
Cabinet

12 February 2013

Report of the Cabinet Member for Corporate Services

Capital Programme – Monitor Three 2012/13

Report Summary

1. The purpose of this report is to:

- Inform Members of the likely outturn position of 2012/13 Capital Programme based on the spend profile and information to January 2013;
- Inform the Cabinet of any under or overspends
- Seek approval for changes to the programme
- Inform the Cabinet of any slippage and seek approval for the associated funding to be slipped to or from the relevant financial years to reflect this.

2. The 2012/13 – 2016/17 capital programme was approved by Council on 14th February 2012. Since then amendments have taken place as reported to Cabinet in the 2011/12 Capital Programme Outturn report on 17 July 2012, the Capital Programme Monitor 1 report on 4 September 2012 and the Capital Monitor 2 report on 6 November 2012. The changes made as a result of the above papers have resulted in a current approved capital programme for 2012/13 of £69.033m, financed by £27.438m of external funding, and internal funding of £41.595m. 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 14 Feb 2012	76.112	36.572	39.540
Amendments from 2011/12 Outturn report	(9.045)	(8.291)	(0.754)
Amendments from 2012/13 Monitor 1 report	(1.964)	0.706	(2.670)
Amendments from 2012/13 Monitor 2 report	3.930	(1.549)	5.479
Current Approved Capital Programme	69.033	27.438	41.595

Table 1 Current Approved Capital Programme

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 Key Issues

4. A decrease of £11.752m is detailed in this monitor that results in a revised capital programme budget from £69.033m to £57.281m.
5. The decrease of £11.752m is made up of:
 - Under spends of £1.126m (see paragraph 45 for details).
 - Net re-profiling of £10.626m of schemes from the current year to future years.
6. Table 2 outlines the variances reported against each portfolio area. It should be noted that the portfolios have been aligned with the new Council Structure from 1st April 2012.

Directorate	Department	Current Approved Budget £m	Revised Capital Budget £m	Variance £m
ACE	Children's, Education and Skills	10.262	5.844	(4.418)
ACE	Adult Social Services	1.307	0.906	(0.401)
CES	Strategic Planning & Transport	9.107	7.816	(1.291)
CES	Community Stadium	2.864	0.635	(2.229)
CES	Economic Development	0.058	0.058	0.000
CANS	Housing & Comm Safety	11.814	10.550	(1.264)
CANS	Culture, Leisure & Public Realm	2.148	2.060	(0.088)
CES	Highways, Fleet & Waste	7.476	7.476	0.000
CBSS	Asset Management	4.841	2.618	(2.223)
CBSS	Admin Accom	14.030	14.030	0.000
CBSS	IT Development Plan	1.612	1.612	0.000
CBSS	Contingency	0.214	0.376	0.162
CBSS	Economic Infrastructure Fund	3.300	3.300	0.000
	Total	69.033	57.281	(11.752)

Table 2 Capital Programme Forecast Outturn 2012/13

7. To the mid point in January 2013 there was £30.209m of capital spend representing 54% of the revised budget.

Options

8. Members can consider the variations to the existing capital programme and choose to approve or reject the proposals contained within the report. Members can choose to approve or reject the recommendations made to Council as a result of the amendments contained in this report.

Analysis

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

ACE - Children's, Education and Skills Services

Re-profiling

10. The DfE maintenance programme of works are projected to spend £3.135m in year with all the major schemes planned for 2012/13 having been completed. These include: new boilers at Copmanthorpe Primary; phase 2 of roof repair schemes at Danesgate and Lord Deramore's Primary; replacement of 2 TCUs at Elvington Primary; phase 2 of the boiler replacement at Fulford School; a roof repair scheme at Yearsley Grove Primary; elevational treatments at Haxby Road Primary and Fishergate Primary' plus some smaller electrical upgrade work, and kitchen improvements. Reactive emergency work has been required at Millthorpe School to replace the boilers along with smaller works at other schools. The requirement to reprofile budget of £363k relates in part to retentions on schemes which will not be paid until 2013/14 (approximately £150k) and in part due to not all of the contingency having been spent yet. Due to the state of some of the schools, it has been deemed prudent to hold a contingency to deal with emergencies over the winter period. Any unused contingency in year will be considered with schemes identified in the following financial year.
11. Basic need allocations are paid to local authorities annually, and notification of each year's allocation is only received by LA's towards the end of the financial year. The LA is waiting to be notified by the DfE of the allocation for 2013/14. As the authority is experiencing demographic pressures in a number of areas across the city it is important that the use of this basic need funding is considered carefully in conjunction with the priorities set out in the CYC School Place Planning Framework 2013 document, which has been agreed with the York Education Partnership. Some funding (totalling £200k) has been spent in 2012/13 at Archbishop Holgate's to provide accommodation for the transfer of Burnholme Pupils (£104k), and at Fishergate for the creation of larger classroom spaces (£50k). The majority of the funding will be spent in 2013/14 and future years. The local authority is currently working with clusters of schools to develop

schemes.. It is therefore requested as part of this monitor that £2.210m will be re-profiled to 13/14 from 12/13.

12. The Knavesmire Primary School Expansion and Refurbishment scheme was funded from the additional Basic Need allocation that was made available to the local authority in November 2011. As the pressure on primary school places was most acute in the south bank area the funding was allocated to the scheme to expand Knavesmire Primary school.
13. Originally the funding for the scheme was earmarked for 2012/13 pending the outcome of the detailed feasibility study and the completion of the planning and design stages of the overall scheme. The scheme was subsequently developed as three phases, of which Phase 1 (the creation of two additional classrooms through internal remodelling), has now been completed on time and within budget. Phase 2 is currently underway and will provide four additional classrooms and a new, larger hall in time for September 2013. Phase 3, which will provide a new mezzanine floor in the existing hall and improve the entrance and reception area of the school, has already been tendered and will commence immediately following the completion of Phase 2, in September 2013. The initial allocation of the expenditure (2012/13) now requires amendment to reflect the three phases of the scheme with £1.663m proposed to be moved to 13/14 to reflect this.
14. Other minor variances are made within delegated authority and shown in the attached annex.

ACE – Adult Social Services

15. As part of this report it is proposed to move the Health and Safety Works at Social Services Establishments budget of £381k (under the EPH infrastructure Works) and re-profile to 13/14 in line with the expected rate of progress on the project and the April report to Cabinet.
16. Other minor variances are made within delegated authority and shown in the attached annex

CES – Strategic Planning and Transport & Economic Development

Re-profiling & Additions

17. The Better Bus Area fund scheme is forecast to have works to the value of £450k complete in 12/13 with a request to re-profile budget of £225k from 12/13 to 13/14. The request for re-profiling is to allow greater time to complete the feasibility work to ensure the most effective schemes are delivered.
18. The Local Transport Plan (LTP) programme of works is forecast to spend £2.328m in 12/13, the request to re-profile funding of £450k is to take account of delays in the developer led scheme to deliver the second stage of the James St Link Road and re-profiling of Local Sustainable Transport Funds into 13/14. The LSTF funding has been re-profiled to provide more time to develop the most effective Haxby Road to Clifton Moor Cycling scheme and to tie in with available LTP match funding. The level of works within the LTP will be amended by £527k in 13/14 to reflect the increased contribution to the Access York scheme.
19. The York City Walls - Repairs & Renewals programme of works is forecast to spend £72k in 12/13 with £204k of funding to be re-profiled to 13/14, reflecting the reprogramming of improvements to Walmgate Bar.
20. Following the receipt of tenders for the Access York scheme a number of changes to reflect the Full Approval application submitted to the DfT on the 18th January 2013 have been made. Subject to approval in the standard 6 week evaluation timescale the main works could commence by the end of March with completion being achievable by Easter 2014. Accordingly the expenditure profile and latest known funding proposals have been reflected through this monitoring report taking the total scheme value to £22.666m (inclusive of 11/12 spend)
21. Other minor variances are made within delegated authority and shown in the attached annex

CES – Community Stadium

22. The Community Stadium project requires budgets to be re-profiled to 13/14 to reflect the Councils contribution to the athletics track not being required until 13/14. The delay is due to the finalisation of legal terms and agreement of detailed specification for the facilities.

CES – Highways, Fleet & Waste

Re-profiling

23. The Highways resurfacing and reconstruction programme of works is projected to spend £2.640m in 12/13 following a request to re-profile £100k of 12/13 budget to 13/14 to reflect the latest schedule. The Special Bridge Maintenance programme is requesting budget of £100k to be brought forward to 12/13 from 13/14.

CANS – Housing & Community Safety

24. The Modernisation of Local Authority Homes schemes (HRA) are forecast to spend £1.548m in year that reflects a small under spend on minor schemes and a request to re-profile funding from 12/13 to 13/14 totalling £167k. This is in relation to the soundproofing schemes and it has taken the team longer than anticipated to identify problem blocks.

25. The Major Repairs Allowance (HRA) schemes are forecast to spend £4.042m in 12/13 reflecting an under spend of £691k as a result of a retendering exercise on heating and tenants choice schemes.

26. The Building Insulation Programme (Gfund) of works is forecast to spend £630k in 12/13 reflecting a request of £198k to be re-profiled from 12/13 to 13/14 with the remaining units to be completed in spring.

27. The Disabled Facilities Grant (Gfund) scheme is forecast to spend £800k in 12/13, £187k under budget due to a lower than expected number of referrals from occupational therapy. This will result in a 12/13 in year under spend. It is recommended that the under spend is moved to the capital contingency to provide sufficient capacity to address unbudgeted overspends and pressures. Referrals have

increased again now so the expectation is that in 13/14 expenditure will be in line with the budget.

CANS – Culture, Leisure and Public Realm

Re-profiling / Adjustments

28. The York Explore Phase 2 scheme sees phase 1 of initial development stage works complete in year and requires a budget of £141k to be realigned to reflect stage 2 commencing in 13/14. Additional funding of £506k has recently been confirmed from the Heritage Lottery Fund and has been profiled to 14/15 in line with development plans, this takes the scheme value to over £2.150m
29. The Energise Gym Expansion scheme has been completed in this year and has come in under budget by £225k. The scheme has been delivered to the original specification and the resultant under spend will mean a reduction in the cost of servicing the borrowing for the scheme being paid for from the leisure centres revenue budget.
30. Other minor changes under £100k are made within delegated authority and shown in the attached annex including new schemes under the Parks and Open Spaces Development Bootham Allotments, Chapman's Pond, Leeman Road Gardens, Acomb Green and Sports/play areas totalling £76k funded entirely by S106.

CBSS - Administrative Accommodation

Adjustments / Re-profiling

31. The projected expenditure for the administrative accommodation project has not changed at monitor 3. The overall project budget remains at the £43.8m approved at Executive June 2008. Work continues to progress on West Offices and employees across the Council are on target to transfer to the new building at the beginning of February 2013.

CBSS – Asset management

Re-profiling & Adjustments

32. The two schemes currently being undertaken at the Councils Hazel Court site (Security Gate/Reception and the Office of the Future works) are being tendered under a single procurement to ensure

value for money and reduce duplication of resource. The two schemes are currently projecting to have a combined in year spend of £575k reflecting requests to re-profile budget into 13/14 from 12/13 of £250k.

33. The Fire Safety and Adaptations schemes and the Removal of Asbestos schemes are not projected to spend in this financial year. Both schemes will need to be re-profiled into 13/14. The Fire Safety and Adaptations work has been used to fund improvements to primarily to the Elderly Persons Homes (EPH), with the EPH review currently being undertaken this budget will be moved to 13/14 with the overall EPH report being taken to Cabinet in early 13/14. Schemes requiring funding for asbestos removal in 12/13 have not been identified and the budget will be re-profiled to 13/14.
34. Work on the 3 Riverbank repairs schemes has progressed in year and it is forecast that £362k will be spent in year. Due to adverse weather conditions re-profiling of £878k is required to 13/14 from 12/13 with work anticipated to commence in May 2013.
35. The Holgate Park land and demolition scheme is projected to spend a combined £1.6m in year reflecting the acquisition of the site. It is requested that £384k for the scheme be re-profiled to 13/14 and the funding may be required to help deliver the necessary building clearance. A more informed view will be possible once the asbestos survey has been completed.
36. The Critical repairs and contingency budget requires £350k to be re-profiled to 13/14 from 12/13 to reflect the hold put on the Guildhall roof repair in line with the review of the site for alternative use that is currently being undertaken.
37. Other minor variances are made within delegated authority and shown in the attached annex

CBSS – IT Development Plan / Contingency / Economic Infrastructure Fund (EIF)

IT Development Plan

38. The IT development plan is projected to spend £1.612m in 12/13 with no variations to report at Monitor 3.

Contingency - Adjustment

39. The Capital contingency exists to deal with in year unforeseen demands on the capital programme and to allow flexibility to respond to non major requests for new funding. £25k has been allocated from the contingency to the Strensall Community, Youth and Sports Association scheme, following the successful completion of the under lease and licence. The decision to fund the £25k contribution to the scheme was made at the 2009/10 Capital Outturn report reported to the Executive and approved on the 20 July 2010.
40. It is requested that the resulting spare funding made available by the under spend on the DFG schemes set out in paragraph 26 is moved to the capital contingency to provide sufficient capacity to address unbudgeted overspends and pressures.

Economic Infrastructure Fund – Adjustment

41. The Economic Infrastructure Fund remains at the £28.5m as approved at Budget Council in February 2012. The changes shown on Annex A as part of this report are internal fund movements (between EIF sub schemes) to reflect the latest know spend profiles on the major schemes of Access York Phase 1, the Better Bus Fund and Reinvalidate York as approved through the EIF reports to Cabinet. Table 3 shows the overall spend and commitment profile of the EIF over the existing 5 year programme.

	12/13	13/14	14/15	15/16	16/17	Total
Available Funding	3,300	5,800	6,800	6,800	5,800	28,500
Total Allocations	1,973	8,993	2,133	136	136	13,372
Allocations Approved	1,973	6,343	2,133	136	136	10,722
Allocations Pending		2,650				2,650
Balance Remaining	1,327	(3,193)	4,667	6,664	5,664	15,128

Table 3 - Summary EIF – Overall values of Approvals/Proposals

42. Table 3 indicates in 13/14 a level of over commitment of the EIF in a single year, at this stage no re-profiling is recommended as a number

of schemes spend profiles need to become clearer during 13/14. Annex B sets out the name and profile of the individual schemes that make up the allocations pending and approved above.

Summary

43. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 4.

Gross Capital Programme	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m	£m
Current Programme	69.033	46.756	31.628	19.792	19.461	186.670
Adjustments :						
ACE - Children's Education & Skills	(4.418)	4.446				0.028
ACE – Adult Services	(0.401)	0.447				0.046
CANS –Culture, Leisure & Public Realm	(0.088)	(0.141)	0.506			0.277
CANS – Housing & Community Safety	(1.264)	0.365				(0.899)
CES – Highways, Fleet & Waste						0.000
CES – Strategic Planning & Transport	(1.291)	1.857	(1.266)			(0.700)
CES - Community Stadium	(2.229)	2.229				0.000
CES - (Economic Development)						0.000
CBSS – Asset Management	(2.223)	2.248				0.025
CBSS - IT Development Plan						0.000
CBSS – Administration Accommodation						0.000
Miscellaneous	0.162					0.162

(Contingency)						
Economic Infrastructure Fund						0.000
Revised Programme	57.281	58.207	30.868	19.792	19.461	185.609

Table 4 Revised 5 Year Capital Programme

Funding the 2012/13 – 2016/17 Capital Programme

44. The revised 2012/13 capital programme of £57.281m is currently being funded from £21.227m external funding and £36.054m of internal funding. The internal controlled funding is comprised of revenue contributions, revenue reserves, prudential borrowing, right to buy housing capital receipts and general capital receipts.

45. Table 5 shows the projected call on Council resources going forward.

	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	57.281	58.207	30.868	19.792	19.461	185.609
Funded by:						
External Funding	21.227	36.347	19.131	10.140	11.719	98.564
Council Controlled Resources	36.054	21.860	11.737	9.652	7.742	87.045
Total Funding	57.281	58.207	30.868	19.792	19.461	185.609

Table 5 – 2012/13 –2016/17 Capital Programme Financing

46. 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, Borrowing, Reserves (including Venture Fund) and Capital Receipts.

47. The under spend of £1.126m in 12/13 reported as part of this monitor is comprised of a number of schemes and relates the following sources of funding:

- Government funded grants -£701k
- Developers Contributions -£137k
- Revenue Contributions from existing departmental budgets +£17k

- Departmental Borrowing -£305k (made up of -£225k Energise Gym Expansion and -£80k Yearsley Pool Energy Improvements)

48. 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 are 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 capital programme remains balanced. Any issues with regard to financing will be reported as part of the standard reporting cycle to the Cabinet.

Council Plan

49. 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.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

55. There information technology implications as a result of this report are contained in the main body of the report.

Property

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

Risk Management

57. The capital programme is regularly monitored as part of the corporate monitoring process. In addition the Capital Asset Board meets monthly to plan, monitor and review major capital schemes and considers all the associated impacts of the scheme.

Recommendations

58. The Cabinet is requested to:

- Recommend to Full Council the adjustments in the Capital programme of an overall decrease of £11.752m in 2012/13 with re-profiling of budget from 2012/13 to 2013/14 and 2014/15 of £10.626m as detailed in the report and contained in Annex A.
- Note the 2012/13 revised budget of £57.281m as set out in paragraph 6 and Table 2.
- Note the restated capital programme for 2012/13 – 2016/17 as set out in paragraph 43, Table 4 and detailed in Annex A.
- Note the re-profiling and adjustments of the Economic Infrastructure fund to align to spend and approval as set out in the Economic Infrastructure reports to Cabinet noting the overall fund remaining at £28.5m and Annex B showing current EIF position.

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

Contact Details

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	Report Approved	√	Date 22/01/13
Wards Affected: All			
<i>For further information please contact the authors of the report</i>			

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

Background Papers:

Budget Control 1213 Monitor 3
Departmental Capital Pro-forma

Annexes

Annex A –Capital Programme 12/13 to 16/17
Annex B – Summary Economic Infrastructure Fund 12/13 – 16/17