

CAPITAL PROGRAMME MONITORING REPORT 2017/18 –

POSITION AS AT 31ST JULY 2017

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 2017/18, together with an update on the overall Five Year Capital Programme of the Council. 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 2017/18. 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 2nd March 2017. That update showed a balanced capital programme position from 2017/18 onwards. This report includes year to date expenditure and sets out the latest phasing of the programme and any additions or changes since the capital programme was presented to Council in March 2017. The Programme has also been rolled forward to include the year 2021/22.

2. Notes on Specific Schemes

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

(i) Accommodation Project

This has been a key scheme for the Council and sees the accomplishment of an ambition to refurbish the town hall premises that has existed for a number of years. The works to the first and second floor of the Town Hall are now complete and staff have now located back to all floors within the building. The remaining element of these phases of the works i.e. those relating to the Council chamber, will commence shortly with completion anticipated during 2017/18.

ii) Coast Protection Scheme

The total scheme cost within the approved Capital Programme is £19.825m, being funded by an Environment Agency grant of £19.425m and a contribution from Fylde Council of £0.4m. The tender return date was 18th August 2017 and tenders are currently being evaluated. A report will be presented to the Operational Management Committee in September 2017 to provide an update following the tender appraisal process.

(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). From 2015/16 the Government established the 'Better Care Fund', and under these new arrangements the funding for Disabled Facilities Grants 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 is 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.

The level of government funding has increased significantly under the 'Better Care Fund' arrangements and the updated budget for 2017/18 (including slippage from 2016/17) of £1.159m provides for the delivery of more disabled adaptations than has previously been possible. A report to the Environment, Health and Housing Committee in June 2017 provided an update with regard to this scheme and included a number of variations to the operation of the programme to reflect the significant increase in available funding. It is anticipated that for 2017/18 all identified need for disabled adaptations can be met from the existing resource.

(iv) Project Slippage

Areas of slippage are addressed each year 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 2017/18 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 2017/18. There is a risk that this remaining resource is insufficient to meet future capital expenditure needs for the facility.

3 Conclusions

- 3.1 Actual expenditure to 31st July 2017 is £655k against a full year budget of £21.743m. This equates to 3.0% of the latest budget. A number of the schemes will be re-phased into 2018/19 as part of the next Financial Forecast update to members. The expenditure on a number of schemes is phased later during the financial year.
- 3.2 The current Capital Programme as updated is showing a balanced position for 2017/18 onward. 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 2018/19.
- 3.3 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 forecast balance of this reserve at 31st March 2017 was £1.323m, including further planned transfers into the reserve in 2017/18 and 2018/19. Of this £596k is already committed to deliver approved schemes in the years 2017/18 to 2020/21. Additional future projects will be subject to further consideration as part of the budget setting process for 2018/19. Whilst it remains the case that this reserve is the preferred source of finance for any further additions to the Capital Programme, continuing contributions to the reserve are required in order to maintain a sustainable funding source for future years.

CAPITAL PROGRAMME - 2017/18 IN-YEAR SCHEME MONITORING REPORT - AS AT 31/07/17
Appendix A

APPROVED SCHEMES	Financing Source	Approved Budget 2017/18 £000	Slippage B/F from 2016/17 £000	Adjustments from 02/03/17 £000	Updated Budget 2017/18 £000	Expenditure to 31/07/17 £000	Variance £000	Comments
<u>FINANCE & DEMOCRACY COMMITTEE</u>								
Accommodation Project - Phase 6 & 7 - Council Chamber & Internal Refurb / Services	Proceeds from the sale of surplus Council Assets, and the Accommodation Project Reserve	0	365	135	500	175	325	The works to the first and second floor of the Town Hall are now complete. The remaining element of these phases of the works i.e. those relating to the Council chamber, will commence shortly with completion anticipated during 2017/18.
Sub total		0	365	135	500	175	325	
<u>TOURISM & LEISURE COMMITTEE</u>								
Ashton Gardens Depot	Proceeds from the sale of surplus Council Assets	63			63		63	This scheme is currently on hold pending the disposal of the Public offices site (the works will need to be completed prior to that disposal). It is anticipated that this scheme will be re-phased to 2018/19 as part of the next Financial Forecast update.
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. The plant and equipment at St Annes Swimming Pool is in need of replacement. A 5 year replacement programme is currently being developed which will then be presented to the Tourism and Leisure Committee for consideration.
St Annes Pool - External Works	Capital Investment Reserve/ Arts Council Grant	120			120		120	The status of this scheme is currently being reviewed and a report will be presented to Committee following that review by way of an update. It is anticipated that this scheme may be re-phased to 2018/19 as part of the next Financial Forecast update.
Fairhaven Lake & Promenade Gardens - First round	Capital Investment Reserve	20		200	220	2	218	A report was presented to the Tourism & Leisure Committee in June 2017 detailing the latest position in respect of this scheme. Subsequently the Council approved a fully-funded increase to the scheme of £200,336, to be met by a Heritage Lottery Fund grant and by other contributions. Recruitment of the key officers to deliver the scheme has commenced. Delivery of this phase of the scheme is expected to fall into 2017/18 and 2018/19 and consequently an element of the scheme will be re-phased into 2018/19 as part of the next Financial Forecast update.
Promenade Gardens Water Play Facility	Capital Investment Reserve	100			100		100	Comprehensive consultation on the project is now complete. A funding bid of £45K to Veolia failed due to a change in the geographical criteria. A decision from Lancashire Environmental Fund in respect of a grant application in the sum of £30K is expected in October 2017. If this grant application is successful, the overall project shortfall will be in the region of £50K on a total estimated budget of £250K. Officers will continue to seek further funding to deliver the desired project before the end of March 2018. However, this will depend upon the success of further funding applications.
Promenade Footways	No external finance - funded by borrowing/general asset disposal receipts	40			40		40	A report will be presented to Committee in September 2017 to seek authorisation for the expenditure works in 2017/18 as is currently planned.

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2017/18 £000	Slippage B/F from 2016/17 £000	Adjustments from 02/03/17 £000	Updated Budget 2017/18 £000	Expenditure to 31/07/17 £000	Variance £000	Comments
Bryning-with-Warton Parish Council Play Area	Capital Investment Reserve	50			50		50	A report will be presented to the Tourism and Leisure Committee and then the Finance & Democracy Committee in September 2017 to provide an update on this project. The Parish Council have found it difficult to follow the 10 stage Community Parks Development Process in terms of sustained community involvement and have decided to progress with stage one of the scheme only using available S106 monies, to give the opportunity to work with the community on future phases.
Mussel Tank Project	Specific Grant (LSA Civic Society)	0		130	130	7	123	Delivery of this scheme is planned to start in early September and will take approximately 12 weeks. Completion of the scheme is expected during 2017/18.
Sub total		486	0	330	816	9	807	
OPERATIONAL MANAGEMENT COMMITTEE								
Replacement Vehicles	Capital Investment Reserve / Borrowing	1,267	38	11	1,316	45	1,271	All vehicle acquisitions are expected to be completed in line with the budget during 2017/18.
Car Park Improvements	No external finance - funded by borrowing/general asset disposal receipts	30			30		30	It is anticipated that this scheme will be been completed to budget in 2017/18.
Fylde Headlands Preliminary Work	Specific Government Grant (Environment Agency)	0	8		8	7	1	It is anticipated that this scheme will be been completed to budget in 2017/18.
Public Transport Improvements	S106 Developer Contributions	0		90	90		90	This is funding that is held by Fylde Council but will be transferred to Lancashire County Council on local bus route improvements and a dial-a-ride scheme. The funding will be spent over several years.
Fairhaven and Church Scar Coast Protection Scheme	Specific Government Grant (Environment Agency) / Capital Investment Reserve	14,400			14,400	18	14,382	This scheme is currently at the tendering and tender evaluation phase. A report will be presented to the Operational Management Committee in September 2017 to request approval to proceed. It is anticipated that a significant proportion of the 2017/18 budget for the scheme will be re-phased into 2018/19 as part of the next Financial Forecast update.
Sub total		15,697	46	101	15,844	70	15,774	

Appendix A (Cont'd)

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ENVIRONMENT, HEALTH & HOUSING COMMITTEE								
Disabled Facilities Grants Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	468	230	461	1,159	310	849	A report to the Environment, Health and Housing Committee in June 2017 provided an update with regard to this scheme and included a number of variations to the operation of the programme to reflect the significant increase in central government grant for this purpose. It is anticipated that all identified need for disabled adaptations can be met from the existing resource for 2017/18. Actual expenditure will be determined by the level of identified need.
Housing Needs Grant	DFG Grant Repayments	0		6	6		6	In July the Council approved the creation of a new scheme within the 2017/18 approved Capital Programme to be termed 'Housing Needs Grant' that will be funded from DFG grant repayments. This scheme budget will be updated accordingly as and when repayments to the Council are forthcoming.
93 St Albans Road - Compulsory Purchase Order	S106 Developer Contributions	0	99		99	84	15	The Compulsory Purchase Order has been actioned and compensation to the former owner of the property and the legal costs have now been made. In February 2017 the Environment, Health and Housing Committee approved refurbishment of the property in the sum of £147,890 (subject to sufficient S106 funds being forthcoming) and a jointly funded venture for the property in conjunction with a Registered Provider. A further update report will be presented to the Environment, Health and Housing Committee in September 2017.
Affordable Housing Scheme Sunnybank Mill, Kirkham	S106 Developer Contributions	460	460		920	0	920	Planning permission has now been granted for the delivery of 23 units of affordable rented housing. Housing and Legal Services officers are currently in discussion with the ForViva Housing Association regarding the delivery of the project.
Affordable Housing Scheme - Keenan Mill	S106 Developer Contributions	840			840	0	840	Planning permission has now been granted for the delivery of 26 units of affordable rented housing. Housing and Legal Services officers are currently in discussion with the Progress Housing Association regarding the delivery of the project.
Church Road Methodist Church, St Annes	S106 Developer Contributions	550			550	0	550	A consultation document with regard to the scheme has recently been distributed to interested parties and it is anticipated that planning permission will be sought for the delivery of 10 units of affordable rented housing later in 2017/18.
Affordable Warmth Scheme	Specific Grant (Lancashire County Council)	28	18		46	7	39	The Affordable Warmth Scheme is a two-year project covering 2016/17 and 2017/18 and is linked to levels of fuel poverty within the district. The scheme is funded by Lancashire County Council and is contained within the Housing Services Private Sector Assistance Policy for which approval was confirmed by Members in January 2017. Delivery commenced late in 2016/17.
Rapid Deployment CCTV Replacement Projects	Specific Grant (LSP Performance Reward Grant)	38			38		38	A Working Group has been established to consider Rapid Deployment Cameras and their replacement and will report back to the Environment, Health and Housing Committee in due course.
Cemetery and Crematorium - Infrastructure Works	Capital Investment Reserve	294			294		294	This scheme is now not expected to be delivered during 2017/18 and it is anticipated that the scheme will be re-phased into 2018/19 as part of the next Financial Forecast update.
Lytham Park Cemetery - Windbreak Canopy	Capital Investment Reserve	60			60		60	Following discussion and consultation with the working group and relevant stakeholders a scheme has been proposed which is currently being developed. The scheme is now not deliverable during 2017/18 and it is anticipated that the scheme will be re-phased into 2018/19 as part of the next Financial Forecast update.
Sub total		2,738	807	467	4,012	401	3,611	

Appendix A (Cont'd)

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PLANNING COMMITTEE								
Woodlands Road Regeneration Scheme - Town Centre Phase 3	Capital Investment Reserve / S106 Developer Contributions	0	6		6		6	The scheme was largely completed during 2016/17 with only a small amount of residual funding remaining. It is anticipated that the remaining elements will be completed to budget during 2017/18.
St Annes Regeneration Schemes	S106 Developer Contributions	237			237		237	This funding is earmarked for the next phase of St Annes Town Centre including St Andrews Road North/South and The Crescent. A draft plan has been prepared and discussions with property owners in the locality have taken place. The scheme will commence in 2017/18 with a proportion of the works now expected to fall into 2018/19. Consequently an element of the scheme will be re-phased to 2018/19 as part of the next Financial Forecast update.
Lytham Regeneration Schemes	S106 Developer Contributions	130			130		130	Originally this scheme was planned to be delivered in 2016/17. However, local community groups have indicated that this funding could also be used to match-fund further funding opportunities from other bodies. As a result, the scheme content is to be widened to incorporate a public art component and a project group was established to work towards a fully integrated scheme. A revised scheme is in the process of development and it is anticipated that works will commence later in 2017/18.
Staining Regeneration Schemes	S106 Developer Contributions	40			40		40	Following discussions with the Parish Council a scheme has now been developed and agreed. The scheme will be presented for consideration at the Planning Committee in September 2017.
Kirkham Public Realm Improvements	S106 Developer Contributions	0	21		21		21	The majority of this scheme was completed in 2016/17, the remaining element being slippage from 2016/17. The remaining works and the final account is expected to be finalised during 2017/18 within budget.
M55 Link Road	S106 Developer Contributions	0	137		137		137	In 2016/17 the Council approved a £425k fully-funded addition to the capital programme to be met from a S106 developer contribution to fund the detailed technical design of the proposed link road. This work is progressing and payment is being made in stages as work is completed. This element of the scheme is expected to be completed during 2017/18.
Sub total		407	164	0	571	0	571	
Total Expenditure		19,328	1,382	1,033	21,743	655	21,088	

UPDATED 5 YEAR CAPITAL PROGRAMME 2017/18 TO 2021/22 - BY SCHEME

	Estimate 2017/18 £000	Estimate 2018/19 £000	Estimate 2019/2020 £000	Estimate 2020/2021 £000	Estimate 2021/2022 £000
FINANCE & DEMOCRACY COMMITTEE					
Accommodation Project - Phase 6 & 7 - Council Chamber / Internal Refurb	500				
Accommodation Project - Phase 8 - Car Park & External Works	0				
Sub total	500	0	0	0	0
TOURISM & LEISURE COMMITTEE					
Ashton Gardens Depot	63				
St Annes Pool	93				
St Annes Pool - External Works	120				
Fairhaven Lake & Promenade Gardens - First Round	220				
Promenade Gardens Water Play Facility	100				
Promenade Footways	40	40	40	40	40
Bryning-with-Warton Parish Council Play Area	50				
Mussel Tank Project	130				
Sub total	816	40	40	40	40
OPERATIONAL MANAGEMENT COMMITTEE					
Replacement Vehicles	1,316	1,262	471	547	77
Car Park Improvements	30	30	30	30	30
Fylde Headlands Preliminary Work	8				
Public Transport Improvements	90				
Fairhaven and Church Scar Coast Protection Scheme	14,400	5,425			
Sub total	15,844	6,717	501	577	107
ENVIRONMENT, HEALTH & HOUSING COMMITTEE					
Disabled Facilities Programme	1,159	929	929	929	929
Housing Needs Grant	6				
93 St Albans Road - Compulsory Purchase Order	99				
Affordable Housing Scheme - Sunnybank Mill, Kirkham	920				
Affordable Housing Scheme - Keenan Mill	840				
Church Road Methodist Church, St Annes	550				
Affordable Warmth Scheme	46				
Rapid Deployment CCTV Replacement Projects	38				
Cemetery and Crematorium - Infrastructure Works	294				
Lytham Park Cemetery - Windbreak Canopy	60				
Sub total	4,012	929	929	929	929
PLANNING COMMITTEE					
Woodlands Road Regeneration Scheme - Town Centre Phase 3	6				
St Annes Regeneration Schemes	237				
Lytham Regeneration Schemes	130				
Staining Regeneration Schemes	40				
Kirkham Public Realm Improvements	21				
M55 Link Road - S106 monies for design work	137				
Sub total	571	0	0	0	0
Total Expenditure	21,743	7,686	1,470	1,546	1,076

UPDATED 5 YEAR CAPITAL PROGRAMME 2017/18 TO 2021/22 - FINANCING

	Estimate 2017/18 £000	Estimate 2018/19 £000	Estimate 2019/2020 £000	Estimate 2020/2021 £000	Estimate 2021/2022 £000
FINANCING:					
Capital Receipts - General Asset Sales	45	45	45	45	45
Capital Receipts - Right to Buy Receipts	25	25	25	25	25
Capital Receipts - (Accommodation Project)	63				
Better Care Fund / Disabled Facilities Grant	1,159	929	929	929	929
Disabled Facilities Grant Repayments - 'Housing Needs Grants'	0				
Section 106 Monies - St Annes	237				
Section 106 Monies - Lytham	130				
Section 106 Monies - Staining	40				
Section 106 Monies - Kirkham	21				
Section 106 Monies - 93 St Albans Road CPO	99				
Section 106 Monies - Affordable Housing, Sunnybank Mill	920				
Section 106 Monies - Church Road Methodist Church, St Annes	450				
Section 106 Monies - M55 Link-Road	137				
Section 106 Monies - Affordable Housing, Keenans Mill	840				
Section 106 Monies - Public Transport Improvements	90				
Section 106 Monies - Vehicle acquisition - 'Area Conservation'	11				
Capital Grant - Repayments	6				
Capital Investment Reserve	1,060	78	182		
Accommodation Project Reserve	500				
Other External Finance (see analysis below)	14,583	5,425	0		
Direct Revenue Finance	24				
Prudential Borrowing	1,303	1,184	289	547	77
Total Financing	21,743	7,686	1,470	1,546	1,076

Total surplus (-) / shortfall in year	0	0	0	0	0
Cumulative surplus (-) / shortfall	0	0	0	0	0

See note below for external funding available to finance the above schemes:

Other External Finance: Analysis

LSP Performance Reward Grant	38				
Environment Agency - Coast Protection Scheme	14,008	5,425			
Arts Council - St Annes Pool	90				
Lancashire County Council - Affordable Warmth Scheme	35				
Lytham St Annes Civic Society	130				
Community Housing Grant Fund - Church Road Methodist Church	100				
Heritage Lottery Fund - Fairhaven	165				
Coastal Defence Project - Fairhaven	7				
United Utilities - Fairhaven	7				
RSPB Contribution - Fairhaven	3				
New Fylde Housing - DFG Contribution	0				
	14,583	5,425	0	0	0