

Report of the Director of Customer & Business Support Services

CAPITAL PROGRAMME – MONITOR TWO

Report Summary

1. The purpose of this report is to:
 - Inform Members of the likely outturn position of 2010/11 Capital Programme based on the spend profile and information to September 2010;
 - Inform the Executive of any under or overspends and seek approval for any resulting changes to the programme;
 - Inform the Executive of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this;
 - To inform Members of the funding position of the capital programme, taking account of the current capital receipts forecasts for the capital programme.

2. The 2010/11 – 2014/15 capital programme was approved by Council on 25th February 2010. Since then a number of amendments have taken place as reported to the Executive in the 2009/10 Capital Programme Monitor 3 report, the 2009/10 Capital Programme Outturn report and the 2010/11 Capital Programme Monitor 1 report. The changes made as result of the above papers have resulted in a current approved capital programme for 2010/11 of £81.532m, financed by £43.756m of external funding, and internal funding of £37.776m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 1.

	Gross Budget £m	External Funding £m	Internal Funding £m
Original Budget Approved by Council at 25 Feb 2010	73.298	38.880	34.418
Amendments from 2009/10 Monitor 3 report	5.324	3.390	1.934
Amendments from 2009/10 Outturn report	3.357	1.372	1.985
Amendments from 2010/11 Monitor 1 report	(0.447)	0.114	(0.561)
Current Approved Capital Programme	81.532	43.756	37.776

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 25 February 2010. 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. The information contained within this report reflects all the latest known information following the Comprehensive Spending Review in relation to the Councils capital programme. As further information becomes available Members will be updated to ensure they are kept abreast of the latest changes and the resultant impact on the programme.
5. A decrease of £8.226m is detailed in this monitor that results in a revised capital programme budget of £73.306m; £14.826m higher than the 2009/10 capital outturn of £58.480m.
6. Against the current approved budget post 2010/11 Monitor 1 of £81.532m, there is a predicted outturn of £73.306m, a net decrease of £8.226m made up of:
 - Adjustments to schemes increasing budgeted expenditure by £4.375m.
 - Reprofiling of £12.601m of schemes into future years

Table 2 outlines the variances reported against each portfolio area.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m
ACE	Children's Services	27.675	26.797	(0.878)
ACE	Adult Social Services	0.941	0.941	0.000
CANS	Leisure and Culture	4.478	4.388	(0.090)
CANS	Neighbourhood Services	7.376	8.879	1.503
CANS	Housing	10.329	10.517	0.188
City Strategy	City Strategy (P&T)	13.323	5.986	(7.337)
City Strategy	City Strategy (Admin Accom)	12.807	11.251	(1.556)
City Strategy	City Strategy (Economic Development)	0.093	0.035	(0.058)
City Strategy	Property Services	2.046	2.063	0.017
CBSS	Resources	1.894	1.894	0.000
CBSS	Miscellaneous (Contingency etc)	0.570	0.555	(0.015)
	Total	81.532	73.306	(8.226)

Table 2 Capital Programme Forecast Outturn 2010/11

7. To the mid point in August there was £15.301m of capital spend representing 21% of the monitor 2 budget.
8. The 2010/11 capital programme will contribute toward the Corporate Strategy, some of the existing schemes are:
 - a. Works totalling £1.8m on New Deals for Schools (NDS) modernisation programmes has allowed schools to invest in buildings, grounds and ICT equipment enabling schools to improve their pupils' educational standards.
 - b. Projected spend of £1.3m on the New Deals for Schools (NDS) devolved capital programmes provided schools with direct funding for the priority capital needs of their buildings (capital repair, remodelling or new build) and investment in ICT equipment. Many schools use their allocations to contribute to larger projects at their school within the Children's Services capital programme.

- c. Budgeted spend of £4.3m on Targeted Capital Fund (TCF) schemes. TCF supports projects which provide good evidence of educational improvement as a result of the investment, and which might not otherwise be supported through formulaic allocations to Local Education Authorities and schools.
- d. Projected spend of £8.4m to transform the physical appearance of primary schools and equip schools for the 21st century through the widespread use of information technology (IT) to improve the teaching and learning experience through personalised learning and thereby raising student attainment levels.

Planning permission was granted for the replacement of Clifton without Junior and Rawcliffe Primary on 29 April 2010 and work started on site in July in preparation for the construction of the new school. It is expected that it will be complete by September 2011, when pupils will move into their new school and the old buildings will be vacated. The Rawcliffe building will then be demolished and the site landscaped. The Clifton Without building is due to be handed over to Canon Lee School and its partners.

The development of the new Primary School to replace our Lady's and English Martyrs is currently being managed by the RC Diocese. Planning permission was submitted in July and is expected to be determined in September. There is no date to start on site as yet, and the costs are currently being finalised for the construction element.

- e. The first phase of the refurbishment of the Yorkshire Museum (the biggest since it opened in 1830) has been completed. This phase totalled £2.01m with the Trust obtaining £1.26m in grants and other fundraising activities with the remaining £750k provided from the council's capital programme as matched funding. The Museum closed in November 2009 whilst the work was carried out and reopened on 1st August 2010.
- f. Works totalling £1.4m on capacity improvements to the A19/A1237 roundabout will be provided by the introduction of additional approach and exit lanes on the A1237 and A19 North. Substantial eastbound and southbound journey time improvements are predicted.
- g. Projected spend of £1.1m on the remaining three sections of the Orbital Cycle Route will be completed: Crichton Avenue to Clifton Green, Hob Moor to Poppleton Rd (Water End), James Street (Hazel Court) to Millennium Bridge. The elements of the scheme to be delivered in 2010/11 includes approximately 1km of off-road cycle track, remodelling of the Lawrence Street/James Street junction, signalised crossings of Water Lane and Acomb Road and improvements to road crossings at other locations. Signs and on road cycle lanes will be provided where necessary around the entire route.

- h. Schemes in housing will see over 1500 individual works completed on the Council houses.

Analysis

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

ACE - Education and Children's Services

10. The current approved capital programme for Education and Children's services for 2010/11 is £27.675m following the adjustments made as a result of the 2010/11 Monitor 1 report. As a result of changes made at the second monitor, the 2010/11 capital programme will decrease by £878k to £26.797m. Table 3 gives a summary of the changes on a scheme by scheme basis.

Gross Children's Services Capital Programme	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Current Approved Capital Programme	27.675	10.356	10.356	10.356	10.356	69.099
<u>Adjustments:</u>						
Harnessing Technology	0.122					0.122
Targeted Capital Fund 14-19 Diploma	(0.600)					(0.600)
Primary School Strategic Programme	0.600	1.000				1.600
NDS Modernisation		(1.000)				(1.000)
Huntington School Improvements TCF	0.027					0.027
Derwent MUGA	(0.027)					(0.027)
<u>Reprofiling:</u>						
NDS Modernisation	(1.000)	1.000				0.000
Revised Capital Programme	26.797	11.356	10.356	10.356	10.356	69.221

Table 3 Education and Children's Services Capital Programme 2010-2015

11. Capital Monitor 1 reported that the Harnessing Technology funding from central government had been reduced by 50%. This funding was used to fund the capital costs of the new broadband project with the remainder being distributed to schools. ACE DMT decided that only 25% of the allocations to schools be reduced, with the remaining shortfall in funding being made up by making a contribution from the revenue Dedicated Schools Grant.

12. Planning permission for the new Clifton with Rawcliffe school was granted in April 2010, and the main building work began in August with an expected completion date in summer 2011 in time for the school to be in use for September 2011. The scheme for the provision of a new primary school to replace Our Lady's and English Martyr's is being managed by the RC diocese. Planning permission was granted in September. The movement of funding from the Targeted Capital Fund 14-19 Diploma to the Primary School Strategic Programme reflects the outcome of the consideration of the utilisation of this funding as per the September Decision Session of Children's Services.

13. In relation to the Huntington School Improvements TCF scheme an unexpected final payment is required for 2010/11. It is proposed that this funded from the under spend on Derwent MUGA for which final payments have now been made and the scheme is complete.

14. The NDS modernisation scheme is addressing a number of priority needs across the schools estate with the latest condition survey information being used to determine scheme priorities. Emergency work is being carried out at Poppleton Ousebank Primary to replace the roof, following the discovery of asbestos. £1m of this scheme which will not be allocated in 2010/11 will need to be re-profiled and allocated to the Clifton with Rawcliffe scheme in the Primary capital programme.

ACE – Adult Social Services

15. The approved capital programme for Adult Social Services is £941k following the adjustments made as a result of the 2010/11 Monitor 1 report. As a result of this monitor no variations are expected and table 4 gives a summary of the approved programme.

Gross Social Services Capital Programme	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	0.941	0.235	0.245	0.255	0.255	1.931

Table 4 Social Services Capital Programme 2010 – 2015

CANS - Leisure and Culture

16. The approved capital programme for Leisure and Culture services is £4.478m following the adjustments made as part of the 2010/11 Monitor 1 report. As a result changes made in this monitor, the capital programme will decrease by £0.615m to £3.863m. Table 5 gives a summary of the changes on a scheme by scheme basis.

Gross Leisure and Culture Capital Programme	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Current Approved Capital Programme	4.478	1.490	0.510	0.000	0.000	6.478
<u>Adjustments:</u>						
Acomb Library	(0.005)					(0.005)
York Explore Centre	0.005					0.005
Parks and Open Spaces Devpt	0.047					0.047
DCSF Wave 2 Playbuilder	(0.215)					(0.215)
Library Self Issue Equipment	0.066					0.066
The Barbican Auditorium	1.687					1.687
York Museums Trust Storage	0.525					0.525
<u>Reprofiling:</u>						
York Pools Strategy	(2.200)	2.200				0.000
Revised Capital Programme	4.388	3.690	0.510	0.000	0.000	8.588

Table 5 Leisure and Culture Capital Programme 2010 - 15

17. In relation to Parks and Open Spaces Development payments totalling £47k have been or are planned to be made to parish councils for the provision of open spaces, sports facilities and play areas. These include £11k to the Friends of St Nicholas Fields, £9k to Strensall and Towthorpe PC, and £7k to Rufforth PC, and a number of smaller amounts. This additional spend is funded from Section 106 funds.

18. The revised Playbuilder allocations on 21st October 2010 saw a reduction in York's allocation and now stands at £371k, a reduction of £215k on the amount originally available in 2010/11. An amount of £55k has already been spent from the 2010/11 grant, and a further £47k has been contractually committed, but the remainder of the original planned expenditure has been frozen pending receipt of the revised allocations. This funding has now been de-ring fenced, therefore the use of this uncommitted funding (£269k) can now be considered for allocation other schemes of priority. A report will be taken to the Executive in December considering this specific funding issue and until such time the funding shall remain allocated to this scheme.
19. The success of the self-issue machines in York Central and Acomb Libraries has prompted the Library service to look at introducing the machines in a further four of the larger libraries, at Haxby, Clifton, Tang Hall and Fulford. These are to be funded by prudential borrowing, paid for via the savings generated within the Library revenue budget by the use of these machines. The machines are transferable between libraries.
20. The York Sports Village project has now been approved by both the University and the Council's Executive. The Council has agreed to allocate an additional £1m of capital investment to the project required in order to complete the funding package. The University has published the OJEU notice for the construction contract and it is intended that the project starts on site in April 2011. The University are currently preparing their detailed planning application. The remaining £204k of budget is being used for the renovation of the Melborne Centre which is still expected to be carried out in 2010/11, but has been delayed whilst a lease renewal was negotiated. The work is now expected to be carried out in February 2011.
21. As reported to Council on the 7 October 2010 The Barbican Auditorium requested and had approved the £1.113m of Council capital resources in the form of prudential borrowing to be used in conjunction with funding from the preferred bidder SMG. The inclusion into this report is for completeness only and not for re-approval.
22. A request for funds to be made available to purchase premises on behalf of York Museums Trust has been received in order to provide much needed additional storage space at Birch Park that will allow the expansion and improvement in quality of the trust's collections stores. The scheme would also benefit the trust by allowing rationalisation of existing leased buildings and allows greater development potential in the future.
23. The cost of the premises are c£525k and the proposal is that all associated costs incurred by the Council using prudential borrowing to fund the acquisition (that is the repayment of the debt and associated interest cost) would be covered in full by a lease agreement between the Council and the Trust. The net cost to the Council will be nil in revenue

terms. As an indicative guide the repayment of £525k over a 15 year period would be c£49k per annum.

24. Attached in annex B is a business case setting out in the rationale, costs and associated risks of proceeding with the scheme.

CANS - Neighbourhood Services

25. The approved capital programme for Neighbourhood services is £7.376m following the adjustments made as a result of the 2010/11 outturn report. As a result of this monitor, the capital programme will increase by £1.503m to £8.879m. Table 6 gives a summary of the changes on a scheme by scheme basis.

Gross Neighbourhood Services Capital Programme	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Current Approved Capital Programme	7.376	5.635	3.220	3.308	3.401	22.940
<u>Adjustments:</u>						
Air Quality Monitoring	0.077					0.077
Crematorium	1.766					1.766
<u>Reprofiling:</u>						
Highways R&R	(0.300)	0.300				0.000
Highways Improvements	(0.040)	0.040				0.000
Revised Capital Programme	8.879	5.975	3.220	3.308	3.401	24.783

Table 6 Neighbourhood Services 2010 – 2015

26. Additional grant funding has been awarded by Defra in relation to the Air Quality Monitoring scheme to undertake further air dispersion modelling work £4k and action planning projects £73k.

27. As part of the Capital Programme Budget 2010/11 – 2014/15 funding for the renewal of the cremators at the crematorium and installation of mercury abatement equipment was considered. The bid requested £1.766m of funding (equating to a potential £2.119m if the scheme has to be ring fenced for VAT purposes to protect the Council's VAT recovery position – an exercise is currently being undertaken to assess the VAT position) and was ranked as high priority. The scheme was not added as

part of the budget process as at the time the proposals were still subject to a business case.

28. York has 3 cremators which will be replaced at the same time as installing the required abatement plant allowing the continued provision of the service. The cost of such works as shown above is £1.766m (£2.119m inc VAT), it is recommended that the investment be funded from Council resources in the form of prudential borrowing at a resultant cost to the Council of £165k (£198k for VAT option) per annum over a 15 year duration. The timescale to complete the installation is estimated at 2 years, which includes the required procurement process.
29. Given the timescale involved it will be necessary to reline one of the cremators at a cost of £33k prior to the completion of the procurement process and also there will be a cost of engaging specialist consultants at £7k. Both these costs can be incorporated in to the £1.766m (£2.119m inc VAT) capital cost already requested.
30. In addition £16k revenue cost will be incurred in 11/12 and £50k 12/13 to comply with the environmental permit conditions due to the installation of the mercury abatement plant not being completed until April 2013 and the burden sharing being required for payment from 1/1/12. These costs will be considered as part of the respective budget processes.
31. Within the Highways R&R schemes the majority of schemes of work are progressing as planned. The only anticipated variances to report at monitor 2 are as follows: CN156 - Boroughbridge Rd/Poppleton Rd (part) carriageway resurfacing £150k. This element of work will need reprofiling to 2011/12 so that the work can be completed in conjunction with Access York park and ride site schemes and any improvements that take place as a result of these works. Secondly CN164 Haxby Road carriageway resurfacing £150k will need to be reprofiled in order for works which are outside Joseph Rowntree School can be undertaken in Easter 2011 school holidays and minimise disruption.
32. Within Highways improvements schemes of work are progressing as planned. The only current anticipated variance is CN341 - Bootham Rd carriageway resurfacing scheme £40k ~ that will need reprofiling to 2011/12 because Radio York premises currently are being developed which requires access by heavy plant over the carriageway due to be resurfaced by CYC. Works will be undertaken post completion of Radio York development

CANS - Housing

33. The approved capital programme for Housing services is £10.329m following the adjustments made as part of the 2010/11 Monitor 1 report. As a result of this monitor, the capital programme will increase by £188k to £10.517m Table 7 gives a summary of the currently approved budget across the programme years.

Gross Housing Capital Programme	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	10.329	9.425	9.028	10.923	8.722	48.427
Adjustments:						
Travellers Site Electricity Units	0.134	0.116				0.250
Housing Grants & Associated Investment	0.079					0.079
Energy Conservation in Homes	(0.025)					(0.025)
Current Approved Capital Programme	10.517	9.541	9.028	10.923	8.722	48.731

Table 7 Housing Capital Programme 2010 - 2015

34. A request is made as part of this report to add a new scheme into the 2010/11 and 2011/12 programme for Travellers Sites Electricity Units. The total scheme cost will be £250k over the 2 year period (£134k 10/11 and £116k 11/12) and subject to approval would see work carried out at the James Street, Clifton and Osbaldwick sites on installing individual electricity meters. Existing revenue streams within the directorate will be available to cover the cost of funding the scheme through prudential borrowing, this would equate to £26k per annum of revenue costs in relation to 10/11 and a further £22k per annum in relation to 11/12 both repayable over a 6 year period. The revenue savings that will be generated as a result of installing the new electric meters will be used to repay the prudential borrowing in full over the 6 year periods.

35. An increase of £79k for Housing Grants and Associated Investments is made up of £110k in additional funding from government via the sub region having been secured plus £20k from repayment of grants to be recycled offset by not drawing upon energy partnership funding of £76k reported at monitor 1 (as now not require it in this financial year). This gives a variation of +£54k plus a contribution of £25k from the energy conservation line.

City Strategy (Planning & Transport)

36. The current approved capital programme for City Strategy is £13.323m following the adjustments made as part of the 2010/11 Monitor 1 report. As a result of changes contained in the Monitor 2 report the capital

programme will decrease by £7.337m to £5.986m. Table 8 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	13.323	19.738	4.833	3.617	0.090	41.601
<u>Adjustments:</u>						
Local Transport Plan (LTP)	0.110	(1.585)	(1.485)	(1.485)		(4.445)
Road Safety		(0.042)	(0.042)	(0.042)		(0.126)
<u>Reprofiling:</u>						
Access York	(7.447)	(12.621)	13.284	6.784		0.000
Revised Capital Programme	5.986	5.490	16.590	8.874	0.090	37.030

Table 8 City Strategy Capital Programme 2010-15

37. The decrease in future years in relation to the LTP reflects in the main the latest known funding allocations following the Comprehensive Spending Review on 22 October 2010. In addition the availability of S106 funds has been considered and realigned to reflect latest estimates of available future funds. In 2010/11 financial year it is proposed to allocate an additional £50k of free flow grant and the use of £60k of Council funding to be switched from the Health and Safety DDA (under the City Strategy – Property header) budget to carry out access improvements to Library Square and Museum Street park and ride bus stop.

38. The Access York scheme has been reprofiled to reflect the latest estimate on scheme progression subject to further information from Government around the funding settlement that is expected imminently. Further information will be presented as part of Capital Programme monitor 3 and the Capital Budget Process as appropriate.

Administrative Accommodation

39. The current approved capital programme for Admin Accom is £38.488m (10/11 – 13/14 element of spend) following the adjustments made as part of the 2010/11 Monitor 1 report. As a result of changes contained in the Monitor 2 report this capital scheme has been reprofiled and remains at the total budget of £43.804m. Table 9 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	12.807	12.304	13.377	0.000	0.000	38.488
Reprofiling:						
Admin Accom	(1.556)	(1.441)	1.529	1.468	0.000	0.000
Revised Capital Programme	11.251	10.863	14.906	1.468	0.000	38.488

Table 9 Admin Accom Capital Programme 2010-15

40. The scheme has been reprofiled to reflect an extended procurement process, this has resulted in a delayed start on site. This is the main movement in the construction budget from 2010/11 to future years. In 2011/12 the ICT and risk budgets have moved to 2012/13; this is the year in which the relocation to the new office will occur. Part of the construction budget from 2010/11 has moved to 2012/13 and 2013/14. In addition the dilapidations budget has moved from 2012/13 to 2013/14. Dilapidation expenditure required to make good the current accommodation which will no longer be required, is the last stage of the project to be completed.

City Strategy – Economic Development

41. The current approved capital programme for Economic Development is £0.093m following the adjustments made as part of the 2010/11 Monitor 1 report. As a result of changes contained in the Monitor 2 report the capital programme will decrease by £0.058m to £0.035m. Table 10 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	0.093	0.000	0.000	0.000	0.000	0.093
Reprofiling:						
Small Business Workshops	(0.058)	0.058				0.000
Revised Capital Programme	0.035	0.058	0.000	0.000	0.000	0.093

Table 10 Admin Accom Capital Programme 2010-15

42. The scheme has been reprofiled as the demolition of the Parkside site will not commence until May/June 2011 at the earliest following the determination of a planning application for the site.

City Strategy – Property

43. The current approved capital programme for Property budget is £2.046m following the adjustments made as part of the 2010/11 Monitor 1 report. As a result of changes contained in the Monitor 2 report the capital programme will decrease by £0.017m to £2.063m. Table 11 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Current Approved Capital Programme	2.046	1.330	0.080	0.000	0.000	3.456
Adjustments:						
Health and Safety/DDA	(0.060)					(0.060)
Slipways	0.077					0.077
Revised Capital Programme	2.063	1.330	0.080	0.000	0.000	3.473

Table 11 Admin Accom Capital Programme 2010-15

44. It is proposed the £60k of the Health and Safety/DDA budget is used to help carry works as described above under Planning and Transport. The £77k in relation to the Slipways requiring additional funding for increased costs as per the tenders received. This additional expenditure is effectively funded from the under spend on the Public Footpath, Rawcliffe No 1 - Riverbank as reported at the 2009/10 Capital Programme Outturn report as under spending by £81k and is therefore a reallocation of this funding and has been made under delegated powers of virement.

Remaining Schemes

45. At this stage of the monitoring cycle, there are no variations expected against the currently approved budgets in relation to the CBSS Schemes. The detail of the projects that make up these schemes are shown in the annex.

46. The £15k movement on Miscellaneous reflects the monitor 1 approval to use £15k of contingency funding to match the Environment Agency's £15k for the James Street Travellers site flood wall defences.

Summary

47. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 12.

Gross Capital Programme	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
Current Programme	81.532	65.513	42.649	29.459	23.824	242.977
<u>Adjustments :</u>						
ACE - Children's Services	(0.878)	1.000				0.122
ACE – Adult Social Services						0.000
CANS – Leisure and Culture	(0.090)	2.200				2.110
CANS - Neighbourhood Services	1.503	0.340				1.843
CANS – Housing	0.188	0.116				0.304
City Strategy - P&T	(7.337)	(14.248)	11.757	5.257		(4.571)
City Strategy - Admin Accom	(1.556)	(1.441)	1.529	1.468		0.000
City Strategy - (Economic Development)	(0.058)	0.058				0.000
City Strategy - Property Services	0.017					0.017
Miscellaneous (Contingency etc)	(0.015)					(0.015)
Revised Programme	73.306	53.538	55.935	36.184	23.824	242.787

Table 12 Revised 5 Year Capital Programme

Funding the 2010/11 – 2014/15 Capital Programme

48. The 2010/11 capital programme of £73.306m is currently being funded from £37.818m external funding and £35.488m 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.

49. Table 13 shows the projected call on Council resources going forward.

	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	73.306	53.538	55.935	36.184	23.824	242.787
Funded by:						
External Funding	37.818	19.501	29.607	24.606	16.540	128.072
Council Controlled Resources	35.488	34.037	26.328	11.578	7.284	114.715
Total Funding	73.306	53.538	55.935	36.184	23.824	242.787

Table 13 – 2010/11 –2014/15 Capital Programme Financing

50. The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle resulting in additional funding pressures based on current projections. The capital programme continues to place reliance on the achievement of a small number of high asset disposals which have been affected by the economic downturn.
51. As reported in the 2010/11 – 2014/15 Capital Budget report approved by Full Council on 25 February 2010, the Council had a capital receipts requirement of £28.477m to fund new capital schemes. It was reported that based on projections at the time that the value of the assets to be disposed of was £24.704m leaving a shortfall of £3.773m. The reduced asset value was reflective of property market conditions at that time and it was accepted that over the medium term the asset values would rise to match the required value of £28.477m. As a result the decision was taken to hold the sale of assets where it was not in the interest of the Council to dispose. This places pressure in terms of funding the new capital schemes which is currently using temporary prudential borrowing to fund the programme until such time when the receipts are realised and used to repay the borrowing.
52. The monitor 2 position is for a required level of receipts of £26.683m with an expected receipt value of £24.298m leaving a temporary shortfall of £2.385m. Table 14 shows the position at monitor 1 against the budget setting position.

	Capital Budget Report 10/11 – 14/15	Capital Monitor 2 Report 10/11 –14/15	Movement
	£m	£m	£m
Receipts Required	28.477	26.683	(1.794)
Receipts Forecast	24.704	24.298	(0.406)
Temporary Shortfall	3.773	2.385	(1.388)

Table 14 – Council Receipts Requirement 2010 - 15

53. The movement of £1.794m is made up of 2 parts. The first is that since the Capital Programme budget report was approved in February there has been a number of schemes that have not required the capital receipts funding initially required, these total £664k. Secondly a level of receipts have been received and applied to finance the capital programme as part of the 2009/10 Capital Programme Outturn report thus reducing the receipts required by a further £1.130m. The two parts total to £1.794m.
54. The temporary shortfall continues to be managed using discretionary prudential borrowing with the associated revenue implications being reported through the treasury management budget. To date £11.810m of borrowing has been used to cover the shortfall of receipts.
55. The 09/10 and 10/11 budget process added a number of new schemes to the Council's capital programme to be funded from Council resources in the form of either revenue contributions or prudential borrowing. The total requirement for these discretionary schemes added in 09/10 and 10/11 totalled £23.890m. To date £2.014m of prudential borrowing has been used to fund these schemes.

Corporate Priorities

56. 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

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

64. 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

65. The Executive is requested to:

- Recommend to Full Council the net adjustments of (£8.226m) in 2010/11, (£11.975m) in 2011/12, £13.286m in 2012/13 and £6.725m in 2013/14 which are set out on a scheme by scheme basis in the above paragraphs and contained in Annex A.
- Note the 2010/11 revised budget of £73.306m as set out in paragraph 6 and Table 2.
- Note the restated capital programme for 2010/11 – 2014/15 as set out in paragraph 43, Table 12 and as set out in detail in Annex A.
- Approve the switching of capital receipts funding for use on the Huntington School TCF scheme from Derwent MUGA of £27k.
- Recommend to Full Council the use of an additional £66k of Prudential Borrowing for the funding of Self Issue Library machines and note this extends the scheme total to £104k in 2010/11.
- Recommend to Full Council the use of Prudential Borrowing to fund the Travellers Site Electricity Units at a cost of £250k over a 2 year period (£134k 10/11 and £116k 11/12) to be paid for from departmental budgets made available from the savings generated as a result of the installation of the new equipment.
- Recommend to Full Council the addition to the Capital Programme in 2010/11 of £1.766m in relation to the required works for the Crematorium to be funded from prudential borrowing to be repaid

over a period of 15 years and note this cost may rise in line with VAT to £2.119m should ring fencing be applied.

- Recommend to Full Council the addition to the Capital Programme in 2010/11 of £525k in relation to the acquisition of premises on behalf of the York Museums Trust subject to satisfactory terms being agreed and that the agreement of such appropriate terms, conditions and repayment period be delegated to the Director of CBSS.

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

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Ian Floyd
Director of Customer & Business Support
Services

**Report
Approved**



Date 27/10/10

Keith Best
Head of Finance

**Report
Approved**



Date 27/10/10

Specialist Implications Officer(s)

N/a

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Budget Control 2010
Departmental Capital Pro-forma

Annexes

Annex A – Restated Capital Programme 2010/11 to 2014/15
Annex B – Business Case for Acquisition for York Museums Trust