

CAPITAL PROGRAMME MONITORING REPORT 2019/20 –

POSITION AS AT 31ST JULY 2019

Summary

The purpose of this report is to provide an in-year progress update in respect of those schemes within the Capital Programme that have been approved for delivery in 2019/20, together with an update on the overall Five Year Capital Programme of the Council. This report includes a narrative description of some of the more significant schemes within the Capital Programme and details any risks and the actions required to address these. Appendix A to this report provides an update by Committee on schemes scheduled for commencement or delivery in 2019/20. Appendix B provides a summary of the latest position for the 5 year Capital Programme and Appendix C provides details of the financing of the programme.

1. Background

The Council approved the Capital Programme on 5th March 2019. That update showed a balanced capital programme position from 2019/20 onwards. This report includes year to date expenditure and sets out the latest phasing of the programme and any additions or changes since the capital programme was presented to Council in March 2019. The Programme has also been rolled forward to include the year 2023/24.

2. Notes on Specific Schemes

There are a number of schemes for which further information is provided below:

i) Coast Protection Scheme

The Fairhaven to Church Scar Coast Protection scheme total cost is £21.8m, being funded by Environment Agency grants of £21.4m and a contribution from Fylde Council of £0.4m. This is made up of a contract price of £19.5m, with a risk/contingency budget of £1.8m and a budget for fees of £0.5m. Work started on site in December 2017 and is progressing well with the replacement hard sea defences and work on the promenade underway at Church Scar is nearing completion. Work on the sheet piling around Fairhaven Lake started in September, four months ahead of schedule.

The Coastal Defence Team have been successful in securing additional funding from the Environment Agency to enable the Granny's Bay hard sea defences to be delivered following completion of the Fairhaven Scheme in 2019/20. A report on this additional work in the sum of £2m (which is reflected in the total scheme cost above) was approved by the Operational Management Committee at its meetings in September 2018 and June 2019 and by Council in October 2018. The Granny's Bay works will essentially tie the two schemes at Fairhaven and Church Scar together, as well as providing local erosion and flood protection for local residents. Completion of these works will remove the requirement for much of the emergency maintenance works undertaken by the Council following extreme storms at Granny's Bay. With Granny's Bay now included the whole scheme is now currently forecast to be completed by summer 2020.

In addition to the core sea defence works a range of public realm enhancements to the scheme have been added to the scheme at a total cost of £360k, funded by Fylde Council from the Capital Investment Reserve. The works relate to the remodelling of the Stanner Bank car park entrance, the provision of bespoke seating to compliment the wider landscape and the provision of ducting to allow for future services connection to a potential structure/building on or around the Mawson lookout. These works will be delivered alongside the main scheme.

The expenditure forecast has been re-phased to reflect the current expectations regarding the timing of the delivery of the scheme. Further re-phasing of the expenditure profile between the years is likely to be required as the scheme progresses and the capital programme will be updated accordingly and reported regularly to members.

ii) Fairhaven Lake & Promenade Gardens Restoration including the Adventure Golf Scheme

The tender for the physical works (Buildings and Landscapes) was issued on the 1st August, with works due to start on site in October and to be completed by July 2020. This excludes the lake works which are due to be undertaken on site in Autumn/Winter 2020. An element of the scheme will be re-phased into 2020/21 to reflect this as part of the next update to the Financial Forecast. Events and Activities at the lake and gardens will be on-going throughout this period.

The Adventure Golf scheme has been delayed from the original dates as set out within the earlier Committee reports due to physical constraints arising from the Heritage Lottery Fund works at the location. The Adventure Golf works will now be rescheduled into 2020/2021 as part of the next update to the Financial Forecast. The proposed start date for work to start on site is now April 2020 with a completion target date of summer 2020.

iii) Disabled Facilities Grants

The grant allocation has been increased for 2019/20 to a total of £1,090k which, together with slippage of £13k from 2018/19 and a further £40k from New Fylde Housing in relation to DFG works on properties that they own, provides total funding for 2019/20 of £1,143k. This revised allocation will be reflected in the next update of the Financial Forecast. Grant awards are progressing well and it is anticipated that the majority of the grant allocation will be spent in 2019/20.

iv) St Annes Regeneration Schemes

The next phase of regeneration works in St Annes was agreed to be Wood Street, subject to agreement with landowners following the usual delivery model. However, despite several meetings with tenants and owners there remain difficulties in 'acquiring' all of the forecourt for implementation of the easterly side of the works. As a result it is now recommended that the westerly side (The Council's car park side) be finalised initially with a view to commencement in the spring of 2020. In addition it is proposed to extend the Pier link scheme/ Clifton Drive South to include other elements of the town centre regeneration plan as set out in the 2020 Vision document. It is anticipated that an element of the scheme will now be rescheduled into 2020/21 as part of the next update to the Financial Forecast.

v) Lytham Regeneration Schemes

In respect of the large capital scheme for Lytham town centre, a number of suggestions have been made by the Lytham Business Group and other parties, some of which require careful consideration along with agencies such as Lancashire County Council. Options are being considered involving local members and a draft plan is being drawn together. This will have a phased programme of works to be considered in due course by the Planning Committee. It is envisaged that the first phase will be commenced during the current financial year.

3 Conclusions

- 3.1 Actual expenditure to 31st July 2019 is £3.905m against a full year budget of £17.579m. This equates to 22.2% of the latest budget. Certain schemes will be adjusted or re-phased into 2020/21 as part of future Financial Forecast updates that are reported to Members during the year.
- 3.2 The current Capital Programme as updated is showing a balanced position for 2019/20 onward. The Capital Programme and the associated financing will be subject to discussion with members during the months in the lead up to the annual budget setting process for 2020/21.
- 3.3 Any additional expenditure which is not fully-funded by external finance would normally require the generation of capital receipts or further borrowing (the latter placing further pressure on the Revenue Budget from the consequent repayment costs). However Budget Council on 4th March 2013 approved the creation of a Capital Investment Reserve to finance future capital expenditure. As at 31st March 2019 the balance of the reserve was £4.386m after a favourable 2018/19 outturn position allowed for the transfer into the reserve of an additional sum of £0.530m in 2018/19.

There is a forecast further transfer into the reserve in 2019/20 of £0.955m along with future committed expenditure from the reserve of £3.361m (not including any possible underwriting of the Fairhaven

Restoration Scheme as approved by Council in July 2018), leaving a forecast unallocated balance on the reserve at the end of 2019/20 of £1.980m.

An updated position in respect of the Capital investment Reserve will be included within the Financial Forecast Update to be presented to the Finance and Democracy Committee in November this year and to Council the following month. Additional future projects will be subject to further consideration as part of the budget setting process for 2020/21. Whilst it remains the case that this reserve is the preferred source of finance for any further additions to the Capital Programme, continuing contributions to the reserve are required in order to maintain a sustainable funding source for future years.

CAPITAL PROGRAMME - 2019/20 IN-YEAR SCHEME MONITORING REPORT - AS AT 31/07/19

Appendix A

APPROVED SCHEMES	Financing Source	Approved Budget 2019/20 £000	Slippage B/F from 2018/19 £000	Adjustments from 05/03/19 £000	Updated Budget 2019/20 £000	Expenditure to 31/07/19 £000	Variance £000	Comments
<u>FINANCE & DEMOCRACY COMMITTEE</u>								
Accommodation Project - Phase 8 - Town Hall Car Park	General asset disposal receipts	0	33		33		33	This scheme (the final element of the Accommodation Project) has now been completed. The final invoices and the retention element remain to be settled.
Purchase of Land Adjacent to Squires Gate Station	Capital Investment Reserve	0		5	5		5	The Council has commenced negotiations with the landowner to purchase the land.
	Sub total	0	33	5	38	0	38	
<u>TOURISM & LEISURE COMMITTEE</u>								
St Annes Pool	No external finance - funded by borrowing / general asset disposal receipts	93			93		93	No expenditure is currently planned for 2019/20. If not required in this financial year the budget will be re-phased into 2020/21 which will be reflected in the next update of the Financial Forecast.
Fairhaven Lake & Promenade Gardens Restoration	Capital Investment Reserve	120		1,435	1,555	84	1,471	The scheme is progressing well although an element may require re-phasing into 2020/21. Further details are provided within the body of the report.
Fairhaven Adventure Golf	Capital Investment Reserve	0		505	505		505	This scheme has been delayed from the original dates set out within the Committee reports due to physical constraints arising from the Heritage Lottery Fund works at the location. Further details are provided within the body of the report.
Promenade Footways	No external finance - funded by borrowing / general asset disposal receipts	40	-5		35		35	A scheme is being developed and will be submitted to the Tourism and Leisure Committee for consideration at either the September or November meeting of the committee.
Staining Playing Fields Development Scheme	Capital Investment Reserve	129	151		280	134	146	Phase 1 and 2 started in April 2019 and the works are due to be complete by March 2020. The primary drainage works and secondary sports pitch drainage are being undertaken. The cost of these phases are £186,000. Once the contractor was 'on site' to undertake the main drainage scheme, it became obvious that the secondary drainage works and additional levelling of the site needed to be undertaken at the same time, to ensure best value for money and a fully competent drainage scheme. The remaining budget for Phase 3 is £94,000 and a scheme for these works are being designed in consultation with the parish council and community groups. It is expected that physical works will start in March/April 2020 with an anticipated finish date of May 2020. An element of the scheme will be re-phased into 2020/21 to reflect this as part of the next update to the Financial Forecast.

Appendix A (cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2019/20 £000	Slippage B/F from 2018/19 £000	Adjustments from 05/03/19 £000	Updated Budget 2019/20 £000	Expenditure to 31/07/19 £000	Variance £000	Comments
TOURISM & LEISURE COMMITTEE (cont'd)								
Ashton Gardens Play Area	Capital Investment Reserve	20			20		20	Tenders have been received and evaluated for the supply and provision of a new timber 'Galleon'. A report will be presented to the meeting of the Tourism and Leisure Committee in September 2019 detailing the procurement process and requesting approval to award the contract. The works are due to start in December 2019 with a completion date of January 2020.
Ashton Gardens Nursery Improvements	Capital Investment Reserve	30			30		30	Tenders have been received and evaluated to carry out the improvement works. A report will be presented to the meeting of the Tourism and Leisure Committee in September 2019 detailing the procurement process and requesting approval to award the contract. The works due to start in October 2019 with a completion date of November 2019.
Coastal Signage Improvements	Capital Investment Reserve	60			60		60	A proposed scheme is currently being developed. It is intended that the scheme will be presented to the Tourism and Leisure Committee for consideration at either the January or March 2020 meeting of the committee. It is expected that the scheme will be re-phased into 2020/21 and that this will be reflected in the next update of the Financial Forecast.
Open Space access control measures	Capital Investment Reserve	15			15		15	Consultation with ward members and relevant 'friends groups' are currently being undertaken to confirm the details of what access controls are required at Blackpool Road North Playing Fields and King George the V Playing Field (Heeley Road). Once the requirements are agreed a report will be presented to the November meeting of the Tourism and Leisure Committee detailing the procurement process and requesting approval to award the contract. It is anticipated that the physical works will be completed by 31st March 2020.
Coastal Explorers	Capital Investment Reserve	20			20		20	Officers are currently developing and progressing funding bids for the project. An 'expression of interest' to the Big Lottery Fund is being prepared and once assessed feedback on the submission of a full application should be received, which may in turn lead to a grant application of £50,000. A further grant application will be made to Arts Council England in 2020, for a further £50,000. Meanwhile officers are working on the specification and logistics for the provision and installation of the Coastal Explorers unit, to be located at Fairhaven Lake around early 2021. This is a trial project which will deliver a diverse range of cultural and arts projects and initiatives that will be creative and educational and may lead to a further grant application to Arts Council England for a permanent facility. It is expected that the scheme will be re-phased into 2020/21 and that this will be reflected in the next update of the Financial Forecast.
Sub total		527	146	1,940	2,613	218	2,395	

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2019/20 £000	Slippage B/F from 2018/19 £000	Adjustments from 05/03/19 £000	Updated Budget 2019/20 £000	Expenditure to 31/07/19 £000	Variance £000	Comments
OPERATIONAL MANAGEMENT COMMITTEE								
Replacement Vehicles	Capital Investment Reserve / Borrowing	471	148		619	199	420	It is anticipated that most planned vehicle purchases will be completed to budget during 2019/20 although the delivery of a number of vehicles may be delayed due to the long build times for bespoke vehicles and delivery may run into 2020/21.
Car Park Improvements	No external finance - funded by borrowing / general asset disposal receipts	30			30		30	A proposed scheme will be presented for consideration to the Operational Management Committee at either the September or November 2019 meeting of the committee.
Public Transport Improvements	S106 Developer Contributions	48	30	13	91		91	This funding is being spent as projects are developed. To date £13k has been allocated to Staining Parish Council to support a free local bus service.
Fairhaven and Church Scar Coast Protection Scheme	Specific Government Grant (Environment Agency) / Capital Investment Reserve	7,330	2,276		9,606	2,987	6,619	This project is currently on target and within the agreed spending profile.
Fairhaven and Church Scar Coast Public Realm Works	Capital Investment Reserve	260	100		360		360	This project is currently on target and within the agreed spending profile.
Accommodation/ facilities at Snowdon Rd Depot	Capital Investment Reserve	200			200		200	A proposed scheme will be presented for consideration to the Operational Management Committee at the November 2019 meeting of the committee.
North Beach Car Park: Development of Toilet Facilities	Capital Investment Reserve	185			185		185	Site investigations and surveys are currently underway. A report will be presented to the Operational Management Committee once the scheme has been fully designed and developed.
Stanner Bank car park - barrier scheme	Capital Investment Reserve	50			50		50	Progress on this scheme is dependant on the wider sea defence project. With Stanner Bank Car Park entrance likely to be used as part of the operating area for the installation of Granney's Bay sea defence works (which has just been awarded) the barrier is unlikely to be installed until those works are complete. The works will now be rescheduled into 2020/2021 as part of the next update to the Financial Forecast.
Sub total		8,574	2,554	13	11,141	3,186	7,955	

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2019/20 £000	Slippage B/F from 2018/19 £000	Adjustments from 05/03/19 £000	Updated Budget 2019/20 £000	Expenditure to 31/07/19 £000	Variance £000	Comments
ENVIRONMENT, HEALTH & HOUSING COMMITTEE								
Disabled Facilities Grants (DFG) Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	1,050	13	80	1,143	489	654	Grant awards are progressing well and It is anticipated that the majority of the available funding of £1,143k will be spent in 19/20. Further details are provided within the body of the report.
Housing Needs Grant	DFG Grant Repayments	0	16	17	33	2	31	The income from returned DFG grants is intended to be used for incidental costs relating to specific DFG works e.g. architect fees. As this requirement is unplanned it is not readily predictable as to when costs will be incurred.
Affordable Housing Scheme Sunnybank Mill, Kirkham	S106 Developer Contributions	460	-460		0		0	This scheme was completed to budget in March 2019.
Church Road Methodist Church, St Annes	S106 Developer Contributions	275			275		275	This scheme was completed to budget in August 2019.
Affordable Warmth Scheme	Specific Grant (Lancashire County Council)	0	8		8		8	This funding is intended to provide financial support for means-tested affordable warmth measures undertaken by CHiL (Cosy homes in Lancashire) Scheme as and when required. There have been no requests for such support received during the year to date.
CCTV Replacement Schemes	Specific Grant (LSP Performance Reward Grant)	0	27		27		27	It has been agreed by the Environment, Health and Housing Committee that capital expenditure will only be made on essential work or replacement CCTV when necessary and subject to approval; all unspent funds will continue to be slipped as necessary.
Cemetery and Crematorium - Infrastructure Works	Capital Investment Reserve	294			294		294	This scheme is expected to commence shortly and to be completed by the end of November 2019.
Sub total		2,079	-396	97	1,780	491	1,289	

Appendix A (Cont'd)

APPROVED SCHEMES	Financing Source	Approved Budget 2019/20 £000	Slippage B/F from 2018/19 £000	Adjustments from 05/03/19 £000	Updated Budget 2019/20 £000	Expenditure to 31/07/19 £000	Variance £000	Comments
PLANNING COMMITTEE								
St Annes Regeneration Schemes	S106 Developer Contributions / Capital Investment Reserve	315			315	10	305	The scheme is currently in development and there are a number of issues that remain to be determined. It is anticipated that an element of the scheme will now be rescheduled into 2020/2021 as part of the next update to the Financial Forecast. Further details are provided within the body of the report.
St Annes Road West – Square to Pier link and Gateway	Capital Investment Reserve	110			110		110	This scheme is being progressed in consultation with various agencies including Lancashire County Council and the owners of adjoining land. The works are expected to commence in March 2020.
Lytham Regeneration Schemes	S106 Developer Contributions / Capital Investment Reserve	400			400		400	This scheme is currently in development and there are a number of issues that remain to be determined. It is still envisaged that the first phase will be commenced during the current financial year. Further details are provided within the body of the report.
Kirkham Public Realm Improvements	S106 Developer Contributions / Capital Investment Reserve	0	5		5		5	It is expected that this scheme will be delivered within budget during this financial year.
M55 Link Road	S106 Developer Contributions / M55 Link Road Reserve	0	103	1,000	1,103		1,103	Discussions are ongoing with the developer of the residential land at Queensway and other public bodies to secure funding to enable the accelerated delivery of the M55 link road. Given deadlines attached to other funding streams that have been secured to accelerate the delivery of the link road, it is expected that a decision on the accelerated delivery of the road will be made this financial year.
Ansdell / Fairhaven - Public Realm Scheme	Capital Investment Reserve	0	10		10		10	It is expected that this scheme will be delivered within budget during this financial year.
St Annes Pier - Coastal Revival Fund	Specific Grant	0	24		24		24	It is expected that this scheme will be delivered within budget during this financial year. This project has been tied to the phasing of a wider scheme of works by the Pier Company.
Tree Planting	Capital Investment Reserve	25			25		25	It is expected that this scheme will be delivered within budget during this financial year.
Kirkham and Wesham Station	S106 Developer Contributions	0		15	15		15	The procurement of a feasibility study to examine the options available to deliver a park and ride facility at Kirkham and Wesham Station is currently underway. It is expected that the study will be completed during the current financial year.
	Sub total	850	142	1,015	2,007	10	1,997	
	Total Expenditure	12,030	2,479	3,070	17,579	3,905	13,674	

UPDATED 5 YEAR CAPITAL PROGRAMME 2019/20 TO 2023/24 - BY SCHEME

	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
FINANCE & DEMOCRACY COMMITTEE					
Accommodation Project - Phase 8 - Town Hall Car Park	33				
Purchase of Land Adjacent to Squires Gate Station	5				
Sub total	38	0	0	0	0
TOURISM & LEISURE COMMITTEE					
Ashton Gardens Depot					
St Annes Pool	93				
Fairhaven Lake & Promenade Gardens Restoration	1,555	714	169		
Fairhaven Adventure Golf	505				
Promenade Footways	35	40	40	40	40
Staining Playing Fields Development Scheme	280				
Ashton Gardens Play Area	20				
Ashton Gardens Nursery Improvements	30				
Coastal Signage Improvements	60				
Open Space access control measures	15				
Coastal Explorers	20				
Sub total	2,613	754	209	40	40
OPERATIONAL MANAGEMENT COMMITTEE					
Replacement Vehicles	619	562	119	306	971
Car Park Improvements	30	30	30	30	30
Public Transport Improvements	91	48	48	30	
Fairhaven and Church Scar Coast Protection Scheme	9,606				
Fairhaven and Church Scar Coast Public Realm Works	360				
Accommodation/ facilities at Snowdon Rd Depot	200				
North Beach Car Park: Development of Toilet Facilities	185				
Stanner Bank car park - barrier scheme	50				
Sub total	11,141	640	197	366	1,001
ENVIRONMENT, HEALTH & HOUSING COMMITTEE					
Disabled Facilities Programme	1,143	1,130	1,130	1,130	1,130
Housing Needs Grant	33				
Affordable Housing Scheme - Sunnybank Mill, Kirkham	0				
Church Road Methodist Church, St Annes	275				
Affordable Warmth Scheme	8				
Rapid Deployment CCTV Replacement Projects	27				
Cemetery and Crematorium - Infrastructure Works	294				
Sub total	1,780	1,130	1,130	1,130	1,130
PLANNING COMMITTEE					
St Annes Regeneration Schemes	315				
St Annes Road West – Square to Pier link and Gateway	110				
Lytham Regeneration Schemes	400	300	100		
Kirkham Public Realm Improvements	5				
M55 Link Road - S106 monies for design work	1,103				
Ansdell / Fairhaven - Public Realm scheme	10				
St Annes Pier - Coastal Revival Fund	24				
Tree Planting	25				
Kirkham and Wesham Station	15				
Sub total	2,007	300	100	0	0
Total Expenditure	17,579	2,824	1,636	1,536	2,171

UPDATED 5 YEAR CAPITAL PROGRAMME 2019/20 TO 2023/24 - FINANCING

	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
FINANCING:					
Capital Receipts - General Asset Sales	45	45	45	45	45
Capital Receipts - Right to Buy Receipts	25	25	25	25	25
Better Care Fund / Disabled Facilities Grant	1,103	1,090	1,090	1,090	1,090
Disabled Facilities Grant Repayments - 'Housing Needs Grants'	33				
Section 106 Monies - St Annes	265				
Section 106 Monies - Lytham	130				
Section 106 Monies - Church Road Methodist Church, St Annes	275				
Section 106 Monies - M55 Link-Road	103				
Section 106 Monies - Public Transport Improvements	91	48	48	30	
Section 106 Monies - Staining Chain Lane Playing Fields	174				
Section 106 Monies - Kirkham and Wesham Station	15				
Capital Investment Reserve	1,976				
Capital Investment Reserve - Budget Council Proposals March 19	985	300	100		
Capital Investment Reserve - Underwriting max £343k - Fairhaven	32				
M55 Link-Road Reserve	1,000				
Funding Volatility Reserve - Fairhaven Restoration Project	400				
Other External Finance (see analysis below)	10,364	754	209	40	40
Direct Revenue Finance					
Prudential Borrowing	563	562	119	306	971
Total Financing	17,579	2,824	1,636	1,536	2,171

Total surplus (-) / shortfall in year	0	0	0	0	0
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Cumulative surplus (-) / shortfall	0	0	0	0	0
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See note below for external funding available to finance the above schemes:

Other External Finance: Analysis

LSP Performance Reward Grant	27				
Environment Agency - Fylde Coastal Preliminaries	9,206				
Lancashire County Council - Affordable Warmth Scheme	8				
Coastal Revival Fund - St Annes Pier	24				
Staining Parish Council	25				
Friends of Staining Open Spaces	1				
John Lees Charitable Trust	30				
New Fylde Housing - DFG Contribution	40	40	40	40	40
Heritage Lottery Fund - Fairhaven Restoration Project	594	714	169		
Sport England - Fairhaven Restoration Project - confirmed	100				
United Utilities - Fairhaven Restoration Project	60				
Lytham Schools Foundation - Fairhaven Restoration Project	15				
RSPB - Fairhaven Restoration Project	8				
Coastal Communities Fund - Fairhaven Restoration Project	130				
Lawn Tennis Association - Fairhaven Restoration Project	51				
Lancashire Environmental Fund - Fairhaven Restoration Project	30				
Café Tenant Contribution - Fairhaven Restoration Project	15				
	10,364	754	209	40	40