



Report of:	Meeting	Date	Item No.
Cllr. Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance	Cabinet	30 November 2016	6

Capital Programme Review and Monitoring Report

1. Purpose of report

- 1.1 To consider the summary of the Spending Officers' (April to end September 2016) review of the 2016/17 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 2016/17 second quarter, ending 30 September 2016, 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 2016/17'.

- 4.3** The Original Capital Budget for 2016/17 was set at £26,843,312. 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 £11,459,576 up to the end of the second quarter against the Officers' profiled budget of £13,812,483 representing a spend of 83%. The main scheme variations in spend against profiled budget are shown in Appendix 2, section A.
- At 30 September 2016 there were 2 current year schemes that had not been reported to Portfolio Holders for scheme approval (see Appendix 2, section A1).
- The main scheme variations in spend against profiled budget are shown in Appendix 2, section A2.
- As a result of the quarter 2 review, when compared to the current approved Budget, aggregate expenditure in 2016/17 is now expected to be £1,891,975 lower as listed in Appendix 2, section B1. This includes the slippage on the Rossall Seawall Improvement Works. The ongoing implication for future years is shown in Appendix 2, sections B2 to B4.

Leisure and Culture Portfolio

- Poulton and Thornton Leisure Centres – Both leisure centre schemes are complete and communications remain ongoing with the contractor to reach agreement on the final settlement. Once the scheme costs are finalised they will be summarised in a detailed report to Cabinet.
- Garstang Leisure Centre – It is expected that the scheme will be complete by the end of October with no overspend anticipated.
- Fleetwood Leisure Centre Heating – Work is ongoing but additional costs are being incurred of £9,355 owing to the removal of asbestos and £2,992 to enable the main contractor to complete works at night to avoid significant disruption at the Leisure Centre. This overspend will be funded by a reduction to the Building Improvements Unallocated budget.
- Marine Hall Roof – Works have commenced on site with completion expected by the end of December 2016.

Neighbourhood Services and Community Safety Portfolio

- Rossall Seawall Improvements – Main construction works are estimated to finish by November 2017. However the programme for landscaping has been re-profiled and is likely to continue into Spring 2018 resulting in some expenditure being slipped to 2017/18. £2m slippage, which includes associated risk sums, has been recommended at this stage. A £565 part-reversal of the adjustment made in Qtr1 has also been made.
- Disabled Facilities Mandatory Grants– Despite an increased spend of over £50,000 compared with quarter 1 there remains £1.069m of the 2016/17 increased Better Care Funded budget to spend by the end of March 2017. Lancashire County Council has recruited additional Occupational Therapists to clear the backlog of referrals, but officers are anticipating that the budget may not be fully spent by the end of this financial year. There is likely to be some slippage of the budget next quarter when further information is available. Additional funding of £2,000 has been secured from Great Places Housing.
- Flood Relief (Property Level Resilience Grants) – As at the end of quarter 2 the Council had received 40 applications for the grants to homeowners to implement flood resistance/resilience measures to minimise the impact of flooding. This is reflected in an increase in the budget of £88,790, bringing the total to £200,000.
- Wyre Beach Management Study – Commencement of the study is now expected to be later in the year and could assist with securing EA funding for a larger scheme in 2017.

Planning and Economic Development Portfolio

- Coastal Community Funded Schemes – All works are now complete and final retention invoices are due.
- Marine Hall Dome - Officers have indicated that despite being under budget at the end of quarter 2 the final costs are anticipated to exceed the current budget by approximately £14,000. This anticipated overspend will be in excess of the variance thresholds set out in financial regulations and a report will therefore be submitted to Cabinet once the scheme has completed.

Resources Portfolio

- Wyreside Cafe – This scheme is complete, pending payment of the final invoice.
- Building Improvement Works – Portfolio Holder Reports will be submitted for approval once schemes have been prioritised for the balance of £148,553 after taking account of the Fleetwood Leisure Centre additional costs.

Street Scene, Parks and Open Spaces Portfolio

- Playground Refurbishment unallocated – The underspend of £6,688 on North Drive Playground will be returned to the unallocated pot increasing this to £36,688. After officer consultation with the Portfolio Holder a scheme report will follow later in the year.
- Mount Grounds – additional funding of £17,800 has been secured from the Lancashire Environmental Fund for planting to be completed by April 2017.

Funding

- Since the quarter 2 review the changes in 2016/17 detailed in Appendix 1 reflect an increase in external funding of £108,590. There have also been changes relating to re-phasing of expenditure to future years. There are no additional capital receipts to report at this stage.

Financial and legal implications	
Finance	The changes to the Capital Programme expenditure following the second quarter review and the funding indicated in Appendix 1 (2016/17 through to 2019/20) have been externally funded. There is no revenue impact and no impact on the reserves.
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
Capital Programme monitoring papers		Financial Services Team

List of appendices

Appendix 1 – Capital Programme and Funding.

Appendix 2 – 2016/17 Quarter 2 Expenditure Changes and Funding Issues.

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Capital Programme and Funding

Appendix 1

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Capital Budget - 2016/17						
Original overall approval, part of 16/17 Council Tax setting	26,843,312	25,799,316	584,500	459,496	0	26,843,312
Overall approval after changes for new scheme Town Centre CCTV, additional costs to Garstang Leisure Centre and Pool, initial extension of EA funding for Cell 11, increase in Better Care Funding of DFGs and increase in Flood Relief grants. Also after 2015/16 Final Accounts report to Audit Committee 28/6/16 in which slippage to 2016/17 was agreed.	27,253,843	25,969,518	769,829	514,496	0	27,253,843
Overall approval after Quarter 1 review Cabinet 7/09/16 and Resource PH Reports 11/08/16 and 25/08/16	27,319,267	26,030,452	774,319	514,496	0	27,319,267

All 2016/17 schemes - by Director	Actual to 30th Sept 16 £	Commitments £	Profiled budget to end Qtr 2 £	Current Full Year Budget £
<u>Service Director for:-</u>				
Health and Wellbeing	586,860	55,282	1,118,178	1,916,196
People and Places	8,785,926	1,738,295	12,069,958	24,654,224
Performance and Innovation	48,863	244,350	624,347	748,847
	<u>9,421,649</u>	<u>2,037,927</u>	<u>13,812,483</u>	<u>27,319,267</u>

All 2016/17 schemes - by Portfolio	Actual to 30th Sept 16 £	Commitments £	Profiled budget to end Qtr 2 £	Current Full Year Budget £
<u>Portfolio:-</u>				
Health and Community Engagement	4,000	0	4,000	4,000
Leisure and Culture	22,549	278,453	628,018	651,518
Neighbourhood Services and Community Safety	8,818,381	1,504,773	12,076,602	25,432,088
Planning and Economic Development	120,759	29,566	170,457	271,457
Resources	203,232	0	403,400	403,400
Street Scene, Parks and Open Spaces	252,728	225,135	530,006	556,804
	<u>9,421,649</u>	<u>2,037,927</u>	<u>13,812,483</u>	<u>27,319,267</u>

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Latest Capital Budget 2016/17 after Quarter 2 review	25,427,292	24,138,477	774,319	514,496	0	25,427,292

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Capital Budget - 2017/18						
Original overall approval, part of 16/17 Council Tax setting	18,708,846	18,462,846	246,000	0	0	18,708,846
Overall approval after 2015/16 Final Accounts report to Audit Committee 28/6/16 which included a Vehicle Fleet Replacement Programme review affecting 2017/18.	18,750,846	18,462,846	288,000	0	0	18,750,846

Latest Capital Budget 2017/18 after 16/17 Qtr 2 review	20,723,846	20,462,846	261,000	0	0	20,723,846
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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 - 2018/19						
Original overall approval, part of 16/17 Council Tax setting	1,081,500	892,000	189,500	0	0	1,081,500
No change proposed at Audit Committee 28/6/16	1,081,500	892,000	189,500	0	0	1,081,500
Latest Capital Budget 2018/19 after 16/17 Qtr 2 review	1,108,500	892,000	216,500	0	0	1,108,500
Capital Budget - 2019/20						
Original overall approval, part of 16/17 Council Tax setting	1,236,500	892,000	344,500	0	0	1,236,500
No change proposed at Audit Committee 28/6/16	1,236,500	892,000	344,500	0	0	1,236,500
Latest Capital Budget 2019/20 after 16/17 Qtr 2 review	1,236,500	892,000	344,500	0	0	1,236,500

2016/17 Quarter 2 Expenditure changes and Funding Issues

Appendix 2

A) Main Scheme variations - actuals and commitments to 30/9/16 compared with profiled budget

	Actual to 30th Sept 16 £	Commitments £	Profiled budget to end Qtr 2 £	Current Full Year Budget £
A1) Schemes for which Portfolio Holder approval reports have yet to be considered				
<u>Resources</u>				
Building Improvements	0	0	160,900	160,900
<u>Street Scene, Parks and Open Spaces</u>				
Playground Refurbishment Unallocated	0	0	30,000	30,000
A2) Main Schemes with slower spend progress than anticipated				
<u>Leisure and Culture</u>				
Thornton Leisure Centre	-99,387	0	0	0
Poulton Leisure Centre	-63,277	0	0	0
Marine Hall Roof	0	0	142,000	142,000
<u>Neighbourhood Services and Community Safety</u>				
Disabled Facilities Mandatory Grants	459,325	0	747,150	1,528,119
Wyre Beach Management Study	0	0	22,862	22,862
Rossall Seawall Improvement Works	8,262,048	1,500,000	11,208,978	23,700,848
<u>Resources</u>				
Vehicle Fleet Replacement Programme	220,152	0	242,500	242,500
Wyreside Café - CCF2	-17,800	0	0	0
	8,761,061	1,500,000	12,554,390	25,827,229

B) 2016/17 Quarter 2 Review changes

	Budget Adjustment £	Funded by				Total Funded £
		Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	
B1) Capital Budget - 2016/17 changes						
Changes in schemes as a result of rephasing, increased costs, reduced costs and externally funded schemes						
<u>Leisure and Culture</u>						
Fleetwood Leisure Centre Heating	12,347	0	0	12,347	0	12,347
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Grants	2,000	2,000	0	0	0	2,000
Flood Relief (Resilience Grants)	88,790	88,790	0	0	0	88,790
Rossall Seawall Improvement Works	-2,000,565	-2,000,565	0	0	0	-2,000,565
<u>Street Scene, Parks and Open Spaces</u>						
Mount Grounds Restoration	17,800	17,800	0	0	0	17,800
North Drive Playground Refurbishment	-6,689	0	0	-6,689	0	-6,689
Playground Refurbishment Unallocated	6,689	0	0	6,689	0	6,689
<u>Resources</u>						
Building Improvements	-12,347	0	0	-12,347	0	-12,347
	-1,891,975	-1,891,975	0	0	0	-1,891,975
B2) Capital Budget - 2017/18 changes						
Changes in scheme as a result of rephasing and externally funded schemes						
<u>Neighbourhood Services and Community Safety</u>						
Rossall Seawall Improvement Works	2,000,000	2,000,000	0	0	0	2,000,000
<u>Resources</u>						
Vehicle Fleet Replacement Programme	-27,000	0	-27,000	0	0	-27,000
	1,973,000	2,000,000	-27,000	0	0	1,973,000
B3) Capital Budget - 2018/19 changes						
<u>Resources</u>						
Vehicle Fleet Replacement Programme	27,000	0	27,000	0	0	27,000
	27,000	0	27,000	0	0	27,000
B4) Capital Budget - 2019/20 changes						
No changes.						