

Cabinet

16 July 2013

Report of the Cabinet Member for Finance, Performance and Customer Services

CAPITAL PROGRAMME OUTTURN 2012/13 AND REVISIONS TO THE 2013/14 – 2017/18 PROGRAMME

Report Summary

1. The purpose of this report is to set out the capital programme outturn position including any under or over spends, overall funding of the programme and an update as to the impact on future years of the programme.
2. The report shows an outturn of £46.476m compared to an approved budget of £57.281m, an overall variation of £10.805m. Of this £10.805m, £10.4457m has been re-profiled to future years.

Consultation

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 23 February 2012. 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 the 2012/13 Capital Programme Outturn

4. The 2012/13 – 2016/17 capital programme was approved by Council on 23 February 2012. Since then amendments have taken place, as reported to Cabinet throughout the year, which have resulted in the current approved capital programme for 2012/13 of £57.281m, financed by £21.227m of external funding, and internal funding of £36.054m.

5. The 2012/13 capital outturn of £46.476m represents an overall variation against the Monitor 3 budget of -£10.805m. The variation is comprised of two components.
6. The first component is re-profiling of budget that is currently approved in the capital programme but requires moving to or from future years in line with a changing timetable of delivery for individual schemes. The second component is genuine under/over spends against the latest approved budget.
7. The net variation of -£10.805m in 2012/13 is made up as follows:
 - Requests to re-profile budgets of a net -£10.457m of schemes from 2012/13 to future years,
 - Adjustments to schemes decreasing expenditure by a net -£0.348m.
8. Accordingly there are requests for budgets to be carried forward (re-profiled) in to future years of a net £10.805m with further details provided in the following departmental analysis paragraphs. Table 1 below shows the total variances for individual departments along with requests for re-profiling.

Directorate	Dep't	Approved Budget	Revisions to Approved Budget (re-profile)	Revised Budget	12/13 Outturn	Variance (under) / overspends - funding
		£m	£m	£m	£m	£m
		(1)	(2)	(3)	(4)	(5)
				(1) + (2)		(4) - (3)
ACE	Children, Education and Skills	5.844	(0.270)	5.574	5.289	(0.285)
ACE	Adult Social Services	0.906	(0.273)	0.633	0.625	(0.008)
CES	Strategic Planning & Transport	7.816	(2.690)	5.126	5.477	0.351
CES	Community Stadium	0.635	(0.288)	0.347	0.347	0.000
OCE	Economic Development	0.058	(0.058)	0.000	0.000	0.000

CANS	Housing & Comm Safety	10.550	(0.652)	9.898	9.410	(0.488)
CANS	Culture, Leisure & Public Realm	2.060	(0.591)	1.469	1.508	0.039
CES	Highways, Fleet & Waste	7.476	(0.256)	7.220	7.243	0.023
CBSS	Asset Mgt	2.618	(0.400)	2.218	2.238	0.020
CBSS	West Offices -Admin Accom	14.030	(1.112)	12.918	12.918	0.000
CBSS	IT Dvpt Plan	1.612	(0.233)	1.379	1.379	0.000
CBSS	Contingency	0.376	(0.376)	0.000	0.000	0.000
CBSS	Economic Infrastructure Fund*	3.300	(3.258)*	0.042	0.042*	0.000
	Total	57.281	(10.457)	46.824	46.476	(0.348)

Table 1 – Summary of capital outturn by department

*note that the EIF spend referenced in this table is the prudential borrowing funded capital element only and excludes the revenue New Homes Bonus Funded element – see paragraphs below setting out overall EIF position for inclusion of revenue element

9. The majority of over and under spends are matched by corresponding changes in grant funding and have no impact on the overall funding available. The following paragraphs set out the main variances and the requirements for re-profiling. All the explanations are based on movement against the approved monitor 3 position.

ACE - Children, Education and Skills (Budget £5.844m, Outturn £5.289m)

10. The re-profiling request for £270k is the net position made up in the main of three scheme separate schemes. The first is DfE Maintenance programme that requires £674k of funding to be re-profiled to 13/14 including elevation works, gutter and flat roof repairs at Poppleton Road Primary, Tang Hall Primary windows and canopy and retention payments on schemes that finished in 2012/13 plus the remainder of the contingency set aside for urgent works (£150k).

11. The second is additional work funded from Basic Need grant at Yearsley Grove in 12/13 ahead of schedule requires funding of £135k to be brought forward from 13/14.
12. The third re-profiling request is in relation to Knavesmire Expansion Phase 2 that is progressing ahead of schedule, accordingly funding of £325k is required to be brought forward from 13/14.
13. In addition to the requests for re-profiling there are a number of schemes reporting in year variations. The net position is an under spend on schemes of £285k made up in the main of 2 schemes.
14. The first is a scheme within the Primary School Strategic Programme (Clifton with Rawcliffe primary) that due to the final payment for works being less than the scheduled £157k the DfES Devolved Capital Grant is no longer required for this scheme.
15. The second scheme is in relation to the Joseph Rowntree One School Pathfinder scheme that has come in under budget by £174k, the external grant funding available is no longer needed to finance this scheme.
16. In addition to the two under spends set out above a number of schemes spend small amounts over the profiled budget. These schemes include £48k for the Aiming High for Disabled Children funding by external grant along with a £18k increase in DfE Maintenance funding from external grant. There has been a small reduction in NDS Devolved Capital of £21k due to removal of external grant.

ACE - Adult Social Services (Budget £0.906m, Outturn £0.625m)

17. The EPH review requires a re-profile of £180k to 2013/14. This is as a result of changes to the overall EPH modernisation programme that slightly delayed the start of the procurement process. All other variations are below £100k.

CANS – Culture, Leisure and Public Realm (Budget £2.060m, Outturn £1.508m)

18. Two schemes require re-profiling at values of over £100k as follows:

- Millfield Lane Community Sports Centre requires £380k of funding to be re-profiled from 2012/13 to 2013/14 due to the scheme awaiting planning permission before the Council's contribution is made.
- The Closed Cycle Circuit - York Sports Village scheme requires £200k of funding to be re-profiled from 2012/13 to 2013/14. The scheme is complete and the facility fully operational with only the final account left to settle.

19. All other variations are below £100k and shown in the accompanying annex.

CES – Highways, Fleet and Waste (Budget £7.476m, Outturn £7.243m)

20. The Special Bridge Maintenance budget of £100k is requested to be re-profiled to 13/14. The delivery of this programme of works has been delayed as work has focused on the Highways Resurfacing and Reconstruction programme of works that is delivered by the same team.

21. £150k of the Highway Resurfacing & Reconstruction (Structural Maintenance) scheme is requested to be re-profiled to 2013/14, along with the LTP funding allocated to it. This is related to the A59 Boroughbridge Road resurfacing which was linked in with the Access York approval, which was granted in late March 2013. As well as this reprofile, an underspend of £187k on this scheme was programmed to offset a corresponding overspend of £162k on the replacement of unsound lighting columns.

22. All other variations are below £100k and shown in the accompanying annex.

CANS - Housing & Community Safety (Budget £10.550m, Outturn £9.410m)

23. A number of schemes require amendments at values of over £100k or that are noteworthy are as follows:

- Modernisation of Local Authority Homes – various small under spends across a number of schemes for communal areas, electrical works and fire protection upgrades.

- Assistance to Older & Disabled People – £83k requested to be re profiled into 13/14 as there have been delays in the completion of some works due to contractor capacity
- Major Repairs Allowance schemes – a significant under spend of £527k due to savings negotiated on the Tenants choice contracts. A request is made to re profile £136k from 12/13 to 13/14 due to delay with completion of some properties due to the capacity of one of the tenants choice contractors
- Housing Grants & Associated Investment (Non HRA) – an increase in spend at outturn of £287k funded entirely by an increase external grants received mainly due to a successful bid for DECC funding late in the year for fuel poverty work and solid wall insulation.
- Air Quality Monitoring (Non HRA) – budget of £91k to be re profiled into 13/14 from 12/13 due to time required to commission works.
- Crematorium (Non HRA) – it is requests that £134k be re-profiled into 13/14 for remaining contract payments. The under spend of £279k is due to tender submissions that were less than the pre tender estimates. This has been offset by additional costs incurred for extra contract period for building works due to delay in the installation of the cremator equipment and premium time working for the rescheduling of works outside of the working times of the crematorium as the works were considered too intrusive during services.
- Empty Homes (Non HRA) – a requested re-profiling of budget into 13/14 of £100k due the state of the schemes being undertaken requiring a 'standing start' approach, 3 cases are now currently in progress.

CES – Strategic Planning and Transport (Budget £7.816m, Outturn £5.477m)

24. The Better Bus Fund scheme required £185k to be re profiled to 13/14 for 12/13 due to delays encountered in relation to the city centre interchange schemes and the District Centre bus stop schemes in 12/13. The Theatre Royal interchange has been delayed so it can combined with other work in the area and the Leeman Road scheme did not go ahead due to a lack of alternative drop-off points for coaches.
25. The Local Transport Plan schemes require funds of £390k to be re-profiled into 2013/14, primarily due to the requirement to spend the

Access York and LSTF grants, but also due the delayed progress on Fishergate Pedestrian scheme – now scheduled to be completed summer 2013.

26. The Access York scheme requires funds of £1.375m to be re-profiled to 13/14 due to the DfT delaying approval for the scheme bid until March 2013. The construction contract has been awarded and work started on site in May 2013. Other engineering work on bus priorities on the A59 and utilities is underway and will be completed by the summer.
27. The Flood Defences schemes requires £356k to be re-profiled for the scheme at Clementhorpe and the current cost for the study is expected to be £40k. Following consideration of the report, a decision will be made on whether or not to proceed with a flood defence scheme. The work being undertaken at Water End flood defence is progressing as scheduled and, subject to site conditions, is expected to be within budget.

CES – Community Stadium (Budget £0.635m, Outturn £0.347m)

28. The Community Stadium capital scheme has an outturn position of £347k against a budget of £635k. It is requested that £288k of funding been re-profiled into 2013/14.

CBSS – West Offices Administrative Accommodation (Budget £14.030m, Outturn £12.918m)

29. £1.112m of funds are required to be re-profiled to 2013/14 due to final payments to the developer to settle the account being in retention. The project is still expected to be within the overall budget of £43.804m. It is currently expected that the project as a whole will be under spent by approximately £50k and this will be confirmed through further monitoring reports.

CBSS – Asset Management (Budget £2.618m, Outturn £2.218m)

30. Due to a delay in the tender process the Security Gate / Reception scheme requires £107k to be re profiled to 2013/14. The project will be expected to be complete by the end of July 2013. The Hazel Court - Office of the Future Improvements scheme is being let as part of the same tender and is also expected to complete the end of July 2013, requiring £120k to be re-profiled to 2013/14.

CBSS – IT Development Plan (Budget £1.612m, Outturn £1.379m)

31. £233k of funding requires re-profiling to 2012/13 in relation to Electronic Data Management & Workflow, phase 2 of the Hr/Payroll Appraisal/Replacement implementation and the 12/13 Corporate Storage system.

Capital Contingency (Budget £0.376m, Outturn £0.000m)

32. No expenditure was incurred against the capital contingency budget so the budget will be re-profiled to 2013/14.

Funding the 2012/13 Capital Programme

33. The 2012/13 capital programme of £46.476m has been funded from £18.874m external funding and £27.602m of internal funding. The internal funding includes resources such as revenue contributions, Supported Capital Expenditure, capital receipts and reserves.
34. The overall funding position continues to be closely monitored to ensure the overall capital programme remains affordable and is sustainable over the 5 year approved duration.

Economic Infrastructure Fund Update

35. The Economic Infrastructure Fund (EIF) has an overall value £28.5m covering a 5 year period and is funded via a combination of the New Homes Bonus grant (revenue) and prudential borrowing (capital).
36. The EIF has schemes committed to a value of £16.663m (£17.663 including the Infrastructure Investment Fund as part of this suite of reports). The total expenditure incurred in 12/13 was £522k, of which £42k was capital, with schemes developing across a number of areas including Promoting York, Targeting Growth in Key Areas, Tour de France project and Re-invigorate York. The remaining £3.258m capital funding will be carried forward to 2013/14 and spent in line with the revised EIF programme as outlined in Annex B.

Update on the 2013/14 – 2017/18 Capital Programme

37. As a result of this report amendments have been made to future year's capital programmes as a result of both re-profiling schemes

from 2012/13 and requests for the use of new funding. Table 2 sets out the movements in the 2013/14 capital programme.

	Funding inc/(dec)	Expenditure inc/(dec)
	£m	£m
13/14 Budget per 12/13 monitor 3 inc Budget Process		66.844
Changes to 12/13 Mon 3 position:		
1) <u>Outturn Variations</u> that decrease the 13/14 programme		(0.154)
<u>Funded by:</u>		
External funding (decrease in grants available in 13/14)	(0.184)	
Internally funded (an increase in requested CYC funding in 13/14)	0.030	
2) <u>Re-profiling of budget from 12/13</u> increasing the 13/14 programme (part of the £10.457m in table 2)		9.021
<u>Funded by:</u>		
External funding (grants carried forward from 12/13 to 13/14)	5.212	
Internally funded (12/13 CYC funding carried forward to 13/14)	3.817	
Revised 13/14 Budget per 11/12 Outturn		75.711

Table 2 – Amendments to 13/14 Capital Programme

38. Further detail of the amendments contained within table 2 is set out in the following paragraphs.
39. Children, Education and Skills - Archbishop Holgate - It was reported to the Cabinet Member for Education, Children and Young Peoples Services on Tuesday 5th February 2013 that, as part of the planned closure of Burnholme Community College, and following extensive consultation, the Local Authority had agreed to support additional accommodation at Archbishop Holgate's school in order to ensure a permanent and sufficient supply of local secondary school places in future years. The school's catchment area now includes the area previously served by Burnholme Community College. The school has, following consultation, increased the admission limit to 216 pupils per year.

40. The school submitted a joint bid with the LA to the Education Funding Agency to seek capital funding towards the new teaching block. The EFA informed the school in early April 2013 that this bid had been successful. The scheme budget is approximately £2.14m with the EFA funding £1.8m and the Council contributing £340k from the 2013/14 Basic Need allocation. The £1.8m is not shown in the accompanying annex as the funding goes directly to the school.
41. Children, Education and Skills - Osbaldwick Primary School expansion. As a result of the merger of Osbaldwick Primary with Derwent Infant and Junior Schools from September 2013, there is a requirement for some capital works to be completed to support the new arrangements. A budget of £200k has been earmarked from the 2013/14 Basic Need allocation to support schemes refurbishing various parts of Derwent buildings, front of site landscaping and pathway, an additional bike shed, and an external Key Stage 1 play area. This work is scheduled to take place during the summer holidays, with a second phase during the autumn term comprising the refurbishment of an outbuilding at Derwent and demolition of a TCU at the Osbaldwick site.
42. CES – Strategic Planning and Transport. Following approval of the Access York bid by the Department for Transport in March 2013 the budget has been re-profiled to match the estimated construction costs over 2013/14 and 2014/15. Balfour Beatty was awarded the contract on 22 April and works started in May with an anticipated completion in May 2014. Vegetation clearance and utility diversion work and A59 bus priority measures are underway and are almost complete.
43. The restated capital programme for 2013/14 to 2017/18 split by portfolio is shown in table 3. The individual scheme level profiles can be seen in Annex 1.

		2013/14 Budget	2014/15 Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget	Total Budget
		£m	£m	£m	£m	£m	£m
ACE	Children's Services	9.870	5.362	5.125	5.125	5.125	30.607
ACE	Adult Social Services	1.225	0.515	0.525	0.400	0.400	3.065
CANS	Culture, Leisure & Public Realm	3.294	0.906	0.000	0.000	0.000	4.200
CES	Highways, Waste & Fleet	4.660	3.637	3.397	2.934	2.639	17.267

CANS	Housing & Community Safety	17.647	9.644	9.969	9.932	9.646	56.838
CES	Strategic Planning & Transport	20.858	3.844	2.713	2.713	2.713	32.841
CES	Community Stadium	1.850	9.050	7.679	0.000	0.000	18.579
OCE	Economic Development	0.058	0.000	0.000	0.000	0.000	0.058
CBSS	Asset Management	3.223	0.400	0.320	0.100	0.100	4.413
CBSS	West Offices - Admin Accom	2.580	0.000	0.000	0.000	0.000	2.580
CBSS	IT Development Plan	0.983	0.750	0.750	0.750	0.750	3.983
CBSS	Misc(Contingency)	0.676	0.000	0.000	0.000	0.000	0.676
CBSS	Economic Infrastructure Fund	8.787	7.071	6.800	5.800	0.000	28.454
	Total	75.711	41.179	37.278	27.754	21.373	203.295

Table 3 – Restated Capital Programme 2013/14 to 2017/18

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

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Gross Capital Programme	75.711	41.179	37.278	27.754	21.373	203.295
Funded by:						
External Funding	41.075	24.817	24.537	17.556	15.492	123.477
Council Controlled Resources	34.644	16.361	12.741	10.198	5.881	79.825
Total Funding	75.711	41.179	37.278	27.754	21.373	203.295

Table 4 - 2013/14 –2017/18 Capital Programme Financing

45. 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.
46. Capital receipts, which form part of the Council controlled resources, should be considered at risk both of not being realised within set time

frames and having 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 to Cabinet.

Council Plan

47. 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. The Capital Asset Board (CAB) meet monthly to ensure the capital programme targets the Councils Plan. The capital programme addresses all 5 priorities of the Council Plan due to its varied and numerous schemes as shown in the main body of the report.

Financial Implications

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

Human Resources Implications

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

Equalities Implications

50. 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.
51. All individual schemes will be subject to Equalities Impact Assessments

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

55. 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.

Risk Management

56. 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.

Recommendations

57. The Cabinet is requested to:
- Note the 2012/13 capital outturn position of £46.476m and approve the requests for slippage totalling £10.457m from the 2012/13 programme to future years.
 - Note the outturn position of the EIF in 2012/13 and revisions to the profile of the £28.5m as set out in Annex B.
 - Recommend to Full Council the restated 2013/14 to 2017/18 programme of £203.295m as summarised in Table 3 and detailed in Annex A.
 - Approve the revised EIF profile set out at Annex B.

Reason:

- *To allow the continued effective financial management of the capital programme from 2013/14 to 2017/18.*

Contact Details

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	Report Approved	√	Date 3/07/13
Wards Affected: <i>All</i>			
For further information please contact the authors of the report			

Specialist Implications:
Legal – Not Applicable
Property – Philip Callow Head of Asset and Property Management Extension - 3362
Information Technology – Not Applicable

Annexes

- Annex A – Capital Programme by year 2012/13 – 2017/18
- Annex B – Economic Infrastructure Fund 2012/13 – 2016/17