

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources, Policy and Performance)	Executive Cabinet	20 June 2013

CAPITAL PROGRAMME PROVISIONAL OUTTURN 2012/13 & MONITORING 2013/14 – 2015/16 PROGRAMME

PURPOSE OF REPORT

1. To present the provisional outturn figures for the 2012/13 Capital Programme, which at this stage is subject to scrutiny by the Council's external auditor.
2. To update the Capital Programme for financial years 2013/14 to 2015/16 to take account of the rephasing of expenditure from 2012/13 and other proposed budget changes.

RECOMMENDATION(S)

3. That the Council be recommended to approve the financing of the 2012/13 Capital Programme, as presented in Appendix 1.
4. That the Council be recommended to approve the rephasing of capital budgets between 2012/13 and 2013/14, as presented in column (2) of Appendix 2.
5. That the Council be recommended to approve the other amendments to the Capital Programme for 2013/14 to 2015/16, as presented in columns (3), (6) and (9) of Appendix 2.
6. That the Council be recommended to approve the virement of £40,000 from the Head of Governance's Bengal Street depot revenue budget to the budget for revenue financing of capital expenditure.

EXECUTIVE SUMMARY OF REPORT

7. Council of 28th February 2013 approved amendments to the 2012/13 Capital Programme which reduced the budget from £5,184,590 to £2,679,450. The provisional outturn for 2012/13 is £1,827,008, a net reduction of £852,442. Of this variance, £917,710 is the net rephasing of budgets from 2012/13 to 2013/14; costs totalling £61,600 have been transferred to the revenue account; and £126,868 is a net increase in resources and roundings.
8. No capital receipts had been assumed in the financing of the 2012/13 Capital Programme. Receipts totalling £123,742 became available after approval of the revised estimate. The proposed financing of the 2012/13 programme in Appendix 1 recommends that the receipts be used to add a replacement vehicle to the programme and to increase the Asset Improvements budget without increasing borrowing.

9. It is proposed that £163,000 of the £450,000 revenue budget savings identified for debt reduction in 2012/13 should be used to finance capital expenditure instead of incurring new borrowing. This helps to achieve the savings in the capital financing revenue budget from 2013/14 onwards.
10. In 2013/14, it is proposed that £107,000 uncommitted budget provision for Leisure Centre Improvements should be transferred to the budget for Planned Improvements to Fixed Assets. The Affordable Housing budget should be reduced by £90,000 until further S106 contributions for provision of affordable housing are received. Additional Government grant to fund Disabled Facilities Grants has been allocated, so the 2013/14 budget could be increased by £4,720. Use of £75,000 of the uncommitted Housing Renewal budget is required to provide residential accommodation for Recycling Lives at Bengal Street Depot. Further modifications to the depot for Recycling Lives could be funded by transferring £40,000 revenue budget savings. CCTV could be provided in Pilling Lane by using £30,000 of the S106 contribution received from the development of the former Lex site.
11. Revenue budget savings could be achieved by financing replacement People and Places directorate vehicles by borrowing rather than leasing.
12. It is proposed that the DFG budgets for 2014/15 and 2015/16 should both be increased by £4,720 on the assumption that Government funding will continue at the same level as 2013/14.

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)

13. It is necessary for Council to approve the financing of the 2012/13 Capital Programme, and to approve the rephasing of budget provision between 2012/13 and 2013/14.
14. It is also necessary for Council to approve the revised 2013/14 Capital Programme, taking account of the rephasing of budgets, transfer of budgets between projects, changes to resources, and the proposed use of uncommitted budgets and resources.
15. The revenue consequence of adding £40,000 to the Capital Programme for further modification of Bengal Street Depot, to be funded from savings, should be reflected in the General Fund revenue budget.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

16. None

CORPORATE PRIORITIES

17. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

BACKGROUND

18. Council of 28th February 2013 approved amendments that reduced the 2012/13 Capital Programme by £2,505,140 to £2,679,450. The net reduction consisted of budget increases of £88,550 less rephasing of budgets to later years of £2,593,690.
19. The rephased expenditure was added to the following financial years: 2013/14 £2,387,650; 2014/15 £79,210; and 2015/16 £126,830.
20. New capital budgets to meet Council strategic priorities were added to the 2013/14 Capital Programme. These were: Regeneration Projects (£1,000,000); Astley Hall/Park Development Works (£250,000); Clayton Brook Village Hall Extension (£135,000); Astley Hall Farmhouse (£30,000); and Yarrow Valley Country Park Reservoir Works (£60,000).
21. The 2015/15 Capital Programme was added to the three-year programme, and consisted of the regular commitments, being Asset Improvements, Disabled Facilities Grants, Leisure Centres Improvements, and Replacement of Refuse/Recycling Bins. The grant available to finance DFGs was assumed to be £269,000, but would be updated when further information became available.

PROVISIONAL OUTTURN 2012/13

22. The Capital Programme provisional outturn for 2012/13 is £1,827,008, a net reduction of £852,442. Detailed figures are presented in Appendix 1.
23. Of the £852,442 reduction, there has been a net increase of resources of £126,868; £61,600 has been transferred to the revenue account; and it is proposed that £917,710 budget provision should be carried forward to 2013/14.
24. The main resource increase was unbudgeted capital receipts. None had been assumed in the financing of the 2012/13 Capital Programme, but £123,742 became available at year-end. Most of this total was in respect of the Council's share of Preserved Right to Buy receipts from Chorley Community Housing, receivable under the stock transfer contract.

Such receipts had been negligible in recent years, but an increase in the RTB discount contributed to an increase in sales in the last quarter of the financial year. At present it is not known whether this will continue, but CCH will provide monitoring information quarterly. Once further capital receipts are known to be definite, Council would have the option of using them to increase the capital programme without increasing borrowing, or to use them to reduce borrowing.

25. The recommended use of the 2012/13 capital receipts is to finance a replacement People and Places vehicle rather than leasing it; and to increase the Planned Improvements to Fixed Assets capital budget without requiring additional borrowing. The increase is shown in column (5) of Appendix 1, but the additional budget provision would be rephased to 2013/14 to meet commitments.
26. Much of the £917,710 budget provision that is proposed to be rephased to 2013/14 has already been spent or committed. Timing of some expenditure depended on partners or contractors. Clayton Brook Public House has been demolished. Affordable housing schemes are being developed in Halliwell Street and St George's Street. The Duxbury Park Golf Course Access Road improvements are in progress.

CAPITAL PROGRAMME 2013/14

27. The revised Capital Programme for 2013/14 would increase from £11,591,340 to £12,813,770. The main change would be the net rephasing of £917,710 from 2012/13, as presented in column (2) of Appendix 2. It is also recommended that a £30,000 budget for Pilling Lane CCTV should be added to the programme, to be financed with a S106 contribution received for that purpose. The budget for Disabled Facilities Grants should be increased by £4,720, because the Government grant allocated for 2013/14 exceeds the amount assumed when the programme was approved by Council on February 28th. The Affordable Housing budget should be reduced by £90,000, because the estimate exceeds the S106 contributions currently held by the Council. The budget could be increased again should further S106 contributions for provision of affordable be received during 2013/14.
28. After adding slippage from 2012/13, the revised budget for improvements to Leisure Centres and Swimming Pools exceeds the planned expenditure for 2013/14. It is proposed that £107,000 of the uncommitted budget should be transferred to increase the budget for Planned Improvements to Fixed Assets.
29. In order to facilitate the proposed use of Bengal Street Depot by Recycling Lives, it is proposed that £75,000 of the uncommitted Housing Renewal budget should be used to provide residential accommodation on site. In addition, a £40,000 grant for further modification of the depot by Recycling Lives should be added to the programme, to be funded by revenue budget savings to be vired from the Head of Governance's Bengal Street Depot budget.
30. Also on this agenda is a report by the Director of People and Places requesting approval of the procurement methodology for replacing mechanical sweepers. In previous Capital Programme monitoring reports I have reported the possibility of achieving revenue budget savings by funding replacement vehicles by borrowing rather than leasing. Local authorities can generally borrow from the Public Works Loan Board at lower rates of interest than are reflected in leasing charges. When purchase figures are obtained, if revenue budget savings could be achieved, I would recommend adding a budget for vehicle replacement to the Capital Programme, to be funded by an increase in borrowing. The revenue budget would also need to be amended by transferring budget provision from the People and Places directorate's leasing budget to the corporate budget for capital financing costs (repayment of debt and interest).

CAPITAL PROGRAMME 2014/15 and 2015/16

31. The only change proposed is to increase the DFG budget each year to match the Government funding received in 2013/14. This proposed change is shown in columns (6) and (9) of Appendix 2.

DEVELOPERS' CONTRIBUTIONS

32. Appendix 3 presents the S106 and similar contributions received and applied in 2012/13, and the sums budgeted to be received and applied in 2013/14. The uncommitted contributions are £101,000 for play/recreation facilities (of which £22,000 has not yet been received); and £334,000 of the Pilling Lane contribution.

IMPLICATIONS OF REPORT

33. 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

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

COMMENTS OF THE MONITORING OFFICER

35. 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	27 th May 2013	Capital Prog Outturn 2012-13 & Monitoring 2013-14-2015-16 Jun 2013.doc