

Capital Investment Plan Budget Monitoring Statement – 1st Quarter 2012/13

A1. Introduction and history

- A1.1 The Council approved the original 4-year Capital Investment Plan Budget for the period 2012/13 – 2015/16 in February 2012. This plan has been subsequently adjusted for re profiling arising in 2011/12 of £3.8 million, (Capital Outturn Report Council 12th July – agenda item 12 refers), and amended by any further revision to both projects and timing, resulting in the latest revision attached to Annex 1. The Plan totals £67.4 million over the 4 year period of which £29.5 million relates to 2012/13.
- A1.2 The purpose of this report and the Monitoring statement attached is to highlight any existing or potential issues which may affect the delivery of the major projects included in the Plan and to consider any potential effect on corporate resources.
- A1.3 Expenditure to the end of this first quarter was £1.8 million with a further £4.2m of commitments on the Council's finance system. The expenditure of £1.8m is 6% of the latest budget for 2012/13. This compares with £3.1 million (or 14% of outturn) for the 1st quarter last year.

	2009/10 £m - (%)	2010/11 £m - (%)	2011/12 £m - (%)	2012/13 £m - (%)
Quarter One	8 - 16%	10 - 23%	3 - 14%	2 – 6%
Quarter Two	11 – 22%	13 - 30%	7- 32%	X
Quarter Three	13 – 27%	9 - 21%	5 - 22%	X
Quarter Four	17 – 35%	11 - 26%	7- 32%	X
Total In Year	49	43	22	30

A2. Main Variations & Management Action

2.1 “New” Funding Regime

2.2 As part of the approval of the Capital Investment Plan by Council – February 8th 2012 the following was approved:

2.3 *“That the approval of specific capital schemes in the Capital Investment Plan 2012/13 to 2015/16 be delegated to the Chief Executive in consultation with the Mayor, Executive Lead for Finance and Chief Finance Officer”*

2.4 An estimate of £31.4m of funds was identified in the Capital Investment Plan for the four years of the Plan, which was provisionally allocated to a number of “priority” areas. In a number of services, requests have now been submitted for funding which has been approved by the Chief Executive in line with the Council delegated approval. Funding adjustments have been made as appropriate to the four year estimate of funding including an additional allocation by Central Government in 2012/13 for Schools basic need. A summary of allocations is shown in the table below:

Scheme	Allocation Council Feb 12 £m	Allocated Council Feb 12 £m	Allocated In Q1 2012/13 £m	Total Un allocated £m
	(Revised)			
Employment Schemes – such as Riviera Centre investment	2.0	0	0.1	1.9
Torre Abbey – Council maximum funding pending English Heritage Grant and other income.	2.0	2.0	0	0
Princess Pier Structural Repairs – Council match funding to a bid for to the Environment Agency	1.4	1.4	0	0
Grants for both Disabled Facilities and Childrens Adaptations	3.2	0	0.8	2.4
Affordable Housing (linked to S106 funding)	2.0	0	0	2.0
Provision for Infrastructure Works	2.0	0	1.0	1.0
Potential Capitalisation of redundancy costs for budget reductions in 2013/14 & 2014/15	1.0	0	0	1.0
Improving Leisure Facilities	1.2	0	0.5	0.7
Schools – Basic Need (including school places) and capital repairs	9.6	0	9.4	0.2
Transport – Structural Repairs and Integrated Transport	6.2	0	6.1	0.1
Adult Social Care	1.0	0	0.1	0.9
Total Schemes	31.6	3.4	18.0	10.2

2.5 The Capital Investment Plan as at quarter one shows the approved schemes (the £3.4m and £18.0m above) to the extent that funding has been received or confirmed. Where the value of the approved schemes exceeds the known funding, temporary prudential borrowing has been used pending the future receipt of funds, at which point the funding will be swapped. However if funding is not realised then the Capital Investment Plan will have to be reduced accordingly or alternative sources of funding allocated such as prudential borrowing.

2.6 Details of schemes approved by the Chief Executive from the four year capital allocation to date are as follows:

Scheme	Budget Approved £m	Details
Mayfield Special School	1.000	Expansion to provide extra school places
Cockington Primary School	3.500	Expansion to provide extra school places
Warberry Primary School	1.700	Expansion to provide extra school places
Ellacombe Primary school	0.600	Expansion to provide extra school places
Roselands Primary School	0.500	Expansion to provide extra school places
Schools Capital repairs	0.550	Provision for capital repair works
Schools Access	0.050	To improve access facilities around schools
Torre CoE Primary	1.450	Expansion to provide extra school places
Disabled Facilities grants	0.778	One year allocation of DFG grant funding
Livermead Sea Wall	0.352	Repair voids and storm damage to sea wall
Hollacombe CRC	0.060	Accommodation works to improve facilities
SWIM Torquay	0.450	Works to preserve swimming facilities
Torquay Gateway	0.100	Landscaping and improvements at gateway
Local Transport schemes	5.840	To promote various transport initiatives
Transport Western Corridor	0.250	Improvements to road net work
Flood Defence schemes	0.605	Potential Council contributions to fund several flood defence schemes
Riviera Centre	0.138	Contribution to Capital works at Centre
Total	17.923	

2.7 A number of school based projects have been approved (see below) which address the immediate concerns of providing additional pupil places for Primary School aged pupils. The Council remains responsible for the provision of school places (basic need) in its area and this can be met by improvements to both Council schools and Academy Schools.

2.8 The expansion is centred at Cockington, Ellacombe, Torre, Warberry and Roselands Primary Schools and Mayfield Special School. These schemes will be developed during this financial year and subsequent years of the Plan.

2.9 Mayfield Special School

Chief Executive has agreed to approve £1.0m to expand the number of pupil places at Mayfield Special School to accommodate rising numbers of pupils. The total project is £1.4m of which £0.4m relates to funding received prior to 2012/13. To be funded from the schools allocation in the Capital Investment Plan. Work due to start in 2012/13.

2.10 Cockington Primary School

Chief Executive has agreed to approve £3.5m to provide a new school hall and additional play space at Cockington Primary School linked to rising numbers of pupils. To be funded from the schools allocation in the Capital Investment Plan

2.11 Warberry Primary School

Chief Executive has agreed to approve £1.7m to expand the number of pupil places at Warberry Primary School with a four class extension to accommodate rising numbers of pupils. To be funded from the schools allocation in the Capital Investment Plan. Work due to start in 2012/13.

2.12 Ellacombe Primary school

Chief Executive has agreed to approve £0.6m to expand the number of pupil places at Ellacombe Primary School with at least one new classroom to accommodate rising numbers of pupils. To be funded from the schools allocation in the Capital Investment Plan.

2.13 Roselands Primary School

Chief Executive has agreed to approve £0.5m to provide a mobile classroom at Roselands Primary School and a permanent classroom and a hard play area linked to rising numbers of pupils. To be funded from the schools allocation in the Capital Investment Plan. Work due to start 2012/13.

2.14 Schools Capital repairs

Chief Executive has agreed to approve £0.550m to support capital repair and maintenance works over the next four years for Council schools. To be funded from the schools allocation in the Capital Investment Plan

2.15 Schools Access

Chief Executive has agreed to approve £0.050m to support schools access works over the next four years for Council schools. To be funded from the schools allocation in the Capital Investment Plan

2.16 Torre CofE Primary

Chief Executive has agreed to approve £1.450m to expand the number of pupil places at Torre Primary School. To be funded from the schools allocation in the Capital Investment Plan

2.17 Disabled Facilities Grants

Chief Executive has agreed to approve £0.778m as a one year allocation to support the payment of Disabled Facilities Grants. To be funded from the disabled facilities grant allocation in the Capital Investment Plan

2.18 Livermead Sea Wall

Chief Executive has agreed to approve £0.352m to support structural repairs to Livermead sea wall as the rock armour has failed as a result of recent easterly storms resulting in a number of voids. Emergency works were undertaken on the site which revealed a number of further voids that need to be repaired. It is likely

that an Environment Agency grant will be available to offset over 50% of these costs, this, however has yet to be confirmed.

2.19 Hollacombe Community Resource Centre

The Chief Executive has agreed to provide £0.060m of grant funding the Torbay and South Devon Provider NHS Trust to undertake conversion works at the Hollacombe facility following the closure of Fairwinds and the relocation of services.

2.20 SWIM Torquay

The Chief Executive has agreed to provide grant funding to Swim Torquay of £0.450m. This sum combined with a Sport England Grant of £0.150m will enable significant refurbishment to the structure and plant at the pool to ensure the future of the swimming pool. The funding is from the allocation for improving leisure facilities in the Capital Investment Plan

2.21 Torquay Gateway

Chief Executive has agreed to approve £0.1m from the infrastructure allocation within the Capital Investment Plan. This is a request from the Mayor to provide a positive welcome to the Bay for motorists arriving at Kerswell Gardens and Riviera Way. Improvements will include new verges, palm trees and visual attractions.

2.22 Local Transport Schemes

The Chief Executive has agreed to allocate £5.840m to support schemes over the next four years as part of the Local Transport Plan that was presented to the Transport Working party. The funding has been allocated from the allocation for Transport in the Capital Investment Plan

The approved allocations to various Transport activities are shown in the table below. Further details can be found in the council's approved Local Transport Plan available on the Council's website

<http://www.torbay.gov.uk/implementation-plan.pdf>

Highway Structural Maintenance	£3,360,000
Fleet Street Re-development	£1,200,000
Transport Action Zones	£200,000
Hele Village Traffic Improvements	£45,000
Minor Congestion Relief	£150,000
Road Safety	£280,000
Walking & Cycling	£305,000
Public Transport Infrastructure	£40,000
Integrated Transport Schemes	£120,000
Smart Cards & Ticketing	£20,000
Highways Signage	£80,000
New Rail Station at Edginswell	£20,000
Infrastructure for the disabled	£20,000

TOTAL	£5,840,000
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2.23 Transport – Western Corridor

£0.250m has been allocated to transport primarily to undertake works associated with the Western Corridor improvements. The works to be funded from unallocated 2011/12 Department of Transport grant (£0.150m) and from New Growths Point grant (£0.100m).

2.24 Flood Defence schemes

The Environment Agency has released its four year capital plan which identifies support for a number of schemes within Torbay with a total value of £14m. A number of these schemes will require a contribution from the Council. Although none of the schemes have been confirmed it is considered appropriate to earmark a further £0.6m from the infrastructure allocation within the capital investment plan to match fund these schemes if confirmed. The schemes include work to Haldon and Princess Pier which the Council has already identified a sum of £1.4m to support.

2.25 Riviera Centre

Chief Executive has agreed to approve £0.138m from the Employment issues allocation within the Capital Investment Plan. This is a request from the Riviera Centre for the first phase of refurbishment works to the Centre. The works to include fenestration works to the pool and bring the forum balconies back into use.

2.26 Affordable Housing

The Capital Investment Plan estimated that over four years funding related to affordable housing to the value of £2m would be received with funds only being added to the Capital Investment Plan when the funds were received. In the first quarter 2012/13 £0.145, of right to buy receipts were received and have, in line with the Council's Capital Strategy, been allocated to housing. These have been added to the Capital Investment Plan but have not yet been allocated to specific schemes.

2.27 Place & Resources

£1.4m in relating to Princess Pier structural works has been re profiled into future years as the Environment Agency have yet to confirm support for this scheme.

£1.0m in relation to the Torre Abbey Phase 2 project has been re profiled to 2013/14 based on the latest estimate from the project manager.

2.28 "Old Funding Regime"

2.29 Grants to Housing Providers

There have been some minor adjustments of the level of Council support required to some housing schemes being progressed by Registered Social Landlords. These changes are adjusted with the remaining unallocated budget

so there is no overall impact on the programme from these adjustments. Some funding earmarked for Hayes Road has been released back to be reallocated whilst a potential scheme in Rock Road, Torquay has not proved viable.

New schemes at Former Royal Standard in Hele, Preston Down Road, Paignton and the former B&Q site in Torre have been introduced funded from resources received prior to 2012/13.

The B&Q site at Torre is a major scheme being undertaken by the Council with a Housing Association with support from the Homes and Communities Agency. The exact design on the scheme is to be confirmed but is likely to be either a mixed development including housing and a GP Surgery and Pharmacy, the other a residential scheme. Both schemes will include a level of affordable housing. The total value of this scheme is approx £3.4m of which the Council support is £0.858m and is expected to start in 2013/14..

2.30 Children's, Schools, and Families

In relation to the Barton Primary School Project, £2.6m has been re profiled as a result of on-going delays with agreeing a re-design that fits within the budget available and still meets end user requirements. There are also small amounts of re profiling on Curledge Street, Preston & Mayfield which reflects retentions.

£0.4m for Children's Centres has been re profiled into future years based on no confirmed plans for the Centres.

2.31 Place and Resources

£0.7m of New Growth Points Grant in relation to Land Acquisitions has been re profiled to future years as potential uses of this grant is being reviewed.

£0.5m of New Growth Points Grant in relation to Innovation Centres has been re profiled into future years as, although Council in May 2012 approved a scheme in principal, at present no business case has been submitted and European funding has not been confirmed therefore work on the scheme is unlikely to happen in 2012/13.

2.32 **"New" Ring fenced funding**

2.33 Local Sustainable Transport Fund Grant

The Council has been awarded a total of £2.8m from the Department of Transport to support the development of a ferry service across the Bay including £1.250m of capital grant to develop pontoons and a cycleway. The capital costs will be supported by the use of £0.150m of S106 funds linked to sustainable transport and £0.090m from the approved funds from the Local Transport Plan. Although this grant is un ringfenced as it was the result of a bid process it has been allocated in line with the bid.

A copy of the Council's successful bid is available on the Council's website:

<http://www.torbay.gov.uk/lstfbid.pdf>

2.34 Better Bus Areas Grant

The Council has been awarded a total of £0.515m from the Department of Transport to introduce a package of Real Time Passenger Information for all bus services in Torbay, together with some supporting measures to aid bus punctuality. Although this grant is unringfenced as it was the result of a bid process it has been allocated in line with the bid.

A copy of the Council's successful bid is available on the Council's website:

<http://www.torbay.gov.uk/bbaapplication.pdf>

2.35 Torbay Leisure Centre

Legal agreement is expected to be reached with Parkwood Leisure, the operator of Clennon Valley Leisure Centre to provide a capital grant of £0.544m to undertake urgent works at the centre in relation to the sports hall roof, swimming pool sky lights and pool air handling. This grant is to be funded by deducting from the contract fee to Parkwood the agreed repair element for the next 6 1/2 years which will be used to fund the capital grant as a "revenue contribution to capital".

2.36 Schools' Devolved Formula Capital

£0.5m for schools Devolved Formula Capital have been re profiled into future years based on historic patterns of spend for the schools grants.

2.37 Corporate Telephony Solution

The IT Replacement Reserve is to be used to fund £0.205m of purchases in relation to the introduction of a new Corporate Telephony System – a Voice Over Internet Protocol (VOIP) system. This will link to the ORP project and enable greater flexibility in location of handsets, reduce need for cabling and should result in lower maintenance and lower call charges.

2.38 **Schemes funded from Prudential Borrowing**

2.39 Replacement Council Use vehicles

The Council has to replace certain vehicles used for Council activities such as school buses or fork lift trucks. These assets are outside the contract with TOR2. It is recommended that Council approve an allocation of £0.250m for the purchase of these replacement Council use vehicles. Funding to be prudential borrowing unless, service specific resources such as reserves or other revenue contributions, can be used. Approval of individual asset purchases to be delegated to the Director of Place and Resources in consultation with Chief Finance officer and the Asset Super Client officer.

2.40 South Devon Link Road

Following Government confirmation of funding towards this scheme, our partners Devon County Council have provided revised schedule of works which indicate

that for the current year Torbay's contribution is now expected to be £2.1 million, a reduction of £0.7 million which has been moved to 2013/14.

2.41 Office Rationalisation Project

Progress on this project is continuing with works being undertaken to Torquay Town Hall and Electric House to enable the vacation of Roebuck House by March 2013. Agreement has been made with the landlord of Union House for a settlement figure for dilapidations. As Union House has been used to accommodate social services staff the unallocated "un ring" fenced 2011/12 social services capital grant of £0.5m will be allocated to this project which will reduce the level of prudential borrowing required therefore reducing revenue costs in future years.

2.42 Innovation Centre

Council in May 2012 approved, in principal, the use of £0.5m of new growth points capital grant (see para 2.31) and £2.0m of prudential borrowing to support a bid for funding for an innovation centre subject to a detailed business case and a letter of support from the board of the Economic Development Company. At the time of writing this report the business case and letter have not been presented, therefore the scheme has not, at this stage, been added to the Capital Investment Plan.

2.43 Community Fund

The development of a Community Fund of £0.250m per annum for grassroots infrastructure projects was a recommendation to the 2011/12 Capital Plan and subsequently referred to in the 2012/13 Capital Investment Plan (paragraph A3.4)

Report 36/2011 "That the Chief Finance Officer be requested to work with Council Officers to develop a scheme to start in April 2012 as part of the Capital Plan for a Community Fund of £250,000 a year. The Chief Finance Officer is tasked to identify options to fund this scheme. This fund should allow communities across Torbay to place bids for grassroots infrastructure projects. Officers should ensure that the scheme is developed to be open and transparent."

In relation to the overall funding available for the Council's approved Capital Investment Plan, a specific commitment at this time to this Fund would not be appropriate. However any capital bids for funding from any community groups, such as the recent request in relation to Swim Torquay, will be considered as part of the Councils' prioritisation of capital resources as set out in paragraph 2.4 above.

A3. Income Monitoring

A3.1 The funding identified for the latest Capital Investment Plan budget is shown in Annex 1. This is based on the latest prediction of capital resources available to fund the budgeted expenditure over the next 4 years. A summary of the funding of the Capital Investment Plan is shown in the Table below:

	2012/13	2013/14	2014/15	2015/16	Total 12/13 Q1	Potential Funds	Total Funds 4 yrs
	A	B	C	D	E	F	G
Funding	£m	£m	£m	£m	£m	£m	£m
Supported Borrowing	1	0	0	0	1	0	1
Unsupported Borrowing	9	6	5	11	31	(9)	22
Grants	17	10	4	0	31	11	42
Contributions	0	1	0	0	1	5	6
Reserves	1	0	0	0	1	0	1
Revenue	0	0	0	0	0	0	0
Capital Receipts	1	1	0	0	2	3	5
Total	29	18	9	11	67	10	77

Notes to Table:

Column E –reflects the Capital Investment Plan as at quarter one 2012/13 and shows the approved schemes to the extent that funding has been received or confirmed. Where the value of the approved schemes exceeds the known funding, temporary prudential borrowing has been used pending the future receipt of funds, at which point the funding will be swapped.

Column F – reflects the balance on the 2012/13 four year Capital Investment Plan that has not yet been allocated and the expected funding sources. When funding is confirmed the use of temporary prudential borrowing will be reversed.

A3.2 Capital Receipts

The Council has received £0.350m capital receipts in the year to date with a few other disposals “in the pipeline”. All previous receipts had been utilised to fund capital expenditure in 2011/12 so the balance of receipts at the start of the year was nil, which leaves a target of £2.3 million over the four years of the Capital Investment Plan.

However the anticipated total resources of £31.4 million used at the Annual Review of the Capital Investment Plan included an assumption of a further £3 million from potential capital receipts; therefore the total target for capital receipts is £4.7 million by 2015/16.

The Council has received some Right to Buy Clawback receipts from Sanctuary Housing Association arising from sales of former Council houses in 2011/12. In accordance with the Council’s Capital Strategy these resources have been allocated to Affordable Housing capital projects so that £0.145m has been added to the Capital Investment Plan to be allocated to appropriate housing schemes.

It is still anticipated that successful marketing of the earmarked sites and the remaining assets on the approved disposal list will eventually generate sufficient receipts to meet the overall sales target. The Council’s Asset Rationalisation Board encourages services to identify surplus assets for disposal and to generate resources to fund investment in the remaining assets.

The Community Asset Transfer Strategy means that some assets which previously would have been sold are now transferred to Community groups, thereby reducing the amount of achievable capital receipts

A4.3 The Council's capital expenditure has an overall positive impact on the Council's Balance Sheet. The majority of expenditure in the Capital Investment Plan is on the Council's own assets which will therefore increase the value attached to the Council's fixed assets. This also applies to investment in assets funded from borrowing where the increase in asset value will exceed any increase in the Council's long term liabilities. As at 31 March 2012 the Council's Non Current Assets were valued at over £320 million. (Note when Council schools transfer to Academy status the value of the asset is removed from the Council's balance sheet, however the Council remains liable for any outstanding borrowing or other long term liability in relation to the asset being transferred).

A5. Outline of significant key risks

That capital receipts and other capital contributions such as S106 and Community Infrastructure levy will be not be generated to support the plan.

The contingency is approximately 1.6% of total planned expenditure on a total programme of £67 million. There could be inflationary cost pressures on the programme thus increasing expenditure.

A6. Other Options

Council could consider reducing the Capital Investment Plan to reflect any potential reduction in capital receipts or other capital resources

A7. Summary of resource implications

Resources implications are outlined in the report with a summary of funding in paragraph A3.1.

Schemes funded from prudential borrowing have a revenue impact until the borrowing is "repaid". Unless the scheme is an 'invest to save' scheme, the costs of interest and repayment of principal (MRP) will need to be funded from the Council's revenue budget.

A8. What impact will there be on equalities, environmental sustainability and crime and disorder?

No direct impact but the Capital programme supports all Council priorities and complies with Council policies.

A9. Consultation and Customer Focus

Where appropriate capital schemes have public consultation and negotiation with stakeholders.

A10. Are there any implications for other Business Units?

The Capital Investment Plan supports all Council priorities thus will directly impact on service delivery.