

Cabinet

4 September 2012

Report of the Cabinet Member for Corporate Services

CAPITAL PROGRAMME – MONITOR ONE 2012/13

Report Summary

1. The purpose of this report is to:

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

2. The 2012/13 – 2016/17 capital programme was approved by Council on 14th February 2012. Since then amendments have taken place as reported to Cabinet in the 2011/12 Capital Programme Outturn report on 17 July 2012. The changes made as result of the above papers have resulted in a current approved capital programme for 2012/13 of £67.067m, financed by £28.281m of external funding, and internal funding of £38.786m. 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 14 Feb 2012	76.112	36.572	39.540
Amendments from 2012/13 Outturn report	(9.045)	(8.261)	(0.754)
Current Approved Capital Programme	67.067	28.281	38.786

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 14 February 2012. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

Summary of Key Issues

4. A decrease of £1.914m is detailed in this monitor that results in a revised capital programme budget from £67.067m to £65.153m.
5. The net decrease of £2.584m is made up of:
 - New schemes increasing budgeted expenditure by £0.832m.
 - Net re-profiling of £2.746m of schemes from the current year to future years.
6. Table 2 outlines the variances reported against each portfolio area. It should be noted that the portfolios have been aligned with the new Council Structure from 1st April 2012. Accordingly the figures presented at outturn by Directorate and portfolio will have changed due this change.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m
ACE	Children's, Education and Skills	9.964	10.064	0.100
ACE	Adult Social Services	1.307	1.307	0.000
City & Env Services	Planning & Transport	8.342	9.012	0.670
City & Env Services	Community Stadium	3.864	2.864	(1.000)
City & Env Services	Economic Development	0.058	0.058	0.000
CANS	Housing & Public Protection	13.498	11.814	(1.684)
CANS	Communities and Culture	4.238	4.238	0.000

CANS	Highways, Waste & Fleet	4.549	4.342	(0.207)
CBSS	Property Services	4.016	4.223	0.207
CBSS	Admin Accom	14.030	14.030	0.000
CBSS	IT Development Plan	1.438	1.438	0.000
CBSS	Miscellaneous (Contingency etc)	0.330	0.330	0.000
CBSS	Economic Infrastructure Fund	1.433	1.433	0.000
	Total	67.067	65.153	(1.914)

Table 2 Capital Programme Forecast Outturn 2012/13

7. To the mid point in August there was £15.990m of capital spend representing 24.75% of the revised monitor 1 budget.

Analysis

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

ACE - Education and Children's Services

Adjustments

9. At this monitor 1, the Multi-Use Games Area (MUGA) at Burnholme School for £0.1m (externally funded) has been added to the Capital programme for approval.
10. A need to improve the MUGA facilities in the grounds of Burnholme School, and adjacent to Applefields school, has been identified as part of the provision of community facilities. The local authority has now been successful in securing a £50k grant from Sport England towards the cost of these improvements. In addition, an amount of £50k within Leisure and Culture's Section 106 receipts has been identified which can be put towards this scheme, giving a scheme budget of £100k. Future management arrangements for the MUGA, in order to support community access, will be considered as part of the review and consultation regarding future options for the whole of the Burnholme school site. Approval for this scheme is included in the recommendations at paragraph 42.

11. Further schemes which are worth noting in the children's services capital programme are the Basic Needs scheme at £2.410m and the Maintenance scheme at £3.508m, both of which are funded from allocations from the Department of Education. The maintenance funding replaced the Modernisation funding previously allocated to local authorities. Basic need funding has been allocated to local authorities to help deal with capacity issues at schools.
12. At the Decision Session of the Executive Member for Children and Young People's Services on 12th April 2011 proposals for an initial set of priority schemes to be supported from this budget were approved. The majority of these schemes have now been completed. However, a number of the larger schemes were phased over two years and are being completed over the 2012 summer holidays. These include: additional priority repair work to the roof at Danesgate which was identified during Phase 1, Phase 2 of a scheme to replace the boilers at Fulford School, a continuation of the phased approach to dealing with a number of building issues at Westfield Primary (including roof repairs and electrical work), and various Asset Management Plan (AMP) works at Skelton Primary. In addition a project to carry out major roof repairs at Lord Deramore's Primary commenced in January 2012 and has now been completed.
13. Further allocations have now been made to other priority schemes in schools and are being carried out in 2012/13. New schemes have been approved for electrical work, boiler replacement and site drainage at Copmanthorpe Primary, electrical work at Bishopthorpe Infants, a two classroom extension at Elvington primary to replace life expired temporary classrooms, works to repair windows and elevations at both Fishergate and Haxby Road Primaries, and major roof repairs at Yearsley Grove Primary school. Feasibility studies have been instructed for a number of further schemes which will be carried out during the summer of 2013 if funding is available.

ACE – Adult Social Services

Adjustments/ Re-profiling

14. At monitor 1 there were no adjustments or re-profiling to the budget originally set in adult social services for 2012/13. It is forecast that £0.495m of expenditure as detailed on the schemes in Annex A will occur.

City & Environmental Services - Planning and Transport / Economic Development

Re-profiling

15. Better Bus Area Fund (BBAF) is included in the capital programme to increase investment in public transport. The Department of Transport has allocated CYC £1.765m of funding, £0.670m in 2012/13, £1.095m in 2013/14, as a result of the bid made in February 2012. In addition, £1.665m of prudential borrowing from the Economic Infrastructure Fund was approved by Cabinet on 17 July 2012 to support this scheme.
16. BBAF will fund promotion of public transport by setting up a web portal, developing a city-wide bus brand and real-time passenger information at every city centre bus stop, introducing shelter CCTV, focus on bus driver training and monitor all bus movements. In addition, improvements to bus lanes, traffic light priority and extension to city centre bus priority areas will be key. There will also be improvements to passenger facilities at various interchanges within the city centre.
17. There are no expected variances to report from budget. Current forecasts show that schemes will continue to incur expenditure as previously profiled.

City & Environmental Services – Community Stadium

Re-profiling

18. £1m has been re-profiled in connection with the Community Stadium Project from 2012/13 to 2013/14 for work to be carried out in future to the new athletics track at the university and ongoing stadium work. This is following planning permission of the project being granted and there is now a six month time period where the decision is subject to judicial review.

CANS – Housing & Public Protection

Adjustments

19. The Major Repairs Scheme for Local Authority Homes will increase by £0.024m for works involving air to air heat pumps. This is being funded from the HRA

20. The Housing Grants & Home Investment Scheme has increased by £0.076m. This is a home appreciation and home safety scheme where funds are loaned from the Council for improvement works. The increase is to be funded from early repayment of previous improvement grant loans.
21. The disabled facilities grant scheme has been adjusted down by £0.038m in line with the resources available from external government funding being reduced.

Re-profiling

22. The water mains upgrade scheme within the HRA has been re-profiled to 2013/14. This is likely to be delayed because of issues around ongoing discussions with private housing owners in the area and obtaining the relevant consent and potential financial contribution. Indications are that this project is unlikely to go ahead this financial year.

CANS – Communities and Culture

Adjustments / Re-profiling

23. There are no expected variances to report for CANS - Communities and Culture from budget. Current forecasts show that schemes will continue to incur expenditure as previously profiled.

CANS – Highways, Waste & Fleet / CBSS – Property Services

Adjustments / Re-profiling

24. It should be noted that the Hazel Court security scheme at £207k which was previously reported as part of CANS - Highways Waste & Fleet capital programme will in future be reported as part of CBSS – Property Services, along with the rest of the Property Services portfolio capital programme. In table 2, this accounts for the £207k variance.
25. There are no further expected variances to report from budget Highways, Waste & Fleet or in Property Services.

CBSS - Administrative Accommodation

Adjustments / Re-profiling

26. The projected expenditure for the administrative accommodation project has not changed at monitor 1. The overall project budget remains at the £43.8m approved at Executive June 2008. Work continues to progress on West Offices and employees across the Council are expected to transfer to the new building by the end of March 2013.

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

Adjustments / Re-profiling

27. For these further three areas list above, included under CBSS, there are no expected variances to report for from budget. Current forecasts show that schemes will continue to incur expenditure as previously profiled, as highlighted in Table 2.

Summary

28. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 3.

Gross Capital Programme	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m	£m
Current Programme	67.067	47.371	34.725	19.792	19.461	188.416
<u>Adjustments :</u>						
ACE - Children's Education & Skills	0.100					0.100
ACE – Adult Services						0.000
CANS –Culture, Leisure & Public Realm						0.000
CANS - Neighbourhood Services						0.000
CANS – Housing & Community Safety	(1.684)	1.746				0.062
CES – Strategic Planning &Transport	0.670	1.095				1.765

CES - Community Stadium	(1.000)	1.000				0.000
CES - (Economic Development)						0.000
CBSS - Property Services						0.000
CBSS - IT Development Plan						0.000
CBSS – Administration Accommodation						0.000
Miscellaneous (Contingency etc)						0.000
Economic Infrastructure Fund						0.000
Revised Programme	65.153	51.212	34.725	19.792	19.461	190.343

Table 3 Revised 5 Year Capital Programme

Funding the 2012/13 – 2016/17 Capital Programme

29. The 2012/13 capital programme of £65.153m is currently being funded from £28.987m external funding and £36.166m 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.

30. Table 4 shows the projected call on Council resources going forward.

	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	65.153	51.212	34.725	19.792	19.461	190.343
Funded by:						
External Funding	28.987	33.180	23.019	10.140	11.719	107.045
Council Controlled Resources	36.166	18.032	11.706	9.652	7.742	83.298
Total Funding	65.153	51.212	34.725	19.792	19.461	190.343

Table 4 – 2012/13 –2016/17 Capital Programme Financing

31. 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.

32. 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 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

33. 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

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

41. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital and Asset Management Board meets regularly to plan monitor and review major capital receipts to ensure that all capital risks to the Council are minimised.

Recommendations

42. Cabinet is requested to:

- Recommend to Full Council the adjustments in the Capital programme of an increase of £0.832m in 2012/13 and re-profiling from 2012/13 to 2013/14 of £2.746k as detailed in the report and contained in Annex A.
- Note the 2012/13 revised budget of £65.153m as set out in paragraph 4 and Table 2.
- Note the restated capital programme for 2012/13 – 2016/17 as set out in paragraph 28, Table 3 and detailed in Annex A.
- Recommend to Full Council to approve the new scheme Multi Use Games Area (MUGA) at £0.1m (para 10), funded by £0.05m Sport England grant and £0.05m Section 106 funding.
- Note the Better Bus Area Fund external funding received from Department of Transport at £0.670m in 2012/13 and £1.095m in 2013/14
- Recommend to Full Council to approve the Housing & Public Protection schemes:
 - (i) Major repairs scheme for Local Authority Homes increase by £0.024m funded by ring fenced HRA (para19)
 - (ii) Housing grants & home investment scheme increase by £0.076m funded from early repayment of previously granted loans (para 20)

- (iii) Disabled facilities grant decrease of £0.038m due to revised funding available from government grant (para 21)

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

Contact Details

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	Report Approved	√	Date 04/09/12
Wards Affected: All			
<i>For further information please contact the authors of the report</i>			

Background Papers:

Budget Control 2012
Departmental Capital Pro-forma

Annexes

Annex A –Capital Programme 2012/13 to 2016/17