

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources)	Executive Cabinet	30 June 2016

PROVISIONAL REVENUE AND CAPITAL OUTTURN 2015/16

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 2015/16.
2. To present the provisional outturn figures for the 2015/16 Capital Programme and update the Capital Programme for financial years 2016/17 to 2018/19 to take account of the re-phasing of expenditure from 2015/16 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 2015/16 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 2016/17.
6. Request Council approve the set aside of £80,000 from the 2015/16 surplus on Market Walk and £70,000 from other in-year revenue underspends to fund the additional one-off costs of the new Management Structure.
7. Request Council approve the transfer of £50,000 from in-year revenue underspends to the Buildings Maintenance Fund to finance asset improvements in 2016/17.
8. Note the 2015/16 outturn position on the Council's reserves.
9. Request Council approve transfer of the £0.415m underspend in respect of the Central Government Business Rates Retention (BRR) Levy Budget to the BRR Equalisation Reserve.
10. Note the impact of the final capital expenditure outturn and the re-phasing of capital budgets to 2016/17 and approve the additions and deletion to the 2015/16 capital budget outlined in paragraphs 96 to 99.
11. Request Council approval of the financing of the 2015/16 Capital Programme to maximise the use of funding resources available to the Council.

EXECUTIVE SUMMARY OF REPORT

12. The Council's overall savings target of £150k in 2015/16 from management of the establishment has been achieved.
13. There is a provisional underspend against the budget at year-end of £187k (as detailed in Appendix 1) which takes into account requests for slippage of committed items of £171k. The provisional underspend excludes any variances on investment items added to the budget in 2015/16. Details of the balances remaining at year end are shown in Appendix 2 and will be transferred into specific reserves and matched to expenditure in future years.
14. In the 2015/16 budget the expected net income from Market Walk after deducting financing costs is £0.929m. The final outturn position shows that the net income is £1.009m, the £80k surplus being driven by lower than budgeted financing costs.
15. The total BRR receipts for the 2015/16 are less than anticipated. This has been brought about as a result of the Valuation Office Agency appeals process and a decision made by the VOA, outwith this usual process, to significantly reduce the Rateable Value of the M6 Service Station at Charnock Richard and backdate this decision to 01/04/2010. The vagaries of the system mean that this reduction in financial performance actually creates an underspend of £0.415m against the anticipated budgeted position. This has been brought about by the fact that the Council does not need to pay as much BRR Levy payment to Central Government. The negative financial impact falls to the Council's revenue account in two years' time, being 2017/18. It is therefore recommended that the underspend in 2015/16 is transferred to the BRR Equalisation reserve to off-set this potential charge in 2017/18.
16. The capital outturn for 2015/16 is £4.019m.
17. The Council's Medium Term Financial Strategy proposed that working balances are to reach £4.0m over the 3 year lifespan of the MTFs to 2018/19. Should the recommendations in this report be accepted, the level of balances at 31 March 2016 will be £2.684m. With further budgeted contributions of £1.259m planned to be made over the next three years, the target of £4.0m by 2018/19 is forecast to be achievable.
18. Balances in the Change Management Reserve and Buildings Maintenance Fund have been fully committed during 2015/16 and as such it is recommended that contributions of £150k and £50k are made to these reserves from the surplus on Market Walk and other provisional 2015/16 underspends for use in 2016/17.

Confidential report Please bold as appropriate	Yes	No
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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)

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

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

20. None.

CORPORATE PRIORITIES

21. 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

22. The last report to the Executive Cabinet on 18th February contained a projected outturn for 2015/16 which showed a forecast underspend of £103k based on information to the end of December and that the level of General Balances at year-end would be £2.741m.
23. The previous forecast underspend reported to Executive Cabinet excluded the following special items:
- Underspends on committed items which are expected to be carried forward into 2016/17.
 - Investment items included in the budget for 2015/16.
 - Any surplus/deficit relating to Business Rates Retention.
24. A full schedule of the investment budgets carried forward from 2014/15 and the new (non-recurrent) investment budgets introduced in the 2015/16 budget are shown in Appendix 3 together with expenditure to date against these projects and any balances carried forward for use in future years.
25. The Council's approved revenue budget for 2015/16 included target savings of £150,000 from the management of the staffing establishment
26. The previous forecast for capital expenditure in 2015/16 was £5.415m
27. A report on the Council's Management Structure Review was presented to Council in January of this year and detailed the estimated total costs of early retirement and severance packages to be around £614k. These one-off costs were to be financed by use of the Change Management Reserve and various uncommitted reserves.

SECTION A: CURRENT FORECAST POSITION – REVENUE

28. The net expenditure at the end of the financial year shows a provisional underspend against the Council's budgets of around £187,000 (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. The main variances over and above those previously reported in quarter 3 monitoring are shown in table 1 below. Further details are contained in the service unit analysis available in the Members' room.

ANALYSIS OF MOVEMENTS

Table 1 – Significant Variations from the Cash Budget

Note: Savings/Underspends are shown as ()

	£'000	£'000
Expenditure:		
Staffing costs	(22)	
Meals on Wheels Service	(19)	
Telephony - Rental/Maintenance charges	(14)	
Utilities (Gas/Electricity)	(14)	
Local Development Framework	<u>(13)</u>	
		(82)
Income:		
Planning Fee Income	66	
Cemetery Income	(17)	
S106 Maintenance of Public Open Spaces	(16)	
Surplus on IHIS Minor Adaptations	(15)	
Various Government Grants	<u>(15)</u>	
		3
Other:		
Net Financing Transactions	(84)	
Other minor variances	<u>(20)</u>	
		(104)
Net Movement		(183)

29. The forecast additional saving of £22,000 on staffing costs shown in the table above are predominantly from the Public Protection, Streetscene & Community Directorate. The majority of these staffing savings are as a result of vacant posts in the Planning Team from January through to March.
30. 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. For 2015/16, the service offered 5 meals per week at a subsidised rate with an introductory offer of 2 weeks at half price. Take up of the service has been lower than anticipated in the first 2 years of the scheme, with expenditure of around £6k in 2014/15, increasing to around £11k in the second year, resulting in an underspend against the 2015/16 budget of £19k. The provider is undertaking additional marketing and promotion including targeted leaflet drops, taster sessions and working with other organisations to raise awareness. It's likely that a further evaluation and assessment of the market for meals on wheels will be carried out in coming

months. As this is a recurrent budget a further £30k is available in 2016/17 and this should be sufficient to cover any costs over the next 12 months.

31. There have been further underspends of around £14,000 in 2015/16 against the Council's telephony budgets as a result of various factors. Savings have been achieved against the telephony maintenance budget for the main phone system and contact centre software following contract negotiations with Unify Enterprise Communications, although it should be noted that an element of the savings are one-off reductions relating to the previous contract. There has also been a reduction in the cost of rental and calls with British Telecommunications over the past 12 months. A budget provision was also made in 2015/16 for an increase in data charges in anticipation of the continued roll-out of mobile devices. Costs in 15/16 were lower than anticipated but are expected to increase in 16/17 as further mobile devices are issued.
32. The Council's annual costs for utilities have been lower than budgeted in 2015/16 as the energy industries wholesale charges for gas and electrical supply have continued to fall over the last 12 months. This has resulted in a saving to the Council of around £14,000 for the year.
33. One issue highlighted in previous monitoring reports was the legal costs associated with the Chorley Local Plan 2012-26 and work on the Community Infrastructure Levy (CIL) review to be commissioned as part of the LDF joint working with Preston and South Ribble Councils. Although the Community Infrastructure Levy review was in the programme of works for 2015/16, the timetable has slipped and this review will now take place sometime in the new financial year. The cost of the work is £30k and will be shared between each of the three authorities. The previous forecast in December was for total costs of around £41,000 in 2015/16 but this has reduced by around £13,000 at year-end, predominantly as a result of the CIL review being delayed to 2016/17.
34. One area where forecast income levels have fallen in recent months is for Planning Application fees. This has resulted in a final income figure of £484,000 for the year, £166,000 below budget and £66,000 lower than anticipated in the December forecast. Income received for the final quarter was again lower than budgeted levels for 2015/16 as a number of the larger planning applications that were anticipated to be realised in quarter four have now been received in the new financial year. The December forecast included four applications in particular, with total fee income of £55.5k, which have now been received in 2016/17.
35. Income levels received from funeral directors for burial and interment fees have seen a significant increase over the final quarter of the year compared to budget, predominantly in relation to Chorley Cemetery. This has resulted in additional income of around £17,000 compared to the forecast reported in December.
36. The Council occasionally receives S106 contributions from property developers in the form of commuted sums for maintenance of adopted public open space and recreation facilities. Once a site has been adopted by the Council, the relevant income can be allocated or amortised over a number of years to contribute to the Council's annual maintenance costs. Total income of around £16,000 has been allocated to 2015/16 but as the work involved on the new sites has been absorbed into the existing Streetscene staffing rota, there are no additional costs involved.
37. The Council has entered into a 3 year collaboration agreement with Lancashire County Council named Integrated Home Improvement Service to provide handyperson and minor repairs work which came into effect from 1st July 2015. The minor repairs/adaptions are carried out by Mobility Care on behalf of Chorley and we then claim a fixed rate cost back from LCC based on the type of work. The mix and volume of works is not known beforehand which makes it difficult to accurately forecast any potential surplus, and as this was a relatively new scheme, a conservative surplus of £2,000 was forecast in December

2015. The scheme has proved to be popular with volumes of work at a high level and as a result, an additional £15,000 income has been generated for the Council in 2015/16.

38. The Council has received further income of around £15,000 in the final quarter in the form of various Government Grants. A Transparency Code New Burdens Grant of £8,103 was awarded by the DCLG in February, and the DWP awarded minor benefits related grants for Information Data Matching, Removal of Family Premium, and Universal Credit.
39. The Council's budget for 2015/16 included a provision of £100k for a local poll to seek the views of residents if the Council decided to seek unitary status. Following a report to Council in November 2015 on future governance models, it was approved that up to £70k of this provision could be used to provide the necessary resource to continue the delivery of work pending the completion of the Council's management structure review. A total sum of around £40k was used to continue this work in 2015/16, leaving a balance of £60k available. As the Council is not currently seeking unitary status following recommendations made in the report, it is not appropriate at this point to hold a local poll and the remaining £60k can be transferred to general balances.

COMMITTED ITEMS/SLIPPAGE REQUESTS

40. 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.
41. A full schedule of the budget carry forward (slippage) requests for 2015/16 is outlined in Appendix 2.

MARKET WALK

42. The final outturn resulted in a saving of £227k and is detailed in Table 2 below. From this saving, a sum of £72k has been transferred to the Council's Change Management Reserve to finance some of the one-off redundancy and pension strain costs arising from the Management Structure Review as approved by Council on 19th January 2016. In addition £75k has been allocated to the extension of the Retail Grants Programme as approved by Council on 19th January 2016. It is recommended that the remaining surplus of around £80k is transferred to the Council's Change Management Reserve to fund additional one-off costs of the new management structure.
43. The 2015/16 income forecast has not changed since the December report. Income was £30k under budget due to a unit being vacant and lower than budgeted concession and advertising income.
44. 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. The income equalisation reserve now stands at £200k and the asset maintenance reserve is £86k.

Table 2: Market Walk (March 2015)

	2015/16 Budget	2015/16 Outturn	2015/16 Variance
	£	£	£
Income Budget			
Gross Income	(1,893,790)	(1,863,160)	30,630
Expenditure Budget			
Operational costs (excluding financing)	180,400	173,021	(7,379)
	(1,713,390)	(1,690,139)	23,251
Commitments			
Market Walk Extension costs	101,780	0	(101,780)
Net Income before Financing Costs	(1,611,610)	(1,690,139)	(78,529)
Financing Costs within Net Financing	756,880	607,800	(149,080)
Net Income after Financing Costs	(854,730)	(1,082,339)	(227,609)
Transfers to/(from) reserves			
Equalisation Reserve (annual contribution)	50,000	50,000	0
Asset Management re Market Walk	50,000	50,000	0
Market Walk Reserve re Extension costs	(26,780)	(26,780)	0
Total transfers to/(from) reserves	73,220	73,220	0
Net Income			
	(781,510)	(1,009,119)	(227,609)
Virement to Retail Improvement Programme	(75,000)		75,000
Virement to Change Management Reserve	(72,000)		72,000
Remaining Market Walk Surplus	(928,510)	(1,009,119)	(80,609)

45. The Council's budget for 2015/16 was prepared on the assumption that £5m extra 25-year PWLB borrowing would be taken to replace the use of internal cash balances by the end of 2014/15. The reason being to secure cash at a lower interest rate than might be available in the future. The extra borrowing was not taken, so this accounts for most of the one-off saving in Financing Costs in Table 2. Should the Council be advised that PWLB rates are due to rise, additional borrowing could be taken and the impact would be reflected in budget monitoring. Additional borrowing would be taken only when longer term budget savings could be achieved by avoiding interest rate increases.

2015/16 INVESTMENT AREAS

46. The budget for 2015/16 saw the addition of a new budgeted investment package funded from available surplus of New Homes Bonus. The total revenue investment programme for 2015/16, including balances from investment budgets carried forward from 2014/15, totalled £1.7m 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 2015/16 financial year will be transferred to specific project reserves. The reserves will be matched to expenditure as it is incurred during 2016/17.

GENERAL FUND RESOURCES AND BALANCES

48. With regard to working balances, and as per Appendix 1, the Council started the year with a balance of £2.287m. The approved MTFS proposes that working balances are to reach £4.0m over the 3 year lifespan of the MTFS to 2018/19 given the budgetary challenges facing the Council. The impact of the initial provisional underspend, together with the in-year transfers to and from reserves, is a closing balance of £2.884m for working balances.
49. There are a number of items, however, that will impact on this position that should be considered by Cabinet, these being:
- Carrying over £171k into 2016/17 via slippage requests (outlined in Appendix 2)
 - Transfer of £150k to the Change Management Reserve.
 - Transfer of £50k to the Buildings Maintenance Fund.
50. The Council's Change Management Reserve has been fully utilised in 2015/16 to finance £636k of one-off costs arising from the recent Management Structure Review. Following the restructure and recruitment to the second and third tier of management, further redundancies have arisen with costs anticipated to be in the region of £179k. It is therefore recommended that a sum of £150k is transferred from the provisional 2015/16 underspends to the Change Management Reserve to contribute to the financing of these additional one-off costs.
51. A further restructure of the Streetscene team has taken place in 2016/17 agreed as an Executive Members Decision 13th April 2016. This generated £36k savings per annum and one-off ERVS costs of £111k. Resultantly throughout 2016/17 potential underspends will be identified and balances created to manage these costs and the potential costs of other restructures, this includes using a potential surplus from the Market Walk account in 2016/17.
52. The balance in the Council's Buildings Maintenance Fund has also been fully committed during 2015/16 and as a result it is recommended that a contribution of £50k is made from 2015/16 underspends to cover one-off asset improvements in 2016/17.
53. The provisional outturn position (after taking requests for slippage and the above recommendations into account) shows that the General Fund closing balance will be around £2.684m as detailed in the table below.

Table 3 – Movement in General Fund Balance

General Balances	£m
Opening Balance 2015/16	2.287
Budgeted contribution to General Balances	0.350
Balance of Local Referendum budget to balances	0.060
Revenue budget underspend	0.187
General Fund Balance	2.884

Change Management Reserve	(0.150)
Buildings Maintenance Fund	(0.050)
Final General Fund Balance	2.684

54. Appendix 4 provides further information about the specific earmarked reserves and provisions used throughout 2015/16, and those that would be available for use in 2016/17 if the recommendations of this report are approved.
55. The medium term financial strategy approved at Full Council in March 2016 set a target for general fund balances to reach £4m by the end of 2018/19. Budgeted contributions will be made to the general fund of £500k (16/17), £500k (17/18) and £260k (18/19). Based on these budgeted contributions the general fund balance will approach £4m by 2018/19.

BUSINESS RATES RETENTION (BRR)

56. The BRR regime has been in existence since 2013/14. The rationale of this scheme being that the local retention of Business Rates income incentivises Local Authorities to generate additional income by growing the tax base. The scheme does indeed provide a vehicle to generate additional receipts, however, it also transfers the financial risk associated with maintaining and growing the tax base, and the collection of monies due, from Central Government to Local Government.
57. The amount of BRR income collected reduced in 2015/16 in the final quarter of the year. This was due to reductions in the tax base as a result of appeals and also a decision by the Valuation Office Agency (VOA) to reduce the amount due to be paid by the M6 Charnock Richard Service Station outside of the usual appeals process. The Rateable Value was reduced from £1.680m to £1.300m. This adjustment was also backdated for a further 5 years to an effective implementation date of 1st April 2010, equating to a total refund circa. £0.170m per annum. This action amplifies the risk profile of this particular income stream as this reduction was made with no prior notice and outwith the decision making processes, and therefore control, of the council.
58. On a positive note, more tax base growth than was originally estimated was achieved within the Borough, however, the benefit of this growth has been off-set in 2015/16 by the financial impact of VOA decisions. The process by which the income was forfeited from the M6 Service Station is currently being queried and challenged in order to assess future risk of similar negative significant movements with no prior notification or opportunity to appeal.
59. The table below compares the budget for 2015/16 with the out-turn position. It is important to note that the financial implications of this out-turn position has a multi-year effect and impacts, both positively and negatively on the revenue account from 2015/16 through to 2017/18.

BRR	Budget 2015/16 £m	Actual Out-turn 2015/16 £m	Variation to Budget 2015/16 £m	Comments
Chorley Local Share of BRR Income	(11.352)	(11.352)	-	This amount is fixed earlier in the year and will still be paid in 2015/16. The income shortfall in 2015/16 will be charged to the revenue account in 2017/18
Tariff Paid to Central Government	7.792	7.792	-	
Levy Payment due to Central Government	0.801	0.385	0.416	Reduced levy payment due in 2015/16
Impact of Collection Fund Balance in 2015/16 (based on prior year performance)	0.358	0.358	-	
Sub Total – CBC Income	(2.401)	(2.817)	0.416	
Grants Receivable	(0.770)	(0.763)	(0.007)	
Total – CBC BRR Income	(3.171)	(3.580)	0.409	
Transfer TO BRR Equalisation Reserve		0.415	(0.415)	Transfer of underspend to BRR Equalisation Reserve
Transfer (FROM) BRR Equalisation Reserve	(0.092)	(0.092)	-	
Total – CBC BRR Income (including Transfers To/(From) Equalisation Reserves)	(3.263)	(3.257)	(0.006)	

60. The vagaries of the system mean that this reduction in income performance within the BRR Collection Fund results in a beneficial budget underspend as the amount payable to Central Government via the Levy Payment element is reduced. The impact of the actual reduced level of receipts is delayed by two years and hits the Council's budget in 2017/18. It is recommended therefore that this budget underspend, in the sum of £0.415m, is transferred into the BRR Equalisation Reserve to help off-set this subsequent potential charge to the Council's revenue account in 2017/18.
61. As indicated above the financial 'cost' implications for this 2015/16 out-turn position impact on the revenue account in 2017/18. If nothing at all changes between now and 2017/18 the charge to the Council's revenue account will be £0.778m and will be funded, in part, from a transfer out of the BRR Equalisation Fund totaling £0.615m leaving an in-year commitment to be paid in 2017/18 of £0.163m. That said, we do know that the Business Rates environment **will** indeed change before then and any new growth achieved will off-set this temporary charge. A reducing adjustment to the Provision for Appeals in 2016/17, if applicable, would also provide an offsetting increase in total BRR receipts.
62. It should be noted that the balance within this earmarked reserve may at this point be minimal and its planned maintenance will form part of the budget review and setting process for the 2017/18 to 2019/20 Medium Term Financial Strategy (MTFS).

BRR Appeals

63. The primary cause of this current position is the VOA appeals process. The current status of the backlog waiting to be processed by the VOA is therefore very much worthy of mention and consideration in the approach to be followed to cover the negative impact as described above. As at 31/03/16 the total Rateable Value (RV) subject to appeal totaled £30.3m (circa £14.6m in actual annual gross cash terms). When the total tax base RV within the borough totals £71.15m the scale of potential risk is evident. Clearly a proportion of these appeals will be either withdrawn or dismissed and will not be successfully in their challenged.
64. To cover this potential pending liability the Collection Fund contains a provision that must be maintained by either topping it up or releasing funds from it when it is considered appropriate. This assessment is carried out by taking into account the total RV subject to appeal and applying historical trends in past years' appeal outcomes in an attempt to place a an estimated cash value on the risk exposure for the Council. This includes estimating the percentage of successful appeals that will be successful and also estimating the percentage reduction in RV.
65. It is the VOA's responsibility to assess appeals and ideally make sure that the total pending potential liability, and therefore risk profile, is kept to a minimum. Within 2015/16 the VOA's throughput of processed appeals was very much reduced when compared to previous years, (it has been reported that VOA resources are being assigned to the current national re-valuation exercise), and therefore in 2015/16 we have increased the provision for appeals within the Collection Fund. It should be noted, however, that a reassessment of outstanding appeals during 2016/17 may conclude that this top up could be reversed if the VOA clears some of the backlog from 2015/16. Should the provision be reduced in this way during 2016/17 this is also a potential additional unbudgeted financial benefit that could be applied to fund the £0.163m potential revenue charge in 2017/18 (as per paragraph 62 above).
66. With regard to the move into the Lancashire Pooling Arrangements in 2016/17 the impact of adjustments to the Collection Fund Provision for Appeals also changes. Within the pool arrangements, the Council will receive 90% of any funds released from the provision (10% are passed to LCC) which is an increase from the 50% receivable outside a pooling agreement.

SECTION B: CURRENT FORECAST POSITION – CAPITAL

67. Amendments to the 2015/16 to 2017/18 capital programme have been reported to Executive Cabinet through the quarterly in-year monitoring reports
68. The Capital Budget for 2016/17 to 2018/19 was reported to Special Council in March 2016 as well as the latest forecast expenditure in 2015/16. The capital programme was as follows:
 - 2015/16: £5.208m
 - 2016/17: £21.540m
 - 2017/18: £11.643m
 - 2018/19: £4.287m

69. Capital expenditure in 2015/16 was £4.019m. Appendix 5 gives a summary of the capital schemes undertaken as well as the requests for carry forwards and additions resulting in an updated capital programme for 2016/17 to 2018/19 budgets.

Asset Management, Regeneration and Governance – £1.360m

70. There has been £163k of capital works at the **town hall** in 2015/16. Works include the replacement and enhancement of windows, doors, flooring and lighting and works to the roof access walkway.
71. In 2015/16 the Council began to invest in the extension to the **Market Walk Shopping Centre** as part of the £12.9m budget agreed in September 2015 Council. Total expenditure of £613k has been incurred in 2015/16 including £42k for constructing the High St Car Park, £108k professional fees for the final design of the extension and £463k relating to the purchase of Eaves Lane depot site. This is £171k lower than forecast in quarter 3 as the purchase of Apex House has not yet been finalised, this budget will be re-phased into 2016/17. It must be noted that the £108k professional fees and any other professional fees incurred would be written back to revenue if the project were to not go ahead.
72. The refurbishment of **Market St** was predominantly completed in 2014/15 however there were additional costs incurred in 2015/16 totalling £56k relating to continued works to the street as well as street furniture. The final forecast was £10k lower than that assumed in quarter 3 due to negotiated reductions in LCC fees.
73. As per the quarter 3 monitoring report, the £1m identified for **public realm works** has been re-phased into 2016/17. The works relating to this budget are being appraised and costed. Enabling works relating to the extension of market walk, such as the works to Fazarkerley St, will be charged to the market walk extension budget.
74. The extension of **Clayton Brook Village Hall** was completed in 2015/16 at a cost of £225k.
75. The new **Buckshaw Community Centre** is being constructed under a design and build contract. The initial £150k deposit was paid in 2015/16 with the final payment to be made when the asset is completed by the contractor and handed over to the Council in 2016/17. The final payment is scheduled to be £476k bringing the total cost to £626k.
76. Forecast preliminary capital expenditure of £100k relating to the **Chorley East Health Centre** did not go ahead in 2015/16. The total project cost is £7.036m and has now been re-phased as part of the budget setting process across 2017/18 & 2018/19.
77. The Council in partnership with Onside, LCC and other contributors are constructing a new **Youth Zone** in Chorley town centre. The original 15/16 budget was £1.118m including £118k demolition fees. As a result of the capital contribution from LCC increasing, in return for a lower revenue contribution, CBC total capital contribution has been reduced to £0.918m. Chorley Council made a £150k capital grant contribution to the project in 2015/16, the remaining budget to be carried forward into 2016/17 and 2017/18 is therefore £0.768m. This is a £200k reduction in the carry forward approved in the quarter 2 budget monitoring report.
78. There is £3.6k remaining of the **Climate Change Grant**, a potential applicant has come forward to claim against this pot of money in 2016/17.

Housing - £0.432m

79. The Council contributed £420k in 2015/16, funded from government grant and contributions from registered providers, to the **disabled facilities programme** for work to adapt homes for disabled occupants
80. The works to improve **Cotswold House** were predominantly finalised in 14/15 however a final payment of £12k was made in 2015/16. Further works and the extension of the facility are due to begin in 2016/17.
81. The purchase of two sites at **Fleet Street** were due to be completed in 2015/16 as part of enabling the construction of the new extra care facility. One site has now been purchased however this was finalised in April 2016. The £250k budget will be re-phased into 2016/17 to supplement the budget of £9.1m approved by Council on the 19th May 2015. The final cost of the purchases is forecast to be £362k, as such a request to increase the re-phased 2016/17 budget will be made to Council (see paragraph 98).
82. The final phase of the extension and improvements at **Cotswold House** will take place in 2016/17. As per the budget report agreed in March 2016, the £200k contribution from CBC in addition to the £658k HCA grant will be committed in 2016/17.

People and Places - £2.225m

83. The £110k outturn for **leisure centre improvements** includes £70k repairs of the All Season's pool and £35k replacement pump as well as £5k for a new boiler at Brinscall pool. The budget for 16/17 is £200k including approved carried forward budgets from the 15/16 programme.
84. The final outturn for **recycling receptacles** was £133k, £20k of which is funded by charges to residents. The forecast in quarter 3 was £116k however this increased towards year end due to demand being higher than previously anticipated. The budget for 2016/17 is set at £115k and it is anticipated this will be sufficient to meet demand however if the growth in housing developments continues at 15/16 rates additional resources made be required to meet demand.
85. The forecast preliminary scoping of works to **Buckshaw Village Railway Station** was not undertaken in 2015/16. The S106 agreement that funds this budget is being reviewed with the potential outcome of investing in alternative transport related expenditure. The remaining £30k budget will be carried forward into 2016/17 to supplement the £696k budget already carried forward.
86. **Eaves Green play development** is section 106 funded and the final outturn expenditure was £48k including £34k for the Community Centre Play Area. The total approved budget for the project is £106k. The remaining £57k will be re-profiled into 2016/17 and committed to additional community centre play area equipment and landscaping.
87. The expenditure for the **Play, Recreation and Open Space Projects** in 2015/16 was £42k. Works and installations at Amber Drive are complete however the Knowley Brow and Union St projects have been partially completed and the works to Abbey Village play area will begin in 16/17. They were all expected to be completed in 15/16 but the time from order of equipment to delivery of play equipment was longer than forecast and so the projects slipped slightly into early 2016/17, all of these projects are due to be spent to budget.
88. The total budget for works at **Rangletts Recreation Ground** was £454k but was re-profiled to £384k 15/16 and £70k 16/17. The £70k budget is to be spent on access roads surrounding the park. The final 15/16 outturn was £391k of this £10k is funded by the

Veteran's Allotment grant and the remainder is funded through S106 contributions. There is still anticipated to be £70k of works to access roads in 2016/17.

89. The S106 funded works at the **Puffin Crossing Collingwood Rd** have not been completed, the total budget of £47k is to be re-phased into 2016/17.
90. The original budget for **Astley Hall & Park Development** was £675k however £320k was re-phased into 2016/17 as per the quarter 3 monitoring report leaving £355k in 2015/16. Expenditure in 2015/16 was £280k including £100k works to Astley Hall, £138k for the completion of the destination play area and £24k of works to the glasshouse. In addition, £30k for the costs of signage was charged to revenue resulting in an underspend of £45k in 2015/16. Further commitments will be made in 2016/17 including the completion of the glasshouse and £100k match funding for a HLF bid if the bid is successful.
91. The Council's contribution to the **Croston Flood Prevention** scheme was not made in 2015/16 however subject to a meeting held with the Environment Agency a contribution of £1m is forecast to be made 2016/17. The agreement with the agency states that the payment was to be made upfront, as such the £1m has been charged to the 2015/16 accounts. The scheme is forecast to be completed in the autumn of 2016.
92. The **Carr Brook Trim Trail** is funded from a S106 receipt. The expenditure in 15/16 was £72k with the remaining £11k of works expected to be completed in 2016/17.
93. Works to **Yarrow Valley Car Park** are scheduled to begin in 2016/17. £215k of the £225k was re-phased into 2016/17, only £5k of the forecast £10k budget was spent in 2015/16 resulting in a 2016/17 budget of £220k.
94. The **Recreation Strategy** budget of £170k was £105k underspent at year end. £65k was paid for financial support to Cuerden Valley Visitors Centre. A further £55k has been committed to Wymott Bowling Club including £35k to purchase the site from HM Prison Service and £20k grant to demolish the building on the land. Due to the government review of its prisons and other buildings, this project has not finalised in 2015/16. The remaining budget of £105k has been re-phased into 2016/17.
95. The total budget for the delivery of the **CCTV** programme in 2015/16 was £335k. The quarter 2 monitoring report re-phased this to £263k (2015/16) and £71k (2016/17). The final capital expenditure in 2015/16 was zero as the control room the CCTV equipment was scheduled to be delivered to was not ready to receive the equipment. The equipment was delivered in April 2016. The full budget is profiled to be spent in 2016/17.

CAPITAL PROGRAMME 2015/16 ADDITIONS

96. An Executive Member Decision on 11/01/16 approved the purchase of a refuse collection vehicle, one skip wagon and three ride on mowers. A total value of £71k additional expenditure was incurred during 2015/16 to fund the purchase of the three mowers. The purchase was expected to take place in 2016/17 however the current vehicles were unreliable. An exercise to determine the best way to finance the vehicles, for example through leasing, will be carried out during 2016/17. It is requested that Council approve this addition to the 2015/16 capital budget.
97. In addition the estimated costs of the remaining vehicles yet to be purchased are £73k for the skip wagon and £93k for the refuse vehicle. It is requested that Council approve this addition of £166k to the 2016/17 capital budget.

98. The budget for the purchase of the two sites at **Fleet St** was £250k however due to a better bargaining position of the sellers the forecast costs of these purchases is £362k. It is requested that Council approve this addition of £112k to the 2016/17 capital budget.

CAPITAL PROGRAMME 2015/16 DELETIONS

99. The final contribution to the Croston Flood Prevention scheme was £1m against a £1.1m budget. It is requested that Council approve the deletion of the remaining £100k budget from the capital programme. The cost of the scheme is funded through prudential borrowing.

CAPITAL PROGRAMME FINANCING 2015/16

Table 4: Capital Financing as at 31st March 2016

Fund	Quarter 1 2015/16 £'000	Quarter 2 2015/16 £'000	Quarter 3 2015/16 £'000	Outturn 2015/16 £'000
External Contributions	2,190	1,238	922	736
Grants	500	449	456	389
New Homes Bonus	637	637	322	246
Earmarked Reserves	1,862	1,942	842	600
Revenue	9	94	114	29
Capital Receipts	676	435	501	184
Borrowing	4,333	1,707	2,257	1,835
Capital Financing 2015/16	10,210	6,502	5,415	4,019

100. **External Contributions**

- Developer contributions totalled **£695k** in 2015/16 and were used as follows:
 - £382k - Rangleetts Recreation Ground
 - £150k – Buckshaw Community Centre
 - £49k – Eaves Green Play Development
 - £41k - Play, Recreation and Open Space Projects
 - £72k – Carr Brook Trim Trail
- £40k from registered providers was used to fund disabled facility adaptations

101. **Grants**

- £9k Veterans Allotment grant towards works at Rangleetts Recreation Ground
- £369k Disabled Facility Grant (DFG) to fund the 2015/16 disabled facility adaptations
- £11k from the Regional Housing Pot Fund was used to fund disabled facility adaptations

102. **New Homes Bonus**

- £640k New Homes Bonus was to be allocated to the Astley Hall and Park Development, of this £245k has been allocated to the capital project and £30k for signage leaving £365k to be carried forward into 2016/17.

103. Earmarked Reserves

Several revenue reserves have been earmarked to fund capital expenditure in 2015/16 onwards these include the following use of reserves.

- £80k VAT shelter income was fully utilised to fund leisure centres improvements in 15/16
- £169k of the building maintenance reserve was earmarked to fund capital expenditure in 15/16. This was fully utilised and allocated as follows:
 - £81k to fund town hall asset improvements
 - £19k to fund expenditure relating to the improvements at Market St
 - £68k to fund expenditure at Clayton Brook Village Hall Extension
- £69k from a lease surrender payment relating to Clayton Brook public house was placed in a reserve in 2013/14. This was earmarked to part fund the works at Clayton Brook Village Hall and was fully utilised in 2015/16.
- In 2013/14 a reserve was created from the reimbursement of empty property and small business rate relief grants over and above budgeted levels. This was earmarked for capital expenditure to reduce the impact of the capital programme on borrowing. The balance brought forward in 2015/16 was £146k of which £113k was allocated to fund the purchase of recycling receptacles leaving £33k to be allocated in 2016/17
- The reserve for non-recurrent expenditure has been earmarked for capital expenditure and had an opening balance in 2015/16 of £1.750m relating to the former earmarked pension reserve. The total use of this reserve was £167k relating to the following financing:
 - £30k leisure centre improvements
 - £35k Astley Hall & Park Development
 - £25k Clayton Brook Village Hall & Extension
 - £4k to fund the final retention at the Astley Hall Farmhouse
 - £5k to fund the works at Yarrow Valley Car Park
 - £65k to fund the expenditure at Cuerdon Valley Visitors Centre as part of the Council's Recreation Strategy

The remaining balance of £1.6m will be used to fund projects in the Council's approved 2016/17 to 2018/19 capital budget, including the £1m public realm works and £335k investment in CCTV.

104. Revenue

- In year underspends of £85k were agreed to contribute toward the cost of CCTV expenditure in 2015/16. As no costs have been incurred the £85k underspend has been moved into the Non-Recurrent Expenditure Reserve to be used to fund the CCTV programme in 2016/17.
- £20k of charges for replacement bins were used as contribution to the total cost of purchasing recycling receptacles.
- In year underspends of £9k were approved to contribute toward extension of Clayton Brook Village Hall

105. Capital Receipts

Capital receipts brought forward totalled £530k with an additional £766k received in 2015/16, this included the £500k sale of land at Ackhurst Rd, Chorley.

Of this, £185k was utilised on the following schemes:

- £82k towards the cost of the Town Hall improvements

- £12k to fund the remaining costs of improvements to Cotswold House
- £36k towards the remaining costs of the regeneration of Market St
- £53k towards the cost of Clayton Brook Village Hall Extension

106. Prudential Borrowing

Capital expenditure of £1.835m was financed from external borrowing compared to the forecast in quarter 3 of £2.257m. The reduction in the 2015/16 borrowing requirement is due to re-phasing of the Chorley East Health Centre project and the £170k cost of Apex House not being incurred until 2016/17.

Prudential borrowing is being used to finance the following projects:

- £1m contribution to the Croston Flood Prevention scheme
- £613k Market Walk Extension
- £150k Chorley Youth Zone
- £71k purchase of 3 mowers

An exercise to determine the best funding approach between borrowing and leasing for the additional mowers will be undertaken during 2016/17. In order to best plan for the future use of the Council's own resources, long term investment such as the Market Walk Extension and Youth Zone have been financed through borrowing which allows capital receipts and reserves to fund short term assets, which would be more costly to finance through borrowing, in future years.

IMPLICATIONS OF REPORT

107. 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

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

COMMENTS OF THE MONITORING OFFICER

109. 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/James Thomson	5488/5025	26/05/16	Provisional Revenue

			and Capital Outturn 2015-16
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