

Report of	Meeting	Date
Group Director A & the Director of Finance (Introduced by the Executive Leader, Councillor J Wilson)	Executive Cabinet	9 March 2006

CAPITAL PROGRAMME MONITORING 2005/06

PURPOSE OF REPORT

- To update Members on the progress of the 2005/06 Capital Programme, and to seek Member support and approval for a number of recommendations from the Capital Programme Board.

CORPORATE PRIORITIES

- The schemes within the Capital Programme contribute to the achievement of all the Council's corporate priorities.

RISK ISSUES

- The issue raised and recommendations made in this report involve risk considerations in the following categories:

Strategy	✓	Information	
Reputation	✓	Regulatory/Legal	
Financial	✓	Operational	
People		Other	

- The Capital Programme sets out the Council's strategic investment plans and if these are not delivered it will not fully achieve its strategic objectives, running the risk of damaging the Council's reputation.
- The Capital Programme also carries a significant financial risk. This is in terms of ensuring value for money, maximising resources available, and managing the performance to ensure the least possible impact on the revenue account. The estimated financing of the Capital Programme includes the use of capital receipts from asset sales that have not yet been received.

BACKGROUND

- The last report to Executive Cabinet on the 12 January 2006 described how the Capital Programme Board has no powers to make decisions regarding resources or on new schemes to be included within the programme. It therefore set out a process of how the Board would make appropriate recommendations to Executive Cabinet and Council for consideration.
- This is the second report in such format, which summarises requests received at the last two Capital Programme Board meetings held on the 1st and 20th February 2006, and in



each case the Board's recommendations. The report will also continue to provide an update on how the Capital Programme Board is performing.

HOW ARE WE PERFORMING?

8. The Capital Programme Board is continuing to make good progress, however Members must recognise that there are only limited resources devoted to this, and it will take time to address the issues which are coming to light and fully implement the changes.

(A) Key Performance Indicators

9. High level monitoring of the Capital Programme is carried out through 4 Performance Indicators, which have been described in previous Executive Cabinet reports. Table 1 lists these and shows targets and current performance against that last reported to Executive Cabinet on 12 January 2006.

Performance Indicator	Target 2005/06	Performance	
		At 12/01/06	Current
	%	%	%
1. The % of the Capital Programme budget actually spent.	80	66	92
2. The % of capital schemes intended to be completed during the year actually completed.	80	36	67
3. The % of project using the toolkit.	50	22	29
4. The % of successful projects.	80	100	100

Table 1 - Capital Programme 2005/06 - Key Performance Indicators

10. Performance is improving against each of the indicators, with performance against two of the indicators already exceeding the target.
11. The progress of the number of schemes using the toolkit, although improving is still behind schedule to meet the 50% target by the end of the financial year. A full training programme is underway to address this but it will take time to fully embed the project management methodology.
12. Since the last report the Capital Programme Board have increased the 2005/06 target of the '% of Capital Programme budget actually spent' from 70% to 80%. Clearly with current performance at 91% the original target of 70% was somewhat underestimated. It must be noted though that the current performance of 92% is slightly distorted due to a couple of high expenditure schemes completing since the last report. These include the ODPM e-Voting scheme for £903,879 and the Strategic Regional Sites for £2,281,300.
13. Also since the last report a target of 80% has been set for the % of capital schemes intended to be completed during the year actually completed.

(B) Project Management Methodology Rollout

14. This is the most time consuming part of the work and yet the one that will deliver the biggest benefits. A full training programme is now underway with the first drop in surgeries, one to ones and training sessions held in February. These will all be run on a

monthly basis from now on. Shorter overview training sessions are currently being planned, for Board members and Councillors.

15. In addition to the training programme continual improvements are being made to the methodology based of feedback from users, and benchmarking against methods used by other local authorities.

(C) Capital Monitoring 2005/06

16. The Director of Finance reported changes to the Capital Programme in his report to Executive Cabinet of 23 February 2006. This report presents a small number of further changes. The latest Capital Programme forecast for 2005/06 shows a reduction in total expenditure to £15,079,800. Table 2 below summarises the changes.

Executive Cabinet Date	Details	£	Note
23/02/06	Approved Capital Programme	15,202,760	
	<u>Less</u>		
	Slippage to 2006/07	(127,110)	A
	Other changes	4,150	B
09/03/06	Revised Capital Programme	15,079,800	

Table 2 - Capital Programme 2005/06 - Total Capital Spending

Note A: A scheme-by-scheme analysis of the expenditure slipping into future years is shown in Appendix 1.

Note B: A scheme-by-scheme analysis of the 'other changes' is given in Appendix 1, with brief explanations of the changes given in Appendix 2.

(D) Capital Receipts Monitoring

17. Unrestricted capital receipts, which can be used to finance any capital expenditure or to repay debt, are expected to be below our previous estimate for 2005/06. This is due to a delay in the sale of one site, now expected to complete in 2006/07, offset by a lower value disposal having been brought forward from the next financial year. Provided this land sale proceeds during March, there should be no requirement to finance the programme by borrowing in 2005/06. Unrestricted receipts brought forward from 2004/05 were £2,008,340 and new receipts in the year are estimated to total £1,165,580, giving a usable total of £3,173,920. Appendix 1 shows that £2,939,390 would be required to finance capital expenditure in 2005/06, before taking account of the issue raised in paragraph 18 (C) below.

PROGRAMME BOARD RECOMENDATIONS

18. Set out below are a summary of requests received at the last two meetings of the Capital Programme Board on the 1st and 20th February 2006, and in each case the Boards recommendations. These are listed under the two headings of 'Exception Reports' and 'New Schemes and Projects'.

Exception Reports

(A) Fleet Management System

An exception report was submitted by the Head of Public Space Services requesting an additional £6,500 to purchase a server as well as additional training of staff within I.T

Services. When the original £8,500 project budget was approved it was assumed that it could be installed on existing hardware, however this is now not an option, and with the Fleet Management software already ordered the need to purchase a server to run it on, is essential.

Board Recommendations - To approve the £6,500 increase, which should be funded from savings in other schemes.

(B) Chapel Street Enhancement Scheme Phase 3

On the 12 January 2006 Executive Cabinet approved a recommendation from the Board to place phase 3 of the Chapel Street Enhancement Scheme onto the reserve list (Category C) for future consideration when resources become available.

Following on from this, the Head of Public Space Services has now submitted an exception report seeking approval to proceed with phase 3 subject to receipt of confirmation from Lancashire County Council (LCC) of a contribution towards the cost of phases 1 and 2.

A contribution of £69,500 has been requested towards the provision of a surface water drainage system, which is considered to be a substantial improvement to the highway infrastructure and therefore should be met by LCC.

In addition competitive tenders have now been received and it is estimated that Phase 3 works will cost a total of £53,000, not £95,000 as originally estimated.

As detailed in the previous report, phases 1 and 2 have a total cost of £385,000 against an approved budget of £400,000, leaving £15,000 available for phase 3.

Board Recommendations - To approve the start of phase 3 subject to receipt of confirmation from LCC of a contribution in excess of £38,000.

(C) Town Hall

The Town Hall project is currently 15 weeks behind schedule, with the handover and completion due to take place in March. The external QS is working in conjunction with the Head of Property Services and the Group Director to determine the final cost and funding for the scheme, and will provide a full report as soon as the figures are known.

(D) Housing Revenue Account - Housing Investment Programme (HIP) 2005 - 06

On the 12 January 2006 Executive Cabinet approved a recommendation from the Board for the Head of Housing Services to keep within the current budget. This essentially rejected a request to increase the budget by £375,000 to cover overspending in some areas of the HIP.

Following on the programme has been recast to balance the expenditure with available budgets. The only exception to this is the Cotswold House CCTV scheme. Executive Cabinet approved this scheme on 26 May 2005 on the basis that funding for the scheme would be provided from capital receipts restricted for housing purposes. This therefore requires a budget increase of £35,000 to cover the scheme.

Boards Recommendations - To approve the revised housing programme as shown in Appendix 1 and also to include the Cotswold House CCTV scheme within the Capital Programme, to be funded from restricted housing receipts. Such restricted receipts are usable to finance capital expenditure of the housing function of the Council only. They are

a proportion of Right To Buy dwelling sales available under the transitional arrangements for the pooling of housing capital receipts from 2004/05 to 2006/07.

New Schemes and Projects

19. A number of business cases for new schemes or projects have been submitted to the Board for consideration. These have been attached to the report in full as outlined in Tables 3 & 4.
20. Details of the approval process of new schemes, and the categorisation of the Capital Programme can be found on the Capital Programme section of The Loop (<http://theloop/section.asp?sectionType=list&catid=12334>).

Strategic Objective	Outcome	Project	Appendix No.
Place	Develop the character and feel of Chorley as a good place to live.	Additional Resources for Disabled Facilities Grants	3
		Hic Bibi	4
		Common Bank - Big Wood Reservoir	5
Performance	Ensure Chorley Borough Council is a Performing Organisation	Thin Client	6
		Data Storage Solution	7

Table 3 - Summary of new schemes recommended for inclusion into Category C

21. The Board recommends that each of the new projects listed in Table 3 be included as a category 'C' scheme and as such on the reserve list for future consideration when resources become available.
22. As agreed at Executive Cabinet on the 23 February 2006 the process for Category C schemes to move up into the Capital Programme with allocated funding will be through recommendations from Management Team to Executive Cabinet, based on the costs and merits of each scheme.

Strategic Objective	Outcome	Project	Financing	Appendix No.
People	Reduce Pockets of Inequality & Get People Involved in their communities	Pitch Drainage at Bishop Rawstone School	Bishop Rawstone School - £4,000 Football Foundation - £20,000 <u>Section 106 Contribution - £19,944</u> Total Cost £44,000	8

Table 4 - Summary of new schemes recommended for inclusion into Category B

23. The Board recommends that the new project shown in table 4, be included as a Category B scheme on the 2006/07 Capital Programme, and that £19,944 from S106 funding (from the Fairclough Homes, Jubilee Mill, Croston agreement) be used as match funding for this project.

COMMENTS OF THE HEAD OF HUMAN RESOURCES

24. There are no direct human resource implications arising from this monitoring report.

RECOMMENDATION(S)

25. That the revised Capital Programme for 2005/06 in the sum of £15,079,800 be approved.
26. That the following recommendations of the Capital Programme Board be approved:

Exception Reports

- a. To approve a £6,500 increase to the Fleet Management System project budget, to be funded from savings in other schemes.
- b. To approve the start of phase 3 of Chapel St Enhancements subject to receipt of confirmation from LCC of a contribution in excess of £38,000.
- c. To approve the revised Housing Revenue Account programme as shown in Appendix 1 and also to include the Cotswold House CCTV within the 2005/06 Capital Programme, to be funded from restricted housing receipts.

New Capital Schemes and Projects

- (e) That the following new schemes be placed on the reserve list (category C) for future consideration when resources become available:
 1. Additional resources for the disabled facilities grant
 2. Hic Bibi
 3. Common Bank - Big Wood Reservoir
 4. Thin Client
 5. Data Storage Solution
- (f) That the new scheme for 'Pitch Drainage at Bishop Rawstone School' be placed in Category B of the 2006/07 Capital Programme, and that £19,944 from S106 funding (from the Fairclough Homes, Jubilee Mill, Croston agreement), be used as match funding for this project.

REASONS FOR RECOMMENDATION(S) (If the recommendations are accepted)

27. To revise the 2005/06 Capital Programme based on the advice of consultants and project managers.
28. To make considered recommendations for schemes which are either overspending or require additional resources.
29. To bring forward new schemes which Members may consider for inclusion in the future Capital Programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

30. None.

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There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Rebecca Ostapski	5779	14 February 2006	Capital Programme Progress Report March 2006