



Agenda

Operational Management Committee

| | |
|--------------------|--|
| Date: | Tuesday, 12 September 2017 at 6:30 pm |
| Venue: | Town Hall, St Annes, FY8 1LW |
| Committee members: | <p>Councillor David Eaves (Chairman) Councillor Sandra Pitman (Vice-Chairman)</p> <p>Councillors Frank Andrews, Julie Brickles, Alan Clayton, Richard Fradley, Karen Henshaw JP, Paul Hodgson, John Kirkham, Kiran Mulholland, Albert Pounder, Thomas Threlfall.</p> |

Public Platform

To hear representations from members of the public in accordance with council procedure rule 11.

To register to speak under Public Platform: see [Public Speaking at Council Meetings](#).

| | PROCEDURAL ITEMS: | PAGE |
|---|---|---------|
| 1 | Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided. | 1 |
| 2 | Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 23 May 2017 as a correct record. | 1 |
| 3 | Substitute Members: Details of any substitute members notified in accordance with council procedure rule 24(c). | 1 |
| | DECISION ITEMS: | |
| 4 | Fairhaven to Church Scar Coastal Defence Works | 3 - 37 |
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Contact: Sharon Wadsworth - Telephone: (01253) 658546 – Email: democracy@fylde.gov.uk

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<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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DECISION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|---|----------------------------------|-------------------|---------|
| DEVELOPMENT SERVICES DIRECTORATE | OPERATIONAL MANAGEMENT COMMITTEE | 12 SEPTEMBER 2017 | 4 |
| FAIRHAVEN TO CHURCH SCAR COASTAL DEFENCE WORKS | | | |

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report seeks approval to enter into a contract with the Preferred Bidder for the main detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme and seeks approval to incur expenditure in the sum of £19.83m in respect of the Coast Protection Scheme which is included within the approved Capital Programme in the total sum of £19.83m.

RECOMMENDATIONS

The Committee is recommended:

1. To approve expenditure in the sum of £19.83m in respect of the Fairhaven to Church Scar Coast Protection Scheme which is included within the approved Capital Programme in the total sum of £19.83m; and
2. To authorise that a contract to be entered into with the Preferred Bidder for the detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme.

SUMMARY OF PREVIOUS DECISIONS

Operational Management Committee at its meeting on 14th March 2017 considered an information report on the Fairhaven and Church Scar Coastal Defence Project

Operational Management Committee at its meeting on 15th November 2016 considered an information report on the Fairhaven and Church Scar Coastal Defence Project

Operational Management Committee at its meeting on 24th November 2015 resolved:

To approve the use of Lot 4 of the Water and Environment Management Framework for the procurement of the enabling studies, design and construction of the Fairhaven and Church Scar Coast Protection Scheme.

Cabinet at its meeting on 15th January 2014 resolved:

To approve the engagement of a coastal management team with consultancy support to deliver the business case for central government funding for the delivery of the Fairhaven to Church Scar Coast Protection Scheme.

Community Focus Scrutiny Committee at its meeting on 14th October 2010 resolved:

To endorse the decision of Cabinet to adopt the policies set out in the North West England and North Wales Shoreline Management Plan for the Fylde coastline.

Cabinet considered a report on the adoption of the Shoreline Management Plan (SMP) at its meeting on 15th September 2010. After consideration Cabinet resolved:

That subject to consideration and comment by the appropriate scrutiny committee to adopt the policies set out in the North West England and North Wales Shoreline Management Plan for the Fylde Coastline.

| CORPORATE PRIORITIES | |
|--|---|
| Spending your money in the most efficient way to achieve excellent services (Value for Money) | ✓ |
| Delivering the services that customers expect of an excellent council (Clean and Green) | ✓ |
| Working with all partners (Vibrant Economy) | ✓ |
| To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live) | ✓ |
| Promoting Fylde as a great destination to visit (A Great Place to Visit) | ✓ |

REPORT

BACKGROUND AND STRATEGIC CONTEXT

1. The Council adopted the Shoreline Management Plan 2 (SMP 2) in 2010 which identified policies to manage coastal flood and erosion risks over the next 100 years and covers the entire shoreline of the North West of England and North Wales. The SMP 2 policy for the Fylde Coast is to predominantly "hold the line"; this means strengthening, maintaining or rebuilding the existing sea defences to maintain the existing shoreline. The SMP 2 is a large scale assessment of the coastal processes and helps reduce associated risks to people and the developed, historic and natural environments. The SMP 2 aims to identify the most sustainable approaches to managing the coastline, in the short, medium and long terms.
2. The implementation of the SMP 2 "hold the line" policy is developed within Strategy Appraisal Reports (StAR) which are prepared for each local authority area. The StAR also identifies key areas of the coastline that requires substantial work. Following the development of the StAR, project specific Project Appraisal Reports (PAR's) explore and analyse the economic and environmental sustainability issues to determine the most appropriate option to implement the SMP policy.
3. The StAR for the Fylde shoreline was adopted by the Environment Agency in 2014. The StAR recommends that 3 strategic headlands need to be replaced with new structures over the following timescales:
 - Headland 1 (The Island), by 2033
 - Headland 2 (Fairhaven) by 2018
 - Headland 3 (Church Scar) by 2018
4. Cabinet received a report in January 2014 which agreed the preparation of a strategic headland study and production of a Project Appraisal Report (PAR), funded from an Environment Agency grant which totalled £175,000. That work has now taken place and a project appraisal report (PAR) finalised for the Fairhaven to Church Scar Coast protection Scheme (the Scheme) which cover headlands 2 and 3. The Scheme protects a total of 2,425 properties from flooding and erosion.
5. The Scheme as defined by the PAR is a concrete stepped revetment for Fairhaven and a sloping concrete revetment for Church Scar and has an overall estimated value of £19.83m (including risk contingencies).
6. The PAR was approved by the Environment Agency on the 26th August 2016; in essence the approval of the Scheme's business case for central government funding. The enabling studies (including required licenses and

consents for the works) were notified as complete to the Environment Agency on the 19th May 2017. These approvals and submissions have now enabled Fylde Council to access the capital grant from the Environment Agency for the project. A sum of £400,000 has been previously agreed by members for inclusion in the approved Capital Programme as a contribution towards the overall cost of the project, funded from the Capital Investment Reserve.

PROJECT GOVERNANCE

7. The project to date has been run in the PRINCE2 environment (**PR**ojects **IN** **C**ontrolled **E**nvironments). PRINCE2 has an established project governance structure/specific project roles and responsibilities. The proposed staffing of the PRINCE2 governance structure for the delivery of the Scheme is contained on Page 3 of the 'FCS Project Governance' document attached as appendix 1 to this report.

PROCUREMENT AND VALUE FOR MONEY

8. Following the authority received at the Operational Management Committee meeting of 24th November 2015 to use Lot 4 of the Water and Environment Management Framework for the procurement of the Scheme; a procurement exercise has been undertaken for the detailed design and construction of the Scheme.
9. The 'Fairhaven to Church scar Coast Protection Scheme Tender Report', attached as appendix 2 to this report, provides the details of the tendering process, and the process that has identified the Preferred Bidder. The Preferred Bidder is VBA Joint Venture Ltd. Authority is sought to contract with VBA Joint Venture Ltd upon the successful final negotiations of the contract.
10. With reference to Paragraph 2 and Paragraph 6; the PAR was scrutinised by the Environment Agency to ensure that the proposed Scheme constitutes value for money.

COST OF SCHEME AND METHOD OF FINANCING

11. The cost of the Scheme in the PAR is estimated at £19.83m (including risk contingencies) and is to be funded by a combination of capital grant from the Environment Agency of £19.43m and a Fylde Council capital programme contribution of £0.4m, with the Fylde Council (non-deductible) contribution being funded from the capital investment reserve.
12. The current forecast spend profile is as follows:
 - 2017/18 - £2.5m
 - 2018/19 - £12m
 - 2019/20 - £5.33m
13. As noted in the minutes of the Operational Management Committee meeting of 14th March 2017, neither the public realm enhancements to the core sea defence Scheme, nor any coast protection works at Granny's Bay are able to be funded from the grant received from the Environment Agency. The core sea defence Scheme being new seawalls, re-surfaced promenades, and like-for-like street furniture at Fairhaven and Church Scar.
14. The public realm enhancements may not be funded from the Fairhaven and Church Scar coast protection grant due to the express terms of the Environment Agency grant prohibiting such. The coast protection works at Granny's Bay, whilst by their nature being core sea defence works and able to be funded by the Environment Agency, are not part of the current approved scheme as they do not meet the Environment Agency affordability criteria.
15. Is therefore recommended that a contract is entered into with the Preferred Bidder for the core sea defence Scheme at Fairhaven and Church Scar in the first instance which is set to be around £17m (subject to final negotiations). With Fylde Council retaining £500k for its fees/staff costs to manage the Scheme over 2 years; and also retaining 10% of the contract price as a sum for Fylde Council's contract risks (circa £1.7m).
16. Around half way through delivery of the Scheme the majority of Fylde Council's key risk events will have passed. Therefore it is recommended that remaining risk monies are reviewed when these risk events have

passed with a view to re-investing any such coast protection monies into coast protection works at Granny's Bay, subject to the agreement of the Environment Agency.

FUTURE REVENUE BUDGET IMPACT

17. Once completed the coastal defences maintenance will be undertaken by the Preferred Bidder for the first year. After that there ought to be nominal maintenance required for the foreseeable several years (such as for instance, annual inspections). Certainly less than Fylde Council's current maintenance liability of over £500k over the last 12 years in emergency repairs to the time expired defences.

RISK ASSESSMENT

18. Corporate direction has been received that the Scheme is to be a low risk project. To this end the form of contract proposed is a lump sum design and build contract. With reference to appendix 3 of this report (Project Board Procurement Meeting Report, August 2017) it is proposed that Fylde Council initially retain 10% of the contract price for Fylde Council's contract risks (circa £1.7m).

VIABLE ALTERNATIVES

19. The Environment Agency's PAR process demands that a thorough and transparent optioneering process is undertaken to ensure that all the viable options for the Scheme are assessed. The PAR process then determines and documents the preferred option on cost and sustainability factors. The whole optioneering process and resulting preferred option being scrutinised by the Environment Agency before it approved the PAR.

OBJECTIVES, OUTPUTS AND OUTCOMES

20. The objectives, outputs and outcomes of the project are to provide urgent coast protection to over 2,400 properties for the next 100years.

DRAWINGS AND PLANS

21. With reference to Paragraph 15, the core sea defence Scheme at Fairhaven and Church Scar is illustrated in appendix 3 of this report (Project Board Procurement Meeting Report, August 2017).

CONCLUSION

22. The Committee is requested to authorise that a contract to be entered into with the Preferred Bidder for the detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme and to approve expenditure in the sum of £19.83m in respect of the scheme, which is included within the approved Capital Programme in the total sum of £19.83m.

| IMPLICATIONS | |
|---|---|
| Finance | The scheme is included within the approved Capital Programme in the sum of £19.83m, being funded by a Council contribution of £0.4m from the Capital Investment Reserve, and a grant from the Environment Agency of £19.43m. |
| Legal | The report requests authority to enter into contract with VBA Joint Venture Ltd. |
| Community Safety | The Scheme will be designed and constructed in line with all applicable safety standards. |
| Human Rights and Equalities | The design of the Scheme's promenade will be accessible and conform to national standards. |
| Sustainability and Environmental Impact | The Scheme has been developed to date embracing the principles of sustainability. The Scheme will be designed to withstand the storm that has the probability of occurring once every 200 years. The Scheme will have a lifespan of 100 years with built-in adaptability for sea level rises. |
| Health & Safety and Risk Management | The Contractor will have full responsibility for ensuring health and safety both in the detailed design of the Scheme and its construction. Commercial risk management will be overseen by the Project Board and Project Assurance. |

| LEAD AUTHOR | CONTACT DETAILS | DATE |
|--------------|--|----------------|
| Mike Pomfret | mike.pomfret@fylde.gov.uk 01253 658464 | 30 August 2017 |

| BACKGROUND PAPERS | | |
|--|---------------|---|
| Name of document | Date | Where available for inspection |
| Memorandum relating to capital grants for local authorities and internal drainage boards in England (2016) | April 2016 | https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/516680/LIT_10458.pdf |
| Water and Environment Management Framework User Guide | 19 June 2013 | http://fylde.cmis.uk.com/fylde/MeetingsCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/96/Committee/16/Default.aspx |
| Planning Consent | 21 April 2017 | http://www3.fylde.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=FYLDE_DCAPR_47511 |

Attached documents

1. FCS Project Governance
2. Fairhaven to Church Scar Coast Protection Scheme Tender Evaluation Report
3. Project Board Procurement Meeting Report, August 2017

Fairhaven to Church Scar Coast Protection Scheme Stage 2 Governance & Resource



Fairhaven Promenade looking West from Car Park



Church Scar Promenade looking West from promenade

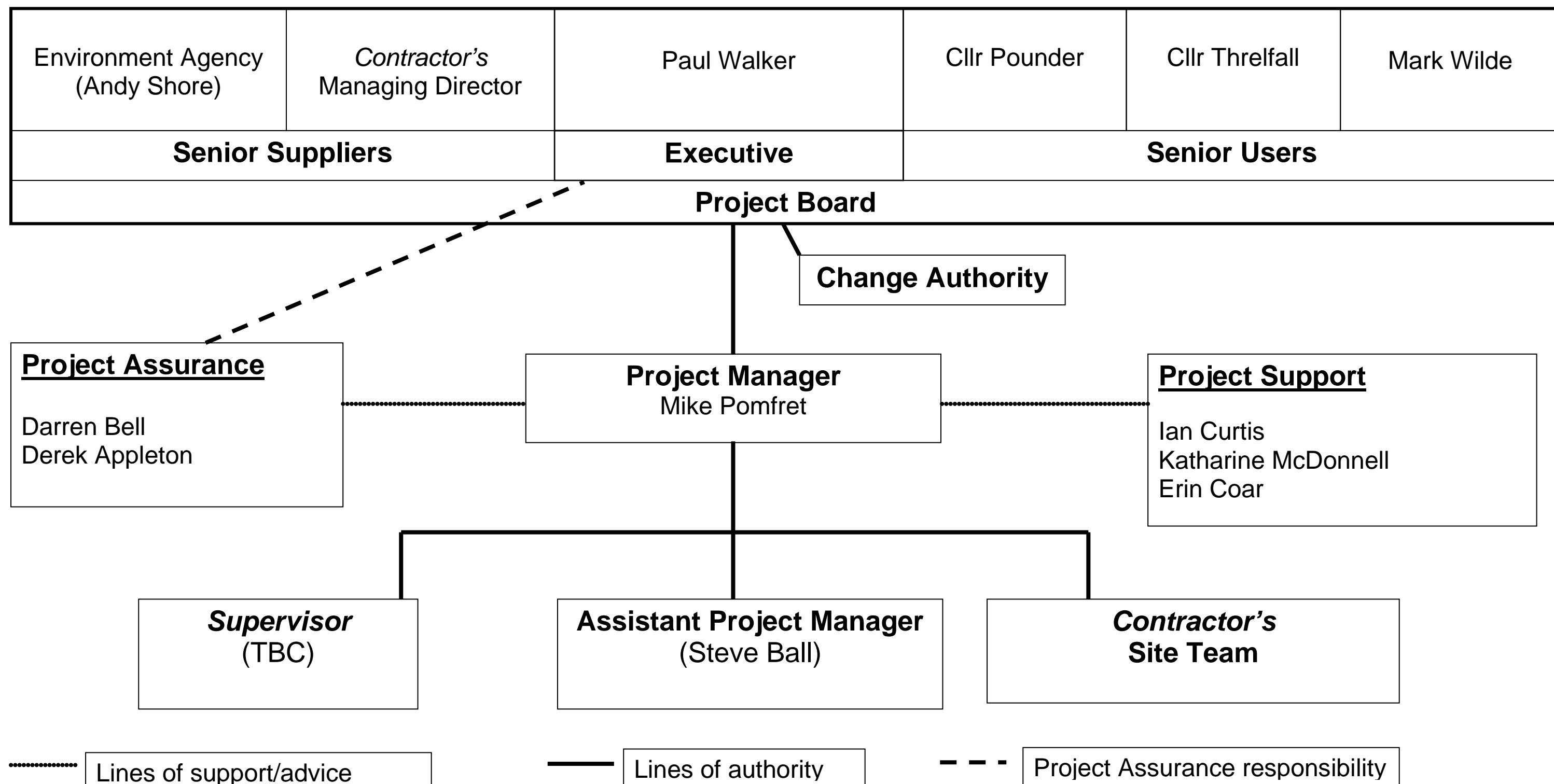


Church Scar Promenade looking along promenade

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The purpose of this document is to establish the project governance for Stage 2 of the Fairhaven to Church Scar Coast Protection Scheme. This includes the roles and responsibilities of the project board members. The document also sets out proposed change control procedures and financial assurance procedures.

1 FCS Stage 2 Governance Structure



2 Core Roles

Project Executive (ultimately decision maker & ultimately responsible for the project)

- Appoint and dismiss/change the Project Manager
- Appoint people to the Senior User and Senior Supplier roles
- Ensure that a tolerance is set for the project by corporate/programme management
- Authorise customer expenditure and set stage tolerances
- Approve the End Project Report and Lessons Report
- Brief corporate/programme managements about the project progress
- Organise and chair the Project Board meetings
- Recommend future action on the project to corporate /programme management if the project tolerance is exceeded
- Approve the sending of the notification of project closure to corporate/.programme management.

Senior User (responsible for the specification of the needs of all those who will use the final products)

- Ensure the desired outcome of the project is specified
- Make sure that progress toward the outcome required by the users remains consistent from the user perspective
- Promote and maintain focus on the desired project outcome
- Ensure that any user resources required for the project are made available
- Approve Product Descriptions for those products which act as inputs or outputs from the supplier function, or will affect them directly and that the products are signed off once completed
- Prioritise and contribute user opinions on Project Board decisions on whether to implement recommendations on proposed changes
- Resolve user requirements and priority conflicts
- Brief and advise user management on all matters concerning the project

Senior Supplier (represents the interests of those designing/developing project products)

- Agree objectives for specified activities
- Make sure progress toward the outcome remains consistent from the supplier perspective
- Promote and maintain focus on the desired product outcome from the point of view of supplier management
- Ensure that the supplier resources required for the project are made available
- Approve Product Descriptions for specialist products
- Contribute supplier opinions on the Project Board decisions on whether to implement recommendations on proposed changes
- Resolve supplier requirements and priority conflicts
- Arbitrate on, and ensure resolution of any specialist priority or resource conflicts
- Brief nontechnical management on specialist aspects of the project

Project Manager (authority to run project on day-to-day basis; prime responsibility is to ensure that the project produces required products to required quality within set tolerances)

- Manage the production of the required products
- Direct and motivate the project team
- Plan and monitor the project
- Produce the project contract (PID)
- Prepare Project, Stage and, if necessary, Exception Plans in conjunction with Team Managers, and appointed Project Assurance roles, and agree them with the Project Board
- Manage business and project risks, including the development of contingency plans
- Take responsibility for overall progress and use of resources, and initiate corrective action where necessary
- Be responsible for change control and any required configuration management
- Report to the Project Board through Highlight Reports and end stage assessments

- Liaise with the Project Board or its appointed Project Assurance roles to assure the overall direction and assurance of the project
- Agree technical and quality strategy with appropriate members of the Project Board
- Prepare the Lessons Report
- Prepare any follow-on action recommendations required
- Prepare the End Project Report
- Identify and obtain any support and advice required for the management, planning and control of the project
- Be responsible for project administration
- Liaise with any suppliers or account managers

Project Assurance (Business Assurance: has to be independent of the Project Manager; therefore the Project Board cannot delegate any of its assurance responsibilities to the Project Manager)

- Maintenance of thorough liaison throughout the project between the supplier and the customer
- Customer needs and expectations are being met or managed
- Risks are being controlled
- Adherence to the Business case
- Constant reassessment of the value-for-money solution
- Fit with the overall programme or company strategy
- The right people are involved
- An acceptable solution is being developed
- Project remains viable
- The scope of the project is not 'creeping up' unnoticed
- Focus on the business need is maintained
- Internal and external communications are working
- Applicable standards are being used
- Any legislative constraints are being observed
- The needs of specialist interests, e.g. security, are being observed
- Adherence to quality assurance standards

3 Specific Requisites for Delivery Team

3.1 Project Manager

As well as the PRINCE2 Project Manager role above the further requisite/duties here is to be the NEC3 ECC *Project Manager*.

Express duties of the *Project Manager*

Core Clauses

10.1 – to act as stated in the contract and in a spirit of mutual trust and cooperation

13.1 – to communicate in a form which can be read, copied and recorded

13.3 – to reply to a communication within the period for replay

13.4 – to reply to a communication submitted or re-submitted for acceptance and to state reasons for non-acceptance

13.5 – to notify any agreed extension to the period for reply

13.6 – to issue certificates to the employer and contractor

13.7 – to communicate notifications separately from other communications

14.2 – to notify the contractor of delegation of any actions

16.1 – to give early warning of matters with delay, cost of performance implications

16.3 – to co-operate at risk reduction meetings

16.4 – to record decisions taken at risk reduction meeting, to revise the risk register and to give instructions changing the works information if necessary

17.1 – to give notice of ambiguities or inconsistencies in the documents and to give instructions resolving ambiguities or inconsistencies

18.1 – to give instructions changing the works information in the event of illegality or impossibility in the works information

19.1 – to give instructions stating how the contractor is to deal with prevention events

21.2 – to accept particulars of the contractor’s design or to give reasons for non-acceptance

23.1 – to accept particulars of the design of equipment or to give reasons for non-acceptance

24.1 – to accept replacement persons proposed by the contractor or to give reasons for non-acceptance

25.2 – to assess the cost incurred by the employer if the contractor fails to provide services and other things

26.2 – to accept proposed subcontractors or to give reasons for non-acceptance

26.3 – to accept proposed subcontract conditions or to give reasons for non-acceptance

30.2 – to decide the date of completion and to certify completion within one week of completion

31.3 – to accept the contractor’s programme within two weeks of submission or to give reasons for non-acceptance

32.2 – to accept a revised programme or to give reasons for non-acceptance

35.3 – to certify within one week the date when the employer takes over any part of the works

36.1 – to state changes to any key dates to be included in any quotation for acceleration

36.3 – to change the completion date, key dates and prices when a quotation for acceleration is accepted and to accept the revised programme

40.6 – to assess the cost incurred by the employer in repeating a test or inspection after a defect is found

43.4 – to arrange for the employer to give access and use to the contractor of any part of the works needed for the correction of defects after taking-over and to extend the period for correcting defects if suitable access and use is not arranged within the defect correction period

44.2 –to change the works information, the prices and completion date if a quotation for not accepting defects is accepted.

45.1 – to assess the cost of having defects corrected by others if the contractor fails to correct notified defects within the defects correction period

45.2 – to assess the costs the contractor would have incurred to correct defects for which he is not given access

50.1 – to assess the amount due for payment at each assessment date

50.4 – to consider any application from the contractor when assessing amounts due for payment and to give the contractor details of how amounts due have been assessed

50.5 – to correct any wrongly assessed amounts due in later payment certificates

54.2 – to accept a revision to the activity schedule or to give reasons for non-acceptance

51.1 – to certify payment within one week of each assessment date

61.1 – to notify the contractor of compensation events which arise from the giving of instructions or changing of earlier decisions and to instruct the contractor to submit quotations

61.4 – to decide within one week of notification (or such longer period as the contractor agrees) whether the prices, the completion date and key dates should be changed when the contractor notifies a compensation event and to instruct the contractor to submit quotations

61.5 – to decide whether the contractor did not give any early warning of a compensation event which should have been given and to notify the contractor of his decision

61.6 – to state assumptions for the assessment of compensation events in the event that the effects are too uncertain to be forecast reasonably and to correct any assumptions later found to have been wrong

62.1 – to discuss with the contractor different ways of dealing with compensation events

62.3 – to reply within two weeks to quotations for compensation events submitted by the contractor

62.4 – to give reasons to the contractor when instructing the submission of a revised quotation

62.5 – to extend the time allowed for the submission of quotations and replies if the contractor agrees and to notify the contractor of any agreed extensions for the submission of quotations and replies

64.1 – to assess a compensation event:

- if the contractor has not submitted a quotation within the time allowed
- if the project manager decides the contractor has not assessed the compensation event correctly
- if the contractor has not submitted a required programme
- if the project manager has not accepted the contractor's latest programme

64.2 – to assess a compensation event using his own assessment of the programme:

- if there is no accepted programme
- if the contractor has not submitted a revised programme for acceptance as required

64.3 – to notify the contractor of any assessments made of a compensation event within the period allowed to the contractor for his quotation

65.1 – to implement compensation events by notifying the contractor of accepted quotations or his own assessments

65.4 – to include changes to the prices, key dates and to the completion date when notifying implementation of a compensation event

73.1 – to instruct the contractor how to deal with objects of value, historical or other interest

85.1 – to accept policies and certificates for insurances to be provided to the employer

90.1 – to issue a termination certificate when either party gives notice of termination for reasons complying with the contract

90.4 – to certify final payments within thirteen weeks of termination

Skills, Knowledge and Experience

The PRINCE2 Project Manager (and ECC *Project Manager*) should ideally be a chartered civil engineer for the civil engineering scheme. The Project Manager should essentially be a qualified/experienced PRINCE2 Practitioner. The Project Manager should essentially be qualified and experienced in the administration of complex multi-million pound ECC contracts.

3.2 Supervisor

Express duties of the *Supervisor*

Core Clauses

10.1 – to act as stated in the contract and in a spirit of mutual trust and cooperation

13.1 – to communicate in a form which can be read, copied and recorded

13.3 – to reply to a communication within the period for reply

13.6 – to issue certificates to the project manager and the contractor

40.3 – to notify the contractor of his tests and inspections before they start and afterwards of the results

40.5 – to do tests and inspections without causing unnecessary delay

41.1 – to notify the contractor when plant and materials have passed pre-delivery tests and inspections

42.1 – to give reasons for searches which are instructed

42.2 – to notify the contractor of defects found

43.3 – to issue defects certificates

71.1 – to mark equipment, plant and materials outside the working areas for payment purposes

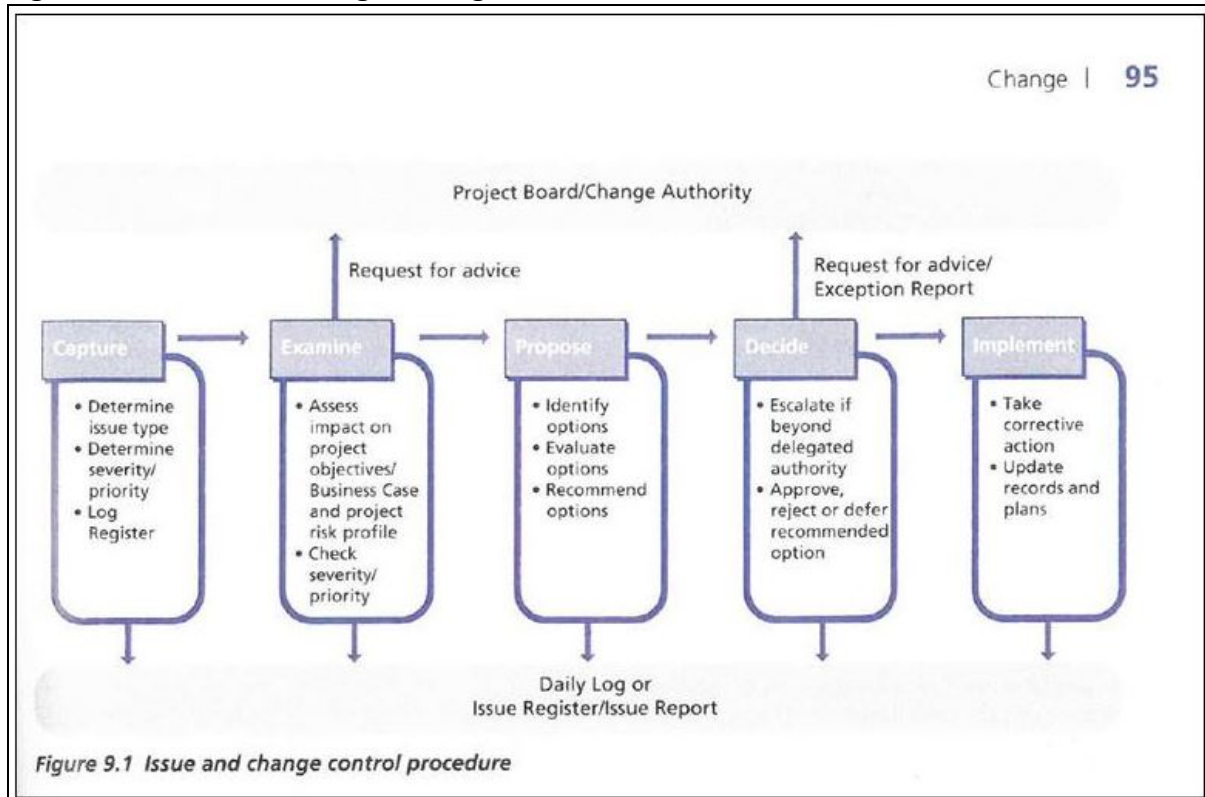
Skills, Knowledge and Experience

The *Supervisor* should ideally be a chartered civil engineer. The *Supervisor* should essentially have significant experience in supervising coastal construction schemes.

4 Change Control

The PRINCE2 process for Change Management is contained in Figure 4.1 below.

Figure 4.1 – PRINCE2 Change Management Procedure



For FCS Changes fall into one of two brackets, proactive change and reactive change.

1. Proactive change is a positive change driven by requests.
2. Reactive change is change incurred through the administration of the contract and the contract's reaction to rights and obligations.

With reference to the Governance Structure in Section 1 above, in particular 'Change Authority'. Change Authority is the authority for pro-active change. It is recommended that the Project Board retain full Change Authority. Thus any proactive Changes will be managed through the above process and Issue Reports to the Board to obtain the authority to make any proactive changes.

Reactive change is determined by the law of contract. Ideally this happens at the right time, however if a due contract change does not happen at the right time it may well happen several months later along with significant legal costs.

The WEM form of contract NEC3 ECC has a very prescriptive process to manage change control under the contract. There are several key steps, all with tight time lines. Whilst the NEC3 ECC is a modern and successful project management based contract, if the NEC3 ECC is not followed properly/to the time scales then it quickly becomes very punishing and unforgiving for the party in default. It is for this reason why it is essential to have a competent, qualified and experienced NEC3 ECC *Project Manager* to avoid such risks.

Proactive change is recorded in the Change Log.

Reactive change is contained in the ECC Compensation Event register for the project.

Note that if pro-active change is administered through the contract then this would also show up on the respective Compensation Event register.

5 Financial Assurance

There is often a misnomer from lay people that in construction a quantity surveyor is always needed to assess costs. Within the field of civil engineering, quantity surveying is a branch of civil engineering (it is a taught module in a civil engineering degree for instance, alongside management, contract law, etc.) with its own method of measurement 'Civil Engineering Standard Method of Measurement' (CESMM). Besides this any chartered professional ought to in reality be competent to assess costs (a mechanical engineer, or an IT specialist, does not have a quantity surveyor to assess costs for instance).

Given that the express duties of the *Project Manager* are intertwined with each other also; it is recommended that the *Project Manager* retains all its express duties under the contract with regards to assessments.

A review of Fylde Council's Financial Regulations was undertaken, along with the proposed monthly financial assurance (Ref Governance Structure in Section 1). This proposal highlighted monthly meetings between the respective capital accountants and the Project Manager. Ahead of such meetings the Project Manager populating graphs like the below examples. After the content of the graphs being discussed with the capital accountant the Project Manager then publishing the graphs in the respective Highlight Report (Board Report).

Figure 5.1 – Monthly Financial Overview Example

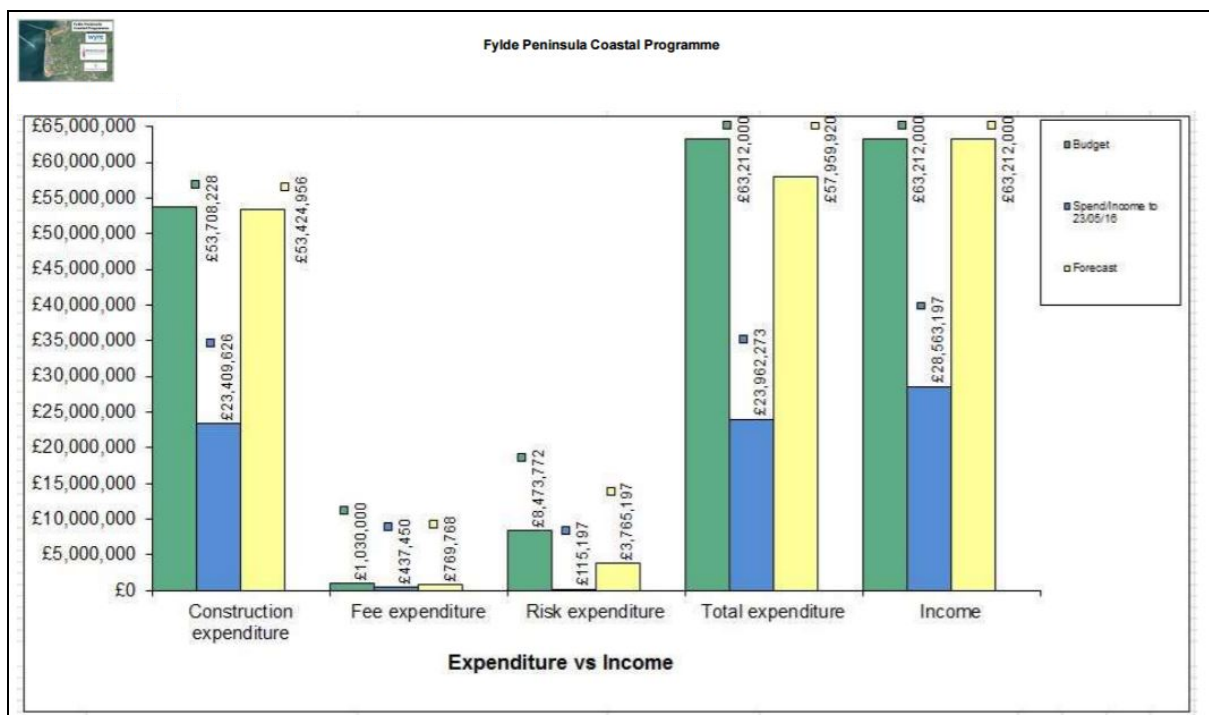
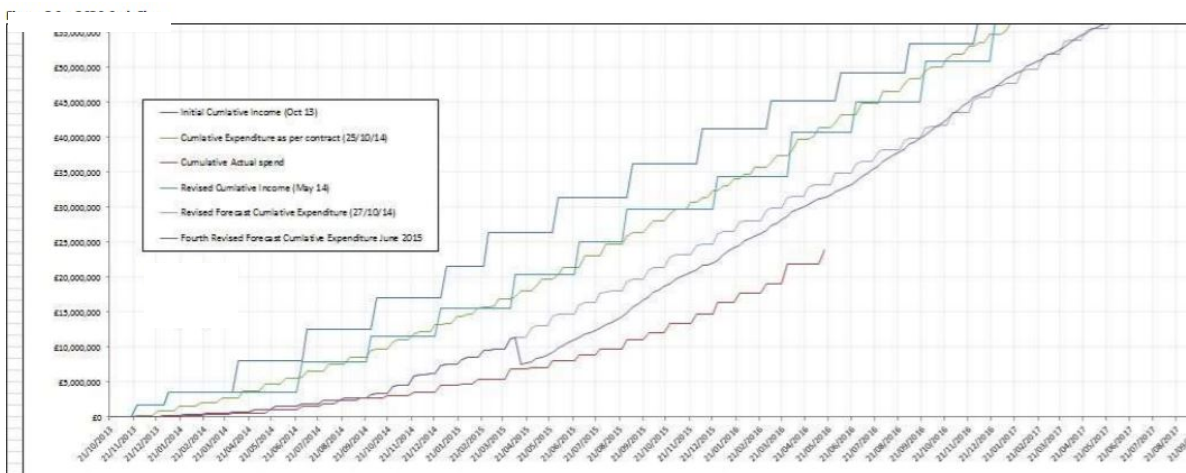


Figure 5.2 – Monthly Cash Flow Forecast Example



The above measures, and all other interfaces between Fylde Council's financial regulations and the ECC contract with regards to finance/payment were documented and reviewed. Minor comments were received back. The commented document is attached in conjunction with this document ('Financial Regs Review.pdf').



TENDER EVALUATION REPORT

CONTRACT: FAIRHAVEN TO CHURCH SCAR COAST PROTECTION SCHEME

Signed.....  30/08/17

Mike Pomfret C.Mgr, C.Eng, C.Env, FICE, FCI Arb, FAPM, FCMI

Strategic Development Consultant

TENDER EVALUATION REPORT

CONTRACT: FAIRHAVEN TO CHURCH SCAR COAST PROTECTION SCHEME

Author: Mike Pomfret

Date: 25th August 2017

1 Contract Details

This contract will be placed using the WEM (LOT 4) Framework Agreement. In particular the NEC3 ECC Option A call-off form of contract within the WEM Framework Agreement.

2 Background

The WEM Lot 4 Suppliers that operate in the North West of England are:

- BMM Joint Venture (BAM Nuttall, Mott MacDonald)
- GBV Joint Venture (Galliford Try, Black & Veatch)
- JN Bentley Ltd, Jeremy Benn Associates.
- Team Van Oord Ltd (Van Oord, JT Mackley, May Gurney, Royal Haskoning DHV)
- VBA Consortium (VolkerStevin Ltd, Boskalis Westminster Ltd, Atkins Ltd)

The WEM Framework Agreement contains a fixed Parent Company Guarantee that the above *Suppliers* have agreed to provide in any commission under WEM. The Parent Company Guarantee providing the security for the joint venture *Suppliers*. The operative part of the Parent Company Guarantee is provided by Clause 2.2:

"If the Supplier fails to observe or perform any of its duties or obligations to the Employer....or if the Supplier fails to pay any sum, loss, debt, damage, interest, cost or expense due from the Supplier to the Employer....the Guarantor....shall indemnify the Employer against all loss, debt, damage, interest, cost and expense incurred by the Employer.....and shall, on first written demand, pay to the Employer, without any deduction or set-off, the amount of that loss, debt, damage, interest, cost and expense."

The Environment Agency provided Fylde Council the parent companies that the WEM Lot 4 *Suppliers* are bound to provide the guarantees from. Fylde Council undertook an analysis on the parent companies provided. The results of the analysis returning 'Minimum Risk'.

3 Organisations invited to tender

All 5 no Lot 4 *Suppliers* were issued an Expression of Interest and all 5 no *Suppliers* submitted positive returns between the 02nd and 03rd of February 2017.

4 Tendering Organisations

All 5no *Suppliers* were invited to a Pre-Tender Presentation which was delivered on the 05th May 2017. Four of the five *Suppliers* attended.

The *Supplier* that did not attend the Pre-Tender Presentation was Team Van Oord who then confirmed on the 23rd May 2017:

As it stands, we won't be tendering I'm afraid.

The Tender Documents were then issued on 26th May 2017 via 'The Chest' to the remaining 4no *Suppliers*.

However, on the 21st June 2017 BMM Joint Venture withdrew from the competition on the basis that 'Option X15' was not being included in the contract. Option X15 being that to limit a *Supplier's* liability for his design that of a consultant's (reasonable care and skill). The *Supplier* in question stating:

After much consideration the JV have decided that without in inclusion of clause X15 we cannot submit a tender for this contract. We are all disappointed at this decision which was not taken easily.

At this time no other *Supplier* had raised issue with the inclusion of Option X15. The WEM User Guide (Page 7) indeed states:

The fitness for purpose obligation in relation to designs can be excluded by selecting Option X15, which imposes a reasonable skill and care obligation.

All suppliers accept the principle of Fitness for Purpose provided it is used appropriately and with consideration.

Tender Clarification Meetings were then held on the 26th and 27th June 2017 on a one to one basis with each of the 3no *Suppliers* remaining in the competition. Each *Supplier* at their own meetings raised issue with the exclusion of Option X15.

After all 4no *Suppliers* unilaterally/independently raising issue with the exclusion of Option X15 (and the same being commonly included in the industry) Option X15 was introduced into the Tender Documents.

BMM Joint Venture that had withdrawn due to Option X15's initial exclusion was informed on the 27th June after the last Tender Clarification Meeting.

BMM Joint Venture responded on the 27th June 2017:

We would very much like to re-join the competition and we are looking to reform the design and estimating team.

Could we ask if you would consider an extension of time to help us make up the ground we have lost?

BMM Joint Ventrue had lost 4no working days (out of a 12week tender return period) through its own choice to withdraw.

Before any response to BMM Joint Venture's request above BMM Joint Venture then stated on the 08th July 2017:

It is with great regret that we once again have to withdraw from the above tender competition. Without the requested extension of time and with the growing demands brought about by staff holidays and the development of the EA PDU system we are simply unable to meet the programme for the production of a good bid.

My apologies for this second reversal but next time we will ask about the inclusion of X15 when responding to the expression of interest.

This leaving 3no Suppliers in the competition.

Then on the 12th July GBV Joint Venture confirmed:

Unfortunately we will not be submitting a tender for the Fairhaven to Church Scar CPS. We understand the position of Fylde Council with a fixed budget and risk averse approach but on this occasion we are unable to competitively price and carry such risks.

Following much internal review and discussion we have concluded that the risk profile does not fit with our current governance requirements so we are unable to submit a competitive and compliant bid.

We thank you for the opportunity to tender and wish you every success with the successful tenderer.

The procurement procedure continued with the remaining 2no Suppliers submitting tenders. These two Suppliers being JN Bentley Ltd, Jeremy Benn Associates and VBA Consortium.

5 Tender Evaluation Panel

The tender evaluation panel consisted of:

Technical

Andy Shore – Coastal Engineer (North West), Environment Agency

Steve Ball – Assistant Project Manager, Fylde Council

Mike Pomfret – Strategic Development Consultant, Fylde Council

Financial

Derek Appleton – Principal Accountant, Fylde Council

Mike Pomfret – Strategic Development Consultant, Fylde Council

The tender evaluation panel had the necessary experience to assess the technical, operational, financial and commercial aspects of the tenders.

6 Tender Evaluation Criteria and Criteria Weighting

Overall, the evaluation criteria were Quality 60% and Price 40%. This was further broken down as follows:

| Evaluation criteria | Criteria weighting | | |
|---------------------|--------------------|---|---|
| Quality | 60% | Quality Evaluation | Sub-criteria Weighting Range % |
| | | Sub-Criteria | |
| | | Methodology (inc. programme and risk) | 22% |
| | | Aesthetic and functional characteristics | 5% |
| | | Environmental characteristics | 2% |
| | | Delivery lead-time | 7% |
| | | Technical assistance | 2% |
| | | After sales service | 12% |
| | | Sustainability aspects | 7% |
| | | Employer or Others Lot Specific Requirements | 0% |
| | | Technical Merit | 12% |
| | | Staff (inc. experience) | 12% |
| | | Health and Safety | 3% |
| | | Innovation | 16% |
| Price | 40% | Price Evaluation | Lowest price = 100%; Within 1% of lowest price = 99% Within 2% of lowest price = 98% Within 3% of lowest price = 97% Within 4% of lowest price = 96% Within 5% of lowest price = 95%; Within 10% of lowest price = 90%; Within 15% of lowest price = 85%; Greater than 15% of lowest price = 80%. |

7 Tender Evaluation

The members of the tender evaluation panel independently pre-scored the tenders prior to the evaluation panel meeting held on Friday 25th august 2017. They used the evaluation model shown at 6 above.

The members of the tender evaluation panel were unanimous in their positioning of the tenders after the panel discussion. The summary of their findings is shown in Appendix 1.

8 Conclusion

The tender evaluation panel concluded that the most economically advantageous tender representing best value for money for Fylde Council was VBA Joint Venture Ltd.

9 Award Recommendation

It is recommended that VBA Joint Venture Ltd should be awarded the contract for the detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme: subject to all tenderers being advised of the outcome and the application of the 10 day Standstill Period.

APPENDIX 1SUMMARY OF TOTAL AVERAGE SCORES ACHIEVED BY EACH TENDERER

| Name of Tenderer | Average Score Achieved | Position in Competition |
|---|------------------------|-------------------------|
| VBA Consortium (VolkerStevin Ltd, Boskalis Westminster Ltd, Atkins Ltd) | 92.14% | 1 st |
| JN Bentley Ltd, Jeremy Benn Associates. | 82.62% | 2 nd |

Fairhaven to Church Scar Coast Protection Scheme August (Procurement Meeting) 2017

Progress – Stage 1 Remaining Outputs

Output 2 – Selected Design & Construct *Supplier*.

- Tenders Returned on 18th August 2017
- Panel shortlisted a *Supplier* on 25th August 2017
- The shortlisted *Supplier* is VBA Joint Venture Ltd
- Output 2 is now complete.

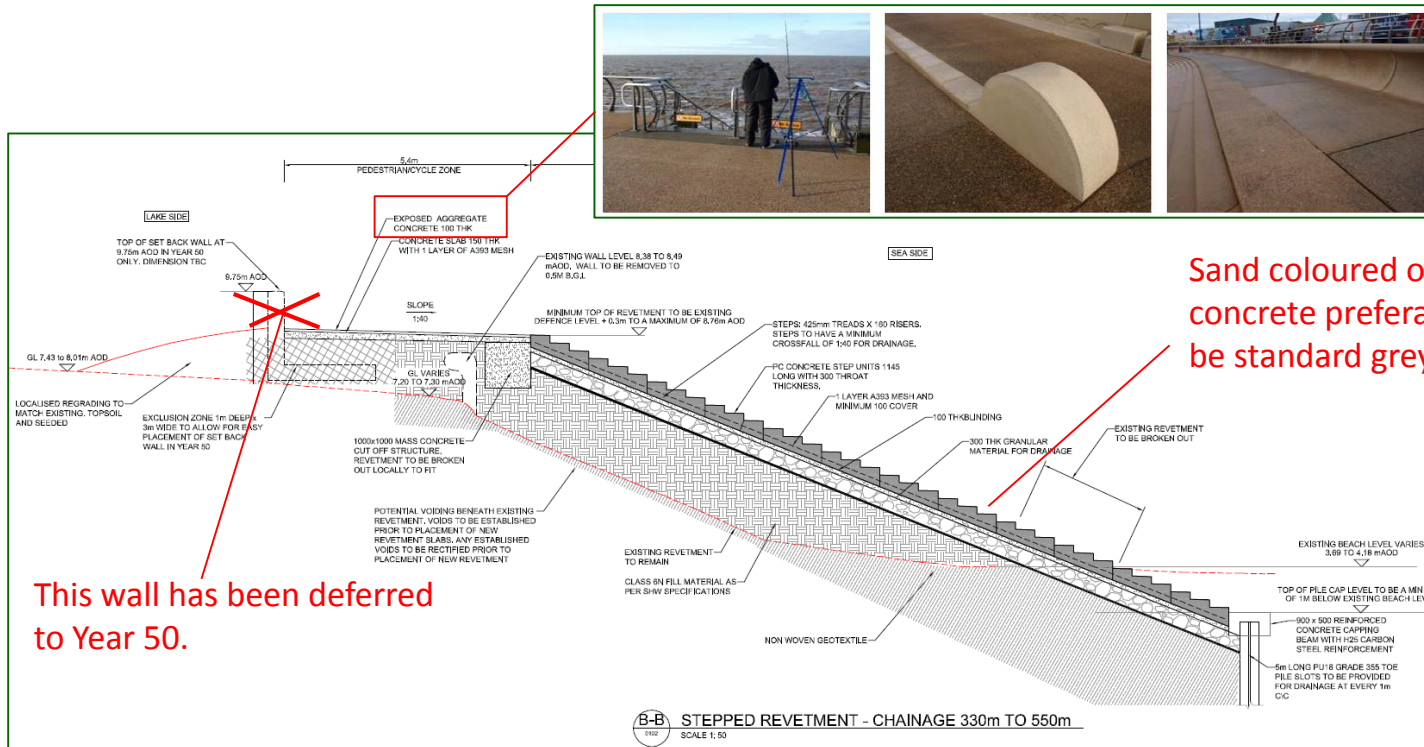
Output 3 – Design & Construct Contract

- Tender docs to be edited into contract docs after selection of fixed price items by the Board in respect of affordability
- Target Contract Date first week of September 2017

General Cross Section at Fairhaven

Item 4 - Appendix 3

Like for like street furniture replacement (incl. memorial benches).



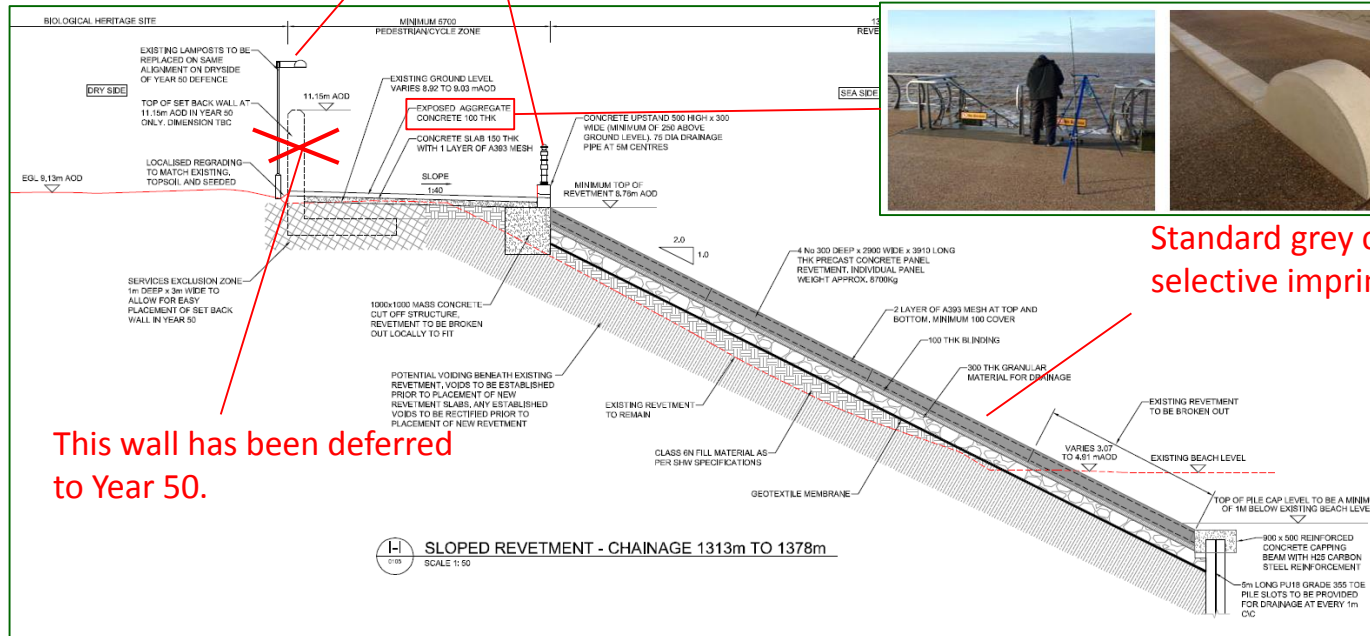
Sand coloured or white coloured concrete preferably. May have to be standard grey concrete.

This wall has been deferred to Year 50.

General Cross Section at Church Scar

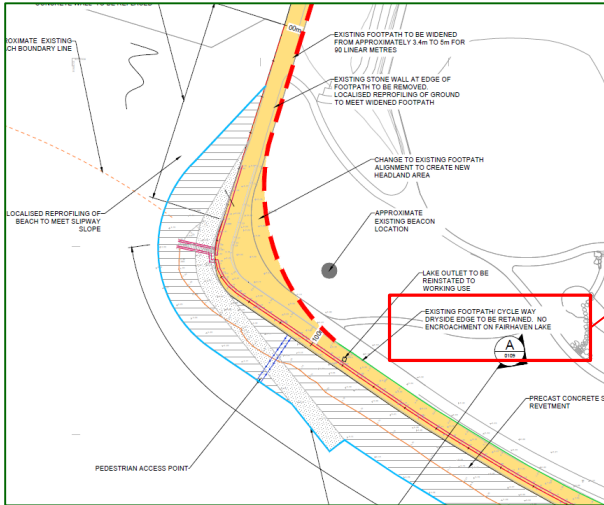
Item 4 - Appendix 3

Like for like street furniture replacement (incl. memorial benches).

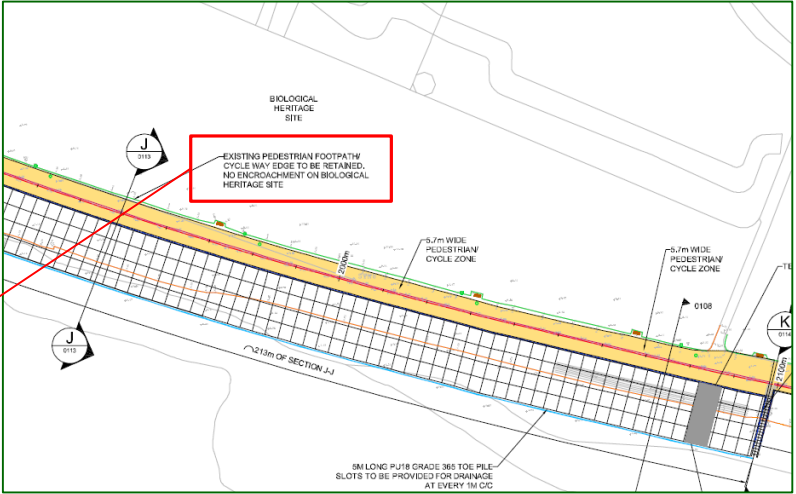


This wall has been deferred to Year 50.

Standard grey concrete. Including selective imprinting preferably.



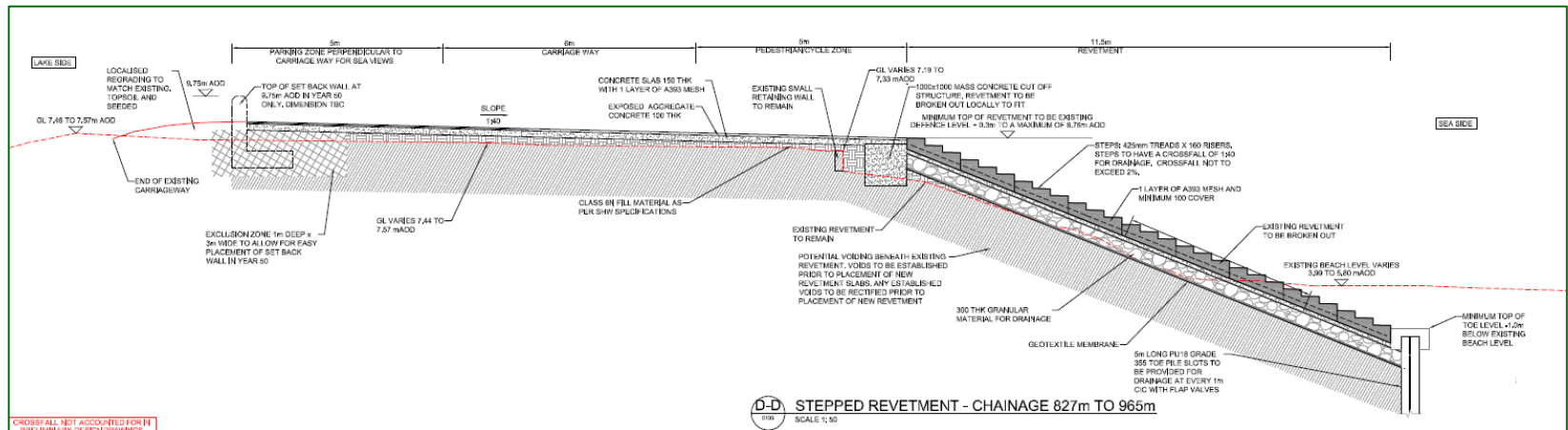
Key Principle:
“EXISTING FOOTPATH/CYCLEWAY DRYSIDE EDGE TO BE RETAINED. NO ENCROACHMENT ON FAIRHAVEN LAKE.”



Key Principle:
“EXISTING FOOTPATH/CYCLEWAY DRYSIDE EDGE TO BE RETAINED. NO ENCROACHMENT ON BIOLOGICAL HERITAGE SITE.”

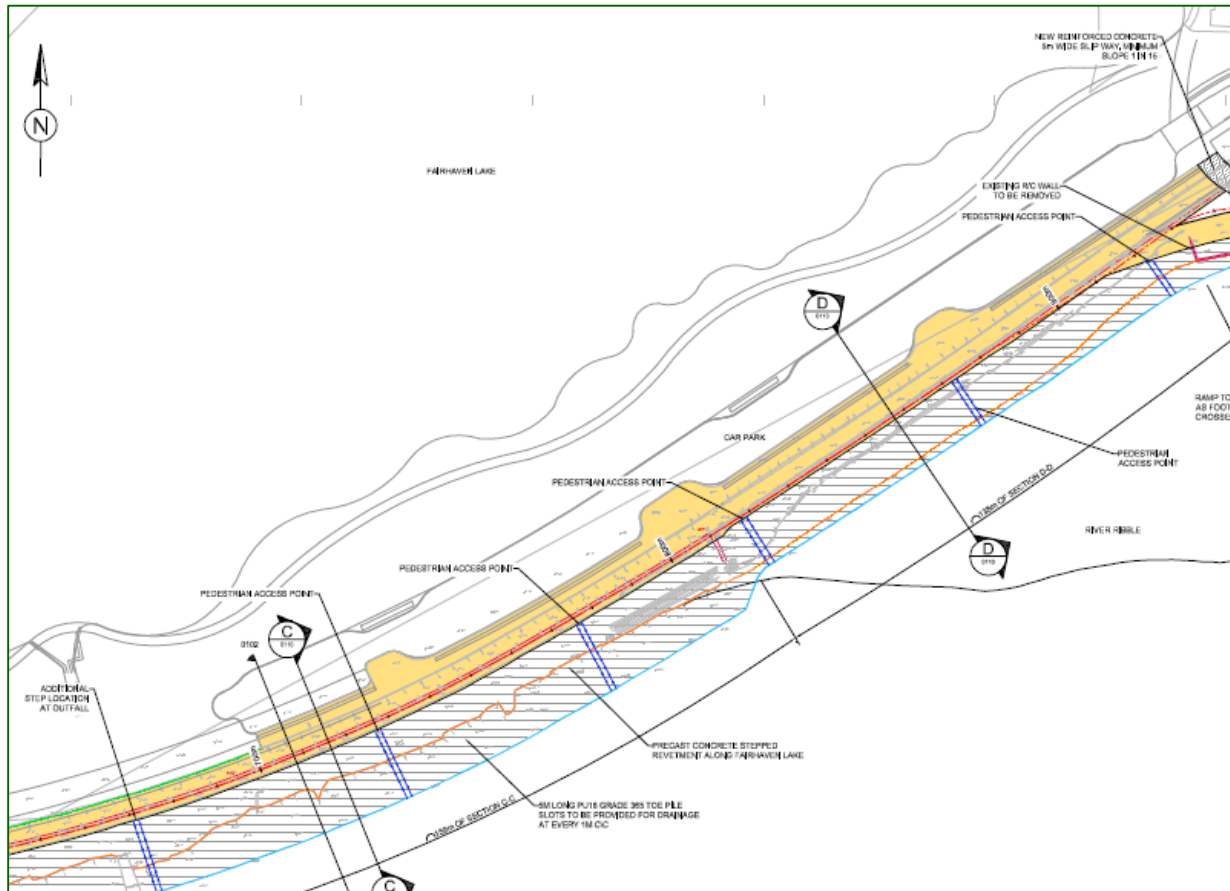
Stanner Bank Car Park Cross Section

Item 4 - Appendix 3



Stanner Bank Car Park Plan

Item 4 - Appendix 3



Project Manager's Recommendation

- Based on the express FDGiA funding terms it is recommended that the approved FDGiA business case for Fairhaven and Church Scar are progressed with (Preferred *Supplier's* offer of £16,741,536, say £16,750,000).
- Retaining a Fee Pot of £500,000, and a 10% Risk Pot of say £1,675,000, bringing the value of initial works to circa £19,000,000.
- The *Employer's* main risks are:
 1. Potential conflict in interpretation of contract documents during design,
 2. Unforeseen ground conditions,
 3. Extreme weather events.
- The exposure to Risks 1 and 2 ends following the events of completing the design, and once the works are out of the ground on site.
- Following these events the *Employer* would be a better position to consider re-investing remaining FDGiA/Risk Pot monies into the Scheme.
- FDGiA term Clause 12.2 states:

Please refer to the programme efficiency target and note the 10% is expected to be sought for all FCERM Capital Grant allocations.
- There is a potential opportunity to demonstrate this expected 10% Capital Efficiency in being able to deliver Granny's Bay alongside Fairhaven & Church Scar (£18,733,051). Although prudently introducing Granny's Bay as a Compensation Event (Capital Efficiency) into the contract only when key risk events have passed.

DECISION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|--|----------------------------------|-------------------|---------|
| DEVELOPMENT SERVICES DIRECTORATE | OPERATIONAL MANAGEMENT COMMITTEE | 12 SEPTEMBER 2017 | 5 |
| COUNCIL QUESTION – ALDERMAN CAR PARKING | | | |

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

A question was tabled at the Full Council meeting on July 17th 2017 by Councillor Mulholland regarding the provision of free car parking for life to Alderman of the Borough. The Chairman of the Operational Management Committee responded by agreeing to have the matter discussed and decided on by the committee. The report provides details of the question put to full council and the factors members may want to consider.

RECOMMENDATION

That the committee agree to the provision of a car parking pass for the Residents Car Parking Scheme without charge to any Alderman who chooses to apply for one.

SUMMARY OF PREVIOUS DECISIONS

Full Council July 17th 2017 decision to refer the matter to the committee.

CORPORATE PRIORITIES

| | |
|--|---|
| Spending your money in the most efficient way to achieve excellent services (Value for Money) | ✓ |
| Delivering the services that customers expect of an excellent council (Clean and Green) | |
| Working with all partners (Vibrant Economy) | |
| To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live) | |
| Promoting Fylde as a great destination to visit (A Great Place to Visit) | |

REPORT

- At the Full Council meeting on July 17th 2017 Councillor Mulholland tabled the following question as part of the formal agenda under Questions from Members of the Council:

“Would council consider allowing Honourable Alderman to have parking passes for council owned car parks. To be considered as an Alderman of the Borough a member should normally have served at least sixteen years as a councillor, which in my opinion is quite an achievement and allowing them to receive a parking pass would go some way to recognise the prolonged public service they have given to the borough. I believe the loss of income for such a scheme would be so minimal as to be almost insignificant. I hope that this matter can be passed to the relevant committee for further consideration”.

2. Councillor Eaves agreed to have the item discussed at the next Operational Management Committee. The Council's parking team have considered the request and taken into account a number of factors. Whilst the number of current Alderman is very low at 8 it is anticipated that this number will increase over the next few years based on the service of current elected members.
3. Members of the committee will be aware that Town Centre short stay prime car parking spaces are at a premium in Lytham and St Anne's and can generate significant income throughout the year. These spaces are in demand, used by a large number of cars visiting the town centres for short stay on a daily basis and there are insufficient spaces in both Lytham and St Anne's. However, the council has a significant number of long stay car park spaces in and around the edge of Lytham and St Anne's that are included in the Fylde Residents Parking Scheme established by this council several years ago. These spaces are in a variety of locations and, per space, do not generate the income of the short stay prime spaces.
4. The Council could offer Alderman a Fylde Residents Parking Scheme permit without charge (normal value £25 per year) in recognition of the status they hold and could obtain a free pass using the existing procedure used for issuing Councillor permits. The resource implications are minimal and any administration would be absorbed into existing resources, processes and systems.

| IMPLICATIONS | |
|---|---|
| Finance | If the recommendation is approved there would be a minor loss of income to the car parking service, the impact of which could be contained within the existing approved budget. |
| Legal | None as a result of this report |
| Community Safety | None as a result of this report |
| Human Rights and Equalities | None as a result of this report |
| Sustainability and Environmental Impact | None as a result of this report |
| Health & Safety and Risk Management | None as a result of this report |

| LEAD AUTHOR | CONTACT DETAILS | DATE |
|--------------|--|------------------------------|
| Andrew Loynd | andrew.loynd@fylde.gov.uk | August 30 th 2017 |

| BACKGROUND PAPERS | | |
|-------------------|--------------|--------------------------------------|
| Name of document | Date | Where available for inspection |
| Notice of Motion | 17 July 2017 | Full Council Meeting |

INFORMATION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|--|----------------------------------|-------------------|---------|
| RESOURCES DIRECTORATE | OPERATIONAL MANAGEMENT COMMITTEE | 12 SEPTEMBER 2017 | 6 |
| BOROUGH WIDE WEED SPRAYING TREATMENT UNDER EXEMPT CONTRACT PROCUREMENT RULE | | | |

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

This information note contains details of the commissioning of a borough wide weed spraying treatment under the exempt contract procurement rules to avoid delays as the work was deemed to be urgent.

SOURCE OF INFORMATION

Head of Health & Environment

LINK TO INFORMATION

[Information Note: – Borough Wide Weed Spraying Treatment Under Exempt Contract Procurement Rule](#)

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

This information update has been provided to the Operational Management Committee due to the requirement to report the circumstances to the next available meeting of the appropriate Committee.

FURTHER INFORMATION

Kathy Winstanley, Head of Health & Environment, kathyw@fylde.gov.uk, 01253 658634

INFORMATION NOTE

BOROUGH WIDE WEED SPRAYING TREATMENT UNDER EXEMPT CONTRACT PROCUREMENT RULE

Information

At the Operational Management Committee in May 2016 Members voted in favour of a proposal to introduce an in-house borough wide weed treatment process using mechanical removal as an alternative to chemical spraying after concerns had been raised locally and nationally about the use of chemicals. A final chemical spray took place in June 2016 and mechanical weed removal commenced in January 2017. As with any new process there were a number of operational challenges to overcome which resulted in progress being slower than anticipated and some of the locations proving to be more difficult to access and clear with the mechanical weed ripper than planned. The warm weather in early spring together with wet and humid conditions produced an ideal climate for weed growth over the summer which led to a proliferation of problem areas that required additional resources to manage. In response to these circumstances a decision was taken to carry out a supplementary borough wide weed spray in July/August.

A quote was obtained from DTMS (the contracting firm previously used for weed spraying) for a one off borough wide spray to help address the challenges. The price of £10,348.97 just exceeded the threshold for a medium contract which is £10,000 however, given the time sensitivity and the lack of other contractors with sufficient knowledge of the borough it was not possible, and would have led to further delay to obtain 3 quotations in accordance with the requirement. Commissioning the spray as a 'one off' is permissible within the procedure for exempt contracts under the contract procurement rules as follows:

'where the estimated value of goods and services to be supplied is £10,000 or more and other procedures cannot practicably be followed because:

- (i) the contract is an extension of an existing contract;*
- (ii) the contract is for spot purchasing fuel or utilities;*
- (iii) the goods, materials or works desired are of a proprietary or special character or for other reasons there would be no genuine competition; or*
- (iv) in the opinion of the Chief Executive the need for the goods materials or works is urgent.*

For an exempt contract, the qualified informal procedure is available, which is:

'that the relevant director must be satisfied that the arrangements made secure the best available terms to the Council and must report the circumstances to the next available meeting of the relevant committee.'

Approval for the weed spray, and a subsequent spray in autumn, was granted from the Chief Executive and Director of Resources after discussion with the Chairman of the Committee, on the grounds that the work required was urgent due to the time scale it needed to be carried out and the importance of managing weeds when the In Bloom initiatives are being judged. The cost of the weed spraying will be accommodated through efficiency savings and a report will be brought to committee on a review of the management of weeds.

FURTHER INFORMATION AVAILABLE FROM

Kathy Winstanley, Head of Health & Environment, kathyw@fylde.gov.uk, 01253 658634

INFORMATION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|-----------------------|----------------------------------|-------------------|---------|
| RESOURCES DIRECTORATE | OPERATIONAL MANAGEMENT COMMITTEE | 12 SEPTEMBER 2017 | 7 |
| OUTSIDE BODIES | | | |

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

On 3 April 2017, the Council made a number of appointments to outside bodies. These appointments followed from recommendations from the programme committees for appointments from within their respective memberships.

In line with the Protocol for Members on Outside Bodies (Part 5f of the Council's Constitution), every member serving on an outside body is required to complete a reporting form every six months, which is submitted to the relevant programme committee to which the external partnership relates.

Included as an appendix to this report are: returned completed reporting forms and a list of outstanding reports/ details of those bodies which have not met.

SOURCE OF INFORMATION

Elected member representatives to the Outside Bodies

LINK TO INFORMATION

[Outside Bodies Summary](#)

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

The information is provided to maintain an understanding of the work of the outside bodies, and remain abreast of any issues that may have an impact on the residents of the borough or the council.

FURTHER INFORMATION

Contact Tracy Morrison, Director of Resources – tracy.morrison@fylde.gov.uk

| Outside Body | | Councillor | Report rec'd? |
|---|---|-------------------------------------|---|
| Operational Management Committee, 12/9/17 meeting Closing date Wednesday 30 August | | | |
| | Fairhaven and Church Scar Coastal Defence Project Board | Albert Pounder and Thomas Threlfall | Update report on agenda |
| | Fylde Peninsular Coastal Programme Board | Albert Pounder | Nil report advised - unable to attend |
| | Lancashire Waste Partnership | David Eaves | Nil report advised – last mtg cancelled |
| | PATROL | Albert Pounder | Nil report advised – no mtgs held |
| | Sintropher Working Group | Albert Pounder | Nil report advised – no mtgs held |

INFORMATION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|---|----------------------------------|-------------------|---------|
| MANAGEMENT TEAM | OPERATIONAL MANAGEMENT COMMITTEE | 12 SEPTEMBER 2017 | 8 |
| GENERAL FUND REVENUE BUDGET MONITORING REPORT 2017/18 - POSITION AS AT 31ST JULY 2017 | | | |

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

The purpose of this report is to provide an update on the General Fund (GF) Revenue Budget of the Council as at 31st July 2017 and specifically for those areas under the remit of the Committee.

SOURCE OF INFORMATION

Chief Financial Officer – the report is based upon information extracted from the financial ledger system of the Council for the period to July 31st 2017.

LINK TO INFORMATION

General Fund Revenue Budget monitoring Report to 31st July 2017:

<http://www.fylde.gov.uk/council/finance/budget-monitoring/2017-18/>

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

This information is provided to enable the committee to consider and scrutinise periodic revenue budget monitoring reports for those areas under the remit of the Committee.

FURTHER INFORMATION

Contact: Paul O'Donoghue, Chief Financial Officer.

Tel 01253 658566 e-mail: paul.o'donoghue@fylde.gov.uk

GENERAL FUND REVENUE BUDGET MONITORING REPORT 2017/18 –

POSITION AS AT 31ST JULY 2017

Summary

The purpose of this report is to provide an update on the General Fund (GF) Revenue Budget of the Council as at 31st July 2017. The report includes a narrative description of the most significant variances from the profiled latest budget and details any actions required to address these. Appendix A to this report shows the value of the most significant variances (those in excess of £5k) for all of the Council services by Committee and provides a brief explanation for each variance.

1. Background

- 1.1 The Council operates a system of Revenue Budget Monitoring which revolves around the production of detailed monthly monitoring reports for budget holders. Significant variances from the expected budget position at the point of monitoring, both for expenditure and income, are summarised in monitoring reports which are periodically reported to each Programme Committee for information purposes. This report therefore details the findings and issues emerging from budget monitoring carried out to 31st July 2017.
- 1.2 It should be noted that work continues on improving budget profiling across the Council in order that budget profiles more accurately reflect the spending pattern of individual budgets across the financial year. This serves to enhance budget monitoring and focus attention on true variances rather than budget profiling issues. This is a continuous process with budget holders so that the improved profiling continues to refine the budget monitoring system.
- 1.3 Council approved the 2017/18 budget at its meeting on 2nd March 2017. Subsequently on 19th June 2017 the Finance and Democracy Committee approved the financial outturn position for 2016/17. The impact of those approvals, including savings and growth options approved at Council and slippage from 2016/17 approved by the Finance and Democracy Committee, are now reflected in the financial ledger of the Council and therefore this report monitors expenditure and income against the updated approved budgets.

2. Budget Rightsizing Exercise

- 2.1 In 2011/12 The Councils Management Team committed to carrying out an annual budget rightsizing exercise to analyse underspends which have occurred over the last 3 financial years and to adjust current and future year budgets to better reflect the level of resource requirement in the context of current financial constraints. This process has continued to be undertaken annually and will be repeated during the second quarter of 2017/18. Any resulting changes to budgets will be reflected in later updates to the Councils Financial Forecast.

3. Budget Areas to Note

There are a number of budget areas to note on this General Fund Budget Monitoring report:

i. Employee Costs

The budget forecast which was approved by Budget Council in March 2017 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200,000 per annum from 2017/18 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a marginally increased level of turnover savings to date. This budget will be kept under review during the remainder of the financial year.

ii. Green Waste Subscription Charges

There has been a higher uptake for the new chargeable green waste collection scheme than was originally forecast and consequently income exceeds the budget for the year. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

iii. Replacement Waste Containers

There has been a need to replenish bin stocks due to increased requests from new build properties, such that the annual budget has almost all been expended. The budget will be kept under review but it is anticipated that an increase will be required later in the year. This expenditure is offset by additional income from the charges levied for new bins as and when they are provided.

iv. Sale of Sand (Sand-winning)

Income from the sale of sand has been higher than the forecast amount and consequently this income budget will be reviewed as part of the budget right-sizing exercise with the intention of increasing the income budget to reflect an increased level of income. The increase may be a consequence of greater levels of activity in the construction industry following a period of relative inactivity.

v. Planning Appeal Costs

A number of planning appeals are expected to be contested later in the year which will result in further costs being incurred. This budget will be kept under review during the remainder of the financial year.

vi. Council Tax and Housing Benefits

There are currently a number of significant variances on the various control accounts in respect of Council Tax and Housing Benefits, particularly Rent Allowance expenditure. However, as the majority of these are directly reimbursed from central government grant a large variance at year end is not currently anticipated and the variances have therefore been excluded from the variance analysis report. The position will be kept under review throughout the remainder of the year and a MTFS adjustment may follow.

4. Conclusions

External pressures outside the Council's control are impacting on all local authorities. Instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies. This approach has a downward impact on costs incurred by the Council and may result in an under-spend against budget this year.

Regular budget monitoring reports are an integral part of the Council's financial monitoring framework. These will be available on the Council's website.

Finance staff work continuously with budget holders across the Council, and are heavily reliant upon budget-holders to be able to understand and quantify the potential impact of in-year hotspot variances within their areas of responsibility.

We are still at the early part of 2017/18 and it is therefore not possible to draw any firm conclusions on the in-year financial position. The financial risks facing the Council, as set out in the MTFS to Council in March 2017 still remain. Instructions issued by Management Team that budget holders are to remain prudent in order to build up additional balances are still in place.

REVENUE MONITORING 2017/18 - Period 4 to July 31st 2017 (Variances in excess of £5k)
Appendix A

| | | |
|-----|-------|---|
| Key | BLUE | Variance currently showing but expected to be on target at year end |
| | GREEN | Possible Favourable Outturn Variance |
| | AMBER | Possible Adverse Outturn Variance |
| | RED | Projected Adverse Outturn Variance |

| Service Area | Detailed Description | Full Year Budget | Budget as at Period 4 | Actual & Commitments as at Period 4 | Variance as at Period 4 | FAV / ADV | Variance | Alert | Budget Holder | Budget Holder Comments |
|--|--|------------------|-----------------------|-------------------------------------|-------------------------|------------|----------|-------|-----------------------|---|
| | | £ | £ | £ | £ | | % | | | |
| FINANCE & DEMOCRACY COMMITTEE / CORPORATE CROSS CUTTING BUDGETS | | | | | | | | | | |
| All Council services | Employee costs including basic pay, pension, NI, and overtime, plus agency costs | 8,459,696 | 2,909,075 | 2,899,162 | -9,913 | FAVOURABLE | -0.3% | GREEN | Corporate | The budget forecast which was approved by Budget Council in March 2017 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200,000 per annum from 2017/18 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a marginally increased level of turnover savings to date. This budget will be kept under review during the remainder of the financial year. |
| Legal Services Team | Legal Fees | -7,500 | -2,500 | -9,301 | -6,801 | FAVOURABLE | -272.0% | GREEN | Ian Curtis | This favourable variance arises from an increase in the level of legal fees, which are largely fees that are charged for the preparation of Section 106 Developer agreements. It therefore varies significantly depending on the number of such agreements completed in any given period. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| TOURISM & LEISURE COMMITTEE | | | | | | | | | | |
| Coast and Countryside | Sale of Sand (sandwinning) | -230,000 | -76,728 | -96,952 | -20,224 | FAVOURABLE | -26.4% | GREEN | Estates Asset Manager | The sale of sand has continued on an improving trend which is likely to be related to the increase in activity amongst construction companies following a period of relative inactivity. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| OPERATIONAL MANAGEMENT COMMITTEE | | | | | | | | | | |
| Fylde Waste Schemes | Replacement Waste Containers | 40,000 | 13,344 | 39,253 | 25,909 | ADVERSE | 194.2% | AMBER | Sarah Wilson | There has been a need to replenish bin stocks due to increased requests from new build properties, such that the annual budget has almost all been expended. The budget will be kept under review but it is anticipated that an increase will be required later in the year. This expenditure is offset by additional income from the charges levied for new bins as and when they are provided. |
| | Green Waste Subscription Charge | -300,000 | -300,000 | -408,550 | -108,550 | FAVOURABLE | -36.2% | GREEN | | There has been a higher uptake for the new chargeable green waste collection scheme than was originally forecast and consequently income exceeds the budget for the year. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |

REVENUE MONITORING 2017/18 - Period 4 to July 31st 2017 (Variances in excess of £5k)
Appendix A (cont'd)

| | | |
|-----|--------------|---|
| Key | BLUE | Variance currently showing but expected to be on target at year end |
| | GREEN | Possible Favourable Outturn Variance |
| | AMBER | Possible Adverse Outturn Variance |
| | RED | Projected Adverse Outturn Variance |

| Service Area | Detailed Description | Full Year Budget | Budget as at Period 4 | Actual & Commitments as at Period 4 | Variance as at Period 4 | FAV / ADV | Variance | Alert | Budget Holder | Budget Holder Comments |
|--|--------------------------------|------------------|-----------------------|-------------------------------------|-------------------------|------------|----------|-------|------------------------|--|
| | | £ | £ | £ | £ | | % | | | |
| ENVIRONMENT, HEALTH AND HOUSING COMMITTEE | | | | | | | | | | |
| Housing Standards | Disabled Facilities Grant Fees | -35,000 | -11,672 | -21,668 | -9,996 | FAVOURABLE | -85.6% | GREEN | Kirstine Riding | The significant increase in the level of Disabled Facilities Grant funding from central government has the effect of also increasing the level of fees receivable by Fylde Council for the management of grant-funded works as more grants are awarded. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| Pollution Control | Permits - Waste Oil Burners | -3,800 | -1,268 | -6,893 | -5,625 | FAVOURABLE | -443.6% | GREEN | Chris Hambly/Phil Dent | Income is higher than anticipated as a result of the receipt of two new permit applications which are each subject to an application fee. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary. |
| Cemetery and Crematorium | Cremations | -1,060,000 | -299,701 | -294,242 | 5,460 | ADVERSE | 1.8% | AMBER | Alan Royston | The number of cremations carried out is marginally below the anticipated level. The income budget will be kept under review but may recover this relatively minor shortfall, given the scale of the annual income budget, during the remainder of the financial year. |
| DEVELOPMENT MANAGEMENT COMMITTEE | | | | | | | | | | |
| Planning Appeals | Planning Application Fees | -775,000 | -340,000 | -333,835 | 6,165 | ADVERSE | 1.8% | AMBER | Mark Evans | Planning application fee income for the period is marginally below the budget. The timing of when applications are made is often difficult to forecast and this shortfall may be recovered during the remainder of the year. The budget will be kept under review. |
| | Planning Appeal Hearing Costs | 80,000 | 26,688 | 1,013 | -25,676 | FAVOURABLE | -96.2% | BLUE | | A number of planning appeals are expected to be contested later in the year which will result in further costs being incurred. This budget will be kept under review during the remainder of the financial year. |

INFORMATION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|--|----------------------------------|-------------------|---------|
| MANAGEMENT TEAM | OPERATIONAL MANAGEMENT COMMITTEE | 12 SEPTEMBER 2017 | 9 |
| CAPITAL PROGRAMME MONITORING REPORT 2017/18 – POSITION AS AT 31 st JULY 2017 | | | |

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

The purpose of this report is to provide an update on the approved Capital Programme of the Council as at 31st July 2017 and specifically for those schemes under the remit of the Committee.

SOURCE OF INFORMATION

Chief Financial Officer – the report is based upon information extracted from the financial ledger system of the Council for the period to July 31st 2017.

LINK TO INFORMATION

Capital Programme monitoring Report to 31st July 2017:

<http://www.fylde.gov.uk/council/finance/budget-monitoring/2017-18/>

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

This information is provided to enable the committee to consider and scrutinise the Capital Programme monitoring reports for those schemes under the remit of the Committee.

FURTHER INFORMATION

Contact: Paul O'Donoghue, Chief Financial Officer.

Tel 01253 658566 e-mail: paul.o'donoghue@fylde.gov.uk

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)

| 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 |
|--|---|------------------------------|--------------------------------|--------------------------------|-----------------------------|------------------------------|---------------|---|
| 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)

| 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 |
|--|---|------------------------------|--------------------------------|--------------------------------|-----------------------------|------------------------------|---------------|--|
| 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 |