

Report of	Meeting	Date
Executive Director – Corporate & Customer and the Director of Finance (Introduced by the Executive Member for Resources, Councillor A Cullens)	Executive Cabinet	29 th March 2007

CAPITAL PROGRAMME MONITORING 2006/07

PURPOSE OF REPORT

1. 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 Corporate Improvement Board.

CORPORATE PRIORITIES

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

RISK ISSUES

3. 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	

4. 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.
5. 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.
6. 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 by 31st March 2007 the level of external borrowing would probably be increased to make up the shortfall.

7. 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. The financing of the budgeted sum has been amended to use a S106 commuted sum available for transport improvement purposes, but there is a risk that the final compensation total will exceed the sum available.

BACKGROUND

8. This report details the performance of the Capital Programme followed by recommendations from the Corporate Improvement Board.
9. On the 22nd February 2007 Executive Cabinet approved the 2006/07 capital programme budget of £13,767,340.

HOW ARE WE PERFORMING?

10. The Corporate Improvement Board is continuing to make good progress ensuring a more controlled and successful delivery of the programme.

Key Performance Indicators

11. 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	Jan 2007	Feb 2007	-/+
	%	%	%	%
1. The % of the Capital Programme budget actually spent.	90	73	77	+4
2. The % of projects using the toolkit.	70	66	66	-
3. The % of successful projects.	90	0	14	+14
4. The % of capital schemes intended to be completed during the year actually completed.	85	21	38	+17

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

12. To achieve the target for the percentage of projects using the toolkit only two further capital schemes need to use it. To achieve this the projects not using the toolkit will be reviewed, and the two largest, and most high-risk projects suitable for using it will be targeted, and given the help and support they need to start using the toolkit.
13. In addition, a campaign to ensure all project managers responsible for capital projects complete the internal training on project management is currently underway.
14. This follows an internal audit of project management where one of the recommendations was that 'everyone who is either undertaking a project manager role or is a member of a project board should attend a project management training session run by the Project

Support Officer'. At the time of the audit at the end of 2006 it was found that out of 27 capital projects in category A, 13 of those were being managed by staff that had not attended the training. Training is now underway for these project managers.

15. The percentage of successful projects can only be measured on schemes that both use the toolkit, and that have been completed. As schemes are now starting to complete, project managers need to ensure they complete end project report, to review how well the project has performed, particularly assessing the critical success factors identified in the business case, which then feeds into this performance indicator.
16. Although the percentage of projects completed continues to be low, there are a number of schemes, which are near completion. All schemes are being closely monitored to ensure that projects will complete on time as intended, or to identify slippage as early as possible.

Capital Monitoring 2006/07

17. The latest Capital Programme forecast for 2006/07 shows a reduction in the programme of £1,442,770 to £12,324,570. Table 2 below summarises the changes.

Executive Cabinet Date	Details	£	Note
22/02/07	Approved Capital Programme	13,767,340	
	<u>Less</u>		
	Slippage to 2007/08	1,623,890	A
	<u>Plus</u>		
	Other change	<u>181,120</u>	B
29/03/07	Revised Capital Programme	12,324,570	

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

Note A: A scheme-by-scheme analysis of the capital sums slipping to/from 2007/08 is shown in appendix 1.

Note B: The other change of £181,120 represents an increase in the budget for capitalised restructuring to agree with the sum approved by CLG.

Capital Receipts Monitoring

18. 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.
19. Right to Buy (RTB) sales of Council dwellings to tenants are on target. The result of the stock transfer ballot does not seem to have had a significant impact on sales this year. Progress in achieving capital receipts other than RTB sales has been slow. One disposal is outstanding at present: the King Street premises. Should this sale not complete by 31st March there would be a shortfall of budgeted capital resources that would probably have to be met by incurring unbudgeted borrowing. It is now known that the sale of the former Friday Street depot will not complete during 2006/07. The financing of the programme has been amended to show the £400,000 shortfall in capital receipts being met by additional borrowing. There would be an increase in the Minimum Revenue provision by £16,000 in 2007/08 as a consequence, which was not anticipated in setting the revenue budget for that year.

20. In his report on the Capital Programme 2007/08 to 2009/10 to Executive Cabinet of 7th December 2007, the Director of Finance proposed 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 RECOMMENDATIONS

21. Set out below are a summary of reports received at the last meeting of the Corporate Improvement Board on the 1st March, and the Boards recommendations where appropriate.

Exception Reports

22. (A) Astley Park

The Astley Park scheme is the subject of a separate report on this agenda. In future there will be a regular separate report to Executive Cabinet, updating members on the progress of this project.

- (B) Town Centre Paving Project

There have been a number of issues with Phase 3 of the Town Centre Paving Project relating to drainage and the fit of the pattern to the alignment of the street. The cost of work for both Phases 3 and 4 is expected to be contained within the total budget available.

- (C) Music Café Project

The Director of Policy and Performance has reported that the £20,000 budget allocated for a music café at the interchange has been used by the South Lancashire Arts Partnership to deliver this project at another venue. A music studio and a juice bar have now been created at the community centre very close to the interchange. The café at the interchange is to be let as a retail unit.

Board Recommendation – to note the change of venue.

COMMENTS OF THE DIRECTOR OF HUMAN RESOURCES

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

RECOMMENDATION(S)

24. That the revised Capital Programme for 2006/07 in the sum of £12,324,570 be approved.
25. That the following recommendations of the Capital and Efficiency Programme Board be approved:

Exception Reports

- a. To note the change of venue for the Music Café project.

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

26. To revise the 2006/07 Capital Programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

27. None.

PAUL MORRIS
EXECUTIVE DIRECTOR – CORPORATE & CUSTOMER

GARY HALL
DIRECTOR OF FINANCE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Barbara Charnock	5457	06 March	CPB Cabinet Report Mar 07

Capital Programme 2006/2007

Slippage – Report To Cabinet 29 March 2007

	£
<u>Play and Recreational Facilities (S106 funded)</u> This budget has been earmarked as part of a bigger scheme for a potential neighbourhood park in the Eaves Green area. The £22,880 is made up of three individual sums, one of which we've now had for nearly seven years, and the other two for five years.	22,880
<u>Ulnes Walton Play Scheme (S106) funded</u> This sum has been awarded to the parish council but is being withheld until they secure additional funding. This is very recent S106 money	10,630
<u>Highway Improvements – Gillibrand Estate/Southlands</u> Contribution to an LCC scheme, which is funded by developer's contribution.	90,000
<u>Thin Client</u> The desktop refresh has been delayed as a result of the delay in the thin client evaluation. As the Council's desktop equipment must be replaced during the next financial year, appropriate funding must be made available. In order to achieve this, it is recommended that the capital funding allocation for the project is slipped from 2006/7 to 2007/8.	500,000
<u>Chorley Strategic Regional site</u> No further payments to be made until mid year 2007	576,530
<u>Brinscall FC Football Pitch Improvements</u> The original business case estimated that the pitches drainage work would be completed and ready for use during the 2006/07-football season however the project is currently behind schedule by 6 months. The delay in the project has been caused by a failure of the school to supply the supplementary information to the Football Foundation. This has been the result of a number of staff departures, and changes in the lead project officer at the school. As the match funder, rather than project applicant we have had little control over this issue. We have offered both practical advice and support, and issued letters stating that the school risks losing its offer of section 106 funding. This carrot and stick approach has resulted in the paperwork being completed, albeit at the absolute deadline. It is therefore recommended that the budget be slipped to 2007/2008.	4,000
<u>Various traffic calming/local road safety schemes</u> Contributions to LCC schemes <ul style="list-style-type: none"> • Brown St, Stump Lane Area Chorley £6,000 • Park Rd Area, Adlington £8,000 • Devonport Way Area, Chorley £4,000 	18,000
<u>Leisure Centre Capital Grant for Investment</u> Value of work to be completed in 2007/08. The budget profiling for this scheme was incorrect as the scheme was always intended to span two financial years.	450,000
<u>Vacant dwellings</u> Balance of budget taking into account virement of £10,000 to Cemetery Lodge repairs	21,660
<u>Town Centre Paving Project</u> Effect of combining Phase 3 and 4 of the project.	(69,810)
TOTAL	1,623,890

Capital Programme - 2006/07

Scheme

Strategy Group**Policy & Performance**Project Management Support Capitalisation
External Funding Pot

- Euxton Villa Football Club

- Music Café Project

- Brinscall FC Football Pitch Improvements

Website Refresh

Contribution to Pitch Drainage Bishop Rawsthorne School

Policy & Performance Total***Strategy Group Total*****Corporate & Customer Challenge Group****Finance**

Capitalised Restructuring Costs

Finance Total**ICT Services**

IT Support (incl. salary capitalisation)

PDG Scheme - Migration to OS Master Map

Integration Software

Telephony

Thin Client Pilot/Full Integration

ICT Services Total

		2006/07 Current Estimate £	Slippage to/from 2007/08 £	Other Changes £	2006/07 Revised Estimate £	External Funding £	CBC Funding £
	A	40,000			40,000		40,000
	A	10,000			10,000		10,000
	A	20,000			20,000		20,000
	B	4,000	(4,000)		0		0
	A	66,550			66,550		66,550
	B	19,950			19,950	19,950	0
		160,500	(4,000)	0	156,500	19,950	136,550
		160,500	(4,000)	0	156,500	19,950	136,550
	A	533,700		181,120	714,820		714,820
		533,700	0	181,120	714,820	0	714,820
	A	30,000			30,000		30,000
	A	29,260			29,260	29,260	0
	A	20,250			20,250		20,250
	B	15,000			15,000		15,000
	B	500,000	(500,000)		0		0
		594,510	(500,000)	0	94,510	29,260	65,250

Capital Programme - 2006/07

Scheme		2006/07 Current Estimate £	Slippage to/from 2007/08 £	Other Changes £	2006/07 Revised Estimate £	External Funding £	CBC Funding £
<u>Property Services</u>							
Town Hall Access/Improvements	A	148,800			148,800		148,800
Bengal Street Depot Improvements	A	10,000			10,000		10,000
Market Toilets (completion of 2005/06 scheme)	A	1,200			1,200		1,200
Union Street Offices Accommodation Improvements	A	50,000			50,000		50,000
Invest in Success - Gillibrand Scheme	B	757,300			757,300	757,300	0
Property Services Total		967,300	0	0	967,300	757,300	210,000
<u>Corporate & Customer Challenge Group Total</u>							
		2,095,510	(500,000)	181,120	1,776,630	786,560	990,070
<u>Environment & Community Challenge Group</u>							
<u>Development & Regeneration</u>							
Astley Park Improvements - Construction	A	434,020			434,020	309,620	124,400
Disabled Facilities Grants	A	300,000			300,000	180,000	120,000
Housing Renewal							
- Home Repair Grants	A	145,000			145,000		145,000
- Energy Grants	A	125,000			125,000		125,000
- Handyperson Scheme	A	10,000			10,000		10,000
Eaves Green Link Road (S106 funded)	A	4,519,650			4,519,650	4,519,650	0
Town Centre Paving Project	A	20,000	69,810		89,810	69,810	20,000
Planning Delivery Grant-funded capital schemes							
- eDevelopment and Building Control Project	A	212,160			212,160	159,090	53,070
- Development of S106 Database	A	6,000			6,000	6,000	0
Regeneration Projects - Design Fees	A	103,220			103,220		103,220
Chorley Strategic Regional Site	A	1,369,570	(576,530)		793,040		793,040
Groundwork Projects	B	15,000			15,000		15,000
Adlington Rail Station Improvements (S106 funded)	B	7,500			7,500	7,500	0
Development & Regeneration Total		7,267,120	(506,720)	0	6,760,400	5,251,670	1,508,730

Capital Programme - 2006/07

Scheme		2006/07 Current Estimate £	Slippage to/from 2007/08 £	Other Changes £	2006/07 Revised Estimate £	External Funding £	CBC Funding £
<u>Housing Services</u>							
Housing Investment Programme (Council Dwellings)							
- Heating Systems	A	253,170			253,170	253,170	0
- Replacement Windows & Doors	A	840,000			840,000	615,150	224,850
- Community Safety - Lifeline Alarms	A	21,500			21,500	21,500	0
- Estate Improvements - Hillside Crescent	A	800			800	800	0
- Adaptations for Disabled	A	270,000			270,000	270,000	0
- Major Void Works	A	350,140			350,140	350,140	0
- Miscellaneous Renewal Works	A	15,950			15,950	15,950	0
- Fascias and Soffits	A	81,110			81,110	81,110	0
- Cotswold House CCTV	A	28,730			28,730		28,730
- Capitalised Salaries - to reallocate to schemes	A	113,000			113,000		113,000
Housing Services Total		1,974,400	0	0	1,974,400	1,607,820	366,580
<u>Leisure & Cultural Services</u>							
Leisure Centres Capital Investment	A	1,529,790	(450,000)		1,079,790		1,079,790
Duxbury Park Golf Course capital investment	A	92,920			92,920		92,920
YVP Extension Flood Alleviation	B	2,500			2,500		2,500
Leisure & Cultural Services Total		1,625,210	(450,000)	0	1,175,210	0	1,175,210

Capital Programme - 2006/07

Scheme		2006/07 Current Estimate £	Slippage to/from 2007/08 £	Other Changes £	2006/07 Revised Estimate £	External Funding £	CBC Funding £
<u>Streetscene, Neighbourhoods & Environment</u>							
Extension to Chorley Cemetery (new burial area)	A	4,620			4,620		4,620
Kerbside Recycling Schemes	A	125,400			125,400	2,770	122,630
Litter/Dog Waste/On-street recycling bins	A	40,170			40,170	40,170	0
Fleet Management System	A	3,970			3,970		3,970
Tesco superstore cycle path (S106 funded)	A	13,920			13,920	13,920	0
Traffic Calming							
- Pedestrian improvements Southport Rd/St Thomas's Rd	A	30,000			30,000		30,000
- Various traffic calming/local road safety schemes	B	18,000	(18,000)		0		0
Euxton Play Facilities (S106 funded) - Mile Stone Meadow	A	50,780			50,780	50,780	0
Euxton Play Facilities (S106 funded) - Balshaw Lane	A	1,100			1,100	1,100	0
Adlington Play Development (S106 funded)	A	25,000			25,000	25,000	0
Capitalised Salaries re private sector housing	A	2,000			2,000		2,000
CPO Unfit Dwellings	A	87,500			87,500		87,500
Vacant Dwellings	B	31,660	(21,660)	(10,000)	0		0
Chorley Cemetery Lodge Refurbishment	B	0		10,000	10,000		10,000
Highway improvements - Gillibrand estate/Southlands	B	100,000	(90,000)		10,000	10,000	0
Clayton Brook Village Green Development	B	43,470			43,470		43,470
Harpers Lane Recreation Ground Imps (S106 funded)	B	30,000			30,000	30,000	0
Ulnes Walton Play/Leisure Schemes (S106 funded)	B	10,630	(10,630)		0	0	0
Play & recreational Facilities (S106 funded)	B	22,880	(22,880)		0	0	0
Planting Schemes IT System	B	3,500			3,500		3,500
Streetscene, Neighbourhoods & Environment Total		644,600	(163,170)	0	481,430	173,740	307,690
Environment & Community Challenge Group Total		11,511,330	(1,119,890)	0	10,391,440	7,033,230	3,358,210
Capital Programme Total		13,767,340	(1,623,890)	181,120	12,324,570	7,839,740	4,484,830

Capital Programme - 2006/07

Scheme	2006/07 Current Estimate £	Slippage to/from 2007/08 £	Other Changes £	2006/07 Revised Estimate £	External Funding £	CBC Funding £
<u>Financing the Capital Programme</u>						
Prudential Borrowing	1,023,950	(468,000)	654,090	1,210,040		1,210,040
Unrestricted Capital Receipts	1,982,870		(400,000)	1,582,870		1,582,870
Housing Investment Programme Restricted Capital Receipts	800,240	(21,660)		778,580		778,580
Capital Receipt earmarked for Strategic Regional Site	1,369,570	(576,530)		793,040		793,040
Revenue Budget - Specific Revenue Reserves or Budgets	124,300	(4,000)		120,300		120,300
Revenue Savings	519,900	(500,000)	(19,900)	0		0
Ext. Contributions - Developers	5,558,710	(53,700)		5,505,010	5,505,010	
Ext. Contributions - Lottery Bodies	309,620			309,620	309,620	
Government Grants - Planning Delivery Grant	247,420		(53,070)	194,350	194,350	
Government Grants - Disabled Facilities Grants	180,000			180,000	180,000	
Government Grants - Major Repairs Allowance	1,457,820			1,457,820	1,457,820	
Government Grants - DEFRA	42,940			42,940	42,940	
Government Grants - Housing Capital Grant	150,000			150,000	150,000	
TOTAL CAPITAL FINANCING	13,767,340	(1,623,890)	181,120	12,324,570	7,839,740	4,484,830

Monitoring of Usable Capital Receipts 2006/07

	Unrestricted Receipts £	HIP Restricted Receipts £	Strategic Regional Site £	Total Usable Receipts £
Balance brought forward 1 April 2006	101,866	1,035,910	1,369,570	2,507,346
Received to date	1,108,737	390,000		1,498,737
Total Usable Receipts in hand	1,210,603	1,425,910	1,369,570	4,006,083
Required for capital financing	(1,582,870)	(778,580)	(793,040)	(3,154,490)
Sub total	(372,267)	647,330	576,530	851,593
Usable Receipts due in remainder of year	372,267	0	0	372,267
Estimated balance 31 March 2007	0	647,330	576,530	1,223,860

Note:

The 'HIP Restricted Receipts' are available for capital expenditure in respect of the housing function of the authority only. They are a proportion of RTB sales available under the transitional arrangements for the pooling of housing capital receipts, which apply from 2004/05 to 2006/07. Such restricted receipts can be carried forward for use in later years. The use of these restricted receipts has already been taken account of in the 2006/07 to 2008/09 capital programme.