

## Report for Resolution

**Report to** Council  
27 September 2011

Item

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**Report of** Director of regeneration and development

**Subject** Capital Programme – Mid Year Review

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### Purpose

The purpose of this report is to consider an update of the 2011/12 general fund and housing capital programmes.

### Recommendation

1. to approve the following changes to the housing and general fund capital programmes:
  - a. To approve the revised public sector Housing Capital Programme (£18,633,000) for 2011/12 as detailed in Table 2.
  - b. to allocate £600,000 in the 2012/13 housing capital programme for the completion of the bin store construction programme (paragraph 12 refers);
  - c. to increase the general fund capital programme by £566,000 to fund 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 unspent is £13.3m. 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><i>Public Sector</i></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	1237
<b>Total Public sector</b>	<b>16,613</b>	<b>29,887</b>	<b>18,633</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:

£1,000,000 resourced 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); approved by cabinet on 21 September 2011.
- (b) an additional £600,000 allocation in the housing capital programme.

The commitment for funding in 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. 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**

16. 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.
17. 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.
18. 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**

19. 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**

20. 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.
21. 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.
22. 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**

23. 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.

## **Repairs to the City Wall**

24. 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.