

Report of	Meeting	Date
Director of Transformation (Introduced by the Executive Member for Transformation)	Executive Cabinet	14 th October 2010

CAPITAL PROGRAMME MONITORING 2010/11 – 2012/13

PURPOSE OF REPORT

1. To update the capital programme to take account of expenditure rephased between financial years.
2. To add new projects that are to be financed by external contributions or virement from other existing capital budgets.
3. To increase or reduce other capital budgets for the specific reasons identified in the report.

RECOMMENDATION(S)

4. That the revised capital programme for 2010/11 presented in Appendix 1 be approved.
5. That the amendments to the provisional capital programme figures for 2011/12 and 2012/13, presented in Appendix 1, be noted.

EXECUTIVE SUMMARY OF REPORT

6. The capital programme for 2010/11 to 2012/13 should be increased from £13,327,540 to £13,760,420 as a result of the changes totalling £432,880 identified in Appendix 2.
7. Though the programme has increased, there is no increase in borrowing. However, to avoid any increase in borrowing, it is important that all budgeted resources are received, in particular VAT Shelter income from Chorley Community Housing and capital receipts from the disposal of surplus assets.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

8. To update the 2010/11 capital programme to take account of the rephasing of expenditure between financial years; and to add and vire budgets to take account of the estimated availability of capital resources.
9. To update the provisional capital programme figures for 2011/12 and 2012/13 to take account of the rephasing of expenditure and changes to the resources estimated to be available to finance the programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. None.

CORPORATE PRIORITIES

11. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	✓

BACKGROUND

12. The capital programme for 2010/11 to 2012/13 was approved by Council of 28th September 2010, as follows:

	£
2010/11	10,050,120
2011/12	1,596,310
2012/13	1,681,110
Total 2010/11 – 2012/13	<u>13,327,540</u>

13. It is proposed to increase the three-year programme by a net total of £432,880, made up as follows:

	£
Chorley Market – Flat Iron Gazebos Phase 3	57,810
Affordable Housing – additional resources	51,850
Buckshaw Railway Station – to be reimbursed	225,000
Alleygates – project terminated	(36,780)
On-line booking system – transfer to revenue	(3,000)
Coppull Leisure Park – S106 contribution	25,000
Play & Recreation Fund – Council projects	113,000
Total	<u>432,880</u>

Further explanation is given below and the analysis of the proposals between virements, rephasing and other changes is presented in Appendix 2.

CAPITAL PROGRAMME 2010/11

14. The Invest to Save budget of £47,990 should be vired to Market Improvements to finance part of the cost of the Flat Iron Gazebos. The budget can then be rephased to 2011/12 (£46,500) and 2012/13 (£1,490).
15. The budget for Affordable Housing can be increased by £12,000 because of a capital receipt earmarked for this purpose. This increases the uncommitted budget in 2010/11 to £976,300. Proposals for use or rephasing of this budget will be presented at a later date.

16. To enable commencement of the Buckshaw Village Railway Station contract, the budget should be increased by an estimated sum of £225,000, which is to be reimbursed by Lancashire County Council once the scheme is underway.
17. Following a review of the project, the Alleygates budget (£36,780) is deleted.
18. Of the £8,130 budget for the On-line Booking System, £3,000 should be deleted to cover costs chargeable to the revenue budget; and the balance of £5,130 should be vired to the Unified Intelligent Desktop project to contribute to an alternative solution.
19. A £25,000 grant towards play facilities for younger children at Coppull Leisure Park would be financed with a S106 contribution received for this purpose. Four Council Play and Recreation Fund projects have been awarded £88,500 S106 resources. The balance of the £113,000 budget would be financed with VAT Shelter income. Play and Recreation Fund grants to outside bodies such as parish councils will be monitored as part of the revenue budget.
20. The Thin Client/Citrix budget should be increased by £30,000, rephased from 2012/13, in order to purchase hardware.
21. In respect of the budget for planned improvements to fixed assets, major commitments this year include the replacement of Tatton Community Centre roof and the upgrade to the ICT network infrastructure. The latter is at an estimated cost of £93,000 and is to replace the 10-year old network that has come to the end of its useful life, in order to increase speed and reliability and to avoid increasing maintenance costs.

CAPITALISATION OF REVENUE EXPENDITURE

22. Guidance in respect of applications to capitalise revenue expenditure such as statutory redundancy payments and related pension fund costs in 2010/11 has now been published. The procedure is broadly the same as in recent years, when applications to capitalise costs arising from restructuring of directorates were successful. However, there is no certainty that future applications would be successful. At present no provision to capitalise restructuring costs is included in the capital programme but in order to achieve revenue budget savings from 2011/12 onwards applications to capitalise redundancy and pension fund costs should be submitted by the deadline of 29th October 2010.

CAPITAL PROGRAMME 2011/12 and 2012/13

23. Phase 2 of the Flat Iron Gazebos in 2011/12 could be financed by the rephasing of £46,500 from 2010/11. In 2012/13, only £1,490 is rephased towards the cost of Phase 3, so a budget increase of £57,810 is required. The aim should be to match this increase with savings in other budgets, but these have not been identified at present.
24. Additional Affordable Housing resources totalling £39,850 are expected to be available in 2011/12. However, a contribution of £90,000 is now expected to be received later than previously estimated and this should be rephased to 2012/13.
25. As mentioned above, £30,000 of the Thin Client/Citrix budget should be rephased from 2012/13 to 2010/11 to finance the purchase of hardware.

CAPITAL RESOURCES

26. Estimated capital receipts have been reduced in 2010/11 to the value already received or expected in the near future. Should further receipts be achieved, these would be available to produce revenue budget savings by financing restructuring costs, or reducing new or existing borrowing.

27. Based on the latest information from Chorley Community Housing, sufficient VAT Shelter Income should be available to make up for the delay in achieving receipts from sale of surplus assets. However, the amount expected each quarter is likely to be around 25% less than previously expected. The same total value should be received, but it will take longer.

IMPLICATIONS OF REPORT

28. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

Financial implications are set out in the body of the report.

GARY HALL
DIRECTOR OF TRANSFORMATION

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael L. Jackson	5490	29 th September 2010	Capital Programme 2010-11-2012-13 Monitoring Report Oct 2010.doc