PLYMOUTH CITY COUNCIL

Subject:	Capital Programme approvals
Committee:	City Council
Date:	16 April 2012
Cabinet Member:	Councillors Bowyer and Ball
CMT Member:	Director for Corporate Services
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Ref:	
Key Decision:	No
Part:	I

Executive Summary:

This report sets out the proposals recommended by Cabinet on 27 March 2012 on capital expenditure approval of £3m on designing and implementing modernised ways of working to enable delivery of customer service improvements and financial benefits, and proposals for primary schools basic need additional places waves II, III and IV, for capital programme approval.

The 4 year capital programme approved by Council in February 2012 was £173.461m over the following years:

2011/12	£78.661m
2012/13	£51.121m
2013/14	£28.798m
2014/15	£14.881m.

This will increase by £3.0m if these proposals are approved

Corporate Plan 2012 – 2015:

This report is linked to delivering the priorities set out in the Council's corporate plan. Targeting the Council's resources in a planned manner in order to align expenditure with key priorities will maximise the benefits to residents and businesses in Plymouth.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

With the further scheme recommended the projected capital spend now includes an additional £3m which will be spent over the periods 2012/13 – 2015/16, totalling £176.461m. This additional funding is proposed to be funded by borrowing resulting in annual revenue costs over the next five years of £0.640m which will be met as all Directorate revenue budgets are reduced through efficiencies achieved through more modern ways of working

The other recommendations relating to the schools' programme will not increase the capital programme but are included for approval against the specific schemes put forward in the report.

Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

The public sector is facing reduced revenue and capital resources which has been identified as a key risk within the Council's Strategic Risk register.

Recommendations & Reasons for recommended action:

1. The City Council is recommended to approve the new Capital Approval of £3.0m to design and implement modernised ways of working to enable delivery of customer service improvements and financial benefits.

2. The City Council is recommended to approve to amend the Capital Programme to include specific allocations for Waves III and IV of £2.657m as set out in Section 1 of this report, these can be contained within the existing overall approved capital programme

3. The City Council is recommended to amend the Capital Programme to use the allocations for condition works, of £3 million as set out in Section 1 of this report. This will not increase the capital programme but will use the current Condition budgets already approved in the programme.

Alternative options considered and reasons for recommended action:

The schemes will not proceed without Council approval

Background papers:
Cabinet reports:
Improving Customers experience of interacting with the Council – Cabinet 27 March 2012.

Services for Children and Young People Basic Need Programme – Cabinet 27 March 2012.

Sign off:

Fin	CDR/ CorS121300 1/03.04.12	Leg	RSN No: 13924	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Malcolm Coe											

1.0 Capital Schemes referred from Cabinet on 27 March 2012

1.1 Cabinet agreed (minute 146 refers) that the City Council is recommended to approve the new capital scheme for investment of £3.0m to design and implement modernised ways of working to enable delivery of customer service improvements and financial benefits. The implementation of the new systems and ways of working is planned for within the Council's Corporate Plan. This will include the transfer of staffing resources in to the Customer Services department for advice and information, and systems support and transactional work in to Finance, Efficiencies, Technology and Assets department. This will help reduce the overall cost of the workforce to achieve the £0.640m savings required and improve customer service responses. This will be reflected in the Council's Workforce Plan.

1.2 The October 2011 Cabinet report on schools basic need considered the long term effect of increasing the size of schools through conversion/building new classrooms and it was concluded that it would only be affordable by the longer term allocation of condition funding to the Basic Need programme. It was concluded that this approach is not achievable over the long term so a change of policy direction was considered that suggested that basic need growth could also be achieved through the use of bulge years and phased building programmes to spread the capital infrastructure cost.

The March 2012 Cabinet report builds on this and recommends a different capital approach, introducing the use of bulge years and the predicted expansion of free schools to meet a significant proportion of Waves III and IV growth.

The infrastructure investment needed to expand the schools is as follows:

Name of School	**Cost £m**
Montpelier Primary (Bulge Year Wave II)	0.065
St Mary's CE Infant School (Bulge Year Wave II)	0.020
Victoria Road (Community) Primary School (Bulge Year Wave II)	0.010
Pilgrim (Community) Primary School (Wave III)	2.450
Lipson Vale (Community) Primary School (Wave III)	0.072
Laira Green (Community) Primary School (Bulge Year Wave IV)	0.030
Woodfield Community Primary School (Bulge Year Wave IV)	0.000
Austin Farm (Community) Primary School (Removal of temps Wave IV)	0.010
Total	**2.657**

Cabinet agreed (minute 149 refers) that the City Council is recommended to amend the Capital Programme to include the allocations for Waves III and IV of £2.657m.

1.2 Cabinet agreed (minute 149 refers) that the City Council is recommended that an extra programme of condition works of £3.0m be included in the Capital programme approved by Council. This funding is in addition to the programme of condition support for maintained schools that is already set at £500,000 per annum, which schools bid into, but can be contained within the overall funding that has already been approved as part of the capital programme approved at Council on 27 February 2012.

It was proposed in this report that the following projects are achieved from this programme:

Funding Allocation	**Purpose**	**Cost £m**
Knowle Primary School	Replace heating, water and electrical systems, fire doors and replacement of temps to cater for the negative bulge	2.52
Holy Cross Catholic Primary School	Erect MUGA in Beaumont Park	0.12
Dunstone Primary School	Replacement Roof	0.05
Woodfield Primary	Replacement of Kitchen and boiler	0.31
	Total	**3.00**

These projects have been selected through a combination of:

- identified need in condition reports completed in autumn 2010,
- condition bids submitted by schools against governors' prioritised need, and
- detailed technical surveys commissioned in 2011 to assess need.

Consideration has also been given to addressing need where capacity and investment will be required in the future.

2.0 **Funding of the additional capital schemes**

2.1 The funding of the capital programme is constantly under review by officers as funding streams become more certain and the outcome of grant bids are determined.

2.2 The cost of funding unsupported borrowing to finance the modernised way of working project, over an asset life of 5 years, is estimated at £0.640m per annum. This revenue cost will need to be met from all the Directorates, Departments and Divisions revenue budgets 2013 – 18 as they adopt the modern ways of working.

2.2 It is important that the most efficient use of resources is made and therefore this requires review and flexibility of the use of both borrowing and capital receipts, linked with grant and S106 funding. The exact funding of the capital programme is not determined until the end of the financial year dependent on the level of receipts and grants received during the year and the final capital expenditure, at this stage the basic need and condition works programmes are anticipated to be funded by unringfenced cash grant.