

## **CAPITAL PROGRAMME MONITORING REPORT 2018/19 –**

### **POSITION AS AT 30<sup>TH</sup> NOVEMBER 2018**

#### **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 2018/19, together with an update on the Council's overall Five Year Capital Programme. This report includes details on a number of the more significant schemes within the Capital Programme. Appendix A to this report provides an update by Committee on all schemes scheduled for commencement or delivery in 2018/19. 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 5<sup>th</sup> March 2018. That update showed a balanced capital programme position from 2018/19 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 2018. The Programme has also been rolled forward to include the year 2022/23.

#### **2. Notes on Specific Schemes**

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

##### **i) Fairhaven and Church Scar Coast Protection Scheme**

The Fairhaven and Church Scar Coast Protection scheme total cost is £21.83m, being funded by Environment Agency grants of £21.43m and a contribution from Fylde Council of £0.4m. This is made up of a contract price of £17.6m, with a risk/contingency budget of £1.7m and a budget for fees of £0.5m. Work started on site in December 2017 and is progressing well with the replacement hard sea defences at Church Scar nearing completion and with work on the promenade underway. Work on the sheet piling around Fairhaven Lake started in September, four months ahead of schedule.

In addition to the core sea defence works a range of public realm enhancements to the scheme have been added to the scheme at a total cost of £360k, funded by Fylde Council from the Capital Investment Reserve. The works relate to the remodelling of the Stanner Bank car park entrance, the provision of bespoke seating to compliment the wider landscape and the provision of ducting to allow for future services connection to a potential structure/building on or around the Mawson lookout. These works will be delivered alongside the main scheme.

The Coastal Defence Team have been successful in securing additional funding from the Environment Agency to enable the Granny's Bay hard sea defences to be delivered following completion of the Fairhaven Scheme in 2019/20. A report on this additional work in the sum of £2m (which is reflected in the total scheme cost above) was approved by the Operational Management Committee at its meeting in September and Council in October 2018. The Granny's Bay works will essentially tie the two schemes at Fairhaven and Church Scar together, as well as providing local erosion and flood protection. Completion of these works will remove the requirement for much of the emergency maintenance works undertaken by the Council following extreme storms at Granny's Bay. With Granny's Bay now included the whole scheme is now currently forecast to be completed by summer 2020.

The expenditure forecast has been re-phased to reflect the current expectations regarding the timing of the delivery of the scheme. Further re-phasing of the expenditure profile between the years is likely to be required as the scheme progresses and the capital programme will be updated accordingly and reported regularly to members.

## **(ii) 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. All of the internal works are now complete and staff have now located back to all floors within the building. In September 2018 the Finance and Democracy Committee approved a scheme to complete the remaining element of the project relating to the exterior parking areas and associated landscaping in the total sum of £238k. It is anticipated that these works will be completed within the current financial year.

## **(iii) Better Care Fund (Formerly Disabled Facilities Grants)**

As the 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 2018/19 (including slippage from 2017/18, 2018/19 grant allocation, a further grant top up in year of £120k and a £40k contribution from Progress Housing) totalling £1.415m provides for the delivery of more disabled adaptations than has previously been possible. It is anticipated that for 2018/19 all identified need for disabled adaptations can be met from the existing resource.

## **(iv) Project Slippage**

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

## **(v) Other Capital Receipts**

The approved programme for 2018/19 onwards assumes "Right to Buy" receipts of £25k per annum and "General Asset Sales" of £90k for 2018/19 and £45k for 2019/20 per annum thereafter. 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 quarterly 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 that has been re-phased into 2019/20. 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 30<sup>th</sup> November 2018 is £10.403m against an updated full year budget of £17.996m.

This equates to approximately 58% of the full year budget. The expenditure on a number of schemes is phased later during the financial year and there is usually a period of time that elapses between the completion of schemes and the final settlement of all invoices.

3.2 The current Capital Programme as updated is showing a balanced position for 2018/19 onwards. 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 2019/20.

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 balance of this reserve at 31st March 2018 was £3.219m after a favourable 2017/18 outturn position allowed for the transfer to the reserve of an additional sum of £0.560m for 2017/18. Of this, £1.933m was already committed to previously-approved capital schemes leaving an unallocated balance on the reserve at that point of £1.286m.

Planned transfers into the reserve in 2018/19 and 2019/20 are currently estimated to be a total of £1.966m, whilst a number of additional schemes to be funded from the reserve have been approved since 1<sup>st</sup> April 2018 in the total sum of £0.653m. Consequently the latest estimate of the unallocated balance on the Capital investment Reserve, including the anticipated transfers into the reserve in 2018/19 and 2019/20, stands at £2.599m.

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 - 2018/19 IN-YEAR SCHEME MONITORING REPORT - AS AT 30/11/18**

**Appendix A**

APPROVED SCHEMES	Financing Source	Approved Budget 2018/19 £000	Slippage B/F from 2017/18 £000	Adjustments from 05/03/18 £000	Updated Budget 2018/19 £000	Expenditure to 30/11/18 £000	Variance £000	Comments
<b>FINANCE &amp; DEMOCRACY COMMITTEE</b>								
Accommodation Project - Phase 8 - Town Hall Car Park	Capital Investment Reserve / borrowing / general asset disposal receipts	0	0	238	238	0	238	F&D Committee (24/09/18) Approved the virement of £60,000 from the Car Park Improvement capital scheme to the Accommodation Project Scheme and a fully-funded increase to the Capital Programme scheme for the Accommodation Project in the sum of £178,000 for 2018/19 to be met from the Capital Investment Reserve. It is anticipated that this scheme will be completed to budget in 2018/19.
<b>Sub total</b>		<b>0</b>	<b>0</b>	<b>238</b>	<b>238</b>	<b>0</b>	<b>238</b>	
<b>TOURISM &amp; LEISURE COMMITTEE</b>								
Ashton Gardens Depot	Proceeds from the sale of surplus Council Assets	63		57	120	2	118	It is anticipated that this scheme will be completed to budget in 2018/19.
St Annes Pool	No external finance - funded by borrowing/general asset disposal receipts	93		-93	0		0	There is no expenditure currently planned for 2018/19. Consequently the budget has been re-phased into 2019/20 and this will be reflected in the latest update of the Financial Forecast.
Fairhaven Lake & Promenade Gardens - First round	Capital Investment Reserve	107	5	0	112	90	22	It is anticipated that this element of the scheme will be completed to budget in 2018/19. The second round grant application to the HLF for the substantive project has been secured as of 11th December 2018. This will enable a major restoration of the lake and surrounding parkscape to be completed by the end of Summer 2020.
Promenade Gardens Water Play Facility	Capital Investment Reserve	150	0	109	259	259	0	This scheme has been completed to budget during 2018/19.
Promenade Footways	No external finance - funded by borrowing/general asset disposal receipts	40	0	0	40	40	0	This scheme has been completed to budget during 2018/19.
Staining Playing Fields Development Scheme	Capital Investment Reserve	50	0	0	50		50	It is anticipated that this scheme will be completed to budget in 2018/19.
Town Hall Arts Store Improved Storage Facilities	Capital Investment Reserve	50	0	0	50	35	15	It is anticipated that this scheme will be completed to budget in 2018/19.
<b>Sub total</b>		<b>553</b>	<b>5</b>	<b>73</b>	<b>631</b>	<b>426</b>	<b>205</b>	

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2018/19 £000	Slippage B/F from 2017/18 £000	Adjustments from 05/03/18 £000	Updated Budget 2018/19 £000	Expenditure to 30/11/18 £000	Variance £000	Comments
<b>OPERATIONAL MANAGEMENT COMMITTEE</b>								
Replacement Vehicles	Capital Investment Reserve / Borrowing	1,398	19	45	1,462	1,231	231	It is anticipated that all vehicle purchases will be completed to budget in 2018/19. If any vehicle orders are delayed due to specific build time this may lead to the re-phasing of a proportion of the budget into 2019/20
Car Park Improvements	No external finance - funded by borrowing/general asset disposal receipts	60	0	-60	0		0	Finance & Democracy Committee in September 2018 approved the virement of £60,000 from the Car Park Improvement capital scheme to the Accommodation Project Scheme
Coastal Cleansing and the Provision of Beach Bins	Capital Investment Reserve	0	0	25	25		25	It is anticipated that this scheme will be completed to budget in 2018/19.
Public Transport Improvements	S106 Developer Contributions	18	0	30	48		48	It is anticipated that this scheme will be completed to budget in 2018/19.
Fairhaven and Church Scar Coast Protection Scheme	Specific Government Grant (Environment Agency) / Capital Investment Reserve	12,000	-170	-330	11,500	6,404	5,096	Delivery of the scheme remains on schedule, with further information provided within the body of this report. Any changes or re-phasing will be reflected in future updates of the Financial Forecast.
Fairhaven and Church Scar Coast Public Realm Works	Capital Investment Reserve	360		-260	100		100	A proportion of this budget has been re-phased into 2019/20 to reflect the revised delivery timescale for the scheme. This has been reflected in the latest update of the Financial Forecast.
<b>Sub total</b>		<b>13,836</b>	<b>-151</b>	<b>-550</b>	<b>13,135</b>	<b>7,635</b>	<b>5,500</b>	

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2018/19 £000	Slippage B/F from 2017/18 £000	Adjustments from 05/03/18 £000	Updated Budget 2018/19 £000	Expenditure to 30/11/18 £000	Variance £000	Comments
<b>ENVIRONMENT, HEALTH &amp; HOUSING COMMITTEE</b>								
Disabled Facilities Grants Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	929	245	241	1,415	1,055	360	The budget has been increased by a further £160k for 2018/19 comprising an additional grant allocation of £120k from central government and a £40k contribution from Progress Housing. This will be reflected in the next update of the Financial Forecast. It is anticipated that the majority of the grant allocation will be spent in 2018/19.
Housing Needs Grant	DFG Grant Repayments	0		16	16	3	13	It is anticipated that this scheme will be completed to budget in 2018/19.
Affordable Housing Scheme - 93 St Albans Road Refurbishment	S106 Developer Contributions	74		-18	56		56	It is anticipated that this scheme will be completed to budget in 2018/19.
Affordable Housing Scheme Sunnybank Mill, Kirkham	S106 Developer Contributions	460			460		460	It is anticipated that this scheme will be completed to budget in 2018/19.
Affordable Housing Scheme - Keenan Mill	S106 Developer Contributions	840			840	840	0	This scheme has been completed to budget during 2018/19.
Church Road Methodist Church, St Annes	S106 Developer Contributions	275	275	-275	275	275	0	Part of this budget will be re-phased into 2019/20 to reflect final completion of the scheme in that year. This will be reflected in future updates of the Financial Forecast.
Affordable Warmth Scheme	Specific Grant (Lancashire County Council)	0	31		31	16	15	It is anticipated that this scheme will be completed to budget in 2018/19.
CCTV Replacement Schemes	Specific Grant (LSP Performance Reward Grant)	38			38		38	The money is only to be used for replacement monitored cameras as they are required. It is anticipated that not all expenditure will be spent this financial year and any remaining monies will be requested for slippage to 2019/20.
Cemetery and Crematorium - Infrastructure Works	Capital Investment Reserve	294		-294	0	0	0	This budget has been re-phased into 2019/20 to reflect the revised delivery timescale for the scheme and this has been reflected in the latest update of the Financial Forecast.
Lytham Park Cemetery - Windbreak Canopy	Capital Investment Reserve	60		50	110	37	73	It is anticipated that this scheme will be completed to budget in 2018/19.
<b>Sub total</b>		<b>2,970</b>	<b>551</b>	<b>-280</b>	<b>3,241</b>	<b>2,226</b>	<b>1,015</b>	

## Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2018/19 £000	Slippage B/F from 2017/18 £000	Adjustments from 05/03/18 £000	Updated Budget 2018/19 £000	Expenditure to 30/11/18 £000	Variance £000	Comments
<b>PLANNING COMMITTEE</b>								
St Annes Regeneration Schemes	S106 Developer Contributions / Capital Investment Reserve	117	8	40	165		165	A review of the delivery timescale for the substantive regeneration scheme in St Annes has concluded that it will not be practicable to commence the scheme in the current financial year. Consequently the budget will be re-phased into 2019/20 to reflect the revised delivery timescale for the scheme. This will be reflected in future updates of the Financial Forecast.
Lytham Regeneration Schemes	S106 Developer Contributions	130		-130	0		0	The proposals for Lytham Town Centre are to be reviewed as part of a reassessment of the wider regeneration scheme and a revised proposal will be presented to the Committee for consideration in due course. This scheme has therefore been re-phased into 2019/20 in the latest update of the Financial Forecast to reflect the revised delivery timescale for the scheme.
Kirkham Public Realm Improvements	S106 Developer Contributions / Capital Investment Reserve	50			50		50	It is anticipated that this scheme will be completed to budget in 2018/19.
M55 Link Road	S106 Developer Contributions	0	108	250	358	116	242	This relates to the use of s.106 monies for design work on the scheme to construct a new link road from the M55 to St Annes. It is anticipated that the design works will be completed to budget in 2018/19.
Coastal Footpath Enhancements	S106 Developer Contributions	0		20	20		20	It is anticipated that this scheme will be completed to budget in 2018/19.
Ansdell / Fairhaven - Public Realm Scheme	Capital Investment Reserve	110			110		110	It is anticipated that this scheme will be completed to budget in 2018/19.
St Annes Pier - Coastal Revival Fund	Specific Grant	0		48	48		48	It is anticipated that this scheme will be completed to budget in 2018/19.
	<b>Sub total</b>	<b>407</b>	<b>116</b>	<b>228</b>	<b>751</b>	<b>116</b>	<b>635</b>	
	<b>Total Expenditure</b>	<b>17,766</b>	<b>521</b>	<b>-291</b>	<b>17,996</b>	<b>10,403</b>	<b>7,593</b>	

**UPDATED 5 YEAR CAPITAL PROGRAMME 2018/19 TO 2022/23 - BY SCHEME**

	Estimate 2018/19 £000	Estimate 2019/2020 £000	Estimate 2020/2021 £000	Estimate 2021/2022 £000	Estimate 2022/2023 £000
<b>FINANCE &amp; DEMOCRACY COMMITTEE</b>					
Accommodation Project - Phase 8 - Town Hall Car Park	238				
	0				
<b>Sub total</b>	<b>238</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOURISM &amp; LEISURE COMMITTEE</b>					
Ashton Gardens Depot	120				
St Annes Pool	0	93			
Fairhaven Lake & Promenade Gardens - First Round	112				
Fairhaven Lake & Promenade Gardens Restoration	0	120			
Fairhaven HLF Project Underwriting	0				
Promenade Gardens Water Play Facility	259				
Promenade Footways	40	40	40	40	40
Staining Playing Fields Development Scheme	50				
Town Hall Arts Store Improved Storage Facilities	50				
<b>Sub total</b>	<b>631</b>	<b>253</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>OPERATIONAL MANAGEMENT COMMITTEE</b>					
Replacement Vehicles	1,462	471	547	77	323
Car Park Improvements	0	30	30	30	30
Coastal Cleansing and the Provision of Beach Bins	25				
Public Transport Improvements	48	48	48	48	30
Fairhaven and Church Scar Coast Protection Scheme	11,500	7,330			
Fairhaven and Church Scar Coast Public Realm Works	100	260			
<b>Sub total</b>	<b>13,135</b>	<b>8,139</b>	<b>625</b>	<b>155</b>	<b>383</b>
<b>ENVIRONMENT, HEALTH &amp; HOUSING COMMITTEE</b>					
Disabled Facilities Programme	1,415	1,050	1,050	1,050	1,050
Housing Needs Grant	16				
Affordable Housing Scheme - 93 St Albans Road	56				
Affordable Housing Scheme - Sunnybank Mill, Kirkham	460				
Affordable Housing Scheme - Keenan Mill	840				
Church Road Methodist Church, St Annes	275	275			
Affordable Warmth Scheme	31				
Rapid Deployment CCTV Replacement Projects	38				
Cemetery and Crematorium - Infrastructure Works	0	294			
Lytham Park Cemetery - Windbreak Canopy	110				
<b>Sub total</b>	<b>3,241</b>	<b>1,619</b>	<b>1,050</b>	<b>1,050</b>	<b>1,050</b>
<b>PLANNING COMMITTEE</b>					
St Annes Regeneration Schemes	165	150			
Lytham Regeneration Schemes	0	130			
Kirkham Public Realm Improvements	50				
M55 Link Road - \$106 monies for design work	358				
Coastal Footpath Enhancements	20				
AnsdeU / Fairhaven - Public Realm scheme	110				
St Annes Pier - Coastal Revival Fund	48				
<b>Sub total</b>	<b>751</b>	<b>280</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenditure</b>	<b>17,996</b>	<b>10,291</b>	<b>1,715</b>	<b>1,245</b>	<b>1,473</b>

**UPDATED 5 YEAR CAPITAL PROGRAMME 2018/19 TO 2022/23 - FINANCING**

	Estimate 2018/19 £000	Estimate 2019/2020 £000	Estimate 2020/2021 £000	Estimate 2021/2022 £000	Estimate 2022/2023 £000
<b>FINANCING:</b>					
Capital Receipts - General Asset Sales	90	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	1,375	1,010	1,010	1,010	1,010
Disabled Facilities Grant Repayments - 'Housing Needs Grants'	16				
Section 106 Monies - St Annes	165	100			
Section 106 Monies - Lytham	0	130			
Section 106 Monies - Kirkham	21				
Section 106 Monies - Affordable Housing, Sunnybank Mill	460				
Section 106 Monies - Church Road Methodist Church, St Annes	175	275			
Section 106 Monies - M55 Link-Road	358				
Section 106 Monies - Affordable Housing, Keenans Mill	840				
Section 106 Monies - Public Transport Improvements	48	48	48	48	18
Section 106 Monies - Refurbishment of 93 St Albans Road, St Annes	56				
Capital Investment Reserve	937	1,306			
M55 Link-Road Reserve					
Other External Finance (see analysis below )	11,869	6,970	40	40	40
Direct Revenue Finance	136				
Prudential Borrowing	1,362	382	547	77	335
<b>Total Financing</b>	<b>17,996</b>	<b>10,291</b>	<b>1,715</b>	<b>1,245</b>	<b>1,473</b>

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

**Other External Finance: Analysis**

LSP Performance Reward Grant	38				
Environment Agency - Fylde Coastal Preliminaries	11,500	6,930			
Lancashire County Council - Affordable Warmth Scheme	31				
Community Housing Grant Fund - Church Road Methodist Church	100	0			
Heritage Lottery Fund - Fairhaven	112				
Coastal Revival Fund	48				
New Fylde Housing - DFG Contribution	40	40	40	40	40
	11,869	6,970	40	40	40