

Report of	Meeting	Date
Chief Finance Officer (Introduced by the Executive Member for Resources)	Executive Cabinet	15 February 2018

## **REVENUE AND CAPITAL BUDGET MONITORING 2017/18 REPORT 3 (END OF DECEMBER 2017)**

### **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 2017/18.

### **RECOMMENDATION(S)**

2. Note the full year forecast position for the 2017/18 revenue budget and capital investment programme.
3. Note the forecast position on the Council's reserves.
4. Budget virements over £50,000 require the approval of full Council. Request Council approval for the contribution of £60,000 from in-year revenue underspends to the Buildings Maintenance Reserve to finance one-off costs relating to the Council's maintenance of offices and buildings.
5. Request Council approval for the contribution of £100,000 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.
6. Request Executive Cabinet approval for the contribution of £40,000 from in-year revenue underspends to fund the revenue implications of future planning appeals.
7. Request Executive Cabinet approval for the use of £40,000 from in-year revenue underspends to provide the council with external expertise for the furthering of income generation.
8. Request Council approval for the contribution of £130,000 from in-year revenue underspends to enable the modernisation of the Council's ICT and Streetscene services.
9. Request Council approve the budget changes to the capital programme outlined in paragraph 70.

### **EXECUTIVE SUMMARY OF REPORT**

10. The projected revenue outturn currently shows a forecast underspend of £431,000 against budget. No action is required at this stage in the year.

11. The latest forecast excludes any variation to projected expenditure on investment items added to the budget in 2017/18. These projects are forecast to fully expend in 2017/18 and should there be any balances remaining at year end they will be transferred into specific reserves and matched to expenditure in future years.
12. In the 2017/18 budget the expected net income from Market Walk after deducting financing costs is £0.998m. The latest projection shows an overspend of £17k that includes £117k of revenue expenditure relating to the Market Walk Extension project including £70k cost of the temporary parking arrangements at the Flat Iron Car Park. These costs will be mostly met from underspends in the Market Walk revenue expenditure budget.
13. The forecast of capital expenditure in 2017/18 is £18.715m.
14. 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 budget for 2017/18. The current forecast to the end of December shows that the General Fund balance will be £4.008m by the end of the financial year and be on target to achieve £4m a year early.

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

15. To ensure the Council's budgetary targets are achieved. Ensuring cash targets are met maintains the Council's financial standing.

### ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

16. None

### CORPORATE PRIORITIES

17. This report relates to the following Strategic Objectives:

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

## **BACKGROUND**

18. The latest net revenue budget is £17.446m. This has been amended to include approved slippage from 2016/17 and any transfers to/from reserves.
19. Appendix 3 provides further information about the specific earmarked reserves and provisions available for use throughout 2017/18.
20. A full schedule of the investment budgets carried forward from 2016/17 and the new (non-recurrent) investment budgets introduced in the 2017/18 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 2017/18 included target savings of £150,000 from management of the staffing establishment. The full savings of £150k have been achieved for the year.
22. Following the recommendation made in the June 2017 budget monitoring report, a contribution of £259,000 from 2017/18 in-year revenue underspends has been made to General Balances. This will replace the budgeted contribution to balances in 2018/19 and will put the Council on target to achieving the goal of increasing general fund balances to £4m, achieving this one year earlier than set out in the Medium Term Financial Strategy.
23. 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.
24. The latest forecast of capital expenditure in 2017/18 is £18.715m. The latest capital forecast is detailed in Appendix 4 based upon actual and committed expenditure during the first nine months of the financial year and adjusted for future spending based upon the latest timescales for project delivery.

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

25. The projected outturn shown in Appendix 1 forecasts an underspend compared to budget of around £431k. The quarter 2 monitoring report forecast an underspend, net of £335k use of in-year underspends for specific projects, of £57k. The forecast underspend has increased by £374k since the last monitoring report to Executive Cabinet, the reasons for these changes are shown in the table 1 below.

## ANALYSIS OF MOVEMENTS

**Table 1 – Forecasted Significant Variations from the Cash Budget**

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

	£'000	£'000
<b>Expenditure:</b>		
Staffing Costs	237	
Chorley Youth Zone	25	
Council Events Programme	(20)	
Efficiency Savings - Streetscene	17	
Westway Playing Fields	(10)	
		249
<b>Income:</b>		
Planning Application Fees	(49)	
Building Control Fees	21	
Market Trader Rent Rebates	(28)	
		(56)
<b>Market Walk</b>		
Market Walk Expenditure Budgets	60	
Market Walk Extension Revenue Expenditure	(77)	
		(17)
<b>Other:</b>		
Housing Benefits	38	
Financing	130	
Other minor variances	30	
		198
<b>Net Movement</b>		<b>374</b>
Quarter 2 Net Forecast Underspend		57
<b>Total Forecast Underspend at Quarter 3</b>		<b>431</b>

### *Expenditure*

26. The additional savings on staffing costs of £237,000 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 Customer and Digital, Early Intervention and Business Development & Growth directorates (£133k, £57k and £66k respectively) resulting from delayed recruitment to a number of posts pending the implementation of new departmental structures this year as a result of the Council's transformation strategy.
27. The Council's revenue budget for 2017/18 included a sum of £50,000 for contributions to the new Chorley Youth Zone, made up as a £25,000 contribution towards pre-opening costs and £25,000 for running costs for the period January to March 2018. This was based on the initial estimate that the Youth Zone would open from 1 January but as the official opening date has recently been announced to be April 2018 there will be no contribution to make towards running costs in 2017/18.

28. The events budget is forecast to be overspent by £20,000 due to the addition of a Christmas attraction to support trade in the run up to Christmas. The extra cost was due to the lack of availability of space in the town centre that would have been able to host an attraction that could have covered its cost as has happened previously with the ice rink.
29. One area where the Council has managed to reduce its costs over recent months is in the use of external contractors for various Streetscene and grounds maintenance works. As a result of streamlining procedures and improving efficiency, the Streetscene team has carried out more of these works in-house therefore reducing the need to use external contractors. This has helped to contribute to an estimated saving of around £17,000 for 2017/18.
30. In December 2017, a report outlining the Westway Playing Fields Scheme Development requested Executive Member approval to appoint consultants to produce a Football Development Plan for the facility and support the submission of a £500,000 Football Foundation Bid for the scheme. Approval was granted to commit £10k of revenue expenditure to fund the development of the Football Foundation grant bid to be funded from in-year revenue underspends. Approval was also granted for £78k of design work for the delivery of changing facilities, car parking, artificial grass pitch (AGP), 600m cycle / running track, events car parking and improved grass pitches. S106 monies will be used to fund the design & construction management costs as these will be capitalised to the scheme.

#### *Income*

31. One area where income levels have fallen in recent months is for planning application fees. Income received for the third quarter was £105k and is significantly lower than figures for the previous quarters (£207k in quarter 1 and £217k in quarter 2). This has resulted in a revised income forecast of around £601,000 for the year, £49,000 below budget. One possible reason for this downturn is that developers have submitted early applications to avoid the proposed increase in planning fees which has now been implemented from 17 January 2018.
32. Income levels from Building Control Inspection Fees have increased over the third quarter of 2017/18 compared to budgeted levels. The Building Control Team has been actively promoting the service to developers and other local organisations and this has helped to generate additional income of around £21,000 over recent months.
33. The development of the Town Centre has led to temporary disruption, in particular to the main Flat Iron car park and as a result some of the market traders have complained to the Council that takings have fallen during this period. To compensate for this loss of income and as a gesture of the Council's commitments to its traders, it was agreed that a 4 week rent free period commencing January 2018 be offered to the traders. In return for this credit the Council asked that all market traders are fully supportive of the efforts to maximise trading potential across the town centre, particularly in the run up to Christmas. To that effect the concessional rent free period was conditional upon Covered Market traders being open during specific days in December and Flat Iron Market Traders attending each available Tuesday in January and February. The total cost of these one-off concessions is estimated to be around £28,000.

### *Other Items*

34. The housing benefits payments budget is one area that historically has a significant impact on the Council's year-end financial position due to the nature of the costs being demand driven and the uncertainty over the level of overpayments recovered and their associated bad debts. The level of housing benefit overpayments recovered has increased over the third quarter to £221k (compared to £155k in quarter 1 and £172k in quarter 2) whilst the demand for benefit payments has remained broadly the same. The forecast net effect of the latest figures is a further reduction in costs of around £38,000 for 2017/18.
35. The Council's budget for 2017/18 was prepared on the assumption that additional PWLB borrowing would be taken to replace the use of internal cash balances used to finance previous capital investment, and to finance major capital projects in the year. The reason being to secure cash at a lower interest rate than might be available in the future. The extra borrowing was likely to be taken later in 2017/18 than originally estimated, and so a saving of £150k was included in the September budget monitoring report. With the increase in interest rates announced by the Bank of England it was probable that interest rates on loans from PWLB would also increase. As such, in December 2017 the council borrowed £5m from the PWLB to ensure the best rate available could be secured. It is forecast that there will be no further borrowing taken before year-end resulting in an additional saving of £130k against the financing budget.

### *Requests from Underspends*

36. At the start of the 2017/18 financial year, the balance remaining in the Buildings Maintenance Reserve was £72k, the majority of which was already committed for the Worksmart programme and other scheduled maintenance works. This was increased by a budgeted contribution of £100k towards the maintenance of Council assets, with up to £70k of the reserve to be spent commissioning a review of the Council's reservoirs in line with changes to the UK reservoir safety legislation. A further contribution of £50k was made to continue funding the Worksmart programme to improve the working environment and improve efficiency, increasing the total funding available to £222k. This funding is now fully committed and with no budgeted contribution in 2018/19 it is now prudent to increase the reserve to allow the Council the flexibility to maintain and improve its assets. It is proposed therefore that an additional £60k is set aside from this year's revenue underspends to contribute to these costs.
37. The Council's 2017/18 budget also included a contribution of £200k towards the Change Management Reserve, increasing the balance available to around £253k. Over £200k of this is now fully committed as a result of the restructures already implemented. Further staffing changes will take place as part of the transformation and shared services strategies and so this reserve will need to be resourced correctly for the Council to fund these changes. It is therefore proposed that a sum of £100k is set aside from in-year revenue underspends to contribute towards these one-off costs.
38. The Council has created a specific earmarked reserve set up to cover the revenue cost implications of local planning appeals. The balance held in this reserve was increased to £61k in September to cover the costs relating to the recent Pear Tree Lane appeal. The cost of professional and legal fees in respect of this appeal totalled £57k leaving a balance of just £4k in the reserve. It is therefore proposed that an additional £40k is set aside from this year's revenue underspends to mitigate the cost of future planning appeals.

39. The Council's draft budget presented to Executive Cabinet on 18<sup>th</sup> January 2018 outlined the strategies the council will pursue to balance the budget over the medium term. One of these strategies is to use borrowing to invest in projects that will benefit the borough's residents whilst also generating a net income to Chorley Council. Delivering these projects may involve alternative models of delivery. It is likely that specialist expertise, external to the council such as legal and financial advice, will be required to fully model the benefits and risks of these new approaches to service delivery. It is therefore proposed that £40k is set aside from this year's revenue underspends to meet the cost of such external advice.
40. As the Customer & Digital Directorate continues to deliver its Streetscene modernisation and Digital ICT strategy programmes, service underspends achieved during 2017/18 will be used to finance new equipment to comply with employee health & safety requirements, training and development and new software to enable improvements in service delivery. It is therefore proposed that an additional contribution of £130,000 from in-year revenue underspends is made to facilitate the modernisation of the Council's digital and Streetscene services. Some of these costs relate to the purchase of assets with short lives (less than 10 years), by financing these through revenue contributions it removes the need for additional future borrowing costs.

## MARKET WALK

41. The budgeted net rental income from Market Walk after taking account of financing costs in 2017/18 is £0.998m. The budget in 2017/18 includes an increase in the income budget of £50k due to the full occupancy of the shopping centre. The latest projection shows an overspend of £17k that includes £117k of revenue expenditure relating to the Market Walk Extension project including £70k cost of the temporary parking arrangements at the Flat Iron Car Park.

**Table 2: Market Walk Income Forecast (Dec 2017)**

	<b>2017/18 Budget £</b>	<b>2017/18 Forecast £</b>	<b>2017/18 Variance £</b>
Rental & Insurance Income	1,774,100	1,774,100	0
Operational Costs (excluding financing)	147,200	47,200	100,000
Market Walk Extension Revenue Expenditure	0	47,000	(47,000)
Temporary Car Park – Flat Iron		70,000	(70,000)
<b>Net Income (excluding financing)</b>	<b>1,626,900</b>	<b>1,609,900</b>	<b>(17,000)</b>
Financing Costs	628,830	628,830	0
<b>Net Income (including financing)</b>	<b>998,070</b>	<b>981,070</b>	<b>(17,000)</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>898,070</b>	<b>881,070</b>	<b>(17,000)</b>

42. The operational expenditure is forecast to underspend by at least £100k in 2017/18. This underspend comes from a number of budgets including general maintenance and professional fees. The Council has budgeted for a number of letting agent fees relating to rent reviews and lease agreements. These reviews have not been finalised and as such the budget has underspent in 2017/18, these costs will be met by the 2018/19 budget allocation.
43. It is forecast that there will be £47k of revenue expenditure relating to the Market Walk Extension project. This relates to a town centre car park feasibility study, a demographic data report and town centre improvement project support. This will be funded through underspends from Market Walk operating expenditure budgets described in the previous paragraph.
44. In addition to these costs there is an estimated cost of £70,000 that relates to the temporary resurfacing of the Flat Iron Car Park. The majority of this cost is for materials, labour and machinery with some additional costs for temporary lighting and drainage. The works were included in the Market Walk Extension Pre-Construction Service Agreement. As a result of the decision taken by Full Council on 23<sup>rd</sup> January 2018 the temporarily resurfaced car park will now be developed for the construction of the extension to Market Walk Shopping Centre. The £70k of expenditure was originally charged to the Market Walk Extension capital project, however as the temporary car park will be removed, these costs must now be charged to the Council's revenue budgets. The underspend from Market Walk identified above will be used to mostly meet this charge to revenue.
45. The approved budget makes a 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 2017/18, including the use of reserves approved in the previous monitoring report, are as follows:

	<b>Income Equalisation £</b>	<b>Asset Maintenance Market Walk £</b>
<b>Opening Balance 2017/18</b>	<b>250,366</b>	<b>135,860</b>
In year budgeted contributions	50,000	50,000
Renewal of the walkway at the covered market	0	(50,000)
Upgrading of covered market lighting	0	(24,000)
<b>Forecast Closing Balance 2017/18</b>	<b>300,366</b>	<b>111,860</b>

### 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 £3.188m. 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 £4.378m. Should the recommendations in this report be approved, the forecast balance would reduce to £4.008m as detailed in table 3 below and would be in line to achieve £4.0m by 2018/19.

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

<b>General Balances</b>	<b>£m</b>
Opening Balance 2017/18	3.188
Budgeted contribution to General Balances	0.500
Additional in-year contribution to General Balances	0.259
Forecast revenue budget underspend	0.431
<b>Initial General Fund Closing Balance 2017/18</b>	<b>4.378</b>
<b>Use of in-year underspends:</b>	
Buildings Maintenance Fund	(0.060)
Change Management Reserve	(0.100)
Planning Appeals	(0.040)
Income Generation – Alternative Delivery Models	(0.040)
Delivery of Streetscene Modernisation and ICT Strategy	(0.130)
<b>Forecast General Fund Closing Balance 2017/18</b>	<b>4.008</b>

47. Appendix 3 provides further information about the specific earmarked reserves and provisions available for use throughout 2017/18.

## SECTION B: CURRENT FORECAST POSITION – CAPITAL

Update on the capital programme to be presented to informal cabinet

48. Table 4 below summarises:

- Capital budget (1) – the capital budget agreed by Special Council in February 2017 including amendments as per the 2016/17 outturn report agreed by Council in June 2017 and amendments as per the quarter 1 monitoring report to Executive Cabinet on 3<sup>rd</sup> Aug 2017 and the quarter 2 monitoring report on 16<sup>th</sup> November 2017.
- Capital budget (2) - the 3 year capital budget following adjustments and re-profiling as described below

**Table 4: Profiling of the Capital Budget 2017/18 to 2019/20**

Year	Capital Budget (1) £'000	Capital Budget (2) £'000	Changes £'000
2017/18	22,925	18,715	(4,210)
2018/19	22,406	23,800	1,394
2019/20	1,096	4,441	3,345
<b>Total</b>	<b>46,428</b>	<b>46,956</b>	<b>529</b>

49. An update on the Directorate's major capital projects are outlined below:

### *Customer & Digital*

50. A new budget of £44k has been included in the capital programme for the purchase of a **new tractor** that is required to replace the current leased vehicle. An options appraisal will be undertaken as to whether the purchase is best financed through borrowing or through the sale and lease of the vehicle. The option chosen will be the one that has the least impact on the Council's revenue budget and the revenue budget is already in place to fund the purchase either through borrowing or sale and leaseback.
51. Chorley Council continues to act as the accountable body for delivering the **Bankhall Restoration** project. The Council submits grants claims to the HLF on behalf of the grant claimants and pass the funds on when they are received. To date the Council has claimed and passed on £350k of grant monies.

*Policy & Governance*

52. On 17<sup>th</sup> November 2016 the Council approved that Chorley Council would underwrite £200k of the additional £500k increase in costs of the **Chorley Youth Zone**. The final required figure is £145k and so the total contribution from Chorley Council is forecast to be £2.1m, of which £1.1m will be received from LCC. The revised profile is given below:

<b>Expenditure</b>	<b>2015/16 £000s</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>	<b>Total £000s</b>
Demolition (CBC Contribution)	0	55	0	<b>55</b>
Chorley Contribution	150	450	200	<b>800</b>
CBC Underwrite			145	<b>145</b>
LCC Contribution via CBC	0	0	1,100	<b>1,100</b>
<b>Total Contributions from CBC</b>	<b>150</b>	<b>505</b>	<b>1,445</b>	<b>2,100</b>

53. Chorley Council has not yet received LCC's contribution to the scheme however the final grant agreement is in the final stages and should be signed by both Councils in the coming weeks. It is forecast that Chorley Council will receive the £1.1m from LCC by the end of the 2017/18 financial year. The Youth Zone will formally open to the public in May 2018.
54. The £1.8m grant funding bid to the HLF towards the renovation of **Astley Hall** was unfortunately unsuccessful at its first attempt. The Council will resubmit a bid to the HLF that will still include the Council's £200k match funding commitment, the outcome of this resubmission will not be known until later in 2018. As a result, this £200k match funding has been re-profiled into 2018/19 along with the budget for footpath lighting. The proposed changes to the Astley 2020 budget are outlined in the table below.

	<b>Current 2017/18 Budget £</b>	<b>2017/18 Revised Budget £</b>	<b>New 2018/19 Budget £</b>
Astley Hall	25,000	25,000	
Astley Hall HLF Bid	200,000		200,000
Events Infrastructure	50,000	50,000	
Footpath Lighting	140,000		140,000
Hallgate Car Park	60,000	82,000	
<b>Total</b>	<b>475,000</b>	<b>157,000</b>	<b>340,000</b>

55. In 2017/18 £25k has been spent on the renovation of Astley Hall's Morning Room. In addition, it is forecast that approximately £30k of expenditure relating to events infrastructure will be completed in 2017/18 including works to the field where the drainage works have taken place.
56. Finally, the estimated costs of the enhancement of Hallgate car park have been established at £82k. It is proposed that the existing £60k budget is supplemented with the unspent £22k Community Action Plan budget that was originally earmarked for car parking at Astley Village. The works to the car park will create an additional 21 spaces and improve the walkways and links to the community centre and parade of shops in Astley Village.

## Early Intervention

57. The extension and extensive refurbishment of **Cotswold House** were completed in June 2017. This included the extension to the property, the refurbishment of rooms as well as works to improve CCTV and car parking. The total budget was £858k including £658k funding from the Homes and Communities Agency (renamed Homes England) and £200k match funding from Chorley Borough Council. Some of the Council's contribution to the project was 'in-kind' including the design, quantity surveying and project management that was all delivered in house, the value of this work was estimated at £74k using equivalent market rates and was approved by the HCA. The in-kind contribution also included £2k for building control and planning costs.

	<b>Expenditure Incurred</b> £	<b>In Kind Expenditure</b> £	<b>Total Expenditure</b> £
Costs of Works	744,000		744,000
Professional Fees	8,000	2,000	10,000
CBC In-Kind Charges		74,000	74,000
<b>TOTAL</b>	<b>752,000</b>	<b>76,000</b>	<b>828,000</b>
		<b>Budget</b>	<b>858,000</b>
		<b>Underspend</b>	<b>30,000</b>

58. As outlined above the project has underspent by £30k. Homes England have been notified of this underspend and the Council awaits a response as to whether the £30k, currently sitting in reserves, should be repaid to Homes England or reinvested further in more enhancements to **Cotswold House**. The 2017/18 budget in the capital programme has been adjusted to reflect the total £752k of expenditure incurred.
59. The forecast expenditure on **Leisure Centre Improvements** in 2017/18 is £90k. This includes £47k to improve the outdoor pitches and £30k for internal lighting at Clayton Green.

*Development, Regeneration & Growth*

60. The Council's **Asset Improvement** budget in 2017/18 includes works to council offices, Market Walk and the covered market. The budget has been increased in 2017/18 by £28k, this is the net result of:
- Re-profiling £120k of works to the Council Chamber from 2017/18 to 2018/19 as the design of the scheme will depend on the outcome of the electoral boundary review.
  - Including £74k of works for the enhancement of the covered market in 2017/18, this was approved in the quarter two revenue and capital monitoring report to Executive Cabinet on 16<sup>th</sup> November 2017. This is to be funded through the Market Walk maintenance reserve.
  - Including £74k of works for the redecoration of the existing Market Walk Shopping Centre. This work is to be funded through the service charge that is paid by the shopping centre's tenants.
61. The continuation of the Market Walk Extension project was agreed by Full Council on 23<sup>rd</sup> January 2018. The total budget remains the same at £16.3m however there are some changes to the project with more priority being placed on delivering parking solutions including a proposed decked car park. An estimated profile of project spend is outlined below however this will be developed further once the final design work is completed.

	<b>Prior Years £</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>
Parking	42,000	284,750	2,213,000	0
Development & Main Build	984,000	2,713,350	6,618,000	3,345,000
Fazakerley Street		164,900		
<b>Total</b>	<b>1,026,000</b>	<b>3,163,000</b>	<b>8,831,000</b>	<b>3,345,000</b>
				<b>16,365,000</b>

62. A report is to be taken on this Executive Cabinet agenda to approve additional enhancements to **Yarrow Meadows** river corridor. The additional works are forecast to be funded through s106 and external grant funding. The project will replace the project currently designated in the capital programme as Big Wood Access Improvements. The 2018/19 budget has been increased by £88k to reflect the changes proposed in the Yarrow Meadows report.
63. There have been a number of changes to the Council's **Play, Recreation and Open Space** projects. Most notably are the changes to the Harpers Lane and Coronation Recreation Grounds that were approved by Executive Cabinet on 14<sup>th</sup> December 2017. Details of all the agreed and proposed budget changes are outlined below.

Project	Committed Spend 2017/18 £	Current Budget 2017/18 £	Budget Increase/ (Decrease) £	Revised Budget 2017/18 £
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#### Recreation Grounds

Harpers Lane Rec, Chorley	0	50,000	147,000	<b>197,000</b>
King George V Play & Pitches	17,850	429,457		<b>429,157</b>
Coronation Recreation Ground	0	264,650	179,350	<b>444,000</b>
Tatton Recreation Ground	7,934	126,764		<b>126,764</b>

#### Smaller Projects

Gough Lane, Clayton Brook	14,345	15,200		<b>15,200</b>
Grafton St, Adlington	34,871	34,400	471	<b>34,871</b>
Osborne Drive Play Area	53,579	53,579		<b>53,579</b>
Tansley Avenue, Coppull	40,000	40,638	(638)	<b>40,000</b>
Mossie Close, Charnock	47,286	44,079	3,207	<b>47,286</b>
Station Rd, Croston	24,632	24,632	(0)	<b>24,632</b>
Drapers Ave/Langton Close, Eccleston	262	21,580	(754)	<b>20,826</b>
Greenside Bowling Green	44,000	0	44,000	<b>44,000</b>
<b>TOTAL BUDGET</b>	<b>260,807</b>	<b>1,105,492</b>	<b>372,636</b>	<b>1,478,128</b>

64. The Council are seeking to undertake an open tender process to appoint a contractor to deliver the first phase of improvements to Coronation and Harpers Lane Recreation Grounds, this ensures value for money and economies of scale due to much of the work being a similar spec at both sites. The contract is scheduled to be issued in March and work should begin in April 2018. The budget profiles will be adjusted when this information becomes available. Phase 2 is proposed to be tendered in May and be on site for mid-way through 2018/19.
65. There is the opportunity to develop a comprehensive masterplan for **Tatton Recreation Ground** and the surrounding area. As such, as this masterplan is drawn up, only short-term remedial works to enhance the safety of the park and eradicate any antisocial behaviour will be undertaken. The delivery of the initial stages of the King George V works is scheduled for 2018/19 including improvements to play provision and drainage works.
66. Many of the smaller projects are now complete and require small budget adjustments to match to the final expenditure. These smaller projects are all funded through s106 contributions. This includes a £44k grant contribution to Euxton Parish Council for the improvement to the **Greenside area** including the addition of a bowling green and associated facilities. This funding is s106 funded and approval for this grant was given on 7<sup>th</sup> August 2017 by an Executive Member Decision.
67. An Executive Member Decision was approved on 23<sup>rd</sup> November 2017 to appoint consultants to develop the design for the delivery of changing facilities, car parking, artificial grass pitch (AGP), 600m cycle / running track, events car parking and improved grass pitches at **Westway Playing Fields**. This work will be undertaken in 2017/18 to support the submission of a £500,000 Football Foundation Bid. The current budget of £950k is likely to be revised once the design work is complete, for now the budget has been re-phased to £55k (17/18) and £495k (18/19).

68. A report was approved by Full Council on 19th September 2017 for the addition of a £910k budget relating to the design and delivery of **enabling works** (site levelling, drainage, provision of services and access arrangements) for the **Digital Office Park**. An additional report was approved by Executive Cabinet on 18<sup>th</sup> January 2018 to request that the project budget be adjusted to £900k and that this is fully funded through the CIL. The funding for this project has been adjusted to reflect this request for CIL resources. Work is being carried out by the developer of the site. The full £900k budget is currently included in 2017/18 however this will be re-profiled when a profile of the works is finalised.
69. The main **Digital Office Park** budget remains at £8.1m funded 50% from ERDF grant funding and 50% from prudential borrowing. On 9<sup>th</sup> November 2017 a General Purposes Committee approved the award of the contractor for the main build. The contracts are in the process of being signed with a start on site forecast in 2017/18.

#### *Requested approvals to changes to the Capital Programme*

70. It is requested that Council approve the following changes to the capital programme

#### Budget Increases

- It is requested that a £44k budget increase is approved to fund the purchase of a new tractor to replace the current leased vehicle. This will be funded either through borrowing or sold and leaseback to the authority. In either outcome the Council has sufficient revenue budget in place to fund the purchase.
- It is requested that a £22k budget increase is approved to the Astley 2020 – Hallgate car park budget to enable works to the car park to be completed. It is proposed this budget increase is funded through a virement from the unspent Community Action Plan budget for car parking at Astley Village
- It is requested that a £74k budget increase in the asset improvement budget is approved to fund redecoration works to the existing Market Walk Shopping Centre. These works are to be funded through the charges made to the Market Walk tenants.
- It is requested that a £88k budget increase for 2018/19 relating to enhancements to Yarrow Meadows river corridor is approved. The additional works are forecast to be funded through s106 and external grant funding.

#### Budget Reductions

- It is requested that a £55k reduction in the Chorley Youth Zone budget is approved. This will align the final budget with the Council's contribution to the scheme including the underwriting of some of the additional costs the project has experienced.
- It is requested that a £117k budget reduction for Cotswold House is approved. The project is complete and this reduction will bring the budget in line with final expenditure.

## Capital Financing

71. 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 2017/18. This is in line with budget and will be reviewed at year-end to best manage the Council's own resources.

**Table 5: Forecast Capital Financing 2017/18**

Fund	Original Budget 2017/18 £'000	Quarter 1 2017/18 £'000	Quarter 2 2017/18 £'000	Quarter 3 2017/18 £'000	Variance
External Contributions	7,217	7,259	6,695	3,499	(3,196)
Grants	7,794	8,046	6,823	8,038	1,215
New Homes Bonus	326	326	326	306	(20)
Earmarked Reserves	2,247	2,250	1,318	1,029	(289)
Revenue	20	20	20	157	137
Capital Receipts	1,226	1,226	1,231	775	(456)
Borrowing	12,730	12,478	6,513	4,912	(1,601)
<b>Capital Financing 2017/18</b>	<b>31,560</b>	<b>31,605</b>	<b>22,925</b>	<b>18,715</b>	<b>(4,211)</b>

72. The major changes in funding profile in quarter 3 for 2017/18 are as follows:
- The large decrease in funding from **external contributions** is due to the re-profiling of many s106 funded projects. In addition the £1.1m expected contribution from LCC for the Youth Zone is now designated a grant rather than a contribution as the contribution will be made with a grant agreement.
  - The increased **revenue contribution** to the capital programme is the result of the allocating the budgeted contributions from investment budgets for Steeley Lane and Hallgate Car Park. These approved budgets currently sit on revenue cost centres but will be moved to fund the capital expenditure.
  - The reduction in expected borrowing is due to the re-profiling of Market Walk Extension expenditure into 2018/19 and 2019/20.

## IMPLICATIONS OF REPORT

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

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



**COMMENTS OF THE STATUTORY FINANCE OFFICER**

74. The financial implications are contained within this report

**COMMENTS OF THE MONITORING OFFICER**

75. No Comment

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>
David Bond/James Thomson	5025	31/01/18	***