

Report of the Director of Resources

CAPITAL PROGRAMME – MONITOR ONE

Report Summary

1. The purpose of this report is to:
 - Inform Members of the likely outturn position of 2009/10 Capital Programme based on the spend profile and information to June 2009;
 - Inform the Executive of any under or overspends and seek approval for any resulting changes to the programme;
 - Inform the Executive of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this;
 - To inform Members of the funding position of the capital programme, taking account of the current capital receipts forecasts for the three year capital programme.

2. The 2009/10 – 2013/14 capital programme was approved by Council on 26th February 2009. Since then a number of amendments have taken place as reported to the Executive in the 2008/09 Capital Programme Monitor 3 report and the 2008/09 Capital Programme Outturn report. The changes made as result of the above papers have resulted in a current approved capital programme for 2009/10 of £68.974m, financed by £37.438m of external funding, and internal funding of £31.536m. 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 26 Feb 2009	64.255	36.483	27.772
Amendments from 2008/09 Monitor 3 report	0.702	0.309	0.393
Amendments from 2008/09 outturn report	4.017	(5.256)	9.273
Current Approved Capital Programme	68.974	31.536	37.438

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 26 February 2009. 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. An decrease of £1.940m is detailed in this monitor that results in a revised capital programme budget of £67.034m; £8.498m higher than the 2008/09 capital outturn of £58.536.
5. Against the current approved budget post 2008/09 outturn of £68.974m, there is a predicted outturn of £67.034m, a net decrease of £1.940m made up of:
- Adjustments to schemes increasing costs by £3.819m.
 - The re-profiling of budgets from 2009/10 to future years of £5.759m.
- Table 2 outlines the variances reported against each portfolio area.

Department	Current Approved Budget £m	Projected Outturn £m	Variance £m	Paragraphs
Children's Services	33.281	32.378	(0.903)	9 -12
Leisure and Culture	6.139	5.543	(0.596)	13 – 16
Neighbourhood Services	4.657	6.429	1.772	22 - 24
City Strategy	5.299	5.270	(0.029)	17 –19

City Strategy (Admin Accom)	6.894	3.212	(3.682)	33-34
City Strategy (Economic Development)	0.113	0.113	0.000	20
Housing	8.732	8.732	0.000	21
Social Services	0.456	0.711	0.255	29 – 32
Chief Executive	3.043	2.525	(0.518)	27 – 28
Resources	0.000	1.761	1.761	25 - 26
Miscellaneous	0.360	0.360	0.000	
Total	68.974	67.034	(1.940)	

Table 2 Capital Programme Forecast Outturn 2009/10

6. To the end of June there was £11.797m of capital spend representing 17.1% of the approved monitor 1 budget.
7. The 2009/10 capital programme will contribute toward the Corporate Strategy and will deliver:
 - a. Works totalling £1.7m on New Deals for Schools (NDS) modernisation programmes has allowed schools to invest in buildings, grounds and ICT equipment enabling schools to improve their pupils' educational standards.
 - b. Projected spend of £2.275m on the New Deals for Schools (NDS) devolved capital programmes provided schools with direct funding for the priority capital needs of their buildings (capital repair, remodelling or new build) and investment in ICT equipment. Many schools use their allocations to contribute to larger projects at their school within the Children's Services capital programme.
 - c. Further progression of the new £28m Joseph Rowntree Secondary School as part of the Government's One School Pathfinder project, with a projected in year spend of over £18.5m. The school will be ready for occupation in February 2010 and is currently on budget.
 - d. The £6.6m scheme which will see the completion of the new swimming facilities at York High Pool with completion by autumn 2009. New facilities will include a 6 lane 25 metre pool, a learner pool, a hydrotherapy pool and a new changing area.
 - e. Completion of Fulford Road multi-modal scheme providing bus priorities and cycle lanes along Fulford Road between Heslington Lane and Hospital Fields Road (£950k).

- f. Progression of Access York Phase 1 project to develop 3 new Park & Ride sites through Department for Transport approval processes, planning and detailed design stages (£875k)
- g. Provision of approximately 1.2km of on and off-road cycle lanes on Crichton Avenue as part of the Orbital Cycle route being implemented through the Cycling City project (£575k).
- h. Schemes in housing will see over 1850 individual works completed on the Council houses including new heating systems to over 200 homes.

Analysis

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

Education and Children's Services

- 9. The current approved capital programme for Education and Children's services for 2009/10 is £33.281m following the adjustments made as a result of the 2008/09 outturn report. As a result of changes made at the second monitor, the 2009/10 capital programme will decrease by £903k to £32.378m. Table 3 gives a summary of the changes on a scheme by scheme basis.

Gross Children's Services Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	33.281	20.181	0.000	0.000	0.000	53.462
<u>Adjustments:</u>						
DCSF Wave 2 Playbuilder	(1.120)					(1.120)
Home Access Targeted for Groups	0.120					0.120
Aiming high for disabled children short breaks	0.072	0.168				0.240
Various Minor Additions	0.025					0.025
Revised Capital Programme	32.378	20.349	0.000	0.000	0.000	52.727

Table 3 Education and Children's Services Capital Programme 2009-2014

10. The Wave 2 Playfinder funding has been transferred Leisure and Cultural Services and with 11 sites have been identified for 2009/10 and a further 11 earmarked for 2010/11 investment.
11. The Home Access Targeted for Groups is a scheme to fund the provision of home access to technology for learning to specific identified groups of learners, for example - looked after children. This scheme is funded from government grant.
12. The Aiming high for disabled children short breaks is new funding from the DCSF to provide short breaks for disabled children. The 2009/10 budget will be spent on minor adaptations to carers homes and the purchase of equipment.

Leisure and Culture

13. The approved capital programme for Leisure and Culture services is £6.139m following the adjustments made as part of the 2009/10 outturn report. As a result changes made in this monitor, the capital programme will decrease by £596k to £5.543m. Table 4 gives a summary of the changes on a scheme by scheme basis.

Gross Leisure and Culture Capital Programme	2009/10 £m	2010/11 £m	2011/13 £m	2012/13 £m	2013/14 £m	Total £m
Current Approved Capital Programme	6.139	1.100	0.000	0.000	0.000	7.239
<u>Adjustments:</u>						
DCSF Wave 2 Play finder	1.120					1.120
Children's Play Lottery Bid	0.201					0.201
Library Self Issue Equipment	0.098					0.098
Various Minor Adjustments	0.054	0.008				0.062
<u>Reprofiling :</u>						
York Pools Strategy	(1.475)	1.475				0.000
DCSF Wave 2 Play finder	(0.594)	0.594				0.000

Revised Capital Programme	5.543	3.177	0.000	0.000	0.000	8.720
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Table 4 Leisure and Culture Capital Programme 2009 - 14

14. The Wave 2 Playfinder funding has been transferred from Children's Services and re profiled over two years to reflect grant receipt profile. Eleven sites have been identified for 2009/10 and a further 11 earmarked for 2010/11 investment.
15. The addition of the Children's Play scheme is the result of a successful bid to the Lottery Fund in 2008. The overall aim of the programme is to provide a wide range of inclusive and accessible play opportunities for children. Specifically in York the funding is supporting four projects, Rawcliffe Boulders, Leaside Play Area, and two schemes in partnership with Running Wild and Park Grove School.
16. The scheme for self-issue equipment at York and Acomb Explore Centres will be funded by prudential borrowing the cost of which will be met from existing Leisure Services revenue budgets.

City Strategy

17. The current approved capital programme for City Strategy is £5.299m following the adjustments made as part of the 2008/09 outturn report. This report saw the budgets of the schemes for Highways Resurfacing and Reconstruction, Special Bridge Maintenance and Street Lighting transfer to Neighbourhood Services. This was done at the year end to facilitate capital financing. As a result of changes contained in the Monitor 1 report the capital programme will decrease marginally by £29k to £5.270m. Table 5 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	5.299	4.770	3.617	3.605	3.605	20.896
<u>Adjustments:</u>						
LTP Transfer to Neighbourhood Services	(0.441)					(0.441)
LTP Regional Funding Allocation	0.450	2.327				2.777
Various Minor Adjustments	(0.038)					(0.038)

Revised Capital Programme	5.270	7.097	3.617	3.605	3.605	23.194
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Table 5 City Strategy Capital Programme 2009-14

18. The transfer to Neighbourhood Services of £441k is in relation to Structural Maintenance budgets for Moor Lane roundabout.

19. The Council has been awarded additional Regional Funding Allocations in 2009/10 and 2010/11 totalling £2,777k of which £450k is being profiled into 2009/10, the remainder being profiled into 2010/11. These funds have been transferred from the Yorkshire and Humber Major Schemes block to local authority LTP blocks due to under spends on the Major Scheme block across the region.

Economic Development

20. The approved capital programme for Economic Development is £0.113m. No changes to the projected outturn position are anticipated as part of this monitor. Table 6 confirms the current budget.

Gross Eco Dvpt Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	0.113	0.000	0.000	0.000	0.000	0.113

Table 6 Economic Development Capital Programme 2009 -14

Housing

21. The approved capital programme for Housing services is £8.732m following the adjustments made as part of the 2008/09 outturn report. No changes will be made as a result of this monitor. Table 7 gives a summary of the currently approved budget across the programme years.

Gross Housing Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	8.732	9.121	10.205	9.807	10.888	48.753

Table 7 Housing Capital Programme 2009 - 2014

Neighbourhood Services

22. The approved capital programme for Neighbourhood services is £4.657m following the adjustments made as a result of the 2008/09 outturn report. As a result of this monitor, the capital programme will increase by £1.772m to £6.429m. Table 8 gives a summary of the changes on a scheme by scheme basis.

Gross Neighbourhood Services Capital Programme	2009/10 £m	2010/11 £m	2011/13 £m	2012/13 £m	2013/14 £m	Total £m
Current Approved Capital Programme	4.657	3.388	5.555	3.055	3.055	19.710
<u>Adjustments:</u>						
LTP transfer from City Strategy	0.441					0.441
Structural Maintenance	1.320	0.830				2.150
Various Minor Adjustments	0.019					0.019
<u>Reprofiling :</u>						
Various Minor Adjustments	(0.008)	0.008				0.000
Revised Capital Programme	6.429	4.226	5.555	3.055	3.055	22.320

Table 8 Neighbourhood Services 2009 – 2014

23. The transfer from City Strategy of £441k is in relation to Structural Maintenance budgets for Moor Lane roundabout.

24. The addition with regard to Structural Maintenance for drainage and resurfacing in relation to the A19. The £1.320m is for drainage and the £830k is for resurfacing. This takes the highways resurfacing and reconstruction budget for 2009/10 to £4.783m.

Resources

25. The approved capital programme for Resources which contains the acquisition of IT equipment had a zero budget. This is because the decision on how best to finance the acquisitions is taking in year and if the leasing option is chosen it is not classed as capital expenditure. As a result of this monitor, the capital programme will increase by £1.761m to £1.761m. Table 9 states the position of the programme along with movements.

Gross Neighbourhood Services Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	0.000	0.000	0.000	0.000	0.000	0.000
Adjustments:						
IT equipment additions	1.761					1.761
Revised Capital Programme	1.761	0.000	0.000	0.000	0.000	1.761

Table 9 Resources Capital Programme 2009 –2014

26. The decision has been taken to finance the current IT acquisitions from prudential borrowing as oppose to using operating leases. Schemes that make up the £1.761m include the replacement HR/Payroll System (old Delphi), Electronic Documents and Records Management System and upgrade to proxy servers.

Chief Executives

27. The approved capital programme for Chief Executives is £3.043m following the adjustments made as a result of the 2008/09 outturn report. As a result of this monitor, the capital programme will increase by £518k to £2.525m. Table 10 gives a summary of the changes on a scheme by scheme basis.

Gross Chief Executives Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	3.043	0.700	1.250	0.000	0.000	4.993
Adjustments:						
Reclassifying Carbon Mgt Scheme	(0.500)					(0.500)
Various Minor Adjustments	(0.018)					(0.018)
Revised Capital Programme	2.525	0.700	1.250	0.000	0.000	4.475

Table 10 Chief Executives Capital Programme 2009 – 2014

28. In light of further information that has become available in recent months the Carbon Management scheme will need to be removed from the capital programme and the projects will be delivered by a newly created revenue reserve funded by the £250k SALIX externally funding and the £250k revenue contribution that is the Councils financial contribution to the scheme.

Social Services

29. The approved capital programme for Social Services is £456k following the adjustments made as a result of the 2008/09 outturn report. As a result of this monitor, the capital programme will increase by £255k to £711k. Table 11 gives a summary of the changes on a scheme by scheme basis

Gross Social Services Capital Programme	2009/10 £m	2010/11 £m	2011/13 £m	2012/13 £m	2013/14 £m	Total £m
Current Approved Capital Programme	0.456	0.351	0.235	0.245	0.255	1.542
<u>Adjustments:</u>						
Telecare Equipment	0.105					
Day Service Modernisation	0.075					
Health and Safety Works	0.075					
Revised Capital Programme	0.711	0.351	0.235	0.245	0.255	1.797

Table 11 Social Services Capital Programme 2009 – 2014

30. The additional £105k is the Telecare scheme to purchase additional warden call equipment and the installation of a digital network in extra care schemes to be able to accommodate the latest technology. This scheme is funded from government grant.

31. The Day Service Modernisation scheme is needed to ensure community based day supports are accessible to customers and is funded by government grant.

32. The Health and Safety Works at Social Services Establishments is a new scheme to ensure key requirements continue to be met within existing buildings and is funded from government grant.

Administrative Accommodation

33. The approved capital programme for Administrative Accommodation is £6,894k following the adjustments made as a result of the 2008/09 outturn

report. As a result of this monitor, this capital programme scheme will decrease by £3,682k to £3,212k. Table 12 gives a summary of the changes.

Gross Admin Accom Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	6.894	10.187	12.274	8.526	0.000	37.881
Reprofiling:	(3.682)	2.341	0.030	1.311		0.000
Revised Capital Programme	3.212	12.528	12.304	9.838	0.000	37.881

Table 12 Admin Accom Programme 2009- 2014

34. The re-profiling of the Administrative Accommodation scheme is as a result of the delay to the start of construction caused by the change to a competitive dialogue process and the timescales imposed by it. There is no change to the overall budget of the project. It is expected that the construction will now commence in FY10/11, the final timings to be finalised and the exact profile to be determined once a contract is signed at the end of 2009.

Summary

35. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 12.

Gross Capital Programme	2009/10	2010/11	2011/12	2012/13	2013/14	Total
	£m	£m	£m			£m
Current Programme	68.974	49.798	37.136	25.238	17.803	198.949
Adjustments :						
Children's Services	(0.903)	0.168				(0.735)
Leisure and Culture	1.473	0.008				1.481
Neighbourhood Services	1.780	0.830				2.610
City Strategy	(0.029)	2.327				2.298
Social Services	0.255					0.255
Chief Executives	(0.518)					(0.518)
Resources	1.761					1.761
Re-profiling:						
Leisure and Culture	(2.069)	2.069				0.000
Neighbourhood Services	(0.008)	0.008				0.000

Admin Accom	(3.682)	2.341	0.030	1.311		0.000
Revised Programme	67.034	57.549	37.166	26.549	17.803	206.101

Table 12 Revised five Year Capital Programme

Funding the 2009/10 – 2013/14 Capital Programme

36. The current capital programme is funded from a number of externally funded sources, along with capital receipts raised from the sale of surplus assets.

37. The 2009/10 capital programme of £67.034m is currently being funded from £31.702m external funding and £35.334m 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.

38. Table 13 shows the projected call on Council resources going forward.

	2009/10	2010/11	2011/12	2012/13	2013/14	Total
	£m	£m	£m		£m	£m
Gross Capital Programme	67.034	57.549	37.166	26.549	17.803	206.101
Funded by:						
External Funding	31.702	24.873	8.888	8.428	9.603	83.494
Council Controlled Resources	35.334	32.676	28.278	18.122	8.200	122.607
Total Funding	67.034	57.549	37.166	26.549	17.803	206.101

Table 13 – 2009/10 –2013/14 Capital Programme Financing

39. The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle resulting in additional funding pressures based on current projections. The capital programme continues to place reliance on the achievement of a small number of high asset disposals which have been affected by the economic downturn. This funding pressure could be managed using a number of funding sources such as prudential borrowing with the revenue costs being covered from the revenue contributions agreed as part of the 2009/10 - 2013/14 capital programme.

40. Officers are currently undertaking options analysis to address the current projected funding pressures.

Corporate Priorities

41. 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 corporate strategy.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

49. 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

50. The Executive is requested to:

- Recommend to Full Council the net adjustments of £3.819m in 2009/10 and £3.333m in 2010/11 which are set out on a scheme by scheme basis in the above paragraphs and contained in Annex A.
- Note the 2009/10 revised budget of £68.974m as set out in paragraph 5 and Table 2.
- Approve the slippage of £5.759m from 2009/10 to 2010/11.
- Note the restated capital programme for 2009/10 – 2013/14 as set out in paragraph 35, Table 12 and as set out in detail in Annex A.

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

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**Report
Approved**



Date 17/08/09

Keith Best
Head of Finance

Specialist Implications Officer(s)

None

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Budget Control 2009
Departmental Capital Monitoring Updates

Annexes

Annex A – Restated Capital Programme 2009/10 to 2013/14