

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation) (Introduced by the Executive Member for Resources)	Executive Cabinet	13 th August 2009

CAPITAL PROGRAMME MONITORING 2009/10 TO 2011/12

PURPOSE OF REPORT

- To update the capital programme for 2009/10 to 2011/12.

RECOMMENDATION(S)

- That the revised capital programme for 2009/10 presented in Appendix 1 be approved.
- That the provisional capital programme figures for 2010/11 and 2011/12 in Appendix 1 be noted.

EXECUTIVE SUMMARY OF REPORT

- Appendix 1 shows the capital programme for the three-year period 2009/10 to 2011/12. Changes to the capital programme for 2009/10 to 2011/12 are presented in Appendices 2 to 4. These appendices show the reallocation of budgets, increases and reductions in costs, slippage of expenditure to later years, and associated changes in financing. Significant changes include the reallocation of the increased Regional Housing Pot capital grant to specific housing capital schemes and an increase in the estimated grant receivable in 2010/11 and 1011/12; and the adjustment of the Affordable Housing budgets to match the developer contributions available to finance the expenditure. The effect of the changes indicated in Appendix 2 would be to reduce the 2009/10 capital programme to £8,029,400.
- The provisional capital programme for 2010/11 would increase to £3,592,180; and that for 2011/12 to £1,451,110. The main changes in both of these years relate to slippage from earlier years and an increase in estimated RHP capital grant.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- To update the 2009/10 capital programme to reallocate resources and to reflect the estimated availability of capital resources.
- To update the provisional capital programme figures for 2010/11 and 2011/12 to take account of slippage and changes to the resources estimated to be available.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- None.

CORPORATE PRIORITIES

9. 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

10. The capital programme for 2009/10 was increased to £9,672,620, taking account of slippage from 2008/09 and additional resources, in particular Regional Housing Pot (RHP) capital grant. A budget for "Housing Renewal" remained unallocated to specific projects, but this is now proposed in this report. The programme for 2009/10 to 2011/12 was based on assumptions as to when developers' contributions to finance expenditure such as affordable housing would be received. Use of such resources has now been reviewed and the changes are reflected in the revised figures presented in Appendix 1.

2009/10 CAPITAL PROGRAMME

11. Appendix 2 gives more information about the reasons for the changes to this year's capital programme. Significant changes include the following:

- Reallocation of the "Housing Renewal" pot to specific housing capital budgets.
- Slippage to 2010/11 of affordable housing budgets to be financed with developers' contributions, because schemes are not ready to proceed.
- Slippage to 2011/12 of affordable housing budgets, because the developers' contributions expected to finance the expenditure have not yet been received.
- Deletion of the use of other funds received from developers pending further recommendations as to their use.
- Separation of the budget for Rainwater Harvesting at the Covered Market and the addition of £12,550 to the main scheme, to be transferred from the budget for Investment in Council Assets.
- Deletion of the CCTV upgrade budget, which is not required at present.
- Addition of £51,550 to the Customer Relationship Management project, financed by revenue contribution. This is achieved by virement (£16,020) and receipt of additional grant funding (£35,530).

12. The capital programme for 2009/10 approved by Council on 26th February 2009 had been prepared on the assumption that the Regional Housing Pot capital grant would be awarded at a similar level to that received in 2008/09, i.e. £312,000. After approval of the programme, the Council received a much higher allocation of grant in 2009/10, i.e. £1,277,000. In the report to Executive Cabinet of 25th June 2009, the additional resource was added to the 2009/10 programme, together with unapplied grant slipped from 2008/09. The uncommitted grant was reported as "Housing Renewal" expenditure in that report, and now this report indicates the proposed use of the resource, to increase expenditure on Disabled Facilities Grants, Home Repair Grants, and Energy Efficiency Grants and to introduce the "Purchase and Repair" project included in the Affordable Housing Action Plan.

13. The phasing of the Affordable Housing projects has been reviewed to take account of the expected availability of resources and the ability of partners to play their role. In addition, the financing of these schemes has been amended so that only developers' contributions received for the purpose of providing affordable housing will be used. Contributions currently available have been slipped to 2010/11, and the programme for 2011/12 includes contributions expected to be received by that year. The budgets for 2010/11 and 2011/12 will be allocated to specific projects for monitoring purposes when approved.
14. At this stage, potential improvements required to Cotswold House are not reflected in the programme, pending securing sources of external funding.
15. The Covered Market scheme is nearing completion, and for monitoring purposes the previously approved Rainwater Harvesting phase is now shown separately from the main improvement scheme. This work is intended to reduce subsequent running costs, the estimated saving being £3,000 per year. A further increase in the main scheme of £12,550 is necessary and this is transferred from the budget for Improvements to Council Assets. Though there have been unplanned cost increases, the contract has also provided an opportunity to improve aspects of the market such as electricals and the floor surface while the main scheme was in progress. This has been achieved by means of virements from other revenue and capital budgets.

2010/11 CAPITAL PROGRAMME

16. A number of changes to the provisional figures for 2010/11 are presented in Appendix 3. These include:
 - Slippage of £722,140 in respect of Affordable Housing from 2009/10 and an adjustment to financing so that the budget is financed only by contributions received for the purpose.
 - Slippage of the Thin Client/Citrix budget to the following year.
 - An estimated increase in the RHP capital grant has been added.
17. The Affordable Housing budget will be allocated to specific projects after approval, and the phasing of such projects will depend on the ability of potential partners to participate.
18. The Thin Client/Citrix budget should not be required until 2013/14 but was included in 2010/11 when it was the third year of the 2008/12 – 2010/11 capital programme so that the full cost of the project was included in the budget. It is now slipped to 2011/12 for the same reason.
19. Estimated RHP capital grant has been increased to £500,000 in both 2010/11 and 2011/12, though the actual figures will not be known until the start of those financial years and will be revised as appropriate.

2011/12 CAPITAL PROGRAMME

20. Appendix 4 presents the changes to the provisional figures for 2011/12, as follows:
 - The addition of Affordable Housing budgets slipped from 2009/10 and to be financed by contributions expected to be reduced by then.
 - An estimated increase in the RHP capital grant has been added.
 - Slippage of the Thin Client/Citrix budget from 2010/11.

- Splitting the Project Design Fees budget between Business and people directorates and an increase of £1,310 to match the budgets for 2009/10 and 2010/11.

21. The Affordable Housing budget for 2011/12 would be financed by additional contributions expected to be receivable by that year. Receipt of such contributions will depend on progress with private sector housing developments so may be subject to change.
22. The programme for 2011/12 is shown to require unbudgeted borrowing of £576,310. The aim should be to eliminate the need for borrowing by progressing with the asset disposal programme, so that capital receipts would be applied instead of borrowing. The timing of capital receipts is influenced by external factors such as the demand for the Council's sites identified as being suitable for provision of Affordable Housing and the number of disposals of dwellings transferred to Chorley Community Housing.

IMPLICATIONS OF REPORT

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

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

Financial implications are indicated in the body of the report.

GARY HALL
ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION AND IMPROVEMENT)

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael L. Jackson	5490	29 July 2009	Capital Programme Monitoring 2009-10 – 2011-12 Aug 09.doc