

Report of	Meeting	Date
Chief Finance Officer (Introduced by the Executive Member for Resources)	Executive Cabinet	16 February 2017

## **REVENUE AND CAPITAL BUDGET MONITORING 2016/17 REPORT 3 (END OF DECEMBER 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 contribution of £150,000 from in-year revenue underspends to the Change Management Reserve to finance one-off redundancy and pension strain costs arising from transformation and shared service strategies.
5. Request Full Council approval for the contribution of £50,000 from in-year revenue underspends to the Buildings Maintenance Reserve to finance one-off costs relating to office utilisation and transformational change.
6. Request Full Council approve the increases and additions in the capital programme outlined in paragraph 68.
7. Request Full Council note the changes to the capital programme to reflect delivery in 2016/17 to 2018/19.

### **EXECUTIVE SUMMARY OF REPORT**

8. The projected revenue outturn currently shows a forecast underspend of £298,000 against budget. No action is required at this stage in the year.
9. In the 2016/17 budget the expected net income from Market Walk after deducting financing costs is £1.002m. The latest projection shows that the forecast outturn is £1.002m.
10. The forecast capital expenditure in 2016/17 is £14.563m.
11. The Council set an overall savings target of £150k in 2016/17 from the management of the establishment. As previously reported, the full savings target for 2016/17 has been achieved.
12. 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 December shows that the General Fund closing balance could be around £3.483m by the end of the financial year. Should the recommendations in this report be approved, the forecast balance would be £3.283m and 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)

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

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

14. None.

## CORPORATE PRIORITIES

15. 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

16. The latest net revenue budget is £18.960m. This has been amended to include approved slippage from 2015/16 and any other transfers from reserves.
17. 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).
18. The Council's approved revenue budget for 2016/17 included target savings of £150,000 from management of the staffing establishment. The full savings target of £150,000 had previously been identified and reported in quarter 2.

19. Following the recommendations made in the September 2016 budget monitoring report, in-year revenue underspends have been set aside to fund the following items:
  - £100,000 to invest in the Retail Grants Programme.
  - £50,000 to finance Local Development Framework costs anticipated in 2017/18.
  - £60,000 to invest in the Public Realm works capital scheme.
20. Set out in Appendix 1 is the provisional outturn position for the Council based upon actual spend in the first nine months of the financial year and adjusted for future spend based upon assumptions regarding vacancies and service delivery.
21. The latest forecast of capital expenditure in 2016/17 is £14.563m. The latest capital forecast is detailed in Appendix 4.

## SECTION A: CURRENT FORECAST POSITION – REVENUE

22. The projected outturn shown in Appendix 1 forecasts an underspend compared to budget of around £298,000. 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	135	
Elections (combined elections in 2016)	45	
Computer Equipment/Software	21	
Central Printing & Copying	11	
Insurances	10	
Waste Collection Service	(25)	
Growth Lancashire Director Role	<u>(16)</u>	
		181
<b>Income:</b>		
Planning Application Fees	(90)	
Parking Fines/Permits	(12)	
S106 Maintenance of Public Open Spaces	16	
New Burdens Grants	<u>15</u>	
		(71)
<b>Other:</b>		
Net Financing Transactions	200	
Housing Benefits	(37)	
Other minor variances	<u>(3)</u>	
		160
<b>Net Movement</b>		<b>270</b>

### *Expenditure*

23. The additional savings on staffing costs of £135,000 shown in table 1 above reflects the changes made from the position reported to the end of September in the last monitoring report. The main changes are as a result of vacant posts, predominantly in the Early

Intervention and Customer & Digital directorates, a number of which have remained vacant pending the introduction of new departmental structures.

24. In 2016, combined Borough and Police and Crime Commissioner (PCC) elections were held, together with the EU Referendum. The costs of the PCC election and EU Referendum will be reimbursed to the Council once the final claims have been agreed. With the elections being combined, a significant proportion of the costs were shared and as a result, a revenue budget saving is anticipated for 2016/17. The final claims for reimbursement of costs have yet to be agreed but the provisional forecast saving for 2016/17 is around £45,000.
25. Further savings are anticipated in the current year for Computer Equipment/Software. The 2016/17 budget included provision for software maintenance upgrades and one-off maintenance work anticipated following the implementation of a major upgrade due to be carried out to the Council's IT infrastructure. As the upgrade is now expected to start later in 2017, the software upgrades will be delayed until the major infrastructure work has been completed and the budgets will not be required in 2016/17. This, together with other minor contract savings, is forecast to generate a one-off saving of around £21,000.
26. One area that has seen a further reduction in costs over recent months is printing and copying. Following an agreement reached with Canon (UK) Ltd, the Council is no longer liable to pay rental charges on some of the older copiers and now only gets charged based on the actual number of copies used. In addition to this, the Council has made efforts to drive forward the policy of reducing costs by promoting the paperless office and implementing the roll out of iPads for Members and officers. This has reduced the copier usage charges and together with the reduction in rental charges, a saving of around £10,000 is anticipated for 2016/17.
27. The Council's arrangements for insurance provision and brokerage services expired on 31/12/16. It therefore became necessary to procure new insurance provision with effect from 1/1/17 and to appoint the broker to assist with the tender process. As a result of the procurement exercise, the Council has secured a significant reduction in premiums and as the renewal date is January 2017, a proportion of the savings will fall in the current financial year. The savings for the final quarter of the year will be around £10,000 with the majority of savings included in the revised budget figures for 2017/18 and future years.
28. A recent report to Executive cabinet on 19 January outlined the proposed changes to the waste collection service to be rolled out over the coming months. The report detailed the anticipated costs and income to be generated from the introduction of the garden waste subscription service. The expenditure budgets identified for this service included £30,000 for publicity and administration and £30,000 for additional call centre staffing. As some of the changes to the waste collection service are to be introduced in April and May and residents will need to be informed in advance of the changes, a proportion of the expenditure for publicity and staffing will need to be incurred in the current financial year.

Additional call centre staff are expected to be in place with effect from 1<sup>st</sup> March at a cost of around £8,000. The main expenditure for publicity will be a letter to all residents at a cost of around £15,000 with follow up publicity estimated at £2,000. In total the expenditure in the current year is anticipated to be around £25,000 and these costs can be met from in-year savings.
29. In November 2016 the Council agreed to the proposed membership of Growth Lancashire and to appoint the Leader of the Council to the role of Director of that company as a Council representative. The mission of the company is to serve new and existing businesses to grow job opportunities and skills across the region by providing business support and economic development opportunities. The cost of membership is £15,800 for 2016/17 and can be met from existing in-year revenue resources.

## *Income*

30. One area where income levels have fallen in recent months is for planning application fees. Income received for the third quarter was only £73k and is significantly lower than figures for the previous quarters (£161k in quarter 1 and £192k in quarter 2). This has resulted in a revised income forecast of around £560,000 for the year, £90,000 below budget. It should be noted however that this forecast is based on the assumption that four of the anticipated larger planning applications are submitted between February and March. The timing of these submissions will ultimately determine the final outturn position in terms of income receivable in the current year. Should the larger applications be received later than anticipated, this would increase the income receivable in 2017/18 and we may see that the net effect over the 2 years to be neutral with a budget shortfall in 2016/17 offset by a surplus in 2017/18.
31. Another area where income levels have fallen is for parking fines and permits, collected by Chipside Lancashire on the Council's behalf. Income levels have been approximately 15% lower than in 2015/16 and this has resulted in a revised forecast of around £69,000 for the current year, £12,000 below budget.
32. 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 2016/17 but as the work involved on the new sites has been absorbed into the existing Streetscene staffing rota, there are no additional costs involved.
33. The Council has received additional income of around £15,000 in the third quarter in the form of two New Burdens Grants from the DCLG. A Transparency Code New Burdens Grant of £8,103 was awarded in October followed by a Property Searches New Burdens Grant of £7,456 received in December.

## *Other Items*

34. The Council's budget for 2016/17 was prepared on the assumption that additional PWLB borrowing would be taken to replace the use of internal cash balances. The reason being to secure cash at a lower interest rate than might be available in the future. The extra borrowing is likely to be not taken, so this accounts for most of the one-off saving of £200k. Should the Council be advised that PWLB rates are due to rise, additional borrowing could be taken before year-end 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.
35. The housing benefits payments budget is one area that could have a significant impact on the Council's year-end financial position. Income figures for the last quarter to December have shown a significant reduction in the level of housing benefit overpayments recovered at £184k, compared to £259k in the corresponding quarter for 2015/16. This loss of income is anticipated to be partially offset by a reduction in the requirement for an increase in the bad debt provision. The demand for housing benefits has fallen over the course of the current year by around 3% and the forecast level of bad debts is also anticipated to fall. The net effect of the latest figures is a reduction in forecast income of around £37,000 compared to the position reported in September and a shortfall of around £56,000 for the year as a whole.

## Budget Requests from Underspends

36. As a consequence of further departmental restructures due to be implemented in 2017, initial costs will inevitably be incurred for both redundancy and pension strain. These one-off costs have historically been financed by the Change Management Reserve. However, as this reserve has now been fully utilised in 2016/17 following restructures, it is proposed that a sum of £150k is transferred to this reserve from in-year savings to help finance some of the initial costs.
37. The Buildings Maintenance Reserve is also anticipated to be fully utilised by the end of the current financial year. This reserve is used to finance one-off expenditure in addition to the Council's annual maintenance budget and includes improvement works to Council offices and other buildings. It is expected that the Council will incur further one-off expenditure in coming months during a period of transformational change including office reorganisation and refurbishment required at Bengal Street and Union Street Offices. As a result, it is proposed that a sum of £50k from 2016/17 revenue underspends is transferred to this reserve to finance these one-off costs.

## MARKET WALK

38. The budgeted net rental income from Market Walk after taking account of financing costs in 2016/17 is £0.902m.

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

	<b>2016/17 Budget</b>	<b>2016/17 Forecast</b>	<b>2016/17 Variance</b>
Rental & Insurance Income	1,784,100	1,784,100	0
Operational Costs (excluding financing)	152,950	152,950	0
<b>Net Income (excluding financing)</b>	<b>1,631,150</b>	<b>1,631,150</b>	<b>0</b>
Financing Costs	628,830	628,830	0
<b>Net Income (including financing)</b>	<b>1,002,320</b>	<b>1,002,320</b>	<b>0</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>902,320</b>	<b>902,320</b>	<b>0</b>

39. 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).
40. The service charge to tenants includes a contribution towards a sinking fund to fund large unforeseen works to the shopping centre that can't be met within the maintenance budget. The total balance of the sinking fund is £154k. Works will be undertaken this year to make necessary repairs to the roof, investigatory works will be undertaken in February to assess the full scope of the repairs.

## GENERAL FUND RESOURCES AND BALANCES

41. 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 December shows that the initial General Fund closing balance could be around £3.483m. Should the recommendations in this report be approved, this balance would be £3.283m as detailed in table 3 below and forecast General Balances would be 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	0.298
<b>Initial General Fund Balance 2016/17</b>	<b>3.483</b>
Contribution to Change Management Reserve	(0.150)
Contribution to Asset Maintenance Reserve	(0.050)
<b>Forecast General Fund Closing Balance 2016/17</b>	<b>3.283</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>4.042</b>

42. Appendix 3 provides further information about the specific earmarked reserves and provisions available for use throughout 2016/17.
43. 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.
44. As described in the quarter 2 monitoring report a letter has been sent to DCLG requesting that the remaining £1m property level flood resilience fund be allocated to Chorley Borough Council 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. The DCLG did not support this approach and now the Council is exploring a collaborative request with residents and LCC to ring-fence allocations for Croston flood defences.

## SECTION B: CURRENT FORECAST POSITION – CAPITAL

45. 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, the quarter 1 revenue and capital monitoring report agreed by Council 20<sup>th</sup> September 2016 and the quarter 2 monitoring report agreed by Council 22<sup>nd</sup> November 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**

Year	Capital Budget (1) £000s	Capital Budget (2) £000s	Changes £000s
2016/17	14,202	14,563	360
2017/18	27,319	23,858	(3,461)
2018/19	6,769	15,811	9,042
<b>Total</b>	<b>48,291</b>	<b>54,231</b>	<b>5,941</b>

46. The adjustments predominantly relate to re-phasing of 2016/17 budgets into 2017/18 and 2018/19. There have been £5.9m additions to the total capital programme in quarter 3 including £2.947m for the purchase of HCA land, subject to approval a £2.2m addition of the HLF funded Bank Hall project that the Council will act as the accountable grant body (further details below). In addition the budget has been increased by £500k for the purchase of garden waste bins and an additional £100k to fund a HLF bid for Astley Hall.

### *Customer & Digital*

47. There is £101k of committed expenditure relating to the purchase of **recycling receptacles**. The total budget of £115k is forecast to be fully committed in 2016/17
48. As per the report agreed at Full Council on 24<sup>th</sup> January 2017 a £500k budget has been added to the capital programme to fund the potential cost of **garden waste collection** bins. This will be financed through prudential borrowing that will be repaid using the income collected from the £30 annual charge.
49. The Council has been approached by Heritage Lottery Fund (HLF) and Heritage Trust for the North West (HTNW) to act as the accountable body for receiving HLF grant requests relating to the refurbishment of **Bank Hall** in Bretherton. HTNW, together with their development partners, Urban Splash (US) and Next Big Thing (NBT) applied for and obtained grant funding of c£2.2m (which equates to c.40% of the total project costs). The role of the Council is to act as the accountable body, receiving requests for grant payments on a monthly basis from HTNW, US and NBT to the HLF who will in turn supply the funds to the Council who will then pay out the grant funds to the grant claimants. There is an allowable element in the costs for project management, which the Council can also make claims against. The entire £2.2m has been added to the capital programme, until details of profiled expenditure are received it remains in 2016/17 but will be re-profiled when further details are understood.



50. As agreed in the previous revenue and capital monitoring paper the asset improvement budget includes budgets for works to be undertaken on the pathways in Chorley and Adlington Cemeteries. The first stage of works to Chorley Cemetery have been tendered and as a result the profile of expenditure is as follows.

	2016/17	2017/18	2018/19	Total
Cemetery Paths - Chorley	55,000	47,500	32,000	134,500
Cemetery Paths - Adlington		50,000	45,000	95,000
<b>TOTAL - ASSET IMPROVEMENTS</b>	<b>55,000</b>	<b>97,500</b>	<b>77,000</b>	<b>229,500</b>

#### *Policy & Governance*

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

Expenditure	2015/16 £000s	2016/17 £000s	2017/18 £000s	Total £000s
Demolition (CBC Contribution)	0	55	0	55
Chorley Contribution	150	325	525	1,000
LCC Contribution via CBC	0	500	500	1,000
<b>Total</b>	<b>150</b>	<b>880</b>	<b>1,025</b>	<b>2,055</b>

The contractors are now on site and commencing with the demolition and build. Chorley Council have been advised by LCC that their Executive will be confirming the grant to Chorley Council within the next few weeks. They have instructed their legal services to prepare the necessary documentation which should be received shortly.

52. The **Astley 2020** 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. It is proposed that the Council increase its match funding from £100k to £200k in order to secure a £1.6m HLF grant that is required for conservation works and enhancing the visitor experience at Astley Hall. In addition the £175k budget set aside for events car parking originally allocated to Astley 2020 will be delivered as part of the Westway development. This budget will be moved to the Westway project to deliver the events car parking.
53. The 2016/17 forecast capital expenditure for **Astley 2020** is £208k including £70k for works to Astley Hall of which £20k is funded through an Arts Council England grant. £40k will be spent improving the tennis courts and £80k completing the Victorian Glass House.

#### *Early Intervention*

54. Further works relating to **Leisure Centre Improvements** will not be required in 2016/17. As such the forecast spend in 2016/17 is £3k with the remaining £76k re-profiled into 2017/18.
55. The total forecast **CCTV** budget of £335k will be fully committed by the end of 2016/17. As the installations have progressed further works to the cameras have been required mainly due to damaged connections on existing CCTV cameras. An additional £20k is requested to complete the project, funding has been identified from the 2016/17 CCTV revenue maintenance budget.

## *Regeneration & Inward Investment*

56. The asset improvement budget is forecast to spend £110k in 2016/17 including £70k works to the Council's leased assets. These works, including the replacement of large sections of roofs, are required to be carried out by the Council as per the lease agreements. The new profile for the asset improvement budget is as follows.

	2016/17	2017/18	2018/19	Total
Asset Improvements	110,000	115,500	180,000	405,500
Works to Council Chamber		120,000		120,000
<b>TOTAL - ASSET IMPROVEMENTS</b>	<b>110,000</b>	<b>235,500</b>	<b>180,000</b>	<b>525,500</b>

57. 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. Some enabling works are being carried out in 2016/17 including the purchase of Apex House. 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.
58. 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 however it is assumed £80k will be committed to the detailed design of the town centre public realm works in 2016/17. As such the project will be re-profiled to £80k 2016/17 and £920k 2017/18 until the scope and profiling of the works is finalised.
59. The corporate strategy includes a priority to develop a **Gateway to Chorley Town Centre**. The works to Theatre Walk, the Bus Station Crossing and East Way & Steely Lane total £114k however they are not due to begin until early April 2017. As such the budget for this project will be added to the 2017/18 capital programme to be funded through existing earmarked revenue reserves. Further works to the subway and underpass and to Steeley Lane pedestrian routes are not included in this budget. When the scope and cost of these works are finalised, a new request for funding will be made as part of the 2017/18 budget setting process.
60. The works to **Big Wood Reservoir** access improvements can now be undertaken as S106 invoices totalling £83k have now been received. These allocations are sufficient to deliver the project's works including enhancements to the pathways surrounding the reservoir. The remaining £11k funding allocated to this project will be ring-fenced for the surveying of reservoirs outside of the capital programme. This will identify further works required to ensure the Council remains compliant with the Reservoirs Act 1975 and the anticipated changes to the Act.
61. A review is being undertaken regarding the total scope of works required to regenerate the Council's Town Centre play and recreation sites. As such the majority of spend on these sites has been put on hold until priorities and works can be agreed, costed and funding identified, mainly through S106 contributions. Forecast spend on **Recreation and Open Space Projects** in 2016/17 is £241k with the remaining budget being re-profiled into

2017/18. It is likely that as further S106 agreements are paid and attributed to the projects the total project budget will increase in 2017/18 onwards.

62. The remaining expenditure for the **Ranglett's Recreation Ground** relates to improvements to on-street parking, traffic flow and public safety of the surrounding roads including Duke St and Bolton Rd. The budget required to complete these works has now been finalised with LCC at £97k, As such it is proposed that the budget is increased by £27k. This will be funded through £20k additional S106, Chorley Town Centre CIL and £7k unallocated capital reserves. Additional costs arose to meet the safety requirements from LCC for an additional crossing.
63. The procurement for works to **Yarrow Valley Car Park** are complete and due to begin in 2017/18. As such the budget has been re-profiled £11k 2016/17 and £209k 2017/18.
64. As part of the **Primrose Retirement Village** the purchase of the St John's ambulance is due to be finalised in 2016/17. As part of this February 2017 Executive Cabinet agenda the Council will seek to approve the agreement of a Pre-Services Contract Agreement so that demolition and site enabling works can begin. The final costs and profiling of the works are not due to be finalised until March 2016. The profile has been adjusted in this report to better reflect 2016/17 forecast expenditure, the estimate for this financial year is £711k. This profile will be refined further when the final costings are received.
65. 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. The forecast cost for 2016/17 is £11k. The original S106 funded budget of £785k will be supplemented by the £175k budget for events car parking originally allocated to Astley 2020, however instead the car parking will be delivered as part of the Westway development. The budget will now be profiled £11k 2016/17 and £949k 2017/18. These budgets are independent of a potential bid for funding to the Football Association; any external funding secured will supplement the total existing budget of £960k
66. The purchase of land at Euxton for the development of the **Digital Office Park** has been finalised. The final purchase price is £635k including £20k stamp duty and land tax. This is within the budget approved by Full Council on 19<sup>th</sup> July 2016. A budget of £20k has been added to the ERDF match funded project budget of £8.1m. The £20k is not claimable as part of the ERDF grant and will be met through prudential borrowing as per the agreed July report to Full Council.
67. As per the report to Full Council on 19<sup>th</sup> July 2016 the Council is due to finalise the **exchange of land with the HCA** by 31<sup>st</sup> March 2017. The Council will purchase land at a value of £2.791m plus £156k stamp duty and land tax. This will be part funded through the sale of £2.617m of Council land. As per the Council report it was expected that a balancing payment would be made to the HCA, due to the long life of the assets it is proposed the difference between the receipt and total purchase cost is funded through prudential borrowing at a revenue cost of approximately £6k per annum.

#### *Additions/Budget Increases*

68. As per the paragraphs above, Council is asked to approve the following additions to the capital programme:
  - £20k increase in the CCTV capital budget to complete the installation of CCTV equipment to be funded from underspends in the CCTV revenue maintenance budget.

- £27k budget increase for Ranglett's recreation project for works to the surrounding roads. The budget increase is required to meet LCC requirements for a crossing.
- £100k increase in the Astley 2020 budget to increase the Council's match funding for a HLF grant bid from £100k to £200k. If successful this will secure a £2m HLF grant that is necessary to meet the scope of works required to fully renovate the hall.
- £2.947m for the purchase of HCA employment land to be funded through the sale of Council residential land and prudential borrowing.
- £2.2m for the Bank Hall project of which the Council will act as the accountable body for receiving requests for HLF grant. The grant money will be paid to the Council and the Council will then pay the monies over to the claimants.

### *Capital Financing*

69. 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**

Fund	Quarter 1 2016/17 £'000	Quarter 2 2016/17 £'000	Quarter 3 2016/17 £'000	Variance
External Contributions	4,530	4,535	1,420	(3,116)
Grants	1,971	2,424	3,966	1,542
New Homes Bonus	400	310	264	(47)
Earmarked Reserves	1,968	1,951	637	(1,314)
Revenue	0	0	20	20
Capital Receipts	852	852	2,678	1,826
Borrowing	4,285	4,016	5,579	1,563
<b>Capital Financing 2016/17</b>	<b>14,006</b>	<b>14,088</b>	<b>14,563</b>	<b>475</b>

70. The majority of these changes, including reductions in external contributions and earmarked reserves, are due to the re-phasing of budgets from 2016/17 into 2017/18 and therefore the financing will be rolled forward into 2017/18.
- The increased use of capital receipts is due to the sale of Chorley Council land in exchange for land with the HCA.
  - The increase in borrowing is due the £500k budget for the purchase of garden waste bins and the balance from the land exchange with the HCA. In addition it is assumed that the £711k expenditure for Primrose Retirement Village in 2016/17 will be funded through borrowing as the contribution from LCC and grant from HCA will not begin to be received until 2017/18.
  - The increase in the grant funded expenditure is the net effect of the inclusion of the HLF funded £2.2m Bank Hall project and the re-phasing of the Primrose Gardens HCA grant into 2017/18.

## **IMPLICATIONS OF REPORT**

71. 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

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

#### COMMENTS OF THE MONITORING OFFICER

73. 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	25/10/16	Revenue and Capital Budget Monitoring 2016-17 Sep