

**Report of the Cabinet Member for Corporate Services**

**CAPITAL PROGRAMME – MONITOR ONE**

**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 June 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 and the amendments made as at Council on the 30<sup>th</sup> June 2011. The changes made as result of the above papers have resulted in a current approved capital programme for 2011/12 of £66.099m, financed by £29.700m of external funding, and internal funding of £36.399m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 1.

	<b>Gross Budget £m</b>	<b>External Funding £m</b>	<b>Internal Funding £m</b>
Original Budget Approved by Council at 24 Feb 2011	<b>58.029</b>	<b>22.356</b>	<b>35.673</b>
Amendments from 2010/11 Outturn report	9.726	7.344	2.382
Amendments from June Council Meeting	(1.656)	0.000	(1.656)
<b>Current Approved Capital Programme</b>	<b>66.099</b>	<b>29.700</b>	<b>36.399</b>

**Table 1 Current Approved Capital Programme**

### **Consultation**

- 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**

- An increase of £5.436m is detailed in this monitor that results in a revised capital programme budget from £66.099m to £71.535m.
- The net increase of £5.436m made up of:
  - Adjustments to schemes increasing budgeted expenditure by £1.587m.
  - Net re-profiling of £3.849m of schemes from future years to the current year

Table 2 outlines the variances reported against each portfolio area.

<b>Directorate</b>	<b>Department</b>	<b>Current Approved Budget £m</b>	<b>Projected Outturn £m</b>	<b>Variance £m</b>
ACE	Children's Services	15.128	15.413	0.285

ACE	Adult Social Services	0.722	1.103	0.381
CANS	Communities and Culture	5.969	5.454	(0.515)
CANS	Environment	5.347	5.347	0.000
CANS	Housing	13.642	13.950	0.308
City Strategy	City Strategy (P&T)	6.380	6.973	0.593
City Strategy	City Strategy (Admin Accom)	11.366	4.364	15.730
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	2.054	2.269	0.215
CBSS	IT Development Plan	1.133	1.108	(0.025)
CBSS	Miscellaneous (Contingency etc)	0.300	(0.130)	(0.170)
	<b>Total</b>	<b>66.099</b>	<b>71.535</b>	<b>5.436</b>

**Table 2 Capital Programme Forecast Outturn 2011/12**

6. To the mid point in August there was £14.2m of capital spend representing 19.95% of the revised monitor 1 budget.

### **Analysis**

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

#### **ACE - Education and Children's Services**

#### **Adjustments**

8. The Primary School Strategic Programme scheme will increase by £285k from £4,132k to £4,417k in 11/12 as a result of this monitor. Phase 1 of the new Clifton-with-Rawcliffe Primary is complete with the new school handed over on 25/07/2011. Phase 2 - the demolition of the old school and landscaping and external works is due to be completed by the middle of November 2011. The new Our Lady

Queen of Martyrs Primary is progressing with Phase 1, the completion of the new school, due in early December 2011. The demolition of the old school and the landscaping and external works are scheduled for completion in mid-April 2012. The scheme budget has been updated to reflect devolved formula capital contributions being held by the two schools in support of these schemes therefore the increase funded from external grant.

### **ACE – Adult Social Services**

#### **Adjustments**

9. Health and Safety Works at Social Services Establishments will increase by £381k from £174k to £555k in 11/12 as a result of this monitor. The increase is externally funded by the Social Care Capital Grant received and will be used to support the three key areas of personalisation, reform and efficiency.

### **CANS – Communities and Culture**

#### **Re-profiling**

10. The York Pools Strategy group of schemes will decrease by £150k from £3,230 to £3,080 in 11/12. The corresponding increase is in 12/13. The University of York have begun to draw down the funding in relation to the pool contribution from the Council but 5% of funding that relates to retention will not be drawn down until 2012/13 (July 2012 expected completion) therefore the budget needs reprofiling to reflect the revised spend profile.
11. Explore History @ York scheme will decrease by £365k from £490k to £125k in 11/12, the corresponding increase is in 12/13. The budget reprofiling is due to an extended timetable as a result of bidding for a larger amount of lottery funding than first planned, the second stage decision is due in March 2012.

### **CANS – Housing & Public Protection**

#### **Adjustments**

12. Modernisation of Local Authority Homes will increase by £217k from £920k to £1,137k. Part of this is attributable to the consolidation of Repairs to Local Authority Schemes that will form part of the

Modernisation header and will decrease from £131k to £0k. The increase of £86k over and above the £131k for Modernisation of Local Authority Homes is as a result of new funding. In addition to the above scheme increase of £217k, the Local Authority Homes Schemes funding elements of £1,250k revenue contributions and £125k HCA grant, and the Water Mains Upgrade funding of £333k is proposed to be replaced with Housing Revenue Account capital receipts.

13. The receipt is that received from the redevelopment of the Discus bungalows site and are by regulation, ring-fenced for housing use. It is recommended that it is used in order to reduce the revenue contribution of £1.2m from the HRA which will allow more flexibility when planning the use of HRA resources in the upcoming self financing business plan.
14. A number of other minor variations as set out in the annex are required as set in Annex 1
15. A request is made to increase the use of prudential borrowing Travellers Site Electricity Units by £38k, the revenue cost of the borrowing to be covered from existing revenue budgets as a result of the savings made by introducing the meters.
16. A request is made to add the Howe Hill Hostel Scheme totalling £50k. This scheme is required to implement the young person's foyer scheme. The implementation of the scheme was a commitment in the 11/12 budget and it will save ACE from future increases in expenditure on looked after children. It will be funded by RTB receipts received in 11/12 and are not committed elsewhere within the housing programme.

### **City Strategy (Planning and Transport)**

#### **Adjustment**

17. The Local Transport Plan programme will increase by £593k from £2,483k to £3,076k 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**

18. The administrative accommodation project will increase by £4,364k from £11,366k to £15,730k in 11/12. This in year increase relates to the profile of the construction budget updated. The profile was finalised during March 2011 and the 11/12 budget requirement notified to the Accommodation Project Board in the March 2011 report. The overall project budget remains at the £43.8m approved at Executive June 2008.

## **City Strategy – Property Services**

### **Adjustments**

19. Both the Fire Safety Regulations Adaptations schemes and Removal of Asbestos schemes will increase by £40k respectively in 11/12. These 2 schemes are to be funded from a corresponding decrease of £80k from the Property Compliance budget in 11/12.
20. Other adjustment in property services all request the use of the contingency fund.  
The contingency fund is approved by Full Council as part of the Capital Programme Strategy before the beginning of each financial year. It totals £300k and is used to fund urgent schemes that occur in the year, that could not be foreseen. Use of the contingency fund requires approval by Council.
21. The schemes that request contingency funding are list here and detailed below
  - (a) St Clements Hall - £30k
  - (b) 29 Castlegate - £35k
  - (c) Decent Homes standard - £69k
  - (d) Fishergate Postern - £20k
  - (e) Castle Mills Car Park - £16k
22. If all schemes that are requesting use of the £300k contingency fund are approved, then £170k will be allocated leaving a balance on the contingency fund of £130k. *The contingency fund is already included in the capital programme and the revenue implications are supported in the treasury management budget*
23. A request is made to use £30k of the capital contingency budget to fund the final element of St Clements Hall costs. This is the final bill

for all works incurred bringing the asset into use as set out in the 10/11 outturn report

24. A request is made to use £35k of the capital contingency budget to fund works at 29 Castlegate (the Youth Headquarters building). The repairs required to the rear conservatory with appropriate contractors is estimated to cost £35,000. The building is Grade II Listed and currently forms part of the Commercial Property Portfolio. There is limited revenue budget of £24k for the commercial portfolio which is allocated to be used for winter maintenance and reactive repairs. In order to maintain the functionality of the frontline service for young people at 29 Castlegate and to prevent further deterioration and loss to equipment etc, £35k is required from the contingency fund.
25. A request is made to use £69k of the capital contingency budget to fund works required to bring the residential properties in education, leisure and property services up to the Decent Home Standard. The Decent Homes Standard has already been achieved by the HRA in their properties. The target for meeting this standard was set by the Government as 2010. There are 7 properties, 2 in leisure, 2 in Property services and 3 in schools, that detail the required works.
26. Attached at Annex B is a list of the 7 properties, including the detailed work and the cost breakdown.
27. The estimated cost of the total works is £79k; of which leisure can contribute £6k and property service £4k in 2011/12. The schools are unable to allocate any funding. Therefore funding required from the contingency fund is £69k.
28. A request is made to use £20k of the capital contingency budget for essential repair works to Fishergate Postern. Fishergate postern is a 4 storey Grade 1 listed rectangular stone tower, the works total £55k of which Friends of York Walls are contributing £35k and CYC £20k. The repair works include installing services (electricity, water, WC, kitchen), Fire proofing the building (installing partitions to each floor, insulation & plaster board ceilings) and the external oak front door.
29. The risk that the scheme will not proceed is that the scheduled Monument consent isn't granted for the scheme and Friends of York Walls are unsuccessful in their bid to gain funds from Heritage Lottery Fund.

30. Castle Mills Car Parks is requesting £16k funding from the contingency fund. The Car park is situated at the south side of Piccadilly. There is a small building within the car park which was formerly offices, and is boarded over. Water ingress and pigeon etc infestation have rendered this building a danger. Sheets may come off in high winds, and it is also a danger to any trespassers. This small building needs to be demolished. The cost of demolition and making good is estimated at £14,000, plus fees of £2,000. The site can then be used for parking, which will create 5 additional car parking spaces; the additional income raised will be approximately £500 p.a.

## Summary

31. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 3.

<b>Gross Capital Programme</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Current Programme</b>	<b>66.099</b>	<b>56.349</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>184.850</b>
<b><u>Adjustments :</u></b>						
ACE - Children's Services	0.285					0.285
ACE – Adult Social Services	0.381					0.381
CANS – Leisure and Culture	(0.515)	0.515				0.000
CANS - Neighbourhood Services						0.000
CANS – Housing	0.308					0.308
City Strategy - P&T	0.593					0.593
City Strategy - Admin Accom	4.364	(4.364)				0.000
City Strategy - (Economic Development)						0.000
City Strategy - Property Services	0.215					0.215
IT Development Plan	(0.025)					(0.025)



Miscellaneous (Contingency etc)	(0.170)					(0.170)
<b>Revised Programme</b>	<b>71.535</b>	<b>52.500</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>186.437</b>

**Table 3 Revised 5 Year Capital Programme**

### **Funding the 2011/12 – 2015/16 Capital Programme**

32. The 2011/12 capital programme of £66.099m is currently being funded from £29.700m external funding and £36.399m 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.

33. 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
<b>Gross Capital Programme</b>	<b>71.535</b>	<b>52.500</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>186.437</b>
Funded by:						
External Funding	30.335	27.978	21.868	15.537	7.206	<b>102.924</b>
Council Controlled Resources	41.200	24.522	7.500	5.934	4.357	<b>83.513</b>
<b>Total Funding</b>	<b>71.535</b>	<b>52.500</b>	<b>29.368</b>	<b>21.471</b>	<b>11.563</b>	<b>186.437</b>

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

34. The budgeted capital receipts forecast for 11/12 onwards was estimated at £18.460m, £14.110m of general receipts and £4.350m of administrative accommodation earmarked receipts.

35. Current forecasts indicate that the target for general capital receipts of £14.110m 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. Attached at Annex C is a list of potential capital receipts. The capital receipts position will continue to be monitored and reported at the earliest opportunity.

36. 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 in the Autumn.

## **Corporate Priorities**

37. 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**

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

### **Human Resources Implications**

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

### **Equalities Implications**

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

### **Legal Implications**

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

### **Crime and Disorder**

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

### **Information Technology**

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

### **Property**

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

### **Risk Management**

45. 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**

46. The Cabinet is requested to:

- Recommend to Full Council the net adjustments of an increase of £5.436k in 2011/12 and reduction of £3.849k in 2012/13 detailed in the report and contained in Annex A.
- Note the 2011/12 revised budget of £71.535m as set out in paragraph 4 and Table 2.
- Note the restated capital programme for 2010/11 – 2014/15 as set out in paragraph 26, Table 3 and detailed in Annex A.
- Recommend to Full Council to approve the increase in the travellers electricity units scheme (para 15) by £38k, funded by prudential borrowing and supported by existing revenue budgets
- Recommend to Full Council to approve the Howe Hill Hostel scheme (para 16) to the capital programme at £50k to be funded from RTB capital receipts not committed elsewhere in the housing capital programme.
- Recommend to Full Council to approve the use of the contingency fund at £300k to fund the following schemes at a total of £170k:

St Clements Hall – para 23 - £30k

29 Castlegate – para 24 - £35k

Decent Homes standard – para 25-27 - £69k

Fishergate Postern – para 28-29 - £20k

Castle Mills Car Park – para 30 - £16k

The £300k contingency fund is already included in the capital programme and the revenue implications, supported from the treasury management budget.

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

**Contact Details**

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	<b>Report Approved</b>		<b>Date</b> 26 August 2011
<b>Wards Affected: All</b>			
<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  
Annex B – Estimated cost of Properties to achieve Decent Homes Standard  
Annex C – List of Capital Receipts