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**CAPITAL PROGRAMME MONITORING  
APRIL TO AUGUST 2008**

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**Responsible Cabinet Member – Councillor Stephen Harker, Resources**

**Responsible Director - Paul Wildsmith, Director of Corporate Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To update Members on progress on the approved Capital Programme and to highlight to Members the impact of the “credit crunch” on the asset disposal programme.

**Summary**

2. Council approved the latest capital programme on 28 February 2008 to which minor amendments have been made since by Council and Cabinet. This report compares projected outturn for schemes with approved budgets and there are no new significant variances to report to Members.
3. The overall capital programme is funded from a variety of government grants and supported borrowing approvals and these are supplemented by local prudential borrowing and receipts from asset disposals.
4. The Council’s overall financial strategy also includes the planned use of capital receipts to repay debt thus reducing capital financing costs in the revenue budget. Existing plans anticipate receipts from asset disposal of £10.125M in 2008/09 (including deferred receipts from 2007/08), to date, completions are £86,000. The “credit crunch” has already undermined two significant sales that were anticipated to be completed early in the financial year and at this stage it is prudent to anticipate that sales during the year will be negligible. Due to the potential shortfall in resources officers are reviewing options to mitigate the impact and will report options to Members at a future date.

**Recommendation**

5. It is recommended that Cabinet :-
  - (a) Note expenditure on the Capital Programme is in line with existing financial plans.
  - (b) Note the impact of the “credit crunch” on the Council’s ability to raise capital receipts and the subsequent impact on the Council’s Medium Term Financial Plan.

- (c) Request officers to continue to review the capital programme to identify schemes that can be deferred and report to Cabinet on 4th November 2008.
- (d) Approve the resource virements detailed in the report

**Reasons**

- 6. The recommendations are supported by the following reasons :-
  - (a) To make Cabinet aware of the latest financial position of the Council.
  - (b) To consider options to mitigate the potential financial consequences of the anticipated reduction in capital receipts.
  - (c) To maintain effective management of resources.

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

**Background Papers**

No Background papers were used in the preparation of this report.

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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

## MAIN REPORT

### Information and Analysis

7. **Appendix 1** to the report contrasts the approved capital programme with the latest outturn projections, the only significant variance is the previously reported Darlington Eastern Transport Corridor, which has been subject to various reports to Members. Resources have not been approved in total as finalisation of the contract and negotiations with the Department of Transport are still ongoing however financial plans currently take account of the projected variance. Scheme by scheme detail is provided in **Appendix 2**. In summary, Capital Programme expenditure is in line with the Council's Medium Term Financial Plan.
8. Anticipated capital receipts for 2008/09 were planned to be £10.125M but the impact of the "credit crunch" means the ability to deliver this amount is very restricted and to date, completions only total £86,000. Given the uncertainty surrounding the economy it is prudent to start to review the Council's finances on the assumption that only limited capital receipts will be achieved this year and the medium term. Details of the projected available resources are in **Appendix 3**.
9. The shortfall of capital receipts means we have an unfunded capital programme and a gap in the revenue budget as some capital receipts were earmarked to repay debt thus reducing capital financing costs in the revenue budget. Should no further capital receipts be achieved and all approved capital schemes implemented in full, the potential financial impact is up to £1m per annum for the Council's revenue budget. This is based on the cost of prudentially borrowing to fund planned capital expenditure and the increased capital financing costs as a result of the inability to repay debt.
10. The potential impact is significant, however the Council has the flexibility within its MTFP to cover such variances in the short term and consider options to mitigate the financial impact. The immediate option for Members to consider is whether all approved capital schemes should be implemented at present. Officers are currently reviewing the capital programme, scheme by scheme, and will report options to Members shortly.
11. The following identifies movements in the Capital Programme since the approval of the 2008/09 Capital MTFP, which have not yet been approved by Members: -
  - (a) **Children's Services**
    - (i) The majority of increased costs identified in Appendix 2 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.
  - (b) **Corporate Services**
    - (i) Spending on the Accommodation Strategy and Establishment of Asbestos Register has increased by £9,000 and £6,000 respectively. The expenditure will be funded by Planned Maintenance reducing the resources by £15,000.

- (ii) A successful bid was made to DEFRA in November 2007 for grant to carry out intrusive site investigation works at four former landfill sites. The four sites are known as Shearwater Landfill, Skipbridge Landfill, Summerhouse Landfill and Highside (Heighington) Landfill, a grant of £0.191M has been awarded.

**(c) Chief Executive Regeneration**

- (i) **New University Centre in Darlington** -At its meeting on 17<sup>th</sup> July 2008 Council agreed to support the allocation of £0.500M towards the development of a University Centre in Darlington alongside the Darlington College at Central Park. The contribution of up to £0.500M may be required to secure a funding package for the £11M scheme. This will be financed through corporate resources either through capital receipts if available or more likely through prudential borrowing depending on when the funds are required.

**(d) Housing**

- (i) Resources of £0.700M for the Skerne Park Community Centre project have been transferred to Children Services. The department will be responsible for the completion of the project.

**(e) Transport**

- (i) At the meeting of Cabinet held on 9 September 2008, a number of changes were agreed to the programme for the Second Local Transport Plan in order to address emerging priorities that have arisen since the original programme was approved.

**2007/08 Capital Programme**

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

***Children Services***

- 13. The major capital project to adapt the former Rise Carr Primary school building into a specialist referral unit was completed with the opening of the Phoenix Centre in April. Hummersknott Schools major refurbishment has seen significant progress with Phase 1 all but complete. Phase 2 has started and is scheduled for completion in August 2009. Eastbourne Academy saw work on its new 700 place school on land near Hunden's Lane commence on site in May. Since then work has progressed steadily with foundations completed and most steelwork erected and scheduled to be completed by the end of this month. The Pathfinder project to rebuild North Road Primary School is still in the procurement phase with a main contractor due to be appointed in the Autumn.
- 14. A range of Capitalised repairs are underway at various schools across the borough with the aim of improving the condition and the suitability of premises. The package of schemes is jointly undertaken in partnership with schools utilising centrally retained Modernisation Funding and schools Devolved Formula Capital. Projects include 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.

15. Schools Access Initiative funding is allocated to projects which enable schools to be more accessible to children with disability and special education needs. Funding has been allocated to various schools including Mowden Junior, where a Hygiene facility has been incorporated into their suitability project; High Coniscliffe Primary, where the provision of a ramp to the playground area has been 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 include the provision of a stair lift and DDA compliant doors for the Dining area.
16. Specific suitability related works, funded from a combination of centrally retained grant and Devolved Formula Capital, have been, and are in the process of being undertaken at various schools. Mowden Junior School will return after the summer break to a newly built staff room extension and specialist resource Classroom. Works are in progress at High Coniscliffe Primary to remodel its KS1 provision. Other projects underway include the remodelling of teaching areas at Red Hall Primary, Branksome and Longfield Comprehensive schools.
17. Mechanical and Electrical schemes, undertaken to ensure continuity of provision, are in progress at various schools. Projects include the replacement of boilers and associated plant at Branksome Comprehensive School; the removal of fire hoses at Bishopton/Redmarshall and Heighington Primary schools; and extending the fire alarm and emergency lighting system at Corporation Road Primary.
18. Significant variations that have taken place include the postponement of projects at Heathfield Primary School and Hurworth Primary School. With the announcement that both of these schools are to receive £1.5m allocation through the Primary Capital Programme for significant remodelling work, it was felt prudent to postpone smaller areas of capitalised repair work due to take place this year until a more in-depth assessment of overall need could be undertaken. Whole school projects will be developed for both of these schools during the later part of 2008-09 for investment in 2009-10 and 2010-11.

### ***Housing***

19.
  - (a) Internal Planned Maintenance 2008-2009 - 119 properties have benefited so far from internal planned maintenance, including kitchen and bathroom improvements and electrical rewiring. These properties are located in the Piercebridge, Bank Top and Park Place areas of town. 54 of the above properties were completed by our partners.
  - (b) Roofing 2007-08 work - Progressing on phase two of Haughton, 50% of works are complete.
  - (c) Fencing Work - Haughton phase 1 (2007-08) is now complete. Phase two is almost complete. 2008-09 programme work has been ordered for Hundens Lane and started mid September 2008.

- (d) Footpath Works have been identified in a number of areas for 2008-09. In Killinghall Street six properties are to benefit from the provision of a front garden, new footpath and fencing, giving more privacy to the front of the properties which are currently open plan, this work is due to start in August. Other areas benefiting are Rise Carr and Bank Top, following proposals by Groundworks.
- (e) Repairs to Garages – A number of repairs have been identified after an extensive survey by Technical Services, these are now being rationalised into priorities.
- (f) Central Heating - Harrowgate Hill heating is now complete. In Skerne Park 60 properties have had heating replacements out of 107, a total of 56%.
- (g) Environmental Works – 2007-08 works are 99% complete.

### ***Transport***

20.

- (a) **National Station Travel Plan Pilot Programme** – Officers have been authorised to work with the Association of Train Operating Companies on developing a travel plan for Darlington’s Bank Top Station as part of a national station travel plan pilot programme. The participation in the programme will raise the national profile of Darlington’s Bank Top Station, bring in additional funding and expertise to complete a study of how passengers currently access the station and help identify areas where the Council, train operators and key stakeholders could work together on improving access to/from the station. The development and implementation of the travel plan will contribute towards three of the objectives contained within Darlington’s Sustainable Community Strategy.
- (b) **Darlington Eastern Transport Corridor (DETC) -**
  - (i) The DETC has now been open for a number of weeks. Traffic movements at the through about junction on Haughton Road are being monitored closely as patterns of use by drivers develop to minimise delays.
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- (c) **Highway Design Schemes -**
  - (i) Work has commenced on the Southend Avenue Park to West Street cycle route. This forms the larger part of the Blackwell Radial Route 5.
  - (ii) The consultation process has begun for proposed alterations to Haughton Road/Stockton Road between Barton Street and Whinfield Road. Ideas have been put forward for comment to discourage the use of this road as a through route after the opening of the DETC. Following a leaflet drop (approximately 7,000 leaflets) to the adjacent residential areas, a well attended public meeting was held at St Andrew’s Church Hall. Comments received at the meeting, along

with others received via Email, Royal Mail and the website are now being compiled into an engagement report to assess the views on the proposals.

**(d) Bridgework Schemes -**

- (i) **Haughton Road Cycle/Footbridge** – Bridge in fabrication, awaiting confirmation of delivery and start dates.
- (ii) **Middleton-One-Row Slope Stability** – Outline design commenced.

**(e) Highway Maintenance Schemes -**

**(i) Recently Completed Schemes -**

- a) Millbank Road outside Nos 12-14 – footway and kerbing refurbishment.
- b) Albatross Way front and rear of Nos 39-79 – footway refurbishment.
- c) Grange Road/Victoria Road roundabout – carriageway patching/resurfacing.
- d) North Road - Aldam Street to Shildon Street – footway refurbishment.

**(ii) Ongoing Schemes -**

- a) South View, Brafferton – carriageway and footway refurbishment.
- b) A67 – Morton Palms A66 Roundabout – Middleton St George C52 Junction – eastbound carriageway deep patching.

**(iii) Schemes Due to Commence -**

- a) Valley Street – carriageway resurfacing.
- b) C38 Sadberge to Middleton St George – carriageway deep patching.
- c) Westfield Drive, Hurworth Phase 5 – footway refurbishment.
- d) A167 Burtree Lane to Coatham Mundeville Phase 4 – carriageway resurfacing.

**(f) Traffic Management Schemes**

- (i) **Southend Avenue Residents' Parking Scheme** – Implementation of the scheme will commence on the 22 September 2008.
- (ii) **20 mph Zones** – Now complete apart from minor signing and lining. Orders became effective on the 1 September 2008.

## **Outcome of Consultation**

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