

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1	Meeting:	Cabinet
2	Date:	15th December 2010
3	Title:	Capital Programme Monitoring 2010/11 to 2012/13
4	Directorate:	Financial Services

5 Summary

The purpose of this report is to provide details of the current monitoring position for the ongoing Capital Programme to Cabinet and to seek approval from Cabinet of the revised programme.

As part of its deficit reduction plan, the Government reduced capital grant funding previously announced (June) as being available to fund the 2010/11 programme. This amounted to £4.958m. The 2010/11 programme has been adjusted to reflect these reduced funding levels. The effect this has had at a programme level is detailed in the body of this report.

6 Recommendations

CABINET IS ASKED TO:

NOTE THE CONTENTS OF THIS REPORT; AND

APPROVE THE REVISED 2010/11 TO 2012/13 CAPITAL PROGRAMME.

Proposals and Details

7.1 Background - The Capital Programme

The budget process that led to the original Capital Programme for 2010/11 to 2012/13 ensured that the Council's capital investment plans were aligned with its strategic priorities. The financial implications of the Programme were reflected in the Council's Medium Term Financial Strategy (MTFS) and Treasury Management and Investment Strategy.

7.2 In light of the 2009/10 Capital Outturn, the reduced Government funding announced and other planned changes, the Programme has been revised and the implications reflected in the recently approved revised 2010/11 Budget. The updated capital expenditure plans and profiles are reflected in the Directorate summary forecast capital spend table presented below. Whilst the Government has announced in year funding reductions, expenditure for 2010/11 has increased due to resources being used in 2010/11 that have been carried forward from previous years. A detailed copy of the programme for each Directorate is attached at appendices 1 to 4.

	2010/11 Original Estimate	2010/11 Revised Estimate	2011/12 Estimate	2012/13 Estimate
Directorate	£m	£m	£m	£m
Children and Young People's Service	24.695	20.769	10.016	8.850
Environment & Development Services	37.822	37.078	21.499	9.885
Neighbourhoods/ Adult Services	42.536	50.857	25.716	21.124
Financial Services	5.598	6.210	2.192	0.745
TOTAL	110.651	114.914	59.423	40.604

7.3 Children and Young People's Services Capital Programme 2010/11 to 2012/13

The revised proposed spend for 2010/11 is £20.769m, a reduction of £3.9m from the originally planned programme. Of the £3.9m, £0.766m is due to the Government's in year reductions. A copy of the full revised programme is attached to this report at Appendix 1.

The main reasons for the reduction is the curtailment of the Building Schools for the Future Programme in the Borough and the Governments scaling back of grant funding which has impacted on the provision of Extended School Services, grants to Youth Services and the provision of ICT infrastructure and equipment.

Commentary on the main aspects of the programme and the nature of the spend to date is shown below:

Primary Schools

The main 2 schemes within the Programme include the provision of a new Junior and Infant school at Swinton Queen and an extension at Rawmarsh Monkwood. Both schemes are expected to be completed in 2010/11 even though there was a delay on site at Swinton due to an objection by Sport England to the initial plans regarding to the proposed provision of playing area. Spend in 2010/11 has, therefore, been re-profiled with an additional £405k expected to be spent in this year. The full cost of the build is reported to be £5.440m with £5.026m projected to be spent in 2010/11.

In addition to these two schemes, outstanding works at Herringthorpe Primary school have been included due to delays on site resulting from additional planning requirements and the provision of additional fencing. £100k spend has been re-profiled into 2010/11 as a result. Also, works on a new kitchen facility at Thrybergh have been included in the programme (£200k) resulting from the availability of grant funding.

Building Schools For The Future

The Building Schools for the Future project was an ambitious project to transform all aspects of learning, including the physical infrastructure of schools across the Borough. Phase 1 of the project would have seen new builds at Maltby Academy (incorporating Hilltop Special School and Maltby Lilly Hall Primary School), Aston Comprehensive, Swinton Community School, St Pius Catholic High School, Oakwood Technical College and IT works at Milton and Abbey Special Schools.

On the 5th July, the Department for Education (DfE), due to planned Government spending reductions, decided that all projects which had not reached financial close with a private sector partner would be curtailed. Subsequent correspondence from the DfE has stated that they are to review this position with regard to Maltby, due to its status

as an Academy. As a result of these announcements, all schemes except for Maltby Academy have been removed from the Programme pending clarity on the future funding for schools capital. Therefore £6.33m has had to be removed from the programme. The Academy proposal continues to include spend (£686k), albeit at a lower level due to slippage in the school receiving formal Academy status. The level of forecast spend in year (and future years) will be kept under review pending a Government announcement planned for December 2010.

City Learning Centres

- Rawmarsh City Learning Centre extension is now complete and open. The additional expenditure of £526k from the original 2010/11 budget was due to re-profiling and has been contained within the original funding.
- The scheme of works at Winterhill City Learning Centre has experienced delays in signing contracts with the constructor Balfour Beatty. This has led to the re-profiling and slight revision of the 2010/11 budget, with £345k being moved to the 2011/12 financial year.

Children Centres

Final internal fixtures and fitting works are continuing on the Phase Three Children's Centres at Listerdale and Thurcroft and work to create a confidential reception area at Swinton Brookfield has commenced costing £60k, being funded from the Extended Services Grant.

Subsequent to the original programme being approved (Feb), funds have now been confirmed which has enabled several new schemes to be put forward for inclusion in this year's programme:

- An extension to the Day Care Centre at Coleridge at a cost of £282k;
- Refurbishment at Rawmarsh Monkwood to be used by teenage parents and Barnardos, who are currently based at the Rowan Centre. This is funded utilising £150k from Surestart with £50k Back on Track Funding;
- An extension to Rockingham Children's Centre costing £86k.
- Creation of a reception area at Catcliffe with projected costs of £80k; and
- Improvement and upgrade of the IT systems at the Arnold Centre to the value of £50k.

Other CYPS Projects

Other CYPS projects include expenditure on schools utilising Devolved Formula Capital funding which is projected to spend £4.1m during 2010/11. Devolved Formula Capital is a cash grant that is paid direct to schools for them to spend as they wish on small capital projects. This is in contrast to other grants that are held centrally by the Council and allocated to appropriate schemes.

The main scheme that falls in this programme area is the Kimberworth joint service centre scheme which will require additional spend due to the requirement for unforeseen site works to clear Japanese knotweed and drainage works. This has meant that the 2010/11 programme has had to be revised upwards by £427k to £2.687m and is to be funded from non earmarked resources.

In addition, the Council has been successful in securing DfE 'Back On Track' funding which has been allocated across a number of minor schemes, the most significant of which are:

- Refurbishment at Riverside Pupil Referral Unit to further extend the capacity for delivery in the South Learning Collaboration. The projected cost is £200k;
- Development of the ABLE project at Swinton Comprehensive at a cost of £180k;
- A Portable outdoor gymnasium at Rawmarsh St Mary's costing £50k;
- The provision of a temporary classroom at Wath costing £100k.
- A contribution of £37k towards the creation of a Hair and Beauty salon at Rawmarsh Comprehensive for use by the North Learning Collaboration; and
- The provision of a Sensory Interactive Garden Play Area at the Orchard Centre in addition to other planned works at the Centre.

Environment and Development Services (EDS) including Culture and Leisure Capital Programme 2010/11 to 2012/13

The forecast spend for 2010/11 is £37.078m, a reduction of £744k from the originally planned programme. A copy of the full revised programme is attached to this report at Appendix 2.

The Government's in year grant funding reductions amounted to £3.495m for the Directorate. The programme has therefore been adjusted to reflect the decreased funding. These reductions have largely been offset by the reprofiling of 2009/10 planned expenditure into 2010/11, the inclusion of the land purchase at Guest and Chrimes and the proposed investment in Minor Strategic and Maintenance works across a number of schemes.

The main changes in planned spend are shown below:

Waste Management

The Council is currently in the process of procuring a new waste disposal facility in conjunction with Doncaster and Barnsley Councils. The costs of developing and procuring Rotherham's share of the scheme are to be capitalised and have been added to the programme to the value of £365k in 2010/11.

Minor Strategic Maintenance

A number of Minor Strategic and Maintenance schemes have been added into the programme for essential health and safety works including flood prevention works at Aston, works on retaining walls at Masborough and Legionella prevention works at the Millennium Centre at Clifton. In addition, the cost estimates for the barrier scheme at Highbury Road, Swinton (adjacent to the railway line) have been revised upwards from the original budget of £78k to £312k. This is due to the Council revising the scheme to reflect the accessing of additional external funding.

Rotherham Economic Regeneration Fund

The remaining funding of £405k for development projects has been realigned from this part of the programme and has been reallocated to the Priority A schemes block. It is being used as part of the funding package for the purchase of land at the former Guest and Chrimes site.

Highways

As a result of the in year grant reductions, expected spend on Highways has been reduced by £1.405m. The major scheme that has been taken out of the current programme is the Waverley Link road for which spend of £335k in 2010/11 was expected along with £1.4m in 2011/12 and £7m in 2012/13 respectively. The balance of the reduced spend in 2010/11 consists of various schemes that were intended to improve footpaths and junctions, traffic calming and local safety schemes throughout the Borough.

Rotherham's Gateways

The works detailed in this programme seek to improve the access points to the Borough. Since the original programme was agreed there have been a number of changes in the planned spend:

- Cancellation of the proposed £300k works at Brampton due the scheme no longer being considered feasible;
- A new scheme at North Anston with an estimate of £180k; and
- Reprofiling of spend at Maltby (£121k) and Dinnington (£180k) into 2010/11.

All revisions to the programme will be contained within the existing resource allocation.

Masterplan

Schemes delivered in this programme contribute to the regeneration of the town centre. These schemes were primarily funded using external grant funding, notably Yorkshire Forward and Heritage Lottery, with a match element funded by the Council, using Prudential Borrowing. As this external funding has been significantly pared back by the Government, it has necessitated a revision to the scale of the schemes

for the Townscape Heritage Initiatives, combined with aspects being re-profiled into the 2011/12 financial year, thereby explaining the downward programme revisions totalling £1.54m in 2010/11.

Corporation Street

The acquisition of shops on Corporation Street was funded by Yorkshire Forward and as a result of their funding being reduced by the Government, no further acquisitions are now expected, therefore leading to the downward revision amounting to £750k.

Flood Alleviation

Works on Chantry Bridge flood defence improvements have been re-profiled with £370k of expenditure now due to be spent in 2011/12. This has been contained within the original funding strategy.

Westgate Demonstrator Project

The major scheme to improve the public realm at the Weirside has had to be removed from the programme due to withdrawal of the funding by Yorkshire Forward following funding reductions by the Government. This explains the significant reduction of £3.243m from the budget originally set for 2010/11. A new scheme has been added to the programme to improve the landscape around All Saints Minster. This amounts to £112k in 2010/11 and £219k in 2011/12. This has been funded using existing resources.

Asset Management

The estimate of spend in 2010/11 for the new customer service centre at Aston has been revised upwards by £550k from the original budget of £100k. This is due to slippage from the 2009/10 financial year, and will be contained within the original funding envelope.

Delays in finalising the scheme for the customer service centre at Rawmarsh has meant that £4.031m has been re-profiled from 2010/11 to 2011/12. The scheme remains on course for delivery within budget.

Priority A Schemes

The schemes included in the programme are those considered to be of strategic priority - the main changes highlighted are:

- The estimates for works on the principal road network for 2010/11 have been revised upwards by £346k due to slippage from the 2009/10 financial year that will be funded using existing resources.
- The estimates for the new depot at Hellaby have been revised upwards by £2.193m. This mainly reflects the reprofiling of spend into 2010/11 and the final works required to rationalise

the existing depots across the Borough and bring Hellaby into use.

- The expenditure previously profiled in 2010/11 for both Town Centre design works and at the new civic building, Riverside House, have been brought forward from 2011/12 to take account of the decision to move the library and arts centre in to the building. The total upward revision of £0.625k has been contained within the original funding strategy.
- The value of works to improve the access to Council buildings has been reduced by £150k from that approved when the budget was originally set for 2010/11. This is because the scope of works originally envisaged is not now required.
- A planned annual programme of street lighting column and light replacement is included in the programme amounting to £650k. This will help ensure that lighting columns remain fit for purpose, energy efficient and minimise any related safety issues.
- Cabinet recently approved the purchase of land at the former Guest and Chrimes site. This has been added into the revised programme.

Culture and Leisure

The overall programme has been revised upwards from £2.6m to £4.7m largely as a result of the scheme at Boston Castle being held in the Programme at its full estimate while the opportunity is taken to revisit the nature and extent of the scheme to ensure it is affordable

In addition:

- the outstanding works at Clifton Park, which are now being completed by a new contractor, have been added in to the programme using the residual Heritage Lottery Funding that the Council had already accessed . Previously, it was expected that such works would have been completed in the previous financial year.
- The estimated cost for the final works at Ulley Reservoir has been revised upwards by £116k. This represents slippage from the 2009/10 financial year and is to be contained within the original funding strategy.

Neighbourhoods and Adults Services Capital Programme 2010/11 to 2012/13

The forecast spend for 2010/11 is £50.857m, an increase of £8.322m from the originally planned programme, mainly due to upward revisions in the estimates for decent homes works, and new estimates for

additional social housing new build (see below for more detail). A copy of the full revised programme is attached to this report at Appendix 3.

Adult Services - Older People

The final cost of landscaping works at the two new residential care homes at Dinnington and Rawmarsh plus any outstanding fees has led to a revised downward estimate of the budget amounting to an underspend of £85k. The revised budget should be fully spent by the end of the financial year.

Budgets amounting to £309k have been added to the programme to reflect the slippage of the remaining funding from NHS Rotherham and RMBC for Assistive Technology carried over from the 2009/10 financial year. It is planned to fully spend this funding by the end of the financial year to help assist older people to live independently within their own homes.

Adult Services – Mental Health

A large proportion of the funding allocation has been carried forward due to difficulties in finding suitable accommodation for the development of supported living schemes.

Spending plans are currently being developed for years 2010 to 2013 with our partner, NHS Rotherham in relation to the use of Telecare/Assistive Technology solutions for people of all ages with mental health problems which will allow such people to live in the community, with access to 24 hour support. Other proposals include the development of: electronic home care monitoring; the refurbishment of day services including services for people under 65 years with dementia; user-led service developments to assist people into employment; and continuing to support capital developments around Direct Payments.

Adult Services - Management Information

Adult Services Single Capital Pot - Spending plans being developed include the development of electronic Home Care monitoring systems for the in-house home care provision. Further spending plans are being developed for the remaining funding for 2011 onwards

Spending plans are currently being developed to utilise the new one-off grant funding – Transformation in Adult Social Care, which accounts for the new addition to the programme of £173k in 2010/11.

Neighbourhoods

This part of the capital programme has increased in profile expenditure by £7.982m from £41.769m to £49.751m. Government grant reductions of £697k to Housing Market Renewal Pathfinder have

been contained by realigning the remaining programme and utilising other funding sources.

The majority of expenditure is for the Housing Investment Programme (HIP) (£49.179m), which primarily includes delivery of the Decent Homes Standard for Council houses across the Borough. The budgets have been amended to allow for the roll forward of resources following the closure of the 2009/10 accounts, actual grant figures rather than estimates, as well as new sources of funding which have been identified. These include £2.195m Major Repairs Allowance carried forward due to an underspend on the Environmental Works within the Decent Homes budget and £1.641m of New Build Grant where the start on site was in March 2010. The Council has now had confirmation of funding of £4.236m for the third phase of the Council House new build programme.

The revised programme also takes account of a £495k budget virement into Decent Homes refurbishment schemes from other programme areas.

The Non-Housing Investment Programme has reduced from £1.001m to £572k due to the re-profiling of the planned restoration of capped landfill sites. The continuing delays relate to the tendering process to obtain appropriate, specialist input given the complex nature of the works required and the seasonal constraints in actually carrying out the required work.

Financial Services Capital Programme 2010/11 to 2012/13

Overall the 2010/11 programme has been revised upwards by £612k. A copy of the full programme is attached to this report at Appendix 4.

The budget for the ICT strategy for 2010/11 has been revised downwards by £687k from £4.096m to £3.409m. This reflects the re-profiling of expenditure into the 2011/12 financial year.

Conversely, the profile of expenditure for the expenditure on funding the new South Yorkshire wide superfast broadband network (Digital Region) has been re-profiled to bring forward the funding from 2011/12, thereby increasing the 2011/11 estimate to £2m from £1.432m.

The technical refresh of ICT equipment has been added to the programme since the budget was set, amounting to an addition of £745k to be funded from prudential borrowing. This had, previously, been funded from revenue resources.

Funding of the Programme

- 7.4** The table shown below outlines the funding strategy associated with the schemes profiled above.

Funding	2010/11 Original Estimate	2010/11 Revised Estimate	2011/12 Estimate	2012/13 Estimate
	£m	£m	£m	£m
Grants & Contributions	49.225	44.434	20.839	19.000
Supported Borrowing	14.459	13.796	1.810	1.500
Unsupported Borrowing	29.097	34.776	19.345	2.098
Usable Capital Receipts	0.673	3.635	0.531	0.570
Major Repairs Allowance	14.667	15.277	13.513	13.758
Revenue Contributions	2.530	2.996	2.449	2.730
Overprogramming	0.000	0.000	0.936	0.948
Total	110.651	114.914	59.423	40.604

8. Financial Implications

These are contained within the body of this report.

Any revenue implications from the revised programme have been fully reflected in the Council's latest 2010/11 outturn revenue forecast and its updated Medium Term Financial Strategy.

9. Risks & Uncertainties

The Capital Programme is funded through a number of sources; borrowing (both supported and unsupported), capital grants & contributions, the Major Repairs Allowance, revenue contributions and capital receipts. Any uncertainty over the funding of the Programme rests on confirmation that grants/contributions and capital receipts continue to be available in coming years. Where funding sources are volatile in nature the risks will be managed by continually keeping the programme under review.

10. Policy and Performance Agenda Implications

The preparation of the Medium Term Financial Strategy incorporating a profiled Capital Programme and the associated revenue consequences, together with regular monitoring, highlights the Council's commitment to sound financial management.

11. Background Papers and Consultation

Original capital Programme 2010/11 – 2012/13

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