

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

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| 1 | Meeting: | Cabinet |
| 2 | Date: | 20th July 2011 |
| 3 | Title: | Capital Programme Outturn 2010/11 and updated estimates 2011/12 to 2013/14 |
| 4 | Directorate: | Financial Services |

5 Summary

The purpose of this report is to report the capital outturn position for the 2010/11 financial year and recommend for approval changes to the programme for the financial years 2011/12 to 2013/14 resulting from the outturn and schemes approved since the overall programme was agreed in March.

6 Recommendations

Cabinet is asked to:

Note the 2010/11 capital outturn position

Recommend the approval of the updated 2011/12 to 2012/13 capital programme by Full Council

7. Proposals and Details

7.1 Background - The Capital Programme

The finalisation of the 2010/11 capital expenditure and financing outlined in this report provides an opportunity to reflect and update the future years' programme that was previously approved by Full Council in March for the financial years' 2011/12 to 2013/14.

The current economic climate and the ongoing impact of the Government's austerity measures require that the capital programme is subject to continual oversight, and if necessary, revision, to ensure that the Council's capital investment plans are aligned with strategic priorities and maximise the value from the limited capital resources available.

The financial implications of this process are reflected in the Council's Medium Term Financial Strategy (MTFS) and Treasury Management and Investment Strategy.

For 2010/11 the Council's capital investment into the regeneration and enhanced infrastructure of the Borough was £99.633m. The profile of this investment and the updated future expenditure plans are reflected in the Directorate summary table presented below. A detailed copy of the programme for each Directorate is attached at Appendices 1 to 4.

| | 2010/11 Outturn | 2011/12 Estimate | 2012/13 Estimate | 2013/14 Estimate |
|-------------------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Directorate | £m | £m | £m | £m |
| Children and Young People's Service | 17.336 | 9.320 | 11.170 | 11.508 |
| Environment & Development Services | 28.761 | 33.759 | 16.342 | 11.001 |
| Neighbourhoods & Adult Services | 47.662 | 22.947 | 18.800 | 17.728 |
| Financial Services | 5.874 | 12.707 | 2.746 | 1.545 |
| TOTAL | 99.633 | 78.733 | 49.058 | 41.782 |

The updated programme has been prepared in light of the outcomes for local government from the Comprehensive Spending Review and the capital resources known to be available to the Council over these financial years.

The Council is continuing to undertake a comprehensive review of its assets and buildings portfolio with the aim to rationalise both its operational and non operational asset holdings which may contribute both a future capital receipt and a revenue saving.

7.2 Children and Young People's Services Capital Programme 2010/11 to 2013/14

The 2010/11 outturn was **£17.336m**, with total proposed expenditure over the period of the future programme of **£31.998m**.

Prior to the Government's cancellation of the "Building Schools for the Future" programme, the Council had planned to augment the funding received from Government with its own capital resources. The cancellation of the programme has meant that these resources will be used to undertake certain works that were planned to be done under the BSF programme. A copy of the full programme is attached to this report at Appendix 1.

For 2010/11, the major capital investments into the Council's educational and learning facilities across the borough were:

Rawmarsh Monkwood Primary School (£1.62m) - a new, single storey infant school building, comprising of two foundation and four infant classrooms, main entrance foyer and reception, was opened in October 2010.

A new Junior and Infant School at Swinton Queen (£3.66m) opened in April 2011 with external landscaping estimated to cost £800k still to be completed by June 2011. The building comprises one foundation, two reception, two infant and six junior classrooms as well as the main foyer and reception, hall and community room.

City Learning Centres (£1.08m)- the extension at Rawmarsh was completed and opened in June 2010. Works on Winterhill's extension started on site in November 2010 with a 2011/12 cost estimate of £781k and an expected completion date of July 2011.

Secondary Schools (£1.23m)- A new temporary classroom has been completed at Wath Comprehensive and is to be used to support the most vulnerable children in the North Learning Collaboration. Also, the Council has made a contribution towards a new Sports Hall that has been completed at St Bernard's Comprehensive school.

Childrens' Centres (£0.78m)- Phase 3 capital works at Listerdale and Thurcroft has been completed and in addition the following schemes have been funded: the extension at Rockingham Children's Centre, the reception at Catcliffe Children's Centre, IT improvements at the Arnold Centre, work at the Day Care Centre at Coleridge and minor capital improvements to many other existing centres eg, the refurbishment of the old infant building at Rawmarsh Monkwood has ensured that the building is now being used by the Rowan Centre to support school age mothers and their babies.

Other schemes –

- Works on the Kimberworth co-location site (£2.63m) were completed in November 2010. This project has created a campus for a range of children's focused health, education and social care services. The project is a joint initiative with the NHS Rotherham.
- The DfE 'Back On Track' Scheme (£0.78m) funded the following schemes in 2010/11: refurbishment at Riverside pupil referral unit to further extend the

capacity for delivery in the South Learning Collaboration, development of the ABLE project at Swinton Comprehensive, refurbishment at the Bridge pupil referral unit and a Hair & Beauty project at Rawmarsh Comprehensive.

- Devolved Formula Capital grant of £3.73m was paid over to schools for them to fund minor capital works to enhance the local learning environment.

The main changes to the previously planned programme of investment for the financial years' 2011/12 to 2013/14 are:

Primary Schools - estimates for works at Maltby Lilley Hall Primary school have been revised downwards by £2.989m to reflect the planned smaller extension. In addition, using government funding several one to four classroom extensions in various schools across the borough (at Flanderwell, Wentworth, Thornhill) and a new school at Wath Victoria in 2013/14 will be built. The planned new kitchen at Thrybergh Primary School has been reprofiled into 2011/12 (£0.39m) from 2010/11.

Secondary schools - Works at Swinton and Oakwood comprehensive schools totalling £4m for the period 2011/12 to 2013/14 using Government supported funding. These encompass a combination of the demolition of existing buildings, new build and refurbishment.

Other –

- Using Government funding for minor enhancement works at schools are planned across the future years' programme
- Refurbishment of Chatham Villas has commenced with an estimated 2011/12 cost of £110k.

7.3 Environment and Development Services (EDS) including Culture and Leisure Capital Programme 2011/12 to 2013/14

The 2010/11 outturn was **£28.761m**, with total planned expenditure over the period of the programme of **£61.102m**. A copy of the full programme is attached to this report at Appendix 2.

The main changes to the EDS programme occurred mid year, and were reported in December 2010, in response to the Government, mid year, reducing significantly the capital grant funding available to the Council.

For 2010/11, the major capital investments that contribute to the regeneration of the borough and enhancement of its infrastructure were:

Waste Management (£0.97m) - the Council is currently in the process of procuring a new waste disposal facility in conjunction with Doncaster and Barnsley Councils. Opportunity to capitalise related procurement costs more than previously anticipated was taken leading to additional expenditure of £207k in 2010/11. In addition, enhancement works were completed at the Council's home waste recycling centres as planned.

Minor Strategic & Maintenance (£1.12m) - number of Minor Strategic and Maintenance essential health and safety schemes were completed. Certain approved works (£0.111m) have been reprofiled in 2011/12.

Rotherham's Gateways (£0.39m) - The works detailed in this programme area seek to improve the access points to the Borough. Since the original programme was agreed there have been a number of changes in the level planned spend. Slippage across this programme amounts to £177k and mainly relates to the Dinnington and North Anston schemes that were added to the programme mid year. These schemes will be completed in 2011/12 and as such this expenditure has been reprofiled into this financial year.

Asset Management (£15.2m) - The new Aston Joint Service Centre was completed but delays in finalising the scheme for the Joint Service Centre at Rawmarsh meant an underspend of £909k against the revised budget. This will be spent in 2011/12 with the opening of the Centre expected towards the end of that financial year.

A number of new or refurbishment schemes were completed in year including the provision of the new Hellaby depot, principal road improvements, and the ongoing development and refurbishment of Civic Buildings. The main alteration from that previously reported is the Town Centre Development budget with £191k being reprofiled into 2011/12 due to decisions in relation to move of the Central Library to Riverside House. The finalisation of the cost profile for Riverside House following the changes to specifications, has seen £3.1m moved from the spend profile for 2010/11 into future years. The overall costs for the project have still been maintained within the current funding arrangement.

Highways (£6.87m) – the Council has continued to invest in its extensive road and streetlighting network in recognition of its priority for local residents and businesses. In December, the programme had to be reduced by £1.4m due to Government grant reductions. By the year end, an underspend of £0.68m occurred largely as a result of delays in the Parkway Rail Bridge scheme which was awaiting Network Rail approval.

Economic Regeneration (£2.49m) - schemes delivered in this programme contribute to the regeneration of the town centre and other strategic locations in the borough. These schemes were primarily funded using external grant monies, and therefore were directly affected by the Government mid year grant reductions. Work to redesign and scale back schemes to fit available resources has resulted in revised profiles and some schemes being discontinued. In particular, spend on the Bellows Road Scheme of £0.59m has been reprofiled in to 2011/12 as the preferred developer has gone into administration.

The Railway Station redevelopment project has been included in the programme following approval by funders. The scheme spent £152k in 2010/11 with the remainder of £409k to be spent in 2011/12.

Culture and Leisure (£1.57m) – the Council commitment to improving the play and leisure environment across the borough has seen the completion of the Play pathfinder scheme which has provided new play facilities across the borough. In addition the rehabilitation of Ulley Reservoir is near completion. The main alterations to the programme are:

- The redesign of works on Boston Castle means that £1.5m is now to be spent in 2011/12. This expenditure will be contained within the existing funding package.
- The outstanding works at Clifton Park restoration (£0.338m) will now be completed by a new contractor in 2011/12.
- The final bill for Ulley Reservoir works was still not received at the year end and therefore has been reprofiled into 2011/12 at an estimate of £192k.
- Planned works to develop Library facilities (£676k) have been deferred pending the outcomes of the Libraries Review.

7.4 Neighbourhoods and Adults Services Capital Programme 2010/11 to 2013/14

The 2010/11 outturn was **£47.662m**, with total planned expenditure over the period of the programme of **£59.475m**. A copy of the full programme is attached to this report at Appendix 3.

Neighbourhood Services

The 2010/11 outturn was **£47.202m**, with total estimated expenditure over the period of the programme of **£56.508m** which remains predominantly unchanged. A copy of the full programme is attached to this report at Appendix 3

For 2010/11, the major capital investments that have contributed to the significant, ongoing refurbishment of the council's housing stock, the provision of new social affordable housing and environmental improvements to the borough's neighbourhoods were:

Decent Homes: Phase 2 (£26.3m) – the major element of this programme is the Refurbishment Works (£13.577m) which is £2.2m higher originally planned as a result of the need to amend the specification of Decent Homes work in East Herringthorpe and finalising contractor settlements. The Windows Replacement Programme was underspent by £0.64m due to reduced installation requirements and some communal areas scheduled for work in 2010/11 were deemed fit for purpose and re-allocated into future years.

Fair Access to All: Disabled Adaptations (£3.1m) - delays in authorising new works resulting from the externalisation of the in house service provider resulted in adaptations taking longer to complete resulting the underspend of £0.26m. This issue is now resolved.

Regeneration/Neighbourhood Renewal (£5.96m) – the main aspects of work have been the finalisation of the Housing Pathfinder scheme (£1.4m) as a result of the government's decision to end this successful programme and the ongoing structural investment in the Council's non – traditional housing stock (£2.88m). The budget for these works was slightly overspent due to unforeseen underpinning foundation works, tenants alterations which had to be reinstated and the repositioning of electrical works after inspection. In addition, the Council has started the Maltby and Dinnington Transformational Change Masterplan albeit slower than expected in Dinnington due to land acquisition delays at Monksbridge.

HCA New Build (£8.6m) - Resources from the Homes and Communities Agency for Phases 1 to 4 of the New Build programme in Rotherham was received in 2010/11. In total, the New Build programme is £2.557m underspent primarily due to the extremely adverse weather conditions in December 2010 but, also the reduced cost of the Wood Street/School Street scheme even after the provision of additional highway improvements and managing unforeseen remediation works at Rotherview Road. The New Build funding is fully secure, provided Phases 1 to 3 are completed by September 2011 and by November 2011 for Phase 4.

In addition the council has made contributions towards the building of various social affordable housing developments, namely:

- Amberdale Developments - £0.08k towards 6 affordable dwellings in Rawmarsh;
- Cooke & Knight with Sanctuary Housing - £0.1mk towards 16 affordable dwellings for the over 55's in North Anston; and
- Johnnie Johnson Housing Association - £0.04m towards 25 affordable houses and bungalows at Cliffe Bank, Swinton

Adult Services

The 2010/11 outturn was **£0.46m**, with total estimated expenditure over the period of the programme of **£2.967m**. A copy of the full programme is attached to this report at Appendix 3.

During the year, landscaping works at the two new residential care homes were completed, Health funding for Telecare/Assistive Technology was utilised to continue to help people of all ages with mental health problems to live in the community with access to 24 hour support. The main variations from budget were delays in implementation of the Electronic Home Care Scheduling System (EHCSS) and slippage on the development of a number of other IT projects eg Direct Payments into 2011/12.

7.5 Financial Services Capital Programme 2010/11 to 2013/14

The 2010/11 outturn was **£5.874m**, with total planned expenditure over the period of the programme of **£16.998m**. A copy of the programme is attached to this report at Appendix 4.

The Council is continuing to invest in its **ICT infrastructure (£3.7m)** as part of its Corporate ICT Strategy focussed on ensuring the Council is able to support effectively the services it delivers and promote new and innovative ways of working that will result in even greater efficiencies and effectiveness. The remaining costs incurred this year were to meet the costs of capitalising Voluntary Severance/Voluntary Redundancy costs relating to the Council's Strategy for reducing its workforce in response to the financial resource reductions facing the Council over the term of the current Comprehensive Spending Review.

The future years' programme has been updated to reflect additional corporate initiatives in particular:

- providing a capital investment loan facility to **Rotherham College of Arts and Technology (£5m)** to help facilitate improved learning facilities at the Town Centre campus – all costs of the loan will be borne by the College, with no costs falling on the Council; and
- **a capital contribution (£2m) to Rotherham NHS Foundation Trust** to meet the provision of enhanced mortuary and body storage facilities at the hospital site. The purpose of this is to reduce revenue costs to the Council in future years, thereby discharging the Council's responsibility to HM Coroner in the most cost effective way.

Also, it has been updated to reflect the re-profiling of the Council's investment in the South Yorkshire Digital Region programme that will see superfast broadband connectivity across the area.

7.6 Funding of the Programme

The table shown below outlines the funding strategy associated with the schemes profiled above:

| Funding | 2010/11 Outturn | 2011/12 | 2012/13 | 2013/14 |
|-------------------------|----------------------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Grants & Contributions | 36.928 | 24.380 | 26.726 | 21.144 |
| Supported Borrowing | 13.481 | 0.719 | 0.281 | 0.178 |
| Unsupported Borrowing | 24.667 | 38.355 | 5.166 | 3.966 |
| Usable Capital Receipts | 4.328 | 1.660 | 1.458 | 1.237 |
| Major Repairs Allowance | 15.462 | 12.263 | 12.697 | 13.027 |
| Revenue Contributions | 4.767 | 1.356 | 2.730 | 2.230 |
| Total | 99.633 | 78.733 | 49.058 | 41.782 |

8. Finance

The financial implications are contained within the body of this report.

9. Risks & Uncertainties

The capital programme is funded through a number of sources: borrowing, both supported and unsupported (i.e. prudential borrowing), capital grants/contributions, 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. The specific nature of these risks is outlined in greater detail above. Where funding sources are volatile in nature the risks will be managed by reviewing and where necessary amending the programme.

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.

12. Background Papers and Consultation

- Monitoring returns and budget setting details from Directorates.
- Government funding allocation letters.

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