

Committee(s):		Date(s):
Resource Allocation Sub	For Decision	19 May 2016
Policy and Resources Committee	For Information	19 May 2016
Subject: Project Funding Update		Public
Report of: The Chamberlain		For Information
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Summary

A summary of the allocations approved from the 2015/16 provisions for new schemes is as follows:

	City Fund £m	City's Cash £m
2015/16 provisions	2.486	3.125
Top-up re SBR spend to save investments	0.094	-
Less: Funding requests agreed	(2.580)	(0.816)
Unallocated Balances	-	2.192

It has previously been agreed that any unallocated balances remaining at the end of the year would be retained centrally to partially offset the one-off additional funding of £5.263m provided from central reserves for two critical IT upgrade projects. Therefore Members are asked to note that the remaining City's Cash balance of £2.192m will be retained centrally.

Following the annual roll forward of the planning period to 2019/20, approval is now sought to formalise the provision of £6m for that year (£3m each for City Fund and City's Cash).

Whilst there are a number of schemes in the pipeline which are likely to require funding from the 2016/17 provisions for new schemes, there are no requests for allocations at this time.

However, for 2016/17, approval is sought to funding totalling £4.524m from the On-Street Parking Reserve to allow two proposals to be progressed:

- Urgent works and further surveys to mitigate structural defects to the Minories car park at a cost of £454k.
- Replacement of existing street lighting equipment with LED lights and a new wireless central management system at an estimated cost of £4.070m (a service based review (SBR) proposal). Approval of funding is subject to further development of the solution including widening of the scope to include links to 'Smart City' initiatives.

The five year forecast for the On-Street Parking Reserve shows a fully committed position. Whilst provision for the Minories car park works had already been incorporated in the forecast figures, the inclusion of the street lighting scheme may result in the potential re-profiling of the later phases of the Barbican Highwalks scheme. Given the current level of

uncertainty over the precise details of the highwalk scheme, prioritisation of funds for the street lighting proposal is felt to be an acceptable way forward.

Approval is also sought to the allocation of £216.5k of S106 funding received from the Fann Street Development towards the cost of refurbishing the Golden Lane Estate playground.

Recommendations:

It is recommended that Members:

- i. Note that the unallocated balance of £2.192m from the 2015/16 City's Cash provision for new schemes has been retained centrally to partially offset the one-off additional funding provided from central reserves for two critical IT upgrade projects.
- ii. Formally approve the allocation of a total of £6m to be set aside in 2019/20 as a provision for new schemes (£3m each for City Fund and City's Cash)
- iii. Agree to the allocation of funds totalling £4.524m from the On Street Parking Reserve as follows:
 - £454k to meet the cost of urgent works and additional surveys to mitigate structural defects to the Minorities car park, subject to requisite approvals by other committees;
 - £4.070m to replace existing street lighting equipment with LED lights and a new wireless central management system, subject to further development of the solution including widening of the scope to include links to 'Smart City' initiatives in advance of authority to start work.
- iv. Approve the allocation of an estimated £216.5k of S106 funding received from the Fann Street Development towards the cost of refurbishing the Golden Lane Estate playground.
- v. Note that further phases of the Barbican Highwalks scheme may need to be deferred as a result of prioritising OSPR funds to the street lighting scheme.

Main Report

Background

1. The Policy and Resources Committee have previously agreed to set aside sums of £21m (£3m per annum) over the period from 2012/13 to 2018/19 in both the City Fund and City's Cash financial forecasts (£42m in total) to provide a degree of flexibility to fund smaller value new capital schemes as they arise.
2. In June 2012, the Policy and Resources Committee agreed that only projects that are considered essential and which fit within the following categories may be approved at Gateways 1-4 of the Project Procedure, until further notice:
 - 1) Health and safety compliance
 - 2) Statutory compliance
 - 3) Fully/substantially reimbursable
 - 4) Spend to save or income generating, generally with a short payback period (as a rule of thumb within 5 years)

In addition, under exceptional circumstances, other projects considered to be a priority by the Resource Allocation Sub-Committee will be allowed to proceed.

3. The majority of projects working their way through the early gateways are to be funded either from internal ring-fenced sources such as the Barbican Centre and GSMD Capital Caps and the City Surveyor's Designated Sales Pools or from external sources such as Section 106 deposits and Government/Transport for London grants which are restricted for specific purposes.

4. Decisions about the allocation of resources for those projects that do not have access to these sources of funding are generally taken when a scheme reaches Gateway 4a – Inclusion in Capital Programme, although requests at earlier gateways are also arising on a more frequent basis. To help members to prioritise the allocation of City resources to projects from a wide range of funding sources, the Priorities Board has been created to provide a more holistic approach to the allocation of project finance, by considering bids for funding from a range of available (less constrained) sources, including in particular future receipts from the unallocated pots of the City's Community Infrastructure Levy (CIL).

Funding Approved from the 2015/16 Provisions for New Schemes

5. The Policy and Resources Committee agreed to set aside £1m of the £3m City Fund annual provision, to be earmarked for essential capital works to the London Wall premises of the Museum of London. In addition, the unallocated balances from 2014/15 of £486k for City Fund and £125k for City's Cash were allowed to be rolled forward. A top-up of £94k to the City Fund provision in connection with SBR spend to save investment schemes was also recently agreed. This resulted in total 2015/16 provisions of £2.58m for City Fund and £3.125m for City's Cash schemes. Appendix 1 lists the projects for which funding from the 2015/16 allocations was agreed, leaving a zero balance for City Fund and an unallocated balance of £2.192m for City's Cash at the year-end.
6. In January, Members agreed to fund some £5.263m from the central reserves of the three main funds to meet the cost of two essential IT infrastructure upgrade schemes urgently required to provide new local network infrastructure and replacement end user devices. Consequently it was agreed that any unallocated balances remaining from the 2015/16 provisions for new schemes at the end of the year, i.e. the City's Cash balance of £2.192m, should be retained centrally to partially offset these additional costs.

2016/17 Requests for Funding

2016/17 Provisions for New Schemes

7. The 2016/17 provisions for new schemes amount to £2m for City Fund (£3m less £1m for the existing Museum building) and £3m for City's Cash. Whilst there are a number of schemes in the pipeline which are likely to require funding from these provisions during the year, there are no requests for allocations at this time.

On Street Parking Reserve

8. There are two new requests for resources totalling £4.524m and the Corporate Priorities Board has identified the On Street Parking Reserve as the most appropriate source of funding. The two City Fund schemes are as follows:
 - Minorities Car Park - Urgent works and additional surveys at a cost of £454k
This is classified as an **essential, health and safety** scheme which is necessary to mitigate structural defects. This scheme is subject to the requisite approvals of other committees;
 - Street Lighting Review at an estimated cost of £4.070m
This scheme comprises the replacement of existing street lighting equipment with LED lights (£3.6m) and a new wireless central management system (£470k). It is classified as an **essential, spend to save** scheme and forms part of the service based review (SBR). Approval of funding is subject to further development of the solution including widening of the scope to include links to 'Smart City' initiatives.
9. The five year forecast for the On-Street Parking Reserve shows a fully committed position. However, this allows for the provisional earmarking of significant sums

towards further phases of the Barbican Highwalk waterproofing works which are expected to extend beyond the current five year planning period at a total estimated cost of some £24m. Whilst provision for the Minorities car park works had already been incorporated in the forecast, the inclusion of the street lighting scheme will result in the potential deferral of the later phases of the Barbican Highwalks scheme. However, given the current uncertainty over timing of the highwalks works, prioritisation of the street lighting proposal is felt to be an acceptable way forward.

Allocation of S106 Funding

10. Golden Lane Estate Playground – estimated funding requirement of £216.5k from the Fann Street S106 deposit

Allocation of S106 funding to most environmental enhancement projects identified within Member-approved area strategies is within the remit of the Streets and Walkways Sub Committee. However, the Golden Lane Estate playground refurbishment, which is included as a high priority scheme within the Barbican and Golden Lane Area Strategy, is located on housing land. The Priorities Board concurs with the prioritisation of S106 funding to this scheme and the approval of Members is sought to the allocation of these funds.

Extending the annual provisions by a year

11. Based on the four years of operation, the annual provisions continue to provide adequate resources to enable essential schemes to be progressed:

- For City Fund, the provisions have been underspent in all previous years, with the exception of a small shortfall in 2015/16 – from a combined provision of £9m since 2012/13, a total of £1.4m has been unallocated.
- For City's Cash, the provision was fully allocated in 2012/13 but was underspent in subsequent years to date – from a combined provision of £12m, a total of £2.2m has been unallocated.

12. It is proposed that the current level of provisions be maintained going forward.

13. During the preparation of the budgets approved in March, the financial planning period was subject to the usual roll forward and additional sums of £3m were included in each of the financial forecasts for 2019/20. Formal agreement to these 2019/20 provisions is now sought.

14. In addition, maximum value for money from the resources set aside for new schemes should be achieved by continuing the following agreed approach:

- Ensuring that the project budgets are at the lower end of the predicted range, applying pressure via effective value engineering and restricting scope where possible.
- Instructing officers to develop options that distinguish between 'critical' and the more 'desirable' elements of a project to ensure that costs can be contained.

Conclusion

15. There is an unallocated balance of £2.192m remaining from the 2015/16 City's Cash provision for new schemes which will be retained centrally to partially offset the cost of two new IT infrastructure schemes. The City Fund provision was fully allocated.

16. Formal approval is sought to a total of £6m to be set aside in 2019/20 as a provision for new schemes (£3m each for City Fund and City's Cash).

17. There are no currently new bids for funding from the 2016/17 City Fund and City's Cash provision for new schemes.

18. There are two requests for funding from the On Street Parking Reserve totalling £4.524m which are recommended for approval. This may result in the need to re-profile waterproofing works to the Barbican Highwalk., but given the uncertainty over timing, the prioritisation of funding for the street lighting review is considered to be an acceptable way forward..
19. Member approval to the allocation of S106 resources of an estimated £216.5k towards the cost of the Golden Lane Estate playground refurbishment is sought.
- 20.

Appendix – Projects Funding from the 2015/16 Provisions for New Schemes

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