

BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

CABINET: 30th July 2014

Report of the Director of Finance, Property & Information Services

CAPITAL PROGRAMME UPDATE 2014/15 – 2016/17

1. Purpose of Report

- 1.1 The purpose of this report is to bring to the attention of Members, the Authority's capital programme position as at 30th June 2014 for the three year period 2014/15 to 2016/17.

2. Recommendations

- 2.1 It is recommended that:

- (i) The position on the 2014/15 – 2016/17 capital programme be noted;
- (ii) Further reports are submitted if any schemes within the approved programme experience significant cost overruns during implementation.

3. Introduction / Background

- 3.1 The report initially focuses on the total estimated cost of the Authority's capital programme.
- 3.2 The total cost of the programme is then compared to the latest overall resource envelope to arrive at a forecast outturn for 2014/15 and an estimate of the capital programme position for the following two years.
- 3.3 Attention is drawn to significant issues that have arisen during the period including a general update on major programmes and initiatives.

4. Authority Overview

- 4.1 The latest estimated total cost of the Authority's capital programme is £203.0M (Appendix 1 refers). There are currently no reported funding problems across the programme. Over the life of the programme, there are up to £3.6M of resources that have not yet been allocated to schemes, as explained within the body of the report.

Table 1: Summary of Planned Payments

	2014/15	2015/16	2016/17	Total
	£ (M)	£ (M)	£ (M)	£ (M)
Development, Environment & Culture	33.169	18.102	2.665	53.936
Housing	25.430	47.557	23.126	96.113
Children, Young People & Families	8.227	0.117	-	8.344
Adults & Communities	2.617	-	-	2.617
Core Services	4.003	38.000	-	42.003
Total	73.446	103.776	25.791	203.013

Development, Environment & Culture

Directorate Overview

- 4.2 Planned payments within the Development, Environment and Culture Directorate total £53.9M, with planned payments expected to be £33.2M in 2014/15 (Appendix 1 refers). Actual expenditure to date for 2014/15 is £1.1M.
- 4.3 Within Environmental Services, schemes include the A61 QBC, Planned Maintenance, Cross Dearne Cycle Route, Flooding and Drainage, Street Lighting LED Replacements, Little Don Cycleway, Local Sustainable Transport Fund (L.S.T.F), Local Transport Plan (L.T.P) Integrated Transport, L.T.P Maintenance, Waste PFI, Rights of Way Improvement Plan, Street Lighting Structural Replacements, Vehicle Replacements and Waste Bins.
- 4.4 Schemes included in Development include Baden Street, Civic and Mandela Gardens, Barnsley Markets, Disabled Facilities grants, Goldthorpe Empty Homes, Goldthorpe Masterplan, Green Corridor, Gypsy Site, Housing Market Renewal (H.M.R), Heat Your Homes For Less, Junction 36 Birdwell, Junction 37 Signalisation, Local Authority Investment Programme (L.A.I.P), Parks Schemes, Retail Skills Academy, Strategic Business Parks and Urban Centre Infrastructure.
- 4.5 Within Culture and Regulatory Services, schemes include Arts Council Strategic Support Fund, Closed Landfill Sites, the Car Park at Cannon Hall, Deame North East Ward Section 106 Schemes, Elsecar Building 2, Experience Barnsley, Hoyland Nether Public Hall and the Newcomen Engine.
- 4.6 Within the programme, there is a balance of resources yet to be allocated of £1.9M (paragraph 5.3 refers).

Major Projects and Initiatives

Street Lighting LED replacements (£4.297M)

4.7 This is a three year programme designed to reduce the ongoing energy costs from street lighting, by replacing existing lanterns with LEDs. Two thousand lanterns have been ordered and work will commence in August 2014. Phase one is scheduled to complete in December 2014, which will be closely followed by phase two.

4.8 Little Don Cycleway (£0.795M)

This is a joint project with Derbyshire County Council / Peak District National Park to create 4 new cycle routes linking Sheffield, Stocksbridge and Barnsley to the Peak District, supported by grant from the Department for Transport. The Barnsley scheme, known as the Little Don route, will link Sheffield to Winscar reservoir near Penistone.

Planned Maintenance (£3.733M), L.S.T.F (£1.051M), L.T.P Integrated Transport Plan (£2.193M), L.T.P Maintenance (£4.399M)

4.9 These proposals were agreed as part of the Local Transport Plan Capital Programme report – Cab 18.06.2014/8.1 refers. The Planned and LTP Maintenance elements relate to carriageway, footway, bridge, and traffic sign / signal maintenance, addressing local priorities. The LTP Integrated Transport Plan element deals with priorities set in the South Yorkshire Integrated Transport Plan such as road safety and accident reduction schemes, together with improvements to strategic transport routes. The LSTF element refers to the schemes within the successful bid to the Department for Transport (DfT) for funding under the title “A sustainable journey to work”, which aims to deliver better connectivity (public transport, walking and cycling) to key employment and educational sites.

Waste PFI (£5.760M).

4.10 This scheme relates to the Council’s capital contribution at service commencement for the cost of the PFI facility. This has been made on value for money grounds as this will reduce the annual unitary charge for use of the facility. The PFI achieved financial close on 30th March 2012 and is expected to be operational during the summer of 2015.

Fleet Replacement Programme (£4.051M)

- 4.11 Any decisions about vehicle procurement will be made in the context of the Future Council. As with previous replacement programmes, vehicles will be procured under funding arrangements of between 3 and 8 years. A funding review exercise is undertaken at the point of purchase to determine the best financing option for each vehicle i.e. leasing or purchasing.

Disabled Facilities Grants (£0.882M)

- 4.12 These grants provide adaptations to private dwellings to enable disabled residents to stay in their homes and retain their independence.

Goldthorpe Empty Homes (£1.778M)

- 4.13 Almost £1M has been obtained from the Department for Communities and Local Government (DCLG) to deal with empty homes issues in the Goldthorpe area. This funding has been matched with £1M of Council funds contained within the existing Housing Capital Programme. Delivery of the programme is ongoing to bring empty homes back in to use, specifically by offering grants to empty property owners and by purchasing two properties with the intention that their refurbishment will be used to support a training / skills project.

Goldthorpe Masterplan (£5.115M)

- 4.14 In line with the Goldthorpe Masterplan a new primary school is being developed in the village centre. The site was created by the clearance of older terraced housing; the building will provide an opportunity to create a new gateway feature for the entrance to this part of Goldthorpe. The scheme covers the cost of relocating the school, and developing the existing school site for retail purposes (£4.845M). It also covers the introduction of a business support programme to improve shop fronts and bring shops back into use (£0.270M).

Digital Barnsley (£1.200M)

- 4.15 This scheme represents Barnsley MBC's contribution towards the South Yorkshire Broadband project being arranged by the Sheffield City Region, which will provide superfast broadband across South Yorkshire.

Strategic Business Parks (£2.786M)

- 4.16 The scheme aims to deliver 2 key strategic business parks through feasibility, viability and then master planning to then develop fully serviced employment sites. The sites are the M1 J36 Dearne Valley Corridor (Hoyland & Goldthorpe) and the M1 J37 Claycliffe link.

Urban Centre Infrastructure (£3.837M)

- 4.17 Council resources matched with European Regional Development Fund (ERDF) funding are delivering further public realm- improvements in the Town Centre. Work will be undertaken on Eldon Street, Royal Street, Hanson Street, Market Hill, Church Street, Regent Street and Eastgate. Work on site started in June and is due to be completed in April 2015.

Ongoing Financial Issues

- 4.18 As previously reported, the Civic capital scheme is coming to a conclusion. The scheme is fully funded, assuming that savings and an insurance claim are both forthcoming. The commercial settlement has now been resolved and paid, whilst the litigation case against the architects is still ongoing.
- 4.19 The Fleet Manager is currently reviewing the vehicle replacement programme for the next two years, which also forms part of the Transportation Review currently being undertaken. Meanwhile all current purchases / leases are being scrutinised to ensure that they meet the requirements of the ongoing Contract Review, also being undertaken by the Council. This should result in fewer replacement vehicles / plant items than currently operated. It should be noted however that current tender prices for vehicles that are on the existing replacement programme, expire in September 2014. Any delay in decision making around replacing vehicles may increase the tender price, if a re-tender is required.

Housing

Directorate Overview

- 4.20 Planned payments within the Housing capital programme total £96.1M, with planned payments expected to be £25.4M in 2014/15 (Appendix 1 refers). Actual expenditure to date for 2014/15 is £2.5M.

Within the Programme, there is a balance of resources yet to be allocated of £1.3M in 2016/17 (paragraph 5.4 refers). This relates to revenue resources that have not yet been allocated to specific schemes.

Major Projects and Initiatives

Barnsley Homes Standard (BHS) (£52.556M)

- 4.21 The 2014/15 programme includes nine approved schemes, four of which are currently on site. The other five schemes are programmed to start from August 2014 through to January 2015, with all due to be completed by 31st March 2015 at the latest. The 2015/16 and 2016/17 address lists have been published on the Berneslai Homes web site. Over the three year period from 2014, around 2,700 dwellings will receive works designed to keep them maintained at the Government's Decency Standard. Works are ongoing, with plans beyond 2017. The works will be undertaken by Berneslai Homes stock maintenance partners, Kier Building Maintenance and Berneslai Homes Construction Services.

Replacement Items (£8.254M)

- 4.22 Items which are reported by tenants and subsequently on inspection deemed beyond repair are placed into a planned rolling programme of work throughout the year. The programmes are complementary to the BHS works and properties where decent homes works are planned are excluded except in very urgent or emergency cases.

New Build (£12.250M)

- 4.23 The programme includes a proposal to build 75 new homes. Below is an update on progress on the sites:

Saville Road, Gilroyd (9 family houses and associated environmental works)

Planning permission was granted in September 2013, with tenders being received in December 2013. The contractor Saul Construction was appointed in January 2014. Works started on site in March 2014 and are due to complete in late 2014. This scheme has attracted £144K of Homes and Community Agency funding.

Roy Kilner Road, Wombwell (37 family houses, apartments and a disabled access bungalow)

Planning permission was granted in November 2013, with tenders being received in January 2014. The contractor Southdale Construction was appointed in March 2014 with an immediate start on site. Works are due to complete in March 2015. This scheme has attracted £592K of Homes and Community Agency funding.

Highstone Road and Kenworthy Road Worsbrough Common (5 family houses)

Planning permission was granted in February 2014, and tender documentation is currently being prepared.

Meadow View, Hoyland (4 family houses)

Planning permission was granted in February 2014, and again tender documentation is currently being prepared.

Green Street, Worsbrough Bridge (6 family houses)

The design and feasibility stage completed in December 2013, with planning permission being granted in May 2014. Detailed designs and specifications are currently being prepared for the procurement process to begin.

Major Adaptations (£6.861M)

- 4.24 Major adaptations continue to be a major scheme within the programme. This budget helps to meet the needs of people with specific identified needs within the Borough to allow them to continue to live independently in their homes.

Structural Extensive / Void Replacement Programme (£4.177M)

- 4.25 This budget allows for structural and replacement items in void properties where the existing property elements are beyond repair or are dangerous. It is used within the context of the Berneslai Homes void standard. It also allows for unimproved void properties (mostly tenant refusals to decent homes) in areas where adjacent properties have been improved to be brought up to the Decent Home Standard. This budget also allows for extensive works to single properties as identified by Housing Management Teams and Stock Planning Co-ordinators, which do not lend them to ongoing or imminent programmed works. These may be properties subject to past tenant refusals of major works or where there are acquired dwellings in the older private sector areas of the Borough. Recent years have also seen a significant rise in the instances of severe structural problems affecting a wide variety of the housing stock managed by Berneslai Homes. This budget allows for one off works to be completed or to be carried out on a reactive basis as and when specific problems are identified.

Ongoing Financial Issues

- 4.26 Capital expenditure continues to be monitored in line with the approved 30 year capital business plan. The plan is due to be reviewed shortly to ensure that all assumptions are up to date.

Children, Young People and Families

Directorate Overview

- 4.27 Planned payments within the Children, Young People and Families Directorate total £8.3M, of which £8.2M relates to 2014/15 (Appendix 1 refers). Actual expenditure to date is £1.5M.

Within the programme, there is a balance of resources yet to be allocated totaling £0.4M (paragraph 5.5 refers).

Major Projects and Initiatives

Priority Condition Works (£1.072M)

- 4.28 Eradicating priority condition defects identified in building condition surveys and other emergency issues. These schemes also include work to reduce the Council's carbon footprint. These condition works are summarised as follows:

- Boiler / Heating / Water Replacements (£0.222M);
- Electrical Rewiring Renewal (£0.260);
- Roofing (£0.133M);
- Windows (£0.150M);
- External Improvements (£0.217); and
- Internal Dilapidation - toilets (£0.090M).

Progress on all condition works is ongoing, with the major schemes being completed in the school summer holidays.

Of the above priority condition works, £0.691M relates to capital new starts, approved as part of the 2014/15 Service & Financial Planning process. The remainder relates to slippage from existing schemes.

Additional School Places (£3.448M)

- 4.29 Within the Borough, there are several areas where pupil place shortfalls are more acute than others.

Existing major school admissions schemes include:

- Worsbrough Common (£2.429M)
- Lacewood (£0.085M)
- Kings Oak (£0.687M)
- Grimethorpe Mobile Classroom (£0.140M)

Progress is significantly advanced in a number of the above schemes, particularly at Worsbrough Common and Kings Oak with completion dates of September 2014. However, the programme of works is continually reviewed throughout the year in line with changes in priorities and conditions.

Ongoing Financial Issues

- 4.30 There are no funding issues on the whole, however following approval of the CYPF capital programme there have been a number of developments relating to individual schemes and priorities. These include significant changes in planned costs and the identification of two new schemes that relate to school place issues that had to be addressed for the start of the academic year. The proposed changes will be contained within existing CYPF capital resources by the reprioritisation of existing schemes. Further details of these changes will be the subject of a future report.

Adults and Communities Capital Programme

Directorate Overview

- 4.31 Planned payments within Adults and Communities amount to £2.6M, all profiled to be spent in the current financial year (Appendix 1 refers). Actual expenditure to date is £0.4M.
- 4.32 Available resources currently amount to £2.7M, resulting in a balance of resources of £0.04M (paragraph 5.6 refers).
- 4.33 There are currently no immediate or potential significant funding issues with any of the approved schemes within the capital programme.

Major Projects and Initiatives

Customer Services Project (£1.637M)

- 4.34 This scheme is for the capital requirements associated with the implementation of the Council's Customer Services programme; seen as integral to changing the relationship between the Council and the Community, which acknowledges the growth of online services and Central Government's digital by default agenda. A key component of this scheme is the replacement of the existing Customer Relationship Management (CRM) system.

Ongoing Financial Issues

- 4.35 There are no major issues in the Adults and Communities Directorate at the time of this report that will have an ongoing effect in future years.

Core Services Capital Programme

Directorate Overview

- 4.36 Planned payments within Core Services total £42M; £4M of which is profiled to be spent in the current financial year (Appendix 1 refers). Actual expenditure to date for 2014/15 is £1.3M.

Major Projects and Initiatives

Industrial Estates Refurbishment (£0.802M)

- 4.37 This scheme is for the refurbishment and upgrade of existing industrial units within the Council's portfolio; mainly the Wharncliffe, Platts Common and Grange Lane sites. The sale proceeds from the disposal of Carlton Industrial Estate are being utilised to fund this programme. The identified scheme of works to be undertaken is currently in the process of being tendered, with an anticipated start date for the improvement works of September 2014.

Wombwell Library Extension (£0.502M)

- 4.38 This scheme relates to the extension of Wombwell Library, which was approved as part of the relocation of services and the closure of other buildings within the Wombwell area. The extension provides additional capacity for community groups and volunteers at the library. The works on site commenced in March, and are currently ongoing, with an anticipated completion date of November 2014.

Town Centre Redevelopment (£40.000M)

- 4.39 This is the overarching scheme to deliver town centre redevelopment. Under the new arrangement, the Council will effectively become the direct developer/lead in securing the long term regeneration of the town centre but with a view to unlocking future private sector investment. Having acquired the Metropolitan Centre some 2 years ago, the main spend on this scheme will be to refurbish the centre as well as build a new library. Other budgeted spend will cover new acquisitions, town centre preparation work (e.g. drainage, demolition, earthworks) and a new multi story car park.

Ongoing Financial Issues

- 4.40 There are no major issues within Core Services at the time of this report that will have an ongoing effect in future years.

5. Capital Programme: A Comparison of Expenditure and Resources

Overall Position

5.1 The latest overall position for the Authority's capital expenditure and resources for 2014/15 – 2016/17 is shown in Table 2 below:

Table 2 : Capital Programme 3 Year Position				
	2014/15	2015/16	2016/17	Total
	£M	£M	£M	£M
Planned Payments	73.446	103.776	25.791	203.013
Resources (incl Carry Forward)	-75.757	-103.776	-27.113	-206.646
Overcommitment / Balance of Resource (-)	-2.311	0.000	-1.322	-3.633
<i>Comprised of:</i>				
Resources not yet allocated	-2.311	0.000	-1.322	-3.633
Unfunded scheme expenditure	0.000	0.000	0.000	0.000
	-2.311	0.000	-1.322	-3.633

5.2 Table 2 shows that, in overall terms, there is currently estimated to be a net balance of resources on the programme of up to £3.633M as described within the body of the report.

Unallocated Resources

5.3 Within the Development capital programme there are £1.906M of unallocated ring-fenced resources (Appendix 3 refers), including £1.817M of Section 106 monies received from developers and £0.088M relating to earmarked capital receipts for allotments. Plans are currently been drawn up to utilise this resource in accordance with the specific conditions attached to each funding source.

5.4 Within the Housing capital programme there are £1.322M of resources awaiting allocation in 2016/17 (Appendix 3 refers). Reports allocating these resources to individual housing areas within the Barnsley Homes Standard programme will be submitted to Cabinet in due course.

- 5.5 Within the Children, Young People and Families capital programme there are £0.364M of unallocated resources (Appendix 3 refers). This balance of funding relates, in the main, to the Devolved Formula Capital (DFC) grant (£0.279M). This represents the Department for Education (DfE) grant allocation to the Council and is required to be delegated directly to schools to fund building improvements, repairs, ICT and refurbishment. Current grant conditions allow this grant to be carried forward over 3 years. The grant will be allocated in accordance with school priorities and assist towards any shortfall in DFC contributions for the Building Schools for the Future (BSF) programme. Other unallocated resources include £0.044M capital receipts, £0.021M Capital Maintenance grant, and £0.019M school contributions. Options are currently being considered to utilise this funding.
- 5.6 Within the Adults & Communities capital programme there is £0.041M of unallocated resources. This balance of funding relates to a specific (Primary Care Trust) PCT contribution allocated to Adult Services in previous financial years.
- 5.7 The overall capital programme position is further analysed between Directorates in Table 3 with resources analysed at Appendix 2:

Directorate	2014/15 £M	2015/16 £M	2016/17 £M	Total
Development	-1.906			-1.906
Housing			-1.322	-1.322
Children Young People & Families	-0.364			-0.364
Adults & Communities	-0.041			-0.041
Core Services	Balanced Position			
Cumulative Overspend / Underspend (-)	-2.311	0.000	-1.322	-3.633

6. Financial Implications

- 6.1 The total cost of the Authority's capital programme is estimated at £203.0M. There are no major funding problems across the capital programme at this time.
- 6.2 In addition, there are currently unallocated resources totalling £3.633M over the life of the programme. Plans are currently under review to utilise these balances.

7. Risk Management Implications

- 7.1 The delivery and achievement of major projects, partnerships, operational and economic strategy programmes are recognised as key risks in the Council's Strategic Concerns Registers, together with the achievement of a balanced budget. Current controls and further actions are shown in the Strategic Concerns Registers in order to achieve this, particularly the need to monitor and review the implications for the Council's Medium Term Financial Strategy. The submission of the capital programme update report to Cabinet is part of these control procedures.
- 7.2 In addition, all of the Council's major projects have individual risk registers which are reviewed and updated by lead officers on a regular basis. Any significant issues arising are reported upon, as necessary.

8. List of Appendices

8.1 This report includes the following appendices:

- Appendix 1 – An analysis of the capital programme by Directorate;
- Appendix 2 – A summary of the capital resources by resource type; and
- Appendix 3 – A summary of the unallocated capital resources by Directorate.

9. Background Papers

9.1 Capital programme working documents and associated working papers are available for inspection in the Finance, Property & Information Services Directorate.

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Date: 18/07/2014

ANNEX A

CAPITAL PROGRAMME MONITORING

2014/15 – 2016/17

- (a) **Financial Implications**
The Director of Finance, Property & Information Services has been fully consulted on the content of this report.
- (b) **Employee Implications**
There are no employee implications.
- (c) **Legal Implications**
There are no legal implications.
- (d) **Policy Implications**
See body of report.
- (e) **Local Members**
See body of report.
- (f) **Health and Safety Considerations**
There are no health and safety considerations.
- (g) **Property Implications**
See body of report.
- (h) **Implications for Other Services**
See body of report.
- (i) **Implications for Service Users**
See body of report.
- (j) **Communication Implications**
There are no implications in this area.
- (k) **Risk Implications**
See body of report.