



Report of:	Meeting	Date	Item No.
Cllr. Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources	Cabinet	30 July 2014	9

Capital Programme Review and Monitoring Report

1. Purpose of Report

- 1.1 To consider the summary of the Spending Officers' (April to end June 2014) review of the 2014/15 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 is 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 2014/15 first quarter, ending 30 June 2014, 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 2014/15'.

- 4.3** The Original Capital Budget for 2014/15 was set at £23,322,126. 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 first 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 £13,957,535 up to the end of the first quarter against the Officers' profiled budget of £9,335,382 representing a spend of 150%, mainly due to commitments on the major externally funded Memorial Park and Rossall Seawall schemes. The main scheme variations in spend against profiled budget are shown in Appendix 2, section A.
- The current 2014/15 Capital Programme reflects 11 schemes (Rossall Seawall Improvement works and in-house fees being one scheme) that have been slipped from 2013/14 and 5 schemes where there was advance spend of the 2014/15 budget, that were reported to Audit Committee 24 June 2014 as part of the 2013/14 Final Accounts report. These are shown at Appendix 3.
- At 30 June 2014 there were 2 current year schemes that had not been reported to Portfolio Holders for scheme approval (see Appendix 2, section A1).
- As a result of the quarter 1 review, when compared to the current approved Budget taking into account rephasing of schemes and recognising additions/increases, aggregate expenditure in 2014/15 is now expected to be £2,603,463 lower as listed in Appendix 2, section B1.

Economy Portfolio

- Coastal Communities Fund Schemes – a successful stage two Coastal Communities Fund bid was eventually announced on 5 June with funding approved in line with the bid. This contained 4 elements which have now been represented as 7 capital schemes with a separate cost centre for Revenue expenditure. As a result of the late announcement officers are reviewing the schemes and Appendix 2, sections B1 and B2 indicates the latest phasing of the budgets being added to the Capital Programme. An anticipated contribution from Fleetwood Town Council of £20,000 will fund additional Skate Park works in 2014/15.
In quarter 1 there has been £830 spend and £17,753 commitments for the Water Park for which a budget of £480,884 is now proposed in 2014/15 and £49,501 in 2015/16.

Leisure and Culture Portfolio

- Garstang Leisure Centre – as indicated at Council 6 March 2014 the budgetary provision has been increased from £250,000 to £300,000 funded by the Capital Investment Reserve.

- Thornton and Poulton Leisure Centres – although the actual spend on these two schemes is significantly less than the profiled budget both schemes are expected to be completed on time in 2014/15.

Neighbourhood Services Portfolio

- Rossall Seawall Improvement Works – both the budget and its funding from the Environment Agency have been rephased. The scheme is still expected to be completed within 2017/18.
- Cleveleys Promenade Urgent Beach Works – Although there has been no spend in the first quarter this scheme is expected to be completed within the year.
- Link Road – Discussion are due to be held with Lancashire County Council imminently regarding the timing of works and confirmation of the contribution to be made by Wyre, £100,000 currently being the maximum.
- Air Quality Paths – the original scheme involved the upgrading of several footpaths to encourage walking in place of driving, however since receiving funding from DEFRA certain paths have become unfeasible for upgrading. DEFRA is to be asked to consider alternative uses for the remaining 60% of the funding.
- Disabled Facilities Mandatory Grants – actual spend and commitments are above budget however a further £150,000 funding has been received from the NHS Clinical Commissioning Group which is to be reported to the Neighbourhood Services Portfolio Holder in July. The same report includes the recommended use of a Facelift Grant reimbursement for Empty Homes Delivery.

Resources Portfolio

- Vehicle Replacement – the ongoing review of requirements is reflected in Appendix 2 section B1.

Street Scene Portfolio

- Memorial Park – as the scheme progresses a rephasing of works has become necessary as reflected in Appendix 2 sections B1 to B4.
- Stanah Country Park – This Shaping Your Neighbourhood scheme has now been completed with an underspend of £3,770 as reported at Appendix 2 section B1.

Capital Grants, Contributions and Receipts

- There has been an increase in external funding since the original Capital Programme was approved by Council 6 March 2014. Coastal Communities Funding of £1,473,242 will be utilised in 2014/15 and 2015/16; £150,000 received from the NHS Clinical Commissioning Group and a Facelift Grant refund of £7,469 are expected to be utilised in

2014/15 as will an anticipated Skate Park £20,000 contribution from Fleetwood Town Council. There are no additional capital receipts to report at this stage.

FINANCIAL AND LEGAL IMPLICATIONS	
Finance	<p>The changes to the Capital Programme expenditure following the first quarter review and the funding indicated in Appendix 1 requires an additional £50,000 use of the Capital Investment Reserve, a rephased £28,500 use of the Vehicle Replacement/Street Cleansing Maintenance Reserve and a reduced £3,770 use of the Performance Reward Initiatives Reserve.</p> <p>Future updates of the Medium Term Financial Plan will incorporate the impact of the changes on the Revenue budget as follows:-</p> <p>Coastal Communities funding of £38,000 in 2014/15 and £37,000 in 2015/16 to cover the net costs of an events programme and support, training and advice for tourism businesses. The costs are partly offset by a £20,000 contribution from Leftcoast (£12,500 in 2014/15 and £7,500 in 2015/16) and a forecast road train income of £2,300 in 2015/16.</p> <p>The rephased Rossall Seawall Improvement works include in excess of £540,000 for the cost of in-house capitalisation of technical staff time. This reflects additional income of £1,331 over the current Medium Tem Financial Plan assumptions provisions but is rephased over the 2014/15 to 2017/18 period.</p>
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

Report Author	Telephone No.	Email	Date
Howard Rawding Head of Finance	01253 887304	howard.rawding@wyre.gov .uk	8/7/14

List of Background Papers:		
Name of Document	Date	Where available for inspection

LIST OF APPENDICES

Appendix 1 – Capital Programme and Funding.

Appendix 2 – 2014/15 Quarter 1 Expenditure Changes and Funding Issues.

Appendix 3 – Extract from 2013/14 Final Accounts report Appendix 2 – Table 2 to Audit Committee 24 June 2014.

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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 - 2014/15						
Original overall approval, part of 14/15 Council Tax setting	23,322,126	17,204,596	4,216,282	1,901,248	0	23,322,126

Overall approval after changes in the Rossall Seawall Improvement Works capitalisation of salaries, Beach Bungalows, Roundway Activity Equipment, Catterall Playing Fields and additional costs for Leisure Centres.

Also after 2013/14 Final Accounts report to Audit Committee 24/6/14 in which slippage to 2014/15 was agreed.

	26,618,025	20,349,843	4,380,074	1,888,108	0	26,618,025
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All 2014/15 schemes - by Director

Corporate Director for:-
People and Places

Resources

	Actual to 30th June 14 £	Commitments £	Profiled budget to end Qtr 1 £	Current Full Year Budget £
People and Places	1,291,783	12,250,221	9,137,160	25,719,320
Resources	229,221	186,310	198,222	898,705
	1,521,004	12,436,531	9,335,382	26,618,025

All 2014/15 schemes - by Portfolio

Portfolio:-
Economy

Leisure and Culture

Neighbourhood Services

Resources

Street Scene

	Actual to 30th June 14 £	Commitments £	Profiled budget to end Qtr 1 £	Current Full Year Budget £
Economy	830	17,753	5,521	5,521
Leisure and Culture	99,096	0	1,767,612	5,652,680
Neighbourhood Services	1,180,043	10,798,633	6,776,419	18,811,398
Resources	192,349	27,944	266,825	266,825
Street Scene	48,686	1,592,201	519,005	1,881,601
	1,521,004	12,436,531	9,335,382	26,618,025

Latest Capital Budget 2014/15 after Quarter 1 review

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Latest Capital Budget 2014/15 after Quarter 1 review	24,014,562	17,777,530	4,397,804	1,839,228	0	24,014,562

Capital Budget - 2015/16

Original overall approval, part of 14/15 Council Tax setting

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Original overall approval, part of 14/15 Council Tax setting	17,557,981	17,167,204	304,000	86,777	0	17,557,981

Overall approval after changes in the Rossall Seawall Improvement Works capitalisation of salaries.

	17,557,981	17,167,204	304,000	86,777	0	17,557,981
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Latest Capital Budget 2015/16 after 14/15 Qtr 1 review

	20,950,335	20,490,562	332,500	127,273	0	20,950,335
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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 - 2016/17						
Original overall approval, part of 14/15 Council Tax setting	18,959,786	18,755,786	204,000	0	0	18,959,786
Overall approval after changes in the Rossall Seawall Improvement Works capitalisation of salaries.	18,959,786	18,755,786	204,000	0	0	18,959,786
Latest Capital Budget 2016/17 after 14/15 Qtr 1 review	22,037,849	21,831,810	204,000	2,039	0	22,037,849

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Capital Budget - 2017/18						
Original overall approval, part of 14/15 Council Tax setting	11,970,634	11,804,134	166,500	0	0	11,970,634
Overall approval after changes in the Rossall Seawall Improvement Works capitalisation of salaries.	11,970,634	11,804,134	166,500	0	0	11,970,634
Latest Capital Budget 2017/18 after 14/15 Qtr 1 review	9,800,621	9,627,776	166,500	6,345	0	9,800,621

2014/15 Quarter 1 Expenditure changes and Funding Issues

Appendix 2

A) Main Scheme variations - actuals and commitments to 30/6/14 compared with profiled budget

	Actual to 30th June 14 £	Commitments £	Profiled budget to end Qtr 1 £	Current Full Year Budget £
<u>A1) Schemes for which Portfolio Holder approval reports have yet to be considered</u>				
<u>Neighbourhood Services</u>				
Playground Refurbishment Unallocated	0	0	15,000	15,000
<u>Street Scene</u>				
Link Road, Hardhorn Road Car park	0	0	100,000	100,000
<u>A2) Main Schemes with slower spend progress than anticipated</u>				
<u>Leisure and Culture</u>				
Thornton Leisure Centre	60,560	0	1,141,116	3,378,003
Poulton Leisure Centre	18,139	0	583,050	1,936,123
<u>Neighbourhood Services</u>				
Cleveleys Promenade Urgent Beach Works	0	0	30,716	30,716
Link Road, Hardhorn Road Car park	0	0	100,000	100,000
<u>Resources</u>				
Vehicle Replacement	156,358	27,944	223,500	223,500
<u>A3) Main Schemes with greater spend progress than anticipated</u>				
<u>Economy</u>				
Water Park CCF2	830	17,753	0	0
<u>Neighbourhood Services</u>				
Rossall Seawall Improvement Works	950,847	10,609,208	6,402,595	17,704,131
Disabled Facilities Mandatory Grants	197,721	186,310	198,940	795,125
Empty Homes Delivery	31,500	0	-718	103,580
<u>Street Scene</u>				
Memorial Park Fleetwood Heritage scheme Phase 2	6,540	1,575,867	438,749	1,759,582
	1,422,495	12,417,082	9,232,948	26,145,760

B) 2014/15 Quarter 1 Review changes

(including Neighbourhood Services PH consideration of Housing schemes)

Funded by

	Budget Adjustment £	Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
<u>B1) Capital Budget - 2014/15 changes</u>						
<u>Changes in schemes as a result of rephasing, reduced costs and externally funded schemes</u>						
<u>Economy</u>						
Skate Park CCF2	134,529	134,529	0	0	0	134,529
Water Park CCF2	480,884	480,884	0	0	0	480,884
Euston Park CCF2	241,300	241,300	0	0	0	241,300
Marine Lakes CCF2	211,000	211,000	0	0	0	211,000
<u>Leisure and Culture</u>						
Garstang Leisure Centre	50,000	0	50,000	0	0	50,000
<u>Neighbourhood Services</u>						
Rossall Seawall Improvement Works	-3,414,953	-3,414,953	0	0	0	-3,414,953
Disabled Facilities Mandatory Grants	150,000	150,000	0	0	0	150,000
Empty Homes Delivery	7,469	7,469	0	0	0	7,469
<u>Resources</u>						
Vehicle Fleet Replacement Programme	-28,500	0	-28,500	0	0	-28,500
<u>Street Scene</u>						
Memorial Park Fleetwood Heritage scheme Phase 2	-431,422	-382,542	0	-48,880	0	-431,422
Stanah Country Park	-3,770	0	-3,770	0	0	-3,770
	-2,603,463	-2,572,313	17,730	-48,880	0	-2,603,463

B2) Capital Budget - 2015/16 changes

Changes in scheme as a result of rephasing and increased costs

<u>Economy</u>						
Promenade CCF2	43,428	43,428	0	0	0	43,428
Water Park CCF2	49,501	49,501	0	0	0	49,501
Euston Park CCF2	130,700	130,700	0	0	0	130,700
Marine Lakes CCF2	131,900	131,900	0	0	0	131,900
Ecology Zone CCF2	60,000	60,000	0	0	0	60,000
CCF2 Monitoring and Evaluation	10,000	10,000	0	0	0	10,000

2014/15 Quarter 1 Expenditure changes and Funding Issues - Continued

Appendix 2

B2) Capital Budget - 2015/16 changes - Continued**Changes in scheme as a result of rephasing and increased costs**Neighbourhood Services

Rossall Seawall Improvement Works	2,580,903	2,580,903	0	0	0	2,580,903
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Resources

Vehicle Fleet Replacement Programme	28,500	0	28,500	0	0	28,500
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Street Scene

Memorial Park Fleetwood Heritage scheme Phase 2	357,422	316,926	0	40,496	0	357,422
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	3,392,354	3,323,358	28,500	40,496	0	3,392,354
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B3) Capital Budget - 2016/17 changes**Changes in scheme as a result of rephasing and increased costs**Neighbourhood Services

Rossall Seawall Improvement Works	3,060,063	3,060,063	0	0	0	3,060,063
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Street Scene

Memorial Park Fleetwood Heritage scheme Phase 2	18,000	15,961	0	2,039	0	18,000
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	3,078,063	3,076,024	0	2,039	0	3,078,063
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B4) Capital Budget - 2017/18 changes**Changes in scheme as a result of rephasing and increased costs**Neighbourhood Services

Rossall Seawall Improvement Works	-2,226,013	-2,226,013	0	0	0	-2,226,013
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Street Scene

Memorial Park Fleetwood Heritage scheme Phase 2	56,000	49,655	0	6,345	0	56,000
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	-2,170,013	-2,176,358	0	6,345	0	-2,170,013
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Extract from 2013/14 Final Accounts report Appendix 2 - Table 2 to Audit Committee 24 June 2014.
2013/14 capital schemes where there has been either advance use of 2014/15 Budget or an element of slippage to 2014/15.

Appendix 3

Comparison of Capital Expenditure to Budget

NB. Updated for schemes * in a different Portfolio from 1/4/14.	Updated	To 31st	Variance	Advance	Overspend	Underspend	Slippage	Comments
	Revised 2013/14 Budget	March 14 Actuals		pend of 14/15 Budget				
	£	£	£	£	£	£	£	
<u>ECONOMY PORTFOLIO</u>								
<u>Corporate Director of People and Places</u>								
Asset Management Software acquisition	3,759	0	-3,759	0	0	0	-3,759	Completed. Slippage to fund additional costs re Leisure Centre developments.
Fleetwood Market - Provision of 9 new market units	83,458	83,457	-1	0	0	-1	0	Completed.
Sea Change	21,856	11,783	-10,073	0	0	-4,552	-5,521	Underspend due to cost savings.
Portfolio Total	109,073	95,240	-13,833	0	0	-4,553	-9,280	
<u>LEISURE AND CULTURE PORTFOLIO</u>								
<u>Corporate Director of People and Places</u>								
Leisure Centre Refurbishment Programme	61,429	48,676	-12,753	0	0	0	-12,753	Completed. Slippage to fund additional costs re Leisure Centre developments.
Poulton Leisure Centre	50,000	67,954	17,954	17,954	0	0	0	Rephasing of expenditure.
Thornton Leisure Centre	100,000	120,422	20,422	20,422	0	0	0	Rephasing of expenditure.
QS Consultants costs for Client Side Leisure Centre Refurbishments	90,000	89,335	-665	0	11,800	0	-12,465	Overspend re costs for use of North West Construction Hub.
Tower Wood and Pheasant Wood Improvements	8,693	5,962	-2,731	0	0	0	-2,731	Costs awaited for bespoke signage for Towers and Pheasants Woods.
<u>Environmental Improvements</u>								
Wyre Estuary Country Park	958	250	-708	0	0	-708	0	Completed. Small underspend due to leaflets being a revenue cost rather than capital.
Portfolio Total	311,080	332,599	21,519	38,376	11,800	-708	-27,949	
<u>NEIGHBOURHOOD SERVICES PORTFOLIO</u>								
<u>Corporate Director of People and Places</u>								
<u>Coast Protection</u>								
Cleveleys Promenade Beach Urgent works	352,902	322,186	-30,716	0	0	0	-30,716	To fund work required to restore defences back to pre 2013/14 storm condition.
Cleveleys Phase 4b Improvement Works	258,181	258,181	0	0	0	0	0	Completed.
Cell Eleven (2011 to 2016) Monitoring: External Costs	8,410	2,408	-6,002	0	0	-6,002	0	Fewer external costs than budgeted.
Cell Eleven (2011 to 2016) Monitoring: In House Fees	12,190	24,147	11,957	0	5,955	6,002	0	Overspend due to more staff working on the project than originally budgeted.
Cleveleys Recovery Steel Mould	13,427	6,000	-7,427	0	0	-5,927	-1,500	Slippage for extended storage of residual moulds and underspend to be repaid to EA.
Rossall Seawall Improvements Appraisal/Design: External Cost	10,323	-103	-10,426	0	0	-10,426	0) Overspend offset by increased funding from
Rossall Seawall Improvements Appraisal/Design: In House Fees	41,335	54,163	12,828	0	12,828	0	0) Blackpool.
Rossall Seawall Improvements Works: External Cost	3,564,780	557,518	-3,007,262	0	0	-1,386	-3,005,876	Rephasing of expenditure.
Rossall Seawall Improvements Works: In House Fees	68,053	56,328	-11,725	0	0	0	-11,725	Rephasing of expenditure.

Extract from 2013/14 Final Accounts report Appendix 2 - Table 2 to Audit Committee 24 June 2014.
2013/14 capital schemes where there has been either advance use of 2014/15 Budget or an element of slippage to 2014/15.

Appendix 3

Comparison of Capital Expenditure to Budget - Continued

	Updated Revised 2013/14 Budget £	To 31st March 14 Actuals £	Variance £	Advance spend of 14/15 Budget £	Overspend £	Underspend £	Slippage £	Comments
NB. Updated for schemes * in a different Portfolio from 1/4/14.								
<u>NEIGHBOURHOOD SERVICES PORTFOLIO-Continued</u>								
<u>Corporate Director of People and Places - continued</u>								
<u>Coast Protection - continued</u>								
Wyre Beach Management Study	24,294	1,432	-22,862	0	0	0	-22,862	Contractor has not installed cameras in timescale, alternative installers to be investigated.
<u>Corporate Director of Resources</u>								
<u>Housing</u>								
Disabled Facilities Mandatory Grants	775,717	801,489	25,772	0	25,772	0	0	Overspend funded by additional Regenda contributions.
Empty Homes Delivery	56,000	56,000	0	0	0	0	0	
Portfolio Total	5,185,612	2,139,749	-3,045,863	0	44,555	-17,739	-3,072,679	
<u>RESOURCES PORTFOLIO</u>								
<u>Corporate Director of People and Places</u>								
Vehicle Fleet Replacement Programme	219,927	219,860	-67	0	0	-67	0	Reduced costs.
Beach Bungalows Fleetwood	51,000	51,000	0	0	0	0	0	
<u>Corporate Director of Resources</u>								
Computer Telephony Integration	8,415	8,415	0	0	0	0	0	Completed.
Portfolio Total	279,342	279,275	-67	0	0	-67	0	
<u>STREET SCENE PORTFOLIO</u>								
<u>Corporate Director of People and Places</u>								
* Memorial Park Fleetwood Heritage scheme Phase 1	20,387	20,387	0	0	0	0	0	Completed.
* Memorial Park Fleetwood Heritage scheme Phase 2	98,500	100,496	1,996	1,996	0	0	0	Rephasing of expenditure.
* Inskip Play Area - Improvements	62,019	62,019	0	0	0	0	0	Completed.
* Jean Stansfield Play Area	69,500	66,862	-2,638	0	0	-2,638	0	Completed with reduced costs.
* North Drive Park MUGA	31,925	31,925	0	0	0	0	0	Completed.
* Stanah Country Park Play Facilities	20,000	55,501	35,501	35,501	0	0	0	Rephasing of expenditure.
* Vicarage Park and St Chads Churchyard	0	-2	-2	0	0	-2	0	Completed. Minor underspend on retention.
* Hambleton Play Area - Improvements	706	706	0	0	0	0	0	Completed.
* Preesall Playing Fields MUGA	39,000	0	-39,000	0	0	0	-39,000	Awaiting cost and spend information from Town Council before funds are released.
* Roundway Activity Equipment	17,250	29,743	12,493	12,493	0	0	0	Rephasing of expenditure.
New Depot	13,699	-20,882	-34,581	0	0	-11,799	-22,782	Savings due to contract savings and refund. Slippage to be used to fund additional costs re Leisure Centre developments.
Public Conveniences - Danfo Refurbishment	81,600	81,600	0	0	0	0	0	Completed.
Portfolio Total	454,586	428,355	-26,231	49,990	0	-14,439	-61,782	
GRAND TOTAL	6,339,693	3,275,218	-3,064,475	88,366	56,355	-37,506	-3,171,690	