

Cabinet

19 July 2011

Report of the Cabinet Member for Corporate Services

CAPITAL PROGRAMME OUTTURN 2010/11 AND REVISIONS TO THE 2011/12 – 2015/16 PROGRAMME

Report Summary

- 1 The purpose of this report is to:
 - Set out the Councils capital programme outturn position for 2010/11 along with the final outturn position;
 - 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.
 - Inform Members of the funding position of the capital programme.
 - Provide an update on future years capital programme.

Consultation

- 2 The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 25 February 2010. 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 2010/11 Capital Programme

- 3 The 2010/11 – 2014/15 capital programme was approved by Council on 25th February 2010. Since then a number of amendments have taken place as reported to the Executive in the 2009/10 Capital Programme Monitor 3 report, the 2009/10 Capital Programme Outturn report and the 2010/11 Capital Programme Monitor 1, 2 and 3 report. The changes made as result of the above papers have resulted in a current approved capital programme for 2010/11 of £64.926m, financed by £35.020m of external funding, and internal funding of £29.906m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 2.

	Gross Budget £m	External Funding £m	Internal Funding £m
Original Budget Approved by Council at 25 Feb 2010	73.298	38.880	34.418
Amendments from 2009/10 Monitor 3 report	5.324	3.390	1.934
Amendments from 2009/10 Outturn report	3.357	1.372	1.985
Amendments from 2010/11 Monitor 1 report	(0.447)	0.114	(0.561)
Amendments from 2010/11 Monitor 2 report	(8.226)	(5.938)	(2.288)
Amendments from 2010/11 Monitor 3 report	(8.380)	(2.798)	(5.582)
Current Approved Capital Programme	64.926	35.020	29.906

Table 1 Current Approved Programme

- 4 Capital expenditure in 2010/11 totalled £53.932m compared to a spend of £58.480m in 2009/10, a decrease of £5.458m.

5 Figure One illustrates the increase in capital programme size since 1999/00, during which time it has risen from £19.5m to this years outturn of £53.932m.

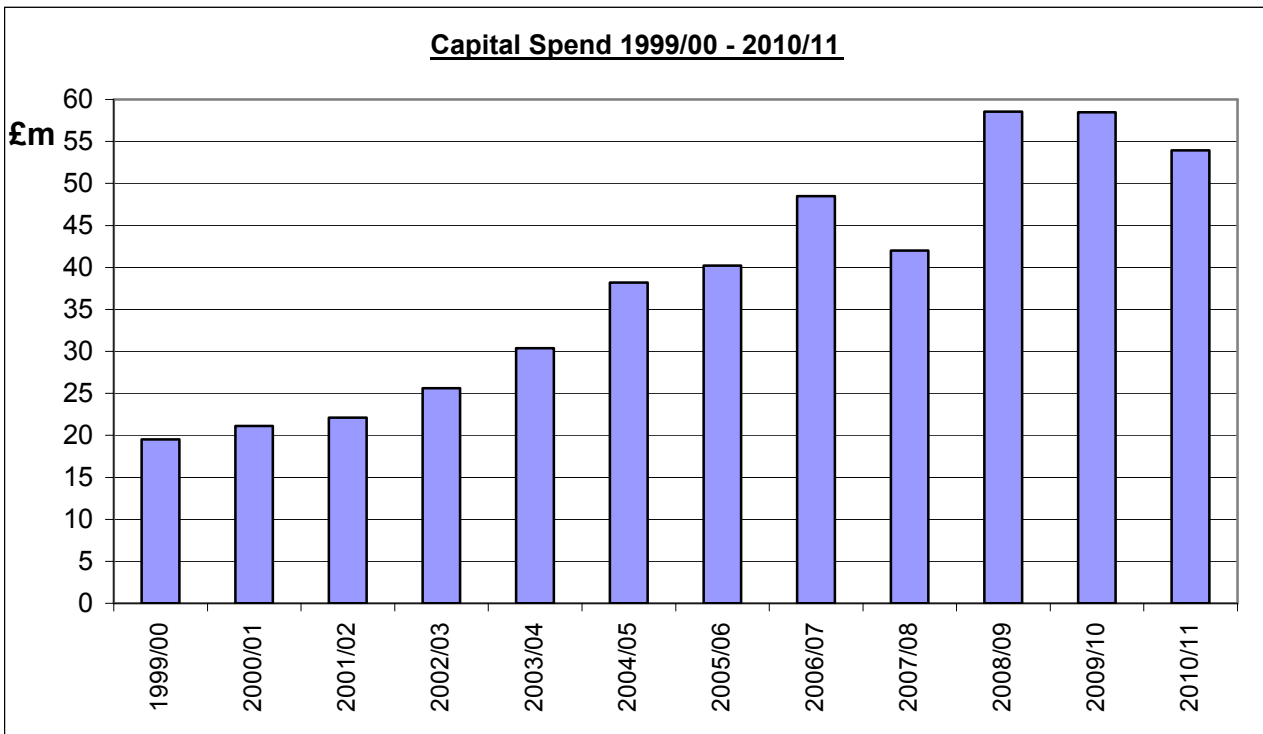


Figure 1: CYC Capital Programme Expenditure 1999/00-2010/11

6 Figure 2 shows the 2009/10 £53.932m expenditure split by departments.

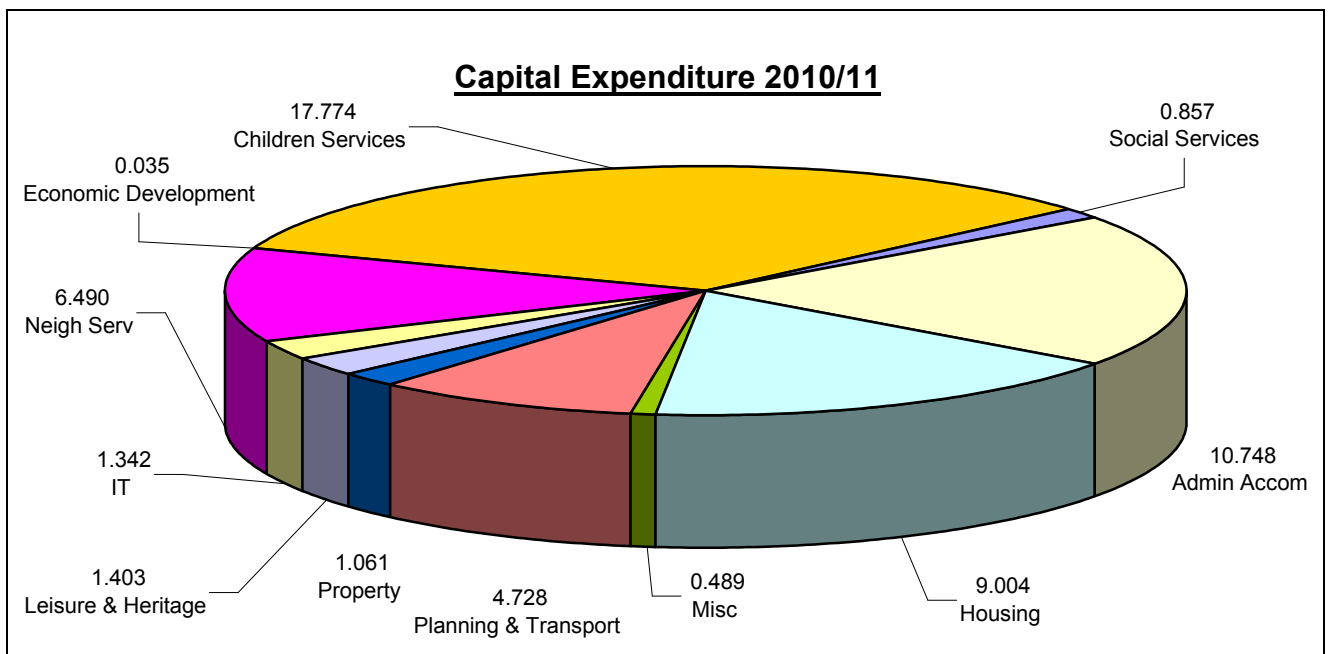


Figure 2 Capital Outturn by Department 2010/11

2010/11 Capital Programme Outturn and Overview

- 7 The 2010/11 capital outturn of £53.921m represents an under spend of £10.995m against the restated budget of £64.926m, a variance of 16.9%.
- 8 There are requests for budgets to be carried forward (re-profiled) in to future years totalling £9.721m. Further details are provided in the following departmental analysis paragraphs. The total variances for individual departmental capital programmes along with requests for re-profiling and other key information are highlighted in Table 2.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m	Reprofiling £m	Adjustments £m
ACE	Children's Services	24.645	17.774	(6.871)	(6.373)	(0.498)
ACE	Adult Social Services	0.876	0.857	(0.019)	0.004	(0.023)
CANS	Leisure and Culture	2.971	1.403	(1.568)	(1.636)	0.068
CANS	Neighbourhood Services	6.957	6.490	(0.467)	(0.459)	(0.008)
CANS	Housing	9.492	9.004	(0.488)	(0.469)	(0.019)
City Strategy	Planning & Transport	5.926	4.728	(1.198)	(0.566)	(0.632)
City Strategy	Admin Accom	10.651	10.748	0.097	0.097	0.000
City Strategy	Economic Development	0.035	0.035	0.000	0.000	0.000
City Strategy	Property Services	1.264	1.061	(0.203)	(0.236)	0.033
CBSS	IT	1.594	1.342	(0.252)	(0.083)	(0.169)
CBSS	Miscellaneous	0.515	0.489	(0.026)	0.000	(0.026)

	us (Contingen cy etc)					
	Total	64.926	53.931	(10.995)	(9.721)	(1.274)

Table 2 –Approved Budget vs. Outturn & Requests for Reprofiling

- 9 The detail that explains the under and overspends and the requirements for reprofiling are set out in the paragraphs below. All the explanations are based on movement against the approved monitor 3 position.

ACE - Children’s Services (Budget £24.625m, Outturn £17.774m)

- 10 The outturn of the 2010/11 Children’s Services Capital Programme is £17.774m against a budget of £24.625m, a variation of -£6.871m. Table 3 sets out the variations by scheme with explanation contained below:

- 11 A number of schemes require re-profiling at values of over £100k as follows:

- The NDS Devolved Capital scheme outturn position was £141k greater than the budget reflecting the higher level of external grant received. As in previous years, this funding has been devolved to schools to spend on their maintenance and capital priorities.
- The Harnessing Technology programme is an under spend at outturn of £172k. As previously reported, the Harnessing Technology grant was cut in 2010/11 with the shortfall in funding replaced by a reduction in the amount delegated to schools, and by a revenue contribution from the DSG. In addition, as the capital spend on the new broadband contract was mainly incurred in 2009/10 an amount of Modernisation funding was allocated in lieu of receipt of the 2010/11 grant. Thus in 2010/11 the equivalent amount of Harnessing Technology grant has been re-allocated to replace the modernisation funding used.
- The Targeted Capital Fund 14-19 Diploma schemes requires £2.238m of funding to be re-profiled into 2011/12 from 2010/11. As previously reported, the scheme for improvement / extension to Applefields School of £1.5m to provide additional accommodation will

not commence on site until the summer break, therefore a significant element of this budget was requires re-profiling. In addition remainder of this element of the budget now requires re-profiling in relation to work being carried out at Canon Lee and Huntington Schools, which is also now scheduled to be carried out early in 2011/12.

- The NDS Modernisation schemes shows an under spend of £400k at outturn, this funding has been used to contribute toward the Primary School Strategic Programme. The Primary School Strategic Programme requires re-profiling into 2011/12 of £2.432m. Both schemes are on-site and progressing well however, due in part to a delay in commencement of the Our Lady Queen of Martyr's scheme , the spend profile has been amended to reflect the revised work schedule.
- The Schools Access Initiative schemes require re-profiling of £22k in to 2011/12 due to delays in billing for a number of schemes.
- The Sure Start schemes under spend at outturn by £165k. This funding has been used to fund a significant number of projects within the early years PVI sector. This is the last year of the funding and was required to be spent by the end of 2010/11. An amount of £17k has been transferred to the Phase 3 Children's Centres Scheme, which is part of the same overall grant stream. The remaining under spend was because a small contingency was being held in case of problems with the four major schemes.
- Joseph Rowntree One School Pathfinder scheme is now complete with only retentions outstanding . A small under spend is currently possible but this will be confirmed when final bills have been paid. Overall re-profiling of £595k is required from 2010/11 to 2011/12.
- The City-Wide Diploma Exemplar Facility at Manor School requires £624k re-profiling due to the process of Manor converting to an academy impacting the pace of work on the new diploma exemplar facility, hence the final drawdown of funding not being required. This final payment to the Diocese who are managing the scheme is being paid over in June 2011.
- The Applefields School - Co Location scheme requires £196k re-profiling for retention purposes.

ACE - Adult Social Services (Budget £0.876m, Outturn £0.857m)

- 12 The outturn of the 2010/11 Adult Social Services Capital Programme is £0.857m against a budget of £0.876m, a variation of -£0.019m. There are no significant variations to report.

CANS Leisure and Culture (Budget £2.971, Outturn £1.403m)

- 13 The outturn of the 2010/11 Leisure and Culture Capital Programme is £1.403m against a budget of £2.971m, a variation of £1.568m.
- 14 A number of schemes require re-profiling at values of over £100k as follows:
- Milfield Lane Community Sports Centre requires £170k of funding to be re-profiled to 2011/12 from 2010/11 due to the delay of Manor School becoming an Academy. The work on the Community Sports facilities to be carried out in the summer holidays.
 - DCSF Wave 2 Playbuilder scheme requires £239k of funding to be re-profiled to 2011/12 from 2010/11. The sub schemes of Haxby, Garnet Terrace, Bell Farm, Hull Road Park, Strensall, Chapelfields and The Heworth Without schemes have all commenced with completion projected by the summer 2011.
 - Library Self-Issue Equipment scheme requires £124k of funding to be re-profiled to 2011/12 from 2010/11 and the two phases of installation of the machines in the branches are occurring in 2011/12 financial year.
 - The Barbican Auditorium scheme requires £875k of funding to be re-profiled to 2011/12 from 2010/11 to match the timing of the invoices incurred.

Neighbourhood Services (Budget £6.957m, Outturn £6.490m)

- 15 The outturn of the 2010/11 Leisure and Culture Capital Programme is £6.490m against a budget of £6.957m, a variation of -£0.467m.
- 16 A number of schemes require re-profiling at values of over £100k as follows:
- Waste Infrastructure Capital Grant scheme requires £189k of funding to be re-profiled to 2011/12 from 2010/11. £65k relating to works at Towthorpe HWRC re: manufacture and installation of gantries and steps – this work took longer than expected but is now almost complete. £14k in respect of compactor equipment – Sourcing of the equipment took longer than expected but is now delivered and is awaiting installation. £80k on - vehicle camera equipment – This was delayed whilst trying to source a supplier. A quotation has now

been received and are awaiting placing formal order. £30k vehicle for St Nicholas Fields recycling to deliver enhanced city centre recycling vehicle – This is delayed because we are awaiting specification from the St Nicholas Fields team.

- Highway Resurfacing & Reconstruction Structural Maintenance schemes require £172k of funding to be re-profiled to 2011/12 from 2010/11. The reprofiling relates to the Hull Road scheme. The scheme budget was determined from the residual under spend following the selection of other works. The Hull Road scheme was always capable of spending more than the allocated budget, for this reason it was decided to leave the works until as late as possible to use any under spend to achieve the best possible results within the overall budget.

Housing Services (Budget £9.492m, Outturn £9.004m)

17 The outturn of 2010/11 Housing Services Capital Programme is £9.004m against a budget of £9.492m, a variation of -£488k.

18 A number of schemes require amendments at values of over £100k as follows:

- Repairs to Local Authority Properties schemes requires £131k of funding to be re-profiled to 2011/12 from 2010/11. This is comprised in the main of slippage on the ongoing heating installation programme (£114k) and slippage on the upgrading works at sheltered schemes which are taking slightly longer than anticipated to complete (£17k)
- Major Repairs Allowance schemes have under spent by £105k in 2010/11 due to Savings made on tenants choice schemes through new contracts.
- The Housing Grants & Associated Investment schemes requires £102k of funding to be re-profiled to 2011/12 from 2010/11. This slippage is due to committed loans awaiting payment.
- The Sub Regional Lettings scheme requires £111k of funding to be re-profiled to 2011/12 from 2010/11. The delay is in relation to the purchase of IT system whilst bespoke aspects of the system design were agreed.

City Strategy – Planning and Transport (Budget £5.926, Outturn £4.728m)

- 19 The outturn of the City Strategy Capital Programme is £4.728m against a budget of £5.926m, a variation of -£1.198m.
- 20 In relation to the Local Transport Plan schemes both re-profiling and adjustments are required as part of the outturn position. Reprofiling of £574k from 10/11 into 11/12 and an under spend of £632k. The primary reason for the variation is delays with 2 key schemes that whilst started before 31st March 2011, have continued into 2011/12. The key schemes that have slipped are A19/A1237 roundabout improvements (£-560k compared to £1.2m budget) and a delay in installation of new cycle access to the station which is managed by East Coast (£-103k compared to budget of £200k).
- 21 The underspend of £632k relates to feasibility works and studies which were programmed in the Local Transport Plan and completed. However this work is a revenue cost and therefore has been accounted for as revenue spend.

City Strategy Administrative Accommodation (Budget £10.651, Outturn £10.748m)

- 22 The outturn figure is £10.748m for administrative accommodation against a budget of £10.651m, a variation of £97k. The scheme has spent slightly ahead of schedule with the £97k being re-profiled from 2011/12 to 2011/11 and remains within the overall budget as at 31st March 2011 of £43.804m

Economic Development (Budget £0.035m, Outturn £0.035m)

- 23 The outturn of the Economic Development Programme is £35k against a budget of £35k.

Property Services (Budget £1.264m, Outturn £1.061m)

- 24 The outturn of the Property Services capital programme is £1.061m against a budget of £1.264m, a variation of -£0.203m.
- 25 Contained within the in year under spend figure of -£0.203m is outturn position for Clements Hall.
- 26 The requirement for additional building works were mainly carried out at the start of the project when the building was opened up and more of the structure revealed which was previously inaccessible. These

included: extensive damp ingress, gable ends, basement and foundations work, roof structure and stabilisation of the chimney structures.

- 27 In addition a rooflight was installed with installation of new leading, replacing a number windows and doors that all placed additional financial pressure on the scheme. Whilst the contingency sums in the budget covered a number of these items the amount of work required was far greater than this allocation.
- 28 Additional costs were also incurred as a result of working with the Trust to identify their requirements to use and manage the building which were not foreseen by them at the start of the project. These included: An external store, improved kitchen specification, additional noise insulation, increased furniture requirements to meet the needs of occupiers especially in the offices, and additional equipment. to enable the Trust to make the range of facilities and types of uses immediately available on the opening of the hall to maximise usage and income.
- 29 The original budgeted position is shown below in table 3 along with projected outturn of the scheme and proposed sources of financing. Budgets totalling £140k from areas within the Property Services Capital Programme have been used to part fund the overspend pressure, the £140k is comprised of £110k property key components budget and £30k DDA budget:

Government funding	£977k
CYC contribution agreed at outset	£144k
Total	£1,121k
Projected Outturn	£1,336k
Overspend	£205k
Proposed Funding:	
Underspends from Other Property Budgets	£140k
To be met from corporate resources (Pru Borrowing)	£65k

Table 3 – Clements Hall Financial Position

CBSS IT (Budget £1.594m, Outturn £1.342m)

- 30 The outturn of the IT Capital Programme is £1.342m against a budget of £1.594m, a variation of -£0.252m.
- 31 The variation is comprised of 2 parts the first an under spend of £169k that relates to several projects coming in under budget including Government Connect and the Citrix upgrade and secondly slippage that relates to the I-Trent project.

Miscellaneous (Budget £0.515m, Outturn £0.489m)

- 32 The outturn of the miscellaneous items is £0.489m against a budget of £0.515m, a variation of -£0.026m
- 33 Within the net variance of -£0.026m is the outturn position for the capital spend in relation to the More for York transformation programme. A total of £489k was spent on recycling containers per the original investment projection.
- 34 The contingency budget was removed as part of the outturn process with pressures relating to minor scheme variations being addressed as part of this report.

Funding the 2010/11 Capital Programme

- 35 The 2010/11 capital programme of £53.981m has been funded from £27.092m external funding and £26.839m of internal funding. The internal funding includes resources such as revenue contributions, Supported Capital Expenditure, capital receipts and reserves.
- 36 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.

Update on the 2011/12 – 2015/16 Capital Programme

- 37 The restated capital programme for 2011/12 to 2015/16 split by portfolio is shown in table 4. The individual scheme level profiles can be seen in Annex 1.

Department		2011/12 Budget	2012/13 Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget
		£m	£m	£m	£m	£m	£m
DE	Children's Services	15.128	5.583	5.583	5.583	0.000	31.877
DE	Adult Social Services	0.722	0.495	0.505	0.515	0.525	2.762
NS	Leisure and Culture	6.218	0.886	0.000	0.000	0.000	7.104
NS	Neighbourhood Services	8.952	3.490	3.456	3.384	3.747	23.029
NS	Housing	11.841	8.411	8.680	8.426	6.441	43.799
Strategy	Planning & Transport	6.117	18.219	8.826	2.713	0.000	35.875
Strategy	Admin Accom	11.366	14.906	1.468	0.000	0.000	27.740
Strategy	Community Stadium	4.000	0.000	0.000	0.000	0.000	4.000
Strategy	Economic Development	0.058	0.000	0.000	0.000	0.000	0.058
Strategy	Property Services	1.920	2.147	0.100	0.100	0.100	4.367
SS	IT	1.133	0.750	0.750	0.750	0.750	4.133
SS	Miscellaneous (Contingency etc)	0.300	0.000	0.000	0.000	0.000	0.300
	Total	67.755	54.887	29.368	21.471	11.563	185.044

Table 4 – Restated Capital Programme 2011/12 to 2014/15

38 Table 5 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	67.755	54.887	29.368	21.471	11.563	185.044
Funded by						
External Funding	29.700	29.243	23.321	16.870	7.206	106.340
Council Controlled Resources	38.055	25.664	6.047	4.601	4.357	78.704
Total Funding	67.755	54.887	29.368	21.471	11.563	185.044

Table 5 - 2011/12 –2015/16 Capital Programme Financing

- 39 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 (including Venture Fund) and Capital Receipts.
- 40 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.

Corporate Objectives

- 41 All schemes approved as part of the capital programme have been scored through the Capital Resource Allocation Model (CRAM), which rigorously evaluates scheme submissions against key corporate objectives and national government priorities.

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 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. The [Easy@York](#)

project is also aimed at improving access to Council services for all residents.

- 45 All individual schemes will be subject to Equalities Impact Assessments

Legal Implications

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

Crime and Disorder

- 47 There are no crime and disorder implications as a result of this report

Information Technology

- 48 There are no information technology implications as a result of this report

Property

- 49 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

- 50 The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Management Group (CAMG) meets regularly to plan monitor and review major capital schemes to ensure that all capital risks to the Council are minimised.

Recommendations

- 51 The Cabinet is requested to:
- Note the 2010/11 capital outturn position and approve the requests for slippage totalling £9.721m from 2010/11 programme to the 2011/12 capital programme.
 - Recommend to Full Council the restated 2011/12 to 2015/16 programme as summarised in Table 4 and detailed in Annex 1.

- Recommend to Full Council the use of additional Council resources in the form of prudential borrowing at a value of £65k to fund the overspend on Clements Hall.

Reason:

- To allow the continued effective financial management of the capital programme from 2011/12 to 2015/16.

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**Report
Approved**



Date 06/07/2011

Keith Best
Head of Finance
Customer and Business Support

**Report
Approved**



Date 06/07/2011

Specialist Implications Officer(s)

None

Wards Affected: *List wards or tick box to indicate all*

All



For further information please contact the author of the report

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Background Papers 2010/11 monitoring working papers and respective
DMT reports (where applicable).

Annex 1 – Capital Programme by year 2010/11 – 2015/16