

Report of	Meeting	Date
Executive Director – Corporate & Customer and the Director of Finance	Overview and Scrutiny Committee	4 December 06

CAPITAL PROGRAMME MONITORING 2006/07

PURPOSE OF REPORT

- To update members on the progress of the 2006/07 Capital Programme, and to seek member support and approval for a number of recommendations from the Capital and Efficiency Programme Board.

CORPORATE PRIORITIES

- The schemes within the Capital Programme contribute to the achievement of each of 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 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. Should changes be made to the work programme of grant-funded schemes, there is a risk that the grant awarding bodies will not provide grant funding for such changes.
- The estimated financing of the programme in 2006/07 takes into account capital receipts from the sales of assets that have not yet been received. Should they not be received some schemes within the programme may need to be frozen or the level of external borrowing increased.
- In addition, increased borrowing may be required should any project exceed the approved budgets. Overspending may be outside of the control of the project managers in some circumstances. In particular, the basis for settling compensation for the land assembly required for the Gillibrand Link Road may lead to a final payment that exceeds the Council's budget for the scheme. It is not possible to confirm the figures at this stage, but officers are investigating ways of mitigating the effect by passing on some of any cost

increase to our development partner, English Partnerships. It is also likely that the requirement to borrow to finance the 2006/07 programme will be reduced to some extent by slippage of expenditure to 2007/08. Slippage is expected in respect of the Astley Park project but the value is not yet known.

BACKGROUND

8. Since the last capital monitoring report in August, the Capital Programme Board has merged with the Efficiency and Transformation programme board to become the Capital and Efficiency Board. This follows approval by Strategy Group as part of a move to rationalise the number of programme boards, while also identifying options for overseeing other areas of work such as the delivery of the Corporate Strategy.
9. This report details the performance of the Capital Programme followed by recommendations from the Capital and Efficiency Programme Board.
10. On the 24th August 2006 Executive Cabinet approved the 2006/07 capital programme budget of £14,081,420.

HOW ARE WE PERFORMING?

11. The Capital and Efficiency Programme Board is continuing to make good progress ensuring a more controlled and successful delivery of the programme.

(A) Key Performance Indicators

12. 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 current performance against the targets.

Performance Indicator	Target 06/07	Aug 2006	Nov 2006	-/+
	%	%	%	%
1. The % of the Capital Programme budget actually spent.	90	49	46	-3
2. The % of projects using the toolkit.	70	59	61	+2
3. The % of successful projects.	90	0	0	-
4. The % of capital schemes intended to be completed during the year actually completed.	85	0	6	+6

Table 1 - Capital Programme 2006/07 - Key Performance Indicators

13. While the current performance generally appears to be quite a way off target it must be remembered that the targets are year end targets, and it is normal for the results to be slow in the first two quarters, and increasing in the second half of the year. With this in mind the board are happy with current performance and confident of meeting the targets by year-end.
14. The percentage of the budget actually spent has reduced by 3% since August. The main reason is the introduction of a £1.4 million budget for the 'strategic regional site'. The increase in budget has caused the expenditure figure to appear reduced. However generally expenditure is continuing at a steady pace.

15. The percentage of projects using the toolkit is well on track to achieve the end of year target. Current performance has already exceeded the end of year performance for 2005/6 of 34%.
16. Projects not yet using the toolkit are prioritised by the largest, and most high risk projects, which will benefit most from using the project management toolkit, to effectively monitor and control their progress.
17. Training sessions are ongoing and project managers are encouraged to attend, with approximately 50 staff being trained in the last 10 months.
18. The percentage of successful projects can only be measured on schemes that both use the toolkit, and that have been completed. The projects which have been completed so far were brought over from 2005/06, and were not managed using the toolkit.
19. Although the percentage of projects completed is very low, there are a number of schemes which are near completion, and it is thought that by the next report, there will be a significant increase in both the successful projects, and projects completed indicators.

(C) Capital Monitoring 2006/07

20. The latest Capital Programme forecast for 2006/07 shows an increase in the programme of £2,601,070 to £16,682,490. Table 2 below summarises the changes.

Executive Cabinet Date	Details	£	Note
24/08/06	Approved Capital Programme <u>Plus</u>	14,081,420	
	Schemes from Reserve List	1,551,550	A
	Other changes	1,049,520	B
07/12/06	Revised Capital Programme	16,682,490	

Table 2 - Capital Programme 2006/07 - Total Capital Spending

Note A: A scheme by scheme analysis of the schemes brought in from the reserve list 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

21. Appendix 3 gives a high level summary of the capital receipts expected and achieved to date this year. As detailed in the risks above, the financing of the programme depends on these receipts being achieved.
22. So far, Right to Buy (RTB) sales of Council dwellings to tenants are ahead of the original estimate for the year. However, it is difficult to predict what effect the result of the stock transfer ballot will have on sales for the remainder of the year. Progress in achieving capital receipts other than RTB sales has been slow but we expect to achieve most receipts before the year-end. The one exception is the Yarrow Bridge Depot, included in the resource estimate at £300,000. If slipped to a future year and sold for another purpose, the receipt could be considerably more. At present, it is assumed that other disposals in 2006/07 will compensate for the effect of this slippage.

23. The Capital and Efficiency Programme Board is monitoring the progress of the sales of assets, and where necessary are putting measures into place, in an effort to ensure they are received within this financial year as required. In his report on the Capital Programme 2007/08 to 2009/10, the Director of Finance recommends that the Council develops a programme of disposal of surplus assets that earn a low rate of return in order to ensure the availability of capital resources to finance future capital investment.

PROGRAMME BOARD RECOMENDATIONS

24. Set out below are a summary of requests received at the last two meetings of the Capital and Efficiency Programme Board on the 30th August and the 9th November, 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) Kerbside Recycling

25. Following approval from a special working group, every household has been provided with new weighted sacks, and an information pack. The cost for this has been charged to the kerbside recycling budget, which is now overspent by £21,560. The exception report requests an increase in the Kerbside Recycling budget to cover this necessary overspend.
26. Board Recommendation - To approve a £21,560 increase in the Kerbside Recycling.

(B) Astley Park

27. Due to the volume of concerns raised by the public relating to the location, safety, and security of play facilities in Astley Park, it was agreed that the proposals should be revisited. The revised plan now provides for easier access and natural surveillance with historical context also taken into account. The cost of this additional design work is £16,808 and as this reconsideration is outside the terms of the HLF (Heritage Lottery Fund) contract the council must now meet this additional cost.
28. Board Recommendation – That the additional fee cost be absorbed within the total resources available to the scheme.

(C) Chapel St Enhancement – Phase 3

29. A verbal report was received by the Board that the Chapel Street Enhancement Scheme has experienced some difficulties in terms of the quality of materials and being able to complete the job to time, resulting in the likelihood that an overspend will occur. The Board asked that an exception report be produced and submitted to the next board along with potential funding solutions for the overspend.
30. Board Recommendation – that the action of the Board be noted.

New Schemes and Projects

31. A number of business cases have been submitted to the Board for consideration. These have been uploaded onto the Loop and can be found here, <http://theloop/section.asp?sectionType=list&catid=12334>, under 'New Projects for Consideration'.

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

Project	Priority	Estimated Budget
Cemetery Development	Place	£13,000
Tree Management	Place	£15,290
Corporate Play Development Plan – Year Five Project 'Chorley Moor'	People & Place	£50,000
Grant towards a community centre in Eccleston	People	£150,000
Grant scheme for village halls and community centres	People	£120,000
Astley Hall CCTV	People	£24,000
Brinscall Swimming Pool	People	£190,000
HR Management System	Performance	£68,500

32. The Board recommends that the new projects listed in Table 3 be included as category 'C' schemes and as such on the reserve list for future consideration when resources become available. Consideration was also given to the totality of the reserve list schemes and the board noted that the circumstances that prevailed when the Eccleston Community Centre bid was made have changed, it was felt appropriate to now remove the bid from the reserve list.

Table 4 - Summary of new schemes recommended for inclusion into the Capital Programme, category 'B'

Project	Priority	Financing
Telephony Review	Performance	£137,000 – Funded from revenue savings
Brinscall Village Junior Football Club Pitch Improvements	People	£4,000 – Funded from matched funding pot
Ulnes Walton Parish Council Schemes	People & Place	£10,635 – Funded via S106 agreements
Adlington Play Development	People & Place	£25,000 – Funded via S106 agreements

33. The Board recommends that the new projects shown in Table 4 be included as a category 'B' scheme in the 2006/07 capital programme, due to the fact that these schemes are funded from existing resources.

COMMENTS OF THE DIRECTOR OF HUMAN RESOURCES

34. There are no direct human resource implications of this report.

RECOMMENDATION(S)

35. That the revised Capital Programme for 2006/067 in the sum of £16,682,490 be approved.
36. That the Ecclestone Community Centre bid is removed from the reserve list.
37. That the following recommendations of the Capital and Efficiency Programme Board be approved:

Exception Reports

- a. To approve a £12,910 increase in the Kerbside Recycling budget to be funded from prudential borrowing.
- b. To approve the additional design fee of £16,808 to be funded from existing resources.

New Capital Schemes and Projects

- c. That the following new schemes be placed on the reserve list (category C) for future consideration when resources become available:
 1. Cemetery Development
 2. Tree Management
 3. Corporate Play Development Plan – Year Five Project ‘Chorley Moor’
 4. Grant towards a community centre in Ecclestone
 5. Grant scheme for village halls and community centres
 6. Astley Hall CCTV
 7. Brinscall Swimming Pool
 8. HR Management System
- d. That the following new scheme be placed in category B of the 2006/07 capital programme:
 1. Telephony Review
 2. Brinscall Village Junior Football Club Pitch Improvements
 3. Ulnes Walton Parish Council Schemes
 4. Adlington Play Development

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

38. To revise the 2006/07 Capital Programme.
38. To approve considered recommendations for schemes which are either overspending or require additional resources.
39. To bring forward new schemes which members may consider for inclusion in the Capital Programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

40. None.

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GARY HALL
DIRECTOR OF FINANCE

There are no background papers to this report.

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