

Report of:	Meeting	Date	Item No.
Councillor Alan Vincent, Leader of the Council and Resources Portfolio Holder and Clare James, Head of Finance	Cabinet	29 November 2017	8

Capital Programme Review and Monitoring Report

1. Purpose of report

- 1.1 To consider the summary of the Spending Officers' (April to end September 2017) review of the 2017/18 Capital Budget and its impact on the Capital Programme thereafter.

2. Outcomes

- 2.1 The delivery of the Capital Programme and its monitoring will demonstrate good financial management by ensuring that the Programme is soundly based and designed to deliver the Council's strategic priorities.

3. Recommendation

- 3.1 That the Capital Programme and its funding be updated to reflect the changes indicated in the report and that the impact on the Revenue Budget be reflected in the Medium Term Financial Plan (MTFP) and future revisions of the Revenue Estimates.

4. Background

- 4.1 As part of the Council's Performance Management process Spending Officers and Financial Services review at the end of each quarter the progress of Capital scheme expenditure against the approved Programme. The summary results of this review for the 2017/18 second quarter, ending 30 September 2017, are contained in Appendix 1.
- 4.2 A full scheme analysis is available within the revised Ten Performance Management system under 'Performance, Reports, Capital Programme 2017/18'.

- 4.3** The Original Capital Budget for 2017/18 was set at £22,809,542. Details of the changes either in expenditure or its funding since then (see Appendix 1) can be found in the appropriate Cabinet, Audit Committee or Portfolio Holder reports. The main variations in spend against profiled budget and budget changes from the second quarter review, as a result of Officers' information, are detailed in Appendix 2.

5. Key issues and proposals

- Appendix 1 shows actual costs and commitments totalling £14,211,705 up to the end of the second quarter against the Officers' profiled budget of £15,710,261 representing a spend of 90%. The main scheme variations in spend against profiled budget are shown in Appendix 2, section A.
- At 30 September 2017, one current year scheme had not been reported to the relevant Portfolio Holder for scheme approval (see Appendix 2, section A1).
- The main scheme variations in spend against profiled budget are shown in Appendix 2, sections A2 and A3.
- As a result of the quarter 2 review and Portfolio Holder Report dated 19 October 2017 re Turnstiles at Fleetwood Market, when compared to the current approved Budget, aggregate expenditure in 2017/18 is now expected to be £483,805 lower as listed in Appendix 2, section B1. This includes the slippage of Disabled Facilities Grants. The ongoing implication for future years is shown in Appendix 2, sections B2 to B4.

Leisure and Culture Portfolio

- Poulton and Thornton Leisure Centres – The contractor has completed some snagging list items but further works remain to be completed by either the council or the contractor prior to a final payment being agreed. Once the scheme costs are finalised they will be summarised in a detailed report to Cabinet.
- Boilers at Thornton Little Theatre – Works have commenced and no overspend is anticipated at this stage.
- Garstang Pool Sandfilters – The commitment reflects the full cost of the scheme therefore a saving of £7,750 has been recognised that will increase capital funds available for other schemes.

Neighbourhood Services and Community Safety Portfolio

- Rossall Seawall Improvements – The latest estimates are that the main seawall construction works will be complete in January and the programme for landscaping work remains likely to continue into Spring 2018 which will result in some expenditure being slipped to 2018/19 nearer the time. A minor adjustment to the budget is to be made to decrease it by £1,633 to reflect costs incurred in 2016/17.

- Disabled Facilities Mandatory Grants – Delays in processing Occupational Therapist (OT) referrals at LCC led to slippage of £487,681 being carried forward from 2016/17. In the first half of 2017/18 continued delays have been experienced in the receipt of referrals from LCC and this, combined with a substantially increased budget for 2017/18, has resulted in slippage of £500,000 into 2018/19 being requested. In order to mitigate the dependency upon LCC for DFG referrals, an updated policy has now been established to accept referrals from private OT's.
- Flood Relief (Repair and Renew Grants) – At the end of quarter 2 the council has approved individual household grants which have yet to be claimed totalling £67,182 and one community project grant still to be claimed causing the slower than profile spend at Appendix 2, A2.

Planning and Economic Development Portfolio

- Fleetwood Market Lighting – This scheme is to be retendered and is now unlikely to commence before 2018.

Resources Portfolio

- Vehicle Replacement Programme – There has been some re-phasing in 2017/18 and 2018/19 which has resulted in an increased usage of the reserve in both years compensated by lower usage in future years.
- Building Improvement Works – The balance of £360 that has not been allocated to any specific scheme is to be returned to the capital receipts balance awaiting further schemes.

Street Scene, Parks and Open Spaces Portfolio

- Mount Ground Restoration Phase 2 – Works are ongoing and the first payment from the Heritage Lottery fund has been received.
- Playground Refurbishment Unallocated – After officer consultation with the Portfolio Holder a scheme report will follow later in the year.
- Initial investigations into the use of £25,000, part of a £51,685 Section 106 payment for public open spaces near the housing development on the former Ashdell site, are ongoing. Further details will be provided in a Portfolio Holder report early next year.

Capital Grants, Contributions and Receipts

- There has been no increase in external funding as a consequence of the changes in 2017/18 detailed in Appendix 1.
- Options continue to be explored for the £377,974 Community Housing Fund grant for delivery models to involve community-led groups and local housing providers. The identification of additional grant funding streams to provide additional resources is also being investigated. A Portfolio Holder report outlining proposals will follow later this year and the scheme will then be added to the Capital Programme.

- There are no additional capital receipts to report at this stage.
- A Portfolio Holder report for Turnstiles at Fleetwood Market funded from the Capital Investment Reserve, costing £10,439, has been approved since this review and included within Appendix 1 and 2 for completeness.

Financial and legal implications	
Finance	The changes to the Capital Programme expenditure following the second quarter review and the funding indicated in Appendix 1 (2017/18 through to 2020/21) do not require any additional use of Reserves other than those previously reported and £8,110 has been returned to Capital Receipts for future use.
Legal	None arising directly from this report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	✓
climate change	x
data protection	x

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Capital Programme and Funding

Appendix 2 – 2017/18 Quarter 2 Expenditure Changes and Funding Issues

Capital Programme and Funding

Appendix 1

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
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Capital Budget - 2017/18

Original overall approval, part of 17/18 Council Tax setting	22,809,542	22,404,854	261,000	143,688	0	22,809,542
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Overall approval after changes for new schemes Garstang Pool Sandfilters, IT Server and Storage, Wyre Beach Management Business Case, MOT Test Centre, Fleetwood Market Lighting and increase in Better Care Funding of DFGs.

Also after 2016/17 Final Accounts report to Audit Committee 25/7/17 in which slippage to 2017/18 was agreed.	25,569,475	24,873,837	526,651	168,987	0	25,569,475
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Overall approval after Quarter 1 review Cabinet 6/09/17 and Resource PH Reports 17/08/17 and 29/09/17.	25,607,954	24,875,837	533,130	198,987	0	25,607,954
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All 2017/18 schemes - by Director

Service Director for:-

	Actual to 30th Sept 17 £	Commitments £	Profiled budget to end Qtr 2 £	Current Full Year Budget £
Health and Wellbeing	539,349	14,311	956,522	2,140,199
People and Places	5,878,270	7,501,749	14,402,995	23,108,511
Performance and Innovation	225,276	52,750	350,744	359,244
	<u>6,642,895</u>	<u>7,568,810</u>	<u>15,710,261</u>	<u>25,607,954</u>

All 2017/18 schemes - by Portfolio

Portfolio:-

	Actual to 30th Sept 17 £	Commitments £	Profiled budget to end Qtr 2 £	Current Full Year Budget £
Health and Community Engagement	0	0	0	0
Leisure and Culture	-22,600	67,061	97,670	97,670
Neighbourhood Services and Community Safety	6,363,010	7,276,010	14,904,856	24,698,745
Planning and Economic Development	385	43,842	101,850	110,350
Resources	295,993	49,056	472,875	472,875
Street Scene, Parks and Open Spaces	6,107	132,841	133,010	228,314
	<u>6,642,895</u>	<u>7,568,810</u>	<u>15,710,261</u>	<u>25,607,954</u>

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Latest Capital Budget 2017/18 after Quarter 2 review	25,124,149	24,374,204	559,068	190,877	0	25,124,149

Capital Budget - 2018/19

Original overall approval, part of 17/18 Council Tax setting	1,734,619	1,518,119	216,500	0	0	1,734,619
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Overall approval after increased forecast of Better Care Funding of DFG's in line with current allocation. Also after 2016/17 Final Accounts report to Audit Committee 25/7/17 which included a Vehicle Fleet Replacement Programme review affecting 2018/19.	1,899,469	1,653,469	246,000	0	0	1,899,469
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Latest Capital Budget 2018/19 after 17/18 Qtr 2 review	2,428,969	2,153,469	275,500	0	0	2,428,969
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Capital Programme and Funding

Appendix 1 - Continued

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Capital Budget - 2019/20						
Original overall approval, part of 17/18 Council Tax setting	1,862,619	1,518,119	344,500	0	0	1,862,619
Overall approval after increased forecast of Better Care Funding of DFG's in line with current allocation. No change proposed at Audit Committee 25/7/17.						
	1,997,969	1,653,469	344,500	0	0	1,997,969
Latest Capital Budget 2019/20 after 17/18 Qtr 2 review	1,997,969	1,653,469	344,500	0	0	1,997,969
Capital Budget - 2020/21						
Original overall approval, part of 17/18 Council Tax setting	1,944,819	1,518,119	426,700	0	0	1,944,819
Overall approval after increased forecast of Better Care Funding of DFG's in line with current allocation. No change proposed at Audit Committee 25/7/17.						
	2,080,169	1,653,469	426,700	0	0	2,080,169
Latest Capital Budget 2020/21 after 17/18 Qtr 2 review	2,080,169	1,653,469	426,700	0	0	2,080,169

2017/18 Quarter 2 Expenditure changes and Funding Issues

Appendix 2

A) Main Scheme variations - actuals and commitments to 30/9/17 compared with profiled budget

	Actual to 30th Sept 17 £	Commitments £	Profiled budget to end Qtr 2 £	Current Full Year Budget £
<u>A1) Schemes for which Portfolio Holder approval reports have yet to be considered</u>				
<u>Street Scene, Parks and Open Spaces</u>				
Playground Refurbishment Unallocated	0	0	36,688	36,688
<u>A2) Main Schemes with slower spend progress than anticipated</u>				
<u>Leisure and Culture</u>				
Thornton Leisure Centre	-23,136	0	0	0
Boilers - Thornton Little Theatre	15,128	0	30,000	30,000
<u>Neighbourhood Services and Community Safety</u>				
Disabled Facilities Mandatory Grants	584,246	0	956,522	2,123,150
Wyre Beach Management Study	0	0	22,862	22,862
Rossall Seawall Improvement Works	5,700,092	7,267,060	13,744,016	22,305,776
Wyre Beach Management Business Case	11,130	8,870	35,000	60,000
Flood Relief (Repair and Renew)	64,355	0	140,000	140,000
<u>Planning and Economic Development</u>				
Fleetwood Market Lighting	0	0	49,735	49,735
<u>Resources</u>				
Vehicle Fleet Replacement Programme	93,015	49,056	269,536	269,536
<u>Street Scene, Parks and Open Spaces</u>				
Mount Grounds Restoration	-15,716	10,731	13,075	13,075
	6,429,114	7,335,717	15,297,434	25,050,822
<u>A3) Main Schemes with greater spend progress than anticipated</u>				
<u>Street Scene, Parks and Open Spaces</u>				
Mount Grounds Restoration Phase 2 Development	64,697	73,387	63,536	158,840
	64,697	73,387	63,536	158,840

B) 2017/18 Quarter 2 Review changes and PH Report 19/10/17

	Budget Adjustment £	Funded by	Revenue £	Capital Receipts £	Loan £	Total Funded £
		Grants and Contributions £				
<u>B1) Capital Budget - 2017/18 changes</u>						
<u>Changes in schemes as a result of rephasing, reduced costs and externally funded schemes</u>						
<u>Leisure and Culture</u>						
Garstang Pool Sandfilters	-7,750	0	0	-7,750	0	-7,750
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Grants	-500,000	-500,000	0	0	0	-500,000
Rossall Seawall Improvement Works	-1,633	-1,633	0	0	0	-1,633
<u>Resources</u>						
Building Improvements	10,079	0	10,439	-360	0	10,079
Vehicle Fleet Replacement Programme	15,499	0	15,499	0	0	15,499
	-483,805	-501,633	25,938	-8,110	0	-483,805
<u>B2) Capital Budget - 2018/19 changes</u>						
<u>Changes in scheme as a result of rephasing and externally funded schemes</u>						
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Grants	500,000	500,000	0	0	0	500,000
<u>Resources</u>						
Vehicle Fleet Replacement Programme	29,500	0	29,500	0	0	29,500
	529,500	500,000	29,500	0	0	529,500
<u>B3) Capital Budget - 2019/20 changes</u>						
No change						
<u>B4) Capital Budget - 2020/21 changes</u>						
No change						