

---

**CAPITAL PROGRAMME OUTTURN 2008/09**

---

**Responsible Cabinet Member - Councillor Chris McEwan,  
Efficiency and 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 outturn position as at 31<sup>st</sup> March 2009 and the proposed financing of the 2008/09 capital expenditure.

**Summary**

2. Significant enhancements have been made to the Council's assets in three major programme areas of schools, housing and transport mostly using external funding, including the start of two new schools, a major refurbishment of another secondary school, the completion of the Darlington Eastern Transport Corridor and the start of the demolition of the old bus depot in the town centre. These investments have, more critically, delivered improvements to the Council's services through improved learning environments, refurbished council homes, better traffic management etc. further details are contained in the report.
3. Capital expenditure in 2008/09 totalled £49.2M. Since the last revision of the Capital Medium term financial plan further refinements to estimates have occurred as part of the ongoing management of the programme and these are included in the recommendations below.
4. Repayment of £1M 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 remain challenging in the context of the current economic climate.

**Recommendation**

5. It is recommended that Cabinet:-
    - (a) Note the delivery and financial outturn of the 2008/09 Capital Programme.
    - (b) Approve the virement of resource required for Children's Services, Housing Services budgets identified in Appendix 3.
-

(c) Approve the transfer of £155,000 and £27,000 capital resources to revenue balances

(d) Approve additional spending and funding contained in the following table: -

<b>Scheme</b>	<b>Amount</b>	<b>Financed by</b>
Chancery Lane	£12,000	Corporate Resources
Land sales	£13,000	Corporate Resources
Corporate Services - Minor changes to schemes	£9,000	Corporate Resources
Cycling Schemes	£69,000	Capital Grant
Chesnut Street Car park	£42,000	Departmental Borrowing
Lets get cracking	£108,000	Departmental Borrowing
Heighington Primary	£48,000	Contribution from school
ICT Unit Lingfield house	£77,000	Contribution from Xentrall
Play Areas	£61,000	Contributions

### **Reasons**

6. The recommendations are supported to enable Members to note the progress of the 2008/09 Capital Programme and to allow the capital spend for 2008/09 to be fully financed

**Paul Wildsmith**  
**Director of Corporate Services**

### **Background Papers**

Capital Medium Term Financial Plan 2008/09 – 2011/12

Accounting Records

John Barrigan : Extension 2323

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	All wards are affected equally.
Groups Affected	The proposals do not affect any particular groups within the community
Budget and Policy Framework	The report highlights potential changes to the Council's budget.
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 Capital Programme referred to in the report supports delivery of the Sustainable Community strategy through appropriate deployment of the Council's resources
Efficiency	The recommendations support the effective and efficient use of resources

## MAIN REPORT

### Information and Analysis

#### 2008/09 Capital Programme

7. The following major areas of work have been undertaken in 2008/09.

#### Children Services

8. The major capital project, to remodel and refurbish Hummersknott School, saw significant progress, with the internal works scheduled to be completed by mid-June 2009. The full project is programmed for completion in the first week of September, a month ahead of programme. Work to build the new 700 place Eastbourne Academy on land near Hundens Lane commenced on site in May 2008 and has been progressing extremely well. The project is well on course for handover by 10th August 2009, and all parties are very happy with the build quality. The Pathfinder project to rebuild North Road Primary School commenced on site on the 5th January and Phase 1, the new school build, has progressed well and is scheduled to be completed Christmas 2009.
9. A range of Capitalised repairs were undertaken at various schools across the borough during the school summer holidays 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. Projects included roofing works at Gurney Pease and Mount Pleasant Primary schools; remodelling of kitchen areas at Red Hall Primary and Hurworth Comprehensive schools; and window replacements at Abbey Infant, Abbey Junior and Branksome Comprehensive schools.
10. Other projects undertaken during 2008/09 were completed utilising Schools Access Initiative funding, which is allocated to enable schools to be more accessible to children with disabilities and special education needs. Funding was allocated to various schools including Mowden Junior, where a Hygiene facility was incorporated into a suitability project; High Coniscliffe Primary, where the provision of a ramp to the playground area was incorporated into remodelling works; Hurworth Primary, where adaptations include the construction of a ramp and the installation of a hoist within the existing Hygiene facility; and Hurworth Comprehensive, where remodelling works included the provision of a stair lift and DDA compliant doors for the Dining area.
11. Specific suitability related works, funded from a combination of centrally retained grant and Devolved Formula Capital, were undertaken at various schools. Mowden Junior School returned after the summer break to a newly built staff room extension and a specialist resource Classroom. Works were also completed at High Coniscliffe Primary to remodel its KS1 provision. Other projects included the remodelling of teaching areas at Red Hall Primary, Branksome and Longfield Comprehensive schools.

12. Mechanical and Electrical schemes, undertaken to ensure continuity of provision, included the replacement of boilers and associated plant at Branksome Comprehensive School; improvements to the fire protection systems at Bishopton/Redmarshall and Heighington Primary schools; and extending the fire alarm and emergency lighting system at Corporation Road Primary School.
13. Briefs and Project Initiation Documents for projects being funded through the Primary Capital Programme were issued for the building works scheduled to be underway during 2009/10 and work commenced on the development of these documents for the remainder of the projects that are to be completed within 2010/11. A range of consultation meetings and events were held and are ongoing, to ensure that Schools and key stakeholders are fully involved with the design process.

## **Housing**

14. Internal Planned Maintenance 2008/09 - 423 properties completed at the year end to Park Place, Bank Top, Piercebridge, Red Hall, North Rd, Heatherwood Grove, Harrogate Hill and Rise Carr areas of town. 130 of these properties were completed by our Partners IPM. Work this year has also provided all ground floor flats and bungalows with level access showers as well as the normal electrical rewire, bathrooms, kitchens and loft insulation as required. Work at Rise Carr included changing a number of flats from warm air heating to gas central heating. Communal staircases to flats also received new lighting.
15. Roofing 2007/08 work - Haughton Phase 2 completed November 2008. 2008/09 - 4 Bungalows in Piercebridge were re-roofed in January 2009 and completed within one and a half weeks. Heatherwood Grove is now complete with all of the roofs benefitting from moss clearance, new gutters and fascias.
16. Fencing Work 2008/09 – Work to provide 50% of Hundens Lane with new front and rear fencing is now complete. Fencing works to the rear of properties in the Harrogate Hill area has recently been completed. Fencing has also been identified to be included in the scheme at Bank Top this will be carried out on completion of the landscaping. As soon as the hard landscape work is complete at Whinfield the fencing programme will commence.
17. Footpaths 2008/09 - work to Killinghall Street to provide front garden spaces have been completed. Work to improve the visual appearance of the communal spaces in Rise Carr e.g. repairs to the car parking area, planters and verges is now completed. Work is now complete in the Havelock Street area to improve the footpaths and paved areas to council owned properties, this work also includes repairs to freestanding brickwork and retaining walls. Work in the Bank Top area of town to improve the footpaths and general area has recently been completed.
18. Repairs to Garages - Repairs to garage roofs to Cotherstone Moor, Springhill, Coniscliffe Road and Lock Street are complete. Work to resurface a number of garage forecourts were all completed in January 2009.
19. Central Heating - 134 properties completed in the Harrogate Hill, Skerne Park and Albert Hill areas. But work at Branksome delayed because of issues with the utility company. 82 properties also had redundant back boilers removed.

20. Environmental Works - 2008/09 Firthmoor is complete, Whinfield Phase 1 and Whinfield Phase 2 to the fronts was completed in mid March. Works are progressing on the rears from the 2009/10 budget with 3 communal/drying areas still to complete. .

## **Transport**

21. The Council has continued to deliver capital funded actions through the Second Local Transport Plan (2LTP) in support of its Transport Strategy. The objectives of the Transport Strategy are to tackle congestion; improve accessibility to employment, education, shopping, leisure and health; and further improve travel safety and security.
22. Whilst road users in Darlington do not experience the levels of traffic congestion seen elsewhere, tackling traffic congestion is still important, not least due to the need to protect the local economy, and environment, from the detrimental effects of congested roads. In response to this need, the Council is currently implementing its Transport Strategy with an emphasis on tackling traffic congestion through:
- (a) increasing road capacity at pinch points,
  - (b) further improving the management of the road network to increase traffic flow
  - (c) encouraging more sustainable travel behaviour to reduce the pressure on the road network.
23. The new approach to consultation is being followed, with earlier involvement of local people and more opportunities for opinions to be heard. This process is proving better in terms of involvement, although it is delaying the delivery of some schemes.
- (a) Schemes currently in the process of being delivered or recently completed include:
- (i) Civil Parking Enforcement (CPE). The consultation period has just ended on the Council's proposal to introduce CPE within the Borough from November 2009. The sum of £100k has been allocated in 2008/09 to this project from 2LTP, with a further £200k in 2009/10 to support the prudential borrowing required. CPE will help the Council further improve the management of the road network by reducing inappropriate parking that delays traffic.
  - (ii) McMullen Road Toucan. This recently completed pedestrian & cycle crossing will help local people access the employment areas of Lingfield Point and Yarm Road Industrial Estate without having to use a car.
  - (iii) Skerne Park road hump conversion. This recently completed scheme involved the replacement of road humps installed by Durham County Council with speed cushions and other traffic calming features better suited to low floor bus operation. This scheme has enabled Arriva to start running low floor buses on service 14, thus benefiting all bus passengers especially those with a travel disability, young children or luggage.
  - (iv) The resurfacing of the A6072 Coatsy Moor Lane between Darlington and Heighington. This maintenance scheme is part of a wider programme of works carried out each year that ensure that local roads and bridges remain safe to use.

This particular scheme included arranging diversionary routes for bus services and general traffic.

- (b) It is recognised that the capital transport programme needs to be consistent with revenue funded actions to achieve the best results. The Local Motion travel behaviour project has delivered good results – for example, local peoples' car driver trips have reduced by 9.6% between 2004 and 2008; a figure equal to 10,800 fewer trips per day. Using the data on car usage (both as a driver and as a passenger) it is possible to estimate a reduction in annual CO2 emissions from personal car use in Darlington of 7,000 tonnes (based on a UK fleet average CO2 emissions factor).
- (c) Delivery of this third strand of the Council's focus on tackling traffic congestion is being helped by the use of external funding from the Department for Transport and Cycling England (for the Cycle Demonstration Town project). Further funding has now been secured until 2011 to continue some of this work.

### **Chief Executive Regeneration**

- 24. Railway Museum-Head of Steam. All building works have been completed and all monies due have now been paid.
- 25. All works have now been completed at Arnold Rd, Allotments with only retention still outstanding.
- 26. Funding has been received for both the demolition of the bus depot and the construction of the car park, with the demolition having commenced during January 2009. The project is currently 6 weeks behind schedule, due to the additional levels of asbestos that were discovered on site. This has taken up the entire £30k contingency that was set aside for the project. It is envisaged that potential savings can be made on the civils aspect of the project (which has now commenced), which may enable the project to stay within budget. Current estimates are that the project could be £20k over budget, with the project completion likely to be around the end of July 2009.
- 27. Haughton footbridge - A detailed report was submitted to Cabinet in March 2009.

## 2008/09 Capital Spend and Resources

28. The Capital outturn for 2008/09 totalled £49.2million compared to £41.3million in 2007/08. The proposed financing of the 2008/09 expenditure is :-

	<b>2008/09 £M</b>
<b>Capital Expenditure</b>	<b>49.234</b>
<b>Financing of Capital Expenditure</b>	
<i>Externally funded</i>	
Capital Grants	28.606
Capital Contributions	1.861
Major Repairs Allowance – Housing Revenue Account (HRA)	3.859
Supported Capital Expenditure (Borrowing)	4.062
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	3.960
Corporate Supported Capital Expenditure (Borrowing)	0.052
General Fund – Capital Receipts	0.723
<i>Departmental Resources</i>	
HRA – Capital Receipts	0.172
HRA – Unsupported capital expenditure (Borrowing)	1.712
HRA – Revenue Contributions	3.220
Departmental Borrowing for Leasable Assets	0.466
Departmental Unsupported Expenditure (Borrowing)	0.541
<b>Total Capital Financing</b>	<b>49.234</b>

29. **Appendix 1** analyses all 2008/09 capital spend by department, the proposed financing, resources and commitments carried forward into 2009/10. Corporate resources of £4.491M are required to fund commitments carried forward to 2009-10.
30. **Appendix 2** summarises departmental capital budgets, spend position of ongoing capital projects and projected under/overspends. The total projected outturn across all projects is within 0.4% of the approved resources.
31. **Appendix 3** details the current position of all previous and current year capital projects that are currently ongoing.

## Capital Spend and Resources Monitoring

32. The following movements in the Capital Programme since the approval of the 2008/09 Capital MTFP have not yet been approved by Members: -

**(a) Children's Services**

- (i) The majority of increased costs identified in Appendix 3 represent a mixture of small additional costs and additional work carried out within the existing programme. The increased costs have been managed within Children's Services Contingency budget using existing capital resources.
- (ii) An additional contribution of £28,000 from revenue has been received from Heighington Primary towards a scheme at that school increasing the available resources to £148,000.
- (iii) No further costs are expected for the Skerne Park Leisure Centre therefore the remaining £15,000 can be returned to Corporate Resources.

**(b) Corporate Services**

- (i) Additional costs of £12,000 have been identified in relation to Chancery Lane and the DDA requirements of the building. These costs will increase the funding required from Corporate Resources.
- (ii) A further Contribution from Xentrall of £77,000 is expected to cover the increased costs of the ICT unit to Lingfield House.
- (iii) A further £13,000 of costs are expected for the Land Sales/ Schools closures Scheme and these will be required to be covered from Corporate Resources.
- (iv) A number of schemes are now showing minor variances totalling £9,000 these additional costs will increase the funding required from Corporate Resources.

**(c) Housing**

- (i) 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 the Housing programme budget using existing capital resources.
- (ii) Part of the Private Sector Renewals budget £105,000 is now being used for Financial Assistance to Homeowners and as such is longer part of the Housing Capital Programme. Resources and associated expenditure have, therefore, been removed from this statement.

**(d) Transport**

- (i) There are a number of schemes within the Local Transport Plan which now have revised costings, in a report to Cabinet on 3<sup>rd</sup> March 2009 these changes were outlined and agreed.
- (ii) Additional grant of £69,000 was received to support cycling schemes from Cycling England. The slippage on those schemes will be funded from grant in 2009/10.



- (iii) Additional costs have been incurred for Chesnut Street Car park which will be financed from additional departmental prudential borrowing.

**(e) Community Services**

- (i) Capital contributions of £30,000 and £31,000 have been received for Harrogate Farm and Sugar Hill play area's and will be used at Harrowgate Farm to bring it up to adoptable standards whilst at Sugar Hill it will be used for seating and fencing.
- (ii) Outturn cost for South Park restoration is expected to be £34,000 under budget. This project was part funded by a revenue contribution. Approval is requested for this underspend to now be used to part fund the installation of the Open Contractor IT system.
- (iii) Additional spend of £108,000 has been incurred on the 'Lets Get Cracking' Scheme this will be financed through departmental prudential borrowing.

**(f) Prudential Borrowing – Leasable Assets**

Since 2004 the introduction of the prudential code has allowed assets that would otherwise have been leased to be purchased outright with the costs paid by the department from revenue over the useful life of the asset. Spending on leaseable assets in 2008/09 is £466,000 and has been added to the Capital programme.

**Repayment of Council Debt**

- 33. The Medium Term Corporate Plan 2008-12 (approved 28th February 2008) incorporated revenue savings of £1.982M through repayment of Council debt totalling £3.800M profiled over the next four years. During 2007/08 £2.000M was used to repay debt realising £2.151M of revenue savings for future years. It is proposed that a further repayment of £1.00M will be made using Corporate Resources in 2008-09 resulting saving of £1.135M being realised in future years revenue budgets 2008/09-2016/17

**General Fund Capital Receipts**

- 34. **Appendix 4** details the general fund capital receipts received and brought forward from previous years. These amount to £2.794M of which £723,000 have been utilised to finance capital expenditure, £1.00M will be used to repay debt and £305,000 set aside for repayment of ERDF grant, leaving a balance of £766,000 to carry forward into future years.

**Revenue Contributions to Capital**

- 35. Accumulated revenue contributions that have been made over the years, which have not been used to fund capital expenditure, can be transferred back to the Council's revenue reserves. It is proposed that £155,000 be transferred to revenue to make more effective use of resources.

### **Equal Pay Litigation**

36. Payments of £27,000 were made during 2008/09, which is below the minimum amount that can be charged to capital and must be charged to revenue. It is proposed that capital resources to meet these costs be transferred to revenue.

### **Conclusion**

37. The total capital spend incurred during 2008/09 was £49.2million. Overall a balanced programme has been achieved with a wide variety of capital improvements undertaken throughout the Borough during 2008/09.

### **Outcome of Consultation**

38. There has been no consultation in the preparation of this report.