

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources)	Executive Cabinet	25 June 2015

## **PROVISIONAL REVENUE AND CAPITAL OUTTURN 2014/15**

### **PURPOSE OF REPORT**

1. To present the provisional revenue outturn figures for the Council as compared against the budgets and efficiency savings targets set for the financial year 2014/15.
2. To present the provisional outturn figures for the 2014/15 Capital Programme and update the Capital Programme for financial years 2015/16 to 2017/18 to take account of the re-phasing of expenditure from 2014/15 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. Note the full year outturn position for the 2014/15 revenue budget and capital investment programme.
5. Request Council approval for slippage requests and other transfers to reserves outlined in Appendix 2 of the report to finance expenditure on specific items or projects in 2015/16.
6. Approve the transfer of £176k net income from Market Walk in 2014/15, split 80:20 between the Change Management Reserve and Equalisation Reserve (to limit the future impact of any potential reduction in income).
7. Note the impact of the final capital expenditure outturn and approve the re-phasing of capital budgets to 2015/16.
8. Request Council approval of the financing of the 2014/15 Capital Programme to maximise the use of funding resources available to the Council.
9. Note the 2014/15 outturn position on the Council's reserves.

### **EXECUTIVE SUMMARY OF REPORT**

10. The Council's overall savings target of £130k in 2014/15 from management of the establishment has been achieved.
11. There is a provisional underspend against the budget at year-end of £139k (as detailed in Appendix 1) which takes into account requests for slippage of committed items of £424k. The following items are excluded from the provisional underspend:

- Balances remaining from new investment items added to the budget in 2014/15.
- Additional net income generated from Market Walk.
- Any surplus/deficit relating to Business Rates Retention.

12. In the 2014/15 budget the expected net income from Market Walk is £559k. The final outturn position, after taking into consideration £102k reserved to fund feasibility costs of the proposed extension and £100k transferred to fund further Town Centre Investment, is £735k. The proposed surplus of £176k will be transferred to reserves, allocated 80:20 between the change management reserve and the Market Walk income equalisation reserve. This will bring Market Walk reserves to £200k by 31st March 2015.

13. The provisional capital outturn for 2014/15 is £3.655m.

14. The Council's Medium Term Financial Strategy proposed that working balances were to be maintained at a level 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 2015 will exceed the minimum of £2.0m by £0.288m. This puts the Council in a strong position for the start of the next financial period.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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<b>Key Decision?</b> Please bold as appropriate	<b>Yes</b>	No
<b>Reason</b> Please bold as appropriate	<b>1, a change in service provision that impacts upon the service revenue budget by £100,000 or more</b>	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)

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

#### ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

16. None.

#### CORPORATE PRIORITIES

17. 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**

18. The last report to the Executive Cabinet of 26<sup>th</sup> March contained a projected outturn for 2014/15 which outlined a forecast underspend of £146k based on information to the end of February and that the level of General Balances at year-end would exceed the minimum £2.0m set out in the Medium Term Financial Strategy by £0.295m.
19. The previous forecast underspend reported to Executive Cabinet excluded the following special items:
  - Any underspends on committed items which are expected to be carried forward into 2015/16.
  - Investment items added to the budget in 2014/15.
  - Additional net income generated from Market Walk.
  - Any surplus/deficit relating to Business Rates Retention.
20. The Council's approved revenue budget for 2014/15 included target savings of £130,000 from management of the staffing establishment.
21. It was recommended in the June budget monitoring report that £100k of additional income from Market Walk be transferred to invest in the Town Centre Grants Programme and that any surplus additional income, previously forecast to be around £142k, be divided on a 80:20 basis between two reserves: the equalisation reserve to smooth any fall in forecast income from Market Walk in future years; and the change management reserve which would assist in funding future organisational change.
22. The previous forecast for capital expenditure in 2014/15 was £5.383m.

## **SECTION A: CURRENT FORECAST POSITION – REVENUE**

23. The net expenditure at the end of the financial year shows a provisional underspend against the Council's budgets of around £139,000 (after taking requests for slippage and other special items into account). 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: Savings/underspends are shown as ( ).

	£'000	£'000
<b>Expenditure:</b>		
Meals on Wheels Service	(24)	
Property Searches Legal Settlement	30	
Chorley Local Plan	<u>(19)</u>	(13)
<b>Income:</b>		
Land Charge Search Fees	(12)	
Public Realm Agreement (roundabout maintenance)	(17)	
Community Infrastructure Levy – award of costs	(17)	
Planning Income	<u>23</u>	(23)
<b>Other:</b>		
Housing Benefits	(27)	
Net Financing (Interest on Investments)	18	
Increase in Bad Debts Provision	42	
Other minor variances	<u>10</u>	43
<b>Net Movement (excluding slippage items)</b>		<b>7</b>

24. In 2014/15 the Council introduced a new mainstream investment budget of £30k for the Meals on Wheels service to deliver hot meals to older vulnerable people. The service offered 3 meals per week at a subsidised rate as well as support with minor household duties. Take up of the service has been limited in the first 12 months with expenditure for the year around £6k resulting in an underspend against budget of £24k. Actions have been put in place to increase numbers including increasing the subsidies to 5 days a week and providing an introductory offer of 2 weeks at half price. As this is a recurrent budget a further £30k is available in 2015/16 and this should be sufficient to cover any costs over the next 12 months.
25. The previous monitoring report to Executive Cabinet on 26 March detailed an estimated liability to the Council of around £120k in relation to the outstanding legal settlement for property search fees. The estimate was based on a briefing note received in December from Bevan Brittan Solicitors and included the estimated settlement figure of around £90k plus costs of £30k. A further update has since been received on 31 March with a revised settlement figure of £110k and costs of £40k. Whilst the settlement amount is still subject to change, our solicitors expect any adjustments to be minor. Based on this latest information, the revised costs have been charged to the 2014/15 revenue account.

However, there may be some good news on the horizon as Bevan Brittan Solicitors have just confirmed that Central Government is intending to make two interim payments to authorities in respect of LLCR personal search fees amounting in total to £8m and £34m. They do not yet know the amount of the interim payments for each authority or when the payments will be made. As such, members will be updated in future budget monitoring reports once Central Government have published details of the individual grants awarded.

26. One issue highlighted in previous monitoring reports was the legal costs associated with the site allocation for Gypsy and Traveller and Travelling Showpeople under the Chorley Local Plan 2012-26. Following the re-opening of the examination hearing, the previous estimates for legal costs were around £42,000 required to cover potential costs of the Programme Officer, Inspector and Barrister. Although there is no change to the overall estimate of costs at this stage, a significant proportion of the work will only be carried out in the new financial year. As a result, the revised forecast for 2014/15 costs has been reduced by £19,000.
27. Income levels received throughout 2014/15 for Land Charge Searches indicated that the final outturn position would be broadly in line with budget. However, in quarter 4, agreement was reached with TM Property Search for one-off requests for searches and this generated additional income of around £17k. Other routine requests fell slightly in the final quarter, reducing this surplus to around £12k for the year.
28. Each year the Council receives an agreed sum from Lancashire County Council under the Public Realm agreement for grass cutting, verge maintenance, weed control and sign cleaning. In addition to this, the Council's Streetscene team has carried out work to Chorley roundabout displays and the Central Avenue Embankment. LCC have until recently been unable to confirm if the Council would receive additional payments for this work but agreement has finally been reached and a sum of around £17k has now been received for 2014/15.
29. One issue that is finally drawing to a close is the legal case with Fox Strategic Land and Property over the charges made by the Council under the Community Infrastructure Levy (CIL). The court dismissed the case and ruled in the Council's favour over 12 months ago. However, the total legal costs incurred of around £64k (shared with Lancashire County Council, Preston City Council and South Ribble Borough Council) and the prospect of having them reimbursed has still to be settled. The Council has rejected a settlement offer of £60k and is pursuing a claim for around £78k to cover the legal costs and staff time involved with the case. As the issue is still ongoing, an estimated minimum recovery figure of £60k has been assumed in the 2014/15 accounts and this will offset the Council's share of residual costs reported in 2013/14. The final outcome will be reported to members in future budget monitoring reports.
30. Previous forecasts of income levels from Planning Applications had estimated a deficit of around £25k against the annual budget of £650k. Income levels have continued to fall over the final quarter of 2014/15 and the actual total received for the year stands at £602k, a further reduction of £23k. This compares to a total of £648k received in 2013/14.
31. Monitoring reports throughout 2014/15 highlighted the significant increase in the level of housing and council tax benefit overpayments recovered as a result of pro-active investigation work. Income levels for the final quarter continued to show an increase in the level of costs recovered compared to budget and this has generated an additional surplus in income. Although this increases potential income levels to the revenue account, not all of this income will be fully recovered and consideration is also given to the levels of outstanding debt for both current and previous years. The total level of debt outstanding at the end of March has been reviewed and as a result, the provision for non-recovery (Bad Debt Provision) has been increased accordingly. After taking this into account, there remains a further surplus of £27k from previous forecasts on housing benefit payments.
32. The previous monitoring report highlighted the potential impact of lower interest rates on Council investments resulting in a forecast reduction in interest receivable. Interest rates have remained low over the final quarter of the year and this has further reduced income levels compared to budget resulting in a shortfall of around £18k.
33. As previously outlined, the level of debt outstanding for Housing & Council Tax benefit overpayments is reviewed at the end of March to assess the provision required for potential

non-recovery of the debt (Bad Debt Provision). This principal also applies to other non-benefit related debts (sundry debtors) outstanding at the end of the financial year. The analysis of these outstanding debts showed an increase in the level of arrears of around £112k compared to the figure as at 31 March 2014. Although the majority of these debts may still be recovered over time it is prudent to increase the provision for non-payment to mitigate against the risk of default. As a result, the bad debt provision for sundry debtors has been increased by £42k.

34. As previously detailed in the report to Executive Cabinet on 26 March, one area excluded from the forecast figures detailed in Appendix 1 is the additional income generated in 2014/15 from the recovery of Council Tax Summons and Liability Orders. The previous forecast estimated an increase in income of around £100,000 in 2014/15. Raising these charges is no guarantee that these costs will actually be recovered and an allowance will need to be made for non-payment. It is unclear at this stage as to the level of recovery as this can take place over a number of years. As a result, the Council approved that the surplus income in 2014/15 is set aside to offset any future increased liability in bad debts as a result of these charges. The final surplus income figure is £116k and this has been transferred to reserves to mitigate any future liability in bad debts.

### **COMMITTED ITEMS/SLIPPAGE REQUESTS**

35. 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.
36. A full schedule of the budget carry forward (slippage) requests for 2014/15 is outlined in Appendix 2.
37. One area that warrants specific mention in respect of slippage is for Customer & ICT Services as the requests for this service makes up £288k of the total slippage requested of £424k. The principle aim of the continued investment in digital services is to deliver services for less cost. The modernisation of the council's technical infrastructure in 2010 is now reaching end of life and needs further investment. The council will need to continue future proofing digital services to capitalise on improving productivity leading to better performance and resource management. Greater service efficiency and the potential for improvements in infrastructure will reduce waste and operational costs in the longer term.
38. Every effort is made within the service to reduce the need for external borrowing. It is therefore prudent to use the savings from 2014/15 within the Customer & ICT Services budget, which in the main have been realised as a result of external grant funding, vacant posts across the service following the last restructure, and contract savings in ICT. The savings will carry forward to 2015/16 and will be used to fund:
  - Additional resources to continue with changes in business process within the Single Front Office.
  - Specialist expertise for a refresh in the councils technical infrastructure
  - Additional hardware requirements to continue supporting the roll out of digital services
  - Support commercial agreements for software contract refresh and procurement
39. It is essential to increase the take-up of Council digital services so more users can benefit from improved government services. Increased take-up will also make it possible for assisted digital support to be focused on those who are currently unable to use them.

## MARKET WALK

40. The budgeted net rental income from Market Walk in 2014/15 was £559k. This is a decrease of £10k from the net budget reported at March Executive Cabinet due to an additional £10k budget provision being made available for the design and feasibility project for the extension to Market Walk.
41. The approved budget made provision for a £50k transfer to reserve to fund asset maintenance costs outside of the service charge agreement and a £50k transfer to an equalisation account to build up a reserve to fund any future reduction to income levels. These transfers have been actioned and following that net income to 31<sup>st</sup> March 2015 is £836k, this exceeds the budgeted estimate by £277k.
42. Of the additional net income around £102k relates to unspent budget provision made for the Market Walk extension project. This has been transferred to a reserve to allow the project to continue in 2015/16.
43. The final outturn position is therefore a net income position of £175k. It is proposed that this additional income is transferred to reserves, allocated on the 80:20 split between the Market Walk income equalisation reserve and the change management reserve. This is in line with the allocation made in 2013/14 and as proposed in the budget monitoring reports presented to Members throughout 2014/15.
44. The forecast outturn as reported in March 2015 was £142k; the improved position of £175k 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 with internal cash balances that alternatively would have been invested and only realised a very small rate of return.
45. The statement below summarises the outturn position.

**Table 2: Market Walk Outturn 2014/15**

	2014/15 Budget	2014/15 Outturn	2014/15 Variance
<b><i>Income Budget</i></b>			
<b>Gross Income</b>	<b>(1,759,830)</b>	<b>(1,792,366)</b>	<b>(32,536)</b>
<b><i>Expenditure Budget</i></b>			
Operational costs and financing as reported March 2015	1,189,630	845,943	(343,687)
Add: Additional budget provision for Market Walk extension project	9,960	9,960	0
Less: Transfer to Town Centre Grants Programme	(100,000)	0	100,000
Add: Smaller budget variations	1,200	0	(1,200)
<b>Gross Expenditure</b>	<b>1,100,790</b>	<b>855,903</b>	<b>(244,887)</b>
<b>Net Income</b>	<b>(659,040)</b>	<b>(936,463)</b>	<b>(277,423)</b>
<b><i>Transfer to reserve as per 2014/15 Budget Report</i></b>			
Equalisation Reserve (annual contribution)	50,000	50,000	0
Asset Management re Market Walk	50,000	50,000	0
<b><i>Transfer to reserve</i></b>			
Market Walk extension project - carry budget forward to 2015/16	0	101,780	101,780
<b>Revised Net Income</b>	<b>(559,040)</b>	<b>(734,683)</b>	<b>(175,643)</b>
<b><i>Transfer surplus to reserves</i></b>			
Change Management Reserve		140,515	<b>140,515</b>
Market Walk Equalisation Reserve		35,129	<b>35,129</b>
<b>2014/15 Outturn</b>	<b>(559,040)</b>	<b>(559,040)</b>	<b>0</b>

## 2014/15 INVESTMENT AREAS

46. The budget for 2014/15 saw the introduction of a budgeted investment package funded from available surplus of New Homes Bonus. The new revenue investment programme totalled £660k and the progress to date with regard to spend is detailed in Appendix 3.
47. Due to the scale of the investment, delivery of these projects will be made over more than one year and any unspent balances at the end of the 2014/15 financial year will be transferred to specific project reserves. The reserves will be matched to expenditure as it is incurred during 2015/16.

## GENERAL FUND RESOURCES AND BALANCES

48. With regard to working balances, and as per Appendix 1, we started the year with a balance of £2.189m. The approved MTFS proposed that working balances are to be no lower than £2.0m given the budgetary challenges facing the Council. The provisional outturn position (after taking requests for slippage into account) shows that the General Fund closing balance will be around £2.288m as detailed in the table below.

**Table 3 – Movement in General Fund Balance**

<b>General Balances</b>	<b>£m</b>
Opening Balance 2014/15	2.189
Additional resources approved for Single Front Office	(0.040)
Provisional revenue budget underspend	0.139
<b>Closing General Fund Balance 2014/15</b>	<b>2.288</b>

49. Appendix 4 provides further information about the specific earmarked reserves and provisions used throughout 2014/15, and those that would be available for use in 2015/16 if the recommendations of this report are approved.

## RETAINED BUSINESS RATES

50. The Business Rates Retention (BRR) system of resource allocation was introduced in April 2013, so 2014/15 was the second year of operation. Under BRR there is a direct link between growth or decline in net business rates income and the amount of money the council has available to spend on service provision. The council's share of net rates income is influenced not only by each year's Local Government Finance Settlement (which confirms the Baseline Funding Level and Tariff – used to estimate the Levy payable to Central Government), but also growth or decline in gross rates, take-up of reliefs by businesses, potential bad debts, and the level of appeals that may be successful. Together these introduce an element of volatility into resource allocation under BRR, which means that use of a Business Rates Retention Reserve to smooth resource availability between years is advisable.
51. Appendix 5 presents a comparison of the provisional outturn for net business rates income (plus Government S31 Grants paid to the council to compensate for loss of income as a result of the extension of Small Business Rates Relief and Autumn Statement reliefs) with the approved budget for 2014/15 and the forecast outturn presented in budget monitoring. The Council's share of retained rates is 40% of the net rates income after deducting mandatory and discretionary reliefs, and movements in the provisions for bad debts and appeals. Actual income transferred to the General Fund is as estimated before the start of



the financial year in the NNDR1 return, but the Levy and S31 Grants are recalculated according to outturn figures in the NNDR3 return.

52. Performance of the business rates element of the Collection Fund was better than estimated, with the result that the council is due £199,860 of the surplus. The surplus was achieved by a combination of income growth, reduced take-up of reliefs, and decisions that contributions to the provisions for bad debts and appeals need not be as large as estimated. The provision required for appeals against the valuation of premises was based on the year-end list produced by the Valuation Office Agency, and took account of the probability of success of appeals and the potential reduction in rateable values. Many council's found that a large number of possibly speculative appeals were submitted late in the financial year, perhaps making the judgement as to the provision required more difficult than before. Should successful appeals in 2015/16 or later exceed the provision, BRR-related resources would be reduced.
53. As a result of the reduction in relevant reliefs, entitlement to S31 Grant has reduced by £106,552. In addition, the increase in net rates income also requires an increase in the accrued Levy payable to Central Government. The immediate effect of the improvement in the Collection Fund is a reduction in total BRR-related resources. This has been offset by reducing the transfer into the BRR Reserve so that overall BRR-related resources are broadly as budgeted. The balance on the reserve available to smooth resource variances in future years is £383,601.
54. The Council gets the benefit of the improved performance in subsequent years. Part of the improvement was reflected in the budget for 2015/16; and the balance will feed into the 2016/17 budget.

## **SECTION B: CURRENT FORECAST POSITION – CAPITAL**

55. Amendments to the capital programme 2014/15 to 2016/17 have been reported to Executive Cabinet through the quarterly in-year monitoring reports.
56. The Capital budget Report to Special Council in March 2015 contained the new capital programme 2015/16 to 2017/18 as well as the latest forecast of expenditure in 2014/15. The capital programme as reported to Council was as follows:
  - 2014/15: £5.368m
  - 2015/16: £9.214m
  - 2016/17: £3.991m
  - 2017/18: £2.232m
57. Capital expenditure in 2014/15 was £3.655m. Appendix 6 sets out a breakdown of the capital schemes undertaken.
58. A summary of the schemes undertaken during 2014/15 is set out below:

### *Asset Management, regeneration and governance - £0.207m*

59. The refurbishment of the White Hart Public House was completed during 2013/14. Resurfacing of the car park along with associated infrastructure costs were completed during 2014/15, this completes the work required to bring a prominent town centre site back into full use.

60. A Changing Places toilet facility has been installed at the Town Hall as a joint venture with Lancashire County Council who provided the funding. This brings an important facility into the Town Centre where previously none were publically available.
61. The refurbishment of 98-102 Market Street was completed during 2014/15. Two of the units have been let with an agreement in place to let a third.
62. During 2014/15 the Cabinet Office issued an additional grant to support further work to get people on the electoral register before the May 2015 election. This was used in part to buy equipment to support this aim.
63. Initial work on the 2015/16 investment project to split the Bengal Street depot into two areas allowing one of the areas to be leased to Recycling Lives and the remaining area to be retained by the council as an operational depot commenced during 2014/15.

#### *Housing - £1.570m*

64. The Council contributed £405k in 2014/15, funded from government grant and contributions from registered providers, to the disabled facilities programme for work to adapt homes for disabled occupants.
65. The improvement works at Cotswold House, aimed at improving the housing offer and accommodation was completed during 2014/15. The opportunity to upgrade the electrical works following health and safety recommendations and minimising future disruption was also taken.
66. The programme of affordable housing approved in 2013/14 was completed during 2014/15. This included contribution to works at St George's Street, Halliwell Street, Beaconsfield Terrace and Chapel Lane in Coppull.
67. The vacant property located at 2 Thirlmere road was purchased and demolished to provide a cleared site to be transferred to Chorley Community Housing for redevelopment both providing affordable housing and improving the local area.

#### *People and Places - £1.736m*

68. The Multi Use Games Area (MUGA) at Clayton Green Sports Centre has been replaced; the majority of this was funded by a contribution from Places for People.
69. A fan motor within the Air Handling Unit for the pool hall at All Season's Leisure Centre was replaced.
70. The provision of waste and recycling bins has cost less £10k than forecast; however, the budget had been accelerated from 2015/16 so this will be re-phased back into the 2015/16 provision.
71. The Section 106 project to improve landscaping, recreation and play provision at Eaves Green commenced during 2014/15 and works are due to be completed during 2015/16.
72. Delivery of the Section 106 funded improvements at Rangletts's Recreation Ground commenced in 2013/14 with site remediation works. Phase 1 works, which include land drainage works, footpaths, railings/gates, allotments, lighting, overflow parking and a grass football pitch. Phase 2 (play area, multi-use games area and associated works) and Phase 3 (skate park) contracts were awarded during 2014/15 with work to commence and complete in 2015/16.

73. The planned programme of resurfacing and improvement works to the Portland Street, Fleet Street short stay and Flat Iron car parks were all completed during 2014/15.
74. Works to deliver and support the “Astley 2020” development plan were undertaken during 2014/15 with the remaining work scheduled to be completed during 2015/16. These include:
- Completion of the restoration work on the Memorial Arch including lighting.
  - Provision of a fountain at Astley Lodge to help improve water quality and reduce the future need to dredge/clear the lodge,
  - Work to the destination play area, a concept designed play area themed on the ruins of a 17<sup>th</sup> century castle. The play area is now open.
  - Preliminary works on the events car parking off Southport Road were started and due for completion during 2015/16.
  - Restoration works to some of the footpaths and steps leading through the park as well as the sensory garden were undertaken.
  - Conservation and maintenance work at Astley Hall.
  - Refurbishment work at Astley Hall Farmhouse to provide a new exhibition space.
75. Purchase of 5 vans for the Neighbourhood Team, fitted with dog cages, replacing neighbourhood vans that had come to the end of their lease term and were due for replacement.
76. The scheme of improvement and upgrading of facilities at Jubilee Recreation Ground in Adlington, comprising of a new skate park, ball court resurfacing, fencing, landscaping and a new play area were completed during 2014/15.
77. The delivery of a Youth Zone in Chorley is a key investment area in the 2015/16 budget. The purchase of the Leigh Arms Public House took place during 2014/15. The site, along with land held by the Arts Partnership, will be the preferred site for the Youth Zone.
78. Section106 funded works to improve and equip the existing trim trail at Carr Brook commenced during 2014/15 scheduled to be completed during 2015/16.

*Planning - £0.142m*

79. The regeneration works to implement a shared surface scheme to the southern end of Market Street, as part of the ASDA redevelopment were successfully completed.
80. Payment of a Section 106 commuted sum towards the provision of a cycle network in Buckshaw Village was made to Lancashire County Council.

**CAPITAL PROGRAMME 2015/16 ADDITIONS AND RE-PHASING**

81. The capital outturn of £3.655m was a reduction of £1.728m compared to the last reported forecast estimate of £5.383m reported to Council in April 2015.
82. Of the £1.728m variance £0.870m relates to the Market Street redevelopment scheme. Budget of £1m was set for the full scheme of works, of which £0.800m was due to be funded by Lancashire County Council. Instead of the funding being passed to Chorley

Council the work has been carried out and financed directly by Lancashire County Council. It is therefore not an under spend but a change in the assumed delivery of the project.

83. The remaining variance of £0.928m 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.
84. Phases two and three of the Ranglett's Recreation Ground project delivering the play area and skate park are scheduled to commence in 2015/16. The remaining budget, funded from Section 106 contributions, of £0.455m has been re-profiled in line with the timescale for delivery.
85. Section 106 funding has been identified to deliver various schemes under the Play, open Space and Pitch strategy including play facilities on Coronation recreation ground, improvements to the pitches on Westway, play areas in Withnell and Eccleston, as well as a general provision for playing pitches in the borough. The schemes will be re-profiled into 2015/16 accordingly, with budget provision of £0.188m.
86. Planning permission has been approved to extend the community centre at Eaves Green together with landscaping work and improvements to the football pitch. This work is scheduled for completion in 2015. The remaining budget of £0.106m will be re-profiled into 2015/16 accordingly.
87. The programme of works in Astley Hall and Park is ongoing with good progress made to date; an element of the budget already agreed will be carried forward for continued use in completing the scheduled programme of works. The remaining budget of £0.102m will be carried forward into 2015/16 for works on Astley Hall; green stage in the walled garden; events car parking; woodland paths and footsteps and footpath lighting. This work will also use the budget that has already been re-profiled and the £0.218m investment budget already approved for next year.
88. The redevelopment works to Market Street have been completed, however Lancashire County Council have been unable to clarify if all the costs that Chorley are liable for have been accounted for. Therefore the remaining budget of £0.070m will be re-phased as a contingency.
89. The green play area scheme at Buttermere, financed by Section 106 receipts and a Lancashire County Council contribution with a total budget of £0.034m will be re-phased into 2015/16.
90. Works at the Big Wood Reservoir were dependent on Section 106 receipts that have not yet been received. As the work is season dependent, requiring vegetation to have died back. The works will therefore be rescheduled to Autumn 2015, and the £0.012m budget which is already within the capital programme will be re-profiled accordingly.
91. The £0.022m budget held in reserves for ICT projects and £0.007m budget for climate change grants will be re-phased for use in 2015/16.
92. The 2015/16 budget for recycling receptacles was brought forward into 2014/15 by £0.045m to cover the forecast requirement. Only £0.035m was needed so the remaining £0.010m will be transferred back for use in 2015/16.
93. Agreement has already been given at Special Council in April to carry forward budgets for Cotswold House Improvements and Leisure Centre Improvements into 2015/16 in line with

the forecast delivery of the projects. Expenditure was slightly higher than forecast in 2014/15 (£4k and £6k respectively) so it is recommended that the 2015/16 is reduced to reflect actual delivery.

94. The 2015/16 investment project to split the Bengal Street depot into two areas allowing one of the areas to be leased to Recycling Lives and the remaining area to be retained by the council as an operational depot commenced during 2014/15 with a small value expenditure of £5k. It is recommended that the 2015/16 is reduced to reflect the early commencement date on this project.
95. Small year-end variations on the Adlington Jubilee Recreation facility (£4k); Carr Brook Trim Trail (£6k -Section 106 funded); and Electoral Management System (£4k – Government Grant funded) will be carried forward into 2015/16.
96. A total value of £0.075m additional expenditure was incurred during 2014/15. The majority of this (£0.048m) was on the purchase of 5 Neighbourhood vans. The upgrade was required as the fleet was unreliable and had come to the end of their lease term. An exercise to determine the best way to finance the vehicles, for example, through leasing will be carried out during 2015/16.
97. Of the remaining additional expenditure £0.010m was for additional works required on the White Hart car park. These were required above and beyond the original scope as the area was identified as unsafe due to the location of a drain. The area has now been made safe.

#### **CAPITAL PROGRAMME FINANCING 2014/15**

98. The financing of capital expenditure in 2014/15 is summarised in the table below:

**Table 4 – Capital Financing**

<b><i>Financed by:</i></b>	<b>£'000</b>	<b>%</b>
Government Grants	294	8%
External Contributions	1,496	41%
Revenue Financing	907	25%
Capital Receipts	163	4%
Borrowing	795	22%
<b>Total</b>	<b>3,655</b>	<b>100%</b>

99. **Government Grants** – The grants applied were used to fund the programme of disabled adaptations and the electoral management equipment. In 2014/15 we received £0.286m of Disabled Facilities Grant (DFG). A Cabinet Office grant of £0.012m had been carried forward, of which, £0.008m was used during 2014/15.
100. **External Contributions:**
  - a. £0.018m from Registered Providers and £0.100m from the Regional Housing Pot were used to contribute to disabled adaptations.
  - b. £0.852m Section 106 contributions were used to fund affordable housing and play and recreation projects.
  - c. £0.046m contribution from Lancashire County Council was used for the Changing Places toilet facility;
  - d. £0.092m from the Regional Housing Pot towards affordable housing schemes and £0.360 towards the Cotswold House Improvements;
  - e. £0.014m contribution from Places for People towards the Clayton Green Sports Centre MUGA;

- f. £0.009m grant from Chorley Community Housing towards the play area at Ranglett's Recreation Ground;
- g. £0.005m contribution received from Adlington Parish Council towards the play facilities at Jubilee Recreation Ground.

**101. Revenue Financing:**

- a. £0.026m VAT shelter income was used to fund schemes at the Leisure Centres, Cotswold House and Thirlmere Road (affordable housing);
- b. New Homes Bonus of £0.446m was used, of this £0.100m was for asset improvement and regeneration projects and £0.346m for the work at Astley Park to support the Astley 2020 plan;
- c. £0.008m of the buildings maintenance earmarked reserve was used to fund the works at Astley Hall Farmhouse;
- d. Performance Reward Grant of £0.049m was used towards the improvement works at Cotswold House;
- e. The remaining spend of £0.011m on the acquisition and demolition of Thirlmere Road is funded from an earmarked revenue reserve;
- f. £0.185m was used to fund the purchase of new bins through the use of the Section 31 grant;
- g. £0.136m has been used towards resurfacing works on the Town Centre car parks funded from the Town Centre Reserve;
- h. Revenue budget of £0.042m has been reallocated to capital towards the delivery of the scheme at Jubilee Recreation Ground;
- i. £0.004m held in an earmarked revenue reserve for the work at Clayton Brook Village Hall was also used.

**102. Capital Receipts** – capital receipts brought forward totalled £0.325m with an additional £0.368m received in-year. Of this £0.163m was used on the following schemes:

- a. £0.040m towards the refurbishment of 98-102 Market Street;
- b. £0.005m towards the preliminary work for splitting the Bengal Street depot;
- c. £0.066m towards resurfacing the town centre car parks;
- d. £0.049m towards the work at Astley Park to support the Astley 2020 plan;
- e. £0.002m towards work at Yarrow Valley reservoir.

**103. Prudential Borrowing** – capital expenditure of £0.795m was financed from external borrowing compared to an original funding estimate of £0.834m. The reduction in the 2014/15 borrowing requirement is due to the re-profiling of schemes to 2015/16 (£0.096m) and additional borrowing for the Neighbourhood vans (£0.048m). An exercise to determine the best funding approach between borrowing and leasing for the additional vehicles will be undertaken during 2015/16. In order to best plan for the future use of the Council's own resources, long term investment for the Youth Zone site (£0.183m), Market Street redevelopment (£0.130m), car park resurfacing (£0.222m), and Cotswold House improvements (£0.213m) 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**

**104.** 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**

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

#### **COMMENTS OF THE MONITORING OFFICER**

106. The Monitoring Officer has no comments.

GARY HALL  
CHIEF EXECUTIVE

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Dave Bond/Hanne Harland	5488/5028	04/06/15	Provisional Revenue and Capital Outturn 2014-15.doc