

**Cabinet**

**11 February 2014**

## **Report of the Cabinet Member for Finance, Performance and Customer Services**

### **Capital Programme – Monitor 3 2013/14**

#### **Report Summary**

1. The purpose of this report is to set out the projected capital programme outturn position for 2013/14 including any under/ over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
2. The 2013/14 capital programme budget approved by Council on 28 February 2013 and updated for amendments reported to Cabinet at the Monitor 1 and Monitor 2 reports is £72.573m, financed by £39.150m of external funding and internal funding of £33.423m.

#### **Consultation**

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 28 February 2013. 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 £11.659m is detailed in this monitor resulting in a revised capital programme of £60.914m. This net decrease of £11.659m is made up of:
  - Re-profiling of schemes budgeted at £12.136m to 2014/15
  - Increases of schemes budgeted at £477k funded from external funds of +£477k.

5. Table 1 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, Education and Skills	7.375	6.325	(1.050)
ACE	Adult Social Services	1.098	0.973	(0.125)
CES	Transport	20.514	20.518	0.004
CES	Highways & Waste	4.654	4.754	0.100
CES	Community Stadium	1.850	1.660	(0.190)
CES	Economic Development	0.058	0.058	0.000
CANS	Housing & Public Protection	18.984	11.472	(7.512)
CANS	Communities, Culture & Public Realm	3.070	1.378	(1.692)
CBSS	Asset Management	2.192	1.857	(0.335)
CBSS	Admin Accom	2.580	2.580	0.000
CBSS	IT Development Plan	0.750	0.750	0.000
CBSS	Contingency	0.661	0.313	(0.348)
CBSS	Economic Infrastructure Fund	8.787	8.276	(0.511)
	<b>Total</b>	<b>72.573</b>	<b>60.914</b>	<b>(11.659)</b>

**Table 1 Capital Programme Forecast Outturn 2013/14**

6. To the mid point in January there was £29.615m of capital spend representing 48.6% of the revised monitor 3 budget.

## **Analysis**

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

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

8. The schemes scheduled to be carried out over summer 2013 for the DfE Maintenance programme of works are now all complete with only retentions outstanding in most cases. It is still expected that the majority of the £3.120m budget will be spent in 2013/14, although a small element (£300k) will not be required in this financial year and can be re-profiled into 2014/15 where it will be added to the funding available to be allocated to schemes in that financial year. This approach will still leave a contingency available for any urgent works which may be required before the end of the year.
9. Work on Basic Need schemes planned for 2013/14 are now complete and are projected to spend a total of £980k. It is requested that £800k be re-profiled to 2014/15 to fund the project at Fulford School and Carr Junior which are planned for summer 2014.

### **ACE – Adult Social Services**

10. There is one re-profiling request in relation to the Elderly Peoples Homes Infrastructure works capital programme as a result of this monitor. It is requested that £145k be re-profiled from 2013/14 to 2014/15 due to the approach for the re-provision of the Councils care home needs being a joint procurement of the two sites as oppose to being developed individually.
11. It should be noted that an amount of £20k has been included at this monitor to reflect the Cabinet Approval of the Collaborative Health and Social Care Hub report on the 3<sup>rd</sup> December 2013 that recommended the use of £20k for making the new Voluntary Sector Social Care Hub more accessible.

### **CES – Transport**

12. The Transport element of the Transport, Highways and Fleet capital programme requires a number of amendments as a result of this report.

13. The Better Bus Fund programme of works will increase by £99k as a result of £99k additional Department for Transport (DfT) funding for Clean Bus Technology.
14. The Local Transport Plan (LTP) will increase by £205k in 2013/14 reflecting a combination of new grant funding from OLEV (Office for Low Emission Vehicles) to fund electric vehicle rapid charging points and funding awarded from DfT for A19 pinch point scheme. In 2014/15 the LTP will increase by an additional £1.780m financed from the additional funding awarded from DfT for A19 pinch point scheme.
15. The York City Walls programme requires re-profiling of £200k from 2013/14 to 2014/15 due to delays encountered in appointing an accredited conservation engineer to progress the works.
16. The Access York programme requires £100k to be re-profiled from 2013/14 to 2014/15 due to delays caused by poor ground conditions and utilities diversions on site.
17. For information the Economic Development capital programme is projected to outturn at £58k on budget.

### **CES – Highways & Waste**

18. A number of changes are proposed to the Highways and Waste capital programme as part of this monitor.
19. The first is an in year reallocation of £100k funding from the Bridge Maintenance fund to the Highways resurfacing and reconstruction to allow an extension of the resurfacing programme of works in 2013/14. In addition a request is made to re-profile £100k from 2013/14 to 2014/15 in relation to the Piccadilly Bridge Scheme. Due to delays in recruiting the Bridge Engineer post it has not been possible to deliver the scheme in 2013/14.
20. It should be noted that an amount of £200k has been included at this monitor to reflect the Cabinet Approval of the Tour de France – Update report on the 1st October 2013 that recommended the use of £200k for funding part of projected cost of staging the event and legacy events in relation to highways improvements.

## **CES – Community Stadium**

21. The Community Stadium Project requires £190k of funding to be transferred from 2013/14 to 2014/15. The request for re-profiling is in relation to the latest delivery timetable for the athletics provision at the University of York.

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

22. A number of adjustments are proposed as part of this monitoring report to Housing and Public Protection programme.
23. The Modernisation of Local Authority Homes programme of works has spent an additional £42k on fire prevention works at sheltered schemes following fire assessments to be funded from Housing Revenue Account balances. In addition a request is made to re-profile £710k from 2013/14 to 2014/15 in relation to planned works to some non traditional construction 'Airey' houses which require remedial work. The tender process has been delayed due to time required to detail works specification.
24. The Major Repairs Allowance programme of works has spent an additional £93k that is planned to be funded from HRA balances. The additional costs have been incurred due to the re-roofing tenders returning higher than estimated.
25. The Local Authority Homes scheme at Beckfield Lane has received planning permission and the Council is currently out to tender to appoint a contractor. A further 5 sites are at pre application stage and are expected to go forward for planning permission before the end of the financial year. The sites are all in accordance with option 2 of the New Council House Building – Phase 1 report as approved by Cabinet on 7<sup>th</sup> May 2013 that approved the building of 50 – 70 new homes on the sites identified. As timescales are now becoming clearer regarding the development of HRA sites it is requested the budget be re-profiled accordingly with £4.5m re-profiled to 2014/15 and £1.5m re-profiled to 2015/16 from 2013/14.
26. The Building Insulation scheme has upgraded over 400 properties, installing new UPVC windows in this financial year. Actual costs for the completed works have come in lower than estimated on windows

by £112k. This under spend on the HRA budget is used to offset the pressures set out above.

27. There are 5 properties currently undergoing work through the Loft Conversion programme in order to relieve overcrowding with an additional 4 properties currently out to tender. Due to the timescales involved to identify qualifying tenants and subsequently appropriate properties and survey work it is requested that £725k be re-profiled to 2014/15 from 2013/14.
28. In relation to the Empty Homes programme of works an exercise is being undertaken with Yorhome landlords on empty property prevention that has deliberately commenced late in the year to coincide with landlord accreditation and therefore a request is made to re-profile £100k of budget from 2013/14 to 2014/15.

### **CANS – Communities, Culture and Public Realm**

29. The Millfield Lane Community Sports Centre scheme requires re-profiling to 2014/15 from 2013/14 as the project is dependent on raising match-funding that is not yet secured. The project is expected to be delivered in 2014/15 and the £380k budget is required to be re-profiled
30. The York Explore Phase 2 project will require £877k of funds to be re-profiled to 2014/15 from 2013/14 due to the contract to carry out the alterations to the central library roof to expand the upper floor to house the city archives and to carry out floor repairs on the ground floor having been agreed in January. The contract will occur in 4 phases and the first 2 phases are expected to be completed during 2013/14. This includes mobilisation, steelwork to the ceiling below and building the superstructure. Phases 3 and 4 are expected to be completed by November 2014. The work includes refurbishing and fitting out of the upper floor and lifting the floor on the ground where it is believed that damp course has been breached and so a new floor and damp-proof course will be laid. This will involve full 3 month closure of the whole library during June to September. The archives are currently stored off-site and will begin to be available to the public as documents are returned from storage.
31. The York Explore - Structural Improvements scheme requires re-profiling of £146k of budget from 2013/14 to 2014/15 in line with the

above scheme. Additional funding is requested to be approved from contingency to help part fund the complete replacement of the roof at York Explore. This amount allows for the worst case scenario and will be spent if the roof repairs are required.

32. The Parks and Open spaces programme of works will increase by £100k funded from external grants and S106 contributions. The additional funding will part contribute to a range of sports and open space projects which are both underway this year or will be starting in 2014/15. They include £167k improvements to sports facilities and fields around the city, and £53k to open spaces. Sites include King George V play area, Glen Gardens and Heworth Tennis Club, Rawcliffe Country Park cycle track and Hull Road Park Pavilion.
33. Works on York Theatre Royal will progress in 2014/15 not 2013/14 as originally projected. The project is going ahead as planned but the drawdown of funding has changed to match the Arts Council timetable. The project will result in improvements to the front of the theatre, roof repairs and internal structural alterations. Work has commenced on design and QS surveys and will continue during 2014/15. The theatre will close in Spring 2015 and re-open in November 2015. These changes to the schedule will require £455k to be re-profiled to 2014/15.

### **CBSS - Administrative Accommodation**

34. No changes to the projected spend are proposed at this monitor with in year spend budgeted at £2.580m. This amount relates to final payments to the developer to settle the account. The project is still expected to be within the overall budget of £43.804m. It is currently expected that the project as a whole will be under spent by approximately £50k and this will be confirmed at outturn.

### **CBSS – Asset Management**

35. With regard to the Holgate Park Land capital scheme, – York Central Land and Clearance programme following Cabinet approval for the sale of the 5 acre site to Network Rail, the demolition of buildings on the remaining land along with acquisition of additional land to create access road will take place in 2014/15. Accordingly it is requested that £397k is re-profiled from 2103/14.

36. It should be noted that an amount of £62k has been included at this monitor to reflect the Cabinet Approval of the Disposal of and Investment in Council Assets report on the 7th January 2014 that recommended the use of £62k contingency for funding the purchase of the remaining freehold of Stone Bow house.

### **CBSS - IT Development Plan**

37. No changes are currently forecast to the current projected outturn position of £750k for the IT development plan.

### **CBSS - Miscellaneous**

38. As set out above capital contingency of £348k has been used to fund a number of schemes as follows:

- £20k - Social Care Hub Accessibility (approved Cabinet 3 December 2013)
- £66k - York Explore Roof Replacement (seeking approval as part of this report)
- £200k – Tour de France Highways Improvements (approved 1<sup>st</sup> October 2013)
- £62k – Freehold Acquisition of Stonebow House (approved 7<sup>th</sup> January 2014)

### **Economic Infrastructure Fund (EIF)**

39. Two re-profiling requests are made to major EIF schemes as part of this report, the first in relation to Access York as set out in the CES – Transport section of the report and requires £131k to be re-profile to 2014/15.

40. The second is in relation to the Better Bus Fund requiring £380k to re-profile to 2014/15 from current year. The re-profile request is a result of a number of factors including a delay on replacement bus shelters at Rougier Street due to negotiations within the area and the time required to design and produce a bespoke bus shelter (c£200k). The development of the scheme at Clarence Street has been delayed to take account of the impact of the Lendal bridge trial (c£100k). The Stonebow interchange scheme is part complete but the final work has been delayed as further utility works are planned in the area (c£40k).



## Summary

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

<b>Gross Capital Programme</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
ACE - Children's, Education and Skills	6.325	8.962	5.125	5.125	5.125	<b>30.662</b>
ACE - Adult Social Services	0.973	0.787	0.525	0.400	0.400	<b>3.085</b>
CES – Transport	20.518	5.959	2.713	2.713	2.713	<b>34.616</b>
CES - Highways & Waste	4.754	3.737	3.397	2.934	2.639	<b>17.461</b>
CES -Community Stadium	1.660	9.240	7.679	0.000	0.000	<b>18.579</b>
CES - Economic Development	0.058	0.000	0.000	0.000	0.000	<b>0.058</b>
CANS - Housing & Public Protection	11.472	15.779	11.519	9.982	8.471	<b>57.223</b>
CANS - Comm, Culture & Public Realm	1.378	3.114	0.000	0.000	0.000	<b>4.492</b>
CBSS - Asset Management	1.857	1.828	0.320	0.100	0.100	<b>4.205</b>
CBSS - Admin Accom	2.580	0.000	0.000	0.000	0.000	<b>2.580</b>
CBSS - IT Development Plan	0.750	0.750	0.750	0.750	0.750	<b>3.750</b>
CBSS - Contingency	0.313	0.000	0.000	0.000	0.000	<b>0.313</b>
Economic Infrastructure Fund	8.276	7.582	6.800	5.800	0.000	<b>28.458</b>
<b>Revised Programme</b>	<b>60.914</b>	<b>57.738</b>	<b>38.828</b>	<b>27.804</b>	<b>20.198</b>	<b>205.482</b>

**Table 2 Revised 5 Year Capital Programme 13/14 -17/18**

### **Funding the 2013/14 – 2017/18 Capital Programme**

42. The 2013/14 capital programme of £60.914m is currently being funded from £36.728m external funding and £24.186m 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.

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

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>60.914</b>	<b>57.738</b>	<b>38.828</b>	<b>27.804</b>	<b>20.198</b>	<b>205.482</b>
Funded by:						
External Funding	36.728	32.572	24.537	17.556	14.742	<b>126.135</b>
Council Controlled Resources	24.186	25.166	14.291	10.248	5.456	<b>79.347</b>
<b>Total Funding</b>	<b>60.914</b>	<b>57.738</b>	<b>38.828</b>	<b>27.804</b>	<b>20.198</b>	<b>205.482</b>

**Table 3 – 2013/14 –2017/18 Capital Programme Financing**

44. 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.

45. 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**

46. 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 Council's 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**

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

### **Human Resources Implications**

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

### **Equalities Implications**

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

### **Legal Implications**

50. There are no legal 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.

### **Risk Management**

54. 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

55. The Cabinet is requested to:

- Recommend to Full Council the adjustments in the Capital programme of a decrease of £11.659m in 2013/14 as detailed in the report and contained in Annex A.
- Note the 2013/14 revised budget of £60.914m as set out in paragraph 5 and Table 1.
- Note the restated capital programme for 2013/14 – 2017/18, totalling £205.482m as set out in paragraph 41, Table 2 and detailed in Annex A.
- Approve the use of £66k of contingency to fund the York Explore Roof Replacement and note the use of contingency set out in paragraph 38.

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

### Contact Details

<b>Authors:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>			
Ross Brown Principal Accountant Ext 1207	Ian Floyd Director of Customer & Business Support Services			
Debbie Mitchell Corporate Finance Manager Ext 4161	<b>Report Approved</b>	√	<b>Date</b>	27/01/14
<b>Wards Affected: All</b>				

*For further information please contact the authors of the report*

*Specialist Implications:*

*Legal – Not Applicable*

*Property – Philip Callow*

Head of Asset and Property Management

Extension - 3362

*Information Technology – Not Applicable*

**Background Papers:**

Budget Control 2013/14 Mon 3

**Annexes**

Annex A –Capital Programme 2013/14 to 2017/18