

Report to: Corporate and External Issues
Scrutiny Committee

Date: 21st November 2016

Report of: Director of Place
Borough Treasurer

Report No: CEISC/03/16a

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Finance and Accountancy

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Report Title: **The Place Department
(Development & Regeneration Services excluding Housing Services,
incl. Corporate Property Services)
2016/17 Quarter One Finance Report**

Non Confidential: **(Non-Confidential)** This report does **not** contain information which warrants its consideration in the absence of the press or members of the public.

Purpose: This report provides the Corporate and External Issues Scrutiny Committee with information relating to the financial quarter one position for Development and Regeneration (excluding Housing Services) (including Corporate Property Services) for 2016/17.

Recommendations: It is recommended that the Corporate and External Issues Scrutiny Committee

- note the quarter one financial position of the Department

Decision:

Background Doc(s):

(for use on Exec Rep)

Signed:

Leader / Executive Cabinet
Member

Monitoring Officer

Date:

This report does not require an equality impact assessment to be carried out due to being outside the high and medium relevance review requirements

Summary:

This report outlines the financial quarter one position in respect of Development and Regeneration (excluding Housing Services) (including Corporate Property Services) for 2016/17.

Key Issues:**Revenue Expenditure:**

Revenue expenditure for Development and Regeneration (excluding Housing Services) (including Corporate Property Services), is projected to underspend against the budget by £45,000 after reserve movements.

Capital Expenditure:

Capital expenditure for Development & Regeneration as at quarter one was £0.519m against a revised projection at quarter one of £9,499.

Capital expenditure for Property Services as at quarter one was £0.152m against a revised projection at quarter 1 of £2.648m

Reserves:

The services have a projected general reserve of £83,039 for the end of the year.

Efficiency targets:

The budgeted efficiency savings for 2016/17 for Development & Regeneration and Property Services were £1.358m.

All planned efficiencies are projected to be achieved.

Risk:

Specific areas of financial risk related to areas such as reduction in income due to property occupancy levels and the Work programme contract.

1 Introduction

This report provides the Executive Cabinet Member with the financial position relating to the Place Department - Development and Regeneration Section (excluding Housing Services) (including Corporate Property Services) for quarter one of 2016/17.

2 Revenue expenditure

2.1 Revenue budget

The approved revenue budget for the department totals:

Table One: Development and Regeneration (excluding Housing Services) (including Corporate Property Services)
– Approved revenue budget 2016/17

	Dev and Regen	CPS	Total
	£000	£000	£000
Original Approved Budget 2016 / 17	13,454	(1,385)	12,069
Recharges 2016 / 17	2,904	(6,188)	(3,284)
Original Manager's Controllable Budget 2016 / 17	10,550	4,803	15,353
<u>Virements in Year :</u>			
Savings Options	(1,358)		(1,358)
Admin Review	(44)	(76)	(120)
Place Directorate alignment	(81)		(81)
Silverwell Street Building		80	80
The Workshop Building	(80)	80	0
CPS Review post		80	80
Octagon Grant	163		163
Adjusted Manager's Controllable Budget 2016 / 17	9,150	4,967	14,117
Adjusted Recharges 2016 / 17	2,904	(5,121)	(2,217)
Adjusted Budget as at Quarter 1	12,054	(154)	11,900

2.2 In year revenue changes

Budget adjustments made during quarter one include:

- Return of budget savings options of -£1.358m to the corporate centre.
- Savings returned to the corporate centre resulting from admin review within Environmental Services -£120k
- Realignment of Directorate Budget on creation of Place Department -£81k
- Vacation of Silverwell House by Housing Services £80k
- Transfer of post to chief Executives Team
- CPS review £80k budget transfer from Chief Executives
- Octagon Grant £163k budget transfer from Chief Executives

2.3 Financial outturn position

Table two below outlines the Development and Regeneration Department's financial position, as at the 31st March 2016 excluding Housing Services.

Table Two: Development & Regeneration & Property Services
financial position as at quarter one 2016/17

Service	Net Budget £'000	Projected Outturn £'000	Year End Variance £'000
Development and Regeneration			
Planning Division	1,144	1,055	-89
Strategic Development	1,066	1,090	23
Economic Development	987	925	-63
Libraries, Museum and Archives	2,590	2,568	-22
Directorate	5,681	5,765	84
Leisure	586	620	34
CPS	-154	-166	-12
Total for Development and Regeneration Department	11,900	11,856	-45

Variance analysis

The overall financial position amounts to projected underspend of £45,000 of the net budget at quarter one.

There are no significant variances to report at final outturn.

3 Savings and efficiency target

In setting the Strategic Budget for the year the overall saving and efficiency target was £1,358,000.

Action has been taken to implement the reductions, and monitoring of expenditure against specific options has been incorporated into the financial information within this report.

Table three below provides details of the approved options. 100% of the approved options have been achieved.

Table Three: Strategic Options

Division	Description of Option 2016/17	£'000
Economic Strategy & Strategic Development	Planning Strategic projects	18
	Skills Commissioning	40
	Service Review	410
	Work programme	179
	Events	112
	Total	759
Departmental	Events	94
Libraries	Fundamental Review	300
Leisure	Reduction in contract	205
Total Strategic Redirections		1,358

4 Capital programme monitoring

Appendix A outlines the capital programme position for Development & Regeneration and Property Services for 2016/17 at quarter one. Capital expenditure at quarter one is £0.701M against the revised projection at quarter one of £12.334m.

The Development & Regeneration programme had an original budget totaling £10.669m as reported in the Capital Programme Report to Council on 24th February 2015. There are two major projects currently underway. Continuation of the Public Realm and Gateway Project in Newport Street and redevelopment of Horwich Leisure Centre. Shop fronts on the east side of Newport Street are approaching completion

and the old canopy to the west side has now been removed. Work on shopfronts followed by public realm continues over the summer.

Horwich Leisure Centre redevelopment is approaching stage 4 with demolition of the old car park now complete.

The Property Services capital programme had an original budget totaling £4.139m as reported in the Capital Programme Report to council on 24th February 2016. A significant scheme of major works is due to commence in the autumn on the central Library and Museum building at Le Mans Crescent as part of the proposed Egyptology Gallery.

Work is underway on a series of photovoltaic installations as part of the carbon management programme, with the installation of photovoltaics at Winifred Kettle House in June.

4.2 Progress on one off monies funding

As part of previous annual budget reports to Council, one off funding was approved for a range of strategic investments covering both capital and revenue schemes over four years. The table below shows the progress against the £14m funding currently earmarked to Development & Regeneration Service Area.

	Re-aligned One Off Allocation £000	2013-16 Expenditure £000	Budget allocated to 2016/17 £000	2016/17 Expenditure at Q1 £000	Remaining Budget allocated to 2017/18 £000
<u>Town Centre Strategy</u>					
<u>2013/14 Strategic Budget & Capital Programme</u>					
Support for key developments	1,700	1,700	0	0	0
Strategic acquisitions	2,000	732	1,268	0	0
Public Realm schemes and Gateways	2,100	124	1,976	462	0
Town Centre free parking initiative	1,000	863	137	59	0
Business Support Scheme	200	150	50	0	0
Total Town Centre Strategy	7,000	3,569	3,431	521	0
<u>2015/16 Strategic Budget</u>					
Horwich Leisure Centre	4,000	138	3,862	0	0
Support to Octagon Theatre Development	2,000	13	250	0	1,737
<u>2016/17 Strategic Budget</u>					
Improvements @ Bolton One	1,000	0	0	0	1,000
Total Development & Regeneration	14,000	3,720	7,543	521	2,737

5 Reserve movements

5.1 Table Four – Development & Regeneration and Property Services reserves position 2016/17

Reserves	Opening Balance at 1.4.16 £	Requests in Year £	Closing Balance at 31.3.17 £
Development & Regeneration	-10,250,262	1,177,108	-9,073,154
Property Services	-1,823,258	366,959	-1,456,299
Total	-12,073,520	1,544,067	-10,529,453

Outlined above are the projected use of the Department's reserves for 2016/17. Detailed reserve tables can be found in appendix B

6 Risk area

6.1 The work programme

In July 2011, Bolton Council became a sub-contractor for G4S to deliver the Work Programme. This contract sits within the Economic Strategy Division of D&R. The aim of the scheme is to actively facilitate benefit claimants to return to work and to maintain employment. Within the contract there are clear targets which must be achieved. The Workshop is currently over achieving the Job Start, Job Outcome and Continual Sustainment targets set by G4S.

6.2 Occupancy Levels

Built into the budget are a number of assumptions around income from property related activities. The main risk is around occupancy.

6.3 Asset Management

Responding to non-routine building maintenance and major repair requirements impacting on service delivery.

7 Conclusions and recommendations

This report has provided information relating to the financial final outturn for the Development and Regeneration Department (excluding Housing Services) (including Corporate Property Services) for 2016/17.

It is recommended that the Corporate and External Issues Scrutiny Committee

- Notes the financial position of the services at quarter one.

Development and Regeneration Capital 2015/16

Appendix A(i)

Development & Regen	2016/17			2017/18	
	Original Allocation	Revised Allocation	Q1 Actual Outturn	Original Allocation	Revised Allocation
	2016/17 £000s	2016/17 £000s	2016/17 £000s	2017/18 £000s	2017/18 £000s
Town Centre Improvement Fund	52,000	103,993	4,088		0
Business Expansion Grants	80,000	84,378	0		0
Development Enabling Fund	460,000	102,473	21		395,000
Town Centre Strategy Enabling Fund	62,000	107,519	3,075		0
Public Art S106	0	5,617	0		0
Departmental ICT	83,000	82,956	0		0
Strategic Acquisitions	245,000	1,494,865	135		0
Public Realm Schemes & Gateways	1,450,000	2,272,419	453,288		0
Horwich Leisure Centre Cabinet Feb 2015	4,200,000	4,361,543	1,585		5,477,000
Peoples Network Refresh Libraries	0	15,147	0		0
Octagon	2,000,000	250,000	0		1,750,000
Smithills Hall Internal Refurbishment	400,000	500,000	0		0
Brownlow Fold	0	59,394	53,981		0
Hall ith Wood Museumn	0	40,000	2,984		0
Commission Street Cabling	0	19,000	0		0
Strengthening the Office Market in Town Centre	500,000	0	0		0
Bolton One Facilities - Cabinet Feb 16	1,000,000	0	0		1,000,000
Total Capital	10,532,000	9,499,303	519,157	0	8,622,000
Town Centre Free Parking Initiative	137,000	136,769	19,181		0
Business Support Scheme	0	50,585	10,663		0
Total Capital (Revenue Funded)	137,000	187,354	29,844	0	0
Dev and Regeneration Total	10,669,000	9,686,657	549,001	0	8,622,000

<u>Property Services</u>	2016/17		
	Original Allocation	Revised Allocation	Q1 Actual Outturn
	2016/17	2016/17	2016/17
	£000s	£000s	£000s
Carbon Management Programme	203,000	249,000	0
Asset Management Plan - urgent works	1,500,000	774,539	0
Glazing Risk assessment & surveys	88,000	55,000	0
Health & Safety surveys	53,000	69,000	41,068
Central Library & museum	500,000	926,830	17,830
Westhoughton AO	750,000	100,000	0
Blackrod AO	175,000	75,000	0
Town Centres	370,000	20,000	0
Farnworth Market Precinct	500,000	200,000	0
Castle Hill Car Park Alterations	0	82,868	0
Town Hall	0	95,461	93,513
Property Services Total	4,139,000	2,647,698	152,411
TOTAL CAPITAL PROGRAMME	14,808,000	12,334,355	701,412

2017/18	
Original Allocation	Revised Allocation
2017/18	2017/18
£000s	£000s
	0
500,000	1,500,000
	55,000
	0
500,000	500,000
	650,000
	100,000
	350,000
	300,000
	0
	0
1,000,000	3,455,000
1,000,000	12,077,000

Development & Regeneration	Opening Balance 16/17	Anticipated movements in Year	Closing Balance 16/17
<u>Planning Reserves</u>	£	£	£
DCLG Personal Searches	(34,356)	0	(34,356)
Building Control Trading Surplus	(272,529)	0	(272,529)
Feasibility Study - District Heating	(24,672)	15,000	(9,672)
Broadband	(66,000)	66,000	0
<u>R.E.D.D. Reserves</u>			
The Work Programme	(210,626)	0	(210,626)
Local Development Framework	(208,407)	0	(208,407)
Spirit of Sport	(27,544)	0	(27,544)
Business Growth Fund	(37,557)	27,000	(10,557)
Farnworth Town Centre Development	(318,450)	0	(318,450)
Carbon Management	(9,000)	0	(9,000)
Newport Street Projects	(10,000)	0	(10,000)
<u>Leisure</u>			
Leverhulme Sinking Fund	(335,144)	62,500	(272,644)
Free Swimming	(185,342)	0	(185,342)
Bolton One	(170,000)	0	(170,000)
Bolton Arena	(3,288,575)	0	(3,288,575)
<u>Cultural Events</u>			
Town Centre Programmes	(1,183,495)	0	(1,183,495)
Town Centre Programmes	(1,413,980)	450,000	(963,980)
<u>Housing</u>			
Home Solutions	(63,247)	0	(63,247)
<u>Libraries & Museums</u>			
LMA General Reserve	(43,006)	0	(43,006)
Egyptology Reserve	(1,847,012)	500,000	(1,347,012)
Aquarium Refurbishment	(55,000)	24,461	(30,539)
Peoples Refresh	(15,147)	15,147	0
Hallithwood	(150,000)	50,000	(100,000)
<u>Parking</u>			
Car Parking Initiatives	(243,136)	0	(243,136)
<u>Departmental Reserves</u>			
Directorate / Core Balance B/f	(38,039)	(33,000)	(71,039)
sub total Development & Regeneration	(10,250,262)	1,177,108	(9,073,154)
Property Services	Opening Balance 16/17	Anticipated movements in Year	Closing Balance 16/17
<u>Property Reserves - Dept of Place</u>	£	£	£
Octagon Kiosks Sinking Fund	(60,000)	0	(60,000)
Merehall Reserve	(356,500)	(12,200)	(368,700)
ASC Underspend	(145,198)	(25,500)	(170,698)
Energy Initiatives	(181,606)	181,606	0
Castle Hill	(329,492)	0	(329,492)
Energy Payments Reserve	(175,000)	67,069	(107,931)
BASE Reserve	(136,313)	0	(136,313)
Property Capital Reserve/Property Schemes	(439,149)	167,984	(271,165)
CPS General	0	(12,000)	(12,000)
sub total Property Services	(1,823,258)	366,959	(1,456,299)
Grand total	(12,073,520)	1,544,067	(10,529,453)