

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1	Meeting:	Cabinet
2	Date:	22 February 2012
3	Title:	Capital Programme Monitoring 2011/12 and Capital Programme Budget 2012/13 to 2014/15
4	Directorate:	Resources

5 Summary

The purpose of this report is to provide details of the current forecast outturn for the 2011/12 programme and enable the Council to recommend a capital programme for approval for the financial years 2012/13 to 2014/15

6 Recommendations

CABINET IS ASKED TO:

NOTE THE CONTENTS OF THIS REPORT; AND

RECOMMEND THE APPROVAL OF THE 2012/13 TO 2014/15 CAPITAL PROGRAMME BY FULL COUNCIL.

7 Proposals and Details

7.1 Background - The Capital Programme

Ongoing restrictions on Government funding for local government capital investment plans continue to limit the level of funding available to regenerate and enhance the Borough's infrastructure.

Concurrently, the Council has been proactively looking to rationalise its asset and buildings portfolio so as to realise revenue savings and potential capital receipts from any future asset sale. Generally, such capital receipts are expected to be used to reduce future capital financing costs so as to reduce the revenue cost of borrowing.

The Government has recently provided the detailed final and indicative capital funding allocations covered by the period of the programme. The Council's proposed programme fully reflects these allocations.

The Capital Programme 2012/13 to 2014/15

The budget process that has led to the recommended capital programme for 2012/13 to 2014/15 ensures that Council's capital investment plans are aligned with strategic priorities and available funding. The financial implications of the programme are reflected in the Council's Medium Term Financial Strategy (MTFS) and Treasury Management and Investment Strategy.

In 2011/12 the Council will have invested £102.262m in capital schemes across the Borough. A further £159.888m will be invested in regeneration and enhanced infrastructure schemes over the following three year period, including £63.413m in 2012/13.

The expenditure plans and profiles are reflected in the Directorate summary forecast capital spend table presented below. A detailed copy of the programme for each Directorate is attached at Appendices 1 to 4.

	2011/12 Revised Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Directorate	£m	£m	£m	£m
Children & Young People's Service	12.813	18.220	11.664	3.725
Environment & Development Services	13.610	17.442	12.050	7.170
Neighbourhoods & Adult Services	39.578	24.956	30.430	28.886
Resources	36.261	2.795	1.275	1.275
TOTAL	102.262	63.413	55.419	41.056

7.2 Children and Young People's Services Capital Programme 2011/12 to 2014/15

The revised proposed spend for 2011/12 is £12.813m, with a further £33.609m of investment in the following three years, £18.220m of that in 2012/13.

Provisional funding allocations for 2012/13 will see the Council's allocation reduced to £6.901m, which is a 16% reduction on the level of resources allocated in 2011/12 (£8.233m).

A copy of the full programme is attached to this report at Appendix 1. Commentary on the main aspects of the programme and the nature of the spend is given below.

Primary Schools

Spend on Primary Schools is expected to be £2.187m in 2011/12, with a further £5.219m of planned spend in 2012/13 to 2014/15. The major investments to note in this area are:

- The Council is providing Wentworth C of E School with a two storey extension including disabled toilets, an additional class room, store rooms and other resource facilities (£0.442m).
- Construction work on the Maltby Lilly Hall new school project (£4.562m) will now begin in July 2012 and will incorporate additional works such as a new roof and rewiring which were not in the original plans. These additional items (£0.990m) will be met from government grant funding.

- A new main entrance lobby extension and various refurbishment works are being undertaken at Maltby Redwood (£0.120m) to allow the integration of pupils from Maltby Hilltop Special School. Work is to be funded from the Standards Fund.
- Thornhill Primary (£0.050m) will be provided with additional SEN facilities and a dining room extension to accommodate increased pupil numbers.
- Additional classroom facilities are to be provided at Kilnhurst St Thomas (£0.120m), Flanderwell (£0.900m - including improved dining facilities), Sitwell Infants (£0.150m) to meet additional pupil numbers.
- A new kitchen facility at Kilnhurst Primary (£0.080m) funded from grant funding is to be built.

Secondary Schools

Spend on Secondary schools is expected to be £0.550m in 2011/12 with a further £8.478m in 2012/13 and £6.761m in the subsequent 2 years. The major investments to note in this area are:

- Essential remedial works to improve facilities at Swinton Community School (£1.700m) and at Oakwood Technology College (£1.900m) will begin in 2012 in advance of any Government decision whether to fund the planned wider redevelopment of the schools as part of the Priority School Building Programme. A Government decision is expected in March 2012.
- Maltby Academy development project (£11.101m) – since the withdrawal of Building Schools for the Future programme the Council has continued to work with the Academy Sponsor, the DfE, and their agent Partnership for Schools (PfS) to work up a suitable scheme. In January 2011, the Academy received confirmation that a capital allocation of £11.101m had been awarded. The Council continues to have an interest in the buildings until finalisation of the proposed long term lease of the assets to the Academy and is providing professional and technical support for the project.

Capitalised Minor Enhancements

The Capitalised Minor Enhancements programme in 2011/12 is forecast to be £4.515m. In subsequent years the level of proposed funding (£8.420m over 3 years) is reduced to reflect the reprioritisation of funding to support projects such as the new school at Maltby Lilly Hall, remedial works at both Swinton Community School, and Oakwood Technology College and refurbishment of the Orchard Centre.

Other CYPS Projects

Other CYPS projects include expenditure on schools using Devolved Formula Capital funding, for which there is an allocation in 2011/12 of £0.902m, with an additional £1.878m carried forward from previously unspent allocations, and annually £0.853m from 2012/13 onward. Devolved Formula Capital is a grant that is paid 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.

Grant funding has been allocated to the Orchard Centre Conversion project, which is forecast to spend £1.260m over two years. This project commenced in January 2012 and aims to refurbish the Centre to allow for increased capacity for short and long term breaks. This will reduce the need for "Out of Authority" provision and create revenue savings in future years. In addition the Council is setting aside £0.050m a year to help facilitate the adaptation of properties for children in foster care.

As part of the ongoing reorganisation of the Youth Service, approval was given for the purchase of mobile units (£0.365m) to enable delivery of the service by the Learning Communities. The Service has recently taken delivery of these mobile units.

Environment and Development Services (EDS) Capital Programme 2011/12 to 2014/15

The revised proposed spend for 2011/12 is £13.610m with a further £36.662m of investment in the following three years, £17.442m of that in 2012/13. A copy of the full programme is attached to this report at Appendix 2.

The whole EDS programme covers regeneration schemes, cultural and leisure, flood alleviation, waste management and infrastructure related schemes.

Highways is the main area of government funding and details of the allocation at a South Yorkshire level are shown in the following table:

2011/12 Final Allocation	2012/13 Final Allocation	2013/14 Final Allocation	2014/15 Final Allocation
£000	£000	£000	£000
29,059	27,725	26,961	30,773

Although the original 2011/12 allocation saw a reduction of 30.70% over the previous year, recent government announcements have resulted in a further £50m nationally being allocated to Local Transport Plan IT budgets. For South Yorkshire, this meant an additional £1.875m which is fully reflected in the table above.

Commentary on the main aspects of the EDS programme and the nature of spend is given below:

Highways

The Council's highways continue to be a priority for investment with £7.539m expected to be spent in 2011/12 and a further £34.199m invested over the next three years. The main areas of investment made in 2011/12 are:

- £1.894m of local transport plan funding has been used to carry out major works at the Mushroom Roundabout; Fitzwilliam Road widening; 15 local road safety schemes and 11 traffic management schemes.
- £3.308m on highways maintenance which has seen works carried out to the Parkway Bridge as well as resurfacing works across the principal road network, bridge maintenance works and the renovation and renewal of street furniture including streetlights, signage and signalling equipment.

In line with the Council's continued investment priority in the Council's Principal Road Network the future years' programme includes:

- a major improvement to the A57 Worksop Road/Sheffield road which will see £7.094m of grant funded expenditure being incurred in 2012/13 and a further £4.706m in 2013/14.
- £4.048m ongoing investment to improve the highways network and £0.650m annually invested in replacing obsolete street lighting columns and lamps.

Other investments

The Council has in 2011/12 continued to invest in the Borough's infrastructure, in particular:

- In conjunction with SYPTE, work is nearing completion of the re-development of Rotherham Central Railway Station.
- Flood alleviation works at Chantry Bridge, property level flood protection in the Whiston area (£0.204m), Holmes Tail Goit Flood Alleviation Works (£0.212m) and ongoing works at Pithouse West Culvert (£0.300m) to prevent future flooding risk to properties in Wetherby Drive.
- The completion of the Minster Gardens Public Realm project (£0.286m) providing a space for events with grass terracing, stepped seating and formal lawns.

- Demolition of Crinoline House (£0.375m) as part of the redevelopment scheme for that area of the Town Centre.
- Preparation and development costs associated with the provision of a new waste mechanical and biological treatment facility which is due for service commencement in July 2015.

In 2012/13, £0.902m is planned to be spent to continue the Rotherham Townscapes Heritage Initiatives. This project forms part of the Town Centre renaissance programme which this year has seen the renovation of the Essoldo and SNAFU properties on High Street.

Culture and Leisure

The overall programme spend in 2011/12 is expected to be £2.173m which includes the scheme to refurbish Wath library (£0.164m) in order to rationalise services currently delivered from Wath Neighbourhood Office at Wath Town Hall. In addition:

- Boston Castle has been restored from a derelict shell into a fully functional building at a cost of £1m. The work also includes the remodelling of the external courtyard into an amphitheatre which can be used for a variety of events.
- Shower facilities at Thrybergh Country Park are being refurbished at a cost of £0.140m. It is expected that this work will lead to increased use of the parks camping facilities and associated additional revenue income.
- Grant funding, mainly from WREN, has facilitated the provision of a new play area at Dun Street (£0.052m).

In future years, resources will be focussed on the renovation of the Civic Theatre which is required as a matter of urgency to enable continued use of the building for the next 10 years. The work, at a cost of £0.540m, will include structural remedial work, the removal of asbestos materials and partial re-building of the boundary wall.

Neighbourhoods and Adults Services Capital Programme 2011/12 to 2014/15

The forecast spend for 2011/12 is £39.578m, an increase of £16.631m mainly due to the payment required to be made to Central Government (DCLG) (£15.188m) as part of the Housing Revenue Account (HRA) reform and move to self financing from 1 April 2012. In addition, there is an upward revision in the estimates for the Housing Communities Agency (HCA) New Build and Canklow Phase 1 & 2 projects. A copy of the full revised programme is attached to this report at Appendix 3.

Adult Services - The Service is now expecting to spend £0.734m in 2011/12 which will see the completion of alterations to the Addison Day Centre; the Cedar House project (designed to providing short-term accommodation for people experiencing a mental health crisis); and the refurbishment of Treefields Care Home. Spend has been re-profiled into 2012/13 principally for the Clifton Court Day Centre project where planned works have not progressed as expected.

In addition, expenditure is forecast to be incurred in refurbishing Clifton Court Day Centre, the redevelopment of Lord Hardy/Davies Court for the Older Peoples Mental Health Service and for the ongoing acquisition of assistive technology.

Neighbourhoods - For 2011/12 the Service is expected to spend £38.844m (including the £15.166m payment to DCLG under self financing) with a further £82.134m to be invested during the remaining period of the programme, including £23.534m in 2012/13. A copy of the full programme is attached to this report at Appendix 3.

Improving Council Housing & Housing Services

In 2011/12, £11.571m will be spent on improvement works to properties. The notable investments are:

- 490 properties have had planned internal / external works completed. Work on an additional 355 properties is in progress.
- 181 major voids have been completed and re-let.
- 142 boilers and 10 central heating systems have been replaced with a further 15 in progress and work is ongoing to replace an estimated 2,000 defective Buderus boilers.
- Improvement works to the Vine Close district heating scheme have also been completed.

In 2012/13 the expected spend on refurbishing council dwellings is expected to rise to £11.1m. In addition, continued investment will be made to replace boilers, Central Heating systems and communal doors, as well as the testing for, and removal of, asbestos. Funding will also be made available for general structural and boundary work plus work to other communal areas.

Housing Services are investing in new ICT systems which will replace a variety of legacy housing systems, consolidating all housing related information and allowing for on-line citizen self-service.

Neighbourhood Regeneration & Renewal

Maltby Transformational Change project (£0.120m) is progressing. It is anticipated that further spend will be incurred in demolishing the few remaining properties on the estate, on general site maintenance and relevant legal fees.

Originally the Dinnington Transformational Change project (£0.270m) was established to meet the cost of acquiring properties as part of the Gateways scheme which would demolish a dilapidated terrace of houses and provide street scene enhancements. In light of protracted negotiations over two of these properties, the plan has been amended to acquire only one property this year and the budget amended accordingly.

In a similar vein the Canklow Phase 1 and 2 projects were established to acquire properties designated for clearance. Advanced negotiations may see this year's anticipated investment (£0.515m) made, with an on going commitment (£1.460m) into future years.

The Bellows Road Service Centre Clearance scheme (£0.695m) is part of the scheme to redevelop the Rawmarsh High Street shopping centre. Negotiations between the main contractor and Tesco have been protracted which has led to a reassessment of the site. As a result the spend forecast for 2011/12 has been reduced, slipping the project into future years. In addition, further clearance works and the replacement of the sub-station are planned.

The Council has completed a development at Michael Croft, White Bear with Guinness Northern Counties HA and Lovells. As part of that investment it was agreed that the Council would fund enhancement works to boundary treatments to adjacent private dwellings. The cost of this part of the project, amounting to £0.059m, will come from Regional Housing Board monies.

New projects have been introduced for 2012/13. The Self Build Plots and Custom Build projects aim to provide four self build plots at Arundel Avenue, Treeton and provide match funding to bring four empty dwellings in the locality back into use at a total cost of £0.145m for the two projects. Also £0.100m will be spent on site preparation works for the former Henley's Garage site (Wellgate) so that it can be presented for development with a private sector partner.

Homes and Communities Agency (HCA) New Build

The HCA New Build schemes currently in the capital programme have now been completed. Spend on these schemes will total £6.620m providing 132 new high quality Council houses, built across seven sites. These costs have been met from a combination of the New Build government funding stream (secured in earlier years) and unsupported borrowing.

Resources Capital Programme 2011/12 to 2014/15

Overall the 2011/12 programme is expected to spend £36.261m with a further £5.345m to be invested in the ensuing three years. A copy of the full programme is attached to this report at Appendix 4.

Asset Management

Rawmarsh Customer Service Centre is being built at a cost of £5.559m in 2011/12 which will incorporate a customer service centre, GPs surgery, a library, sports changing facilities and a community room.

Investment of £13.427m in 2011/12 in Riverside House allowing the Council to re-locate its staff from older buildings, which are no longer fit for purpose, and to rationalise its property portfolio whilst regenerating areas of the town centre.

The Ancillary Services Building project will see £1.500m spent this year on converting Bailey House to provide storage for the museum, corporate records and historical archives, the York & Lancaster Regimental Museum, a corporate print room, offices for Electoral Services and general storage areas.

ICT

In 2011/12, £6.092m is forecast to be spent on developing and enhancing the Council's ICT infrastructure capability and resilience in line with its ICT Strategies and in supporting the introduction of high speed broadband access across the South Yorkshire region

Future years' investment activities primarily relate to the ongoing development and enhancement of the Council's ICT infrastructure which will see a further £5.3m invested over the next 3 years in accordance with the relative priorities highlighted in its ICT strategies.

Other Projects

Investment of £2m has been made for the provision of a new mortuary and body storage facility for the Borough's coroner.

The Council has also provided loan facilities to Rotherham College of Art and Technology to improve learning facilities at its Town Centre campus, and to facilitate the redevelopment and future use of retail premises on the Town Centre, High Street. The cost of these loan facilities will be fully met by the respective borrower, at no cost to the Council Tax payer.

7.3 Funding of the Programme

The table shown below outlines the funding strategy associated with the schemes profiled above and detailed in the Appendices 1 to 4.

Funding	2011/12 Revised Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
	£m	£m	£m	£m
Grants & Contributions	28.459	34.219	22.290	10.943
Supported Borrowing	0.694	0.306	0.188	0
Unsupported Borrowing	58.223	6.266	3.745	1.745
Usable Capital Receipts	0.775	1.439	1.049	0.741
Major Repairs Allowance (HRA)	12.263	19.991	19.480	20.142
Revenue Contributions	1.848	1.192	8.667	7.485
Total	102.262	63.413	55.419	41.056

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 2011/12 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, 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

- Capital Programme Outturn 2010/11 and Updated Estimates 2011/12 to 2013/14 Report.
- Project / Scheme monitoring reports
- Monitoring returns and budget setting details from Directorates.

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