
CAPITAL PROGRAMME OUT-TURN 2007/08

Responsible Cabinet Member – Councillor Stephen Harker, Resources Portfolio

Responsible Director – Paul Wildsmith – Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. This report provides information on delivery of the Council's Capital Programme, the financial out-turn position as at 31st March 2008 and the proposed financing of the 2007/08 capital expenditure.

Summary

2. Significant enhancements have been made to the Council's assets in the three major programme areas of schools, housing and transport, mostly using external funding. The Railway Centre and Museum and parks have also benefited from major improvements with external grant funding.
3. Capital expenditure in 2007/08 totalled £41.319m. Since the last revision of the Capital Medium Term Financial Plan further refinements to estimates have occurred as part of ongoing management of the programme and these are included in the recommendations below, all revisions can be contained within existing programmes.
4. Repayment of £2M of debt, using capital receipts from the sale of assets, has also been achieved, which will deliver the planned savings in future years revenue budgets. Delivery of planned future capital receipts will, however, be challenging in the context of the current global and national economic environment.

Recommendation

5. It is recommended that :-
 - (a) The delivery and financial outturn of the 2007/08 Capital Programme be noted.
 - (b) The virement of resources in respect of Children Services, Housing, Transport and Corporate Services identified in appendix 3 be approved.
 - (c) Additional spending and funding contained in the following table be approved

Scheme	Amount	Financed by
Mount Pleasant Primary School	22,000	Contribution from School
Lets Get Cracking	88,000	Departmental borrowing
Arts Centre	9,000	Departmental revenue budget
Faverdale Industrial Estate	4,000	Departmental revenue budget

Reasons

6. The recommendations are supported to enable Members to note the progress of the 2007/08 Capital Programme and to allow the capital spend for 2007/08 to be fully financed.

Paul Wildsmith
Director of Corporate Services

Background Papers

Accounting records

Elaine Hufford : Extension 2447

S17 Crime and Disorder	This report has no implications for crime and disorder.
Health and Well Being	There are no issues relating to health and wellbeing which this report needs to address
Sustainability	There are no issues relating to environmental impact.
Diversity	There are no specific implications for diversity
Wards Affected	The proposals affect all wards.
Groups Affected	The proposals do not affect any particular groups within the community
Budget and Policy Framework	The report does not change the Council's budget or Policy framework.
Key Decision	The report does not represent a key decision
Urgent Decision	For the purpose of the 'call-in' procedure this does not represent an urgent matter.
One Darlington: Perfectly Placed	The proposals in the report support delivery of the Sustainable Community strategy through appropriate and effective deployment of the Council's resources

MAIN REPORT

2007/08 Capital Programme

7. The following identifies major areas of work undertaken in 2007/08.

Children Services

8. A wide range of Capitalised repairs was undertaken at various schools across the borough during 2007/2008 with the aim of improving the condition and the suitability of premises. The package of schemes was jointly undertaken in partnership with schools utilising centrally retained Modernisation funding and schools Devolved Formula Capital.
9. Schools Access Initiative funding is allocated to projects which enable schools to be more accessible to children with disability and special education needs. Funding was allocated to various schools including High Coniscliffe where a specific hygiene facility was created, Branksome Secondary where classrooms were adapted to be more accessible, and Longfield Secondary where a variety of work including creation of disabled parking bay and additional ramping was undertaken to address the specific needs of one particular pupil.
10. Specific suitability related works, funded from a combination of centrally retained grant and Devolved Formula Capital, were undertaken at various schools. Dodmire Infants had its staff area significantly remodelled and at Mount Pleasant a remodel of their KS1 area was completed. Temporary classrooms were located at Mount Pleasant and Dodmire Infants to address a shortfall of places in their areas.
11. Mechanical and Electrical schemes, undertaken to ensure continuity of provision, were completed at a number of schools. Redhall Primary had a full electrical rewire of its building and Heathfield Primary renewed its out dated Fire Alarm System. Specific Secondary schools related schemes included boiler replacements to Hurworth and Branksome.
12. Major capital projects at Hummersknott and Carmel Secondaries both started on site in 07/08. At Hummersknott, phase 1 continues to progress well, and at Carmel work is into the final phase. Good progress has been made with the adaptation/new build works to the former Rise Carr Primary school to form the new Phoenix Centre and the facility is now open for pupils. A £600k sports hall, funded through Targeted Capital Grant, was completed at the Abbey Schools Federation in January. Eastbourne Academy was created in September 2007, and a contractor had been selected and work has begun on site at Hundens Lane.
13. Fire door installations and fire stopping works were undertaken at Branksome, Hurworth and Longfield Schools to meet Fire Regulations. Branksome School undertook some remodelling work to address various suitability issues and along with Longfield and Hurworth had partial window replacement schemes completed. Window replacement projects were also managed at Mowden Infants, Abbey Infants/Juniors and Hurworth Primary.

Housing

14. The following capital works were undertaken in 2007/08: -
- (a) 332 properties benefited from Internal Planned Maintenance including kitchen and bathroom improvements and electrical rewire. These properties were located in the Cockerton, Rise Carr, Whinfield, Lascelles, Red Hall, Albert Hill and North Road areas of town. 36 of these properties also received upgrades to central heating either electric to gas or electric to electric.
 - (b) Out of the above properties 112 of them were completed by our Partners which included 7 of the central heating upgrades.
 - (c) Roof repairs were carried out to Mowden Terrace and Pilmore Green Community Centre. Work is progressing in Haughton.
 - (d) Fencing work has been carried out in the Lascelles that has included new steel fencing providing much needed boundaries to open plan fronts, similar work was carried out to Byron Road. Fencing repairs are ongoing in the Haughton area picking up those fences that are either beyond repair or are unsafe.
 - (e) Footpath works were carried out properties in Firthmoor, Park Side and Mowden Terrace. Work was also carried out to repair paths in the Haughton area.
 - (f) Garage repairs for 2007/08 covered properties in the Rise Carr, Rural, Lascelles and Branksome area of town. Works included roof replacement and/or new tarmacadam forecourts.
 - (g) 405 heating replacements completed in 2007/08 at Redhall, Skerne Park, Lascelles, Hurworth, Rise Carr, Firthmoor, Albert Hill, Hundens.

Transport

15. The Council implemented the second year programme of the Second Local Transport Plan. The aim of the transport strategy is to tackle congestion; improve accessibility to employment, education, shopping, leisure and health; and further improve travel safety and security. This years schemes have contributed to these aims.
16. A new approach to consultation and community engagement has been adopted for the development and implementation of transport schemes. This has included work undertaken by Groundwork on a number of cycling schemes.
17. On 29 February 2008, a Tees Valley bid was submitted to the Department for Transport for major improvements to the bus network.
18. Funding was used to:-
- (a) Complete new residents parking zones at :-
 - (i) Hundens Lane
 - (ii) Eastmount Road and

- (iii) Borough Road
 - (b) Park & Pay By Phone was introduced in town centre car parks providing improved payment options.
 - (c) 20pmh zones have been completed at;
 - (i) Hundens Lane
 - (ii) Eastmount Road
 - (iii) Borough Road
 - (iv) Firthmoor (Phase 5)
 - (v) Oakwood Drive
 - (vi) Coombe Drive
 - (vii) Lascelles
 - (viii) Corporation Road
 - (ix) Bank Top
19. Develop a Route Action Plan to address safety concerns on the A68 in partnership with the Police. The initial tranche of work was completed and temporary restrictions have been put in place until the scheme can be completed, following completion of works on the nearby A1(M). In 2007 compared to 2006 KSI (Killed & Seriously Injured) decreased by 35 (53%) and Child KSI casualties decreased by 1 (14%). Slight casualties showed a reduction of 65 (16%)
20. Using other funding, the Council also:-
- (a) Continued the LocalMotion initiative, implementing smarter travel choices. Evidence from the three interim surveys (2005, 2006 and 2007) shows that within each survey area (survey population approximately 13,000 households each year) car mileage reduced by 6%, 11% and 15% respectively, or the equivalent of annual savings in car miles of 2.3 million, 8.0 million and 9.6 million respectively.
 - (b) The Medal Motion campaign in primary schools, the work of the 'Bike It' officer and implementation of school travel plans have contributed to a reduction of around 500 car trips per day.
 - (c) A new route linking Branksome School and Cockerton Primary School alongside Cocker Beck has provided Safer Routes to the schools as well as providing access to the green open space for local people, including disabled people. This was one of the schemes which received funding from Cycling England as part of the Cycling Demonstration Town project.
 - (d) Work continued on the construction of the Darlington Eastern Transport Corridor. The bridge carrying National Cycle Network Route 14 over the A66 was put in place in early 2007.

Other 2007/08 Capital Programme Schemes

Safer Stronger Communities – Local Area Agreement

21. Wide ranging works have been carried out within the LAA including improving the play areas facilities within Darlington as well as making improvements to the Countryside & Local Nature Reserves. Work has also been carried out with the aim of improving biodiversity. Substantial works at The Denes have been completed through the LAA product of Parks for All.

Darlington Railway Museum

22. Following refurbishment of the roof, building, and redesign of the exhibitions, the re-launch of Head of Steam- Darlington Railway, opened to the public on 5th April with a staggering 4,600 visitors during the two days of the weekend. The re-launch event was a huge success with an extensive programme of entertainment. This was followed with art and craft activity sessions within the museum over the school holiday period which again was successful.
23. Since opening, Head of Steam has had some really positive feedback from a wide range of customers, expressing that they liked the new designs, improved facilities and that there was more engagement for families within the new provisions without compromising the historical impact of the museum. The Museum will be collating evidence to support feedback from customers to monitor the service with the aim of achieving Charter Mark status in the future and using this as evidence within the process.
24. Visitor numbers are collated on a daily basis to help monitor usage and the profile of visitors attending the museum. This information will be collated throughout the financial year and reviewed during this time. The staff are currently building up educational visits for the financial year which will also be included in the annual visitor numbers, as will event programme visitors.
25. To date we have received 9,499 visitors to the museum since opening on 5th April, 376 of these visits have taken out an annual family membership.

South Park Changing Facility

26. In 2007-08 Cabinet approved a new development at South Park to provide modern facilities for various sports users and a self contained unit within a pleasant location for people with learning difficulties. The project will be handed over in June 2008,

Pedestrian Heart

27. The Pedestrian Heart project is now completed. Post contract minor snagging works are currently being concluded. One outcome of the project was to stimulate growth in visitor numbers to the town and in particular the town centre early data on which suggests that visitor numbers have increased.

Haughton Road Footbridge

28. Haughton Road Cycle/Footbridge has been held up due to delays in the specialist fabrication of the superstructure. The expected start date is now July 2008, with the delivery of the bridge superstructure programmed for October 2008. Negotiations are currently taking place between the design engineers and the superstructure fabricators regarding design changes and cost implications.

Darlington Eastern Transport Corridor

29. The year saw significant progress on the project with the A66 section being substantially completed. At different points throughout the year the project required various traffic management arrangements to be put in place where the project met up with existing highways, minimising the impact on other road users and local residents. The project is expected to be concluded in early summer 2008.

2007/08 Capital Spend and Resources

30. The Capital out-turn for 2007/08 totalled £41.319M compared to £41.203M in 2006/07

31. The proposed financing of the 2007/08 expenditure is: -

	2007/08 £M
Capital Expenditure	41.319
Financing of Capital Expenditure	
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	2.784
Corporate Supported Capital Expenditure (Borrowing)	0.051
General Fund – Capital Receipts	0.132
<i>Externally funded</i>	
Capital Grants	23.351
Capital Contributions	1.191
Major Repairs Allowance – Housing Revenue Account (HRA)	3.508
Supported Capital Expenditure (Borrowing)	3.161
<i>Departmental resources</i>	
HRA – Capital Receipts	0.625
HRA – Unsupported Borrowing	2.891
HRA - Revenue Contributions	2.783
Unsupported Borrowing for Leasable Assets	0.262
Departmental Unsupported Borrowing	0.580
Total Capital Financing	41.319

32. **Appendix 1** analyses all 2007/08 capital spend by department, the proposed financing and resources carried forward into 2008/09.
33. **Appendix 2** summarises the current Capital Programme by department, including spend in previous years, total approved resources, planned expenditure and projected outturns.
34. **Appendix 3** details the progress of individual schemes within the Capital Programme.

Capital Spend and Resource Approvals

35. The following identifies movements in the Capital Programme since the approval of the 2007/08 Capital MTFP and subsequent Quarterly Capital Monitoring Reports: -

(a) *Children's Services*

- i) The majority of revised costs identified in appendix 3 represent a mixture of small additional costs and additional work carried out within the existing programme. The revised costs have been managed within Children's Services budget using existing capital resources.
- ii) Further expenditure (to that approved by Cabinet on the 12th February 2008) of £0.022M has been added to the programme relating to provision of toilets at Mount Pleasant Primary School. The expenditure is to be funded through a Revenue contribution from the school.
- iii) Resources of £1.890M for the PRU/Phoenix Centre (line 17 of Appendix 1) have been vired between corporate resources and capital grants for this year only, in order to make full use of this single year grant. This virement of funds will be reversed in future years.

(b) *Housing*

- i) Advance works of £0.030M and £0.020M relating to Remodelling works at Dinsdale and Windsor Court have been incurred. Both schemes have been identified in the 2008/09 capital programme and approved by Cabinet on the 18th March 2008. This early essential work relating to the design and preparation costs will allow the schemes to start without delay and will be funded from the 2008/09 allocation.
- ii) The majority of revised estimates identified in appendix 3 represent a mixture of small additional costs, additional work carried out and virement of resources within the existing programme. The increased costs have been managed within Housing Programme budget using existing capital resources.

(c) *Transport*

- i) A small number of variations within the Transport Capital programme relating to the Local Transport Plan (LTP) have been identified that are due to new costings. However, these reduced costs may allow for further work to be carried out in

other areas of the LTP as the LTP is funded by supported borrowing/grant and under/over spends can be managed within the resources available.

- ii) A number of Transport related schemes approved through delegated authority to the Assistant Chief Executive – Regeneration have been added to the programme. The schemes are funded by capital contributions.

(d) *Community Services*

- i) Spending on the Lets Get Cracking Scheme has increased by £0.088M. This relates to additional works to foundations of some of the schemes, which were found to be in poorer condition than expected. The increased costs, which represent 3.5% of the approved £2.5M budget, are offset by a under spend of £0.034M relating to the Boundary Signs project. The net increase of £0.054M will be financed by Departmental Unsupported Borrowing.
- ii) Spending on the Art Centre Refurbishment has increased by £0.009M; this relates to technical difficulties found with the plinth within an art installation. The increased cost will be financed via a revenue contribution to the project.
- iii) Darlington Eastern Transport Corridor – An independent investigation was reported to Resource Scrutiny on 9th May 2008 detailing factors contributing to increased costs of the scheme. Resources Scrutiny made a number of recommendations, which were endorsed by Cabinet on 3rd June 2008.

(e) *Corporate Services*

- i) Spending on the Establishment of an Asbestos Register has increased by £0.008M and Crown Street Library by £0.024 the increased costs relate to essential works. These additional costs for both schemes will be funded by a virement of £0.032M from the Planned Maintenance scheme.
- ii) Spending of £0.007M has been identified relating to ICT work at Lingfield Point in partnership with Xentrall Shared Services. This early essential work relating preparation costs will allow the schemes to start without delay and will be funded from the allocation for 2008/09.

(f) *Chief Executives (Regeneration)*

- i) Spending on Faverdale Industrial Estate has increased by £0.004M relating to small additional cost to the original works. The increased spending will be financed via a revenue contribution.

(g) *Prudential Borrowing – Leaseable Assets*

Since 2004 the Prudential Code has enabled the Council to purchase assets that would otherwise have been leased, with the revenue costs paid by departmental budgets over the useful life of the assets. The Council uses this facility where it is more cost effective than leasing. Spending on leaseable assets in 2007/08 was £0.262M and has been added to the capital programme,

Repayment of Council Debt

36. The Medium Term Corporate Plan 2008-12 approved by Council on 28th February 2008 incorporated revenue savings of £1.982M through repayment of Council debt totalling £3.800M profiled over the next four years. It is proposed that a repayment of £2.000M will be made using Corporate Resources in 2007/08 resulting in saving of £2.151M being realised in future years revenue budgets 2008/09-2016/17.

General Fund Capital Receipts

37. **Appendix 4** details the general fund capital receipts received and brought forward from previous years. These amount to £3.904M of which £0.132M have been utilised to finance capital expenditure, £2.000M will be used to repay debt and £0.305M set aside for repayment of ERDF grant, leaving a balance of £1.467M to carry forward into future years.

Equal Pay Litigation.

38. A remaining provision for equal pay litigation of £0.420M was included in the 2007/08 capital programme to be funded from capital receipts. Payments made during 2007/08 totalled £0.123M, this is below the minimum amount stated in the capitalisation approval and must be charged to revenue. It is proposed, therefore, to transfer £0.123M of capital resources to revenue to meet these costs. It is also proposed to continue to earmark the remaining balance of the £0.297M provision in the capital programme for potential future costs.

Conclusion

39. The total capital spend incurred during 2007/08 was £41.319m. Overall a balanced programme has been achieved with a wide variety of capital improvements undertaken throughout the Borough during 2007/08.