

Cabinet

17 July 2012

Report of the Cabinet Member for Corporate Services

CAPITAL PROGRAMME OUTTURN 2011/12 AND REVISIONS TO THE 2012/13 – 2016/17 PROGRAMME

Report Summary

1. The purpose of this report is to:
 - Set out the Councils capital programme outturn position for 2011/12 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 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 the 2011/12 Capital Programme

3. The 2011/12 – 2015/16 capital programme was approved by Council on 24 February 2011. Since then a number of amendments have taken place as reported to Cabinet in the 2010/11 Capital Programme Outturn report, the amendments made as at Council on the 30th June 2011, the amendments as reported through the Capital Monitor 1 6th September 2011 and the amendments as reported through Capital Monitor 2 1st November 2011. The changes made as result of the above papers result in a current approved capital programme for 2011/12 of £57.031m, financed by £25.347m of external funding, and internal funding of £31.684m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 3.

	Gross Budget £m	External Funding £m	Internal Funding £m
Original Budget Approved by Council at Feb 11	58.029	22.356	35.673
Amendments from 2010/11 Outturn report	9.726	7.344	2.382
Amendments from June Council Meeting	(1.656)	0.000	(1.656)
Amendments from Mon 1 Cabinet Report September	5.436	0.635	4.801
Amendments from Mon 2 Cabinet Report November	0.587	0.158	0.429
Amendments from Mon 3 Cabinet Report February	(15.091)	(5.146)	(9.945)
Current Approved Capital Programme	57.031	25.347	31.684

Table 1 Current Approved Programme per Monitor 3

4. As a result of this report the capital programme outturn will be £49.847m, figure 1 shows the 2011/12 expenditure split by key service area.

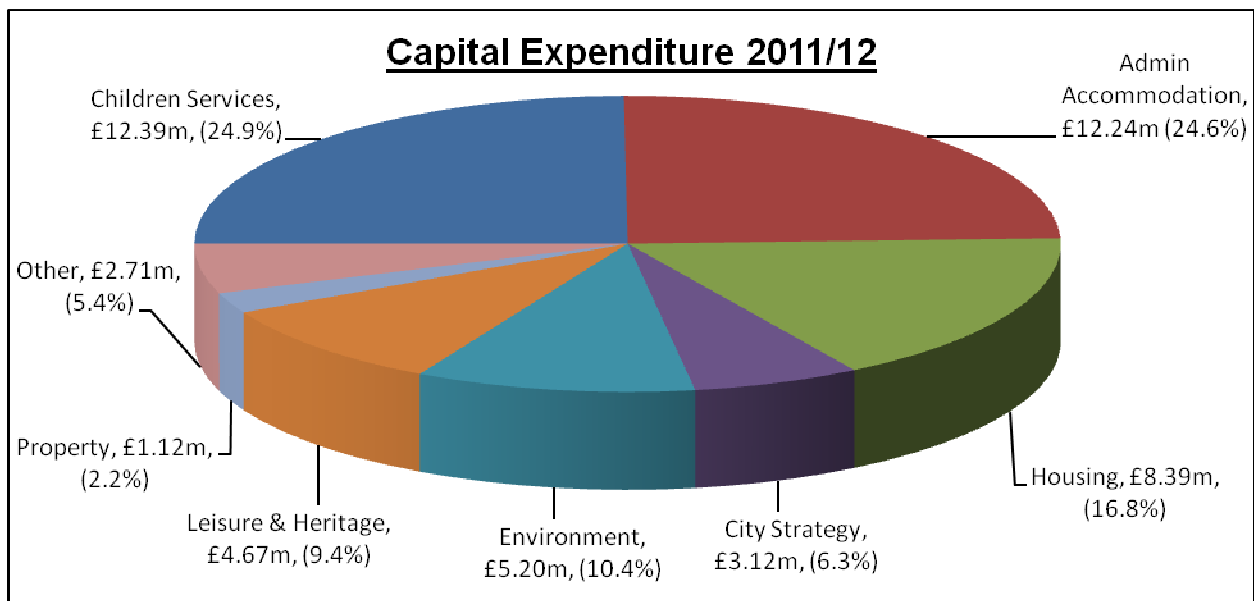


Figure 2 Capital Outturn by service area 2011/12

2011/12 Capital Programme Outturn and Overview

5. The 2011/12 capital outturn of £49.847m represents a variation against the Monitor 3 budget of -£7.184m. The variation is comprised of three components.

6. The first is revision to existing budgets, these are requests as set out in the departmental paragraphs below to increase budget against the previous approved position and can be either externally funded (such as additional grant funding received) or internally funded (such as an increase in borrowing). The second component is re-profiling that represents budget that is currently approved in the capital programme but requires moving to or from future years in line with a changing timetable of delivery for a specific schemes. The third component is genuine under/over spends against the latest approved budget.

7. The net variation of -£7.184m in 2011/12 is made up as follows:
 - Requests to revise budgets of £1.727m,
 - Re-profiling of a net -£8.786m of schemes from 2011/12 to future years,
 - Adjustments to schemes decreasing expenditure by a net £0.125m.

8. Accordingly there are requests for budgets to be carried forward (re-profiled) in to future years totalling a net position £8.786m with further details 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 summarised in Table 2, this includes a restated budget position with specific variations being set out in the departmental paragraphs below.

Directorate	Dep't	Original Approved Budget	Revisions to Orig Budget	Revised Budget	11/12 Spend / Outturn	Variance	Re-profiling to future years	Adjustments (under) / overspend
		£m	£m	£m	£m	£m	£m	£m
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
				(1) + (2)		(4) - (3)		
ACE	Children's Services	13.549	1.486	15.035	12.392	-2.643	-2.643	0.000
ACE	Adult Social Services	0.561	0.000	0.561	0.482	-0.079	0	-0.079
CANS	Comms and Culture	5.901	0.000	5.901	4.668	-1.233	-1.186	-0.047
CANS	Env Services	5.305	0.170	5.475	5.200	-0.275	-0.275	0.000
CANS	Housing & PP	12.199	0.000	12.199	9.996	-2.203	-2.204	0.001
City Strategy	Planning & Trans'	3.243	0.071	3.314	2.983	-0.331	-0.331	0.000
City Strategy	Admin Accom	13.529	0.000	13.529	12.242	-1.287	-1.287	0.000
City Strategy	Comm Stadium	0.200	0.000	0.2	0.136	-0.064	-0.064	0.000
City Strategy	Property Services	1.315	0.000	1.315	1.121	-0.194	-0.194	0.000
CBSS	IT	0.899	0.000	0.899	0.627	-0.272	-0.272	0.000
CBSS	Misc/Contingency	0.330	0.000	0.33	0.000	-0.330	-0.330	0.000
	Total	57.031	1.727	58.758	49.847	-8.911	-8.786	-0.125

Table 2 –Approved Budget vs. Revised Budget + Outturn Adjustments & Requests for re-profiling

9. The supporting information setting out the variances and the requirements for re-profiling 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 £13.549m, Outturn £12.392m)

10. The outturn of the 11/12 Children's Services element of the Capital Programme is £12.392m against a Monitor 3 budget of £13.549m. Increases in the budget of £1.486m are being recommended, to bring the budget to £15.035m. These are set out below, and based upon this revised budget, the net under spend will be £2.643m which is being requested to be carried forward.
11. The main change being requested to the capital programme is an increase of £1.5m for the Primary School Strategic Programme to be funded through the use of prudential borrowing. The Council would incur the borrowing, but the repayments are covered by schools funding, with no direct revenue costs for the Council.
12. The Primary School Strategic Programme represents a significant investment in the primary school estate that has resulted in a new school building to replace those used by the federation of Rawcliffe Infant and Clifton Junior Schools, and a scheme that supported the Diocese with the merger of Our Lady's VA RC and English Martyr's VA RC Primary Schools.
13. The total LA budget for the development of both schools over 3 years was £13.7m. The funding includes DCSF grant, Schools Access Initiative funding, Devolved Formula Capital contributions from the schools and Prudential Borrowing agreed with the Schools Forum.
14. The works at the schools have been funded from the existing budget (a combination of DCSF grant, Schools Access Initiative funding, Devolved Formula Capital contributions from the schools and Prudential Borrowing agreed with the Schools Forum), but in order so that further pressure is not put on the schools programme in the future, an agreement has been reached with the schools to fund

£1.5m of borrowing, thereby reducing pressure on later years budgets, and effectively fully funding works that have been done in 11/12.

15. The £1.5m Prudential Borrowing element is funded by the revenue savings generated within the LMS Funding Formula as a result of the school mergers. Members should note that there is no impact on General Fund budgets as the revenue repayments will be funded entirely from within the existing Dedicated Schools Grant budget. It is requested that the borrowing is repaid over a period of 25 years in life with repayment periods for similar capital assets. The repayments will be funded by the savings generated as a result of the amalgamation of the schools.
16. The requests to carry forward budget to future years relates in the main to three schemes. The Joseph Rowntree One School Pathfinder scheme requires funds of £218k to be re-profiled from 11/12 to 12/13 due to an outstanding payment due to be made in April 2012.
17. The majority of the Targeted Capital Fund 14-19 Diploma schemes were completed by 31st March with only retentions outstanding. Exceptions are the scheme at Applefields which was completed in April. The majority of the slippage (£560k) on here relates to the payments outstanding on this scheme. The other scheme which has been delayed is the refurbishment of the Clifton Without buildings for use by Canon Lee School and requests to carry budget forward total £949k.
18. The DfE Maintenance programme of works has seen the majority of the schemes previously reported as in progress were completed in 2011/12. As there were concerns about the original budgets set aside for some of the schemes a significant contingency was held pending tender prices being obtained. As a result of the tenders being mainly within budgets already allocated most of the contingency was not required. Further schemes have therefore been set in motion during the year, but not all of these began or were completed by 31st March, resulting in a request for re-profiling of budget of £1.175m.

ACE - Adult Social Services (Budget £0.561m, Outturn £0.482m)

19. The outturn of the 2011/12 Adult Social Services Capital Programme is £0.482m against a budget of £0.561m, a variation of -£0.079m. There are no significant variations to report.

CANS – Communities and Culture (Budget £5.901m, Outturn £4.668m)

20. The outturn of the 2011/12 Communities and Culture Capital Programme is £4.668m against a budget of £5.901m, a variation of -£1.223m.
21. A number of schemes require re-profiling at values of over £100k as follows:
- Milfield Lane Community Sports Centre requires £380k of funding to be re-profiled from 2011/12 to 2012/13 due to the scheme awaiting planning permission before the Councils contribution is made.
 - The Energise gym expansion scheme requires £680k of funding to be re-profiled from 2011/12 to 2012/13 as the schedule of works to develop the scheme requires a greater lead in time and the scheme will progress in 2012/13.

CANS - Environmental Services (Budget £5.305m, Outturn £5.200m)

22. The outturn of the 2011/12 Environmental Services Capital Programme is £5.200m against a budget of £5.305m, a variation of -£0.105m.
23. Waste Infrastructure Capital Grant (WICG) scheme requires funds of £110k to be re-profiled into 2012/13 due to the programme of works being developed in line with the objectives of the external funding. Sub projects are expected to commence in 2012/13.
24. The Highway Resurfacing & Reconstruction (Structural Maintenance) schemes show an outturn position of £3.845m versus a monitor 3 position of £3.654m, a variation of £191k. The required increase in Council funding to support this has come from under spends within the Environmental Services capital programme such as special bridge maintenance and highways conditions improvements budgets. No new additional Council funding is required as a result of this

increase in spend. The increase was as a result of the capitalisation of existing revenue schemes.

25. The Parks and Open Spaces Development programme of works shows an outturn position of £180k versus a monitor budget of £10k. This increase is funded by Section 106 funds. The increased expenditure relates to improvements in playing fields, play areas, gardens and allotments.

CANS - Housing & Public Protection (Budget £12.199m, Outturn £9.996m)

26. The outturn of the 2011/12 Housing & Public Protection Capital Programme is £9.996m against a budget of £12.199m, a variation of -£2.223m.
27. A number of schemes require amendments at values of over £100k as follows:
 - Modernisation of Local Authority Homes programme of works requires funds of £326k to be re-profiled to 2012/13 due to a delay in the issuance of the tender for works in 2011/12.
 - Major Repairs Allowance schemes require funds of £341k to be re-profiled to 2012/13 due to due to 13 due to delays to start on site for the miscellaneous works schemes.
 - Local Authority Homes programme of works requires funds of £1.088m to be re-profiled into 2012/13 due to delays in the commissioning of works
 - Air Quality Monitoring scheme requires £125k of funds to be re-profiled to 2012/13 due to feasibility Studies in relation to the schemes were not completed until end of September 2012 in the case of Low Emission Strategy and March 2012 for the Low Emission.
 - The Crematorium project requires £246k of funding to be re-profiled into 2012/13 in line with revised scheme timings.

City Strategy – Planning and Transport (Budget £3.243m, Outturn £2.983m)

28. The outturn of the Planning and Transport Capital Programme is £2.983m against a budget of £3.243m, a variation of -£0.260m.

29. The Local Transport Plan schemes require funds of £322k to be re-profiled into 2012/13. There were a number of under spends across the programme, with the most significant being the Fishergate (Pedestrian Route to Barbican) scheme, which was not progressed in 11/12 as planned. The reinstatement of the Clifton Green Junction Left Turn Lane was delayed as a decision was not made to progress this scheme until April 2012, and the South Bank 20mph scheme was deferred until the council policy was approved in May 2012

City Strategy - Administrative Accommodation (Budget £13.529m, Outturn £12.242m)

30. The Administrative Accommodation scheme outturn position is £12.242m against a budget of £13.529m. £1.287m of funds are required to be re-profiled to 2012/13 due to a variation with the schedule of payment to the main contractor. The project is still expected to be and remains within the overall budget of £43.804m.

City Strategy – Community Stadium (Budget £0.200m, Outturn £0.136m)

31. The Community Stadium capital scheme had an outturn position of £136k against a budget of £200k. £64k of funding has been re-profiled into 2012/13.

Property Services (Budget £1.315m, Outturn £1.121m)

32. The outturn of the Property Services capital programme is £1.121m against a budget of £1.315m, a variation of -£0.194m.
33. Only one scheme within the service area requires re-profiling of over £100k. The Repairs to Riverbanks (Scarborough to Clifton) requires funds of £111k to be re-profiled to 2012/13. The works will complete in 2012/13 and are as a result of access issues caused by high water levels.

Customer and Business Support Services – IT Development Plan (Budget £0.899m, Outturn £0.627m)

34. The outturn of the IT Capital Programme is £0.627m against a budget of £0.899m, a variation of -£0.272m.

35. £272k of funding requires re-profiling to 2012/13 in relation I-Trent HR/Payroll System -£91k, the thin terminal roll out £50k and CYC Web / e-mail systems £81k.

Miscellaneous (Budget £0.330m, Outturn £0.000m)

36. The outturn of the miscellaneous items that contains the capital contingency budget was £0 against the budget of £330k. This budget will be re-profiled to 2012/13 and will be used as required to fund small scale variations reported to Members as part of this report.

Funding the 2011/12 Capital Programme

37. The 2010/11 capital programme of £49.847m has been funded from £22.516m external funding and £27.331m of internal funding. The internal funding includes resources such as revenue contributions, Supported Capital Expenditure, capital receipts and reserves.
38. 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 2012/13 – 2016/17 Capital Programme

39. As a result of this report amendments have been made to future year's capital programmes as a result of both re-profiling schemes from 2011/12 and through requests for the use of new funding. Table 3 sets out the movements in the 2012/13 capital programme

	Funding	Expenditure
	£m	£m
12/13 Budget per 11/12 mon 3 inc Budget Process (restated)		74.757
Outturn Variations that decrease the programme		(7.107)
<u>Funded by:</u>		
External funding	(5.750)	
Internally funded	(1.357)	
Virements from 11/12 increasing 12/13 budget		8.786

<u>Funded by:</u>			
External funding		4.837	
Internally funded		3.949	
Virements from 12/13 budget re-profiled to future years (decreasing 12/13 budget)			(9.369)
<u>Funded by:</u>			
External funding		-6.457	
Internally funded		-2.912	
Revised 12/13 Budget per 11/12 Outturn			67.607

Table 3 – Amendments to 12/13 Capital Programme

40. Contained within table 3 are amendments to reflect the updated funding position of the Access York Phase 2 programme that has an overall scheme value of £21.169m. No new funding is requested as part of this realignment with the scheme funding now reflecting the Staffing and Urgency report approval and The Economic Infrastructure Fund cabinet paper
41. The restated capital programme for 2012/13 to 2016/17 split by portfolio is shown in table 4. The individual scheme level profiles can be seen in Annex 1.

Total by Department		2012/13 Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	2016/17 Budget	Total Budget
		£m	£m	£m	£m	£m	£m
ACE	Children's Services	9.964	5.142	5.362	0.000	0.000	20.468
ACE	Adult Social Services	1.307	0.505	0.515	0.525	0.000	2.852
CANS	Communities and Culture	4.238	5.070	3.000	0.000	0.000	12.308
CANS	Environmental Services	4.549	2.906	2.834	3.197	2.734	16.220
CANS	Housing & Public Protection	13.498	9.701	9.401	8.330	10.087	51.017
City Strategy	Planning & Transport	8.475	23.232	5.963	0.090	0.090	31.048
City Strategy	Admin Accom	14.030	1.468	0.000	0.000	0.000	15.498
City Strategy	Comm Stadium	3.864	0.000	0.000	0.000	0.000	3.864

City Strategy	Economic Development	0.058	0.000	0.000	0.000	0.000	0.058
City Strategy	Property Services	4.016	0.100	0.100	0.100	0.000	4.316
CBSS	IT Development Plan	1.438	0.750	0.750	0.750	0.750	4.4385
CBSS	Misc(Contingency)	0.330	0.000	0.000	0.000	0.000	0.330
CBSS	Economic Infrastructure Fund	1.300	5.299	6.800	6.800	5.800	25.999
	Total	67.067	54.674	34.725	19.792	19.461	195.719

Table 4 – Restated Capital Programme 2012/13 to 2016/17

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

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Gross Capital Programme	67.067	54.674	34.725	19.792	19.641	195.719
Funded by:						
External Funding	28.281	35.821	23.019	10.140	11.719	108.980
Council Controlled Resources	38.786	18.853	11.706	9.652	7.742	86.739
Total Funding	67.067	54.674	34.725	19.792	19.641	195.719

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

43. 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.
44. 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

45. 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

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

Human Resources Implications

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

Equalities Implications

48. 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.
49. All individual schemes will be subject to Equalities Impact Assessments

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

53. 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

54. 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

55. The Cabinet is requested to:
- Note the 2011/12 capital outturn position of £49.847m and approve the requests for slippage totalling £8.753m from 2011/12 programme to future years capital programme.
 - Recommend to Full Council the use of £1.5m of Prudential Borrowing for the Primary School Strategic Programme in 2011/12 with the associated revenue implications to be met from the Children's Services budgets and repaid over a period of 25 years from savings made as a result of the amalgamation of the schools.
 - Note the changes to future years capital programme and realignment of the Access York Phase 2 programme.
 - Recommend to Full Council the restated 2012/13 to 2016/17 programme as summarised in Table 3 and detailed in Annex 1 taking account of the re-profiling of schemes.

Reason:

- To allow the continued effective financial management of the capital programme from 2012/13 to 2016/17.

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**Report
Approved**



Date 02/07/2012

Tracey Carter
Finance Asset Management and
Procurement
Customer and Business Support

**Report
Approved**



Date 02/07/2012

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

For further information please contact the author of the report
Background Papers 2011/12 monitoring working papers and respective
DMT reports (where applicable).

Annex 1 – Capital Programme by year 2011/12 – 2016/17