

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation)	Executive Cabinet	6 December 2007

CAPITAL PROGRAMME 2008/09 – 2010/11

PURPOSE OF REPORT

1. To present to Cabinet the Capital Programme commitments for the period 2008/09 and to propose the additional schemes for inclusion in a 3 year programme. This draft programme will be the subject of consultation as part of the budget consultation exercise for 2008/09.

RECOMMENDATION

2. That the draft programme be approved for consultation.

EXECUTIVE SUMMARY OF REPORT

3. The Council's Capital Programme is fundamental to delivering some of the key objectives contained in the Corporate Strategy. However any programme has to be affordable and be based upon prudence. The Executive has sought this year to focus on key priorities rather than pepper potting resources in order that the achievement of targets and measures is resourced but also that the spending has impact.
4. The Executive's ambition was to contain borrowing costs, as the revenue position required significant savings to be made in 2008/09 and additional borrowing would add to that burden. Additionally the Executive wanted to focus on the key priorities of in particular:
 - Affordable Housing
 - The Town Centre
5. Consequently the draft programme is framed around the priorities with lessor allocations being made in other areas. That said the programme as it is currently drafted also allows development in other key areas for the Council.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. The Council needs to review its medium term capital investment requirements in the contexts of the investment that is required to achieve its strategic objectives and to consider affordability.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. None.

CORPORATE PRIORITIES

8. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the central Lancashire sub region	✓	Improved access to public services	✓
Improving equality of opportunity and life chance		Develop the character and feel of Chorley as a good place to live	✓
Involving People in their Communities		Ensure Chorley is a performing Organisation	✓

BACKGROUND

9. The Capital Programme sets out the Council's Strategic Investment Plans, and if these are not delivered it may not achieve in full its strategic objectives. The Capital Programme also carries financial risk. This is in terms of ensuring Value for Money, maximising resources available, and managing performance to ensure the least possible impact on the revenue account.
10. In order to construct a 3 Year Programme from 2008/09 onward assumptions have had to be made regarding the likely resource position. The reason for this is that firstly the Council is awaiting confirmation of grant allocations and secondly a programme of asset disposal will occur over the period and the sale proceeds can only be estimated at this stage. Should the resources not be received as estimated, some of the schemes within the programme may need to be re-phased or the level of external borrowing will need to rise.
11. Set out in the table below is a summary of the estimated resource position for 2008/09 – 2010/11.

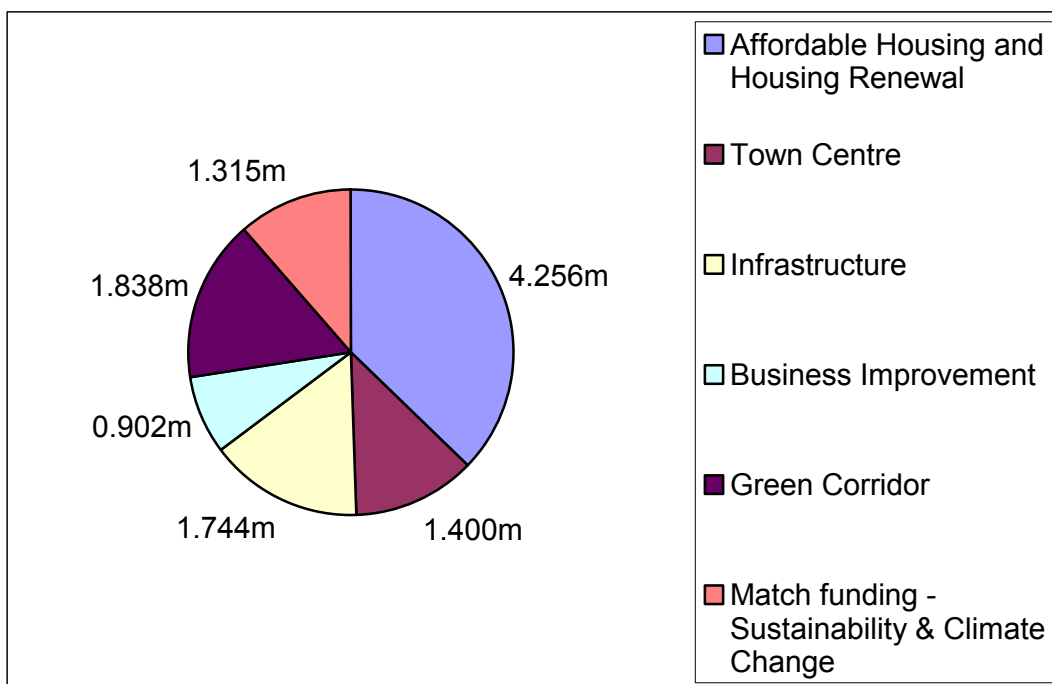
Table 1 – Estimated resource position

Resource	2008/09 £'000	2009/10 £'000	2010/11 £'000	TOTAL £'000
Prudential borrowing	0	.82	0.513	1095
Unrestricted capital receipts	0.497	.430	0.200	600
Housing restricted receipts	0.320	.142	0	461
Preserved RTBS from CCH	0.750	.500	500	1.750
CBC Resources	1.567	1.127	1.213	3.907
External Developer S106	3.278	1.086	0.055	4.419
Lottery	1.116	0	0	1.116
Dev	0.139	0	0	0.139
Govt grants – DFCIS	0.180	0.180	0.180	0.540
- DEFRA	0.045	0.045	0.045	0.135
Housing Capital Grant	0.500	0.500	0.500	1.500
TOTAL	6.825	2.938	1.993	11.755

12. The table shows that in order to finance the Programme £0.595m of borrowing will be required over the period, this represents only 5% of the total resources available to the Council over the period. This is a desirable strategy as the Council's revenue position is such that any Capital Financing Costs will require additional saving to be made to balance the budget.
13. That said the overall resource position based upon the set of assumptions regarding Capital Grant and receipts shows that excluding borrowings just over £11m of resources are available, some of which are already committed. The position allows the Council a further £8m of investment over the period over and above that already committed.

CAPITAL PRIORITIES

14. It is important that the Council continues to use Capital Resources strategically and in recognition of this, the Executive have identified four key priority areas for investment over the planning period.
15. These priorities are based upon the key objectives contained in the Council's refreshed Corporate Strategy and upon a measure of our performance to date against that Plan. Consequently the key priority areas are:
 1. Affordable Housing
 2. The Town Centre
 3. Sustainability and Climate Change
 4. Investment in the Council's Infrastructure
16. Whilst these four areas will attract the majority of resources there are other projects that also require recognition and as such other areas of investment are also included ie development of the Green Corridor.
17. A draft Programme made up of individual schemes/projects is included at Appendix A. In drafting this programme all Directorates have had to submit outline Business Cases demonstrating what the projects will deliver. The programme as drafted would see the following resource allocations against the Council's corporate priorities.



18. The diagram shows that the bulk of the resources available are to be committed to Affordable Housing and other housing projects, the Town Centre and the Council's Green Corridor. Importantly the Executive intend to continue to invest in the Council's own assets and infrastructure in order to both maintain and improve the standards of the Council's asset base.
19. In addition further funds are committed to an annual match funding pot so that schemes that may require matched funding can be developed and a sum of £185k is allocated to a climate change fund which will be used to support the Council's and the borough's aspirations to improve the carbon footprint. Whilst the sum allocated at this stage is relatively low this is because the Council is currently developing its strategic approach to delivering on this agenda and the resources implication will only be identified at this stage. As this priority is new for 2008/09 this incremental approach is sensible. At present no funds have been allocated to spend to schemes as has been done previously. The reasons for this are not that the schemes will not be developed, but that each scheme will stand or fall on the business case and the payback that is calculated. Only where schemes can demonstrate a return on investment will further borrowing be allowed.

IMPLICATIONS OF REPORT

20. As the programme is for consultation at this stage there are no implications for other directors.

GARY HALL
ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Gary Hall	5480	22 November 2007	FINREP/2211LM1

Capital Programme - 2008/09 to 2010/11

Scheme

Town Centre Investment

Markets Action Plan (Phase I)
Town Centre Investment

Town Centre Investment Total**Affordable Housing**

Provision of Affordable Housing (S106 funded)

Homeless prevention Central Lancs Sanctuary Scheme Project
Affordable Housing HALS Project 2007/08 - 2008/09
Choice Based Lettings

Affordable Housing New Development Project 2008/09 - 2010/11

Affordable Housing Total**Sustainability & Climate Change**

Climate Change Pot

Sustainability & Climate Change Total**Matched Funding Pot**

Matched Funding Pot

Matched Funding Pot Total**Performing Organisation - Investment in Infrastructure****Assistant Chief Executive (Business Transformation)**

Planned Maintenance of Fixed Assets
Financial Systems Development

Assistant Chief Executive (Business Transformation)

	2008/09 Current Estimate £	Slippage from 2007/08 £	2008/09 Other Changes £	2008/09 Revised Estimate £	2009/10 Current Estimate £	2009/10 Other Changes £	2009/10 Revised Estimate £	2010/11 Current Estimate £	2010/11 Other Changes £	2010/11 Revised Estimate £	Total 2008/09 to 2010/11 £
			125,000	125,000		125,000	125,000			0	250,000
			325,000	325,000		825,000	825,000			0	1,150,000
<u>Town Centre Investment Total</u>	0	0	450,000	450,000	0	950,000	950,000	0	0	0	1,400,000
	122,900	0	(122,900)	0							0
			28,500	28,500							28,500
			920,000	920,000							920,000
			20,000	20,000							20,000
			787,900	787,900		500,000	500,000		500,000	500,000	1,787,900
<u>Affordable Housing Total</u>	122,900	0	1,633,500	1,756,400	0	500,000	500,000	0	500,000	500,000	2,756,400
			180,000	180,000							180,000
<u>Sustainability & Climate Change Total</u>	0	0	180,000	180,000	0	0	0	0	0	0	180,000
			100,000	100,000		100,000	100,000		100,000	100,000	300,000
<u>Matched Funding Pot Total</u>	0	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000	300,000
	200,000	0	0	200,000	200,000		200,000	0	200,000	200,000	600,000
			62,000	62,000							62,000
<u>Assistant Chief Executive (Business Transformation)</u>	200,000	0	62,000	262,000	200,000	0	200,000	0	200,000	200,000	662,000

Capital Programme - 2008/09 to 2010/11

Scheme	2008/09 Current Estimate £	Slippage from 2007/08 £	2008/09 Other Changes £	2008/09 Revised Estimate £	2009/10 Current Estimate £	2009/10 Other Changes £	2009/10 Revised Estimate £	2010/11 Current Estimate £	2010/11 Other Changes £	2010/11 Revised Estimate £	Total 2008/09 to 2010/11 £
<i>Corporate Director (Neighbourhoods)</i>											
Replacement of recycling/litter bins & containers	50,000	0	0	50,000	50,000		50,000	0	50,000	50,000	150,000
Astley Park Woodland Management	30,000	0	0	30,000	30,000		30,000				60,000
Play/Recreation Facilities (S106 funded)	19,630	0	0	19,630							19,630
DEFRA Waste Performance & Efficiency Grant scheme	0	0	45,000	45,000	0	45,000	45,000	0	45,000	45,000	135,000
Memorial Safety St Johns Churchyard			30,000	30,000							30,000
Memorial Safety			25,000	25,000		25,000	25,000		25,000	25,000	75,000
Alleygates			40,000	40,000		30,000	30,000		30,000	30,000	100,000
Refuse and Recycling Contract Revenue Mitigation			1,000,000	1,000,000							1,000,000
MATAC CCTV Infrastructure Upgrades			25,000	25,000							25,000
<i>Corporate Director (Neighbourhoods)</i>	99,630	0	1,165,000	1,264,630	80,000	100,000	180,000	0	150,000	150,000	1,594,630
<i>Corporate Director (People)</i>											
Leisure Centres Capital Investment	229,050	0	0	229,050	237,070		237,070	0	244,180	244,180	710,300
Duxbury Park Golf Course capital investment	34,850	0	0	34,850							34,850
Astley Park Improvements - Construction	289,390	1,092,000	0	1,381,390							1,381,390
CRM Process Optimisation	0		116,000	116,000		35,000	35,000				151,000
<i>Corporate Director (People)</i>	553,290	1,092,000	116,000	1,761,290	237,070	35,000	272,070	0	244,180	244,180	2,277,540
<u>Performing Organisation - Investment in Infrastructure Total</u>	1,686,990	1,123,750	1,527,900	4,338,640	791,270	596,850	1,388,120	0	1,393,530	1,393,530	7,120,290
<u>Capital Programme Total</u>	1,809,890	1,123,750	3,891,400	6,825,040	791,270	2,146,850	2,938,120	0	1,993,530	1,993,530	11,756,690

Capital Programme - 2008/09 to 2010/11

Scheme

Financing the Capital Programme

Prudential Borrowing

Unrestricted Capital Receipts

Housing Investment Programme Restricted Capital Receipts

Preserved RTB Capital Receipts from CCH

CBC Resources

Ext. Contributions - Developers

Ext. Contributions - Lottery Bodies

Ext. Contributions - Other

Government Grants - Disabled Facilities Grants

Government Grants - DEFRA

Government Grants - Housing Capital Grant

External Funding**Total capital resources****TOTAL CAPITAL FINANCING**

	2008/09 Current Estimate £	Slippage from 2007/08 £	2008/09 Other Changes £	2008/09 Revised Estimate £	2009/10 Current Estimate £	2009/10 Other Changes £	2009/10 Revised Estimate £	2010/11 Current Estimate £	2010/11 Other Changes £	2010/11 Revised Estimate £	Total 2008/09 to 2010/11 £
Prudential Borrowing	364,460	215,910	(580,370)	0	761,270	(679,450)	81,820	0	513,530	513,530	595,350
Unrestricted Capital Receipts	508,930	12,400	(24,540)	496,790	0	403,210	403,210	0	200,000	200,000	1,100,000
Housing Investment Programme Restricted Capital Receipts	190,670	0	129,330	320,000	0	141,890	141,890	0		0	461,890
Preserved RTB Capital Receipts from CCH	0	0	750,000	750,000	0	500,000	500,000	0	500,000	500,000	1,750,000
CBC Resources	1,064,060	228,310	274,420	1,566,790	761,270	365,650	1,126,920	0	1,213,530	1,213,530	3,907,240
Ext. Contributions - Developers	172,530	0	3,105,400	3,277,930	30,000	1,056,200	1,086,200	0	55,000	55,000	4,419,130
Ext. Contributions - Lottery Bodies	254,300	895,440	(33,420)	1,116,320	0	0	0	0		0	1,116,320
Ext. Contributions - Other	139,000	0	0	139,000	0	0	0	0		0	139,000
Government Grants - Disabled Facilities Grants	180,000	0	0	180,000	0	180,000	180,000	0	180,000	180,000	540,000
Government Grants - DEFRA	0	0	45,000	45,000	0	45,000	45,000	0	45,000	45,000	135,000
Government Grants - Housing Capital Grant	0	0	500,000	500,000	0	500,000	500,000	0	500,000	500,000	1,500,000
External Funding	745,830	895,440	3,616,980	5,258,250	30,000	1,781,200	1,811,200	0	780,000	780,000	7,849,450
Total capital resources	1,809,890	1,123,750	3,891,400	6,825,040	791,270	2,146,850	2,938,120	0	1,993,530	1,993,530	11,756,690
TOTAL CAPITAL FINANCING	1,809,890	1,123,750	3,891,400	6,825,040	791,270	2,146,850	2,938,120	0	1,993,530	1,993,530	11,756,690

Total additions to three-year programme

2008/09

2009/10

2010/11 onwards

3,891,400

2,146,850

1,993,530

8,031,780