

CAPITAL PROGRAMME MONITORING REPORT 2015/16 –

POSITION AS AT 31ST JULY 2015

Summary

The purpose of this report is to provide an in-year progress update in respect of those schemes within the Capital Programme that have been approved for delivery in 2015/16, together with an update on the Council's overall Five Year Capital Programme. This report includes a narrative description of the most significant risks to the Capital Programme and details any actions required to address these. Appendix A to this report provides an update by Committee on schemes scheduled for commencement or delivery in 2015/16. Appendix B provides a summary of the latest position for the 5 year Capital Programme and Appendix C provides details of the financing of the programme.

1. Background

The Council approved the Capital Programme on 3rd March 2015. That update showed a balanced capital programme position from 2015-16 onwards. This report includes year to date expenditure and sets out the latest phasing of the programme and any additions or changes since the last current position was presented to Council in March 2015. The Programme has also been rolled forward to include the year 2019/20.

2. Capital Programme Re-Phasing of Budgets

This monitoring report sets out the latest phasing of the Programmed Schemes and any resulting revenue implications of borrowing will be reflected in future updates to the Councils Financial Forecast.

3. Notes on Specific Schemes

There are a number of schemes for which further information is provided below:

(i) Accommodation Project

The accommodation project was originally included in the capital programme on the basis that the scheme would be self-financing from capital receipts from the sale of 3 sites (St David's Road Depot, Derby Road, Wesham and the Public Offices). Actual asset sales and receipts are dependent on market conditions and cannot be predicted with certainty. St David's Road depot was sold in 2012/13, and the site at Derby Road, Wesham was sold in 2013/14. The Public Offices has been re-marketed during 2014/15 and the Accommodation Working Group have reviewed a number of further expressions of interest. Disposals of this nature where external agencies, planning decisions, external legal specialists and property developers are involved often take many months to conclude.

In August 2015 the Finance and Democracy Committee approved virements of £230k from phases 7 and 8 of the scheme to fund the phase 3 works and approved the commencement of the phase 3 works during 2015/16. The report also noted that the cost limiting approach to providing satisfactory accommodation will not be possible from within the funding realised from the sale of surplus assets and Members requested a further report in November with recommendations to the available sources of funding to ensure the delivery of the accommodation project up to phase 5.

The cross-party Accommodation Working Group continues to monitor and manage this project and regular update reports on the project will continue to be provided to Members.

ii) Coast Protection Scheme

The Strategic Appraisal Report for the Fylde Shoreline Strategy was approved by the Environment Agency's Large Project Review Group (LRPG) in January 2014 and included the replacement of sea defences at Fairhaven and Church Scar. Following this approval further funding was released by DEFRA and Cabinet approved spend for a Coastal Headland Study Project Appraisal Report (PAR) in the sum of £175k, fully funded from DEFRA

resources. This report has now been completed and was submitted for approval by the Environment Agency's LRPG on the 6th August 2015. Once the Project Appraisal Report is approved, further funding from DEFRA is then required to complete the next stage. This is the detailed, customer led design of the new sea walls and involves gaining the necessary approval for the work to progress, planning permission, Marine Management Organisation licence, environmental impact assessment and appropriate assessment with regards to the potential to disturb overwintering birds during construction. Once these approval are obtained it will unlock funding for both Fairhaven Lake and Church Scar sea defence construction schemes.

The overall cost of the Fairhaven Sea Wall is currently estimated by DEFRA to be £7.3m, and Church Scar Sea Wall to be £9.4m. The DEFRA funding spans the years 2015/16 to 2018/19. Fylde Council's contribution of £400k towards sea wall development works is fully-funded from the Capital Investment Reserve. Further updates and any future changes to the scheme will be reported to members and the Capital Programme will be updated accordingly.

(iii) Disabled Facilities Grants (DFGs)

As local housing authority, the Council has a statutory duty to provide disabled adaptations within the Borough. In order to fund these works the Council receives grant support which previously was provided by the Department for Communities and Local Government (DCLG).

As part of the 2013 Spending Round review the Government established the 'Better Care Fund', with the intention of "providing an opportunity to transform local services so that people are provided with better integrated care and support". Under these new arrangements from 2015/16 onwards the funding for Disabled Facilities Grants (DFGs) transferred to the Department of Health, with funding being distributed to all Councils via the upper-tier authority for that area. As such, in Lancashire the fund will be administered by Lancashire County Council. Each upper-tier authority then allocates the funding to their respective housing authorities (i.e. district councils within their area) to enable them to continue to meet this statutory responsibility.

This Council has previously made a decision to limit DFG expenditure to the level of the funding received for this purpose. In order to monitor the level of demand upon this resource the number of applications on the various categories of waiting lists and the periods of waiting time for DFG's are closely monitored and are reported to Members as appropriate.

The Capital Programme includes annual provision for DFG's at the level of the 2015/16 grant allocation. However this is the only year for which the allocation has been confirmed and for 2016/17 onwards the figures in the programme are estimates and will only be confirmed in the year they are due. For as long as DFG works remains a statutory obligation the grant is unlikely to be withdrawn by the Government but could be reduced.

Any future reduction in DFG income received by the Council will have a direct impact on the level of works that can be undertaken. There is also a direct revenue implication on DFG fees which would also have to be adjusted.

(iv) Project Slippage

Areas of slippage must be addressed in future years to ensure that no loss of external grant is imposed due to conditions associated within specified timescales.

(v) Other Capital Receipts

The approved programme for 2015/16 onwards assumes "Right to Buy" receipts of £25k per annum and "General Asset Sales" of £45k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future monitoring reports, along with the impact this may have on the financing of the programme.

(vi) Capital Investment in St. Annes Pool

As part of the arrangement with the YMCA for the operation of the pool, the Council undertook to provide Capital support in the event of major works, repair or breakdown and a provision of £153k was included in the

programme for this eventuality. There is now a remaining capital resource of £93k in 2015/16. There is a risk that this remaining resource is insufficient to meet future capital expenditure needs for the facility.

4 Conclusions

- 4.1 Actual expenditure to 31st July 2015 is £608k against a full year budget of £4.434m. This equates to 13.7% of the latest budget. The expenditure on a number of schemes is phased later during the financial year.
- 4.2 The current Capital Programme as updated is showing a balanced position for 2015/16 onward. There are a number of priority areas beginning to emerge across the Council's property asset portfolio that will require further investment. The Capital Programme and the associated financing will be subject to discussion with Members during the months in the lead up to the annual budget setting process for 2016/17.
- 4.3 Any additional expenditure which is not fully funded by external finance would normally require the generation of capital receipts or further borrowing (the latter placing further pressure on the Revenue Budget from the consequent repayment costs). However Budget Council on 4th March 2013 approved the creation of a Capital Investment Reserve to finance future capital expenditure. The balance of this reserve at 31st March 2015 was £2.720m after an additional contribution at outturn for 2014/15 of £247k. Commitments to date of £2.379m leave a current uncommitted balance on the reserve of £341k. It is anticipated that this reserve would offer the preferred source of finance for any further additions to the Capital Programme in future years.

CAPITAL PROGRAMME - 2015/16 IN-YEAR SCHEME MONITORING REPORT - AS AT 31/07/15

Appendix A

APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 31.07.15 £000	Variance £000	Comments
FINANCE & DEMOCRACY COMMITTEE								
Accommodation Project - Phase 3 - East Wing Inc. Lift	Proceeds from the sale of surplus Council Assets	315	2	230	547	2	545	In August 2015 the Finance and Democracy Committee approved virements of £230k from phases 7 and 8 of the scheme to fund the phase 3 works and approved the commencement of the phase 3 works during 2015/16. The Committee requested a further report be presented to the meeting in November containing recommendations as to the possible sources of further funding to ensure the delivery of the accommodation project up to phase 5.
Accommodation Project - Phase 4 - Chaseley Link Bridge		202			202		202	
Accommodation Project - Phase 5 - One Stop Shop		272			272		272	
Compliance with INSPIRE Directive	Specific Government Grant (INSPIRE)	0	7		7	7	0	The INSPIRE directive places a legal obligation on public authorities which hold geographical regarding the environment within their locality. The budget has been adjusted to reflect slippage approved by Committee 22nd June 2015. The scheme has now been completed within the budget.
Sub total		789	9	230	1,028	9	1,019	
TOURISM & LEISURE COMMITTEE								
Ashton Gardens Depot	Proceeds from the sale of surplus Council Assets	61	2		63		63	The budget for this scheme has been adjusted to reflect the slippage as approved by the Finance and Democracy Committee of 22nd June 2015. The scheme is currently on hold pending the disposal of the Public offices site (the works will need to be completed prior to that disposal). The scheme may be re-phased into 2016/17 if progress on the disposal is not expected in 2015/16.
Snowdon Road Depot	Capital Investment Reserve	320			320		320	The works on this scheme have commenced and completion is expected during November 2015.
Hope Street Pavilion Refurbishment - Phase 2	Capital Investment Reserve/ External Donations	79		74	153	25	128	The works on this scheme have commenced and completion is expected during September 2015.
St Annes Pool	No external finance funded by borrowing/general asset disposal receipts	93			93		93	This represents the balance of the maintenance scheme resource which will be retained and drawn upon when required.
St Annes Pool - External Works	Capital Investment Reserve/ Arts Council Grant	120			120		120	A scheme has been proposed which will be designed in-house subject to the delivery of other priority projects. Once designed there will need to be consultation with stakeholders and then dialogue with the Arts Council over match funding. This scheme may not proceed in 2015/16 and may be re-phased into 2016/17 or removed from the capital programme altogether. A subsequent bid may be submitted in the future once the above has been carried out which will probably include external funding from 106 agreements from an adjacent development.

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 31.07.15 £000	Variance £000	Comments
TOURISM & LEISURE COMMITTEE (CONT)								
Fairhaven Lake & Promenade Gardens - First round	Capital Investment Reserve	20			20		20	This scheme represented the match funding for the development of the Heritage Lottery Development Bid. Given that the first round bid was unsuccessful a report will be presented to the September 2015 meeting of the Tourism & Leisure Committee outlining how the Fairhaven Masterplan can be delivered in the future. The report will look at other known possible sources of funding and will make recommendations as appropriate.
Park View Playing Field - Sand & Water Play Facility	Specific Government Grant (Coastal Communities)	272			272		272	Works nearly complete and playground due to be handed over from the contractor shortly.
Community Parks Improvement Programme - Frobisher Drive Play Equipment	S106 Developer Contributions	0		34	34	33	1	This scheme has now been completed with a minor underspend.
Replacement Boats Fairhaven	Capital Investment Reserve	0	55		55	19	36	The selected supplier was unable to deliver to the council's specification and the contract was terminated accordingly. Some of the boat fleet has been replaced with reconditioned craft. A report will be presented to the September 2015 meeting of the Tourism & Leisure Committee to allocate the remaining funding to alternative procurement options.
Promenade Footways	No external finance funded by borrowing/general asset disposal receipts	40		-40	0		0	Funding for this scheme has been amalgamated into the Fairhaven Footways Improvements project below.
Fairhaven Footway Improvements	Capital Investment Reserve / General Asset Sale Receipts	15		40	55		55	The works in relation to this scheme has been designed and tendered. A report will be presented to the September meeting of the Tourism and Leisure Committee to seek approval to the commencement of the scheme.
Lowther Pavilion Roof	Capital Investment Reserve	8			8		8	This funding represents the resource required to undertake the preparatory works for the substantive scheme programmed for 2016/17. Surveys are underway to inform a design and specification for partial re-roof. Dialogue is also taking place with Trustees over their refurbishment requirements and further development ambitions.
Fairhaven Toddlers Play Area	Capital Investment Reserve	67			67		67	A project design brief has been prepared and is currently being consulted upon. The scheme is due to go out to tender in September 2015 and a report will then presented to the November 2015 meeting of Tourism & Leisure Committee to seek approval to the commencement of the works.
Sand Dunes re-modelling at North Beach Car Park / Summerfields	Capital Investment Reserve	20			20		20	Surveys are underway and are due for completion in October 2015. The design works have also been commissioned. The scheme will require stakeholder engagement and the necessary approvals prior to commencement.
Freckleton Memorial Park	Capital Investment Reserve	50			50		50	This scheme is phased over two years. In addition to the Council's contribution a further £80k of external funding has been secured. Furthermore the outcome of two more external bid submissions in the total sum of £50k is awaited. The outcome of those bids is anticipated for December 2015. The outcome of those bid submissions will determine the extent of the scheme.
Sub total		1,165	57	108	1,330	77	1,253	

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 31.07.15 £000	Variance £000	Comments
OPERATIONAL MANAGEMENT COMMITTEE								
Replacement Vehicles	Capital Investment Reserve / Borrowing	802	24		826	245	581	The budget for this scheme has been adjusted to reflect the slippage as approved by the Finance and Democracy Committee of 22nd June 2015. All vehicle acquisitions are expected to be completed in line with the budget during 2015/16.
Car Park Improvements	No external finance - funded by borrowing/general asset disposal receipts	30			30	30	0	Eight new Pay & Display meters have been purchased and installed. The scheme has been completed to budget in 2015/16.
Fylde Headlands Preliminary Work	Specific Government Grant (Environment Agency)	70	16		86	20	66	The Project Appraisal Report has been submitted for approval by the Environment Agency Large Projects Review Group on 6th August 2015. Further work will be required later in the year to continue to meet Environment Agency requirements for schemes of this scale and nature.
Repair & Renewal - Flood Defences	Specific Government Grant (Environment Agency)	0	30		30	15	15	The grant scheme has come to an end with 3 claims been approved. Any unused grant will be returned to the Environment Agency.
Sub total		902	70	0	972	310	662	
ENVIRONMENT, HEALTH & HOUSING COMMITTEE								
Disabled Facilities Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	366	52	149	567	139	428	The budget for this scheme has been adjusted to reflect the slippage as approved by the Finance and Democracy Committee of 22nd June 2015 and increased grant allocation and recycled grant repayments. The programme is expected to be completed in line with the budget during 2015/16.
Rapid Deployment CCTV Replacement Projects	Specific Grant (LSP Performance Reward Grant)	0		82	82	29	53	The budget for CCTV camera replacement is planned to be spent on the revised CCTV project as approved by Council. Any remaining monies are to be earmarked and allocated to replacement cameras as and when they are required (subject to a community impact assessment and approval by committee) as also previously agreed by Council.
Infant Memorial Garden - Phase 2	Capital Investment Reserve / NHS & Other donations	0	15		15	16	-1	This scheme has now been completed with a minor overspend.
Cemetery and Crematorium - Infrastructure Works	Capital Investment Reserve	0		6	6		6	This part of the scheme is for the initial design phase of the of the substantial burial ground extension works programmed for 2017/18. The design work is currently being undertaken.
Cemetery / Crematorium Pumping Station	Capital Investment Reserve	0	4		4	3	1	The works on this scheme have been completed. The final invoice is awaited and the total scheme costs will be in line with the budget.
New memorial garden - Lytham Park Cemetery	Capital Investment Reserve	41			41	8	33	A new boundary fence has been installed. A report will be presented to the September 2015 meeting of the Environment, Health & Housing Committee to select a location for the garden and seek approval to the commitment of the remaining scheme funding.
Sub total		407	71	237	715	195	520	

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 31.07.15 £000	Variance £000	Comments
DEVELOPMENT MANAGEMENT COMMITTEE								
Kirkham Regeneration Scheme - Town Centre Phase 4	Capital Investment Reserve	50			50		50	A report will be presented to a special Development Management Committee in August 2015 to outline the scheme and seek approval to the commencement of the works. In addition to this there will be a further £35k of revenue monies allocated to this scheme from the High Street Innovation Fund. Commencement on site is scheduled for September 2015, subject to Committee approval in August.
Woodlands Road Regeneration Scheme - Town Centre Phase 3	Capital Investment Reserve / S106 Developer Contributions	85	4		89		89	The initial survey works and the public consultation have commenced and will inform a subsequent draft scheme. A report will be presented to a future Development Management Committee to seek approval for commencement of the works.
Public Realm Regeneration - St Annes	S106 Developer Contributions	80			80	17	63	The public realm scheme at Park Road is expected to be completed to budget in 2015/16.
St Annes Regeneration Schemes	S106 Developer Contributions	274		-274	0		0	This funding is earmarked for the next phase of St Annes Town Centre including St Annes Road South and The Crescent. A draft scheme will be prepared early 2016 for spend during 2016/17. Consequently this scheme will be re-phased into 2016/17.
Lytham Regeneration Schemes	S106 Developer Contributions	130			130		130	Section 106 monies have been received and a scheme is currently being drafted for public consultation.
Staining Regeneration Schemes	S106 Developer Contributions	40			40		40	This project is subject to ongoing discussions with Staining Parish Council. A Draft scheme is to be prepared based on the outcome of those discussions.
Sub total		659	4	-274	389	17	372	
Total Expenditure		3,922	211	301	4,434	608	3,826	

UPDATED 5 YEAR CAPITAL PROGRAMME 2015/16 TO 2019/20 - BY SCHEME

	Updated				
	Estimate	Estimate	Estimate	Estimate	Estimate
	2015/16	2016/17	2017/18	2018/19	2019/2020
	£000	£000	£000	£000	£000
FINANCE & DEMOCRACY COMMITTEE					
Accommodation Project - Phase 3 - East Wing Inc. Lift	547				
Accommodation Project - Phase 4 - Chaseley Link Bridge	202				
Accommodation Project - Phase 5 - One Stop Shop	272				
Accommodation Project - Phase 6 - Council Chamber		179			
Accommodation Project - Phase 7 - Internal Refurb / Services		775			
Accommodation Project - Phase 8 - Car Park & External Works		0			
Compliance with INSPIRE Directive	7				
Sub total	1,028	954	0	0	0
TOURISM & LEISURE COMMITTEE					
Ashton Gardens Depot	63				
Snowdon Road Depot	320				
Hope Street Pavillion Refurbishment - Phase 2	153				
St Annes Pool	93				
St Annes Pool - External Works	120				
Fairhaven Lake & Promenade Gardens - First Round	20				
Park View Playing Field - Sand & Water Play Facility	272				
Community Parks Improvement Programme - Frobisher Drive Play Equipment	34				
Replacement Boats Fairhaven Lake	55				
Promenade Footways	0	40	40	40	40
Fairhaven Footway Improvements	55				
Lowther Pavilion Roof	8	115			
Fairhaven Toddlers Play Area	67				
Sand Dunes re-modelling at North Beach Car Park / Summerfields	20				
Freckleton Memorial Park	50				
Sub total	1,330	155	40	40	40
OPERATIONAL MANAGEMENT COMMITTEE					
Replacement Vehicles	826	68	1,487	680	840
Car Park Improvements	30	30	30	30	30
Fylde Headlands Preliminary Work	86				
Fairhaven and Church Scar Coast Protection Scheme	0	3,600	7,300	5,600	
Repair & Renewal - Flood Defences	30				
Sub total	972	3,698	8,817	6,310	870
HEALTH & HOUSING COMMITTEE					
Disabled Facilities Programme	567	468	468	468	468
Rapid Deployment CCTV Replacement Projects	82				
Infant Memorial Garden - Phase 2	15				
Cemetery and Crematorium - Infrastructure Works	6		294		
Cemetery / Crematorium Pumping Station	4				
New memorial garden - Lytham Park Cemetery	41				
Sub total	715	468	762	468	468
DEVELOPMENT MANAGEMENT COMMITTEE					
Kirkham Regeneration Scheme - Town Centre Phase 4	50				
Woodlands Road Regeneration Scheme - Town Centre Phase 3	89				
Public Realm Regeneration - St Annes	80				
St Annes Regeneration Schemes	0	274			
Lytham Regeneration Schemes	130				
Staining Regeneration Schemes	40				
Sub total	389	274	0	0	0
Total Expenditure	4,434	5,549	9,619	6,818	1,378

UPDATED 5 YEAR CAPITAL PROGRAMME 2015/16 TO 2019/20 - FINANCING

	Updated Estimate 2015/16 £000	Estimate 2016/17 £000	Estimate 2017/18 £000	Estimate 2018/19 £000	Estimate 2019/2020 £000
FINANCING:					
Capital Receipts - General Asset Sales	45	45	45	45	45
Capital Receipts - Right to Buy Receipts	33	25	25	25	25
Capital Receipts - (Accommodation Project)	1,084	954			
Capital Receipts - Vehicle Sales					
Leasing					
Better Care Fund / Disabled Facilities Grant	480	468	468	468	468
Section 106 Monies - Woodlands Road, Ansdell	4				
Section 106 Monies - St Annes	80	274			
Section 106 Monies - Lytham	130				
Section 106 Monies - Staining	40				
Section 106 Monies - Parks Improvement - Frobisher	34				
Capital Grant - Repayments	47				
Capital Investment Reserve	1,247	534	393	78	182
Other External Finance (see analysis below)	686	3,200	7,300	5,600	
Direct Revenue Finance	73				
Prudential Borrowing	451	49	1,388	602	658
Total Financing	4,434	5,549	9,619	6,818	1,378

Total surplus (-) / shortfall in year	0	0	0	0	0
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Cumulative surplus (-) / shortfall	0	0	0	0	0
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See note below for external funding available to finance the above schemes:

Other External Finance: Analysis

LSP Performance Reward Grant	82				
Environment Agency - Fylde Coastal Preliminaries	86	3,200	7,300	5,600	
Environment Agency - Flood Defence	30				
Other Contributions - Hope Street Pavillion Refurbishment	66				
Arts Council - St Annes Pool	90				
NHS - Infant Memorial Garden Donation and fund raising	13				
INSPIRE Grant	7				
New Fylde Housing - DFG Contribution	40				
Coastal Communities Grant	272				
	686	3,200	7,300	5,600	0