

## **Report for Resolution**

**Report to** Cabinet  
21<sup>st</sup> September 2011

**Report of** Head of neighbourhood housing services

**Subject** Capital programme – Mid Year Review

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### **Purpose**

The purpose of this report is to seek approval for use of housing capital funds for the construction of new bin stores and for the allocation of non-housing capital resources to support a range of investment proposals.

### **Recommendations**

It is recommended that:

1. Cabinet approve the following amendments to the housing and non-housing capital programmes:
  - a. a virement of £400,000 in the 2011/12 housing capital from the windows budget to finance the cost of providing additional bin stores in the current financial year (Table 2 refers);
  - b. the reallocation of £203,579 from the pool of section 106 funds available for play and open space provision detailed in table 4; and
  - c. the allocation of £22,000 from the S106 funds available for the maintenance of open space at Bowthorpe to finance the revenue cost of undertaking a review of open space requirements and maintenance obligations of existing open space at Bowthorpe (paragraph 28 refers).
2. Cabinet recommends to Council the following amendments to the housing and non-housing capital programmes:
  - a. Approval of the revised public sector Housing Capital Programme (£18,033,000) for 2011/12 as detailed in Table 2.
  - b. a commitment to allocate £600,000 in the 2012/13 housing capital programme for the completion of the bin store construction programme (paragraph 12 refers); and
  - c. a commitment to allocate from £566,000 from general fund capital receipts made up of: works to City hall (£100,000), repairs to the City wall (£100,000), provision of tennis courts, Waterloo Park (£61,000), communal bins (£275,000), and replacement “Welcome to Norwich” signs (£30,000).

### **Financial Consequences**

The financial implications of the proposed additions to the housing and non-housing capital programmes can be funded from existing resources.

### **Risk Assessment**

The key risk is that costs exceed the budget allocation. This risk is mitigated by close project management and budgetary control.

## **Strategic Priority and Outcome/Service Priorities**

The report helps to meet the strategic priority “Safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities”

**Cabinet Member:** Councillor Waters - Resources

**Ward:** All

### **Contact Officers**

|  |              |
|--|--------------|
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### **Background Documents**

Housing & non-housing capital programme 2011/12 Council February 2011  
Office accommodation strategy Cabinet July 2011.

## Report

### Capital programme – mid year review

1. As part of the budget setting process in February 2011 the Council agreed investment in the housing and non-housing capital programmes. At the time it was acknowledged that it may be necessary to undertake a mid-year review and the purpose of this report is to seek approval for investment in a range of projects to be funded from housing and general fund capital receipts. Some of the proposals are matters that require the approval of Council.

### Capital Programme resources overview

2. The balance of Non Housing Capital resources brought forward into 2011/12 was £11.44m, which includes £1.43m income from the sale of General fund dwellings. Table 1 below shows that £4.37m of this is unallocated. A further programme of disposals is planned, which is forecast to raise £2.81m, but none of this has been received yet and so cannot be included in the funding available.

|   | £000's | £000's |
|---|--------|--------|
| Balance of funding brought forward                            |        | 11,443 |
| Committed to HCA schemes                                      | 2,528  |        |
| Ring fenced to S106   | 2,910  |        |
| Total committed   | 5,438  | -5,438 |
| Balance remaining   |        | 6,005  |
| Approved capital programme 2011/12                            | 6,110  |        |
| Less HCA expenditure deferred                                 | -2,528 |        |
| Less S106 expenditure approved                                | -1,955 |        |
| Total previously approved                                     | 1,627  | -1,627 |
| Balance available and unallocated                             |        | 4,378  |
| Forecast sales from asset disposals approved but not received |        | 2,812  |
| Total possible funding available for 2011/12 programme        |        | 7,190  |

3. The balance of Housing capital funds available is £13.08m. This has arisen mainly because of the disruption caused by the change of contractor, which has left the Council with interim contracts for much of its planned work, whilst the procurement process is recommenced.

4. The revised housing capital programme forecasts shown in Table 2 reflect anticipated expenditure through the various interim contracts that have been put in place to deliver works whilst procurement of long term contracts goes through the relevant procedures. The additional allocation for Decent Homes, heating, preventative maintenance, and supported independent living, will be funded from the underspend on these elements in the previous financial year. Recommendation 2 (a) seeks the approval of the forecast expenditure as the revised budget.

Table 2 Housing Capital Programme

| <b>Housing Capital Programme</b> | <b>Budget approved 2011/12 £000s</b> | <b>Total budget including carry forward from 2010/11 £000s</b> | <b>Forecast expenditure 2011/12 £000s</b> |
|----------------------------------|--------------------------------------|--|---|
| <b>Public Sector</b>             |                                      |  |   |
| Decent Homes                     | 3,370                                | 5,996  | 4,167                                     |
| Heating                          | 3,290                                | 5,216  | 5,033                                     |
| Windows                          | 5,761                                | 10,779   | 3,072                                     |
| Community Safety                 | 150                                  | 350  | 0   |
| Preventative Maintenance         | 2,192                                | 4,770  | 2,895                                     |
| Supported Independent Living     | 1,850                                | 2,539  | 2,229                                     |
| NCAS and IT enhancements         | 0                                    | 0  | 0   |
| Communal Bin Provision           | 0                                    | 237  | 637                                       |
| <b>Total Public sector</b>       | <b>16,613</b>                        | <b>29,887</b>  | <b>18,033</b>                             |

5. In relation to Table 2 members will note the anticipated underspend on the replacement windows programme. This has arisen because of the length of time taken to procure a contractor to complete the programme. The contract is now in place and is about to start on site. The total contract value is for approx £7.5m which is below the budget provision, which will increase the funding available for other works. As the contract is only now about to commence, the forecast expenditure is as shown above, with the remainder of the contract value being a commitment for next years budget.
6. The preventative maintenance budget and the community safety budgets will also be underspent due to procurement issues. The preventative maintenance contracts have been procured and are about to start on site, whilst the procurement of a contractor to deliver additional community safety measures has only just begun

### **Housing Capital Programme**

7. There are a number of other reports to this meeting of the cabinet that bring forward proposals for expenditure within the approved housing capital programme. However, there is one new item of expenditure relating to the provision of communal bin stores.
8. The Integrated Waste Management Strategy adopted by Full Council in February 2007 identified that one of the steps to improve the current waste collection arrangements for flats and at the same time increase the level of recycling was to introduce communal bins. A full survey of over 400 housing sites identified a programme of works to provide a successful transition from individual black sack collections to communal waste and recycling facilities.
9. Currently where communal bins have not been introduced operatives have to go into the

flats at every floor level and retrieve black bin liners. With the new system residents have to take their refuse and re-cycling to communal bins which are then collected directly to trucks in a safer and more economic manner. As part of the contract with Fountains, the Council gave a commitment to implement within a reasonable timescale the communal bin collection system to all flats and there is a financial incentive to the council in meeting this objective.

10. Currently where communal bins have not been introduced operatives have to go into the flats at every floor level and retrieve black bin liners. With the new system residents have to take their refuse and re-cycling to communal bins which are then collected directly to trucks in a safer and more economic manner. As part of the contract with Fountains, the Council gave a commitment to implement within a reasonable timescale the communal bin collection system to all flats and there is a financial incentive to the council in meeting this objective.
11. The Housing communal bin project commenced in 2008 and was arranged in three phases based on a series of priorities. These Phases were programmed as Priority 1, 2 and 3. Priority 1 sites are now broadly complete and Priority 2 commenced in April 2011. The capital cost of installing the new bin stores/compounds is met from the housing capital programme and funds have already been invested to complete phase 1 and are allocated in the current year to commence phase 2. A programme to complete all phases of the programme has now been established with a completion date of no later than the end of 2013. To complete the programme over the next 18 months an additional capital allocation is required for this work.
12. In view of the change in the main housing contractor during the current financial year and the impact this has had on the major repair and improvement programmes it is inevitable that there will be an under spend on the capital programme. This provides an opportunity to vire funds to enable the communal bin programme to continue throughout 2011/12. Furthermore to enable the programme to be completed in 2012/13 there is a need to make a commitment to allocate capital funds in the next financial year. The sums required are as follows:
  - (a) £400,000 of housing capital funds in 2011/12 (this is shown in table 2 as a virement from the windows programme which is now committed and known to be under budget); and
  - (b) £600,000 allocation in the 2012/13 housing capital programme.

The commitment for funding in 2012/13 will enable a single procurement process to be undertaken. Furthermore there are sufficient capital funds available to ensure that this commitment will not impact on the delivery of other investment priorities.

### **Non housing capital programme**

13. Table 3 below shows the non housing capital programme approved at Council in March 2011 and the proposed additions included in this report. The overall programme will be smaller than that previously approved, but this will be because of the deferment of the HCA expenditure proposed for the Bowthorpe Site. The total additional commitment requested will be £566,000, to be funded from the balance of capital funding currently available of £4,378,000 identified in Table 1.

#### **Table 3 Revised non housing capital programme 2011/12**

| <b>Non Housing Capital Programme 2011/12</b>                   | <b>Scheme title</b>   | <b>Approved expenditure 2011/12 £'000s</b> | <b>Additional items proposed 2011/12</b> | <b>Total 2011/12 programme</b> |
|--|---|--|--|--------------------------------|
| Asset Management Strategy – Repairs, Maintenance and Upgrading | Provision for major repairs and upgrades  | 750  |  | 750                            |
|  | Provision for repairs to New Mills Yard River Wall  | 350  |  | 350                            |
|  | Expenditure on alternative energy operational buildings   | 250  |  | 250                            |
|  | Investment in assets -Property investment equity  |  | 0  | 0                              |
|  | Office accommodation strategy - City hall refurbishment Phase 1 (initial allocation)  |  | 100                                      | 100                            |
|  | Repairs to City Wall former Magpie printers site  |  | 100                                      | 100                            |
| Neighbourhood Strategy – Community Development                 | New S106 provision for play and open spaces (including the net implications of the proposals shown in table 4)                | 187  | 71                                       | 258                            |
|  | Sports pitch provision – tennis courts  | 255  |  | 255                            |
|  | Waterloo park tennis courts   |  | 61                                       | 61                             |
|  | C/f on S106 playschemes   | 1021                                       |  | 1021                           |
|  | Communal bins   |  | 275                                      | 275                            |
| Regeneration and Growth – Growth                               | Bowthorpe site Three Score – site development and enabling  | 2500                                       |  |                                |
|  | Deferral of Bowthorpe investment  |  | -2500                                    | 0                              |
|  | Welcome to Norwich signs  |  | 30                                       | 30                             |
|  | Automatic Number Plate recognition equipment  | 50   |  | 50                             |
| Transportation – S106  | c/f on S106 transport schemes   | 278  |  | 278                            |
|  | S106 provision for transportation schemes (see recommendation No 4 and Appendix 2 for specific approvals and funding sources) | 469  |  | 469                            |
| <b>Total</b>   |   | <b>6110</b>                                | <b>-1863</b>                             | <b>4247</b>                    |

14. The following paragraphs explain the background to each request for additional capital funding.

#### Infrastructure investment at Bowthorpe

15. Since February a number of the items in the non-housing capital programme have

progressed and some have been re-programmed for future years. In this respect a key change to the approved programme is the rolling back of the £2.5m allocated for Bowthorpe site works. This investment is still going ahead but is being met from the first phase of development. Therefore this sum has been retained for subsequent investment in works that meet the agreed objectives of the HCA/City Council partnership agreement.

#### Communal bin programme – purchase of bins

16. Associated with the requirement to complete the roll out of the housing communal bin sites programme explained above there is the need to purchase new bins. The provision of bins is a general fund responsibility. Normally, large 1100 litre metal waste and recycling bins are provided and locked into position but the actual requirements will be determined by the form and nature of the site and the number of households using the facility. It is estimated that 1,700 bins are required and from a social and environmental perspective this waste collection approach normally reduces fly tipping and increases recycling. Completion of the scheme will bring easily accessible recycling facilities to approx 3,500 properties. The capital investment required is estimated to be £275,000. This investment should help to increase the overall recycling rate and will contribute to the Corporate Objective SHN6 to recycle 55% of domestic waste by March 2012.

#### Office accommodation strategy

17. The implementation of the first phase of the accommodation strategy is a major capital proposal. In July 2010 cabinet agreed a strategy that promoted the consolidation of office provision at city hall with the retention of a neighbourhood presence. The strategy identified a need for investment in the whole office portfolio including city hall. The works to city hall included essential repairs and maintenance work together with the option to undertake works to reconfigure some of the cellular offices to create a modern working environment that would enable more efficient working arrangements to be implemented. The first phase of capital work proposed to city hall seeks to combine essential maintenance work alongside an enhancement to office layout. This approach increases the cost of the capital investment but means that less revenue expenditure is required in future years.
18. Discussions have been held with English Heritage to establish the scope and as a first phase of investment at city hall there is an opportunity to reconfigure the top floor of city hall to remove cellular offices, include corridors within open plan office areas (which will increase floor space in these locations by about 30%) and to undertake associated maintenance works. The increase in floor space and added flexibility would enable a hot desking ratio of 8:10 resulting in an increased capacity in City Hall from the current 550 to a potential 800 FTEs. This enables the consolidation of city hall as the main administrative building and releases space for leasing to third parties. Additional funding is required within the first phase in order to replace essential infrastructure such as the heating riser mains and new windows on all floors to maximise use of scaffolding. These works are required whether or not any reconfiguration of the office layout is undertaken.
19. Most of the works require listed building consent and further detailed design is required to support the application and to a full programme of works and the associated tender documentation. A key factor that will influence both the nature and costs of the works will be the listed building consent and this is a core part of delivering this capital project. As part of the 2012/13 capital programme to be considered by Cabinet and approved by Council in February 2012 it will be necessary to include a capital sum to undertake the first phase of works to City Hall. At this stage approval is being sought for an initial allocation of £100,000 to enable preparatory design work including preparation of contract documents to proceed.

### Hard surface tennis courts

20. This item concerns the implementation of the sports pitch review undertaken in 2009/10. As part of the review there was a commitment to replace some of the grass courts with hard surface courts. Two grass tennis courts at Waterloo Park were taken out of service as part of the efficiency savings. This has left the provision of one hard surfaced tennis court in the park. Providing hard surface tennis courts in the park will reduce annual maintenance costs compared to the provision of grass courts, whilst also make the courts usable all year round. Furthermore the courts will be free to use and experience elsewhere in the city has shown that this approach has increased the number of formal and informal users of the facility compared to a grass court. This investment at Waterloo Park, which is estimated to cost £61,000 will link with another play project for the provision of 2 five a side goals in the old hard tennis court, which is sub-standard and has limited use.

### 'Welcome to Norwich' signs

21. The boundary signs welcoming visitors to Norwich were originally introduced in the 1960s. Over the years they have fallen into gradual disrepair. Whilst it would be possible to carry out maintenance repairs, their condition is such that it would be relatively expensive: at several locations signs are missing entirely believed in some cases to have been stolen.
22. Alternatively it is proposed to replace the signage with a new set of boundary signs. Some of the existing locations are not very visible and the opportunity could be taken to relocate them to a more prominent position. Also easier to maintain, less costly signs would be specified.
23. It is understood that the original signs were sponsored and the council is actively investigating sponsorship of new signage. An allocation of up to £30,000 is being sought even though it is hoped to recover the majority of this from sponsorship.

### Investment in assets

24. As part of the establishment of a new partnership arrangement with Norfolk Property Services it was agreed that consideration would be given to the scope to capitalise some of the revenue costs associated with this venture and to the establishment of an equity fund that would enable investment in assets to produce a revenue return. Further investigation has shown that there is limited scope to capitalise the revenue costs but there is a need for an equity investment fund. However at this stage it is not possible to determine the scale of investment fund but this will be a factor for consideration in the February 2012 budget report.

## **Section 106 investment**

25. Included as part of the non housing capital programme are schemes funded from the pool of section 106 funds available for play and open space provision. Since the programme was approved further work has been undertaken to bring forward a range of play and open space proposals. In this context the following investment proposals have been identified.

### Play facilities at Fiddlewood, Pennyroyal and Bussey Road

26. Approval of the Non Housing Capital Programme & Capital Plan for 2010-11 confirmed the allocation of £70K of S.106 contribution towards improvements to an existing MUGA and skate park facility adjoining Fiddlewood Community Centre. A recent consultation exercise with the local community and a qualitative assessment of the city's play areas at



the beginning of 2011 have identified that there is a more pressing need for investment in the provision of junior play facilities in the Fiddlewood neighbourhood and also improvements to the existing play areas at Pennyroyal and Bussey Road. It is proposed the existing funding pool be reallocated accordingly and increased to £85,000.

#### Repairs to the City Wall

27. As part of the ongoing asset review process, the land surrounding the city wall at the former Magpie Printers site has been identified as a potential development site. However, in order to realise this potential, the wall needs to be refurbished. The estimated cost of this work is £100,000. This expenditure will enable the council to restore the site to a saleable condition, and has the secondary benefits of both allowing public access to this section of the City Wall, and of reducing the council's ongoing liability for repairs and maintenance. Furthermore, the proceeds from the sale are likely to offset most if not all of the cost of the repairs.

#### Open space and play provision at Bowthorpe

28. Officers have also commenced a detailed review of the open spaces, play facilities and community facilities which serve the Bowthorpe neighbourhood. The aim of the review is to ensure that the needs of Bowthorpe residents for good quality open spaces, allotments and play facilities are met. Although the review process is at an early stage, improvements to the Stylman Road and Bowthorpe Cycle Way play areas have been identified as a priority and it is proposed that a S.106 funded budget of £118,579 is allocated to the project. The funding pool will be created by utilising the S.106 contributions allocated to play area improvements at Stylman Road, Waldegrave Road and Clover Hill environs following approval of the Non Housing Capital Programme and Capital Plan for 2009-10. Additional funding is being provided by the re-allocation of a S.106 contribution allocated following Executive approval in July 2008 towards the provision of a new Multi Use Games Area at the St Michaels School, Bowthorpe. Unfortunately the school was unable to secure the matched funding that would have enabled the approved project to proceed.

29. To assist work on the review there is a requirement to finance the revenue cost of fee earning staff and other associated costs including public consultation arrangements. These are estimated to cost £10,000. In addition, a related project will also be undertaken to identify areas of land in Bowthorpe that are not being properly managed because of unclear ownership or maintenance responsibilities. The purpose of this item of work is to identify options to deal with these areas. Again it is necessary to finance the revenue cost of fee earning staff engaged in this work together with the cost of determining land ownership via the land registry. It is estimated that this task will cost £12,000.

30. It is proposed that revenue funding for both of the reviews will be allocated from money provided by the developer Cofton in 1999 for the maintenance of land around the Bowthorpe Southern Park. This reallocation will leave £215,000 remaining in that fund.

#### Section 106 contributions – funding arrangements

31. A breakdown of the S.106 contributions allocated to fund the proposed Fiddlewood and Bowthorpe neighbourhood's expenditure is as follows:

#### Table 4 Capital programme – Mid Year Review 2010/2011 S.106 Proposals

# Capital programme – Mid Year Review 2010/2011 S.106 Proposals

| Play Area -<br>Fiddlewood<br>Neighbourhood | Proposed<br>Budget<br><br>Budget | Executive<br>Approval | Project Outline   | Financed by   |                |
|--|----------------------------------|-----------------------|---|---|----------------|
|  |                                  |                       |   | S.106 Contribution                                  | Amount         |
| Fiddlewood Road                            | £55,000                          | T.B.C                 | Reallocation of funds previously allocated for improvements to existing MUGA and skate park adjoining Fiddlewood Community Centre. (Scheme approved by Exec in February 2010 ) towards the provision of junior orientated play facilities and improvements to existing play areas serving the Fiddlewood neighbourhood at Pennyroyal and Bussey Road. | 4107 Former UEA Fifers Lane (George Wimpey)         | £15,074        |
| Pennyroyal                                 | £15,000                          |                       |   | 4106 Former Officers Mess Fifers Lane (J S Bloor)   | £54,926        |
| Bussey Road                                | £15,000                          |                       |   | 4122 Old Grove Court/5700 Dowding Road/Taylors Lane | £15,000        |
| <b>Total</b>                               | <b>£85,000</b>                   |                       |   |   | <b>£85,000</b> |

| Play Area - Clover Hill<br>Play Projects  | Approved<br>Budget | Executive<br>Approval | Project Outline   | Financed by                    |                 |
|---|--------------------|-----------------------|---|--------------------------------|-----------------|
|   |                    |                       |   | S.106 Contribution             | Amount          |
| Clover Hill Play Projects - Stylman Road Play Area and Bowthorpe Cycle Way Project. | £118,579           | T.B.C                 | The aim of the project is to provide more creative and absorbing play facilities at the Stylman Road and Bowthorpe Cycle Play areas in the Clover Hill neighbourhood. The Stylman Road Play Area improvements will provide play facilities for older children. Bowthorpe Cycle Way play area will be more attractive to toddlers. | 4010 TS6C and 6E Three Score   | £16,850         |
|   |                    |                       |   | 4050 Site T3, T6, Bowthorpe    | £759            |
|   |                    |                       |   | 4051 Cutler Way                | £4,286          |
|   |                    |                       |   | 4064 Toyle Road                | £1,964          |
|   |                    |                       |   | 4049 Site V5 Bendish Way       | £14,234         |
|   |                    |                       |   | 4095 Chapel Break              | £27,550         |
|   |                    |                       |   | 4095 Chapel Break              | £36,000         |
|   |                    |                       |   | 4140 Old Barn Site, Toyle Road | £16,936         |
| <b>Scheme Total</b>   | <b>£118,579</b>    |                       |   |                                | <b>£118,579</b> |
| <b>Total section 106 expenditure for all schemes</b>                                |                    |                       |   |                                | <b>£203,579</b> |