

Executive

11 February 2016

Report of the Director of Customer and Business Support Services

CAPITAL PROGRAMME – MONITOR 3 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 £94.389m.

Recommendations

3. Executive is asked to:
 - Recommend to Council a decrease in the 2015/16 programme of £40.654m as detailed in the report and contained in Annex A.
 - Note the 2015/16 revised budget of £51.538m as set out in paragraph 6 and Table 1.
 - Note the restated capital programme for 2015/16 – 2019/20 as set out in paragraph 43, 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 £40.654m is detailed in this monitor resulting in a revised capital programme of £51.538m. £40.883m of the decrease is due to re-profiling of budgets to future years. Offsetting this is a net increase of £229k mainly due to an increase the Better Bus Area Fund of £308k funded by external contributions.
6. Table 1 outlines the variances reported against each portfolio area and references where further detail can be found of the key movements.

Department	Current Approved Budget £m	EIF Allocation	Revised Approved Budget £m	Projected Outturn £m	Variance £m	Ref - Para
Children's Services, Education & Skills	13.361	-	13.361	10.259	(3.102)	9
Adult Social Services	1.464	-	1.464	1.257	(0.207)	
Communities Culture & Public Realm	2.660	99	2,759	2.171	(0.588)	
Housing & Community Safety	19.133	-	19.133	13.229	(5.904)	21
Highways & Waste	6.226	100	6.326	6.026	(0.300)	
Transport	8.619	11.563	20.182	8.318	(11.864)	26
Econ Development (trfrd to Asst Mgt)	0.000	-	0.000	0.000	(0.000)	
Community Stadium	20.714	-	20.714	5.000	(15.714)	33
Asset Management	3.576	1.141	4.717	1.742	(2.975)	34
West Offices - Admin Accom	0.512	-	0.512	0.512	0.000	
IT Development Plan	2.383	218	2.601	2.601	0.000	
Misc(Contingency)	0.423	-	0.423	0.423	(0.000)	
Corporate Schemes (former EIF)	15.318	(15.318)	0.000	0.000	(0.000)	
Revenue element of EIF funded by NHB		2.197				7
Total	94.389		92.192	51.538	(40.654)	

Table 1 Capital Programme Forecast Outturn 2015/16

7. As referred to in Monitor 2, individual schemes previously referred to under the Economic Infrastructure Fund header have now been allocated out under relevant departments as shown in the table above. A revenue element funded by New Homes Bonus totalling £2.197k previously shown on the Capital programme was removed resulting in a net revised approved budget of £92.192m.

Analysis

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

CSES – Children Services, Education and Skills

9. A number of amendments are proposed within Children's, Education and Skills, resulting in a net reduction of £3.102m. Key variances are summarised in the table below, referenced to further narrative.

Scheme	Amendment	Amount 15/16 £m	Amount 16/17 – 19/20 £m	Further Details – Paragraph ref
DfE Maintenance	Re-profile	(1.117)		10
DfE Maintenance	Adjustment		(2.491)	11
Basic Need	Re-profile	(0.864)		12-13
Fulford School Expansion	Re-profile	(0.800)		14
Enhanced Resource Provision - SEN	Re-profile	(0.175)		15
Family Drug & Alcohol Facility	Re-profile	(0.100)		16

10. The first is a request to re-profile £1.117k for the DfE Maintenance programme of works, partly due to a number of major schemes which have had to be delayed totalling £717k due to size and complexity. These schemes included phase 2 of a major rewire at Tang Hall Primary, replacement of Canon Lee water tanks and boilers, some roof repairs at Dunnington Primary, York high therapy and hygiene suite, and the demolition of the Clifton Without Junior building. In addition there is a

further £450k made up of retentions on schemes not due to be paid this financial year, plus some of the previously held contingency which is now not expected to be needed this year.

11. DfE Maintenance estimates for future years have also been revised downwards to take account of the expected effect of academy conversions which will reduce the amount of funding which will be directed through the Authority. An annual indicative reduction of 5% has been factored in, although the actual reduction will be on a per pupil basis as schools convert.
12. There has also been some significant re-profiling of the Basic Need profile of works both in 2015/16 and future years. £864k needs to be transferred from 15/16 to 16/17 as it is unlikely that there will be any further significant spend in 15/16. Of this £864k, £520k is committed to providing the local authority's contributions to the two Education Funding Agency (EFA) funded school rebuilds (Carr Infant and Lord Deramore's Primary), under the Priority Schools Building Programme (PSBP), that were the subject of successful bids in 2012. At Carr Infant an estimated contribution of £370k is funding additional classrooms within the new building and some landscaping works, neither of which will be funded by the EFA. £249k has been paid over to the EFA in 15/16, and the remaining budget of £120k requires re-profiling into 16/17 to fund works following completion of the building in July 2016. Work at Lord Deramore's Primary has not yet begun. It is anticipated building could commence in February in which case some of the contribution could be required in 15/16. This will be reviewed at outturn.
13. The overall Basic need programme for the years 2016/17 to 2019/20 has been reviewed to assess when expenditure is now likely to take place on schemes to respond to the place pressures being experienced in particular areas of the city. As a result of this exercise, there is a need to re-profile the expenditure currently shown in the programme for 2016/17 into 2017/18 and 2018/19. The main focus of expenditure in these two years will be in the Southbank area of the City, as outlined in the report to Executive on 29th January 2016.
14. The Fulford school expansion programme requires funds of £800k to be transferred from 15/16 to 16/17. The new classroom block was completed in time for the start of the 2015/16 academic year and the Sports Hall was handed over in December 2015. The remaining works which consist of kitchen and dining room refurbishment, come re-roofing works to other parts of the school, and other smaller improvements, are scheduled to be carried out in summer 2016. The scheme expenditure profile needs to be

amended to reflect this timetable. With £800k required to be moved into 2016/17.

15. The Family Drug and Alcohol Assessment and Recovery Facility requires funds of £100k to be transferred from 15/16 to 16/17. This development linked to existing housing development plans, is intended to respond to national Family Drug and Alcohol Court (FDAC) requirements. Dedicated project planning is underway, but there will be no expenditure in 2015/16, so the budget needs to be moved back into 2016/17.
16. The Enhanced Resource Provision SEN scheme requires £175k of funding to be transferred from 15/16 to 16/17. Project planning is underway, however no expenditure will take place this financial year.

Adult Social Services

17. Two schemes require re-profiling of budgets to future years. OPH Infrastructure works requires budget of £162k to be moved from 15/16 to 16/17. This is to allow the funds to be used as a contingency for any unforeseen capital costs arising in order to keep homes operational as the Older Peoples Accommodation Programme rolls out.
18. Secondly, there is a request to re-profile funds of £45k allocated to Burton Stone Community Centre from 15/16 to 16/17 coupled with a request to increase the budget by a further £32k which would be funded by Corporate Prudential Borrowing. This is to meet the funding required to enhance and enlarge an alternative site at Energise that has been put forward as the most viable option after a consultation on the wider use of Burton Stone Community centre superseded the original plans. The setting will offer day activities for customers coming through transitions and for individuals coming back to York as required by the Winterbourne concordat.

Communities and Neighbourhood Services – Communities, Culture and Public Realm

19. Two schemes requires re-profiling of budgets to future years. Little Knavesmire Pavilion requires budget of £528k to be moved from 15/16 to 16/17. Work has commenced on building the new Pavilion however work has been delayed by contract negotiations and the recent floods. Secondly, Solar powered Litter Bin upgrades require re-profiling of £60k from 15/16 to 16/17. This is to reflect delayed expenditure pending a review of litter bins.

20. There is also a separate request to transfer £30k from Litter Bins to Public Convenient Facilities. This is to reflect the cost of contract variations in toilet refurbishment since the original budget of £663k was approved.

Communities and Neighbourhood Services - Housing & Community Safety

21. A number of amendments are proposed in relation to Housing and Community Safety, including 3 re-profile requests, resulting in a net reduction of £5.904m. Key variances are summarised in the table below, referenced to further narrative

Scheme	Amendment	Amount 15/16 £m	Further Details – Paragraph ref
Local Authority homes Phase 1	Re-profile	(5.044)	22
Water Mains Upgrade	Re-Profile	(0.260)	23
IT Infrastructure	Re-profile	(0.500)	24

22. There is a request to re-profile £5.044m of funding allocated to Local Authority Homes Phase 1 from 15/16 to 16/17. Delays in the Procurement process for the replacement hostel at Ordnance Lane and the council homes schemes has led to slippage into the next financial year. Construction contracts have now been awarded for most sites and all remaining approved schemes are due to be completed during 2016/17.

23. The Water Mains Upgrade programme requires £260k to be transferred from 15/16 to 16/17. Initial feasibility studies are to be completed this year, however further works will be delayed into 2016/17 due to the complexities of the project. Further delays and re-profiling of the expenditure may be required once the feasibility work has been completed.

24. The IT infrastructure programme requires its total funds of £500k to be transferred from 15/16 to 16/17. This is due to works being delayed into 2016/17 as the detailed plans for IT infrastructure within Housing and Building services have not yet been drawn up.

City & Environmental Services – Highways & Waste

25. One scheme within CES required re-profiling of budgets to future years. Special Bridge Maintenance required budget of £300k to be moved from 15/16 to 16/17. This is to allow further time to complete the planning of the programme of bridge works.

City & Environmental Services - Transport + Economic Development

26. Five schemes re-profiling of budgets to future years and one scheme is requesting an increase in funding resulting in a net reduction of £11.864m. Key variances are summarised in the table below, referenced to further narrative:

Scheme	Amendment	Amount 15/16 £m	Further Details – Paragraph ref
Local Transport Plan	Re-profile	(1.000)	27
Leeman Road Flood Defences	Re-Profile	(0.317)	28
LCR Revolving Investment Fund	Re-profile	(1.615)	29
Infrastructure Investment Plan for Growth	Re-Profile	(9.000)	30
Better Business Fund	Re-Profile	(0.240)	31
Better Bus Area Fund	Adjustment	0.308	32

27. The Local Transport plan requires budget of £1.000m to be transferred from 15/16 to 16/17. This is because Phases 2 and 3 of the A19 pinch-point scheme will now not be delivered in 15/16 as they were dependent on the progress of the Germany Beck development which is delayed.
28. The Leeman Road Flood defences require budget of £317k to be transferred from 15/16 to 16/17. The funding allocated against the Clementhorpe Flood Alleviation scheme has been identified to support Environment Agency led schemes in the area. All flood alleviation measures in the city were to be appraised through to the summer of 2016 and prospective schemes progressed, the funding for works at Clementhorpe have been identified as marginal and contributions are necessary for the scheme to attract Defra Funding.

29. The Leeds City Region (LCR) Revolving Infrastructure Fund requires the transfer of all of its £1.615m budget from 15/16 to 16/17. Whilst there are a number of loans within the pipeline of the Revolving Infrastructure Fund (RIF) there are not expected to be any further advances from the Council in 2015/16 to the Fund. A review of the Revolving Infrastructure Fund will be carried out in 2016/17.
30. The Infrastructure Investment Plan for Growth requires all of its £9,000m budget to be transferred from 15/16 to 16/17. This is due to the EZ status only just being awarded for York central in November 2015. Works have therefore been delayed and the funding will not be required in 15/16 but will be in 16/17.
31. The Better Business Fund requires £240k to be transferred from 15/16 to 16/17. Work on the replacement of the Rougier Street bus shelter has been delayed as the new shelter cannot be installed until the developer of Roman House has completed work on the building. The developer is expected to start work in March 2016 for six months. The transfer of funds into 16/17 is required to allow the new bus shelter to be installed once the building works are completed.
32. The Better Bus Area Fund shows an increase of £308k in the budget for 2015/16. This will be externally funded as York have been awarded Department of Transport Funding of £308k for Clean Bus technology. This will be used for the conversion of school buses.

City & Environmental Services – Community Stadium

33. A re-profiling request has been made for the Community Stadium scheme to reflect the latest development schedule. Funds of **£15.714m** are required to be transferred from 15/16 to 16/17. Work is underway to demolish Waterworld and the old stadium and to extend the Park and Ride site. The main construction part of the contract will commence next year.

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

34. A number of amendments have taken place as part of this monitor resulting in a net decrease of budget by £2,975m.

Scheme	Amendment	Amount 15/16 £m	Further Details – Paragraph ref
Photovoltaic Energy Programme	Re-profile	(0.346)	36
Community Asset Transfer	Re-Profile	(0.175)	37
River Bank Repairs	Re-profile	(0.300)	238
Critical Repairs and contingency	Re-Profile	(0.290)	39
Mansion House Restoration	Re-Profile	(0.807)	40
Guildhall Project	Re-Profile	(0.890)	41

35. The Photovoltaic Energy Programme required budget of £346k to be transferred from 15/16 to 16/17. It is anticipated these funds will be required to be spent on sustainability schemes in the near future, however this transfer of funds request will be delayed until a suitable scheme is in place.
36. The Community Asset Transfer programme requires £175k of funds to be transferred from 15/16 to 16/17. The delivery of this scheme requires Community partners to become responsible for sites. No such agreements are in place currently, however due to the future shaping of the council services, it is likely that there will be a need to complete works on CYC buildings in the future. This request is to transfer the budget to enable work to be completed in the future years.
37. The River Bank Repairs scheme requires funds of £300k to be transferred from 15/16 to 16/17. Works have had to be suspended in this area due to weather conditions. £200k of the funds to be transferred are to be spent on minor repairs such as vegetation removal and Masonry pointing. The cost of repairs needed at Marygate may determine the use of the yet unallocated £200k funds in the future.
38. The Critical Repairs and Contingency scheme requires budget of £290k to be transferred from 15/16 to 16/17. It is anticipated an element of the total £350k budget for Guildhall roof repairs will be required in the current year, however the balance of £290k is to be delivered in 16/17 as part of the wider Guildhall redevelopment project.
39. The Mansion House Restoration scheme requires budget of £807k to be transferred from 15/16 to 16/17. This is to reflect that the project started on site in January 2016, three months later than originally programmed due to required revisions to tender price.

40. The Guildhall Scheme required budget of £890k to be transferred from 15/16 to 16/17. The project is currently on track to deliver the detail project design by June 2016 for decision by Executive as set out in the project programme. It is anticipated the full budget will be required in 16/17 to carry out works after this date.
41. There has also been a transfer £180k from the Asset Maintenance and critical health and safety repairs scheme to the Mansion House scheme as reported to Members at Monitor 2. This is to fund essential maintenance necessary to maintain the fabric of the building at the Mansion House.
42. The unallocated balance currently stands at £772k in 16/17. It should be noted that there is a recommendation within the Capital Programme Strategy report for 2016/17 also on this Agenda to use this balance to support new schemes.

Summary

43. 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	10.259	7.812	12.710	6.368	4.267	41.416
Adult Social Services and Public Health	1.257	1.156	0.967	0.915	0.565	4.860
Communities Culture & Public Realm	2.171	1.176	0	0	0	3.347
Highways & Waste	6.026	5.593	3.168	2.977	2.977	20.952
Housing & Community Safety	13.229	20.527	9.831	8.472	9.812	61.871
Transport	8.318	14.465	4.331	1.660	1.660	30.434
Community Stadium	5.000	15.714	0	0	0	20.714
Asset Management	1.742	4.187	0.300	0.300	0.300	6.829
West Offices - Admin Accom	0.512	0	0	0	0	0.512
IT Development Plan	2.601	2.533	2.245	2.025	1.970	11.374

Contingency	0.423	0	0	0	0	0.423
Corporate Schemes	0	0.772	0	0	0	0.772
Revised Programme	51.538	73.374	33.552	22.717	21.551	203.293

Table 2 Revised 5 Year Capital Programme

Funding the 2015/16 – 2019/20 Capital Programme

44. The revised 2015/16 capital programme of £51.518m is funded from £27.227m external funding and £24.637m 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	51.538	73.935	33.552	22.717	21.551	203.293
Funded by:						
External Funding	27.227	29.694	24.344	15.373	13.530	110.168
Council Controlled Resources	24.311	44.241	9.208	7.344	8.021	93.125
Total Funding	51.538	73.935	33.552	21.717	21.551	203.293

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

45. 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.

46. 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

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 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

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

55. 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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Annexes

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