

Report of the Cabinet Member for Corporate Services

CAPITAL PROGRAMME – MONITOR TWO

Report Summary

1. The purpose of this report is to:
 - Inform Members of the likely outturn position of 2012/12 Capital Programme based on the spend profile and information to September 2011;
 - 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 and the amendments as reported through the Capital Monitor 1 6th September 2011. The changes made as result of the above papers result in a current approved capital programme for 2011/12 of £71.535m, financed by £30.335m of external funding, and internal funding of £41.200m. 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
Current Approved Capital Programme	71.535	30.335	41.200

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. An increase of £0.587m is detailed in this monitor that results in a revised capital programme budget from £71.535m to £72.122m.
5. The net increase of £0.587m made up of:
 - Adjustments to schemes increasing budgeted expenditure by £1.708m.
 - Net re-profiling of -£1.121m 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	15.413	0.000
ACE	Adult Social Services	1.103	1.103	0.000
CANS	Communities and Culture	5.454	5.254	(0.200)
CANS	Environment	5.407	5.257	(0.150)
CANS	Housing & Public Protection	13.950	13.950	0.000
City Strategy	City Strategy (P&T)	6.913	7.071	0.158
City Strategy	City Strategy (Admin Accom)	15.730	14.800	(0.930)
City Strategy	Community Stadium	4.000	4.000	0.000
City Strategy	City Strategy (Economic Development)	0.058	0.058	0.000
City Strategy	Property Services	2.269	3.819	1.550
CBSS	IT Development Plan	1.108	1.067	(0.041)
CBSS	Miscellaneous (Contingency etc)	0.130	0.330	0.200
	Total	71.535	72.122	0.587

Table 2 Capital Programme Forecast Outturn 2011/12

6. To the end of September there was £23.94m of capital spend representing 33.3% of the revised monitor 2 budget.

Analysis

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

ACE - Education and Children's Services

8. There are no variations to report as a result of this report. The monitoring position remains as at monitor 1 and ACE continue to monitor significant movements on a regular basis.

ACE – Adult Social Services

9. There are no variations to report as a result of this monitor. The position remains as at monitor 1 and ACE continue to monitor significant movements on a regular basis.

CANS – Environment

Re-profiling

10. In relation to the Highway Resurfacing & Reconstruction (Structural Maintenance element) £150k requires re-profiling for the Boroughbridge Road scheme to 12/13 to align with the bid for the new park and ride site.

CANS – Communities and Culture

Adjustment

11. A detailed review of all the financing sources and expenditure projections has been undertaken for the group of York Pools Strategy schemes that results in £200k of funding no longer being required. The funding related to a schedule of works that no longer reflects the required expenditure profile. This funding has been moved to the support the capital contingency fund, where capital expenditure has increased by £200k.

CANS – Housing & Public Protection

12. No changes are proposed as a result of this report.

City Strategy (Planning and Transport)

Adjustment

13. The Local Transport Plan programme will increase by £158k from £3,076k to £3,234k in 11/12. The addition is funded in its entirety from external resources and reflects the new level of works profiled to match the new funding.

City Strategy - Administrative Accommodation

Re-profiling

14. The administrative accommodation project will decrease by £930k from £15.730m to £14,800k in 11/12. This in year decrease relates to the profile of the construction budget being updated. The overall project budget remains at the £43.8m approved at Executive June 2008.

City Strategy – Property Services

Adjustments

15. At the Staffing Matters and Urgency Committee report on 30th August 2011, Members approved the strategic purchase of land at Holgate Park to assist with bringing forward developments of York Central. The value approved was £1.550m in total and is shown here for reference purposes.

CBSS - IT Development Plan/Equipment

Re-profiling

16. As a result of this monitor an element of the IT development plan budget of £41k requires re-profiling from 11/12 to 12/13. This is in relation to the upgrade of the secure e-mail project moving to December 2012.

Summary

17. 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	71.535	52.500	29.368	21.471	11.563	186.437
Adjustments :						
ACE - Children's Services						0.000
ACE – Adult Social Services						0.000
CANS – Leisure and Culture	(0.200)					(0.200)
CANS - Neighbourhood Services	(0.150)	0.150				0.000
CANS – Housing						0.000
City Strategy - P&T	0.158					0.158
City Strategy - Admin Accom	(0.930)	0.930				0.000
City Strategy - (Economic Development)						0.000
City Strategy - Property Services	1.550					1.550
IT Development Plan	(0.041)	0.041				0.000
Miscellaneous (Contingency etc)	0.200					0.200
Revised Programme	72.122	53.621	29.368	21.471	11.563	188.145

Table 3 Revised 5 Year Capital Programme

Funding the 2011/12 – 2015/16 Capital Programme

18. The 2011/12 capital programme of £72.122m is currently being funded from £30.493m external funding and £41.629m 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.

19. Table 4 shows the projected call on Council resources going forward.

	2011/12	2012/13	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	72.122	53.621	29.368	21.471	11.563	188.145
Funded by:						
External Funding	30.493	27.978	21.868	15.537	7.206	103.082
Council Controlled Resources	41.629	25.643	7.500	5.934	4.357	85.063
Total Funding	72.122	53.621	29.368	21.471	11.563	188.145

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

20. The budgeted capital receipts forecast for 11/12 onwards was estimated at £18.410m, £14.060m of general receipts and £4.350m of administrative accommodation earmarked receipts.

21. Current forecasts indicate that the target for general capital receipts of £14.060m over the next 5 years may not be achieved as a result of the current economic market environment. However, due to the volatility in the economy, there is still the possibility that there will be an upturn in the market. The capital receipts position will continue to be monitored and reported at the earliest opportunity.

22. Equally, there is the potential that the earmarked administrative accommodation capital receipts of £4.350m will not meet the level incorporated in the financial viability model. The administrative accommodation finance model is under review to make further savings and a further report will be brought later in the year.

Corporate Priorities

23. 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

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

31. 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

32. The Cabinet is requested to:

- Note the addition of £1.550m capital expenditure approved by the Staffing Matters and Urgency Committee (30th August 2011) for the strategic purchase of land at Holgate Park to assist with bringing forward developments of York Central. This is to be funded from borrowing.
- Recommend to Full Council the net adjustments of an increase of £0.587k in 2011/12 and increase, as a result of re-profiling, of 1.121m in 2012/13, this is detailed in the report and contained in Annex A.
- Note the 2011/12 revised budget of £72.122m as set out in paragraph 5 and Table 2.
- Note the restated capital programme for 2010/11 – 2014/15 as set out in paragraph 66, Table 3 and detailed in Annex A.

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

Contact Details

Authors:	Cabinet Member & Chief Officer Responsible for the report:		
Ross Brown Principal Accountant Ext 1207	Councillor Julie Gunnell Cabinet Member for Corporate Services		
Louise Branford-White Technical Finance Manager Ext 1187	Ian Floyd Director for Customer & Business Support Services		
Keith Best Asst Director of Financial Services	Report Approved		Date 13 October 2011
Wards Affected: All			
<i>For further information please contact the authors of the report</i>			

Background Papers:

Budget Control 2011

Departmental Capital Pro-forma

Annexes

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