



Subject:	Capital Programme Update
Date:	24 th March 2017
Reporting Officer:	Gerry Millar, Director of Property and Projects Ronan Cregan, Director of Finance and Resources
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Is this report restricted?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Is the decision eligible for Call-in?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

1.0	Purpose of Report or Summary of main Issues
1.1	<p>The Council's Capital Programme is a rolling programme of investment which either improves existing Council facilities or provides new facilities. This report outlines</p> <ul style="list-style-type: none">- an update on the Capital Programme for 2016/2017- proposed movements on the capital programme – Bereavement System- the Capital Programme and capital financing for 2017/2018
2.0	Recommendations
2.1	<p>Members are asked to –</p> <ul style="list-style-type: none">• note that since April of last year over £130m of projects have been completed• note that a number of Council projects have been shortlisted for the RICS Awards including the Waterfront Exhibition and Conference Centre, Girdwood Hub, 9 Adelaide and the Innovation Factory. <p>Project Movements</p> <ul style="list-style-type: none">▪ Agree that the following project is moved to Stage 2 - Uncommitted on the Capital Programme – IT Programme – Bereavement Services System – OBC to be worked up and brought back to Committee for further consideration <p>Capital Programme and Capital Financing 17/18</p>

- agree the Capital Programme for 2017/2018 as outlined in Appendix 1-3
- note as outlined in 3.8 below that the phased nature of the capital programme means that there is an unallocated amount of financing for 2017/2018 and it is recommended that this is ringfenced towards a number of non-recurrent projects which require spend during 2017/2018 as outlined in 3.10 below
- agree that necessary procurement processes be initiated for non-recurrent capital projects as required with contracts to be awarded on the basis of most economically advantageous tenders received and full commitment to deliver to ensure all non-recurrent projects can be delivered by the end of March 2018

3.0 Main report

Key Issues

- 3.1 The Council's rolling Capital Programme is a significant programme and Members agreed the Capital programme for 2016/17 in March last year. **In the past year over £130m of projects have been successfully delivered across the city including**
- **Belfast Waterfront Conference and Exhibition Facility** – the £30m new dedicated exhibition and conference facilities at the Waterfront. In addition the existing Waterfront has been upgraded to ensure continuity of provision between the two facilities
 - **Connswater Community Greenway** – major works this year included the opening of the CS Lewis Square in November and the opening earlier this month of a major new section linking C.S. Lewis Square, Mersey Street and Victoria Park which included the new James Ellis Bridge. When completed later this year, the CCG will consist of 16km of new foot and cycle paths, improved green spaces, 23 new or improved bridges, 5km of flood walls and embankments, 6 new tourism and heritage trails as well as the C.S. Lewis Square
 - **9 Adelaide** – new office accommodation - All staff have now moved into the building with the exception of the remainder of Digital Services who will move in in May
 - **Innovation Factory** – providing accommodation space for up to 382 employees and capable of housing 100+ small businesses the new £9.1m Innovation Factory formally opened in September 2016.
 - **North Foreshore Infrastructure works** – works on the ERDF funded project were completed at the end of October with works now continuing on the infrastructure required for the development sites. The new Film studio is also nearing completion. A leisure development brief for the north end of the site is currently out to the

market.

- **LTP – New Olympia Leisure Centre** – the new leisure facility as part of the £21.75m Olympia regeneration was successfully opened in January. Work is continuing on the next phase of the project which the development of the new Boulevard and a new playground and pitch work. To facilitate this the old Olympia has already been demolished
- **Pitches** – new pitch and pavilion at Cliftonville and Woodlands; new pitch at Ormeau; new pitch and extension to pitch at Musgrave; new pavilion at Victoria and new pitch at Sally Gardens
- **Upgrades to parks, open spaces and playgrounds** - including
 - the £580,000 playground refurbishment programme which upgraded playgrounds across the city at Cregagh; Jubilee Park; Alloa Street; Wedderburn; Grove; Glencairn; Ardoyne; Springhill Site A and Castleton
 - Upgrade works were also undertaken at Roddens Crescent and Mount Eagles Playground and Twinbrook Wildlife Park
 - A new playground and MUGA at Whiterock under the first phase of the Whiterock Community Corridor project
 - A new MUGA at Springfield Avenue Site A
 - Boxer Statues – a statue of John Caldwell in Dunville Park and a new boxing sculpture in Woodvale Park
- **City Hall Works** – works to facilitate the new dedicated exhibition space on the ground floor of the City Hall which is due to open in May
- In addition a range of corporate projects have been undertaken including Fleet Replacement Programme for 2016/2017; a substantial upgrade to the Prince Regent Road depot and a range of ICT projects

3.2 Members are asked to note that the Property & Projects Department is happy to arrange site visits for Members/ Party Groups to any capital programme project.

RICS Awards – Shortlisted projects

3.3 Members are also asked to note that a number of Council projects have been shortlisted for the prestigious RICS Awards which “*showcase the achievements of the most inspirational regional initiatives and developments in land, property, construction and the environment*” in the following categories

Project	Category
Office Accommodation	Commercial
Girdwood	Community Benefit Regeneration

	Design through Innovation Infrastructure
Innovation Factory	Regeneration
Waterfront	Commercial

3.4 As part of the shortlisting the RICS judges have visited each of the projects. If successful through this stage the projects will be further shortlisted for the Northern Ireland finals at the end of May. The subsequent winners from the Northern Ireland region are then invited to the overall awards later in year.

Proposed movements on/additions to the Capital Programme

3.5 Members have previously agreed that **all** capital projects must go through a **3 Stage process** where decisions on which projects progress are taken by SP&R. Members are asked to agree to the following movements as summarised below

Move to Stage 2 – Uncommitted

Project	Project overview	Proposed Stage
Bereavement Systems	Replacement of the Bereavement Administration System	Stage 2- Uncommitted

3.6 **IT Programme - Bereavement Systems** – required to ensure the continued effective booking of all burials and cremations in the Council. Members are asked to note that an OBC will now be worked up for this project and further detail will be brought back to Committee in due course for consideration.

Capital Programme and Capital Financing – Impact of Members decisions

3.7 Members are asked to note that the Council incurs both capital expenditure and capital financing costs in the delivery of its Capital Programme.

- **Capital Expenditure** is the expenditure incurred in the actual delivery of contracts e.g. the actual payments to the contractor for a construction contract
- **Capital Financing** is the method the council uses to fund the capital expenditure. The capital financing costs include loan repayments (principle and interest); revenue contributions (cash payments to repay or avoid taking out loans); capital receipts and external funding.

Capital Financing 2017-2018

3.8 At its meeting on 20 January 2017, **the Strategic Policy and Resources Committee approved a capital financing budget of £18,751,901 for 2017/2018**. Members will be aware however that the Council has already committed financing to a range of physical projects under the Capital Programme as outlined in Appendices 1 and 2 and a number of non-recurrent projects which accounts for £14.8m of this. Loan repayments are an additional £2,492,749 and Committee had previously agreed that £375,000 be ringfenced for planned

maintenance for 2017/2018.

Table 1 – Existing Capital Financing Budget 2017/2018

Existing Capital Financing Budget		£18,751,901
Less: Physical Programme Commitments (capital programme and non-recurrent projects)	£14,833,891	
Existing BCC Loans	£1,815,430	
Lisburn/Castlereagh Transferred Loans	£677,319	
Planned Maintenance	£375,000	£(17,701,640)
Balance Remaining		£1,050,261

3.9 **This means that there is £1.05m of unallocated capital financing to support any emerging proposals already on the Capital Programme and any future additional proposals.**

3.10 Members are asked to note however that there are already a number of emerging proposals which will require non-recurrent capital financing during 2017/2018 including

- *Accommodation Dilapidations* – Members will be aware that the Council, through the development of 9 Adelaide, has been able to consolidate all staff in the new office premises, Cecil Ward or the City Hall. This has allowed the Council to exercise Break Options in the current leased premises at Adelaide Exchange, 21 Linenhall Street and Lanyon Place. Standard “Yield Up” provisions in commercial leases entitle a landlord to the return of premises in their original state as let to the tenant upon determination of the letting and to issue a schedule of dilapidations specifying required works the tenant must undertake - tenants have the option to agree a payment in lieu of undertaking any such works. Limited obligations in this regard were secured by the Council for both Lanyon Place and 21 Linenhall Street. The Council is currently in negotiations with the landlords for the respective premises to agree the final costs arising under the terminal schedule of dilapidations in each case to ensure that the best value for money agreement is achieved for the Council
- *Rural Development Programme* - match funding requirement of £70,000 from the Council to ensure that monies can be secured under the Rural Development Programme for Village Renewal Schemes in Edenderry and Hannahstown. The City & Growth Committee, at its meeting on 8th March, asked that this be referred to the SP&R Committee for consideration
- *City Centre Animation and Meanwhile uses* – in support of the ambitious City Centre Regeneration and Investment Strategy which the Council has set. Members will be aware that many of the proposals for the city centre are necessarily long term as

they are strategic infrastructure and/or building projects. It has therefore been recognised that there is a need to do a number of projects in the interim which will help to animate the city centre and it is proposed that a number of 'meanwhile' use projects are taken forward on a pilot basis. Members are asked to note however that these will be tested through the market and at this stage it is not yet known, what if any, capital financial implication there may be for the Council

- *Waterfront IT projects* – required in order to ensure that the Waterfront continues to remain at the leading edge in terms of conference facilities
- *SMART Cities* – works required to support the SMART Cities programme which has previously been agreed by Committee. The detail on this programme is currently being worked up.

3.11 Officers are currently working through the above projects, however with the exception of the Rural Development Programme, the exact costs are currently still unknown. **It is therefore recommended that Members agree that the capital financing balance of £1.05m remains unallocated to cover the potential costs of these projects and others which may arise during 2017/18.**

3.12 Members are further asked to agree that the necessary procurement processes (including the invitation of tenders and/or the use of appropriate 'framework' arrangements) be initiated for non-recurrent capital projects as required with contracts to be awarded on the basis of most economically advantageous tenders received and full commitment to deliver to ensure all non-recurrent projects can be delivered by the end of March 2018.

Physical Programme 2017/2018 and beyond

3.12 Members are aware that the Council is currently delivering a major physical programme which includes

- over 70 projects on the Capital Programme
- the £105m Leisure Transformation Programme which will see the redevelopment of 7 leisure centres across the city
- 35 BIF projects which includes 12 which are at Stage 3 –Committed with the 23 projects currently being worked up
- A £9m LIF programme – which has already seen over 50 projects completed across the city with over
- a £6m annual rolling programme of maintenance

In addition the Council is now becoming the delivery agent of choice for a number of central government departments and is currently either delivering or proposed to be the delivery agent

for over 40 projects across the city under the Building Successful Communities initiative, Urban Villages or the Social Investment Fund.

3.13 Members will recognise from the above that resources, particularly financial resources, are in increasingly short supply and there is ever increasing demand for the Council to do more with less and less and it is clear that this level of investment cannot be sustained at this rate in the future given the budgetary pressures facing the Council and the wider public sector.

Members therefore need to be aware that **each decision they take in relation to progressing a capital project or agreeing additional money towards any one project has a consequential impact on the level of financing that is available for other capital projects and each individual decision therefore subsequently limits the capacity of the Council to progress other capital projects** thereby potentially necessitating some difficult decisions for Members in terms of prioritisation. Members will be aware that a new Programme Office has recently been established and one of the current pieces of work being undertaken by the Programme Office is the development of a prioritisation matrix which will enable Members

3.14 Members are asked to note that officers are continually seeking opportunities for enhancing the level of funding which is available including looking at opportunities for capital receipts through site disposals and through the use of grants.

- **Disposals** - There are a number of potential disposals which officers are looking at. However Members will be aware that realising capital receipts through disposals can be slow and time consuming and will be dependent on the market demand.
- **Grants** – Members will be aware that the Council has successfully leveraged in over £100m of grant funding in the past few years and while grants are a welcome source of income they tend to either have specific criteria that may not suit council projects or objectives; they often require match funding, are process heavy and are front loaded in that the Council must fund the expenditure upfront.

Physical Programme – Ensuring the benefits and outcomes are maximised

3.15 Members should also note that the continued massive investment into the city's physical infrastructure is inconsequential if physical projects are simply seen as the stand-alone development of a facility/asset. As outlined in 3.1 above many of our major physical projects are now either completed and/or at construction phase with the ensuing demands that this places upon resources, both in terms of project management, community engagement and establishing effective revenue budgets to deliver the programmes that will make a difference on the ground. This is likely to require future growth in the revenue budgets.

Communities are the lifeblood of our city and assets will only succeed if they are properly

planned and programmed from the outset in order to ensure that they meet the needs of local communities and the city and to deliver real and tangible community and economic benefits. It is therefore vital that all of the Council's physical projects are intrinsically linked to the social, community and economic outcomes set under the Belfast Agenda and this is a key part of the three stage approval process which Members have agreed. This will ensure that the physical programme is aligned with the city outcomes framework to ensure that the maximum benefits and outcomes are achieved.

3.16 Financial & Resource Implications

The capital programme is a rolling programme of investment in council assets

3.17 Equality or Good Relations Implications

All capital projects are screened as part of the stage approval process

4.0 Appendices – Documents Attached

4.1 Appendix 1 – Capital Programme 2017-18: Stage 3 Committed Schemes

Appendix 2 – Capital Programme 2017-18: Stage 2 Schemes Approved

Appendix 3 – Capital Programme 2017-18: Emerging Projects