

Report of the Cabinet Member for Finance and Performance

CAPITAL PROGRAMME – MONITOR TWO 2014/15

Report Summary

1. The purpose of this report is to set out the key deliverables of the capital programme and projected outturn position for 2014/15 including any under/ over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
2. The 2014/15 capital programme approved by Council on 27 February 2014 and updated for amendments reported to Cabinet up to and including the September Monitor 1 report is £76.319m, financed by £34.893 of external funding and internal funding of £41.426m.

Consultation

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 27 February 2014. 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. A decrease of £3.764m is detailed in this monitor resulting in a revised capital programme of £72.555m. £4.273m of the decrease is attributable to re-profiling to budgets to future years. Offsetting this is a net increase of £509k attributable to an increase in government grants available. The Councils borrowing need across the 5 year programme is not changed as a result of these changes.
5. 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	10.202	10.202	0.000
H&WB	Adult Social Services and Public Health	1.013	0.835	(0.178)
CANS	Communities Culture & Public Realm	5.973	5.449	(0.524)
CANS	Housing & Community Safety	17.292	17.392	0.100
CES	Highways & Waste	7.460	7.591	0.131
CES	Transport	9.042	9.149	0.107
CES	Economic Development	0.058	0.058	0.000
CES	Community Stadium	6.026	3.026	(3.000)
CBSS	Asset Management	2.548	2.198	(0.350)
CBSS	West Offices - Admin Accom	0.533	0.533	0.000
CBSS	IT Development Plan	2.284	2.284	0.000
CBSS	Misc(Contingency)	0.383	0.183	(0.300)
CBSS	Economic Infrastructure Fund	13.405	13.665	0.250
	Total	76.319	72.555	(3.764)

Table 1 Capital Programme Forecast Outturn 2014/15

6. To the mid point in October there was £23.9m of capital spend representing 33% of the revised monitor 2 budget.

Key Schemes

7. **Fulford School Expansion** Phase 1 (£1,250k 14/15) of this planned three year scheme was carried out over the summer and comprised

groundwork and infrastructure upgrades in preparation for the expansion of the school.

8. **Carr Junior Expansion** (£610k 14/15) project providing a three classroom extension to the existing building to enable the school to accommodate future demand through the increase in capacity of 80 additional places. The final stages of the project will be completed at October half term.
9. **Universal Infant Free School Meals** (£379k 14/15) approximately £260k has been spent or committed to assist primary schools to expand the provision of meals. A number of schools have been equipped with new Combi-ovens, and in addition a number of hot cupboards have been purchased to expand serving provision.
10. **Huntington Secondary School New Block** (£985k 14/15) scheme provided a seven classroom modular building to replace the existing Biology Block and 2 Temporary Classroom Units, which were at the end of their useful lives.
11. **Basic Need Programme** (£2,376k 14/15) including an additional classroom provided at Skelton Primary School at an estimated cost of £180k (also incorporating some roof repairs and toilet refurbishment funded from maintenance at a cost of £50k), and at Badger Hill Primary School at a cost of £230k. Both these schemes were completed by September.
12. The **Access York project** (£2,430k 14/15 - 70% part funded by the government) has been created in partnership with contractors Balfour Beatty and designers CH2M Hill to develop a new Park&Ride at Poppleton Bar and a larger facility near to the previous Askham Bar Park&Ride. The parking capacity has increased to 1,100 vehicles at Askham Bar and a new 600-vehicle facility at Poppleton Bar has been provided. These sites will help cut congestion levels along routes into the city centre by offering free parking and low price 15-minute journeys into York. Major improvements have also been made to the A59/A1237 roundabout to help alleviate congestion. At Askham Bar, work consisted of remediation and reclamation of a waste site, interaction works on the rail and road networks as well as carrying out the environmental consenting. At the Poppleton Bar site, work consisted of construction of sustainable drainage systems as well as upgrade works of a roundabout and pedestrian underpass.

13. In relation to **housing** the Council has provided a range of major adaptations to residents homes across all tenures (over £1.3m funding). Typically the adaptations installed are stairlifts and ramps to provide access around the home to people with poor mobility and/or the replacement of a bath with level access showering facilities. The programme also funds extensions where the property can not be adapted within the existing foot print of the property, often these are for families with disabled children with complex needs. Through customer feedback almost 100% of our customers advise that the adaptations have improved the quality of their lives and have enabled them to continue to live independently in their home. One customer said “I was amazed how everyone was so helpful and reacted swiftly to my needs and requests. My quality of life has improved immensely and at 96 years old its greatly appreciated, Thank you”.
14. The **IT Development Plan** (£2.284m 14/15) programme will see a number of improvements, projects and upgrades completed during the year: an expansion of the Mapinfo mapping and Geographic Analysis System and the introduction of an enhanced Database Management tool have both been completed and a number of other major works are underway including upgrading CYC Laptops to Windows 7, upgrading Encryption Services and investigating Data Loss Protection tools. Larger projects are underway include: a programme of technology refresh which will replace the Council’s Desktop Equipment and Servers on a rolling basis to ensure a consistent ICT customer experience regardless of location, replacement of CYC’s Customer Relationship Management System to improve services and replacement of the Children’s Care System.
15. The **Economic Infrastructure Fund** is delivering a wide range of benefits across a number of priority areas ranging from the Superconnected cities programme to the Financial Inclusion and Policy Action Plan. Annex B contains details of both projected spend and progress to date on a scheme by scheme basis.

Analysis

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

CSES – Children Services, Education and Skills

17. One minor amendment to the Children's services capital programme is required as part of this report. The Huntington Secondary School New Block scheme provided a seven classroom modular building to replace the existing Biology Block and 2 Temporary Classroom Units, which were at the end of their useful lives. The main construction work was completed during the summer, at an expected final cost of £985k. This final cost exceeds the budget, which was agreed at the date of scheme approval by £85k. This is mainly due to the fact that the tenders that were received were above the available budget. It is proposed this amount be funded from the DfE Maintenance scheme contingency.
18. The forecast spend inclusive of the above for 14/15 is £10.202m

Health & Wellbeing – Adult Social Services and Public Health

19. There are 2 re-profiling requests to the Adult Social Services and Public Health capital programme. The first is for £80k of funds to be moved to 15/16 from 14/15 due to feasibility work being undertaken on the change in property in regard to Burton Stone Community Centre.
20. The second is for £298k of funds currently earmarked for the Elderly Peoples Homes (EPH) Infrastructure works to be re-profiled to 15/16 from 14/15. The homes were initially expected to be closed by now and thus this level of repair avoided. In addition a request for use of £200k capital contingency funding is made as the existing EPH's are currently in need of renovation, some aspects of which are threatening their ability to pass Care Quality Commission (CQC) inspection. Accordingly it requested that £200k of funding be used as follows: £180k to refurbish lifts, £5k to upgrade intercoms, £6k for Fire curtains at Morrell House plus other measures to prevent cross infection and improve heating.
21. There will be a financial implication to the Capital programme in future years to the funding set aside to replace the EPHs as this grant had been intended to contribute to the funding of the new builds.
22. As a result of this monitor and the 14/15 forecast spend is £835k.

Communities and Neighbourhood Services – Communities, Culture and Public Realm

23. Four changes are proposed to the Communities, Culture and Public Realm capital programme.
24. It is proposed to include £21k of Section 106 funding in relation to Parks and Open Spaces Development programme of works. The developer's contributions allocated are reflective of expenditure projections in parks, gardens & Rawcliffe bike track.
25. It is requested that £500k of funding in relation to the Museums Trust be re-profiled to 15/16 from 14/15. York Museums Trust now propose to use half the £1m allocation for initiatives within the St Mary's Abbey Precinct, as originally intended, and half to address long-standing storage issues with the service. £500k will be used as a contribution towards the purchase of a suitable industrial unit at Birch Park to be used as a museums store. Acquisition of this store will enable YMT to address the issues raised in last year's scrutiny report into museums storage, and to make revenue savings that will help them to deal with their £500k grant reduction in 2015/16. It will also give them an asset that they can borrow against to assist with future capital projects
26. The third change is the request to re-profile £120k of funding in relation to the Theatre Royal to 15/16 from 14/15 reflecting the requirement for drawdown of the Councils contribution to the renovation.
27. In addition this report reflects the River Safety Cabinet Update Report 7th October and subsequent Full Council approval on the 9th October for the use of £100k of Capital Contingency in 14/15 to support physical improvements to reduce the risks associated with rivers in York.
28. The forecast spend inclusive of the above for 14/15 is £5.449m.

Communities and Neighbourhood Services - Housing & Community Safety

29. A number of amendments are proposed in relation to Housing and Community Safety.

30. There are amendments to 4 individual programme schemes within the Housing Revenue Account that result in a nil movement of the budgeted expenditure position overall, they are comprised as follows:

- +£411k (required budget increase) in relation to the Modernisation of Local Authority Homes as the tender for the non-traditional properties work came in higher than anticipated, additional expenditure was needed on fire prevention works following fire assessments and additional damp works required.
- -£200k (underspend) in relation to the Building Insulation programme works as the final tender was lower than originally projected and budgeted for.
- -£250k (underspend) in relation to the Water Mains Upgrade as only a limited amount of feasibility work is able to be completed in 2014/15. Following this work, a review will be undertaken of what additional works will be required in future years.
- +£39k Major Repairs Allowance

31. A request is made to re-profile £100k from 14/15 to 15/16 in relation to the Empty Homes scheme as fewer suitable homes have been identified so far this year than were anticipated.

32. A request is made to re-profile £200k of Modernisation of Local Authority homes budget from 15/16 to 14/15 to enable the prioritisation of remedying damp problems over the winter period. Building Services have identified an increasing trend of major damp occurrence to properties in the social housing portfolio, to an extent where additional resources are now required immediately to manage the problem. There are currently more than 100 dwellings where extensive work is required to treat the damp, including installing sump pumps, new damp courses, timber treatment, structural repairs to floors, removal/refitting of kitchen and bathroom fittings, plaster repairs and redecoration etc. In a lot of cases, tenants will require temporarily recanting while work is carried out. Typical costs for these properties fall in the £5-10k range.

33. The forecast spend for 14/15 is £17.392m.

City & Environmental Services – Highways, Waste & Fleet

34. There are two amendments to reflect in the Highways, Waste and Fleet capital programme. The first is an additional £401k of expenditure budget is requested to be added to the Highways

Resurfacing and Reconstruction budget reflecting 2 new Government grants of £90k for Sever Weather and £311k for Potholes.

35. The second relates to the request to reallocate £270k of funding currently from the Special Bridge Maintenance scheme to part fund the Access York works (detail set out in the paragraphs below). The budget is available due to the new bridge engineer being in post 10 months ago following a vacancy of c2 years. Accordingly the majority of time has been spent dealing with Approval in Principals for new structures through the planning process and carrying out inspections. Inspection of the capital schemes has identified that a budget of £157,000 would be required to carry out the works in year.
36. The programme is currently projecting a 14/15 spend of £7.591m

City & Environmental Services - Transport + Economic Development

37. A number of amendments are required to the Transport capital as part of this report.
38. The first is an overall reduction of £681k to the Local Transport Plan (LTP) scheme reflecting a reallocation of £80k to the Access York scheme, an allocation to the Better Bus Area Fund of £295k and a net reduction of S106/other grants of £231k. The reduction in S106 is as a result of an in year review undertaken re availability and allocation of developers contributions.
39. The transfer of £350k to the Access York programme is due to costs associated with unforeseen ground conditions and utilities. The associated funding is to come from: £80k LTP funding and £270k from the Special Bridge Maintenance scheme.
40. The Better Bus Fund Area (BBAF) Works budget has been amended to reflect the reallocation of funds previously contained within the overall LTP budget plus a new additional £68k BBAF funding. These revisions recast the budget to £776k
41. The last amendment is an increase to scheme budget in relation to the Pay on Exit Car Parking Pilot of £75k to be funded from LTP funding. This change will revise the budget to £100k.

42. The Transport service programme is currently projecting a 14/15 spend of £9.149m.
43. The Economic Development capital programme is projected to outturn at £58k.

City & Environmental Services – Community Stadium

44. The Community Stadium Project budget has been updated to reflect the £4m Full Council approval (9th October) for enhanced leisure facilities. The new budget has been profiled in 2015/16.
45. It is requested that £3m be re-profiled to 15/16 to align with the award of contract and subsequent construction timetable of the Stadium and Leisure Facilities.

Customer and Business Support Services - Administrative Accommodation

46. No changes to the projected spend are proposed at this monitor with in year spend budgeted at £0.533m.

Customer and Business Support Services – Asset Management / IT Development Plan / Contingency/ Economic Infrastructure Fund (EIF)

47. Use of £100k contingency is set out in the Communities and Neighbourhood Services – Communities, Culture and Public Realm paragraphs above.
48. A request is made to re-profile £350k of Critical Repairs and Contingency budget in relation the Guildhall re-roofing to move in line the Guildhall proposals projected spend (subject to approval).
49. A single change is made to the EIF programme reflective of the Super Connected Cities Team successful bid for £250k of DCMS funds (external grant) available for the provision of gigabit connectivity to 29 CYC buildings. No further changes are proposed as part of this report to the Asset Management, IT Development Plan and Economic Infrastructure Fund (EIF).
50. Annex B shows a detailed analysis of the Economic Infrastructure Programme by year.

Summary

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

Gross Capital Programme	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
Current Programme						
Adjustments :						
Children's Services, Education and Skills	10.202	13.658	9.962	5.106	2.250	41.178
Adult Social Services and Public Health	0.835	0.903	0.505	0.505	0.505	3.253
Communities Culture & Public Realm	5.449	1.220	0.000	0.000	0.000	6.669
Highways & Waste	7.591	3.497	2.934	2.839	1.350	18.211
Housing & Community Safety	17.392	11.462	10.026	8.753	9.023	56.656
Transport	9.149	2.713	2.713	2.713	0.090	17.378
Community Stadium	3.026	19.135	0.000	0.000	0.000	22.161
Economic Development	0.058	0.000	0.000	0.000	0.000	0.058
Asset Management	2.198	0.770	0.200	0.200	0.100	3.468
West Offices - Admin Accom	0.533	0.000	0.000	0.000	0.000	0.533
IT Development Plan	2.284	1.870	1.920	2.245	2.025	10.344
Contingency	0.183	0.000	0.000	0.000	0.000	0.183
Economic Infrastructure Fund	13.655	8.611	5.800	0.000	0.000	28.066
Revised Programme	72.555	63.839	34.060	22.361	15.343	208.158

Table 2 Revised 5 Year Capital Programme

Funding the 2014/15 – 2018/19 Capital Programme

52. The 2014/15 capital programme of £72.555m is currently being funded from £32.063m external funding and £40.492m of internal funding. The internal funding is comprised of revenue contributions, revenue reserves, prudential borrowing, right to buy housing capital receipts and general capital receipts.

53. Table 3 shows the projected call on Council resources going forward.

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	72.555	63.839	34.060	22.361	15.343	208.158
Funded by:						
External Funding	32.063	40.699	22.246	14.278	8.359	117.645
Council Controlled Resources	40.492	23.140	11.814	8.083	6.984	90.513
Total Funding	72.555	63.839	34.060	22.361	15.343	208.158

Table 3 – 2014/15 –2018/19 Capital Programme Financing

54. 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.

55. It should be recognised that capital receipts which form part of the Council Controlled Resources should be considered at risk of not being realised within set time frames and to 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 the 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 Cabinet.

Council Plan

56. 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 due to its varied and numerous schemes as shown in the main body of the report.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

64. 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

65. The Cabinet is requested to:

- Approve the use of £200k capital contingency for the works on the Councils existing EPHs to ensure they pass CQC inspection
- Recommend to Full Council the adjustments in the Capital programme of a decrease of £3.764m in 2014/15 as detailed in the report and contained in Annex A.
- Note the 2014/15 revised budget of £72.555m as set out in paragraph 5 and Table 1.
- Note the restated capital programme for 2014/15 – 2018/19 as set out in paragraph 50, Table 2 and detailed in Annex A.

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

Contact Details

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Wards Affected: All			

For further information please contact the author of the report

<i>Specialist Implications:</i>
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<i>Legal – Not Applicable</i>

<i>Property – Not Applicable</i>

<i>Information Technology – Not Applicable</i>
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Annexes

Annex A – Capital Programme 2014/15 to 2018/19

Annex B – Economic Infrastructure Fund

List of Abbreviations used in the report:

BBAF - Better Bus Fund Area

CAB - Capital Asset Board

CRAM - Capital Resource Allocation Model

CQC - Care Quality Commission

DCMS - Department for Culture, Media & Sport

DfE – Department for Education

EIF – Economic Infrastructure Fund

EPH – Elderly Peoples Homes

HR – Human Resources

ICT – Information and communications technology

LTP -Local Transport Plan

YMT - York Museums Trust