

<b>Committee(s):</b>		<b>Date(s):</b>
Resource Allocation Sub	For decision	19 January 2017
Policy and Resources Committee	For decision	19 January 2017
<b>Subject:</b>		<b>Public</b>
Project Funding Update		
<b>Report of:</b>		<b>For Decision</b>
The Chamberlain		
<b>Report author:</b>		
Caroline Al-Beyerty, Chamberlain's Department		

### Summary

This report seeks approval to one-off funding of up to £413k to allow three new project proposals to be progressed. The Priorities Board, the officer group created to provide a more holistic approach to the allocation of project finance, proposes that £380k be met from the 2016/17 annual provisions for new schemes and £33k be met from the On Street Parking Reserve.

Annual provisions have been set aside in both City Fund (£2m net) and City's Cash (£3m) to provide a degree of flexibility to fund smaller value new capital schemes as they arise. A summary of the forecast position for the 2016/17 annual provisions is shown below:

	City Fund £m	City's Cash £m
2016/17 provisions	2.000	3.000
Allocations previously agreed	(0.835)	(0.036)
New Requests:		
• Electronic Social Care Reporting and Case Management System Replacement	(0.250)	
• Guildhall Stonework Repairs		(0.130)
<b>Unallocated balance remaining</b>	<b>0.915</b>	<b>2.834</b>
Future potential requests	(0.125)	(1.518)
Forecast Headroom after allowing for Future Potential Requests	0.790	1.316

If both of these requests were agreed the balance remaining for City Fund would be £915k and for City's Cash £2.834m. After allowing for future potential requests, the headroom balances remaining for City Fund and City's Cash would amount to £790k and £1.316m respectively.

The remaining request relates to funding of £33k from the On Street Parking Reserve to progress to the next gateway the project for essential repairs to the Dominant House Footbridge. This sum can be accommodated within the balance available on the reserve.

### Recommendations:

It is recommended that Members agree to allocate:

- funding of up to £250k from the 2016/17 City Fund provision for new schemes to meet the cost of replacing the Electronic Social Care Reporting and Case Management System, the final amount being dependent on the project sum agreed by the Chief Officer following procurement;
- funding of £130k from the 2016/17 City's Cash provision for new schemes to meet the cost of progressing the Guildhall Stonework Repairs project to the next gateway, subject to the requisite approval by the Projects Sub Committee; and
- a sum of £33k from the On Street Parking Reserve to meet the cost of progressing a project to repair the Dominant House Footbridge to the next gateway, subject to the requisite approval by the Projects Sub Committee.

## **Main Report**

### **Background**

1. The Policy and Resources Committee have agreed to set aside sums of £24m (£3m per annum) over the period from 2012/13 to 2019/20 in both the City Fund and City's Cash financial forecasts (£48m 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).
5. 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.

### **Requests for Funding**

6. There are three requests for funding totalling £413k.

## 2016/17 Annual Provisions for New Schemes

7. The Corporate Priorities Board has identified the 2016/17 annual provisions for new schemes as the most appropriate sources of funding for two of the requests totalling £380k:
  - Electronic Social Care Reporting and Case Management System Replacement – funding of up to £250k from the 2016/17 City Fund provision. This proposal is classified as an **essential** scheme required to fulfil **statutory** local authority duties to deliver services relating to children's and adults social care, special educational needs and disabilities. The anticipated cost of delivery ranges from £40k to £250k, the final sum required being subject to the procurement exercise to be undertaken before authority to start work is granted under Chief Officer delegation.
  - Guildhall Great Hall Stonework Defects – funding to reach the next gateway of £130k from the 2016/17 City's Cash provision. This proposal is classified as an **essential health and safety** scheme to repair high level cracks to the stone pinnacle. The sum of £130k now requested, which is subject to approval by the Projects Sub-Committee, is to cover the costs of scaffolding and assessments; a further request for funding will be made once the estimated cost of the repairs has been determined at the next gateway.
7. The forecast position for the 2016/17 annual provisions is shown in the report summary above.
8. If the City Fund request was agreed, a balance of £915k would remain. A number of future potential requests amounting to £125k have been identified to date, which would result in a headroom balance of £790k if all were progressed to the relevant gateway before the end of 2016/17. This headroom balance is somewhat higher than the £28k anticipated in the December report, due to the deferral of some of the future potential schemes.
9. If the City's Cash request was agreed, a balance of £2.834m would remain. Future potential requests amounting to £1.518m have been identified (excluding a provision for the West Ham Park Nursery site which as yet is unquantified) which would result in a forecast headroom of £1.316m if all were to be progressed. This headroom balance is also somewhat higher than the £657k reported in December, due to the deferral of some of the future potential schemes.
10. Details of the schemes requiring funding in 2016/17 and potential requests for funding in the current and future years is provided in the Appendix.

### On Street Parking Reserve

11. The Corporate Priorities Board has identified the On Street Parking Reserve as the most appropriate source of funding for the third request for funding of £33k as the nature of the scheme aligns with the legally permissible applications of this reserve.
  - Dominant House Footbridge Repairs – funding to reach the next gateway of £33k. This proposal is classified as an **essential health and safety** scheme, primarily to repair the movement joint between the staircase and supporting pier (with an option to extend the scope to include other structural repairs), subject to the approval of the Projects Sub-Committee.

The modest sum required at this stage can be accommodated within the balance available on the reserve.

### Conclusion

12. There are three requests for funding of up to £413k and the Corporate Priorities

Board has concluded that the 2016/17 annual provisions for new schemes provides the appropriate source of funding for two of the schemes totalling £380k.

13. There are adequate resources available to meet both of these requests. After allowing for the future potential requests for funding identified to date, the City Fund and City's Cash unallocated balances are currently forecast at £790k and £1.318m respectively.
14. The Corporate Priorities Board has concluded that the third request for funding of £33k can most appropriately be met from the On Street Parking Reserve, as the nature of the scheme aligns with the legally permissible applications of this reserve.

**Appendix** – Detailed schedule of projects requiring funding from the 2016/17 and future year provisions for new schemes

**Background papers:**

- Electronic Social Care Reporting and Case Management System – Gateway 3 / 4 Options appraisal report; and
- Guildhall Great Hall Stonework Repairs – Gateway 1 / 2 project proposal report.

Caroline Al-Beyerty  
Financial Services Director, Chamberlain's Department  
T: 020 7332 1164  
E: [caroline.al-beyerty@cityoflondon.gov.uk](mailto:caroline.al-beyerty@cityoflondon.gov.uk)