Chorley Council

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources)	Executive Cabinet	23 February 2012

CAPITAL PROGRAMME MONITORING 2011/12 – 2013/14

PURPOSE OF REPORT

1. To update the Capital Programmes for financial years 2011/12 to 2013/14 to take account of rephasing of expenditure and other budget changes.

RECOMMENDATION(S)

2. That the Council be recommended to approve the changes to the Capital Programme for 2011/12 to 2013/14 as presented in Appendix 1.

3. That the Council be recommended to approve the set aside of £150,000 capital resources in order to reduce debt and to achieve revenue budget savings.

EXECUTIVE SUMMARY OF REPORT

4. Council of 6th December 2011 approved revisions to the 2011/12 to 2013/14 Capital Programme, to increase the current estimate to £10,309,590, which is the total of columns (1), (4) and (7) in Appendix 1. The principal changes to the programme were the increase to the Natural Play Zone budget to reflect increased grant receivable in 2011/12; and increases to the ICT budgets financed with contributions from the revenue budget.

5. It is proposed that the three-year Capital Programme should be increased by a net total of £530 to £10,310,120, as shown in column (10) of Appendix 1. Of the increase, £103,350 is to be financed with additional external grants and contributions; £7,460 is to be transferred to the revenue budget to finance minor costs relating to capital schemes; £13,000 is to be deleted from the programme until the relevant S106 contribution is received; and £82,360 is to be rephased to the 2014/15 capital programme

6. Details of the proposed budget changes are presented in Appendix 2.

7. Capital resources totalling £150,000 – capital receipts and VAT Shelter Income – should be set aside to reduce debt, in accordance with the Council's debt reduction strategy. This would achieve part of the revenue budget savings required in 2012/13.

Confidential report Please bold as appropriate	Yes	**No**

Key Decision? Please bold as appropriate	Yes	**No**

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

8. It is necessary to update the capital programme figures for 2011/12 to 2013/14 to take account of the rephasing of budgets between years; to vire unallocated budgets and savings to specific budgets; to transfer minor budgets to the revenue account and to reflect changes to the resources estimated to be available to finance the programme.

9. Reduction of debt incurred for financing of capital expenditure is necessary to achieve revenue budget savings from 2012/13 onwards.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. None.

CORPORATE PRIORITIES

11. 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

12. The revised Capital Programme for 2011/12 to 2013/14 was approved by Council on 6th December 2011, as follows:

	£
2011/12	8,410,360
2012/13	1,100,230
2013/14	799,000
Total 2011/12 – 2013/14	**10,309,590**

13. There was a net increase in the three-year programme of £89,040, of which £34,700 was to be financed by external grants contributions; and £54,340 was to be financed with revenue resources.

PROPOSED CHANGES

14. It is proposed to increase the programme for financial years 2011/12 to 2013/14 by a net total of £530, made up as follows:

	£
Increased budgets funded with external grants and contributions	103,350
Transfer to revenue budget	(7,460)
Delete S106 Contribution until received	(13,000)
Rephasing of leisure centres budget to 2014/15	(82,360)
Total	**530**

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

15. An additional allocation of £47,610 grant to fund Disabled Facilities has been received during 2011/12. In addition, repayment of a "First Steps" grant means that the Housing Renewal budget could be increased by £7,920. It is proposed that £14,030 of the Housing Renewal budget should be used to supplement the £126,220 Performance Reward Grant to be vired to enable improvements at Cotswold House. The remaining £657,610 of the Housing Renewal budget should be rephased to 2012/13. Use of the budget and further rephasing to enable the Housing Renewal programme to continue into 2013/14 will be presented at the earliest opportunity.

16. Funding of a new puffin crossing with a S106 contribution receivable for that purpose should be added to the 2012/13 programme.

17. It is recommended that the 2011/12 budget for affordable housing should be reduced by £13,000 to reflect that a S106 contribution has not yet been received. Once received, the programme should be increased to take it into account. The £444,630 balance of the affordable housing budget should be rephased to 2012/13 and it is proposed that £25,000 of it should be used for a new Long-Term Empty Homes project.

18. In order to bring the budget for leisure centre improvements in line with the provision required by the Active Nation contract, £82,360 of the 2011/12 budget should be rephased to 2014/15. Part of the 2011/12 budget should be rephased to 2012/13 and 2013/14 to allow for estimated inflation in those years.

19. Additional savings of £35,620 have been identified in respect of the Duxbury Golf Course budget. It is proposed that these be added to the £45,000 already earmarked for access road improvements, and that the increased total of £80,620 should be rephased to 2012/13.

20. The £4,490 budget remaining for the Legal Case Management System should be transferred to the revenue budget to finance revenue costs relating to the project. Similarly, the remainder of the Fairview farm Play Facilities budget should be transferred to the revenue budget to contribute to the cost of a small footpath extension.

21. Budget holders have identified rephasing of projects between 2011/12 and 2012/13 which is shown in Appendix 2. It is proposed that Phase 3 of the Flat Iron gazebos project be brought forward from 2012/13 at a cost of £46,930; and that £17,170 of the budget for replacing waste and recycling bins should also be brought forward. In addition, the £30,000 saving arising from changing the method of recycling food waste should be transferred to the replacement bins budget.

22. It is proposed that £15,000 of the budget for the HR system should be vired to the general budget for ICT systems; and that the remainder should be rephased to 2012/13.

23. At present, it is not possible to indicate whether rephasing of part of the budget for Buckshaw Parkway railway station would be required. Though the station was completed

on time and has been operational since October 2011, Network Rail has not finalised payments to the main contractor. It is possible that not all of the budget would be required for the main contract, in which case it would be available to provide enhanced facilities. Should that prove to be the case, part of the budget would be rephased to next year when the outturn for 2011/12 is reported.

CAPITAL FINANCING AND DEBT REDUCTION STRATEGY

24. Appendix 2 also shows the rephasing of the resources that would be used to finance the capital programme. Rephasing the financing of capital expenditure with the capital receipts and VAT Shelter Income already received by the council means that some resources could be set aside to reduce debt in 2011/12. These resources could be used either to repay debt or to reduce new borrowing this year, in order to reduce costs chargeable to the 2012/13 revenue budget. The revenue budget strategy for 2012/13 requires debt reduction of £400,000 in 2011/12, of which £250,000 would be from revenue budget savings achieved during the year. The balance of £150,000 would be from resources available to the capital programme, in particular capital receipts and VAT Shelter Income.

25. At year-end, financing of the capital programme will be reviewed to determine whether any additional resources that otherwise would be carried forward to finance the 2012/13 capital programme could also be set aside in 2011/12 to reduce debt. However, it would be necessary to have replacement capital resources available in 2012/13, the most likely resource being the capital receipt due from the sale of land at Pall Mall to Asda.

IMPLICATIONS OF REPORT

26. 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

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

COMMENTS OF THE MONITORING OFFICER

28. There are no comments from the Monitoring Officer.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael L. Jackson	5490	6th February 2012	Capital Programme Monitoring 2011-12-13-14 Feb 2012.doc