housing	7.160	6.100	(1.060)
Total	17.348	17.753	0.404

*Note that this scheme is under review pending further consultation.

22. The expenditure as a whole will be funded by £11.395m HRA Investment Fund, £403k HCA grant, £2.949m RTB receipts, £1.226k commuted sums and £1.780 market sale receipts.
23. Re-profiling of budget to future years of £60k will also be undertaken as part of this report.
24. This results in a projected outturn of £19.133m in 15/16.

City & Environmental Services – Highways & Waste

25. There are no variations to report and the programme is currently projecting a 15/16 spend of £6.226m.

City & Environmental Services - Transport + Economic Development

26. There is a single variation to report in relation to the Access York programme of works. Final accounts are now being settled along with compensation claims, with the latest estimate requiring £100k of funding. The funding to address these items will come from the existing Local Transport Plan budget which has capacity to deal with this variation.
27. The revised budget results in a projected outturn of £8.619m in 15/16.
28. The Economic Development budget of £58k has been transferred to Property and Asset Management as part of this report.

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 £0.512m.

Customer and Business Support Services – Asset Management / IT Development Plan / Contingency/ Corporate Schemes

31. A number of minor changes have taken place as part of this monitor resulting in a small decrease of budget by a net £17k. This has been driven by the removal of an external contribution and the transfer of Small Business Workshops budget into the Asset Management area.
32. The IT development plan programme of works requires £313k of funds to re-profile from 15/16 to 16/17 reflecting the latest delivery plans for the current financial year.
33. Mansion House – The contract for this project will be awarded in line with the procurement process. During the tender process, the contractor has also provided costs for some other essential maintenance. It was always known that these maintenance costs would need to be incurred at some point in the next few years as they are necessary to maintain the fabric of the building. These costs, totalling £180k, will be charged to the existing critical repairs budget.

34. The header Corporate Schemes contains a number of programmes of work previously referred to as the Economic Infrastructure Fund. It is proposed that individual schemes contained under this header will be allocated out on a scheme by scheme basis within the capital programme at the next monitor.

35. The unallocated balance currently stands at £770k and will be considered as part of the budget process.

Summary

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

Gross Capital Programme	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
Children's Services, Education & Skills	13.361	15.312	5.256	5.081	5.081	44.091
Adult Social Services and Public Health	1.464	0.917	0.967	0.915	0.565	4.828
Communities Culture & Public Realm	2.660	0.588	0	0	0	3.248
Highways & Waste	6.226	3.231	3.168	2.977	2.977	18.579
Housing & Community Safety	19.133	14.723	9.831	8.472	9.812	61.971
Transport	8.619	2.293	4.331	1.660	1.660	18.563
Community Stadium	20.745	0	0	0	0	20.714
Asset Management	3.576	1.212	0.300	0.300	0.300	5.688
West Offices - Admin Accom	0.512	0	0	0	0	0.512
IT Development Plan	2.383	2.533	2.245	2.025	1.970	11.156
Contingency	0.423	0	0	0	0	0.423
Corporate Schemes	15.318	2.284	0	0	0	17.602
Revised Programme	94.389	43.093	26.098	21.430	22.365	207.375

Table 2 Revised 5 Year Capital Programme

Funding the 2015/16 – 2019/20 Capital Programme

37. The revised 2015/16 capital programme of £94.389m is funded from £47.417m external funding and £46.972m 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
Gross Capital Programme	94.389	43.093	26.098	21.430	22.365	207.375
Funded by:						
External Funding	47.417	25.657	16.890	14.086	14.344	118.394
Council Controlled Resources	46.972	17.436	9.208	7.344	8.021	88.981
Total Funding	94.389	43.093	26.098	21.430	22.365	207.375

Table 3 – 2015/16 –2019/20 Capital Programme Financing

38. 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.

39. 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

40. 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

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

48. 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.

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	Report Approved	√	Date 19/10/15
Wards Affected: <i>All</i>			
<i>For further information please contact the authors of the report</i>			

Annexes

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

List of Abbreviations used in the report:

- CAB – Capital Assets Board
- CRAM - Capital Resource Allocation Model
- CCTV – Close circuit television
- EIF – Economic Infrastructure Fund
- H&S – Health & Safety
- H&WB – Health & Well Being
- HCA – Homes and Communities Agency
- HRA – Housing Revenue Account
- LED – Light emitting diode
- MRA – Malta Resources Agency
- RTB – Right to Buy
- SEN – Special Educational Needs