

Report for Resolution

Report to Cabinet
16 February 2011

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Report of Head of Finance

Subject Non Housing Capital Plan and Capital Programme
2011/12

Purpose

This report presents the proposed Non Housing Capital Programme for 2011/12 for approval, and reviews the Non Housing Capital Programme for 2010/11

Recommendations

To recommend Council to:-

1. approve the Non Housing Capital Programme 2011/12, as set out in the report
2. approve the following discretionary S106 expenditure provisions, and to delegate to the Capital Programmes Board the approval of detailed proposals in the form of Project Mandates when requirements have been fully worked up in conjunction with Members and other stakeholders.

Play and Open Space provisions

- a. Waterloo Park – approval of an additional £30,000 provision for filtration equipment to the paddling pool, making the total project budget £209,000
- b. Pointers Field – approval of an additional £20,000 towards a natural play park, making the total project budget £67,500
- c. NCCAAP bank – addition of a further £12,873 to the Northern City Centre Area Action Plan S106 bank, making a total project budget to date of £89,057.
- d. Piling Park – approval of £114,465 for improvements to play equipment and surfacing at Piling Park
- e. Chapelfield Gardens - approval of an additional £9,977 S106 provision to allow improvement to lighting in the gardens associated with the play project, making a total budget of £201,544

Transportation provision

- a. Marriots Way improvements – approval of an additional £4,404 to the budget for improvements to the cycle route, making a total project budget of £23,904
- b. Chapelfield North & Westlegate Traffic Circulation and Public Space Improvements – approval of an additional £75,965 to the budget for this project, making a total S106 budget contribution of £82,320
- c. Edward Street Bus interchange – approval of £13,838 contribution towards the cost of the interchange
- d. Chapelfield North & Westlegate Traffic Circulation and Public space improvements / Edwards Street Bus Interchange – approval of a total

contribution of £146,184 towards one or both of these schemes from funds set aside for provision and maintenance of park and ride facilities

- e. Northern City Cycle Links – approval of an additional £76,595 towards measures to encourage cycling and walking in the north of the City, making a total S106 contribution of £172,925
- f. Hurricane Way Bus link – budget to remain as approved at £50,000, but source of funding to be amended as detailed in the report
- g. Magdalen Street Furniture and Signage review – approval of £2,822 towards improvement of the pedestrian experience of Magdalen Street by the removal of unnecessary street furniture and signage
- h. Norwich River Parkway/Connect 2 – approval of £6,519 contribution to this project
- i. Livestock Market Cycle and Walking Routes – approval of £143,000 for additions and improvements to cycle and walking routes in the south of the city including improvements to Lakenham Way. This funding is held by Norfolk County Council.

Financial Consequences

The financial consequences of this report are set out in this report

Risk Assessment

A detailed risk assessment is included in the body of the report.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority Strong and Prosperous City, Safe and Healthy Neighbourhoods, Opportunities for All .

Cabinet Member: Councillor Waters - Resources, performance and shared services

Ward: All wards

Contact Officers

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Report

The Non Housing Capital Plan

1. The current uncertainty regarding the future of Local Government finances and recent reductions in revenue funding means that the Council needs to rethink its Capital Strategy, and in particular how this strategy impacts on revenue generation. Some of the largest contributions to revenue funding come from Investment income, or are generated by Council assets such as car parks..
2. As part of the Asset Management Strategy Improvement Plan the Council is undertaking a review of its investment portfolio and the income generated by assets. Until this review is completed the level of surplus capital receipts likely to be generated will be unknown.
3. Consequently this report only looks forward two years and predicts the currently known level of Capital receipts forecast to arise.
4. Table 1 indicates the anticipated levels of resources available to the Non Housing Capital Programme in the next two years.

Table 1 – Non Housing Capital Resources

Non Housing Capital Resources	b/f from 2010/11 £'000s	2011/12 £'000s	2012/13 £'000s
HCA Partnership (b/f)	2500	0	0
Other Capital receipts brought forward from previous year	4919	0	0
Revenue funding (spend to save budget)	0	128	
Capital receipts arising (forecast)	0	1408	0
Govt and Lottery grants	0	225	0
S106 commuted sums	2368	306	615
Forecast funding	9,787	2,067	615
Total available to 2011/12 programme		11,854	
Less expenditure proposals in this report		5,860	
Less total S106 funding unallocated		776	
Total remaining		5,218	

5. Known resources include £2.5m grant from the HCA, carried forward into 2011/12. This funding is specifically for investment in the Bowthorpe site, to enable larger receipts to be generated from the development of that site in future years. The amount likely to be generated from the disposal of the site is subject to market forces and other issues, and therefore it would be unrealistic to include any estimates at present. Any receipts generated are required to be reinvested in the HCA partnership.

6. The sale of part of the Livestock market site and Earlham Hall have generated receipts which, when added to the forecast of a further £1.4m in 2011/12, provides a healthy balance of receipts available for the first time in several years.
7. However, the amount available to spend on new projects is subject to members decision on movements of funding between the General Fund and the HRA
8. In order to give maximum flexibility in the capital programmes it is assumed that housing right to buy receipts can be used for non housing capital expenditure.
9. Levels of further receipts likely to be available are unknown until the Asset Management Strategy Improvement Plan has been completed, hence the forecast above is only for disposals already identified.
10. The annual inflow of capital funding originating from S.106 developer contributions has continued to reduce during 2010/11. Contributions totalling £239K have been paid by developers in 2010/11 (2010 was £452K). The latest report to the Planning Applications Committee by the Head of Planning indicates that during the period April to December 2010 the number of planning applications received by the Council has increased by 9% over the corresponding period in 2009 but this increase in activity has not yet resulted in a significant increase in the pipeline of S.106 funds. There have been 14 S.106 agreements completed during the current financial year. (21 agreements were completed during the 2010 financial year).
11. Current market conditions continue to make it difficult to predict the timing of the receipt of future contributions. Signed S.106 agreements are attached to a number of larger schemes around the city including Anglia Square, St Annes Wharf, Duke Street, and Harford Place, but even if the existing planning approvals for these schemes are implemented it is unlikely that payment of the S.106 contributions will be triggered before 2013/2014.
12. In total the Council will carry forward approximately £2.37m of S106 resources in to 2011/12. Approximately £470K of this will remain unallocated to a specific scheme, if members approve the proposals in this report.

Review of Non Housing Capital Programme 2010/11

13. Table 2 summarises the anticipated outturn figures for the 2010/11 Non Housing Capital Programme.

Table 2 Non Housing Capital Programme 2010/11

Non Housing Capital Programme 2010/11	Scheme title	Approved Budget 2010/11 £'000s	Forecast expenditure 2010/11 £'000s	difference
Asset Management Strategy – Portfolio Development	Provision for Programme of asset improvement	2000	0	-2000
Asset management Strategy – Repairs,	Memorial Gardens improvements	1590	1724	134

	Provision for major repairs and upgrades	751	445	-306
Neighbourhood Strategy – Community Development	Sports pitch provision - tennis courts	88	0	-88
	S106 provision for play and open spaces	667	216	-451
	Provision for purchase of waste collection equipment	250	0	-250
Regeneration and Growth - Growth	Bowthorpe site Three Score – site development and enabling	2500	0	-2500
Transportation – S106	S106 provision for transportation schemes	113	103	-10
Total		7,959	2,655	-5,304

14. The allowance for development of the Asset portfolio was not spent as no schemes were brought forward in advance of the Asset Management Strategy Improvement Plan
15. Expenditure on two HCA funded projects, the Memorial Gardens and the Skatepark was higher than the approved budget due to an underspend in 2009/10 and funding from the HCA was brought forward to cover this.
16. The major repairs programme is underspent but this is entirely due to being unable to identify sufficient schemes qualifying for capital funding with a high enough priority. Many of the high priority schemes are classified as revenue, and therefore funded as such.
17. The provision for tennis courts is unspent because of delays in obtaining matching funding from the Lawn Tennis Association and will be carried forward to the 2011/12 programme, together with a new proposal for further funding to match the promise of increased external funding
18. The provision for the purchase of waste collection equipment has not received any capital funding as it falls outside the definition of capital.
19. Section 106 expenditure was lower than anticipated. The underspend can be largely attributed to delays experienced in the implementation of approved schemes at St Clements Park, Waterloo Park, Stirling Road and Chapelfield Gardens.
20. There were some S106 schemes that were approved by Executive/Cabinet during the course of 2010/11 which were in addition to the identified budgets. These are shown in Table 3

Table 3 S106 discretionary schemes approved 2010/11

Playspace Projects	Approved Budget
Hamlet Centre	£ 40,000
Waterloo Park	£ 179,000
St Clements Park	£ 159,000
Transportation Projects	Approved Budget
Dereham Road Bus Rapid Transit Scheme	£ 39,357
Marriott Way Improvements	£ 19,500
Westlegate & Chapelfield North	£ 6,355
Landscape Project	Approved Budget
Cathedral Meadow Flood Alleviation & Landscaping	£ 16,241
Total	£ 459,453

Capital Programme 2011/12

21. With the outcome of the Asset Management Strategy Improvement Plan not yet known, this report only includes a forecast of expenditure for 2011/12.
22. In November 2010 senior officers conducted a review of capital expenditure requirements and prioritised potential projects on grounds of impact on Council Strategies, deliverability and potential funding sources.
23. This review only identified a few schemes that were critical on health and safety, statutory or legal grounds, or essential to protect significant revenue streams
24. The proposed Capital Programme for 2011/12 is restricted to projects which have been identified within the above criteria, some of which will be funded from the capital element of the major repairs programme, which it is proposed to remain at its normal budgeted level of £750k, including fees.
25. In addition the provision of a further £350k has been identified as necessary to cover major structural repairs to the River Wall at New Mills Yard.

Recommended Non Housing Capital Programme 2011/12

26. The proposed capital programme is identified in Table 4.

Non Housing Capital Programme 2011/12	Scheme title	Forecast expenditure 2011/12 £'000s
Asset Management Strategy – Repairs, Maintenance and Upgrading	Provision for major repairs and upgrades	750
	Provision for repairs to New Mills Yard River Wall	350
Neighbourhood Strategy – Community Development	New S106 provision for play and open spaces (see recommendation No 4 and Appendix 1 for specific approvals and funding sources)	187

	Sports pitch provision – tennis courts	255
	C/f on S106 playschemes	1021
Regeneration and Growth - Growth	Bowthorpe site Three Score – site development and enabling	2500
	Automatic Number Plate recognition equipment	50
Transportation – S106	c/f on S106 transport schemes	278
	S106 provision for transportation schemes (see recommendation No 4 and Appendix 2 for specific approvals and funding sources)	469
Total		5,860

27. This will leave a surplus of approximately £5.2m, excluding S106 funds which will be available to fund the Asset Management Strategy Improvement Plan, once the review is complete and a report setting out a revised capital programme will be presented to council in July 2011. It is anticipated that further funding to support the programme will be generated from a programme of disposals.

Risk Management

28. The Risks to the Non Housing Capital Plan have been assessed and the main risks and mitigations identified in the table below

Risk	Probability	Impact	Mitigation
Capital Receipts not received	L	M	Forecast includes only known programme of disposals.
Capital Receipts delayed	L	L	Use capital balances until funding secured
Members decide to transfer GF housing to HRA with no compensating transaction	M	H	Ensure impact of proposals are understood
Business case for asset improvement programme not sustainable	L	H	Revise programme with assets that deliver required level of income
Cost overruns	H	M	Ensure each scheme has realistic contingencies within approved sum. Control programmes of work closely and release when funding available
Action for repayment of St Andrews remedial costs is unsuccessful	M	L	Ensure provision for expenditure is sufficient to cover full cost

Appendix 1
S.106 Children's Playspace Scheme Funding 2011/2012

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Waterloo Park	209,000	S.106 contribution towards cost of carrying out repairs and improvements to the Waterloo Park paddling pool and existing play area equipment. £126K budget approved by Executive 9th July 2008. Increased £179K budget approved by Executive 28th July 2010.(Dec 2010. Following consultation with prospective suppliers provision made for potential £30K increase in budget approved at Executive in July 2010. Additional funding would finance possible upgrade in paddling pool filtration system. This would allow water to be recycled and reduce maintenance costs in longer term)	4036 Pointers Abattoir (Bovis Homes)	41,064		41,064
			4106 F.O.M Fifers Lane (JS Bloor)	71,140		71,140
			4107 Former UEA Fifers Lane (Persimmon)	66,796		66,796
			4113 Middleton Close		3,738	3,738
			4147 Millers Lane		4,229	4,229
			4146 Sun Lane		5,075	5,075
			5700 Philadelphia Lane		5,364	5,364
			4123 Startrite, Crome Road		11,594	11,594
	209,000			179,000	30,000	209,000

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Pointers Field	67,500	To install a new 'natural play' park consisting of landscaping mounds, planting and play equipment subject to consultation. (£20K S.106 budget approved by Executive on 10/2/2010. Revised funding package required following reduction in Playbuilder grant to £27.5K.)	4036 Bovis Aylsham Rd	20,000	12,794	32,794
			4111 George Pope Avenue		6,715	6,715
			4113 Middleton Close		491	491
			XXXX Playbuilder Grant	27,500		27,500
Total	67,500			47,500	20,000	67,500

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
NCCAAP S.106 Bank (Leonard Street Play Area)	89,057	Executive approved creation of North City Centre Area Action Plan 'S.106 Bank' on 21/3/2007. Improvements to Leonard Street have been identified as a priority through the NCCAAP process and consultation. Now proposed to add additional contributions to the 'Bank' increasing available funding.	4067 Busseys Quayside	17,270		17,270
			4088 17-27 Fishergate	6,049		6,049
			4108 Greyfriars Road	34,865		34,865
			4046 1-8 Quayside	18,000		18,000
			5700 The Waterings		8,247	8,247
			5700 122 Magdalen Street		4,626	4,626
Total	89,057			76,184	12,873	89,057

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Pilling Park Improvements	114,465	Outline proposals include installation of new equipment, new play surface and improvements to pathways. Final scheme will be determined once cost of proposed improvements established and be subject to approval by Capital Programme Board.	4053 Riverside (Wilcon)		54,465	54,465
			5700 Rosary Road		45,000	45,000
			4164 Aldi Plumstead Road		15,000	15,000
Total	114,465			0	114,465	114,465

S.106 Children's Playspace Scheme Funding 2011/2012

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Chapelfield Gardens Improvements	201,543	Proposals for expenditure:- 1.Enlarge play area, replace, fence, remove shrubs, install new play equipment, upgrade safety surface and improve access paths and lighting. 2. Provide opportunities within the Gardens for alternative play such as a sensory garden, water play, sculptures, living willow and boulders. Also to improve teen provision. Consultation with stakeholders to take place before final plans drafted.	4037 Recorder Road	15,983		15,983
			4047 Chapelfield	47,421		47,421
			4056 Baltic Wharf	23,985		23,985
			4124 Foulger Court	17,010		17,010
			4127 New Mills Yard	47,165		47,165
			4142 Jarrolds Fishergate	40,001		40,001
			4102 LC Jay Oak Street		9,977	9,977
Total	201,543			191,566	9,977	201,543

TOTAL NEW FUNDING FOR APPROVAL £ 187,315.00

Appendix 2
S.106 Transportation Scheme Funding 2011/2012

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Marriott Way Improvements	23,904	Improvements along Marriott Way cycle route. (Increase in £19,500 S.106 budget approved at Executive on 28/7/2010)	4081 Havers Road (Anderson Meadow contribution)	6,200		6,200
			5700 Burnet Road	13,300		13,300
			5700 99 Heigham Street		4,404	4,404
Total	23,904			19,500	4,404	23,904

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Chapelfield North & Westlegate Public Realm Improvements & Traffic Circulation Changes	82,320	Contribution towards public realm improvements and traffic circulation changes.(Increase in £6,355 S.106 budget approved at Executive on 28/7/2010)	5700 59 Bethel Street	6,355		6,355
			4080 B'Thorpe TS2B,TS3,& TS4		28,443	28,443
			4155 Site EM6, Barnard Road		7,297	7,297
			5700 Marks & Spencer		40,225	40,225
Total	82,320			6,355	75,965	82,320

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Edwards Street Bus Interchange	13,838	Contribution towards improved bus interchange facilities on Edward Street.	5700 Dowson School Site		13,838	13,838
Total	13,838			0	13,838	13,838

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Westlegate & Chapelfield North Traffic Circulation and Pedestrianisation/ Edwards Street Bus Interchange.	146,184	Funds originate from city centre office developments completed pre 2004. S.106 contributions should be utilised towards the provision and maintenance of Park & Ride facilities. Officers consider that improvements proposed for Westlegate and Chapelfield North and Edward Street Bus Interchange will result in improvements to Park & Ride services. Further analysis currently being undertaken to provide supporting evidence before final recommendation made to Cabinet on allocation of funds to each project.	4008 Park & Ride Pool.		146,184	146,184
Total	146,184			0	146,184	146,184

Appendix 2
S.106 Transportation Scheme Funding 2011/2012

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Northern City Cycle Links	172,925	Measures to encourage walking and cycling in the North of the City, including new cycle routes and pedestrian crossings. To support and co-ordinate with NCCAAP and NATS Implementation Plan. (Increase in £96,331 S.106 budget approved at Executive on 10/02/2010)	4122 Old Grove Court, Catton	2,493		2,493
			4126 Site of former Crown & Magpie	6,207		6,207
			4136 Vulcan Road	15,200		15,200
			4157 Former Anglia Windows site, Fifers Lane	47,562		47,562
			5700 Premier Travel Inn, Delft Way, Norwich Airport.	22,052		22,052
			5700 The Waterings	2,816		2,816
			5700 Former Anglia Windows site, Fifers Lane		62,787	62,787
			4077 Land at Heyford Road (CoOp)		13,808	13,808
Total	172,925			96,330	76,595	172,925

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Hurricane Way Bus Link	50,000	Contribution towards developing a bus link via Hurricane Way. (Budget approved by Executive 18/2/2009. Project still likely to be implemented. Funding pool revised. Approved funding from 4077 Heyford Road replaced by funds originating from 5700 Former Anglia Windows, Fifers Lane)	4157 Former Anglia Windows, Fifers Lane	36,192		36,192
			5700 Former Anglia Windows, Fifers Lane	13,808		13,808
Total	50,000			50,000	0	50,000

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Magdalen Street Furniture Review.	2,822	Improvements to pedestrian routes on Magdalen Street by removal of unecessary street signs and furniture.	5700 67/69 Magdalen Street		2,822	2,822
Total	2,822			0	2,822	2,822

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Norwich River Parkway/Connect 2	6,519	Contribution towards Norwich River Parkway/ Connect 2 project.	5700 Cremorne Lane		6,519	6,519
Total	6,519			0	6,519	6,519

Appendix 2**S.106 Transportation Scheme Funding 2011/2012**

Playspace Project	Proposed Budget (£'s)	Project Outline	Financed by			
			S.106 Contribution	Existing Approval	Increased Funding	Total
Livestock Market Cycle and Walking Routes.	143,000	Project contribution originates from the B&Q development on old Livestock Market site. Project brief proposes additions and improvements to cycle and walking routes in south of city including improvements to Lakenham Way, (The S.106 contribution was paid to Norfolk County Council)	Norfolk County Council		143,000	143,000
Total	143,000			0	143,000	143,000

TOTAL NEW FUNDING FOR APPROVAL £ 469,326.50