

Report of the Cabinet Member for Finance and Performance

CAPITAL PROGRAMME – MONITOR ONE 2014/15

Report Summary

1. The purpose of this report is to set out the projected capital programme outturn position for 2014/15 including any under/ over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
2. The 2014/15 capital programme approved by Council on 27 February 2014 and updated for amendments reported to Cabinet in the July outturn report is £83m, financed by £41m of external funding and internal funding of £42m.

Consultation

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 27 February 2014. 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 £6.912m is detailed in this monitor resulting in a revised capital programme of £76.319m. £6.767m of the decrease is attributable to re-profiling to budgets to future years. The net decrease of £145k is attributable to a reduction in government grants available.
5. Table 1 outlines the variances reported against each portfolio area.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m
CSES	Children's Services, Education & Skills	12.221	10.202	(2.019)
H&WB	Adult Social Services and Public Health	1.013	1.013	0.000
CANS	Communities Culture & Public Realm	4.333	5.973	1.640
CANS	Housing & Community Safety	17.483	17.292	(0.181)
CES	Highways & Waste	7.460	7.460	0.000
CES	Transport	9.042	9.042	0.000
CES	Economic Development	0.058	0.058	0.000
CES	Community Stadium	10.482	6.026	(4.456)
CBSS	Asset Management	2.548	2.548	0.000
CBSS	West Offices - Admin Accom	0.533	0.533	0.000
CBSS	IT Development Plan	2.284	2.284	0.000
CBSS	Misc(Contingency)	0.558	0.483	(0.075)
CBSS	Economic Infrastructure Fund	15.216	13.405	(1.811)
	Total	83.231	76.319	(6.912)

Table 1 Capital Programme Forecast Outturn 2014/15

6. To the mid point in August there was £13.458m of capital spend representing 17.6% of the revised monitor 1 budget.

Analysis

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

CSES – Children Services, Education and Skills

8. Two amendments are made to the Children's services capital programme as part of this report. The first is a reduction in budget of £19k per annum. This is as a result of two primary schools converting to academies in 2013/14 and the subsequent amount of Devolved Formula Capital received for these two schools being reduced. As these amounts were previously included in the budget they need to be removed.
9. The second change is in relation to the Basic Need programme of works. Within the main Basic Need programme the schemes that are currently in progress are the provision of an additional classroom at Skelton Primary School at an estimated cost of £180k (also incorporating some roof repairs and toilet refurbishment funded from maintenance at a cost of £50k), and an additional classroom at Badger Hill Primary School at a cost of £230k. Both these schemes are on site and are scheduled for completion by September 2014. The schemes are in response to already identified demand pressures being experienced by these schools.
10. As previously reported, the authority is experiencing demographic pressures in a number of areas across the city and the implications of this need to be considered carefully to plan and prioritise the use of basic need funding. Work is in progress on a strategic assessment of where and when future pressures will emerge to enable schemes to be developed in advance of these pressures becoming critical. The result of this is that a significant amount of the Basic Need programme in 2014/15 will not be required until future years. Initially, it is requested that £2m of the 2014/15 approved programme be re-profiled into 2015/16 whilst further work is done on planning the best use of this funding and the timing of individual schemes.
11. The forecast spend for 14/15 is £10.202m.

Health & Wellbeing – Adult Social Services and Public Health

12. There are no adjustments or re-profiling requests to the Adult Social Services and Public Health capital programme as a result of this monitor and the 14/15 forecast spend is £1.013m.

Communities and Neighbourhood Services – Communities, Culture and Public Realm

13. Three changes are proposed to the Communities, Culture and Public Realm capital programme.
14. It is proposed to include £65k of Section 106 funding in relation to Parks and Open Spaces Development programme of works. The developer's contributions will be used to fund play area improvements.
15. The second change is the request to re-profile funds currently approved in 15/16 to 14/15 to reflect the intended expenditure profile of the Councils financial contribution the Museums Trust works. This will result in £1.5m of budget being brought into 14/15.
16. The third change is the request to use capital contingency of £75k to fund works in relation to the War Memorials. The funding will be spent as follows:
 - War Memorial and Triangle Gardens £50k – the scheme is to replace 75 metres of timber fencing adjacent to Rowing Club boundary with a metal fence. Once the metal fencing is in place the area will be replanted with new shrubs. Triangle Gardens which is used as a gathering place for events in War Memorial Gardens will be repaved and refurbished with a new access ramp, repairs to water features, new hanging basket / light columns and seating.
 - Local War Memorials £25k – the Acomb Green memorial requires repairs to the concrete plinth, whilst the WW2 Roll of Honour will be cleaned and re-engraved. The access path to the grounds will be levelled and straightened. The memorial at Leeman Road will be moved to a more spacious location nearby as part of re-landscaping the old bowling green.
17. The forecast spend inclusive of the above for 14/15 is £5.973m.

Communities and Neighbourhood Services - Housing & Community Safety

18. A single amendment is proposed in relation to Housing and Community Safety. The Disabled Facilities Grant funding allocation has now been confirmed and as a result a reduction in budget of £191k is required.

19. The forecast spend for 14/15 is £17.292m.

City & Environmental Services – Highways, Waste & Fleet

20. There are no variances to report at Monitor 1 in relation to the Highways, Waste and Fleet capital programme. The programme is currently projecting a 14/15 spend of £7.460m

City & Environmental Services - Transport + Economic Development

21. There are no variances to report against current approved budget. The Transport capital programme is projected to outturn at £9.042m.

22. The Economic Development capital programme is projected to outturn at £58k.

City & Environmental Services – Community Stadium

23. The Community Stadium Project requires re-profiling to reflect the main capital expenditure spend on the construction of the facility. The contract to build & operate the new stadium is well progressed and, in line with the timetable the majority of construction costs will be incurred in 15/16 year. Accordingly it is requested £4.456m is re-profiled from 14/15 to 15/16. Work has started on the athletics track and this is expected to be completed in the autumn of 2014.

24. For specific information with regard to scheme progress please refer to the Community Stadium and Leisure Facilities Update report on this agenda.

Customer and Business Support Services - Administrative Accommodation

25. No changes to the projected spend are proposed at this monitor with in year spend budgeted at £0.533m.

Customer and Business Support Services – Asset Management / IT Development Plan / Contingency/ Economic Infrastructure Fund (EIF)

26. Use of £75k contingency as set out in the Communities, Culture and Public Realm paragraphs.

27. Further to the July Cabinet Report on Reinvigorate York to update Members on the Theatre Interchange (Better Bus Area Fund programme) project and the rolling programme of public realm improvement works. The design for the Theatre Interchange (Better Bus Area Fund programme) aspect of the Exhibition Square/Theatre Interchange project was agreed by Cabinet on 1 July 2014. Site works are due to start on 15 September 2014 and be completed by the end of November 2014. This is the first phase of a rolling programme of public realm improvement works at Exhibition Square.
28. Liaison with bus operators, traders and other key stakeholders is ongoing. Arrangements are being made to ensure that vehicular and pedestrian access to properties, businesses and traders in the area is maintained throughout the works as well as pedestrian and cycle access through the area. Alternative arrangements are being put in place for bus passengers during the works and information on what is happening is being widely communicated via leaflets, the council's web site, the i-Travel York web site and real time screens.
29. There are a number of emerging issues within the broader city wide context that have implications for the overall Reinvigorate York delivery programme. With a background of limited and decreasing availability of capital funding, new and emerging regeneration opportunities within the city centre and other overall council priorities, this has led to the conclusion that the Reinvigorate York delivery programme now needs to be re-assessed. It is proposed that the current programme is paused for a period of planning to enable consideration and review of how best to move forward to support these broader emerging issues.
30. Two specific examples of emerging issues that will need to be considered include:
 - Developing a master plan concept for the future development and enhancement of York station and its integration with the surrounding area and;
 - Considering the possibility of developing an initiative to support the economy of York by creating a Business Improvement District to cover the city centre.
31. No further changes are proposed as part of this report to the Asset Management, IT Development Plan and Economic Infrastructure Fund (EIF).

Summary

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

Gross Capital Programme	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
Current Programme						
Adjustments :						
Children's Services, Education and Skills	10.202	13.658	9.962	5.106	2.250	41.178
Adult Social Services and Public Health	1.013	0.525	0.505	0.505	0.505	3.053
Communities Culture & Public Realm	5.973	0.575	0.000	0.000	0.000	6.548
Highways & Waste	7.460	3.497	2.934	2.839	1.350	18.080
Housing & Community Safety	17.292	11.562	10.026	8.753	9.023	56.656
Transport	9.042	2.713	2.713	2.713	0.090	17.271
Community Stadium	6.026	12.135	0.000	0.000	0.000	18.161
Economic Development	0.058	0.000	0.000	0.000	0.000	0.058
Asset Management	2.548	0.420	0.200	0.200	0.100	3.468
West Offices - Admin Accom	0.533	0.000	0.000	0.000	0.000	0.533
IT Development Plan	2.284	1.870	1.920	2.245	2.025	10.344
Contingency	0.483	0.000	0.000	0.000	0.000	0.483
Economic Infrastructure Fund	13.405	8.611	5.800	0.000	0.000	27.816
Revised Programme	76.319	55.566	34.060	22.361	15.343	203.649

Table 2 Revised 5 Year Capital Programme

Funding the 2014/15 – 2018/19 Capital Programme

33. The 2014/15 capital programme of £76.319m is currently being funded from £34.893m external funding and £43.237m 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.

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

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	76.319	55.566	34.060	22.361	15.343	203.649
Funded by:						
External Funding	34.893	37.321	22.246	14.278	8.359	117.097
Council Controlled Resources	41.426	18.245	11.814	8.083	6.984	86.552
Total Funding	76.319	55.566	34.060	22.361	15.343	203.649

Table 3 – 2014/15 –2018/19 Capital Programme Financing

35. 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 and Capital Receipts.

36. 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

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 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 priorities of the Council Plan due to its varied and numerous schemes as shown in the main body of the report.

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 report.

Risk Management

45. 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

46. The Cabinet is requested to:

- Recommend to Full Council the adjustments in the Capital programme of a decrease of £6.912m in 2014/15 as detailed in the report and contained in Annex A.
- Note the 2014/15 revised budget of £76.319m as set out in paragraph 5 and Table 1.
- Note the restated capital programme for 2014/15 – 2018/19 as set out in paragraph 28, Table 2 and detailed in Annex A.
- Recommend to Full Council the use of £75k Contingency for works in relation to the War Memorial sites as set out in paragraph 16.

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

Contact Details

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	Report Approved	√	Date	15/08/14
Wards Affected: All				

For further information please contact the author of the report

Specialist Implications:

Legal – Not Applicable

Property – Not Applicable

Information Technology – Not Applicable

Annexes

Annex A –Capital Programme 2014/15 to 2018/19