

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources)	Executive Cabinet	17 November 2016

## **REVENUE AND CAPITAL BUDGET MONITORING 2016/17 REPORT 2 (END OF SEPTEMBER 2016)**

### **PURPOSE OF REPORT**

1. This report sets out the provisional revenue and capital outturn figures for the Council as compared against the budgets and efficiency savings targets set for the financial year 2016/17.

### **RECOMMENDATION(S)**

2. Note the full year forecast position for the 2016/17 revenue budget and capital investment programme.
3. Note the forecast position on the Council's reserves.
4. Request Full Council approval for the use of £60,000 from the 2016/17 forecast revenue surplus on Market Walk to invest in the Public Realm works capital scheme, see paragraph 38.
5. Request Full Council approval for the transfer of £50,000 from in-year revenue underspends to the Local Development Framework (LDF) reserve to finance costs anticipated in 2017/18 and 2018/19, see paragraph 40.
6. Request Full Council approval for the use of £100,000 from in-year revenue underspends to invest in the Retail Grants Programme, see paragraph 41.
7. Request Full Council approval for the use of £307k of the LCC Transition reserve to fund the Chorley Employment Inclusion Project (CEIP), see paragraph 50.
8. Note the request sent to DCLG to reimburse the Council for its contribution to the Croston Flood Risk Management Scheme, see paragraphs 51 & 52.
9. Request Full Council approval for the additions to the capital programme summarised in paragraph 66 namely:
  - £200,000 increase in the Chorley Youth Zone budget to underwrite the shortfall in funding in 2017/18
  - £189,000 increase in Disabled Facility Grants budget, 100% grant funded, to bring in line with 2016/17 grant funding levels
  - £8.1m Digital Office Park capital budget be added to the capital programme with the £4.050m CBC match funding to be financed through prudential borrowing. As per the report approved by Full Council on 19th July 2016
10. Request Full Council note the changes to the capital programme to reflect delivery in 2016/17 to 2018/19

## EXECUTIVE SUMMARY OF REPORT

11. The projected revenue outturn currently shows a forecast underspend of £237,000 against budget. No action is required at this stage in the year.
12. In the 2016/17 budget the expected net income from Market Walk after deducting financing costs is £0.942m. The latest projection shows that the forecast outturn is £1.002m.
13. The forecast capital expenditure in 2016/17 is £14.088m.
14. The Council set an overall savings target of £150k in 2016/17 from the management of the establishment. Excellent progress has been made in this area and I am pleased to report that the full savings target for 2016/17 has been achieved.
15. 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 due to the financial risks facing the Council. A budgeted contribution into General Balances of £500k is contained within the new investment package for 2016/17. The current forecast to the end of September shows that the General Fund balance could be around £3.422m by the end of the financial year. Should the recommendations in this report be approved, the forecast balance would be £3.212m and broadly in line to achieve the target of £4.0m by 2018/19.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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<b>Key Decision?</b> Please bold as appropriate	Yes	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)

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

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

17. None.

## CORPORATE PRIORITIES

18. 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	
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Ensuring cash targets are met maintains the Council's financial standing.

## BACKGROUND

19. The latest net revenue budget is £20.285m. This has been amended to include approved slippage from 2015/16 and any transfers from reserves.
20. A full schedule of the investment budgets carried forward from 2015/16 and the new (non-recurrent) investment budgets introduced in the 2016/17 budget are shown in Appendix 2 together with expenditure to date against these projects (for capital items see Appendix 4).
21. The Council's approved revenue budget for 2016/17 included target savings of £150,000 from management of the staffing establishment. Savings of £100,000 had previously been identified and reported in quarter 1.
22. Following the recommendations made in the June 2016 budget monitoring report, in-year revenue underspends have been set aside to fund the following items:
  - £67,000 to invest in the Retail Grants Programme.
  - £15,000 to contribute towards additional Christmas Lighting costs.
  - £25,000 to finance the empty homes review.
23. Set out in Appendix 1 is the provisional outturn position for the Council based upon actual spend in the first six months of the financial year and adjusted for future spend based upon assumptions regarding vacancies and service delivery.
24. The latest forecast of capital expenditure in 2016/17 is £14.088m. The latest capital forecast is detailed in Appendix 4.

## SECTION A: CURRENT FORECAST POSITION – REVENUE

25. The projected outturn shown in Appendix 1 forecasts an underspend compared to budget of around £237,000. The significant variances from the last monitoring report to Executive Cabinet are shown in the table 1 below.

## ANALYSIS OF MOVEMENTS

**Table 1 – Significant Variations from the last monitoring report**

Note: Overspends/shortfalls in income are shown as ( ).

	£'000	£'000
<b>Expenditure:</b>		
Staffing costs/Contribution to Corporate Savings	(50)	
Council Tax refund – Cotswold House	26	
Energy Advice Service	15	
Gas & Electricity Charges	12	
Provision for new Surface Water Charges	20	
ICT Contracts	15	
Re-programme Car Park Pay & Display Machines	(15)	
Schools Mental Health Work	(11)	

Additional works to open space & church yards	(14)	
North West in Bloom	<u>22</u>	20
<b>Income:</b>		
LCC Contribution - Minor Adaptations (IHIS)	20	
CIL Judicial Case	30	
Car Park Pay & Display income	<u>(10)</u>	40
<b>Other:</b>		
Other minor variances	<u>(1)</u>	(1)
<b>Net Movement</b>		<b>59</b>

### *Expenditure*

26. The movement in staffing costs shown in table 1 reflects the changes made from the position reported to the end of June in the last monitoring report. The main change is a further contribution of £50,000 made from staffing savings previously identified, to meet the corporate savings target for 2016/17. I am pleased to report that the full savings target of £150,000 for the year has now been achieved.
27. The Council Tax entitlements have recently been reviewed for the homeless units at Cotswold House. After this assessment it has been determined that as the rooms are not self-contained they become eligible for a 50% discount. The discount has now been applied and backdated for previous years and this has resulted in a refund of around £26,000.
28. For 2016/17 the Council's budget included a one-off investment sum of £15,000 carried forward from previous years in reserves, to develop and implement an energy advice switching service. This budget provision will not be required in 2016/17 as the Council has also received an affordable warmth grant from Lancashire County Council which can be utilised to cover the costs of providing this service.
29. As reported to Executive Cabinet in the final monitoring report for 2015/16, the Council's annual costs for utilities (gas and electricity charges) had been lower than budgeted as the energy industries wholesale charges for gas and electrical supply have continued to fall over the last 12 months. This trend has continued into 2016/17 with costs forecast to be around £12,000 below budget by the end of the year.
30. After initial discussions with United Utilities in 2012, a budget of £20,000 was created for 2016/17 to cover new surface water charges that were to be introduced for parks and open spaces with effect from April 2016. United Utilities have since changed their stance on the proposals as a result of political pressure. The result is that the charges for parks and cemeteries have now been capped. The charges for 2016/17 can be met from existing budget resources without the need for the additional £20,000 budget.
31. The June monitoring report highlighted a budget saving of around £13,000 achieved on ICT Contracts following final negotiations with Capita Business Services. Further contract savings have since been achieved following negotiations with other suppliers including Mitrefinch Ltd (Time Management System) and Modern Mindset Ltd (Modern.gov). These together with other minor savings have resulted in additional forecast savings against the budget of around £15,000 in 2016/17.
32. Additional costs are anticipated later this year resulting from the need to re-programme the car park pay & display machines as part of the introduction of the new £1 coin in March

2017, and also to implement changes to the car parking tariffs as a result of the Council's new parking strategy. It is estimated that the cost of this work will be around £15,000.

33. The Council has recently been in discussions with the Youth Support Trust, an independent charity devoted to changing young people's lives through sport. The organisation was established in 1994 and aims to make a positive impact on the health and wellbeing of young people, including those with special educational needs and disabilities. The trust is working in partnership with local schools in 2016/17 to provide a tailored programme of work, and to help deliver this project the Council has agreed to make a contribution of £11,000.
34. One budget area that is forecast to overspend in 2016/17 is the cost of external contractors employed by the Streetscene department. This covers work contracted to a third party for maintaining Chorley's parks, gardens and open spaces including closed church yards. Major works to date include de-silting of Euxton Brook, welding repairs and repainting of perimeter fencing at Knowley Brow play area, and the rebuilding of a wall at St John's Churchyard. The current forecast is an overspend of around £14,000 against the 2016/17 budget and as such the Streetscene department will aim to minimise additional expenditure over the remainder of the year.
35. The Council's revenue budget for 2016/17 included an investment of £50,000 to build on the previous year's success in the North West in Bloom competition and support the Chorley in Bloom charity group. The majority of the costs for this project have now been incurred for the year, with total expenditure to date around £28,000. It is unlikely that any further significant costs will be incurred this year and as such, a budget underspend of around £22,000 is forecast for 2016/17.

#### *Income*

36. The Council is currently entered into a collaboration agreement with Lancashire County Council for the Integrated Home Improvement Service (IHIS). The arrangement provides a handyperson and mobility care service which came into effect from 1 July 2015 and replaces the previous Supporting People funding. Based on previous discussions with LCC, the Council's budgets for 2016/17 included an assumption that the funding would cease. However funding has since been agreed until 2017/18 and this should result in surplus income of around £20,000 for the current year.
37. In 2014 the court dismissed the case of Fox Strategic Land and Property regarding CIL charges and awarded costs after ruling in the Council's favour. Settlement costs of £95,000 have now been awarded to the Council, £30,000 more than budgeted for.
38. Income levels from car parking fees have been marginally below budgeted levels for the first six months of the year. The current forecast indicates a shortfall in income of around £10,000 for the full year.

#### *Budget Requests from Underspends*

39. It is proposed that the £60k surplus from market walk is set aside to supplement funding for the enhancement of the existing market walk shopping centre. Included in the public realm budget approved by Council on 20<sup>th</sup> Sep is £243k for the development of paving within the existing Market Walk mall. This additional £60k contribution, with further contributions when received, will fund works including cladding to the brick facia and tiled columns, improved lighting, new and increased canopy cover.
40. It is proposed that £50k of the Council's underspend is set aside to create a ring-fenced reserve to meet the expenditure relating to the planning policy department's work plan. This includes the review of the Council's Core Strategy, a key development plan document in the Local Development Framework (LDF). It also includes a transport plan for Chorley and CIL

review. Where possible this expenditure will be shared with the other two LDF partners, however the estimated cost of the work plan for CBC could exceed £200k in 2017/18 and 2018/19. As such further underspends when identified will need to be set aside to fund these requirements.

41. The continued success of retail improvement grants has resulted in the programme being fully committed in 2016/17. It is proposed that a further £100k is requested from in year underspends to fund the grants already identified in the pipeline for support to shop floor refurbishments, shop front improvements and business rates subsidies. A review will be undertaken in 2016/17 as to how the programme may continue and be funded in future years.

### *Other Items*

42. One further budget area to report on is the expenditure for the Chorley Flower Show and other Council run events in 2016/17. The flower show has been hailed a great success with a huge amount of positive feedback and has been nominated as a finalist in the Lancashire Tourism Awards for the second year running. The event attracted around 13,000 visitors over the weekend and although this was below the projected figure of 15,000 it was nevertheless a good increase from the 10,000 visitors in the first year.

As a result of not hitting the target for visitor numbers, income from ticket sales has been lower than budgeted, and together with an increase in purchases of advance ticket sales at a lower price, the reduction in income compared to budget has been around £14,000. Additional expenditure of around £8,000 has also been incurred for various issues at the event including additional infrastructure and the purchase of one-off items that can be used for future events such as signage and matting. The additional one-off costs, together with the lower income levels from ticket sales, has resulted in a total net overspend of £27,000 against the original budget. However, Streetscene overtime costs of around £5,000 for the event have been met from within the existing Streetscene staffing budget for 2016/17, reducing the budget overspend to £22,000. As there will be no Chorley Grand Prix cycling event in the 2016/17 financial year, (the next event is planned for April 2017), this shortfall can be met from within the overall budget package for Council events by utilising the saving on the Grand Prix. Budget forecasts for the other Council events are also looking positive as additional sponsorship has already been secured for the Bonfire night and Christmas activities. Members will be provided with a budget update on these events over the coming months.

### **MARKET WALK**

43. The budgeted net rental income from Market Walk after taking account of financing costs in 2016/17 is £0.942m. The latest forecast indicates a surplus of £0.060m and is detailed in the table below.

**Table 2: Market Walk Income Forecast (June 2016)**

	<b>2016/17 Budget</b>	<b>2016/17 Forecast</b>	<b>2016/17 Variance</b>
Rental & Insurance Income	1,724,100	1,784,100	60,000
Operational Costs (excluding financing)	152,950	152,950	0
<b>Net Income (excluding financing)</b>	<b>1,571,150</b>	<b>1,631,150</b>	<b>60,000</b>
Financing Costs	628,830	628,830	0

<b>Net Income (including financing)</b>	<b>942,320</b>	<b>1,002,320</b>	<b>60,000</b>
Income Equalisation Reserve (Annual Contribution)	50,000	50,000	0
Asset Management Reserve (Market Walk)	50,000	50,000	0
<b>Net Income</b>	<b>842,320</b>	<b>902,320</b>	<b>60,000</b>

44. The surplus income of £60k is due to a prudent income budget being set during the 2016/17 budget setting process. At the time there were a number of tenants whose rental agreements were being renegotiated and as such the income levels were uncertain. The results of these renegotiations have not resulted in the anticipated loss of income and therefore a surplus is forecast.
45. The approved budget made provision for a £50,000 transfer to reserve to fund asset maintenance costs outside of the service charge agreement and a £50,000 transfer to an equalisation account to build up a reserve to fund any future reduction to income levels. The forecast balances at the end of 2016/17 after the in-year contributions are £250k (income equalisation) and £136k (asset management reserve).

## GENERAL FUND RESOURCES AND BALANCES

46. With regard to working balances, and as per Appendix 1, the Council started the year with a balance of £2.685m. 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 current forecast to the end of September shows that the initial General Fund closing balance could be around £3.422m. Should the recommendations in this report be approved, this balance would be £3.212m as detailed in table 3 below and forecast General Balances would be broadly in line to achieve the £4.0m target by 2018/19.

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

<b>General Balances</b>	<b>£m</b>
Opening Balance 2016/17	2.685
Budgeted contribution to General Balances	0.500
Forecast revenue budget underspend	0.237
<b>Initial General Fund Balance 2016/17</b>	<b>3.422</b>
Funding for Public Realm capital works	(0.060)
Contribution to Local Plan Reserve	(0.050)
Funding for Retail Grants Programme	(0.100)
<b>Forecast General Fund Closing Balance 2016/17</b>	<b>3.212</b>
Budgeted contribution to General Fund 17/18	0.500
Budgeted contribution to General Fund 18/19	0.259
<b>Forecast General Fund Closing Balance 2018/19</b>	<b>3.971</b>

47. Appendix 3 provides further information about the specific earmarked reserves and provisions available for use throughout 2016/17.

48. The 2016/17 budget setting process set aside £603k of New Homes Bonus to create a reserve to fund investment projects that would earn revenue surpluses to the Council. To date £169k has been spent against this budget to develop the bid for £4m of European grant funding to construct a Digital Park. Further commitments relating to this project are forecast to be £50k including £25k procurement advice and further architectural and QS fees. Total commitments against this budget are therefore £220k leaving £383k remaining.
49. During the 2016/17 budget setting process it was agreed that £500k be set aside in 2016/17 towards enabling the Council and its residents to manage the future reductions in the services provided by LCC. To date £312k has been committed including the subsidising of bus routes and maintaining library services at Adlington, Coppull and Ecclestone. Included in the budget for 2017/18 is an additional £500k towards this reserve meaning a total of £688k of the reserve in 2017/18 will be uncommitted.
50. It is proposed that £307k of the £688k uncommitted LCC Transition Reserve is allocated to the Council's match funded bid for external funding to create a three year Chorley Employment Inclusion Project (CEIP). CEIP is an intermediate employment project and, if approved, will reduce economic inactivity by providing disadvantaged target groups with access to a programme of employment support measures to help them to progress towards and/or into employment. The project will feed in to the successful Chorley Works project to replace the LCC service contracted to the under 25 age group with special focus on young people leaving care.
51. Following Storm Eva in December 2015 Chorley Council has been working hard to encourage property owners to take-up the property level resilience grant made available by the DCLG to fund works to homes to prevent flood damage. A total of 312 properties were identified as flooded in Croston, at £5k per property the funding provision in respect of these properties being £1.56m. To-date we have received PLRG applications for 84 of these properties and have made grant payments to 25 properties. The total amount so far committed is £310k. Even allowing for a contingency sum of £560k to fund any future applications and commitments made this will still leave a remaining DCLG fund of £1m.
52. A letter has been sent to DCLG requesting that this remaining £1m fund be allocated to CBC as a contribution to the Council's £1m outlay in 2015/16 in respect of the Croston Flood Risk Management Scheme which has been vital in reducing the risk of flooding.

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

53. Table 4 below summarises:
- Capital budget (1) – the capital budget agreed by Special Council in March 2016 including amendments as per the 2015/16 outturn report agreed by Council in July 2016 and the quarter 1 revenue and capital monitoring report agreed by Council 20<sup>th</sup> September 2016
  - Capital budget (2) - the 3 year capital budget following adjustments and re-profiling as described below

**Table 4: Profiling of the Capital Budget 2016/17 – 2018/19**

<b>Year</b>	<b>Capital Budget (1) £000s</b>	<b>Capital Budget (2) £000s</b>	<b>Changes £000s</b>
2016/17	14,006	14,202	196
2017/18	22,106	27,319	5,213
2018/19	4,287	6,769	2,482
<b>Total</b>	<b>40,399</b>	<b>48,291</b>	<b>7,892</b>



### *Customer & Digital*

54. There is £67k of committed expenditure relating to the purchase of **recycling receptacles**. The total budget of £115k is forecast to be fully committed in 2016/17
55. A budget of £166k is included in the programme for the **purchase of Council vehicles** consisting of £73k for a skip wagon and £93k for a small refuse wagon. The purchase of both vehicles are scheduled to be completed by the end of November and the costs will be within the agreed budget.

### *Policy & Governance*

56. The current **Chorley Youth Zone** expenditure and funding profile is as follows:

<b>Expenditure</b>	<b>2015/16</b> £000s	<b>2016/17</b> £000s	<b>2017/18</b> £000s	<b>Total</b> £000s
Demolition (CBC Contribution)	0	55	0	<b>55</b>
Chorley Contribution	150	325	325	<b>800</b>
LCC Contribution via CBC	0	500	500	<b>1,000</b>
<b>Total</b>	<b>150</b>	<b>880</b>	<b>825</b>	<b>1,855</b>

Following the tendering process and evaluation the total cost of the project has risen by £500k. As a result the partners of the project have been requested to underwrite an increase in the Youth Zone's budget. It has been requested that CBC underwrite £200k of this increase in the budget. If approved the Council's amended profiled contribution will be as follows:

<b>Expenditure</b>	<b>2015/16</b> £000s	<b>2016/17</b> £000s	<b>2017/18</b> £000s	<b>Total</b> £000s
CBC Contribution	150	880	1,025	<b>2,055</b>

The additional £200k is profiled to be spent in mid-2017/18, as such it is hoped the funding to meet this expenditure will have been received before the expenditure is incurred.

57. The Astley Hall and Park Development budget is £711k and includes £100k match funding for a Heritage Lottery Fund bid for Astley Hall as well as events infrastructure and parking, tennis courts and the construction of a Victorian Glass House. All budgets are forecast to be fully spent. A profile of expected expenditure is subject to investigatory works however it is expected that budgets such as events parking, events infrastructure and footpath lighting will need to be re-profiled between 2016/17 and 2017/18.

### *Early Intervention*

58. The **Disabled Facility Grants** programme is just one month in to the third quarter and has £314,000 of expenditure. Productivity has been very high within the team and there have also been some large value cases which have assisted in being able to commit work at such high levels. The 2016/17 allocation from LCC is £614k. LCC have not elaborated on any additional expectations or conditions that they expect Districts to fulfil with the extra DFG funds nor have they agreed or denied that any unspent grant at year end will be clawed back from LCC. The target for DFG delivery is £500k to be funded by the grant and any RP contributions. It is recommended that the budget is increased to £614k to match the grant

allocation. Further clarification will be sought as to the requirements of the grant and whether any uncommitted grant can be carried forward into future years.

59. The extension and final refurbishment of **Cotswold House** has commenced and is forecast to complete in 2016/17. The total budget is £858,000 funded by a £658k HCA grant and £200k contribution from CBC. Planning permission has been granted, tenders for the works have been received and work has commenced. The project is forecast to spend to budget.

#### *Regeneration & Inward Investment*

60. Costs relating to the construction of the **Market Walk Extension** have been estimated at £12.643m and Members approved the recommendation to proceed with the development at Full Council in September 2016 provided 75% of the retail floor area has agreements in place. The total approved budget for Market Walk Extension is £12.643m of which £613k was spent in 2015/16 leaving a remaining budget of £12.030m. Works are scheduled to begin in January 2017 and complete in March 2018 with the development opening from Autumn 2018. Some enabling works are being carried out in 2016/17 including the purchase of Apex House and works to Fazarkerley St. At this stage detailed information as to the profile of expenditure over the two years is not available, as such it is proposed that the profile remains at £3.000m in 2016/17 with the outstanding £9.030m profiled in 17/18.
61. Expenditure to date for **Chorley Public Realm** relates to the creation of detailed designs including the phasing of the works. As of yet there is no update on the profiling of expenditure relating to works in 2016/17 and so the budget of £1m will remain in 2016/17.
62. Planning permission was secured in June 2016 for the **Primrose Retirement Village**. The contractor is being procured under the LCC Strategic Partnership Framework arrangement and full Council approval to proceed with the scheme was agreed in September 2016. Negotiations with St John to acquire a parcel of land are still ongoing. Start on site is expected in early 2017 and will be complete by no later than the end of March 2019 (HCA deadline). Further profiling of expenditure is not yet available, as such the budget of £9.747m will remain as profiled £2.881m 2016/17 and £6.865m 2017/18 with revisions expected in the next monitoring report.
63. Site investigation is currently underway as part of the **Westway Playing Fields Sports Campus** project. The results of the investigations will outline the scope of drainage works to be undertaken. Consultants have also been appointed to advise on events car parking and are undertaking ground investigation works relating to the car park.
64. The European funding for the **Digital Office Park** of £4.050m has been agreed towards the £8.1m capital project. As per the recommendations approved at Full Council on 19<sup>th</sup> July 2016, the £8.1m capital budget will be added to the capital programme with the £4.050m CBC match funding to be financed through prudential borrowing. The profiled expenditure is currently estimated as follows including professional fees and purchase of land:

<b>Expenditure</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>Total £m</b>
Chorley Contribution	0.325	2.450	1.275	<b>4.050</b>
European Funding	0.325	2.450	1.275	<b>4.050</b>
<b>Total</b>	<b>0.750</b>	<b>4.900</b>	<b>2.450</b>	<b>8.100</b>

65. The asset improvement budget and leisure centre improvement budgets included in the capital programme are as follows:

	2016/17	2017/18	2018/19	Total
Asset Improvements	105,000	200,000	200,000	505,000
Leisure Centres	200,000	85,000	85,000	370,000
<b>TOTAL</b>	<b>305,000</b>	<b>285,000</b>	<b>285,000</b>	<b>875,000</b>

Revised maintenance forecasts for the Council's leisure centres indicate that approximately £120k of the budget will be required over the coming 3 years. In particular, the entire replacement of All Seasons external glazing will no longer be required reducing forecast spend in 2016/17 by over £100k.

The table below gives a re-profiled asset improvement and leisure centre improvement programme. Included in the programme are £230k of costs towards the enhancement of the roads at Chorley and Adlington Cemeteries.

In addition it is proposed that £120k is included against these budgets in 2017/18 for improvement works to the Town Hall Council Chamber. Including new conference microphone system and induction loop as well as a furniture re-fit to improve provision for the public, including disabled users.

#### Forecast

	2016/17	2017/18	2018/19	Total
Asset Improvements	90,000	115,500	200,000	405,500
Cemetery Paths - Chorley	45,000	47,500	42,000	134,500
Cemetery Paths - Adlington		50,000	45,000	95,000
Works to Council Chamber		120,000		120,000
<b>TOTAL - ASSET IMPROVEMENTS</b>	<b>135,000</b>	<b>333,000</b>	<b>287,000</b>	<b>755,000</b>
Leisure Centres	80,000	10,000	30,000	120,000
<b>TOTAL</b>	<b>215,000</b>	<b>343,000</b>	<b>317,000</b>	<b>875,000</b>
Remaining Budget	90,000	(58,000)	(32,000)	0

The forecast indicates that £90k of the budget for 2016/17 will need to be rolled forward into 2017/18 and 2018/19 to fund the works. As indicated in the table above the costs of these works over the 3 years can be managed within the original total £875k budget.

#### *Additions/Budget Increases*

66. As per the paragraphs above, Council is asked to approve the following additions to the capital programme:

- £200k increase in the Chorley Youth Zone budget to underwrite part of the £500k shortfall in funding in 2017/18
- £189k increase in DFG budget, 100% grant funded, to bring it in line with 16/17 grant funding levels
- Following the successful ERDF funding bid and as per the recommendations approved at Full Council on 19th July 2016, the £8.1m Digital Office Park capital budget will be added to the capital programme with the £4.050m CBC match funding to be financed through prudential borrowing.

#### *Capital Financing*

67. The capital programme is financed using different sources of funding. The table below shows the latest proposed financing based on the forecast of expenditure in 2016/17. This in line with budget and will be reviewed at year-end to best manage the Council's own resources.

**Table 5: Forecast Capital Financing 2016/17**

<b>Fund</b>	<b>Quarter 1 2016/17 £'000</b>	<b>Quarter 2 2016/17 £'000</b>	<b>Variance £'000</b>
External Contributions	4,530	4,535	5
Grants	1,971	2,424	453
New Homes Bonus	400	310	(90)
Earmarked Reserves	1,968	1,951	(17)
Revenue	0	0	0
Capital Receipts	852	852	(0)
Borrowing	4,285	4,016	(269)
<b>Capital Financing 2016/17</b>	<b>14,006</b>	<b>14,088</b>	<b>82</b>

The increase in grant funding is due to the forecast European funding to be drawn down against the Digital Office Park and increase in the DFG funded budget.

## IMPLICATIONS OF REPORT

68. 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

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

## COMMENTS OF THE MONITORING OFFICER

70. 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/James Thomson	5488/5025	25/10/16	Revenue and Capital Budget Monitoring 2016-17 Sep