

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation) (Introduced by the Executive Member for Resources)	Executive Cabinet	27 March 2008

CAPITAL PROGRAMME MONITORING 2007/08

PURPOSE OF REPORT

1. This report updates the 2007/08 capital programme approved by Council on 26 February 2008, indicating additional slippage of expenditure to and from 2008/09, and other budget changes.

RECOMMENDATION(S)

2. Executive Cabinet are asked to approve the slippage to/from 2008/09 and other budget changes set out in Appendix A to the report.

EXECUTIVE SUMMARY OF REPORT

3. The 2007/08 capital programme was last reported to the Council meeting of 26 February 2008. This report shows the split between slippage and other budget changes that were taken into account in the revision to the programme.
4. Subsequently further slippage to 2008/09 has been identified by project managers, and it is necessary to start one project, budgeted for in the 2008/09 programme, earlier than originally intended. The net effect of this slippage is an estimated reduction of prudential borrowing in 2007/08 of around £205,000, though this borrowing will be required in 2008/09 instead.
5. There are a number of additions to the 2007/08 programme, or other budget adjustments, that total around £381,000. These changes do not require any increase in borrowing, and are to be financed by use of external sources of funding such as developers' contributions and Government grants. However, use of developers' contributions in 2007/08 may require a corresponding increase in borrowing in a later financial year.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. To ensure that the 2007/08 capital programme is up to date and represents a realistic estimate of the outturn for the financial year.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. A major recommended change to the programme in 2007/08 is the capitalisation of interest in respect of the land assembly required for the Gillibrand Link Road, for which the Council has received the necessary capitalisation direction. This interest would otherwise be charged to the revenue budget, which would reduce revenue balances available for use in future years.

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	✓	Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	✓
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	✓

The capital programme has an indirect effect on most Strategic Objectives.

BACKGROUND

9. At Council of 26 February 2008, the 2007/08 capital programme was reduced from a total of £10,175,240 to £7,411,780. Of the overall reduction, £2,144,420 was slippage to 2008/09 and £619,040 was in respect of other reductions in scheme budgets. Of this total, £580,000 was the deletion of a budget for site assembly for affordable housing projects, which will be reintroduced as the need and opportunity arises in future. The specific changes made to the programme on 26 February 2008 are shown in Appendix A.
10. Further slippage of £499,850 to 2008/09 has been identified by project managers, offset by budget increases of £381,040, which give a net reduction in the 2007/08 programme to £7,292,970.

SLIPPAGE TO/FROM 2008/09

11. It is necessary to bring forward the budget for implementation of new financial systems to ensure continuity of service in respect of cash receipting. In addition it is necessary to increase the budget by £24,000, which can be met from uncommitted Government grant (PDG).
12. Other expenditure estimated to slip to 2008/09 is as follows:

- Telephony £70,000
- Highways Improvements £90,000
- Private sector housing £8,660
- Town Centre Strategy £20,000
- Marketing Chorley £10,000
- Astley Park schemes £184,000
- Duxbury Golf Course £160,090
- Big Wood £19,100

13. Much of this expenditure would be financed from external sources such as grants and contributions, so the net effect on borrowing is estimated to be a reduction in 2007/08 of around £205,000.

OTHER CHANGES

14. The main change is the capitalisation of the interest on the cost of land assembly for the Gillibrand Link Road, which saves the revenue budget £213,000. It is intended that this be financed from developers' contributions for transport improvements. However, in the longer run this reduces resources available for future transport-related schemes and therefore use of prudential borrowing may be necessary in a future financial year. As a consequence, £213,000 will be added to the working balances during 2007/08. Essentially, at this stage will be used to mitigate the risk in relation to concessionary transport and possibly to fund improvements in the management of homelessness following a review of the options that is currently on-going.
15. The unallocated private sector housing budget is to be used for the implementation of a computer system to be used by Strategic Housing at an estimated maximum cost of £10,000.
16. Budget provision is required for expenditure being incurred by the Council in advance of construction of the new Buckshaw Village Railway Station. The estimated total this year will be financed with the S106 contribution already received, so there is no effect on the Council's own resources.
17. The contribution to be made to Lancashire County Council in respect of the Eaves Green Link Road is to be reduced slightly following changes to the estimated capital receipt from the sale of the Council's land in the vicinity of the Link Road.
18. The balance of the Planning Delivery Grant available in 2007/08 would be used to complete the e-Planning project.

IMPLICATIONS OF REPORT

19. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

20. The financial implications of the changes to the programme are detailed in the text of the report.

GARY HALL
ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael Jackson	5490	12 March 2008	Capital Programme Monitoring Mar 2008.doc