

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET

1	Meeting:	Cabinet
2	Date:	4th July 2012
3	Title:	Capital Programme Outturn 2011/12 and updated estimates 2012/13 to 2014/15
4	Directorate:	Resources

5 Summary

The purpose of this report is to report the capital outturn position for the 2011/12 financial year and recommend for approval changes to the programme for the financial years 2012/13 to 2014/15 resulting from the 2011/12 outturn and scheme changes since the overall programme was agreed in February as part of the budget setting process.

6 Recommendations

Cabinet is asked to:

Note the 2011/12 capital outturn position

Recommend the approval of the updated 2012/13 to 2014/15 capital programme by Full Council

7. Proposals and Details

7.1 Background - The Capital Programme

The finalisation of the 2011/12 capital expenditure and financing outlined in this report provides an opportunity to reflect and update the future years' programme that was previously approved by Cabinet in February for the financial years 2012/13 to 2014/15.

The current economic climate and the on-going 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 the Programme are reflected in the Council's Medium Term Financial Strategy (MTFS) and Treasury Management and Investment Strategy.

For 2011/12 the Council's capital investment into the regeneration and enhanced infrastructure of the Borough was £93.983m. 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.

	2011/12 Outturn	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Directorate	£m	£m	£m	£m
Children and Young People's Service	10.048	20.231	9.964	3.725
Environment & Development Services	10.977	21.132	13.348	7.170
Neighbourhoods & Adult Services	36.687	24.398	30.063	28.984
Resources	36.271	10.691	1.275	1.275
TOTAL	93.983	76.452	54.650	41.154

The updated programme has been prepared in light of the capital resources known to be available to the Council over these financial years, and estimated on a prudent basis.

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 2011/12 to 2014/15

The 2011/12 outturn was **£10.048m**, with total proposed expenditure over the period of the future programme of **£33.920m**.

Although some rebuilding projects had to be cancelled when the Government cancelled the "Building Schools for the Future" programme, the Council was able to bid for Priority School Building Programme (PSBP) funding and was recently informed that it had been successful in respect of two schools, Wath Victoria Junior and Infant School (£1.7m) and Oakwood School (£10.5m). At this stage it is still unclear when the works will commence or, indeed, whether the build will be procured centrally by the Department for Education. As a consequence these two projects have not been built into the capital programme but will be introduced at a later date when further information is received from the Government. A copy of the full programme is attached to this report at Appendix 1.

For 2011/12, the major capital investments into the Council's educational and learning facilities across the borough were:

Extension at Wentworth C of E School (£0.214m). Work has begun to provide Wentworth C of E School with a two storey extension that will deliver an additional class room, store rooms, a toilet for the disabled and other facilities. Expenditure of £0.214m was incurred in 2011/12 with a further £0.228m anticipated to be spent before completion in 2012/13. Bad weather and a delay to the delivery of building stone material has led to significant slippage (£0.217m) of the programme into 2012/13.

Landscaping at Swinton Queen Junior and Infant School (£0.709m) was completed in 2011/12.

Extension at Maltby Lilly Hall (£0.096m) - work to provide a six classroom extension with hall, reception and staff facilities together with refurbishment of the existing junior school building commenced in 2011/12. A further £4.472m is committed in 2012/13 to complete the scheme.

New kitchen facility at Thrybergh Primary School (£0.312m) was completed in November 2011.

Thornhill Primary School extension (£0.019m). Expenditure of £0.019m was incurred in 2011/12 as work commenced to provide Thornhill Primary School with Special Educational Needs facilities and a dining room extension to accommodate increased pupil numbers. The Council is expecting to spend a further £0.881m over the next two years. On site works have been delayed awaiting agreement from Transform Schools and its funders.

Maltby Academy development project (£0.078m) - work has commenced now that confirmation of the proposed capital allocation of £11.1m has been received from Government. A further £6.500m is expected to be incurred in 2012/13 and £4.523m in 2013/14, delivering extensive refurbishment of existing buildings plus a new sports hall and teaching block.

City Learning Centres (£1.221m). Work has been undertaken at both Rawmarsh and Winterhill City Learning Centres the most notable of these being the Winterhill extension (£0.877m) completed in, September 2011. Some of the programme relating to Rawmarsh CLC has slipped into 2012/13 following the decision to delay the works until the summer recess to minimise disruption to the pupils.

Other schemes –

- Using Government funding minor enhancement works at schools are carried out each year. In 2011/12 £3.460m of such works were carried out with a further £0.311m of works having to be slipped into 2012/13 so increasing that year's planned expenditure to £3.231m.
- Devolved Formula Capital grant of £2.272m has been used by schools to fund minor capital works to enhance the local learning environment. This leaves £0.907m of the annual allocation available to be carried forward and added to the 2012/13 allocation to give estimated expenditure of £1.822m.
- Work has started on the Orchard Centre conversion. £0.084m was incurred with a further £1.176m due to be spent in 2012/13 on extensive refurbishment in order to provide a respite unit for children with complex needs. There is slippage of £0.476m of the Orchard Centre programme into 2012/13 as a result of the need to re-tender the contract.
- Following the reorganisation of the Youth Service, £0.365m was allocated in 2011/12 for the purchase of mobile units.

7.3 Environment and Development Services (EDS) including Culture and Leisure Capital Programme 2011/12 to 2014/15

The 2011/12 outturn was **£10.977m**, with total planned expenditure over the period of the programme of **£41.650m**. A copy of the full programme is attached to this report at Appendix 2.

For 2011/12, the major capital investments that contributed to the regeneration of the borough and enhancement of its infrastructure were:

Culture and Leisure (£1.055m) – the Council is committed to improving the play and leisure environment across the borough. Renovation and redesign of Boston Castle and the surrounding landscape is now virtually complete providing a new interpretation, function, meeting and event space.

Other delays have led to some slippage of the programme into 2012/13. The main alterations to the programme are:

- The outstanding works at Clifton Park restoration (£0.395m), delayed due to the insolvency of the previous contractor, are now expected to be complete in 2013/14.
- Remedial issues at both Thrybergh and Ulley Reservoirs have been delayed due to the weather and are now expected to be resolved in 2012/13 costing £0.167m in total.
- Wath library refurbishment has been reprofiled due to delays in obtaining planning permission for change of use. Works are programmed to start in July/August 2012 at an estimate of £0.163m.
- Planned works to develop Library facilities (£658k) have been deferred pending the outcomes of the Libraries Customer Services Review.
- Work on Thrybergh Country Park showers commenced in March 2012. The work had been delayed due to a longer than expected design and tendering process. The scheme will be completed in 2012/13 and will cost £0.133m.

Highways (£6.690m) – the Council has continued to invest in its extensive road and street lighting network in recognition of its priority for local residents and businesses. This was assisted by the mid-year announcement from Government that an additional £1.875m LTP IT funding would be made available across South Yorkshire. By the year end, an underspend of £0.849m had occurred largely a result of slippage on various bridge and highways schemes.

The A57 major scheme has been reprofiled in order to facilitate the bringing together of other related highways schemes.

Economic Regeneration (£2.234m) - schemes delivered in this programme contribute to the regeneration of the town centre and other strategic locations in the borough. Most notable of these are:

- **Rotherham Townscapes Heritage Initiatives** project (£0.537m) continues to deliver the renovation and restoration of several buildings on High Street and Wellgate and will continue into 2012/13, with £0.902m due to be spent. This scheme underspent by £0.154m in 2011/12 due to the slower than expected take up by property owners who have to make a contribution to be able to draw down funding.
- **Chantry Bridge Flood Defence** (£0.627m) - the provision and installation of flood walls, a pumping station and ancillaries to protect the Town Centre against the risk of flooding from the River Don under the Defra Flood Defence Grant in Aid scheme is nearing completion. Further minor works are required in 2012/13, totalling £0.061m.
- **Property Level Flood Protection at Whiston** (£0.211m). Flood protection has been provided to forty-eight residential properties under the Defra Property Level Flood Protection Programme. The scheme was completed in March.

- **Minster Gardens Public Realm (£0.288m)** – works during the year saw the completion of the development on the previous All Saints Building site into a public open space.
- **Demolition of Crinoline House (0.335m)** which had to be brought forward due to health and safety issues with the vacant building.
- Other changes to the future capital programme include:
 - the Holmes Tail Goit project (£0.212M), where funding was not approved by the Environment Agency until March 2012 and as a consequence the project was delayed,
 - A new drainage scheme (£0.627m) has been introduced to the programme in 2012/13 which will ensure land adjacent to the River Don will be protected from flooding; and
 - Pithouse West Culvert works (£0.290m).

Waste Management (£0.618m)- the Council is currently in the process of procuring a new waste disposal facility in conjunction with Doncaster and Barnsley Councils. Expenditure on the project increased beyond those originally anticipated largely due to the increase in legal costs needed to deal with the complex contractual issues. Recycling banks/bins were also purchased to further aid home waste recycling rates.

Minor Strategic & Maintenance (£0.169m) – a number of Minor Strategic and Maintenance essential health and safety schemes were completed. Certain approved works have been reprofiled in 2012/13.

Rotherham Economic Regeneration Fund (£0.031m) – these are schemes designed to support new businesses adding value to the town centre through grant funding. This programme has slipped into 2012/13 as many applications in 2011/12 could not be supported either because they were outside the designated support zone or because they duplicated existing retail outlets.

Rotherham's Gateways (£0.180m) - The works detailed in this programme area seek to improve the access points to the Borough. Spend relates to the Dinnington and North Anston schemes that were added to the programme in 2010/11 and have now been completed.

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

The 2011/12 outturn was **£36.687m**, with total planned expenditure over the period of the programme of **£83.445m**. A copy of the full programme is attached to this report at Appendix 3.

Neighbourhood Services

The 2011/12 outturn was **£36.514m**, with total estimated expenditure over the period of the programme of **£83.329m** which remains predominantly unchanged. A copy of the full programme is attached to this report at Appendix 3.

For 2011/12, the major capital investments that have contributed to the significant, on-going refurbishment of the council's housing stock, the provision of new social affordable housing and environmental improvements to the borough's neighbourhoods were:

Refurbishment Works (£4.011m) –both internal and external property refurbishment works were completed in 2011/12, although the programme was underspent by £0.275m due mainly to the higher than expected level of refusals by tenants for internal refurbishment works to be completed.

Decent Homes Void Programme (£2.154m) – during the year 185 major voids had been completed against an original estimate of 150. This increase, together with an the average cost for such works being higher than anticipated, resulted in a programme overspend on £0.654m.

Replacement of Central Heating (£1.110m) – expenditure on new central heating systems increased during the year as it became necessary to carry out essential work to repair or replace Buderus boilers. In addition work to replace ISA boilers, which was to be carried out in 2012/13, was brought forward as these units were incurring substantial revenue repair costs. This additional work resulted in additional costs of £0.610m.

Non-Traditional Investment (£1.146m) – a total of 90 non-traditional properties were renovated in 2011/12 despite delays caused by issues relating to asbestos and adverse weather conditions preventing external rendering. This resulted in an underspend of £0.777k on the programme. Budget provision has been made in 2012/13 to continue such works, predominantly thermal cladding of these properties.

HRA Self Financing Reform (£15.188m) – The final debt settlement figure for the Council as part of the HRA self-financing initiative was an allocation of additional debt of £15.188m, the payment of which was through prudential borrowing in line with the Business Plan.

Fair Access to All: Disabled Adaptations (£3.102m) – a slight overspend on the private sector adaptations (£0.082m) was compensated for with an underspend on public sector adaptations (£0.319m) as efforts were shifted to the private sector programme to ensure these demand led works were completed within statutory timescales. The private sector programme is being increased in 2012/13 to reflect additional demand and will be funded from Housing capital receipts.

Regeneration/Neighbourhood Renewal (£1.436m) – the main aspect of work has been Canklow Phase 1 & 2 (£0.535m) where a total of eight properties were acquired in 2011/12 as part of the site clearance.

HCA New Build (£6.618m) - all new build works were completed at the end of December 2011 in line with budget expectations. Overall 132 properties were delivered and have subsequently been let.

Neighbourhoods Improvements Non-HIP Programme (£0.106m) – the programme was underspent in 2011/12 by £0.636m, which has been reprofiled into 2012/13. The most notable reprofiling is on the capped landfill sites (£0.616m), caused by issues with legal negotiations, contractual obligations and surveys. In addition a proposed new housing development close to one of the sites has meant that additional investigatory works have had to be carried out.

Adult Services

The 2011/12 outturn was **£0.173m**, with total estimated expenditure over the period of the programme of **£0.116m**. A copy of the full programme is attached to this report at Appendix 3.

During the year Assistive Technology was utilised to continue to help people of all ages with mental health problems to continue to live in the community. Renovation work has been carried out to Winthorp Park which offers access to the elderly disabled, and other minor enhancements were made to other Council properties.

Changes have been made to the ongoing programme to bring it into line with latest estimates. In addition work is to be carried out on a Council property on Wellgate (£0.034m) to allow it to be used as a 'Mental Health and Wellbeing' drop in for public access. The resource will offer advice and information on maintaining good mental health, as well as a scaled down venue for onsite group work and activity. The Service also plans to carry out minor capital works and procure rehabilitation equipment at Lord Hardy Court.

7.5 Resources Capital Programme 2011/12 to 2014/15

The 2011/12 outturn was **£36.271m**, with total planned expenditure over the period of the programme of **£13.241m**. A copy of the programme is attached to this report at Appendix 4.

Asset Management (£18.259m)

- Work commenced on Rawmarsh CSC incorporating the library, community meeting room, a changing room for the sports field as well as Health Service facilities. General slippage on the scheme meant that the facility opened end of April, with profiled expenditure of £0.648m in 2012/13.
- There has been slippage on the Town Centre Design Work project and funds will be used in 2012/13 to kick-start various town centre initiatives
- Riverside House (£12.270m) – The building is now open and operational with expenditure contributing to the introduction of new IT resources and other equipment. Residual works and further improvements to the exterior are on-going and will be completed in 2012/13, at a cost of £1.157m.
- Work to convert Bailey House into an ancillary services building are ongoing, with spend of £0.960m in 2011/12. There has been some

slippage on the scheme following a decision regarding the location of the Regimental Museum and Archives. Works to both Bailey House and the Museum have been rescheduled and will extend until March 2013.

The Council is continuing to invest in its **ICT infrastructure (£3.711m)** as part of its Corporate ICT Strategy. The strategy is 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.

Other Investment Projects:

- A capital investment facility to support the build and roll out of high speed broadband access across South Yorkshire was completed (£1.864m). Following a review of the business by its shareholders, the Government awarded the Council a Capitalisation Direction of £6.28m which will be used to support Digital Region to continue in operation while a re-procurement to secure the future business is undertaken.
- The costs of capitalising Voluntary Severance costs (£1.096m) relating to the Council's Strategy for reducing its workforce in response to the significant reduction in Government funding.
- A capital contribution (£2m) was made 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 obligations to HM Coroner in the most cost effective way.
- A capital loan facility was made to Rotherham College of Arts and Technology (£4.971m) 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. In addition, a similar facility was approved for the purchase and subsequent re-development of properties on High Street, with £0.650m being drawn down in 2011/12 leaving a further £0.100m to be advanced in 2012/13.
- As part of the conclusion of the Council's strategic Partnership with BT Plc, ICT equipment and software were brought back into the ownership of the Council (£1.977m).

7.6 Funding of the Programme

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

Funding	2011/12 Outturn	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Supported Borrowing	0.369	0.193	0.188	0
Grants and Contributions	25.509	37.205	20.803	10.943
Revenue Contributions	1.222	1.194	8.667	7.485
Usable Capital Receipts	0.036	1.890	1.049	0.741
Prudential Borrowing	56.383	15.967	4.463	1.843
Major Repairs Allowance	10.464	20.003	19.480	20.142
Total	93.983	76.452	54.650	41.154

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.

11. Background Papers and Consultation

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

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