

## **CAPITAL PROGRAMME MONITORING REPORT 2017/18 –**

### **POSITION AS AT 30<sup>TH</sup> NOVEMBER 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 Council's overall Five Year Capital Programme. This report includes a narrative description of the most significant risks to the Capital Programme and details any actions required to address these. Appendix A to this report provides an update by Committee on schemes scheduled for commencement or delivery in 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 2<sup>nd</sup> 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 with the Public Offices building now closed. The remaining internal element of these phases of the works i.e. those relating to the Council chamber, are currently underway with completion anticipated during early 2018. A scheme for the Town Hall external works (involving the car park and grounds) is being prepared and costed.

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

A supplier for the detailed design and construction of the Scheme was procured under the Environment Agency's national Water and Environmental Management Framework. This led to the execution of a deed between the Council and VBA Joint Venture Ltd (VBA) on the 20th October 2017. VBA's obligations are to develop and deliver the Scheme as authorised at the Operational Management committee meeting of the 12th September 2017, at a contract price of £17.6m. This is alongside a risk/contingency budget of £1.7m and a budget for fees of £0.5m, both to be retained initially by the Council, taking the total projected scheme cost to £19.8m, comprising the Central Government funding of £19.4m and the approved contribution from Fylde Council of £0.4m.

In addition to the core sea defence works a range of public realm enhancements to the scheme, funded by Fylde Council from the Capital Investment Reserve, were approved by Council in December 2017 in the sum of £360k. 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.

Expenditure on the scheme 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 to members.

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

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

The approved programme for 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 30<sup>th</sup> November 2017 is £2.391m against an updated full year budget of £8.569m. This equates to approximately 27.9% 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 2017/18 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 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 balance of this reserve at 31st March 2017 was £1.320m, of which all of which was already committed to previously-approved capital schemes. Planned transfers into the reserve in 2017/18 and 2018/19 are currently estimated to be a total of £1.595m, whilst the removal of the Council contribution to the capital scheme for external works at St Annes Pool added a further £30k to the reserve. In December 2017 the Council

approved a scheme of public realm works relating to the Coastal Defence works in the sum of £360k and a scheme of public realm works in relation to the Fairhaven Gardens and Lake Restoration scheme in the sum of £120k, which leaves an estimated residual unallocated balance of £1.145m by the end of 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 30/11/17**

**Appendix A**

| APPROVED SCHEMES   | Financing Source  | Approved Budget<br>2017/18<br>£000 | Slippage<br>B/F from<br>2016/17<br>£000 | Adjustments<br>from<br>02/03/17<br>£000 | Updated Budget<br>2017/18<br>£000 | Expenditure<br>to 30/11/17<br>£000 | Variance<br>£000 | Comments   |
|--|---|------------------------------------|---|---|-----------------------------------|------------------------------------|------------------|--|
| <b><u>FINANCE &amp; DEMOCRACY COMMITTEE</u></b>                                    |   |                                    |   |   |                                   |                                    |                  |  |
| 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                               | 438                                | 62               | 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, are currently underway with completion anticipated during early 2018.  |
| <b>Sub total</b>   |   | <b>0</b>                           | <b>365</b>                              | <b>135</b>                              | <b>500</b>                        | <b>438</b>                         | <b>62</b>        |  |
| <b><u>TOURISM &amp; LEISURE COMMITTEE</u></b>                                      |   |                                    |   |   |                                   |                                    |                  |  |
| Fairhaven Lake & Promenade Gardens - First round                                   | Capital Investment Reserve  | 20                                 | 0                                       | 93                                      | 113                               | 32                                 | 81               | Key officers to deliver the scheme have been recruited and work is progressing. Delivery of this phase of the scheme will be undertaken during 2017/18 and 2018/19. In December 2017 the Council also approved a funded budget increase for 2019/20 in the sum of £120k in respect of the public realm enhancements to the scheme to be met from the Capital Investment Reserve. |
| Promenade Gardens Water Play Facility  | Capital Investment Reserve  | 100                                | 0                                       | 50                                      | 150                               | 0                                  | 150              | This scheme will not be delivered during the current year. A tender process has been undertaken with the council receiving only 2 bids. On evaluation, neither tender proved to be fully compliant, and therefore the scheme will be retendered in the new year. The scheme will be re-phased into 2018/19 as part of the next Financial Forecast update.                        |
| Development of Play Area - Bridges Playing Field, Warton                           | S106 Developer Contributions  | 0                                  | 0                                       | 107                                     | 107                               | 0                                  | 107              | It is anticipated that this scheme will be completed to budget in 2017/18.   |
| Fleetwood Road Playing Fields, Wesham  | S106 Developer Contributions  | 0                                  | 0                                       | 25                                      | 25                                | 0                                  | 25               | It is anticipated that this scheme will be completed to budget in 2017/18.   |
| Mussel Tank Project  | Specific Grant (LSA Civic Society)  | 0                                  | 0                                       | 130                                     | 130                               | 64                                 | 66               | It is anticipated that this scheme will be completed to budget in 2017/18.   |
| <b>Sub total</b>   |   | <b>486</b>                         | <b>0</b>                                | <b>39</b>                               | <b>525</b>                        | <b>96</b>                          | <b>429</b>       |  |

|   |   |                              |                                |                                |                             |                              |               | 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 30/11/17 £000 | Variance £000 | Comments   |
| <b>OPERATIONAL MANAGEMENT COMMITTEE</b>           |   |                              |                                |                                |                             |                              |               |  |
| Replacement Vehicles                              | Capital Investment Reserve / Borrowing                                      | 1,267                        | 38                             | 11                             | 1,316                       | 79                           | 1,237         | It is anticipated that part of this budget will be re-phased into 2018/19 due to the timing of delivery of vehicles and that this will be reflected in the next update to the Financial Forecast early in 2018.  |
| Car Park Improvements                             | No external finance - funded by borrowing/general asset disposal receipts   | 30                           | 0                              | 0                              | 30                          | 0                            | 30            | It is anticipated that this budget will be re-phased into 2018/19 as this will be part of the Accommodation Car Park works required at the Town Hall and that this will be reflected in the next update to the Financial Forecast early in 2018.   |
| Fylde Headlands Preliminary Work                  | Specific Government Grant (Environment Agency)                              | 0                            | 8                              | 0                              | 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                            | 0                              | 90                             | 90                          | 0                            | 90            | This is funding that is held by Fylde Council but will be transferred to Lancashire County Council to direct towards local bus route improvements and a dial-a-ride scheme. This scheme will be re-phased over future years. This will be reflected in the next update to the Financial Forecast.                                    |
| Fairhaven and Church Scar Coast Protection Scheme | Specific Government Grant (Environment Agency) / Capital Investment Reserve | 14,400                       | 0                              | -11,575                        | 2,825                       | 532                          | 2,293         | A significant proportion of the 2017/18 budget for the scheme has been re-phased into 2018/19 as part of the latest Financial Forecast update. In December 2017 the Council approved additional expenditure in respect of public realm enhancements to the scheme in the sum of £360k to be met from the Capital Investment Reserve. |
| <b>Sub total</b>                                  |   | <b>15,697</b>                | <b>46</b>                      | <b>-11,474</b>                 | <b>4,269</b>                | <b>618</b>                   | <b>3,651</b>  |  |

**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   |
|---|---|------------------------------|--------------------------------|--------------------------------|-----------------------------|------------------------------|---------------|--|
| <b>ENVIRONMENT, HEALTH &amp; HOUSING COMMITTEE</b>          |   |                              |                                |                                |                             |                              |               |  |
| Disabled Facilities Grants Programme                        | Specific Grant (Better Care Fund) / External Contributions / Grant repayments | 468                          | 230                            | 461                            | 1,159                       | 554                          | 605           | 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                            | 0                              | 6                              | 6                           | 0                            | 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. The budget for this scheme will be updated as and when repayments to the Council are forthcoming.  |
| 93 St Albans Road - Compulsory Purchase Order               | S106 Developer Contributions  | 0                            | 99                             | 0                              | 99                          | 87                           | 12            | The Compulsory Purchase Order has been completed and the transfer of legal title to the property to the housing association Forviva is anticipated shortly.  |
| Affordable Housing Scheme - 93 St Albans Road Refurbishment | S106 Developer Contributions  | 0                            | 0                              | 148                            | 148                         | 0                            | 148           | This scheme is now expected to be delivered over the two financial years 2017/18 and 2018/19 and consequently the budget will require re-phasing to reflect this. This will be reflected in the next update to the Financial Forecast early in 2018.   |
| Affordable Housing Scheme Sunnybank Mill, Kirkham           | S106 Developer Contributions  | 460                          | 460                            | -460                           | 460                         | 460                          | 0             | 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 and the payment has been made.  |
| Affordable Housing Scheme - Keenan Mill                     | S106 Developer Contributions  | 840                          | 0                              | -420                           | 420                         | 0                            | 420           | 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. It is anticipated that this budget will be re-phased into 2018/19 and this will be reflected in the next update to the Financial Forecast early in 2018.  |
| Church Road Methodist Church, St Annes                      | S106 Developer Contributions  | 550                          | 0                              | -275                           | 275                         | 0                            | 275           | 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 and payment will be made during 2017/18.  |
| Affordable Warmth Scheme                                    | Specific Grant (Lancashire County Council)                                    | 28                           | 18                             | 0                              | 46                          | 11                           | 35            | It is anticipated that this scheme will be been completed to budget in 2017/18.  |
| Rapid Deployment CCTV Replacement Projects                  | Specific Grant (LSP Performance Reward Grant)                                 | 38                           | 0                              | 0                              | 38                          | 0                            | 38            | The working group reported to the Environment, Health and Housing Committee in June 2017 to advise that this money would be utilised for repair costs and replacement costs for the Monitored CCTV Cameras in the Town Centres of St Annes, Lytham and Kirkham when required, after approval by the Committee. It is anticipated that this budget will be re-phased into 2018/19 and this will be reflected in the next update to the Financial Forecast.                  |
| <b>Sub total</b>  |   | <b>2,738</b>                 | <b>807</b>                     | <b>-894</b>                    | <b>2,651</b>                | <b>1,112</b>                 | <b>1,539</b>  |  |

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 30/11/17 £000 | Variance £000 | Comments  |
|--|---|------------------------------|--------------------------------|--------------------------------|-----------------------------|------------------------------|---------------|---|
| <b>PLANNING COMMITTEE</b>                                |   |                              |                                |                                |                             |                              |               |   |
| Woodlands Road Regeneration Scheme - Town Centre Phase 3 | Capital Investment Reserve / S106 Developer Contributions | 0                            | 6                              | 0                              | 6                           | 0                            | 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                          | 0                              | -67                            | 170                         | 0                            | 170           | This funding is earmarked for the next phase of St Annes Town Centre including St Andrews Road North/South and The Crescent. The scheme has commenced with a proportion of the works now expected to fall into 2018/19. Consequently an element of the scheme has been re-phased into 2018/19 as part of the previous Financial Forecast update.  |
| Staining Regeneration Schemes                            | S106 Developer Contributions                              | 40                           | 0                              | 0                              | 40                          | 0                            | 40            | Following discussions with the Parish Council a scheme has now been developed and agreed. It is anticipated that this scheme will be completed to budget in 2017/18.  |
| Kirkham Public Realm Improvements                        | S106 Developer Contributions                              | 0                            | 21                             | 0                              | 21                          | 0                            | 21            | It is proposed that the balance of funding in respect of this scheme will be re-phased into 2018/19. This will be reflected in the next update to the Financial Forecast . An update report will be presented to the Planning Committee in January 2018 in respect of Kirkham Public Realm scheme delivery.   |
| M55 Link Road  | S106 Developer Contributions                              | 0                            | 137                            | 250                            | 387                         | 127                          | 260           | Council approved a further funded budget increase in the sum of £250,000 to the M55 Link Road (design works) scheme that is within the current approved Capital Programme for 2017/18, to be met in full from S106 developer contributions. This budget is to facilitate delivery of the M55 Link Road. Design of the new road should be complete by February 2018 with tendering of the work then taking place. If the full funding package can then be confirmed work is planned to commence summer 2018. |
| <b>Sub total</b>   |   | <b>407</b>                   | <b>164</b>                     | <b>53</b>                      | <b>624</b>                  | <b>127</b>                   | <b>497</b>    |   |
| <b>Total Expenditure</b>                                 |   | <b>19,328</b>                | <b>1,382</b>                   | <b>-12,141</b>                 | <b>8,569</b>                | <b>2,391</b>                 | <b>6,178</b>  |   |