

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources, Policy and Performance)	Executive Cabinet	15 August 2013

## **CAPITAL PROGRAMME MONITORING 2013/14 – 2015/16**

### **PURPOSE OF REPORT**

1. To update the Capital Programme for 2013/14 and provisional budgets for 2014/15 and 2015/16, to take account of additional resources and other proposed budget changes.
2. To present an updated analysis of the receipt and use of developers' contributions for the financing of capital projects between 2013/14 and 2015/16.

### **RECOMMENDATION(S)**

3. That the Council be recommended to approve the amendments to the Capital Programme for 2013/14, as presented in column (2) of Appendix 1.
4. That the Council be recommended to approve the amendments to the provisional budgets for 2014/15 and 2015/16, as presented in columns (5) and (8) of Appendix 1.

### **EXECUTIVE SUMMARY OF REPORT**

5. Council of 16<sup>th</sup> July 2013 approved amendments to the 2013/14 Capital Programme which increased the budget from £11,951,340 to £12,853,770. Budget provision rephased from 2012/14 totalled £917,710; and other budgets reduced by a net total of £15,280.
6. The provisional Capital Programmes for 2014/15 and 2015/16 were each increased by £4,720 on the assumption that Government funding of Disabled Facilities Grants (DFGs) in those years would match the funding allocated for 2013/14.
7. Few changes are required to the 2013/14 Capital Programme at this stage. A net increase in the programme of £102,720 is proposed, as shown in column (2) of Appendix 1. The provisional budgets for 2014/15 and 2015/16 are each reduced by £50,120 because of the estimated reduction in DFGs funded by housing associations.
8. The Director of People and Places reports a request that a S106 contribution received from an Eccleston development should be used to provide a £77,000 grant to Eccleston Parish Council. If agreed, the effect on the budget for Play, Recreation and Public Open Space projects will be indicated in the next monitoring report.
9. Places for People have declined to sign the Local Adaptations Agreement relating to Disabled Facilities Grants for housing association tenants. It is estimated that expenditure,

and the contribution that would finance it, would reduce by £52,440 in 2013/14 and £50,120 in subsequent years.

10. The main capital receipt required to finance new projects added to the 2013/14 Capital Programme by Council on 28<sup>th</sup> February 2013 has not yet been received. Other capital receipts totalling £42,044 were received in the first quarter of 2013/14; and the Council's share of Chorley Community Housing's Preserved Right to Buy receipts in the quarter is estimated to be £19,000.
11. Revenue budget savings could be achieved by financing replacement People and Places directorate vehicles by borrowing rather than leasing. Additional vehicles are required for the waste and recycling contract from 2014/15. Savings could be achieved if these vehicles are purchased rather than being recharged by Veolia through the contract.
12. Also on this agenda, the Director of People and Places makes recommendations in respect of the contract award procedure for the resurfacing of three town centre car parks. Though contract figures have not yet been finalised, it is recommended that the estimated maximum budget should be added to the 2013/14 Capital Programme, to be financed from the Town Centre Investment Reserve (£143,000 revenue financing) and the Regeneration Projects capital budget (£165,000 prudential borrowing).
13. Appendix 2 to the report indicates that an uncommitted balance of developers' contributions totalling £442,000 would be carried forward at the end of 2013/14.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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<b>Key Decision?</b> Please bold as appropriate	Yes	<b>No</b>
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<b>Reason</b> 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)**

14. It is necessary for Council to approve the revised 2013/14 Capital Programme, to take account of additional resources, the transfer of budgets to revenue, the allocation of budgets to specific projects for monitoring purposes, and changes to the presentation of financing of the programme.
15. Provisional budgets for 2014/15 and 2015/16 should be updated to reflect the resources estimated to be available.

## 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 16<sup>th</sup> July 2013 approved amendments that increased the 2013/14 Capital Programme by £902,430 to £12,853,770. Budgets rephased from 2012/13 totalled £917,710; and other amendments reduced the programme by £15,280.
19. The provisional Capital Programme budgets for Disabled Facilities Grants for 2014/15 and 2015/16 were each increased by £4,720. This was to match the Government funding allocated in 2013/14, on the assumption that it would continue at that level. The actual allocation of Government grant is unlikely to be known until March 2014, which would be after approval of the Capital Programme for 2014/15.

## CAPITAL PROGRAMME 2013/14

20. If the changes presented in column (2) of Appendix 1 are approved by Council, the Capital Programme for 2013/14 would increase by a net total of £102,720. The reasons for the changes are as indicated in the following paragraphs.
21. The £3,330 ICT budget for Unified Intelligent Desktop costs not eligible for grant funding should be transferred to the ICT revenue budget to contribute towards the cost of new projects. Revenue financing of the capital programme would be reduced to match to ensure that the budget impact would be neutral.
22. Presentation of the Affordable Housing New Development Projects budget has been changed to show the schemes already approved at St. George's Street and Halliwell Street, and confirmation that the uncommitted budget provision is currently £73,650.
23. The budget for Disabled Facilities Grants for each year from 2013/14 to 2015/16 included an estimate of expenditure and income in respect of housing association properties. Places for People have declined to sign the Local Adaptations Agreement. This will affect the budget provision required each year, and the estimated impact is that the budget in 2013/14 should reduce by £52,440. This expenditure would have been financed by the housing association so there is no effect on the Council's capital resources.

24. Receipt of a S106 contribution not available for Borough-wide use means that the budget for Play, Recreation and Public Open Spaces projects can be increased by £15,490, taking the total to £232,280. When specific projects have been agreed, this budget will be split so that they can be monitored separately. The Director of People and Places reports on this agenda that the Council has received a request from Ecclestone Parish Council for a £77,000 grant to provide a multiuse ball court at Drapers Avenue, Ecclestone. If approved, this would be financed with a S106 contribution received from a development in Ecclestone, and would be reported as a separate budget. It is likely that the £8,590 balance remaining of the particular contribution would be transferred to the revenue budget to fund improvements to existing Council-owned facilities in or near to Ecclestone.
25. The financing of the programme has been revised to move £124,480 from 'external contributions – other' to revenue financing of capital. The contributions were received prior to 2013/14 and have been brought forward in earmarked revenue reserves. In revenue budget monitoring reports, the use of the earmarked reserves for revenue financing of the capital programme will be shown.
26. The £360,000 capital receipt required to finance budget growth in 2013/14 approved by Council on 28<sup>th</sup> February 2013 has not yet been received. Should the resource not be received by 31<sup>st</sup> March 2014, and the budgeted expenditure is incurred, it could be necessary to incur additional borrowing in 2013/14. The borrowing could be repaid by voluntarily setting aside the capital receipt once received.
27. Capital receipts not reflected in the current estimate have been received. These total £42,044. In addition, the Council's share of Chorley Community Housing's Preserved Right to Buy capital receipts for the first quarter is estimated to be £19,000. The number of sales is lower than achieved in the last four months of 2012/13, and will continue to be monitored with CCH throughout the year.
28. Most vehicles used in the provision of Council services are leased or provided through the waste and recycling contract. When replacement vehicles are required at the end of leases, or additional waste/recycling vehicles are needed, it may be possible to achieve revenue budget savings by funding purchases by borrowing. This option is currently being evaluated and recommendations as to the most cost effective way of funding vehicle acquisition will be presented at a later date.
29. The Director of People and Places, in a report on this agenda, has recommended a contract award procedure and evaluation criteria for the resurfacing of the Flat Iron, Portland Street and Fleet Street car parks. This resurfacing work is not currently included in the revenue budget or capital programme. The cost would depend on tenders submitted and whether an option to resurface the Flat Iron car park overnight is pursued. To provide budget cover so that the work could start promptly, it is recommended that the maximum estimated budget of £308,000, excluding fees and surveys already funded in 2012/13, should be added to the 2013/14 Capital Programme. In my revenue budget monitoring report on this agenda, it is proposed that £143,000 of the Town Centre Reserve should be used to finance the scheme. This would be shown as revenue financing of capital in revenue budget monitoring. The balance of the funding (£165,000) should come from the Regeneration Projects capital budget. Should tenders be less than currently estimated, or the option of overnight working not be adopted, then any unused budget provision would be transferred back.

## CAPITAL PROGRAMME 2014/15 and 2015/16

30. The budget for Disabled Facilities Grants in each of 2014/15 and 2015/16 should reduce by £50,120 for the reasons explained above. The effect on the Council's resources is neutral.

## DEVELOPERS' CONTRIBUTIONS

31. Appendix 2 presents the S106 and similar contributions from developers which are budgeted to be received and applied in 2013/14. The uncommitted contributions are £108,000 for play/recreation facilities (of which £22,000 has not yet been received); and £334,000 of the Pilling Lane contribution. The latter could be used for purposes including streetscape improvements, cycle network and public transport, community safety and recreation facilities. Funding of highway improvements in the Pilling Lane area by Lancashire County Council (£150,000), improvements to Rangletts Recreation Ground (£221,660), and new CCTV in the area (£30,000) have already been included in the 2013/14 Capital programme.

## IMPLICATIONS OF REPORT

32. 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

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

## COMMENTS OF THE MONITORING OFFICER

34. 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	23 <sup>rd</sup> July 2013	Capital Prog Monitoring 2013-14-2015-16 Aug 2013 EC.doc