
CAPITAL PROGRAMME

**Responsible Cabinet Member - Councillor Stephen Harker,
Efficiency and Resources Portfolio**

**Responsible Director - Paul Wildsmith,
Director of Neighbourhood Services and Resources**

SUMMARY REPORT

Purpose of the Report

1. To approve a 2014/15 Capital Programme.

Summary

2. Capital Expenditure is significant, one off expenditure used to purchase or improve assets to enable the Council to deliver its priorities. The majority of the funding for capital expenditure for Schools and Transport is received from government grants and for Housing improvements from the Housing Revenue Account (HRA). The allocation of spending on these three priorities is subject to on-going programmes and agreed outcomes, for example the Local Transport Plan
3. The Council can also supplement Government Capital funding from its own resources such as capital receipts and borrowing; however in the current economic climate the ability to fund from the council's resources is limited. There is a need however to maintain the many buildings and assets which the Council owns and provision for this needs to be made within the council's overall financial strategy.

Recommendation

4. Council are asked to;
 - (a) Approve the 2014/15 Capital programme as summarised in **Appendix 1**.
 - (b) Approve a delegation for Cabinet to vary the Capital Budget for 2014/15 by up to £0.500m without further Council Approval

Reasons

5. The recommendation is supported to provide funding for capital schemes.

Paul Wildsmith
Director of Neighbourhood Services and Resources

Background Papers

No background papers were used in the preparation of this report

Elizabeth Davison : Extension 2601

| | |
|----------------------------------|--|
| S17 Crime and Disorder | There are no specific proposals that impact on the Council's Crime and Disorder responsibilities |
| Health and Well Being | The report contains proposals to continue to allocate resources in support of the Council's Health and Well Being responsibilities |
| Carbon Impact | The proposals in the report seek to continue to support the Council's responsibilities and ambitions to reduce carbon impact in the Council and the Borough. |
| Diversity | There are no specific proposals that impact on diversity issues. |
| Wards Affected | All wards are affected |
| Groups Affected | There are no proposals that impact on specific groups. |
| Budget and Policy Framework | The Capital Programme must be decided by full Council |
| Key Decision | The Capital Programme must be decided by full Council |
| Urgent Decision | The Capital Programme must be decided by full Council |
| One Darlington: Perfectly Placed | The proposed Capital Programme does not make any changes to policy or service levels. |
| Efficiency | Capital expenditure on the Council's asset will improve efficiency and reduce revenue costs in some areas. |

MAIN REPORT

Information and Analysis

6. Capital Expenditure is significant, one off expenditure used to purchase or improve assets to enable the Council to deliver its priorities, for example purchasing land to enable road improvements or investing in modernising school buildings and housing. With regards to schools and transport the vast majority of the funding for capital expenditure is received from the government, mainly to match national priorities such as Education and Transport. The Housing programme is funded from the Housing Revenue Account. The allocation of spending on these three priorities is subject to on-going programmes and agreed outcomes, for example the Local Transport Plan. Set out below are details of the levels of Government funding available for 2014/15.

| | 2014/15 £000's |
|------------------------------------|-------------------|
| Children's Services | |
| Basic Need | 760 |
| Capital Maintenance LA Maintained | 287 * |
| LCVAP for VA Schools | 22 * |
| DFC LA Maintained | 69 * |
| DFC for VA Schools | 15 * |
| Universal Infant Free School Meals | 88 |
| Housing | |
| Disabled Facilities Grants | 359 |
| Transport | |
| Local Transport Plan | 2,429 |
| TVBNI | 3,715 |
| LSTF | 30 |
| Other Capital Programmes | |
| Adults Personal Social Services | 275 |

N.B. figures marked with an astrix are provisional allocations.

7. Appendix 1 sets out the proposed capital programme with regard to applying the resources allocated to the Council, the programmes include on-going schemes for previous years. The following paragraphs describe the major elements of the programme. Specific scheme approvals will be subject to detailed reports to Cabinet.

Children's Services

Basic Needs Funding

8. The School Organisation Plan 2013-2017 (SOP) was presented to Cabinet in March 2013 and released 12/13 funds for expansion schemes at five schools: Skerne Park Academy, St Bede's RC VA Primary (academy), St Teresa's RC VA, St George's Church of England Academy and Bishopton/Redmarshall CE Primary (academy). St George's & Bishopton have been placed on hold following review of the latest pupil projection data. Asset management group agreed that for the first three projects the LA commission the academy trust, academy and diocese respectively to deliver the projects. In total these expansions will provide an additional 245 primary places. The first wave of the new places will be available September term 2014.
9. In March 2013 the local authority was allocated £1,519,760 as a two year allocation (13/14 & 14/15) to deliver further additional places. As per the agreed SOP consultation on the provision of additional school places took place with schools throughout the Autumn term 2013 and within the context of two potential free school applications. Head teachers have agreed that the demand for primary places on the East/North East side of the Borough be delivered through a LA managed solution with existing local schools. Therefore feasibility studies are proposed for expansions on existing school sites: Heathfield Primary (academy), The Rydal Academy and Red Hall Primary. The solution to meeting the demand is likely to be a programme of expansions that can deliver new places with sensitivity to neighbouring schools and across a flexible timeframe i.e. subject to certainty around housing development.
10. Projects across the above schools have the potential to deliver sufficient primary places (315 places) from 2018 to meet expected demand and provide parental choice within the already allocated funding. Beyond 2018 we would be looking to future DfE allocations to fund developments at secondary phase to provide for the large primary cohorts moving through. We also recognise a potential specific rural pressure at Middleton St George and propose to carry out feasibility on the previously approved projects at St George's and Bishopton/Redmarshall primaries. A paper will be presented to Cabinet in April 2014 seeking approval for this approach (updated SOP) and the release of 13/14 and 14/15 funds.

Capital Maintenance funding

11. There has been a dramatic reduction in Capital Maintenance funding following the end of the Primary Capital Programme (PCP) and the number of schools converting to Academy status. This funding is for remaining Community Schools only and will be spent in line with key priorities identified through the locally agreed asset management planning (LAMP) process. Unlike PCP there are no strict spend deadlines. Small scale condition related projects are prioritised and completed as funding becomes available. Devolved formula capital (DFC) is a formula based grant provided to all maintained schools to help support the capital needs of their buildings. It is initially allocated to the LA on a formulaic basis, the

LA then allocates the funding directly to schools. As a rule this funding should be invested in the priorities identified through the LAMPA process.

LCVAP

12. Locally Co-Ordinated Voluntary Aided Programme (LCVAP) is coordinated by the LA in consultation with the Diocese of Hexham and Newcastle and the Dioceses of Durham and Newcastle. In Darlington any priorities generated from the LAMPA process are shared with the Dioceses. The outline list of projects are submitted for the Department for Education's approval by the end of May each year. Once a project is approved the funding goes direct to the Diocese to be spent in the year it is allocated. Devolved Formula Capital funding for VA schools is paid directly to each Diocese, unlike LCVAP there is no requirement to seek approval from Department for Education. The LA is kept informed of works so that asset management plan information can be kept up to date.

Universal Infant Free School Meals

13. Capital allocation to help with the burden on kitchen infrastructure and anticipated increased in school meals in preparation for the introduction of free school meals for infants.

Housing

14. The priorities identified through the Housing Business Plan to be funded from the estimated capital resources for 2014/15 include:-
 - (a) Adaptations - the adaptations budget is to deliver adaptations within the Council's housing stock to enable tenants with a disability to remain in their own home and live independently across the Borough.
 - (b) Heating Replacement - new condensing boiler and central heating upgrades will be completed. This work will predominantly be completed in the following wards: Eastbourne and Park East. There will also be some miscellaneous properties which will be included in the programme and we will be running a "just in time" programme of replacement for those boilers that fail before their due replacement date within the financial year.
 - (c) Internal planned maintenance – to include replacement kitchens and bathrooms, rewiring of electrical systems and heating system upgrades where required. This work will predominantly be completed in the following wards: Haughton East and Eastbourne. There will also be some miscellaneous properties which will be included in the programme and we will incorporate additions to the programme when void properties which have been omitted from previous year's programmes become available.
 - (d) Energy Efficiency - £570,000 has been set aside for the second year of a two year programme to invest in energy efficiency which will improve the thermal efficiency of the properties and reduce tenants' energy costs. The work will include replacement PVCu windows and the installation of composite doors to

properties identified as the hardest to treat in relation to other basic retro fit measures. Priority will be given to properties in the Hundens area followed by Harrowgate Hill.

- (e) Structural Repairs - a small budget of £50,000 has been set aside to address any structural issues that may be identified within the year.
- (f) Smoke Detectors - £50,000 is required to replace existing hard wired smoke and heat detectors where systems are now 10 years old and reached the end of their recommended lifespan.
- (g) Roof Work - £400,000 is required to commence a programme to replace aging and defective roofs. Properties will be selected based on current asset management data relating to their age, the material lifespan, condition surveys and the analysis of current disrepair and maintenance costs. Primary areas to receive work will be Hundens and Harrowgate Hill.
- (h) Lifeline Services - £80,000 is set aside to continue to provide upgrades to Lifeline equipment. There will also be investment to replace the existing telecommunications equipment to improve the level of service that can be provided to residents.
- (i) Garage Improvements - £75,000 will be invested in improvements to the Council's garage blocks in areas to be determined.
- (j) Repairs before Painting - £100,000 will be invested in joinery repair works in anticipation of the cyclical external painting programme in areas throughout the Borough.
- (k) External Works - £500,000 has been set aside for External Works including fencing replacement and external footpath improvements in areas to be confirmed throughout the Borough. The funds will also pay for the just in time replacement of rotten and defective external doors with new composite doors on a Borough wide basis.
- (l) Pavement Crossings - £25,000 has been identified to fund pavement crossings across the Borough.
- (m) Door Entry Systems - failing door entry systems to communal blocks will be replaced and upgraded at a cost of £30,000.
- (n) Communal Works - £50,000 will be spent on the upgrade and improvement of communal doors and flooring of communal areas across the borough.
- (o) Red Hall Regeneration - £1,000,000 will be spent on the regeneration of the Red Hall estate as phase 1 of the wider regeneration master plan. The budget will fund selective demolition to 56 properties and replacement PVCu windows and composite doors to hard to insulate properties on the estate receiving grant funded external cladding work.

- (p) New Build - £2,000,000 will be spent developing new council housing on DBC Housing Service sites across the borough. Site investigations will be completed before the final site is agreed and it is anticipated that between 15 and 20 new properties will be built with two bed flats being the predominate property type.

Transport and Highways

15. The following works are proposed for delivery in 2014/15 following agreement by Cabinet in February 2013 on proposals for the Tees Valley Bus Network Improvement (TVBNI) scheme, the Third Local Transport Plan and the Local Sustainable Transport Fund.

TVBNI

16. The TVBNI scheme proposals aim to tackle the reliability and punctuality of bus services and improve passenger waiting facilities. The programme is now entering its final year. The main scheme is the delivery of a new junction between Parkgate, St. Cuthbert's Way and Stonebridge. This junction forms part of the work to facilitate the sustainable development in the Town Centre Fringe. The scheme also includes provision for the relocation of Stand M from Tubwell Row to Feethams. This will reduce traffic congestion on Tubwell Row and will improve the passenger waiting facilities in front of the Town Hall as development in that area is likely to attract more demand for bus facilities. It is hoped to improve coach passenger waiting facilities at the same time.
17. This major scheme will be supported by measures to improve access to bus services, through the construction of raised bus platforms and dropped kerbs and bus shelters will be installed at selected stops along core routes.

Local Transport Plan

18. In the Local Transport Plan, maintaining the highway asset has been set as the priority over and above managing and improving the highway network. The Council funds some of the annual highway maintenance programmes from the 3LTP, including the reconstruction of roads, as well as resurfacing and general structural maintenance. As in previous years, the priorities for this work will be based on the annual condition survey data.
19. In 2013 the Department for Transport allocated Darlington Council an additional amount for essential maintenance.
20. The 2013/14 funding was allocated to carriageway maintenance and street lighting, but it was decided to allocated the 2014/15 additional funding (£145,000) to bridge maintenance to enable additional work to be carried out on these key structures.
21. Bridge maintenance schemes are also identified from the condition survey and a priority list has been put together. The works required extend far beyond the available budget and as such the Council is managing the works on a priority basis. The highest priority is a strengthening project for Stone Bridge, which is presently being managed through a recognised process for dealing with weak structures.

22. The estimated cost of the project is £720,000 and a funding plan has been developed through the LTP to fund this project with advanced design 2014/15 and delivery 2015/16 after completion of the Stonebridge TVBNI Project and other major projects served off Feethams. The allocation for structural maintenance is not sufficient to deliver major structural projects and as such a number of years LTP allocation is being used to fund Stonebridge. This has meant that other priority bridges and structures are not being maintained; but are being managed through a programme of inspections.
23. The Strategic Economic Plan process will release capital funding to the LEP from 2015/16. Within the draft plan it has identified there is a need to undertake Strategic Maintenance and this programme could be a call on these funds to support the LTP allocation or fund the project in its entirety, releasing additional LTP capital to fund other bridge projects.
24. It was also decided in February 2013 that the programme to replace street lights over 40 years old should be accelerated and additional funding was allocated to this programme from the Integrated Transport Block.
25. A significant amount of funding from the LTP has been invested in replacing street lights over the recent years to address the columns that are beyond their useful life expectancy. The replacement has been risk based. The highest columns on the busiest routes have been replaced as the first priority, which are generally more expensive to replace, The investment will now focus in on residential areas allowing use of LED technology where energy and maintenance savings may be gained.
26. The replacement programme will not cease once the current backlog has been resolved their will need to be an on-going investment programme to tackle a further 2241 columns currently in the 30 to 40 year age band that will slip beyond 40 years old within the next 10 years. Once the current backlog has been resolved it is estimated this will require around £200k to £300k per annum to keep most of the asset below 40 years old. The business objective is to develop a position where energy savings/inflation avoidance and reduced reactive maintenance can generate savings within the MTFP to offset this investment pressure.
27. Business cases are being examined on an invest to save basis as to whether the programme can be accelerated to achieve this position and avoid energy inflation.
28. The remaining funding for the Integrated Block is £530,000 and this was allocated to the following schemes by Cabinet in February 2013: implementation of the network management plan and schemes identified by the Punctuality Improvement Partnership; advanced design for schemes in the Darlington Investment Plan; TVBNI match funding; and schemes to improve parking as identified in the parking Strategy.

Local Sustainable Transport Fund

29. One of the specific projects within the Council's successful Local Sustainable Transport Fund (LSTF) bid is to encourage more walking and cycling. It is therefore proposed to implement some actions which have arisen from the community audits. These works could include a series of dropped kerbs or extension to existing

footpaths to enable better access for all. These works would draw upon the experience and knowledge of the Council from the Local Motion and Cycling Demonstration Town projects.

Council Funded Schemes

30. The Council can and has supplemented Government Capital funding from its own resources such as capital receipts and borrowing; however in the current economic climate the ability to fund from the council's resources is limited. The council owns many buildings and assets which continue to require investment and provision for this needs to be made within the council's overall financial strategy.
31. The table below shows the anticipated available capital resources allowing for current commitments.

| | 2014/15 £M | 2015/16 £M | 2016/17 £M | 2017/18 £M | Total £M |
|---|---------------|---------------|---------------|---------------|---------------|
| Guaranteed Resources | 1.000 | 1.000 | 1.000 | 1.000 | 4.000 |
| Potential Capital Receipts | 3.000 | 11.000 | 4.000 | 0.000 | 18.000 |
| Sub total | 4.000 | 12.000 | 5.000 | 1.250 | 22.000 |
| Committed | | | | | |
| MSCP | | | | | -7.000 |
| Balance of funding required for the 2014/15 programme | | | | | -1.253 |
| Revised total | | | | | 13.747 |

32. The table shows there is potential for up to £13.7m resources available over the next 4 year period however in our current economic climate there is uncertainty around land sales and capital receipts cannot be guaranteed. It is also likely that available receipts will be needed to assist with the revenue MTFP so availability for further capital investment may be limited.
33. There will be many competing priorities against the available resources for both regeneration and refurbishment and these schemes will emerge over the coming year however at this stage members are requested to make capital provision for 4 schemes which will be subject to full reports to Cabinet in due course, these are:-
- (a) Dolphin Centre - £2m – to ensure the sustainability of the Dolphin centre an essential mechanical and electrical upgrade is required including heating plant, distribution, air handling, ventilation and power wiring. Risks are becoming significant and include plant failure entailing unscheduled and prolonged shutdown, increased potential for legionella outbreak and excessive energy consumption all of which will increase revenue maintenance spend.
 - (b) Cemeteries - £0.080m The condition of the footpaths, carriageways, walls and general infrastructure in the Councils cemeteries are in urgent need of repair

and/or replacement to maintain the asset and ensure safety of people visiting the cemeteries.

- (c) Street lighting columns - £0.023m. These street lights are not part of the adopted highway therefore not covered by the LTP. 9 lighting columns within St Cuthbert's Churchyard are showing signs of corrosion and the 14 columns within Stanhope Green are over 40 years old. These columns are becoming inefficient and are in need of upgrade.
- (d) Advanced Design Fees - £0.150M. as stated earlier there will be new schemes brought forward in the future in particular in relation to economic growth. To ensure schemes can be worked up an advance fees budget will be needed.