

REPORT TO : Cabinet
DATE : 6th June 2018
Report of Cllr Joyce Plummer
Portfolio Holder : Resources

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Deputy Chief Executive

Capital Report Outturn 2017/18

Purpose of the Report

The Report informs Cabinet of the financial spend on Capital Projects during 2017/18. The full detail of expenditure is shown at Appendix 1 and the proposed list of changes to the 2018/19 Capital Programme is shown at Appendix 2. These will be funded from the amounts not spent but authorised in 2017/18.

Recommendations

- Cabinet notes the report and asks the Audit Committee to approve the Slippage items at Appendix 2.

Summary

The detail of the Capital Programme for 2017/18 is shown at Appendix 1.

The outturn position for 2017/18 on Capital Expenditure shows a fourteenth year of major capital investment by the Council. The overall investment by the Council in the year was just over £3.4 m against an authorised maximum budget of £11.1m.

The Council has received applications for net slippage of £2.47m comprising £7.39m of expenditure schemes moving from 2017/18 to 2018/19 and £4.92m of income. These will be submitted for approval to the Audit Committee in June 2018. The list of schemes that have applied for slippage is given at Appendix 2. Overspends occurred on a few schemes and were small in value terms and had no impact on the overall financial position of the Council, as savings made elsewhere on the programme provided sufficient additional

funding to meet these extra costs. Overall we spent £10,000 more than anticipated, but generated savings of over £241,000.

We maintained our prudent approach to Treasury Management during the year. The indicators at Table 3 demonstrate small positive movements between last year's position and the outturn for this year.

Detail

Figures reported are the latest available and may be subject to change in finalising the accounts or after the conclusion of the final accounts audit. If the figures change significantly from those contained in this report an update on the overall position will be made to Cabinet at a later date.

The Capital Programme for 2017/18 was approved by the Council on the 23rd February 2017. The programme for 2017/18 outlined continuing major investment in the local community and in the Council's key priorities. The Council has spent just over £3.4m million on a wide variety of projects over the last 12 months. This expenditure builds upon the record levels of investment in previous years made by the Council.

The experience in managing a challenging capital programme over the last decade ensured the programme was managed within the overall resources of the Council. There were no significant overspend within the year. (defined as over £10,000 or over 10% of a Project's Budget). Cost pressures this year were limited to under £10,000 and mostly stemmed from the renewal of the Fire Safety System at the Market Hall. The initial budget of £30,000 was exceeded by £7,723 as the contractor discovered significant deterioration in the system once the work had commenced.

Close monitoring of expenditure within Accountancy Services and regular reporting to the Capital Programme Working Group, Corporate Management Team and Cabinet ensures proper control over expenditure is actively in place and the dangers of overruns in expenditure are largely de-risked with the Council having the ability to either contain any overspends from savings generated elsewhere on capital projects or place a number of projects on hold until the following year, should this prove necessary.

The Table below shows the spend by major categories of expenditure.

Table 1	Spend by Area	£000
	Housing Projects	940
	Community & Leisure Projects	2,308
	Internal Projects	183
	Total	3,431

In line with the Council's overall financial strategy and its commitment to bring down its revenue spend over future years, the Council set its capital programme on the premise of avoiding additional borrowing and thereby continuing to avoid additional interest charges associated with this course of action. This strategy continues from previous years and ensures the capital programme is aligned to the overall financial objectives of the Council.

The Capital Programme was therefore funded for the twelfth consecutive year using only available internal resources or external funding. This approach ensures that additional financial burdens are not placed on local taxpayers into the future. Our approach also seeks to maximise the Council's leverage position and gear as much expenditure as possible from external sources into the Borough.

Funding Sources

Table 2 below, provides the details of the mix between the different types of funding sources used to finance the Capital Programme in 2017/18. Despite the availability of external funding, it is a key priority of the Council to ensure maximum value for money is achieved when spending these sums and we look to gear the funding whenever possible by cross matching it with partners, and other funding bodies to achieve maximum impact.

Table 2

**Capital Expenditure Funding
Source 2017/18**

Section 106 Funds	721,271
Disabled Facility Grants	642,928
Lottery Funding	528,171
New Homes Bonus	435,962
Transitional Grant	299,074
Invest to Save & Revenue Reserve	293,661
HMR Ear Marked Funds	210,487
Specified Capital Grants & Contributions	160,844
Other	139,492
Total	3,431,890

The Government in response to the worldwide economic recession has over the last decade severely curtailed money made available to Local Government for capital investment. Future funding of capital expenditure will now have to rely upon existing Capital reserves, the generation of capital receipts, accessing grants from 3rd parties and transfers of funding from Revenue.

However our Capital funding strategy of limiting expenditure to only the highest priority projects and seeking to maximise external funding has ensured that our available capital resources remain strong and it is likely that the Council will be able to continue with its current strategy for the foreseeable future without having to call upon a contribution from its Revenue Budget.

The major high spots within the Capital Programme this year were:

- The major investment into the Town Centre, outside our historic Town Hall and Market Hall with over £1.25m of expenditure committed to improving this public space to ensure it can be a catalyst for the regeneration of the retail offer in Accrington around Blackburn Road and it can be a flexible and well used area for events, concerts and other activities that will stimulate the local economy.
- The initial investment into Rhyddings Park of over £450,000 as we restore the major public park in Oswaldtwistle to its former glory and develop its offer and appeal to the public.
- Further investment by the Council in Housing Regeneration with funds going into Rishton, Woodnook and other areas across Hyndburn.

- Continued grants to those that wish to continue to live in their own homes but struggle with illnesses and disabilities to allow them to adapt their homes to their needs.
- The Council invested over £250,000 into Hyndburn Sport Centre to provide a children's soft play activity centre to help ensure the youngest in our community are encouraged to be active from an early age.

In addition a wide range of other projects were undertaken by the Council and necessary building work and investment in infrastructure and vehicles was undertaken. Further details are provided in Appendix 1.

Permission for Slippage for £7.39m of expenditure and £4.92m of funding has been requested and is detailed at Appendix 2. This will be submitted to the Audit Committee for approval in July 2018.

Receipts

The Council generated almost £1m in capital receipts this year, which exceeded last year's performance by almost £100,000. This indicates two years of substantial capital receipts for the Council after a long period in which capital receipts were very small due to the downturn in the national economy. Receipts are likely to continue to be generated over the next 12 to 24 months but remain dependent on a stable and growing economy.

Treasury Management

The year-end figures are provided below at Table 3.

Table 3 Prudential Indicators

Prudential Indicators - Latest Estimate	Actual Outturn 2016/17 £'000	Original Indicator Estimate 2017/18 £'000	Latest Estimate 2017/18 £'000	Actual Outturn 2017/18 £'000
Capital Financing Requirement (CFR)	10,184	9,991	10,033	9,968
Estimated Capital Expenditure General Fund	3,569	10,312	9,676	3,432
Ratio of Financing Costs to Net Revenue Stream	4%	4%	4%	4%
Impact of Capital Investment Decisions on the Council Tax	£0.00	£0.62	£0.00	£0.00

The Capital Financing Requirement was down by £216,000 compared to the previous year and we have now lowered this figure from £12,255,000 to £9,968,000 in six years. We maintained our Ratio of Financing Costs to Net Revenue Stream at 4% of the Net Revenue Stream and due to our approach to Capital Financing this year, the incremental impact of the Capital Investment Decisions on Council Tax was zero again over the last twelve months, indicating that there was no cost to council tax payers from our capital investment decisions this year

Reasons for Recommendations

Not applicable.

Alternative Options considered and Reasons for Rejection

Not applicable

Implications

Issue	Comments
Financial (including mainstreaming)	As outlined in the report
Legal	Not applicable
Assessment of Risk	There are no additional risks stemming from this report.
Equality	There are no Equality issues stemming from this report
Key Decision	No

Consultations

Not applicable

Links to Corporate Priorities

Priority	Comments
Corporate Governance and Community Leadership	The report deals with the Council's duty to manage its finances and service delivery priorities.

Community Safety	Elements of the report impact on this area as spending decisions.
Housing and the Environment	Elements of the report impact on this area as spending decisions.
Economy and Employment	Elements of the report impact on this area as spending decisions.
Culture and Leisure	Elements of the report impact on this area as spending decisions.
Other priorities with partners: Health and Social Care Education and Lifelong Learning	Elements of the report impact on this area as spending decisions.

Local Government (Access to Information) Act 1985:

Council 23rd February 2017

Capital Programme 2017/18

Freedom of Information

The report does not contain exempt information under the Local Government Act 972, Schedule 12a and all information can be disclosed under the Freedom of Information Act 2000.

Appendix 1

Capital Programme
2017/18
Variance Analysis

Scheme	Approval		
	2017/18		
	Gross Amount	Total Expenditure 2017/18	Variance (under) / over
HAG Stables & Motor House	5,549	683	(4,867)
Rhyddings Park Project	(43,978)	35,964	79,942
Rhyddings Park Project - Coach House & Kitchen Garden	969,000	421,737	(547,263)
Peel Park Play Area Huncoat	2,620	2,463	(157)
Peel Park Entrance	1,728	1,728	0
Lyndon Playing Fields Development	300,000	140,790	(159,210)
Clayton Forest / Barn St Woods	7,210		(7,210)
Bullough Park Changing Pavilion	25,000		(25,000)
Royds St & Woodnook Improvements LNR	10,417		(10,417)
Peel Park Drainage Imps	9,000		(9,000)
Security to Sports Pavilion Carpark Memorial Park	2,101	2,101	
Baxenden Recreation Ground Fencing	15,000	13,071	(1,929)
West End Gardens Revamp	4,000		(4,000)
Oak Hill Park Bowling Green Protection	28,000		(28,000)
Oak Hill Park Refurbishment	10,000		(10,000)
Harvey St Garden Area	10,000		(10,000)
West End Play Area Gates	2,600	2,319	(281)

HLC Mechanical & Electrical Plant Replacement	92,975	13,476	(79,499)
5 Aside Football Cages - Bank Mill	170,969	(36,085)	(207,054)
HLC Soft Play Conversion	257,025	257,025	
Technology Refresh (annual replacement programme)	20,000	20,204	204
PARIS Upgrade	2,966	2,100	(866)
Wheeled Bins	9,072	9,077	5
Wheeled Bins - Recycling	1,250,000		(1,250,000)
Acc Town Hall Improvements	0	1,089	1,089
Sustainability Appraisal Development Plan Document	12,000	12,321	321
IDOX Public Access Software Upgrade	4,500	2,250	(2,250)
Land Adj Peel Park	26,000	25,135	(865)
Accrington Townscape Heritage Initiative	2,317,456	1,031,059	(1,286,397)
Acc Town Centre Infrastructure Imps	584,573	243,762	(340,811)
Acc Market Hall Fire System Renewal	30,000	37,723	7,723
Cemetery Lee Lane Gt Harwood	23,580	23,580	
Cremators Acc Crematorium	450,000		(450,000)
Acc Crem Sound & Visual System	0	324	324
Planned Asset Improvement Programme	12,518		(12,518)
PAIP HAG CCTV Upgrade	5,000		(5,000)
PAIP Church & Altham Cemetery Stone Wall	15,000	14,710	(290)
PAIP HLC reroof & rainwater gutters	7,615		(7,615)
PAIP AMH reroof, rerender & gutters	15,000		(15,000)

PAIP HAG External Works	10,000		(10,000)
PAIP HAG Fire Alarm	22,385	22,434	49
PAIP Oakhill Park Rebuild Wall	11,875	11,375	(500)
PAIP Milnshaw Rebuild Wall	14,336		(14,336)
Norden Brook Bridge	30,000	15,860	(14,140)
Verti Drain Machinery	13,000	12,995	(5)
Vehicle Replacement x4 Kerbsiders	660,000		(660,000)
Allotments Regeneration	461	306	(155)
Local Area Management Capital Improvement Schemes	137,552	25,082	(112,470)
Christmas Decorations Replacement	16,375	16,225	(150)
Development of Norden Playing Fields	75,000		(75,000)
LCC Junction 7 Contribution	250,000		(250,000)
Acc Market Hall External Improvements	100,000		(100,000)
Lyndon Playing Fields Gt Hwd - associated costs of sale	109,304	109,304	
Housing Market Renewal Programme	221,549	51,530	(170,019)
Transitional Housing Programme - Additional Costs Compensation	35,000		(35,000)
Affordable Warmth Grant	82,304	63,839	(18,465)
Scaitcliffe Area	0		
Clearance - Pendle St PH1	372,944	4,372	(368,572)
Rishton Regeneration	599,663	175,122	(424,541)
Hudson Street Facelift	76,000	41	(75,959)
Lower Woodnook Housing Renewal Scheme	404,725	323	(404,402)

Disabled Facilities Grant	1,112,869	642,928	(469,941)
Special Disabled Facilities Adaptations	2,721	1,549	(1,172)
16 China St Renovation	30,321		(30,321)
TOTAL EXPENDITURE ALL SCHEMES	11,052,880	3,431,890	(7,620,990)

Appendix 2

Application for Roll Forward
Of Capital Programme
2017/18 to 2018/19

Approved Expenditure	Slippage Exp	Slippage Inc	Slippage Net
Rhyddings Park + Coach House	467,322	-464,938	2,384
Lyndon Playing Fields Devt	159,210		159,210
Clayton Forest / Barn St Wood	7,210	-7,210	0
Bullough Park Changing Pavilion	25,000		25,000
Royds St & Woodnook Imps LNR	10,417	-10,417	0
West End Gardens Revamp	4,000		4,000
Oakhill Park Bowling Green Protection	28,000		28,000
Oakhill Park Refurbishment	10,000		10,000
Harvey St Garden Area	10,000		10,000
West End Play Area Gates	281		281
HLC Mechanical & Electrical Plant Replacement	79,499		79,499
Wheeled Bins Recycling	1,250,000	-400,000	850,000
Accrington Townscape Heritage Initiative	1,286,397	1,286,397	0
Acc Town Centre Infrastructure Imps	340,811	-340,811	0
Cremators	450,000	-450,000	0
Planned Asset Imp Programme	13,259		13,259
PAIP HAG CCTV Upgrade	5,000		5,000
PAIP HLC re-roof & rainwater gutters	7,615		7,615
PAIP AMH re-roof, rerender & gutters	15,000		15,000
PAIP HAG External Works	10,000		10,000
PAIP Milnshaw Rebuild Wall	14,336		14,336
Vehicle Replacement x4 Kerbsiders	660,000		660,000
Area Councils	112,470		112,470
Development Norden Playing Fields	75,000		75,000
LCC Junction 7 Contribution	250,000		250,000

Acc Market Hall External Improvements	100,000	100,000	
Transitional Housing Programme	205,019	-205,019	0
Affordable Warmth Grant	18,465	-18,465	0
Clearance Pendle St PH1	368,572	-368,572	0
Rishton Regeneration	424,541	-424,541	0
Hudson Street Facelift	75,959	-75,959	0
Lower Woodnook Housing Renewal Scheme	404,402	-404,402	0
Disabled Facilities Grant	469,941	-431,586	38,355
Special Disabled Adaptations	1,172	-1,172	0
16 China St Renovation	30,321	-30,321	0
 TOTAL	 7,389,219	 4,919,810	 2,469,409