

# REPORT

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	CABINET	26 JUNE 2008	11

## **MEDIUM TERM FINANCIAL STRATEGY – OUTTURN 2007/08 (INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY MANAGEMENT)**

### **Public Item**

This item is for consideration in the public part of the meeting.

### **Summary**

This report sets out for Members the General Fund Outturn (including Revenue, Capital and Treasury Management) for 2007/08. The report explains major variations between the latest approved Budget and Actual Expenditure and quantifies the impact on the Council's reserves.

### **Cabinet Portfolio**

The item falls within the following Cabinet portfolio:

Finance and Efficiency                      Councillor Paul Rigby

### **2.0 Decision Required**

2.1 Cabinet to agree the Outturn position.

### **3.0 Information**

3.1 The Medium Term Financial Strategy was presented to Cabinet in January 2008, with the final strategy and budget decisions approved by Council on 3<sup>rd</sup> March 2008.

3.2 The Medium Term Financial Strategy considers the General Fund Revenue (including Collection Fund) and associated reserve balances, the Capital Programme and the Treasury Management Annual Report. This report sets out the outturn position for these areas of activity for 2007/08.

- 3.3 In line with the Accounts and Audit Regulations 2003, the Council is required to approve the Statement of Accounts by 30<sup>th</sup> June each year. The Audit Committee is delegated to approve the Statement of Accounts.
- 3.4 The Medium Term Financial Strategy outturn position 2007/08 report constitutes part of the Council's procedures for performance management.

#### **4.0 General Fund Revenue Outturn Position (including Collection Fund)**

- 4.1 This section of the report covers the General Fund Revenue Outturn position for 2007/08. General Fund Revenue can be defined as the day to day running costs associated with the delivery of the Council's services.
- 4.2 The General Fund Expenditure and Income Account comparing Actual Expenditure against Latest Approved Estimate by service is set out in Appendix A. A detailed list of major variances within Services which contribute to the outturn position is set out in Appendix B. Appendix B, for simplicity, excludes internal recharges.
- 4.3 In summary, the key budget variances that have contributed towards this underspend position are set out in Table 1.

**Table 1 – Main General Fund Variances to Revised Estimate:**

	£000	£000
<u>Budget Underspends/Additional Income</u>		
Additional One-Off Local Authority Business Growth Initiative (LABGI) grant received	125	
Utilities – Budget overstated	136	
Other net savings achieved due to Management Team Moratorium on uncommitted expenditure in line with financial forecast position	<u>222</u>	483
<u>Less: Budget overspends/Additional Expenditure</u>		
Compulsory Purchase Order (CPO) – Ongoing since 2001/02	-80	
Planning application fees received in advance	-99	
Planning Delivery Grant commitments	-120	
Usage of Agency staff to cover vacancies and increase in sickness absence	<u>-121</u>	<u>-420</u>
General Fund Underspend (0.54% variance to revised budget)		<u>63</u>

- 4.4 There are also a number of budget variances arising from slippage (expenditure committed in 2007/08). These slippage items are listed in Appendix C.
- 4.5 The General Fund underlying balance after taking into account the slippage items is set out in Table 2 as follows:

**Table 2 - General Fund Revenue Balance - Underlying Position**

	£000
Actual Revenue Underspend (as per Table 1)	- 63
Less: Slippage Items (as detailed in Appendix C)	<u>96</u>
Total Underlying General Fund Overspend	<u>33</u>
(0.29% Variance to Revised Budget)	

## 5.0 Collection Fund Outturn Position

- 5.1 The Council operates the Collection Fund under the Local Government Finance Act 1988. It contains the income and expenditure relating to Council Tax, and National Non Domestic Rates (NNDR). The deficit on the fund for the year was £406k. This will be shared between the Borough Council, the County Council, the Police Authority and the Fire Authority in 2009/10. The Borough's share of the deficit will be £48k.

## 6.0 Statement of General Fund Revenue Reserves

- 6.1 Table 3 details the Council's General Fund Reserves position at 31<sup>st</sup> March 2008.

### **TABLE 3 - STATEMENT OF GENERAL FUND REVENUE RESERVES 2007/08**

	Actual £000
Opening General Fund Balance	804
Transfer from Balance Sheet Reserves	1,255
In year deficit	<u>-1,197</u>
Closing General Fund Balance	<u>862</u> (note i)

Note (i) Appendix A sets out the reconciliation of the General Fund Balances Position.

## 7.0 General Fund Revenue Outturn Conclusion

- 7.1 Although the actual underlying overspend is only £33k it is of concern that this position was mainly achieved due to additional LABGI (Local Authority Business Growth Initiative) grant income and savings generated by the Management Team moratorium on uncommitted expenditure.
- 7.2 The Council is still faced with some major challenges in the form of:-
- (i) the new Concessionary Fare Scheme, which commenced on 1<sup>st</sup> April, 2008. The financial impact on the Council is unknown at this stage.
  - (ii) a potential loss of up to £150k per annum of Sand Extraction income should the Planning status of this operation be reviewed.
  - (iii) a potential "gap" of funding to meet the cost of on street parking associated with the Decriminalised Parking Enforcement Scheme. (DPE). The cumulative cost of on street parking for this Council is currently £35k.

- (iv) potential future inflationary increases, which are over and above the current Medium Term Financial Forecast estimates. Public Sector unions are currently balloting members on strike action to support a pay claim of 6%.
  - (v) significant savings targets still to be achieved and delivered in current and future years.
- 7.3 During the Closure of the Accounts procedural issues have been identified regarding the accounting arrangements in respect of the Lowther Trust. These procedures are concerned with the technical reporting and accountancy treatment given the Trust's separate legal identity. For the purposes of the 2007/08 outturn the Lowther Trust's subsidy has been incorporated in the Council's accounts but at a later date a separate set of accounts will need to be produced for the Trust.
- 7.4 Work with budget holders will now commence during 2008/09 to identify one off and recurring variances. The impact of any recurring variances will be reflected in the Five Year Forecast in the next updated Medium Term Financial Strategy.
- 7.5 During the period of the last five months work has been carried out to strengthen the closure of accounts procedures and financial systems employed by the Council. Significant work is still needed during the next 12 months to ensure that all the basic financial systems are in place and under control. This work will continue during 2008/09. In particular a new system of Budgetary Control with Quarterly 'Hot Spot' monitoring has been agreed and is currently being implemented. This budget monitoring process will ultimately provide the Council with early warnings of budget "over heating." However, it must be noted that this new monitoring process will take some time to bed down and be refined.
- 7.6 Taking account of the slippage of £96k, the underlying General Fund Balance is £766k. The Medium Term Financial Strategy (agreed at Council on 3<sup>rd</sup> March 2008) estimated that the General Fund Balance position would be £815k. Therefore at this stage the Council in a slightly worse position that was anticipated when the Medium Term Financial Strategy was approved. When this is taken, together with the risks set out in 8.2 above it is clear that the Council should not divert itself in any way from its previously agreed Medium Term Financial Strategy. The Council still faces a serious budget situation and, therefore, should on no account agree any new spending unless it can be financed by savings from the existing budget.

## **8.0 Capital Outturn 2007/08**

- 8.1 The Capital programme was first presented to Cabinet in January 2008 as part of the Medium Term Financial Strategy and approved by Council on 3<sup>rd</sup> March 2008. As with the Revenue Budget, a new Capital Budget monitoring system has been agreed, with monitoring and programme revisions being undertaken on a quarterly basis.
- 8.3 The overall position is a net capital underspend of £0.187m against the approved estimate. This includes slippage of £0.135m leaving an underlying underspend of £0.052m.
- 8.4 The 1<sup>st</sup> quarter update of the Five Year Capital Programme for 2008/09 will be amended to reflect the outturn results and any other changes approved to date.
- 8.5 The financing proposals represent the most cost effective financing to the Council and leave it with the greatest flexibility in respect of future years.

## 9.0 Capital Expenditure 2007/08

9.1 Capital expenditure for 2007/08 is detailed in Table 4.

**TABLE 4 - Approved Estimate Compared with Outturn 2007/08**

	£m
Approved Capital Programme	2.792
Less: Outturn Expenditure	<u>-2.605</u>
Net Underspend for Year	0.187
Less Net Slippage	<u>-0.135</u>
Underlying Underspend	<u>0.052</u>

9.2 Details of variances for all schemes are shown in Appendix D. Variances over £50k are detailed at Appendix E with explanations from the relevant Executive Manager.

9.3 The £0.135m net slippage comprises slippage of £0.354m and accelerated spend of £0.219m.

9.4 The accelerated spend will lead to a budget reduction in 2008/09. This comprises £0.077m on the Accommodation Project and £0.142m on the Disabled Facilities Programme. Some slippage is to be expected on schemes of this size and duration.

9.5 No resources have been lost to the Council as a result of the Outturn position.

## 10.0 Usable Capital Receipts 2007/08

10.1 Capital Receipts are a major component of the Council's capital financing strategy. Details of usable receipts are set out in Table 5:-

**TABLE 5 - Usable Capital Receipts 2007/08**

	Approved Estimate £000	Outturn £000	Variance+/- £000
Opening Balance at 01.04.2007	0	0	0
Capital Receipts received in year	<u>50</u>	<u>191</u>	<u>141</u>
Sub Total	50	191	141
Capital Receipts used to finance expenditure		-191	
Closing Balance at 31.03.2008		<u>0</u>	

10.2 Table 5 shows the actual usable capital receipts were £0.141m more than that estimated for the year. This variance is mainly due to the increase in Right to Buy Receipts which were higher than estimated.

## 11.0 Capital Financing 2007/2008

11.1 The proposed financing of capital expenditure is set out in Table 6.

**TABLE 6- Proposed Capital Financing 2007/08.**

	£000
EXPENDITURE:	<u>2,605</u>
FINANCING:	
Grants & Contributions	1,354
Use of Earmarked Reserves	4
Capital Receipts	191
Capital Creditors	40
Borrowing	1,000
Revenue Contribution	<u>16</u>
Total Capital Financing	<u>2,605</u>

## **12.0 Capital Outturn – Conclusions**

12.1 The Capital Programme will be monitored on an ongoing basis with formal reviews quarterly by both Management Team and the Portfolio Holder for Finance and Efficiency. At this stage there are no decisions to be made other than noting the Outturn Position. However, Members should be aware of the following risk areas:

- (i) Right to Buy Receipts – The Capital Programme is dependent on sales of former Council houses. The level of these receipts is dependent on the prevailing housing market conditions. Members will be more than aware at this stage that as a result of the current economic situation the market is in a state of uncertainty
- (ii) During 2008/09 it is intended to align the Council's Capital Programme with the Asset Management Plan. Members need to be aware that a programme of Stock Condition Surveys has been undertaken and any major repair issues in respect of Council assets will need to be addressed. At this stage it is, therefore, anticipated that this will result in an increased requirement for Capital Expenditure.

## **TREASURY MANAGEMENT ANNUAL REPORT**

### **13.0 Summary**

13.1 This section of the report covers Treasury Management operations for the financial year to 31<sup>st</sup> March 2008.

13.2 For 2007/08 the Council are bound by the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both these Codes through Regulations issued under the Local Government Act 2003.

13.3 It should be noted that the Statement of Recommended Practice 2007 (SORP) introduced changes to the 2007/08 Statement of Accounts, and required financial instruments in the accounts (debt and investments etc.) to be measured in a method compliant with national Financial Reporting Standards.

## **14.0 Background Implications and Interest Rates**

- 14.1 The UK economy has reached a turning point and conditions are set to deteriorate in the year ahead. The significant tightening of domestic credit conditions, initiated by the collapse in the US sub-prime mortgage market and the subsequent loss of liquidity in the domestic financial markets, is expected to affect a wide cross-section of the economy as access to cheap money dries up.
- 14.2 The Monetary Policy Committee (MPC) made four changes in the base rate as shown in Table 7.

**Table 7 Base Rate Changes 2007/08**

Date	Base Rate b/f	Change	New Base Rate
10/05/07	5.25%	+0.25%	5.50%
05/07/07	5.50%	+0.25%	5.75%
06/12/07	5.75%	-0.25%	5.50%
07/02/08	5.50%	-0.25%	5.25%

Economic activity is forecast to slow as house prices and consumer spending slows down. Inflation pressures will limit the scope for further base reductions beyond an estimated 4.75% in 2008/09.

## **15.0 Borrowing**

- 15.1 The Council ceased to be debt free by borrowing during the year to support the Capital programme. The overall strategy is to minimise the net revenue cost of the Council's borrowings. The Council's Treasury Consultants advise on the timing of potential transactions so as to maximise the advantages of interest rate changes.
- 15.2 In line with advice from the Council's Treasury Consultants (Sector), in 2007/08 the Council borrowed £1M in the form of a fixed rate Public Works & Loan Board (PWLB) loan at 4.06% effective from the 18<sup>th</sup> March 2008 for 3 years. Long Term Debt, therefore, currently stands at £1m.
- 15.3 In November 2007 the PWLB changed its structure of interest rates so that any repayment of PWLB debt will have a more penal repayment rate applied. As such the cost of any PWLB repayments will be higher in the future.

## **16.0 Temporary Borrowing**

- 16.1 In order to cover short term cash flow fluctuations it was necessary for the Council to borrow funds on three occasions during the year totalling £3.7m. The interest on which amounted to £11k. The Council's overdraft was also utilised as required for cash flow purposes throughout the year for balances of up to £500k.

## **17.0 External Fund Managers**

- 17.1 During the year the Council had no money invested with External Fund Managers.

## **18.0 Internally Managed Funds**

- 18.1 During the year, cash sums managed internally by the Council's Treasury Management internal section have been invested for periods of up to 3 months with approved banks and building societies.
- 18.2 The overall performance was a gross return of 5.77%, exceeding the "Financial Times 7 day London Inter Bank Bid Rate (LIBID) " benchmark target of 5.72%.
- 18.3 By the end of 2007/08 the internally managed funds had exceeded the original budget forecast by a favourable £119k. This was largely as a result of improved Credit Control procedures introduced and Base Rate increases.

## 19.0 Prudential Indicators

- 19.1 Under the legislation, (incorporating the Prudential Code) Members continue to be responsible for determining the appropriate level of capital investments.
- 19.2 The CIPFA Prudential Code for Capital Finance in Local Authorities requires the Council to comply with a number of Prudential Indicators. The position at 31<sup>st</sup> March 2008 is shown in Appendix F.

## 20.0 Impact Statements

- 20.1 A robust Medium Term Financial Strategy enables the Council to achieve its Corporate Priorities and Programmes.

IMPLICATIONS	
Finance	Contained in the body of the report
Legal	Non arising directly from this report
Community Safety	Non arising directly from this report
Human Rights and Equalities	Non arising directly from this report
Sustainability	Non arising directly from this report
Health & Safety and Risk Management	Non arising directly from this report

Report Author	Tel	Date	Doc ID
Bernard Hayes	(01253) 658566	June 2008	<b>Medium Term Financial Strategy</b>

List of Background Papers		
Name of document	Date	Where available for inspection



## **Attached documents**

Appendix – A – General Fund Revenue Expenditure & Income Account

Appendix – B – General Fund Outturn 2007/08 – Variations from Revised Estimates

Appendix – C – Revenue Budget Slippage Items.

Appendix – D- Capital Outturn Variations 2007/08

Appendix E - Detailed Explanation where Variance from 2007/08 Capital Estimates in excess of £50,000

Appendix – F – Prudential Indicators

**GENERAL FUND REVENUE EXPENDITURE & INCOME ACCOUNT**

	Latest Estimate £'000	Outturn £'000	Variance + Over / (Under) £'000	Note
<b>Net Expenditure</b>				
Executive Board	0	0	0	
Consumer Wellbeing & Protection	1,567	1,377	(190)	
Strategic Planning & Development	1,267	1,392	125	
Streetscene Services	4,681	4,387	(294)	
Community & Cultural Services	2,640	2,496	(144)	
Finance	1,114	1,254	140	
Democratic Services & Member Support	1,861	1,607	(254)	
Legal Services	16	30	14	
Corporate Policy & Performance	224	217	(7)	
<b>Sub Total</b>	<b>13,370</b>	<b>12,760</b>	<b>(610)</b>	
Contingency	(322)	0	322	
<b>Net Cost of Services</b>	<b>13,048</b>	<b>12,760</b>	<b>(288)</b>	
Gain (-) on the disposal of fixed assets	0	0	0	
Interest payable and similar charges	16	20	4	
Interest and investment income	(339)	(344)	(5)	
Pension accounting adjustment	(135)	(318)	(183)	
<b>Net Operating Expenditure</b>	<b>12,590</b>	<b>12,118</b>	<b>(472)</b>	
<b>Financing</b>				
General Government Grants	(784)	(784)	0	
Non-Domestic Rate Redistribution	(4,672)	(4,672)	0	
Demand on the collection fund (incl prev yr's surplus)	(4,790)	(4,797)	(7)	
	<b>(10,246)</b>	<b>(10,253)</b>	<b>(7)</b>	
<b>Deficit for the Year</b>	<b>2,344</b>	<b>1,865</b>	<b>(479)</b>	
<b>STATEMENT OF MOVEMENT ON THE GENERAL FUND</b>				
Deficit for the Year (see above)	2,344	1,865	(479)	
Net accounting adjustments to General Fund	(1,077)	(668)	409	
Use of Reserves	(1,278)	(1,255)	23	
<b>Use of / (Transfer to) Balances</b>	<b>(11)</b>	<b>(58)</b>	<b>(47)</b>	
<b>General Fund Revenue Balances b/f</b>	<b>804</b>	<b>804</b>	<b>0</b>	
<b>Add: Transfer to Balances</b>	<b>11</b>	<b>58</b>	<b>47</b>	
<b>General Fund Revenue Balances c/f</b>	<b>815</b>	<b>862</b>	<b>(47)</b>	1

**NOTE 1 - The variance on the Net transfer to General Fund Balances (£47k) and Reconciliation between Appendix A and Appendix B**

General Fund Underspend for the Year	(63)
Reduction in amounts required from Earmarked Reserves	23
Additional Collection Fund Precept income	(7)
	<b>(47)</b>

**General Fund Outturn 2007/08**  
**Variations from Revised Estimates**

Description	Reason for Variance	Variance (+ over / under)	
		£000	£000
Vacancy Savings	Savings achieved due to Management Team moratorium on uncommitted expenditure in line with the financial forecast position	(20)	
<b>Slippage Items</b>	See Appendix C	(97)	
<b><u>Community &amp; Cultural Services</u></b>			
Concessionary Travel	Costs in relation to NOW cards lower than estimated plus payments to bus operators less than anticipated mainly due to the price increase not being applied until later in the year	(58)	
Printing & Stationery	Underspend as a result of improved usage efficiency and Management Team moratorium on uncommitted expenditure in line with the financial forecast	(32)	
St Annes Pool	Shortfall on swimming pool income	14	
Lowther Trust	Council's contribution to Lowther Trust higher than budget	12	
Kirkham Baths	Renegotiation of Terms & Conditions for swimming instructors to provide more swimming lessons. This has resulted in additional income	(17)	
<b><u>Consumer Wellbeing &amp; Protection</u></b>			
Licencing Act 2003	Savings achieved due to Management Team moratorium on uncommitted expenditure in line with the financial forecast position	(14)	
Disabled Facilities Grant	Increased income due to an increased number of grants processed.	(25)	
Housing Defects Grant	The Housing Defects Grant expected in 2007/08 was overstated in error	37	
Miscellaneous Items	There is an ongoing Compulsory Purchase Order dispute which is expected to result in a payment being made by the Council. Consequently a provision is required	80	
<b><u>Corporate Policy &amp; Performance</u></b>			
Telephones	Underspend as a result of improved usage efficiency and Management Team moratorium on uncommitted expenditure in line with the financial forecast	(20)	
Computer Services	Computer Development Costs - Savings achieved due to Management Team moratorium on uncommitted expenditure in line with the financial forecast position	(17)	

<b><u>Finance</u></b>		
Rent Allowances	Net underspend against budgeted expenditure of £15.3m	(45)
Local Authority Business Growth Incentive (LABGI)	Additional LABGI grant received in 2007/08. Final figures only confirmed in May 2008.	(125)
Housing Benefit Administration	Additional grant income received in year and reduction in costs for computer software licences	(56)
Council Tax Administration	Reduced Debt Collection Costs, additional Costs Recovered in the Year and reduction in costs for computer software licences	(55)
Retirement Benefits	Anticipated Added Years expenditure from 2006/07 from approval of early/voluntary retirements not incurred in 2007/08	(21)
External Audit Fees	Change in fee structure has increased the audit fees in respect of external grant claims.	37
<b><u>Strategic Planning &amp; Development</u></b>		
Utilities	Underspend as a result of improved usage efficiency and revised budget overstated based on previous years estimates	(136)
Repairs & Maintenance	Additional Costs due to essential Property Repairs	38
Revenue contribution to capital	In line with accounting policies it was not possible to capitalise the regeneration and technical staff salaries	42
Development Control	Planning Application Fees are generally received in advance so the income must be credited in the correct financial year (08/09) when the work will be undertaken. This has therefore resulted in a one-off budget overspend in year	99
Planning Delivery Grant	Review of Planning Delivery Grant commitments post revised budget approval identified that only part of the earmarked reserve could be transferred to the General Fund	120
Wesham Offices Recharges	Income budget overstated in relation to Wesham Offices Utility	12
Misc Properties	Income budget overstated by £9k in relation to miscellaneous rent income and additional expenditure of £5k for land acquisition	14
<b><u>Streetscene</u></b>		
Fleet	Reduction in expenditure achieved as a result of on site repair of contract hire vehicles	(46)
Parks Dept	Hire of Plant - Savings achieved due to Management Team moratorium on uncommitted expenditure in line with the financial forecast position	(19)
Parks Dept	Other Fees - Savings achieved due to Management Team moratorium on uncommitted expenditure in line with the last financial forecast position	(15)
Cemetery Interments	Income under budget due to a reduction in interments in 2007/08	23
Highways Cleansing	Other Fee Income - Additional income received from LCC for highway sand clearance	(32)

Waste Management Operations	Useage of agency staff to cover vacant posts - higher than anticipated	58	
Waste Management Operations	Additional income received from LCC for additional properties recycling	(29)	
Waste Management Operations	Increase in income achieved from additional collection of recycling	(46)	
Waste Management Operations	General savings achieved due to Management Team moratorium on uncommitted expenditure in line with the last financial forecast position	(40)	
Waste Management Operations	Increased useage of agency staff to cover increased sickness absence	63	
Waste Management Operations	Revaluation of NNDR resulting in additional costs relating to 2005/06	10	
Waste Management Operations	Budget understated. Various lease agreements were renegotiated and the budget was not increased at revised estimate time.	34	
Waste Management Operations	Additional costs relating to weed spraying	21	
Waste Management Operations	Overspend in relation to purchase of recycling boxes	58	
Waste Management Operations	Income lower than budgeted due to fewer than anticipated additional properties	14	
Waste Management Operations	Additional costs associated with site waste and fly tipping waste.	38	
Waste Management Operations	Increased income due to bulking up of dry recyclate at Poulton depot which was not included in the budget	(34)	
Trade Waste Service	Underspend as a result of efficient use of tonnage at landfill	(17)	
Lytham Green Car Park	Income target not achieved due to seasonal fluctuations - weather and parking trends which are difficult to predict	12	
Decriminalised Parking Enforcement - DPE	Changes made by LCC to the scheme going back to 2004/05 has meant Fylde will not be reimbursed for some prior year deficits	67	
			(113)
<b><u>Other Minor Variances (Net Overspends)</u></b>			50
<b>Net General Fund Revenue Underspend</b>			<b>(63)</b>

## Revenue Budget Slippage

Budget Item Description	Requested By	Slippage Required
Development of Time Recording System	Computer Services	-20,100 Roll out and development delayed due to Job Evaluation, as such the work will be carried out in 2008/09
Section 151 Officer and Operational Support	Finance Management	-7,500 Slippage required to assist in meeting the costs associated with the rolling contract with Preston City Council
Additional Resources	Accountancy	-20,000 Slippage required to support the under resourced finance function generally and to improve essential internal financial control processes
Private Sector Housing Condition Survey	Private Sector Housing Renewal	-20,000 Housing condition survey is required on a five yearly basis
Coastal Defence	Coast Protection	-14,400 Delay in works programmed due to the essential expenditure freeze however this essential maintenance work to be carried out in 2008/09
Member Training	Member Services	-4,500 Delays in essential training, committed expenditure in order to attain Charter Status Level 2
CPA Recategorisation	Chief Executive	-10,000 Delay in training and development but committed expenditure as a result of the CPA recategorisation
Total Slippage		<u><u>-96,500</u></u>

CAPITAL OUT-TURN VARIATIONS - 2007/08							APPENDIX D		
Scheme No.	SERVICES / SCHEME	Approved Budget £000	Outturn £000	Variance £000	Saving (-) / Overspend £000	Slippage (-) £000	Reason		
							Slippage is to year 2008/09 unless stated otherwise		
	<b>COMMUNITY &amp; CULTURAL SERVICES</b>								
Z009	Playground Equipment	24	30	6	6		Minor overspend on completion of scheme		
Z012	Lowther Pavilion - DDA Works	0	-7	-7	-7		Retention from previous years - credit realised in 2007/2008		
Z014	Kirkham Baths - Rewire	0	-13	-13	-13		Retention from previous years - credit realised in 2007/2008		
Z050	Lowther Car Park Works	5	8	3	3		Minor overspend on completion of scheme		
Z052	Chimes	20	0	-20		-20	Slippage required - project delayed owing to requirement of the use of funds from 2008/09 capital budget for the contract to be undertaken		
Z053	Youth Facilities	40	40	0			Scheme spend to budget		
Z055	Newton - Fencing to Enclose Play Equipment	8	8	0			Scheme spend to budget		
Z056	Newton - Recreational Equipment	5	5	0			Scheme spend to budget		
Z057	Newton with Clifton - William Pickles Park	5	5	0			Scheme spend to budget		
Z058	Warton Sports Pavilion - Refurbish	25	0	-25		-25	Slippage required - project delayed until 2008/09		
Z013	Youth Shelter Strategies	45	47	2	2		Minor overspend on completion of scheme		
	<b>Sub Total</b>	<b>177</b>	<b>123</b>	<b>-54</b>	<b>-9</b>	<b>-45</b>			
	<b>CORPORATE POLICY &amp; PERFORMANCE</b>								
Z003	IEG Developments and Systems	22	22	0			Scheme spend to budget		
	<b>Sub Total</b>	<b>22</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>			
	<b>CONSUMER WELLBEING &amp; PROTECTION</b>								
Z010	Disabled Facilities Programme	498	640	142		142	See Appendix E		
Z024	Pvte Sector Hsng Renewal Grants	395	278	-117		-117	See Appendix E		
	<b>Sub Total</b>	<b>893</b>	<b>918</b>	<b>25</b>	<b>0</b>	<b>25</b>			
	<b>STRATEGIC PLANNING &amp; DEVELOPMENT</b>								
Z001	St Annes Square Regeneration	353	364	11	11		Overspent against budget - £4k saving identified from St Annes Town Centre scheme		
Z027	Town Hall accommodation	117	194	77		77	See Appendix E		
Z036	Cons'n Area Rest'n Scheme (CARS) St Annes	150	5	-145		-145	See Appendix E		
Z045	St Annes Town Centre	8	4	-4	-4		Underspent against budget - Underspent to be offset against £11k overspend above		
Z062	Tourist Board Project	15	15	0			Scheme spend to budget		
Z046	CCTV Community Safety	12	0	-12		-12	Slippage required - spend delayed due to the requirement of the use of funds from 2008/09 capital budget for CCTV within St Annes town centre.		
Z060	Local Area Agreement - Community Safety	35	54	19	19		Increased expenditure has been fully matched with grant income		
	<b>Sub Total</b>	<b>690</b>	<b>636</b>	<b>-54</b>	<b>26</b>	<b>-80</b>			
	<b>STREETSCENE SERVICES</b>								
Z011	Cem & Crem refurbishments	0	5	5	5		Minor overspend on completion of scheme		
Z016	Park View Playing Fields	3	9	6	6		Minor overspend on completion of scheme		
Z020	Materials Recycling Facility	8	6	-2	-2		Underspent against budget		
Z025	Spend to Save Schemes	15	15	0	0		Scheme spend to budget		
Z030	Ashton Gardens Heritage Restoration	80	45	-35		-35	Slippage required - Expenditure delayed owing to the phasing and scale of the project (£2m in total)		
Z031	Pumping Station Refurbishment	15	3	-12	-12		Underspent against budget		
Z038	Vehicle Purchases	301	223	-78	-78		See Appendix E		
Z040	Kirkham War Memorial	31	31	0	0		Scheme spend to budget		
Z041	Parkview Playing Field BMX Track	115	119	4	4		Minor overspend on completion of scheme		
Z043	Market Square Lytham Cenotaph Gardens	55	60	5	5		Minor overspend on completion of scheme		
Z048	Danfo Public Conveniences	341	348	7	7		Minor overspend on completion of scheme		
Z049	Car Park Improvements	25	23	-2	-2		Underspent against budget		
Z054	Crematorium - New Memorials Walls & Niches	15	15	0	0		Scheme spend to budget		
Z059	Bus Shelter - Ansdell Bus Monies	6	4	-2	-2		Underspent against budget		
	<b>Sub Total</b>	<b>1,010</b>	<b>906</b>	<b>-104</b>	<b>-69</b>	<b>-35</b>			
<b>Grand Total All Schemes</b>		<b>2,792</b>	<b>2605</b>	<b>-187</b>	<b>-52</b>	<b>-135</b>			

**Detailed explanation where variance from 2007/08 Capital Estimate is in excess of £50,000**

Consumer Wellbeing & Protection Schemes

**Disabled Facilities Programme - £142k (Budget reduction in 2008/09)**

Accelerated spend in 2007/08 due to an additional allocation of funding being awarded from Government resources. The increase was a 'windfall' as a result of an in year bid by the Housing team. The additional £90k was conditional on the Council match funding on a 60:40 ratio. The £60k match required was found from within the Private Sector Renewal Grant programme (see below). The budget for 2008/09 will show a corresponding decrease. The £8k difference will be carried forward into 2008/09.

**Private Sector Housing Renewal Grants – (£117k) Slippage**

The Private Sector Housing Renewal Grant programme is entirely funded by external grant throughout the regional housing board. As mentioned above, £60k of the 2007/08 budget was transferred to the Disabled Facilities Grant programme to support the match funding requirements, the remainder of the original budget being spent on the renewal grant programme.

However, in addition, the Council has received repayments from previous grant recipients, totaling approximately £66k. These repayments are triggered by the sale of the affected properties within the grant condition period. The £9k difference will be carried forward into 2008/09.

Strategic Planning & Development Schemes

**Town Hall Accommodation - £77k (Budget reduction in 2008/09)**

Accelerated spend in 2007/2008. The Budget is to be reduced in 2008/09 to reflect this.

**Conservation Area Restoration Scheme – (£145k) Slippage**

Match funded scheme encouraging business refurbishments. Offers of grant in 2007/08 have not received the anticipated uptake but this is expected to receive more promotion and publicity in 2008/09.

Streetscene Services Schemes

**Vehicle Purchases - £78k Underspend**

Less vehicle purchases were required in 2007/08 than was anticipated.



## APPENDIX F

**Prudential Indicators**

<b>Prudential Indicator</b>	<b>Revised Indicator 2007/08 £'000</b>	<b>Actual 2007/08 £'000</b>	<b>Note</b>
Authorised limit for external debt	7,200	1,231	
Operational boundary for external debt	2,865	1,262	1
Maximum principal sum invested > 364 days	0	0	
Limit on fixed interest rate for net borrowing	2,824	1,031	
Limit on variable interest rate for net borrowing	1,412	0	
Maturity structure of borrowing limits:-			2
Under 12 months	20%	29%	
12 months – 24 months	20%	2%	
24 months – 5 years	60%	69%	
5 years – 10 years	80%	0	
10 years and above	100%	0	
Capital Financing Requirement (CFR)	1,372	1,048	
External Debt – Gross Borrowing	1,324	1,031	
Investments	0	1,886	3
Net Borrowing	1,324	(885)	4
Estimated Capital Expenditure	1324	2605	
Ratio of Financing Costs to Net Revenue Stream	-4%	-3%	
Incremental Impact on Capital Investment Decisions on the Council Tax	Nil	.03%	5

Notes

1. This is the total of external debt and provisions.
2. The Council's Treasury advisors Sector based on the Council's borrowing requirement advised that the most advantageous term of loan would be for three years. This resulted in the Prudential Indicator being breached temporarily. Although this Prudential Indicator limit has been breached the Council is still well within the authorised overall borrowing limit. The limit will be revised on the next Treasury Management Strategy report.
3. Investments were higher than forecast due to a number of receipts being higher than forecast.

4. Net Borrowing (-£855k) has not exceeded the CFR (£1,048k) for 2007/08, and is not forecast to exceed the CFR in the next two years.
5. The Treasury Management Strategy was approved by Council on 3<sup>rd</sup> March 2008. This strategy included the borrowing requirement for the Capital Programme. On advice from the Council's Treasury advisors (Sector) the borrowing was taken out in March 2008. As a result of this there is £0.05p impact on Band D Council Tax.