

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources, Policy and Performance)	Executive Cabinet	16 August 2012

CAPITAL PROGRAMME MONITORING 2012/13 – 2014/15

PURPOSE OF REPORT

1. To update the Capital Programmes for financial years 2012/13 to 2014/15 to take account of rephasing of expenditure and other budget changes.
2. To report the budgeted receipt and use of contributions from developers for the period 2012/13 to 2014/15.

RECOMMENDATION(S)

3. That the Council be recommended to approve the rephasing of capital budgets between 2012/13 and 2013/14 – 2014/15, as presented in columns (2), (6) and (10) of Appendix 1.
4. That the Council be recommended to approve the other amendments to the Capital Programmes for 2012/13, 2013/14 and 2014/15, as presented in columns (3), (7) and (11) of Appendix 1.

EXECUTIVE SUMMARY OF REPORT

5. Council of 17th July 2012 approved the increase in the 2012/13 to 2014/15 Capital Programme from £12,525,270 to £14,176,270. Of the £1,651,000 net increase, £1,414,810 was in respect of budgets rephased from 2011/12; £249,620 was for Play, Recreation and Public Open Space projects to be funded with developers' contributions; £5,000 was transferred to the revenue budget; and £8,430 reflected a reduction in resources available.
6. It is now recommended that the programme should be increased by a further £146,590 to £14,322,860, to include projects to be funded with contributions received from developers.
7. In addition, it is recommended that £90,000 of the Affordable Housing budget should be rephased from 2012/13 to 2013/14, because the relevant S106 contribution only becomes due on completion of 100 dwellings on site. Rephasing and reallocation of the Housing Renewal budget to finance Disabled Facilities Grants is recommended to take account of the DFG policy presented to Executive Cabinet of 21st June 2012.
8. There is no increase in the financing of the programme by Prudential Borrowing.
9. Appendix 2 presents the proposed budgeted use of developers' contributions from 2012/13 to 2014/15. The balance of uncommitted contributions is indicated to total approximately £391,000.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reason Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

10. The 2012/13 to 2014/15 Capital Programme should be updated to take account of the rephasing of budgets, changes to resources available to finance projects, and the proposed use of uncommitted budgets.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

11. None

CORPORATE PRIORITIES

12. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			

BACKGROUND

13. The revised Capital Programme for 2012/13 to 2014/15 totalling £14,176,270 was presented to the Council meeting of 17th July 2012. The increase of £1,651,000 took account of rephasing of £1,414,810 from 2011/12; the addition of projects to be funded with £249,620 additional developers' contributions; transfer to the revenue budget of a £5,000 budget; and a reduction in budgeted expenditure by £8,430 to reflect resource reductions.

14. Of the rephased budgets, £592,370 was in respect of Buckshaw Railway Station, which Executive Cabinet had been forewarned about on 23rd February 2012. The Strategic Land Assembly budget of £500,000 had only been added to the 2011/12 programme by Council on 28th February 2012, and there was insufficient time to complete the land acquisition before year-end.

REVISED ESTIMATE 2012/13

15. The Capital Programme for 2012/13 should be reduced from £12,371,040 to £11,877,580 to take account of the £493,460 net rephasing of budgets to 2013/14 and 2014/15. Of this total, £90,000 relates to Affordable Housing due to be financed with a S106 Contribution. As the contribution does not become due until 100 dwellings are constructed, it is recommended that the budget should be rephased to 2013/14. The remaining £403,460 is the recommended rephasing of the uncommitted Housing Renewal budget to 2013/14 and 2014/15, in order to fund Disabled Facilities Grants (DFGs) in those years. It is also recommended that £57,440 of the Housing Renewal budget should be used for DFGs in 2012/13. These changes reflect the implications of the DFG policy reported on 21st June 2012.
16. If these changes are approved, the uncommitted Housing Renewal budget would be reduced to £139,330. This budget could be allocated to housing projects in 2012/13, or could be rephased to later years. Apart from DFGs and Affordable Housing funded with developers' contributions, there are no other Housing Renewal budgets in 2013/14 and 2014/15.
17. The changes to individual budgets are presented in Appendix 1.
18. As indicated in the capital programme report of 21st June 2012, Network Rail has not finalised payments to the main contractor employed on the Buckshaw Parkway Station scheme. Officers from this council and Lancashire County Council will meet Network Rail representatives with the aim of finding a way of drawing the contract to a conclusion. Until the contract is finalised, it will not be possible to confirm use of the £592,370 budget.
19. Negotiations to secure an external contribution towards the cost of the Duxbury Park Golf Course access road are close to completion. It is now planned that the tendering process should start in August and that tenders would be evaluated in September. Once the value of the contribution and cost of the work are confirmed, the budget amendment required would be recommended at the first opportunity.

CAPITAL PROGRAMME 2013/14

20. The revised Capital Programme for 2013/14 would be £614,430 after the rephasing of budgets from 2012/13, and the increase in budgets to be financed from developers' S106 contributions.

CAPITAL PROGRAMME 2014/15

21. The revised Capital Programme for 2014/15 would be £470,730 after the rephasing of budget provision from 2012/13.

FINANCING OF CAPITAL PROGRAMME

22. There is no increase in Prudential Borrowing to finance capital expenditure from 2012/13 to 2014/15. Capital financing costs (interest and repayment of borrowing) relating to the Chorley East Health Centre would be recovered through the rental income.

23. During the period 2012/13 to 2014/14, the Council will replace leased vehicles and plant used by the People and Places directorate in providing its services. Budget provision for leasing of vehicles is included in the revenue account budget. It may prove more cost effective for the Council to purchase vehicles and plant outright, if the capital financing costs would be less than the leasing charges. This would be discussed with our leasing advisors and any proposed increase in borrowing would be reported later in the year only if revenue budget savings would be achieved. The cost of vehicles and plant replaced to date is £18,300.
24. At present the financing of the programme does not include use of any capital receipts from the sale of surplus assets or repayment of loans and grants. It is likely that receipts would be achieved between 2012/13 and 2014/15, though none have been received so far this year. These could be used to reduce financing of the programme by borrowing or to reduce existing debt; or to increase the programme without increasing borrowing.

DEVELOPERS' CONTRIBUTIONS

25. The budgeted use of developers' contributions from 2012/13 to 2014/15 is shown in Appendix 2. Receipt and use of additional contributions for affordable housing and play/recreation facilities is reflected in this appendix.
26. At present, only £28,000 uncommitted Borough-wide S106 contributions are available for play and recreation schemes, which could include making contributions to projects implemented by other organisations. However, it is likely that contributions would continue to be received throughout the year, and the total available for allocation to projects would be updated in further monitoring reports.
27. Approximately £364,000 of the contribution received for purposes including highway improvements, community safety and recreation facilities in the vicinity of the former Lex site on Pilling Lane is uncommitted at present.
28. Further contributions are receivable as development of Buckshaw Group 1 and Group 4 North proceeds. Affordable housing and other facilities would be provided on site by the developers, but the Council would receive contributions to provide affordable housing, community facilities, playing fields and public open space, public infrastructure, and public transport improvements. The timing and certainty of receiving these S106 Contributions could be affected by the current economic climate and the impact on the housing market.

IMPLICATIONS OF REPORT

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

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

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

COMMENTS OF THE MONITORING OFFICER

31. The Monitoring Officer has no comments.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael Jackson	5490	17 th July 2012	Capital Programme Monitoring 2012-13 – 2014-15 Aug 2012.doc