Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources)	Executive Cabinet	26 June 2014

PROVISIONAL REVENUE AND CAPITAL OUTTURN 2013/14

PURPOSE OF REPORT

1. To present the provisional revenue outturn figures for the Council as compared against the budgets and efficiency savings targets it set itself for the financial year 2013/14.

2. To present the provisional outturn figures for the 2013/14 Capital Programme and update the Capital Programme for financial years 2014/15 to 2016/17 to take account of the re-phasing of expenditure from 2013/14 and other proposed budget changes.

3. The accounts are provisional at this stage and are also subject to final checking and scrutiny by the Council's external auditor. Should there be any significant changes to the outturn as a result of this process a further report will be submitted to Executive Cabinet.

RECOMMENDATION(S)

4. Executive Cabinet are asked to consider the following recommendations.

- Approval of slippage requests and other transfers to reserves outlined in Appendix 2 of the report to finance expenditure on specific items or projects in 2014/15.
- Approve the transfer of £326k net income from Market Walk in 2013/14 split 80:20 between the Change Management Reserve and Equalisation Reserve (to limit the future impact of any potential reduction in income).
- Note the impact of the final capital expenditure outturn and approve the re-phasing of capital budgets to 2014/15.
- Approve the financing of the 2013/14 Capital Programme to maximise the use of funding resources available to the Council.

EXECUTIVE SUMMARY OF REPORT

5. The Council's overall savings target of £200,000 in 2013/14 from management of the establishment has been achieved.

6. There is a provisional underspend against the budget at year-end of £294k (as detailed in Appendix 1) which takes into account requests for slippage of committed items of £268k and transfer to specific reserves of £688k. Recommendation is made to transfer a further sum of £145k to reserves to fund other cost pressures in 2014/15 as outlined in paragraph 48. This will reduce the final underspend to £149k which will be transferred to general balances.

7. The Council's Medium Term Financial Strategy proposed that working balances were to be no lower than £2.0m due to the financial risks facing the Council. I am pleased to report that should the recommendations in this report be accepted, the level of balances proposed at 31 March 2014 will exceed the minimum of £2.0m by £0.189m. This puts the Council in a strong position for the start of the next financial period.

8. The provisional capital outturn is £25.615m. This is a reduction of £968k, due to the re-phasing of schemes into 2014/15, compared to the previous update reported to Council on 25th February 2014. Further details are outlined in section B of this report.

Confidential report Please bold as appropriate	Yes	**No**

Key Decision? Please bold as appropriate	**Yes**	No

Reason Please bold as appropriate	**1, a change in service provision that impacts upon the service revenue budget by £100,000 or more**	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

REASONS FOR RECOMMENDATION(S)
(If the recommendations are accepted)

9. To ensure the Council's budgetary targets are achieved.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. None.

CORPORATE PRIORITIES

11. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	√

Ensuring cash targets are met maintains the Council's financial standing.

BACKGROUND

12. The Council's approved revenue budget for 2013/14 included target savings of £200,000 from management of the staffing establishment. The December budget monitoring report announced that a saving of £150,000 had been achieved to the end of the third quarter, leaving a further £50,000 to be identified by the end of the financial year. It was anticipated that further savings should be made in the final quarter as a result of directorate restructures but if the remaining target was not achieved, budget efficiencies would have to be identified elsewhere to ensure the target for the year is achieved.

13. The last report to the Executive Cabinet of 13th February contained a projected outturn for 2013/14 which outlined a forecast underspend of £118,000 based on information to the end of December and that the level of General Balances at year-end would exceed the minimum £2.0m set out in the Medium Term Financial Strategy.

14. The previous forecast underspend reported to Executive Cabinet excluded the following special items:
    - Income generated from Market Walk;
    - Section 31 grant from the Department for Communities and Local Government, received to compensate the Council for loss of business rates as a result of Small Business Rate Relief.

15. The previous projection of net income from Market Walk was £160k for 2013/14. It was recommended in the February Budget Monitoring Report that the final surplus at year-end be divided between two reserves: an equalisation reserve to smooth any fall in forecast income from Market Walk in future years; and a Change Reserve which would assist in funding future organisational change.

16. The February Budget Monitoring Report recommended the use of revenue funding from the Small Business Rate Relief to replace borrowing as funding for short life capital schemes to achieve revenue savings in 2014/15 and beyond.

17. Council of 25th February 2014 approved amendments to the capital programme 2013/14 to 2015/16 and introduced the recurring annual budgets in 2016/17:
    - 2013/14 – £26.584m
    - 2014/15 – £11.924m
    - 2015/16 – £1.305m
    - 2016/17 – £0.390m

SECTION A: REVENUE OUTTURN

18. Set out in Appendix 1 is the summary provisional outturn position for the Council for 2013/14. No individual service directorate figures are attached. These can be viewed at https://democracy.chorley.gov.uk/documents/s44832/ServiceLevelBudgetMonitoring201314June2014.pdf and are also available as hard copies for inspection in the Members' Room.

19. The net expenditure at the end of the financial year shows a provisional underspend against the Council's budgets of £294,000 (after taking requests for slippage and other special items into account), this is a movement from that reported in December of £176,000. Details of the revenue outturn position are shown in Appendix 1 and requests for slippage and the transfer of resources to reserves are outlined in Appendix 2. Analysis of the main variances over and above those previously reported in monitoring is shown in the table below. Further details are contained in the service unit analysis available in the Members' room.

ANALYSIS OF MOVEMENTS

Table 1 – Significant Variations from the last monitoring report

Note: Further savings/underspends are shown as ( ).

	£'000	£'000
Expenditure		
Staffing costs	(27)	
Electoral Registration (IER)	(11)	
External Audit Fees	(10)	
Community Infrastructure Levy	17	
Income		(31)
Buckshaw Waste Collection/Bin Sales	(20)	
Streetscene income - additional LCC Contributions	(18)	
Streetscene income - recharges to Parishes/third parties	(13)	
Young Peoples Activities (Disability Shortbreak)	(19)	
Cemetery Income	(18)	
Markets Income	(11)	
Net Financing Transactions (Landsbanki interest)	(28)	(99)
Misc. Government Grants	(23)	
Other minor variances	5	
		(46)
Net Movement		**(176)**

20. An additional saving of £27,000 on staff salaries within the People and Places and Chief Executive and Transformation directorates has been achieved in the period since the last monitoring report. This has helped to achieve the Council's savings target of £200,000 from management of the establishment for 2013/14.

21. The 2013/14 estimates included additional budget provision for the potential impact of Individual Electoral Registration (IER). The introduction of IER was expected to increase printing and postage costs but it is now anticipated that the majority of costs will only be incurred in 2014/15 resulting in a saving of around £11,000 for 2013/14.

22. In March of this year the Council received notification that the Audit Commission had agreed an immediate rebate of £8 million in Audit Fees to be distributed across local audit bodies. The announcement was made following a meeting of the Audit Commission's Board to discuss retained earnings prior to its closure at the end of May 2015. The Council received a sum of £8,000 for its share of the rebate and this together with other minor savings on audit fees has resulted in a budget saving of £10,000 in 2013/14.

23. In September 2013 the Community Infrastructure Levy (CIL) was introduced as a new mechanism by which local authorities can charge a levy on new developments in their area to pay for infrastructure of various kinds. The Council has since faced a legal claim brought by a local landlord challenging the charging schedule adopted. The court has recently dismissed the challenge, finding in the Council's favour. However, the Council's share of legal costs (shared with Lancashire County Council, Preston City Council and South Ribble Borough Council) and the prospect of having them reimbursed has not been settled in time for year-end. As a result we have recognised the Council's share of residual costs of £17,000 in 2013/14 and any subsequent reimbursement will be reported in 2014/15 budget monitoring.

24. One of the most significant areas to impact on the Council's revenue outturn position is the amount of additional income generated over recent months. One example is the amount that the Council recharges to South Ribble Borough Council in respect of the Buckshaw waste and recycling service. Income levels have continued to increase as a result of new build properties in excess of the current budgeted levels. Waste and recycling bin sales have also increased compared to previous years. This has resulted in additional income of around £20,000 for 2013/14.

25. During meetings held with the Council's Streetscene staff in December 2013, Lancashire County Council confirmed the payment due in respect of Public Realm works but at the time were unable to confirm if the Council would receive additional payments for work carried out to Chorley roundabout displays and the Central Avenue Embankment. Agreement has since been reached on this matter with the council receiving payments in March of £9,700 and £8,450 respectively.

26. Another area where the Council's Streetscene team has managed to generate additional income is in the recharges to Parishes and third parties. This area covers work undertaken by Streetscene on behalf of Parish requests. Income received in previous years has been broadly in line with the budget set, however, this year there has been an increase in the requests for work from Parishes. This has amounted to £26,000 which the Streetscene team have managed to carry out in house resulting in additional income of around £13,000 over previous forecasts.

27. One area that has generated additional income in 2013/14 for the Council is in the provision of a short breaks programme funded by Lancashire County Council, whereby a wide variety of activities are provided during school holidays that are targeted at children and young people with disabilities. As these activities are organised by the Council's Young Peoples Activities team the majority of costs are maintained in-house therefore generating additional income for the Council. An additional sum of around £19,000 has been generated to the end of the financial year.

28. Cemetery income levels have increased significantly. The forecast in December was for a surplus of around £15,000, however, income levels has increased further resulting in additional income of around £18,000 above the previous forecast.

29. Markets Income levels have also increased since the December forecast. Historically this post-Christmas period, combined with the worst of the winter weather, has resulted in the slowest trading months with normally reduce fee income expected for the final quarter. This has proven not to be the case in 2013/14 and the Chorley Markets continued to attract traders. As a result, an additional £11,000 income has been generated over the previous forecast.

30. In February the Council, along with a number of other local authorities, sold their remaining claims against LBI (formerly Landsbanki Islands hf) through a competitive auction. The Council received a payment that brought the total recovered to £1,856,337, which is around 93% of the sum originally invested. The cash received is not a windfall resource to the Council, because the annual statement of accounts each year has been prepared on the assumption that most of the investment would be recovered over a period of several years. There is an interest element from the auction proceeds which exceeds the previous net financing forecast by £28,000.

31. In March of this year the Council received two small government grants, a Capitalisation Provision Redistribution Grant and Transparency Code Set Up grant. As part of the Local Government Finance Settlement for 2013/14, £100 million was held back from Revenue Support Grant to provide an in-year capitalisation process with the intention that any remaining funds would be redistributed back to local authorities. A remaining balance of £82.5 million was shared out with Chorley receiving the sum of £20,362. A further grant of

£2,588 was received from the DCLG to help with costs associated with the Governments transparency code for Councils to increase local accountability.

COMMITTED ITEMS/SLIPPAGE REQUESTS

32. Each year the Council commits itself to expenditure that may not always be incurred in the financial year. It is customary to allow directorates that have a budget underspend to carry forward these resources to pay for specific items in the following year. This is an important part of the budget management process as it allows officers to commit earmarked resources to specific projects particularly towards the end of the financial year.

33. A full schedule of the budget carry forward (slippage) requests received for 2013/14 is outlined in Appendix 2.

MARKET WALK

34. On 29th November 2013 the Council acquired the Market Walk Shopping Centre in the Town Centre. The Executive Cabinet has previously approved that the net rental income from the shopping centre over the four months to financial year-end be transferred to two reserves. It is proposed to amend the share of resources to an 80:20 split between the Change Management Reserve and Market Walk Equalisation Reserve.

35. The net income to 31st March 2014, once all costs that fall on the Council have been deducted, is £326k. This has increased compared to the initial forecasts and is largely due to the Council reducing the costs of financing the acquisition. This has been achieved by the fact that some borrowing has been financed via internal cash balances that have been available that alternatively would have been invested and only realised a very small rate of return.

36. The transfer to the change management reserve will help to fund future service re-organisation across the council. The creation of an equalisation reserve will smooth any possible adverse movement in income generation from the shopping centre should that occur in future years. Variations in income levels are also mitigated against within the Council's Medium Term Financial Strategy which contains a further minimum £100k on-going contribution to this reserve over the next three years to 2016/17.

37. The statement below summarises the outturn position.

Market Walk Outturn (29-Nov-13 to 31-Mar-14)	**2013/14 £'000**
Gross Income *(from rents)*	(574)
Expenditure *(Financing costs of the acquisition; marketing and promotion; legal fees; vacant units service charge; strategic management.)*	248
Net Income	**(326)**
Transfer to Change Management Reserve (80%)	*261*
Transfer to Equalisation Reserve (20%)	*65*
Total Transfer to Reserves	***326***

2013/14 INVESTMENT AREAS

38. The budget for 2013/14 saw the introduction of a budgeted investment package funded from the previous year's underspend and available surplus of New Homes Bonus. The new revenue investment programme totalled £1.349m and the progress to date with regard to spend is detailed in Appendix 4.

39. The majority of projects are complete and the remainder have been transferred to specific project reserves. The reserves will be matched to expenditure as it is incurred during 2014/15.

40. Within the total budgeted Investment Package there was also an additional capital investment proposed of £1.475m. The programme of work is committed and progress against these schemes is outlined in section B of this report on the Capital Programme.

RETAINED BUSINESS RATES

41. The Business Rates Retention (BRR) scheme was introduced in April 2013. It provides a direct link between business rates growth or decline, and the amount of money the council has to spend on local people and local services. The Council is able to keep a proportion of business rates revenue, as well as growth generated on that revenue, within their local area. Conversely any decline in Business Rates revenue levels reduces the income received by the Council.

42. The calculation of the Business Rates expected to be retained (which was included in the 2013/14 approved budget) and a comparison with the subsequent final schedule of income received, is attached as Appendix 5 at a summary level. The technical calculations within the new system are very complex including the fact that the impact of performance in a particular years spans more than one financial year.

43. The council receives resources for the year based on the initial estimate of business rates income included in the budget at the start of the financial year. Any change, be it a surplus or deficit, needs to be built into the next budget for business rates which will be for 2015/16.

44. The collection fund for BRR in 2013/14 has resulted in a deficit from that originally expected. This has been caused by an increase in the estimated level of appeals to be made against property valuations by BRR payers. Chorley's share of the 2013/14 deficit is £508k compared to £66k which is already included in the budget. The resulting additional £442k increase in the 2013/14 deficit will impact the budget in 2015/16. The provision for appeals has been increased following the experience gained from the new scheme during the first year of operation. The effect of this deficit should not have a detrimental in 2015/16 due to the introduction of a budgeted reserve for Business Rates Retention to offset the volatility of the scheme. This reserve is projected to hold £503k by March 2015.

45. A key element of the new regime is the impact that appeals have on the level of income received. Should business rate payers be successful in appealing against the valuation placed on premises, upon which the charge is based, this will reduce the subsequent rate yield in 2014/15. This may potentially lead to a further deficit chargeable in 2015/16.

46. As the BRR collection fund has not performed as well as expected the levy charged by Central Government for improved performance has also reduced. Therefore, a small surplus of £30k has been realised in year due to the levy payment to DCLG being less than originally estimated. This has been transferred to the business rates reserve.

Section 31 Grant (Small Business Rate Relief)

47. Central Government is committed to refunding Local Authorities for any loss in income within the Business Rates Retention (BRR) scheme brought about by their Empty Property and Small Business Rate Relief (EP/SBRR). The refunds, based on the initial estimates reported through NNDR1 (name of BBR return), are to be made through a section 31 grant.

48. The Council has received £447k as reimbursement for EP/SBRR. This is in addition to the income budgeted for from business rates in 2013/14. As previously approved, this additional funding will be used to reduce the use of borrowing within the capital programme in 2013/14 and 2014/15. Hence this will save the subsequent revenue costs of borrowing in 2014/15 and future years. The amount used in 2013/14 is £115k with £332k being carried forward for use in future years.

GENERAL FUND RESOURCES AND BALANCES

49. With regard to working balances, and as per Appendix 1, we started the year with a balance of £2.060m. The approved MTFS proposes that working balances are to be no lower than £2.0m given the budgetary challenges facing the Council. There are a number of items, however, that will impact on this position that should be considered by Cabinet, these being:

- Carrying over items into 2014/15 via slippage requests (outlined in Appendix 2).
- Transfer of £100k to reserves to fund buildings maintenance and improvement works.
- Transfer of £25k to reserves to fund new smart phones and tablet devices.
- Transfer of £20k to reserves to fund the cost of maternity cover in 2014/15.

50. In June 2012, a provision of £15,000 was created for potential repayment of insurance settlements to the Council's former insurer MMI, but this represented only part of the total potentially repayable. It was agreed that any payments in excess of this provision would have to be met from general balances. Payments made to the end of 2013/14 total £14,222 with further payments now payable during 2014/15. As a result an additional £20,000 has been added to the provision to cover future liabilities.

51. In November 2013 the Council received a sum of £10,000 from McLagan Investments Limited as a contribution to costs regarding land at Bolton Street as part of the Asda development. This sum has been set aside as a provision to cover the costs of connecting utility services from the Asda feed into the development site acquired as part of the land deal.

52. The provisional outturn position for 2013/14 for the Council's General Revenue Fund shows an underspend against the Council's budgets of around £294,000 (after taking requests for slippage into account). Details of the 2013/14 revenue outturn position are shown in Appendix 1.

53. The impact of the provisional underspend, together with the in-year transfers to and from reserves, is a potential closing balance of £2.334m for working balances. This position provides an ideal opportunity to increase investment in some of the Council's priority areas as detailed below.

54. The Council's property services advisor Liberata UK previously identified a three year programme of buildings maintenance and improvement works resulting in the creation of a buildings maintenance reserve for use in 2013/14. This reserve is now fully committed and use of the Council's 2013/14 underspend will enable the essential improvement works identified for 2014/15 to be carried out. Given the revenue outturn position and the level of general balances, it is prudent at this stage to recommend that a sum of £100,000 is transferred to this reserve to finance buildings works in 2014/15.

55. A further £25,000 investment is required to fund tablet and smartphone devices in support of the Councils ICT and Digital Strategies. The new infrastructure will enhance the provision of information to customers, improve the management of service requests and support improved productivity.

56. A funding requirement of £20,000 has been identified to cover the potential cost of maternity cover in 2014/15.

57. The effect of the above recommendations and decisions taken previously on working balances is detailed as follows. It can be seen from the table below that the General Fund Balance will exceed the minimum level set in the MTFS by £0.189m.

Table 2 – Movement in General Fund Balance

General Balances	**£m**
Opening Balance 2013/14	2.060
Provision for MMI clawback	(0.020)
Provisional revenue budget underspend	0.294
Potential Closing Balance 2013/14	**2.334**
Less proposed transfers to reserves (appendix 2)	(0.145)
Proposed Working Balances for 2014/15	**2.189**

58. Appendix 3 provides further information about the specific earmarked reserves, provisions used throughout 2013/14, and those that would be available for use in 2014/15 if the recommendations of this report are approved.

SECTION B: CAPITAL OUTTURN 2013/14 AND CAPITAL PROGRAMME 2014/15 TO 2016/17

59. Amendments to the Capital Programme 2013/14 to 2015/16 have been reported to Executive Cabinet through the quarterly in-year monitoring reports.

60. The Capital Budget Report to Special Council in February 2014 contained the new Capital Programme 2014/15 to 2016/17 as well as the latest forecast of expenditure in 2013/14. The capital programme budget for the four years 2013/14 to 2016/17 as reported to Council was as follows:

- 2013/14: £26.583m (of which £23.341m was for the acquisition of Market Walk
- 2014/15: £11.924m
- 2015/16: £1.305m
- 2016/17: £0.390m

CAPITAL OUTTURN

61. Capital expenditure in 2013/14 was £25.615m. Appendix 6 sets out a breakdown of which the capital schemes undertaken which includes:-
    - the acquisition of the Market Walk Shopping Centre;
    - improvements to the Council's assets;
    - grants to third parties for the provision of affordable housing and disabled adaptations; Leisure Centre improvements; and the provision of play and recreation.

Market Walk – capital expenditure £23.341m

62. On 29th November 2013 the Council purchased the Town Centre shopping centre for £23.341m. The acquisition plays a key role in the Council's MTFS in closing the forecasted budget gap. The acquisition has been budgeted to be financed through prudential borrowing over a period of 50 years. The costs of the borrowing are significantly less than the income generated from the rental of shop units and therefore there are no additional potential costs to the Council Tax payer.

Asset Management and Regeneration – £841k

63. The refurbishment of the White Hart Public House was completed in 2013/14 bringing back into use a prominent town centre site. The demolition and clearance of the Clayton Brook Public House has created a site for communal open space.

64. The refurbishment of 98-102 Market Street is almost complete and has been achieved within budget (£368k). Over the next couple of months it is planned that retailers will move into the four new units.

65. The contract for resurfacing and improvements to the Portland Street, Fleet Street and Flat Iron car parks has been awarded and initial fees have been incurred. The main contractor costs will be in 2014/15.

Housing – £543k

66. A programme budget for affordable housing was approved in 2013/14. To date the Council has contributed £76,500 to the scheme at Halliwell Street. The majority of funding will be transferred in 2014/15 and specific projects are detailed in the section below on the re-phasing of the capital programme.

67. The Council contributed £433k in 2013/14, funded from government grant and contributions from registered providers, to the disabled facilities programme for work to adapt homes for disabled occupants. The final outturn exceeded the previous forecast by £67k. This additional work was funded from £13k of 2013/14 grant, an additional £5k was received from registered providers and £49k funded from the Council's carried forward provision of regional housing pot.

68. The next phase of improvement works at Cotswold House, aimed at improving the housing offer and accommodation is due to progress in 2014/15. Preliminary design and feasibility works have been completed by Liberata in conjunction with staff from Cotswold, the Housing Strategy Team and the Head of Governance.

People and Places – £866k

69. Work has been completed on the restoration of the Memorial Arch and Cenotaph improvements including a new footpath at the Park Road entrance to the park. The refurbishment of Astley Farmhouse to provide a new exhibition space is underway and due for completion in 2014/15.

70. The access road to Duxbury Golf Course is complete and work has begun on the Clayton Brook Village Hall Extension and works at Eaves Green Community Centre. £77k was spent on a multi-use games area (MUGA) at Sagar House.

71. Renovation works to the All Seasons and Clayton Green Leisure Centres have utilised some of the budget earmarked for 2014/15. This is not additional cost, rather the work has been completed ahead of schedule and as such £15k has been accelerated from the 2014/15 budget.

72. The remaining approved budget for Rangletts Recreation Ground is for a new allotment site, extended play area provision, overflow car parking and other hardworks (including lighting, footpaths and fencing). Work to date has been for site remediation including Mineshaft treatment work.

73. The provision of waste and recycling bins has cost £5k more than originally budgeted and this has been accelerated from the budget for 2014/15.

CAPITAL PROGRAMME 2014/15 ADDITIONS AND RE-PHASING

74. The Capital Outturn of £25.615m was a reduction of £968k compared to the last reported forecast estimate reported to Council in February 2014.

75. The £968k variation is not an underspend but due to the requirement to re-phase a number of budgets in-line with revised timescales of delivery outlined in further detail below.

76. The refurbishment of 98-102 Market Street is almost complete. The final works and costs will be in the first quarter of 2014/15 and budget of £32k has been re-profiled in line with the timescale for completion.

77. In 2013/14 there was £115k set aside as the Council's contribution to the changes to the site at Bengal Street following the lease to Recycling Lives. Following delays with signing the lease these works were put on hold and are now likely to take place over the summer.

78. The 2013/14 budget contained approved budget of £15k for a Human Resources project connected to provision of a staff benefit portal and £47k reserved for ICT implementation. These have both been transferred to 2014/15 and progress of the projects, and the potential transfer of resources to revenue once firm proposals are in place, will be reported through the in-year monitoring reports.

79. The Council has approved the contribution of £272k to a Housing scheme at St George's Street in the town centre which will see a former bar converted into affordable housing. This was initially due to begin in 2013/14 and as such the budget was split over two financial years. The full scheme, however, will now commence in 2014/15 and £136k has been re-profiled into 2014/15.

80. The contract for phase 5 of the improvements to Cotswold House has been out to tender and the chosen contractor appointed. The contract price is £155k, however, electrical works may well be undertaken at the same time which are provisionally earmarked to come out of unallocated Housing funds. Further information will be reported to the Executive as part of 2014/15 quarter one monitoring report.

81. The People and Places Capital Programme has been re-phased by £390k with the transfer of committed budgets to 2014/15. The budget for the development for Astley Hall and Park is now £762k in 2014/15 and will fund remaining renovation work at Astley Farmhouse, footpath lighting and improvements, a sensory garden, street furniture, event staging and car parking.

82. Further re-profiling of budgets will enable delivery of play facilities at Adlington, Eaves Green and Rangletts Recreation Ground.

CAPITAL PROGRAMME FINANCING 2013/14

83. The financing of capital expenditure in 2013/14 is summarised in table 3 for schemes excluding Market Walk. Market Walk was funded from prudential borrowing.

Table 3 - Capital Financing (excl. Market Walk)

	£'000	%
Capital Expenditure (excl. Market Walk)	2,274	
Financed by:		
Government Grants	441	19%
External Contributions	357	16%
Revenue Financing	152	7%
Capital Receipts	0	0%
Borrowing	1,324	58%

84. **Government Grants** - the grants applied were used to fund the programme of disabled adaptations and the ICT scheme Unified Intelligent Desktop. In 2013/14 we received £274k of Disabled Facilities Grant (DFG). In addition, funds had been carried forward, DFG grant received in 2012/13 of £89k and former Regional Housing Pot of £48k.

85. **External Contributions** - £23k from Registered Providers to contribute to disabled adaptations. £289k section 106 contributions were used to fund affordable housing projects, play and recreation, and CCTV implementation. And other contributions totalling £45k were received for works to Astley Park (from the lottery funded project Chorley Remembers) and Duxbury Golf Course (from the tenant re: access road).

86. **Revenue Financing** - £115k was used to fund the purchase of new bins through the use of the section 31 grant (as explained above). The design and feasibility work at Cotswold House is funded from an earmarked revenue reserve. Preliminary work re-surfacing town centre car parks has been funded from the Town Centre Reserve. Finally, the Climate Change grant allocated to applicants who can evidence energy saving initiatives is funded from revenue reserved for capital schemes.

87. **Capital Receipts** - during 2013/14 we have received a total of £325k capital receipts. It is proposed to carry this resource forward to help fund new initiatives in 2014/15 without the need to borrow.

88. **Prudential Borrowing** - capital expenditure of £1.324m was financed from external borrowing compared to an original funding estimate of £2.371m. The reduction in the 2013/14 borrowing requirement is due to the re-profiling of schemes to 2014/15 (£771k), the use of revenue to fund replacement bins (£99k), and the removal of the strategic regional site project from the budget (£371k). In order to best plan for the future use of the Council's own resources, long term investment at Astley Park and Yarrow Valley (total capital expenditure of £196k) has been financed from borrowing which allows capital receipts to be retained to fund short term assets, which would be more costly to finance through borrowing, in future years.

IMPLICATIONS OF REPORT

89. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

90. The financial implications are detailed in the body of the report.

COMMENTS OF THE MONITORING OFFICER

91. The Monitoring Officer has no comments.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Dave Bond	5488	19/05/14	Revenue Budget Monitoring 2013-14 Provisional Outturn.doc