

# Agenda



## FINANCE AND DEMOCRACY COMMITTEE

Date:	Monday, 25 January 2016 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor Karen Buckley (Chairman) Councillor Roger Small (Vice-Chairman)</p> <p>Councillors David Donaldson, Tony Ford JP, Angela Jacques, Kiran Mulholland, Linda Nulty, Liz Oades, Richard Redcliffe, Vince Settle, Elaine Silverwood, Richard Taylor.</p>

### Public Platform

To hear representations from members of the public in accordance with council procedure rule 11.  
To register to speak under Public Platform: see [Public Speaking at Council Meetings](#).

	PROCEDURAL ITEMS:	PAGE
1	<b>Declarations of Interest:</b> Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	<b>Confirmation of Minutes:</b> To confirm the minutes, as previously circulated, of the meeting held on 30 November 2015 as a correct record.	1
3	<b>Substitute Members:</b> Details of any substitute members notified in accordance with council procedure rule 24(c).	1
	<b>DECISION ITEMS</b>	
4	<b>Proposed Compulsory Purchase of Property to Deliver Affordable Housing</b>	3 – 9
5	<b>Lytham Hall Progress Report - Coastal Revival Fund</b>	10 – 14
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<b>9</b>	<b>General Fund Revenue Budget Monitoring Report 2015/16 – Position as at 30<sup>th</sup> November 2015</b>	<b>41 - 45</b>
<b>10</b>	<b>Capital Programme Monitoring Report 2015/16 – Position as at 30<sup>th</sup> November 2015</b>	<b>46 - 55</b>
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<b>12</b>	<b>Mid-Year Performance 2015/16</b>	<b>59 - 62</b>

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<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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# REPORT

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	4

## PROPOSED COMPULSORY PURCHASE OF PROPERTY TO DELIVER AFFORDABLE HOUSING

### PUBLIC ITEM

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

### SUMMARY

This report seeks approval of a fully-funded addition to the 2015/16 capital programme to cover the projected cost of the compulsory acquisition of 93 St Albans Road, Lytham St Annes, as recommended by the Environment, Health and Housing Committee.

### RECOMMENDATIONS

1. Approve a fully funded addition of £105,000 to the Councils 2015/16 Capital Programme for the compulsory purchase of 93 St Albans Road to be met from a Section 106 contribution (Agreement Ref: 03/0157 – Queen Mary School Development) held by the council paid under planning obligations for affordable housing of the same amount.

### SUMMARY OF PREVIOUS DECISIONS

On 4th July 2012, the Portfolio Holder for Finance and Resources in consultation with the Portfolio Holder for Planning and Development approved the following:

1. *The portfolio holder agrees to the request from New Fylde Housing for s106 affordable housing monies to support the purchase of 93 St Albans Rd St Annes as phase one of a comprehensive scheme of improvement to the property.*
2. *The portfolio holder approves a revenue budget increase for 2012-13 of £85,000 to fund the payment to New Fylde Housing fully funded from the s106 affordable housing monies held by the council.*

Cabinet, 25 June 2014:

1. *Seek further to engage with the property owner with a view to acquiring the property voluntarily as mandated by previous decisions*
2. *If a voluntary sale is not achieved within a reasonable time, make a compulsory purchase order to acquire 93 St Albans Road, St Annes for the purposes of part II of the Housing Act 1985 for redevelopment to deliver 2/3 affordable housing units.*

Environment Health and Housing Committee, 8 September 2015:

*Confirm the Fylde Borough Council (93 St Albans Road, Lytham St Annes) Compulsory Purchase Order 2015*

Environment, Health and Housing Committee, 5 January 2016:

- 1) Recommend to the Finance & Democracy Committee a fully funded addition of £105,000 to the Councils 2015/16 Capital Programme for the compulsory purchase of 93 St Albans Road to be met from a Section 106 contribution (Agreement Ref: 03/0157 – Queen Mary School Development) held by the council paid under planning obligations for affordable housing of the same amount.*
- 2) Approve, subject to the Finance and Democracy Committee having accepted recommendation 1), the making of a general vesting declaration in respect of the property and the onward transfer of 93 St Albans Road to New Fylde Housing Ltd (or another company in the Progress Housing group) for nil consideration.*

## REPORT

1. On January 5, the Environment, Health and Housing Committee considered a report concerning the proposed compulsory purchase of 93 St Albans Road, Lytham St Annes. The report contained a recommendation that the Environment, Health and Housing Committee ask the Finance and Democracy Committee to approve a fully-funded addition to the 2015/16 capital programme to support the proposed compulsory purchase. The present report, written before the January 5 meeting, assumes that the Environment, Health and Housing Committee accepted that recommendation.
2. The report to the Environment, Health and Housing Committee is attached. Members are asked to approve the requested addition to the capital programme, which would be fully funded from section 106 housing monies, as set out in the attached report.

IMPLICATIONS	
Finance	This report requests a fully funded addition of £105,000 to the Councils 2015/16 Capital Programme for the compulsory purchase of 93 St Albans Road to be met from a Section 106 contribution held by the council paid under planning obligations for affordable housing of the same amount.
Legal	The compulsory purchase order gives the council the authority to acquire the property compulsorily. A general vesting declaration would be the most appropriate means of effecting that authority.
Community Safety	There are no direct community safety implications arising from the report
Human Rights and Equalities	There are no direct human rights and equalities implications arising from the report
Sustainability and Environmental Impact	There are no direct sustainability and environmental implications arising from the report

Health & Safety and Risk Management	There are no direct health and safety or risk management implications arising from the report
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LEAD AUTHOR	TEL	DATE	DOC ID
Ian Curtis	01253 658506	23 December 2015	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

#### Attached documents

1. Report to Environment, Health and Housing Committee meeting of 5 January 2016

# DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	ENVIRONMENT, HEALTH AND HOUSING COMMITTEE	5 JANUARY 2016	6

## PROPOSED COMPULSORY PURCHASE OF PROPERTY TO DELIVER AFFORDABLE HOUSING

### PUBLIC ITEM

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

#### SUMMARY

The council has confirmed the compulsory purchase order to acquire 93 St Albans Road, St Annes. The purpose of the order is to provide affordable housing on the land by transferring it to a registered provider of social housing. The council can implement the order by making a general vesting declaration, which would transfer the land to the ownership of the council. The report seeks authority to make the declaration, allocate money from section 106 funds for compensation and transfer the land to the registered provider.

#### RECOMMENDATIONS

The committee is requested to:

- 1) Recommend to the Finance & Democracy Committee a fully funded addition of £105,000 to the Councils 2015/16 Capital Programme for the compulsory purchase order of 93 St Albans Road to be met from a Section 106 contribution (Agreement Ref: 03/0157 – Queen Mary School Development) held by the council paid under planning obligations for affordable housing of the same amount.
- 2) Approve the onward transfer of 93 St Albans Road to New Fylde Housing Ltd (or another company in the Progress Housing group) for nil consideration.

#### CORPORATE PRIORITIES (delete V which are not relevant)

To Promote the Enhancement of The Natural & Built Environment ( <b>Place</b> )	✓	To Encourage Cohesive Communities ( <b>People</b> )	✓
To Promote a Thriving Economy ( <b>Prosperity</b> )		To Meet Expectations of our Customers ( <b>Performance</b> )	

**SUMMARY OF PREVIOUS DECISIONS**

On 4th July 2012, the Portfolio Holder for Finance and Resources in consultation with the Portfolio Holder for Planning and Development approved the following:

1. The portfolio holder agrees to the request from New Fylde Housing for s106 affordable housing monies to support the purchase of 93 St Albans Rd St Annes as phase one of a comprehensive scheme of improvement to the property.
2. The portfolio holder approves a revenue budget increase for 2012-13 of £85,000 to fund the payment to New Fylde Housing fully funded from the s106 affordable housing monies held by the council.

Cabinet, 25 June 2014:

1. Seek further to engage with the property owner with a view to acquiring the property voluntarily as mandated by previous decisions
2. If a voluntary sale is not achieved within a reasonable time, make a compulsory purchase order to acquire 93 St Albans Road, St Annes for the purposes of part II of the Housing Act 1985 for redevelopment to deliver 2/3 affordable housing units.

Environment Health and Housing Committee, 8 September 2015:

Confirm the Fylde Borough Council (93 St Albans Road, Lytham St Annes) Compulsory Purchase Order 2015

**REPORT****BACKGROUND**

1. 93 St Albans Road, Lytham St Annes is an unoccupied three storey mid terraced house whose very poor condition has generated many complaints from members of the public. Engagement with the owner failed to produce any improvement and it was clear that the condition of the property would continue to deteriorate under its present ownership. Efforts to engage with the owner of the property to bring about a voluntary sale were unsuccessful.
2. As a result, the council made the Fylde Borough Council (93 St Albans Road, Lytham St Annes) Compulsory Purchase Order 2015. The order was confirmed pursuant to the committee's decision of September 8 this year.
3. The report to the committee set out that following confirmation of the order, the council would again seek to engage with the owner of the property to avoid the need to use the compulsory powers given by the order. If this was unsuccessful, a further report would be brought before Members seeking authority to make a general vesting declaration to vest the property in the council.
4. Officers have tried to engage with the owner of the property, but it has not been possible to make contact. Accordingly, this report seeks authority to make a general vesting declaration ("GVD").

**GENERAL VESTING DECLARATION**

5. A GVD, made under the Compulsory Purchase (Vesting Declarations) Act 1981, is the most appropriate way to implement a compulsory purchase order where the intention is to pass the property to a third party for development.

6. A GVD enables an acquiring authority to obtain ownership of land subject to a compulsory purchase order without having to settle the amount of compensation owed to any person or agree on a conveyance of the land with the landowner. Instead, a GVD automatically vests title in the land with the acquiring authority on the date set out in it. Compensation is left to be agreed later, or settled by the Upper Tribunal (Lands Chamber) if necessary.
7. The acquiring authority must give at least two months' notice of its intention to make a GVD. The GVD itself must give at least 28 days notice of the land vesting in the acquiring authority.
8. The committee is requested to approve the making of a GVD to vest the property in the council.

#### COMPENSATION

9. The compensation, or purchase price, for compulsorily purchased property is based on the open market value of the property taken, together with an entitlement to compensation for disturbance and either a 'Home Loss Payment' or a 'Basic Loss Payment'. The tribunal would fix the amount if not agreed. Using the GVD procedure, the acquisition of the property would be likely to be completed before compensation is settled. The open market value of the property in its present condition is estimated to be not less than £85,000.
10. Developers of market housing are commonly asked to enter into planning obligations requiring the developer to make a financial contribution to facilitate the provision of affordable housing in the council's district. Payment of compensation for the compulsory purchase of the St Albans Road property to enable it to be used for affordable housing would be a proper and appropriate use of such funds. The committee is therefore asked to allocate up to £105,000 of these monies for compensation payments arising out of the acquisition of the property (or, should the property be transferred to the council voluntarily, as the consideration for the transfer of the property).

#### TRANSFER TO A REGISTERED PROVIDER

11. The statement of reasons, which accompanies the compulsory purchase order, states that the Council *"will work with Progress, a registered provider of social housing, to bring forward the Order Land for conversion into 2 or 3 self-contained flats, which Progress will operate. To that end, the council will purchase the Order Land and transfer it to Progress. The purchase of the Order Land will be financed by monies paid to the council as contributions towards the provision of affordable housing in Lytham St Annes or the Fylde area as a whole under planning obligations...The Council has agreed with Progress that Progress will convert the house...into two or three 1 and 2-bedroomed self-contained flats using further funding to be provided by the Council from the funds identified in the previous paragraph. Progress will let the flats on assured tenancies."*
12. The committee is asked at this stage to approve the onward transfer of the property, once acquired by the council, to Progress Housing, for the purposes set out in the statement of reasons. Any allocation of further funding to finance the conversion of the properties and their provision by Progress as affordable housing would need to be reported for approval by the committee at a later date.



IMPLICATIONS	
Finance	This report requests that the Committee recommends to the Finance & Democracy Committee a fully funded addition of £105,000 to the Councils 2015/16 Capital Programme for the compulsory purchase order of 93 St Albans Road to be met from a Section 106 contribution held by the council paid under planning obligations for affordable housing of the same amount. The report also seeks approval of the onward transfer of 93 St Albans Road to New Fylde Housing Ltd (or another company in the Progress Housing group) for nil consideration.
Legal	The compulsory purchase order gives the council the authority to acquire the property compulsorily. A general vesting declaration would be the most appropriate means of effecting that authority.
Community Safety	There are no direct community safety implications arising from the report
Human Rights and Equalities	There are no direct human rights and equalities implications arising from the report
Sustainability and Environmental Impact	There are no direct sustainability and environmental implications arising from the report
Health & Safety and Risk Management	There are no direct health and safety or risk management implications arising from the report

LEAD AUTHOR	TEL	DATE	DOC ID
Ian Curtis	01253 658506	4 November 2015	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Fylde Borough Council (93 St Albans Road, Lytham St Annes) Compulsory Purchase Order 2015	7 May 2015	Town Hall, Lytham St Annes
Statement of reasons	7 May 2015	Town Hall, Lytham St Annes

# DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	5

## LYTHAM HALL PROGRESS REPORT - COASTAL REVIVAL FUND

### PUBLIC ITEM

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

### SUMMARY

The project relates to the restoration of Lytham Hall, a Grade I Listed Building at Risk. The Council has made a grant of £300,000 towards the capital works to restore the building. Lytham Hall (Heritage Trust North West) have recently secured a grant of £47,000 from the Department of Communities and Local Government (Coastal Revival Fund) which is a further contribution to the project.

The project is made up of 3 elements –

- Advance technical work prior to the start of the main exterior refurbishment of the hall contract
- Creation of a joinery workshop
- Preparation of a conservation management plan

Part of the Department of Communities and Local Government grant conditions require the Council to act as the accountable body to administer the grant.

This report was considered by the Tourism and Leisure Committee on 7<sup>th</sup> January 2016. The Committee resolved to recommend to the Finance & Democracy Committee the approval of a fully funded addition of £47,000 to the Councils 2015/16 Capital Programme towards the restoration of Lytham Hall to be met from a grant from the Coastal Revival Fund of the same amount, this to be in the form of a single payment.

The Committee further agreed that, subject to approval of the addition to the Capital Programme by the Finance & Democracy Committee as described above, the delivery of the project is to be achieved through the engagement of consultants/contractors and suppliers to deliver the various elements of the project in line with the Councils financial regulations and contract rules and procedures.

### RECOMMENDATION

The committee is requested:

1. To approve a fully funded addition of £47,000 to the Councils 2015/16 Capital Programme towards the restoration of Lytham Hall to be met from a grant from the Coastal Revival Fund of the same amount;
2. To approve a single payment of the grant upon the receipt of supporting invoices from Lytham Hall (Heritage Trust North West); and
3. To note that the delivery of the project is to be achieved through the engagement of

consultants/contractors and suppliers to deliver the various elements of the project in line with the Councils financial regulations and contract rules and procedures.

#### **CORPORATE PRIORITIES**

To Promote the Enhancement of The Natural & Built Environment <b>(Place)</b>	√	To Encourage Cohesive Communities <b>(People)</b>	
To Promote a Thriving Economy <b>(Prosperity)</b>	√	To Meet Expectations of our Customers <b>(Performance)</b>	

#### **SUMMARY OF PREVIOUS DECISIONS**

On the 3<sup>rd</sup> November 2015 following a Lytham Hall Capital Grant Monitoring report the Tourism and Leisure Committee resolved–

To agree in principle that the Council will act as accountable body for the Coastal Revival Fund project should it be approved by the Department for Communities and Local Government.

This report was previously considered by the Tourism and Leisure Committee on 7th January 2016.

The Committee resolved:

1. To recommend to the Finance & Democracy Committee the approval of a fully funded addition of £47,000 to the Councils 2015/16 Capital Programme towards the restoration of Lytham Hall to be met from a grant from the Coastal Revival Fund of the same amount.
2. To agree that, subject to approval of the addition to the Capital Programme by the Finance & Democracy Committee as described above, the delivery of the project is to be achieved through the engagement of consultants/contractors and suppliers to deliver the various elements of the project in line with the Councils financial regulations and contract rules and procedures.
3. To recommend to the Finance & Democracy Committee the approval of one single payment of the grant upon the receipt of supporting invoices from Lytham Hall (Heritage Trust North West).

#### **REPORT**

##### **BACKGROUND**

1. In July 2015 the Department for Communities and Local Government announced the Coastal Revival Fund. Applicants were invited to bid for grants of up to £50,000 each of the £3 million total monies available. The funding is to be used to support or restore local heritage and facilities on the English Coast that benefit the wider community and the surrounding economy.
2. Lytham Hall (Heritage Trust North West) submitted an application to the Coastal Revival Fund for £47,000 to undertake the external painting of the hall, the creation of a joinery workshop and to fund the production of a park conservation management plan.
3. In delivering the Coastal Revival Fund programme the Department for Communities and Local Government have delegated the role of accountable body for the fund to local authorities. Therefore any funding secured from the Coastal Revival Fund in the Fylde area will be

administered by Fylde Borough Council on behalf of the organisations who have successfully secured the funding.

4. In early December 2015 Lytham Hall were advised by the Department of Communities and Local Government that the bids had been successful. One of the main criteria for the funding was that it had to be spent by 31<sup>st</sup> March 2016.

#### **SCHEME DETAILS**

5. The Project involves the restoration of the Georgian Hall, and the rear Jacobean Hall to include re-introducing the original 1760s paint scheme, to conserve the building fabric including re-roofing and improve its appearance and perception to the community and visitors. The building was last renovated in the 1960s and some of this work was inappropriate by current conservation standards. This forms part of a larger Restoration Project, part funded by HLF to create a major regional heritage attraction capable of being self-financing. This work has Planning and Listed building consent, and is currently at RIBA Stage H with tenders received.
6. The conversion of one of the rooms in the Stable Block (Grade II) to a workshop for trainees engaged in traditional joinery craft skills.
7. The 78 acre parkland has suffered a century of neglect and poor management in common with other country houses in the 20th century. A Conservation Management Plan is required for the Grade II Registered Historic Parkland, in order to inform the restoration and development of the site as a major heritage destination, and particularly to understand the natural environment, and research the archaeology and the historical features of the Park.

#### **A COST BREAKDOWN OF THE SCHEME**

<b>Cost Heading</b>	<b>Description</b>	<b>Net Figure (£)</b>
Restoration of Georgian Hall	Architect Fees Quantity Surveyor Fees CDM Coordinator Fees	£30,000
Create Joinery Workshop	Equipment Building Repairs	£10,000
Conservation Management Plan	Engagement of Specialist Consultant	£7,000
<b>Total Project Costs</b>		<b>£47,000</b>

#### **THE METHOD AND COST OF FINANCING THE SCHEME**

8. The scheme is fully funded from a successful Coastal Revival Fund grant.

Funding for a scheme for this purpose is included within the approved Capital Programme for 2015/16 in the sum of £47k.

#### **THE FUTURE REVENUE BUDGET IMPACT**

9. There are no additional revenue implications to this proposal as Lytham Hall is not a Council asset and is managed by the Heritage Trust for the North West on behalf of Lytham Heritage Trust.

#### **RELEVANT VALUE FOR MONEY ISSUES**

10. The Heritage Trust for the North West have put a specialist team together to develop the proposals to RIBA Stage H. The team comprises of Historic Architect, Quantity Surveyor, CDM Coordinator and they were selected as specialists based on their skills, knowledge and

experience to deliver the heritage restoration of Lytham Hall. The £30,000 Coastal Revival Fund is to cover the consultant's fees to design the work and get it out to tender and some advance work prior to the start of the main contract.

11. The Heritage Trust for the North West will be awarding a contract for the external works to Lytham Hall. Tenders have been received from 5 contractors, and the Trust has decided to award the contract to Bullen Conservation Ltd. Their tender was the lowest at £892,888. The others ranged from £932,427 to £1,068,118. The two other projects are £10,000 or less, and the Trust will be obtaining three quotations for each project work.

#### **RISK ASSESSMENT**

12. A risk assessment is not required for this type of project. The risk to the Council involves taking on the responsibility and accountability for the spending of grant monies and the delivery of planned outcomes. The accountable body undertakes to pay back any grant which is deemed to relate to either spend that is not eligible for funding or to schemes that do not fully deliver their planned outputs.

#### **VIABLE ALTERNATIVES**

13. Not applicable this is a grant to the Lytham Hall (Heritage Trust North West.)

#### **OBJECTIVES, OUTPUTS AND OUTCOMES**

14. The objectives, outputs and outcomes of the project are:
  - Restoration of the Georgian/rear of the Jacobean Hall, introduction of the original colour scheme and re-roofing works
  - Creation of Joinery Workshop
  - Preparation of Conservation Management Plan
  - Achieve the ambitions of the local community
  - Improved access for all
  - Achievement of corporate objectives
    - Place – “High quality vibrant parks and open spaces throughout the borough’
    - Place – “To achieve over 80% customer satisfaction with parks and open space by 2016”
    - Prosperity – “A vibrant and growing tourist sector”

#### **DRAWINGS AND PLANS (AS APPROPRIATE)**

15. There are no plans or drawings appended to this report.

#### **CONCLUSION**

16. ‘The proposal is to act as the Accountable Body to administer a project to facilitate the restoration of Lytham Halls historic fabric ,create a joinery workshop and prepare a restoration management plan for the grounds of Lytham Hall. The £47,000 funding will be paid to the Council directly by the Department of Communities and Local Government. The project will be delivered by the Lytham Hall (Heritage Trust for the North West) through the Councils capital programme. The Council will ensure that the Heritage Trust for the North West complies with the Councils financial regulations and contract rules and procedures and delivers the desired outputs/outcomes of the project.

IMPLICATIONS	
Finance	<p>This report requests that the committee approve a fully funded addition of £47,000 to the Councils 2015/16 Capital Programme towards the restoration of Lytham Hall to be met from a grant from the Coastal Revival Fund in the same amount.</p> <p>The report also requests approval of a single payment of the grant upon the receipt of supporting invoices from Lytham Hall (Heritage Trust North West).</p> <p>The report further requests that the Committee note that the delivery of the project is to be achieved through the engagement of consultants/contractors and suppliers to deliver the various elements of the project in line with the Councils financial regulations and contract rules and procedures.</p> <p>The role of ensuring compliance with the grant conditions will be undertaken by officers from the Leisure and Cultural Services Team at no additional cost to Fylde Council.</p>
Legal	An agreement will have to be drawn up between the Heritage Trust North West and the Council concerning the delivery of the specific outcomes.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	TEL	DATE	DOC ID
Darren Bell	658465	January 2016	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
T&L Minutes		<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

# DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	6

## FINANCIAL FORECAST UPDATE (POSITION AS AT JANUARY 2016)

### PUBLIC ITEM

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

#### SUMMARY

This report provides Members with an update of the financial forecast for the five years 2015/16 to 2019/20. It now includes the impact of the Local Government Finance Settlement, details of which were announced on 17th December 2015. For Fylde Council, along with most other district councils, the key factor in the settlement is the proposal of an optional four-year settlement, accompanied by a significant reduction in the estimated level of central government funding for future years. Although a certain degree of reduced future funding had been anticipated, and had already been reflected in the latest Financial Forecast Update that was presented to Council in December 2015, the scale and the rate of the funding reduction is greater than was expected and represents a significant challenge to Fylde Borough Council in the coming years.

The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information is made available.

#### RECOMMENDATION

The Committee are recommended :

1. To note the implications of this updated financial forecast, and to also note that this update report will be presented to the Council meeting on 8<sup>th</sup> February 2016.

#### CORPORATE PRIORITIES

To Promote the Enhancement of The Natural & Built Environment ( <b>Place</b> )	√	To Encourage Cohesive Communities ( <b>People</b> )	√
To Promote a Thriving Economy ( <b>Prosperity</b> )	√	To Meet Expectations of our Customers ( <b>Performance</b> )	√

## **SUMMARY OF PREVIOUS DECISIONS**

The Council set its budget for 2015/16 at the meeting of 3<sup>rd</sup> March 2015. This report provides Members with a further update to the financial forecast following the position that was considered by this Committee in November 2015 & Council in December 2015. This update includes the impact of any changes experienced since that date, including the Local Government Finance Settlement that was announced in late December 2015.

## **REPORT**

### **1. PURPOSE OF THE FINANCIAL FORECAST UPDATE**

- 1.1 This report updates the financial forecast which was considered by this Committee in November 2015 & by Council in December 2015. Attached at Appendix A is the financial forecast position reported to Members at that time. Appendix B shows the general assumptions underpinning the base forecast, whilst Appendix C sets out the latest changes and Appendix D sets out the supporting narrative to the latest changes. **Appendix E details the latest updated forecast position.**
- 1.2 The forecast has been updated to reflect the impact of the Local Government Finance Settlement, details of which were announced on 17<sup>th</sup> December 2015.
- 1.3 This latest financial forecast update is designed to:
  - Present an updated five-year financial forecast for revenue and capital spending following the announcement of the Local Government Finance Settlement in December 2015;
  - Review and update the currently identified risks and opportunities;
  - Alert Members to any new specific risks and opportunities;
  - Inform Members of any changes required to budgets due to external factors outside the Council's control; and,
  - Provide a basis on which Members can begin to make future spending decisions.

### **2. THE CAPITAL PROGRAMME**

- 2.1 The latest in-year position on the Capital Programme, along with the associated financial risks, is contained within a separate report for consideration at this meeting and has also been reported to each of the Programme Committees as part of the January cycle of meetings.
- 2.2 Any future capital financing issues facing the Council will be addressed as part of the Council's Budget proposals which will be published in mid-February 2016.

### **3. KEY CHANGES TO THE GENERAL FUND REVENUE BUDGET FORECAST**

- 3.1 All financial risks as set out in the Financial Forecast update considered by this Committee in November 2015 & Council in December 2015 still remain. The key changes to the General Fund Revenue Forecast are those arising from the Local Government Finance Settlement, together with some further in-year revenue budget changes. These are detailed below:



i) Local Government Finance Settlement

a) Background

In July 2015 the Government published the document '**A country that lives within its means - Spending Review 2015**'. The main focus of the document was to set out the government's intention of identifying the further savings in government expenditure that are necessary to achieve the stated objective of eliminating the national budget deficit by the end of the current parliament i.e. by 2019/20. To achieve this goal the government will be required to reduce annual public spending by around £37bn. Within the document is included the following intention: '**As part of the Spending Review, the government will look at transforming the approach to local government financing...**'

In a major announcement made to the Conservative Party Conference in October 2015, the Chancellor of the Exchequer, George Osborne, set out plans for local government to retain 100% of business rates revenues by 2020. Entitled 'devolution revolution' the stated aim of this reform is to ensure all income from local taxes goes on funding local services, so helping fix the current 'broken' system of financing local government. As a further incentive, local areas would be allowed to keep the full benefit from growing their business rates yield as a reward for promoting growth. The announcement is, therefore, effectively about 100% retention of growth in business rates by local authorities. The clear intention behind this policy is to incentivise local councils to attract, retain and support the growth of businesses in order to deliver economic growth.

However, in return for full business rates retention it was announced that 'Core Grant' would be phased out and local government will also be asked to take on new, as yet unnamed responsibilities, but which are thought to be centred on economic growth, to ensure the reforms are fiscally neutral.

b) Key Features of the December 2015 Settlement

The main document detailing the Local Government Finance Settlement is entitled "Provisional local government finance settlement 2016 to 2017 and an offer to councils for future years". Full details of the settlement can be found at the following link:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2016-to-2017>

The proposal is a four-year settlement. Giving councils the option of longer-term funding settlements is a significant development compared to previous one and two year allocations. However the figures for 2017/18 and beyond are part of an offer to any council that wishes to take it up. This will be conditional on councils publishing an efficiency plan. It is unclear what the efficiency plan needs to contain and it is unclear what the alternative is for any council which does not take up the offer.

No information is provided regarding what the alternative levels of central government funding might be if councils do not accept the four-year proposal, although it is unlikely that funding on a year-by-year basis would be at higher levels than those contained within the four-year proposal.

Therefore for the purposes of this Financial Forecast Update it is assumed that central government funding will be in line with that shown in the four-year funding proposal.

**There is a general principle being applied through the Funding Settlement that the demand and cost pressures on particular services, specifically adult social care, are being addressed by the allocation of significant additional funding to authorities which provide those services (i.e. Upper-tier and Unitary Councils) accompanied by a corresponding reduction in funding for those authorities (including Fylde Council) which do not.**

Taking into account the full range of ways in which councils can raise money, the 2015 Spending Review announced a 'flat cash' settlement for councils **IN TOTAL** over the next four years. This calculation however assumes increases in Council Tax at an average of 1.75% per annum and includes additional funding from existing allocations directed towards supporting pressures on social care budgets, including reductions in New Homes Bonus allocations. There are therefore winners and losers, with Fylde Council appearing to be firmly in the latter category.

The Settlement proposes distributional changes, including an equal percentage reduction in settlement core funding for different authorities of the same type. Different councils will have different views about this depending upon whether they are winners or losers. The change in Core Spending Power levels across all local authorities over the next four year period range from **reductions** of up to 17.1% and **increases** of up to 9.8% with Fylde being towards the 'wrong' end of the range with a reduction of 14.1%.

**In summary the settlement provides a significantly reduced forecast spending power figure for Fylde of £8.7m in 2019/20, compared to spending power in 2015/16 of £10.2m.**

Challenges ahead include those arising from general inflation, increases in demand for everyday services as the population grows and increases in core costs such as national insurance, the Living Wage and pension contributions, together with the impact of the Lancashire Waste cost-sharing funding reduction.

The headline figures announced of a flat-cash settlement could be viewed as distorting the true grant allocation figures, as for the first time the settlement calculations includes assumed council tax increases for future years.

Table 1 below shows an analysis of the estimated central government funding allocations for Fylde Borough Council between 2015/16 and 2019/20 as detailed in the settlement:

**Table 1: Estimated central government funding allocations for Fylde as set out in the settlement**

Adjusted Settlement Funding Assessment (RSG and NNDR)	New Homes Bonus	Total	Adjusted Settlement Funding Assessment (RSG and NNDR)	New Homes Bonus	Total	Change between 2015-16 and 2019-20 in central government funding	% change
2015-16	2015-16	2015-16	2019-20	2019-20	2019-20		
£3.258m	£1.660m	<b>£4.918m</b>	£1.623m	£1.129m	<b>£2.753m</b>	<b>-£2.615m</b>	<b>-44%</b>

The table shows a reduction in central government funding allocation of £2.615m or 44% over the period which will present a significant challenge to Fylde Borough Council. An element of these reductions for Fylde had already been anticipated in the Council's latest financial forecast, but not to this level.

c) Revenue Support Grant

The consequence of the announcement that 'core funding' would be phased-out by 2019/20 produces a profile of forecast Revenue Support Grant that is far steeper in terms of the level of future reductions in grant than was previously predicted, that being at a level of reduction at 28% per annum to reflect the scale of reductions in previous years. This is illustrated in Table 2 below.

**Table 2: Forecast Revenue Support Grant - Funding Settlement Impact**

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>December Financial Forecast Update – Estimated Grant Amount</b> (Reduction at historic level of 28% per annum)	1,443	1,039	748	538	388
<b>Estimated Grant Amount per Funding Settlement December 2015</b>	1,443	861	354	47	-

#### d) New Homes Bonus

The government is consulting on significant changes to the New Homes Bonus Scheme, with a preferred option to achieve savings of £800m by 2020 which will affect the funding receivable by councils through the scheme.

Key issues within the consultation include:

- Reducing overall costs by moving from 6 years of payments to 4 years of payments;
- No changes proposed for 2016/17
- Proposal from 2017/18 to reduce payments from 6 to 4 years, or to go further and reduce payments to 3 or 2 years
- Possible transition period to pay 5 years in 2017/18 then 4 years from 2018/19

To reform the scheme in order to better reflect authority's performance on housing growth, options being considered include:

- Withholding the bonus in areas where no local plan has been produced;
- Reducing payments for homes built on appeal; and
- Only making payments for delivery above a baseline representing deadweight.

The impact of these proposed changes to the scheme result in a much-reduced income projection for Fylde Council, as contained within the draft funding offer for future years as shown in Table 3 below. Actual grant amounts are subject to change arising from a range of influences, including the outcome of the consultation process (and which if any of the proposals are adopted) and the actual rate of housing growth within the borough.

**Table 3: Forecast New Homes Bonus - Funding Settlement impact**

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>December Financial Forecast Update – Estimated Amount</b>	1,660	1,856	1,877	1,871	1,863
<b>Estimated Grant level per Funding Settlement December 2015</b>	1,660	1,863	1,873	1,177	1,129

#### e) Council Tax

The referendum principle for 2016/17 is proposed to be 2 per cent, with the exception of Police and Crime commissioners and shire district authorities which are in the lowest quartile by council tax level, for which a higher limit of either 2 per cent or £5 (on a Band D bill) applies – this does not include Fylde. The settlement is silent on Council Tax Freeze Grant going forward, the assumption being that this will no longer be offered to Councils who freeze, with assumed increases of an average 1.75% per annum already built into the government's forecasts of local authority spending power.

In addition, social care authorities will be able to increase their council tax by 2 per cent over the existing referendum threshold, with the proviso that the additional 2 per cent 'social care precept' is spent on adult social care services. This will have to be separately itemised on council tax bills. Fylde Council is not affected by this element of the settlement in terms of its own precept, although residents may be liable for the additional charge should Lancashire County Council decide to levy this additional element of Council Tax.

#### f) Retained Business Rates

There are no changes to the current business rates retention scheme for 2016/2017. The Government will consult "in summer 2016" on the introduction of 100 per cent business rates retention, including what it describes as the right model of devolution and level of flexibility. The scheme will allow for retention of business rates by local government at the macro level, not for individual authorities to retain all of their own rates collected locally. The settlement states that: "By the end of the Parliament local government will retain 100% of business rate revenues to fund local services, giving them control of £13 billion of additional local tax revenues, and £26 billion in total business rate revenues". The DCLG have confirmed that these arrangements will come into place from 2020/21 **together with as yet unspecified "additional responsibilities devolved to local authorities"**.

The 4-year settlement figures provided by the DCLG include updated indicative business rate retention figures at the baseline level throughout the four year settlement period. For Fylde Council these are shown in Table 4 below.

**Table 4: Forecast Business Rate Funding - Funding Settlement impact**

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>December Financial Forecast Update – Estimated Amount</b> (Set at 'Safety Net' level)	1,625	1,657	1,690	1,724	1,759
<b>Estimated Grant level per Funding Settlement December 2015</b> (At baseline from 2016/17 onwards)	1,625	1,771	1,806	1,859	1,623

NB: All the figures quoted in the settlement and contained within this report from 2016/17 onwards include business rates (or NNDR) at the **BASELINE** level. There is the possibility therefore of the Council's financial position being improved as a result of additional business rates above the baseline level being generated in the borough, or via additional new home bonus generated from extra new homes beyond the level assumed in the settlement.

#### g) The Better Care Fund

The Settlement confirms the continuation of the Better Care Fund (BCF) and additional funding for adult social care through the BCF worth £1.5 billion by 2019/2020. In the interim years, the additional funding through the BCF will be worth £105 million in 2017/2018 and

£825 million in 2018/2019. This funding will be allocated as a specific grant. The allocations of Disabled Facilities Grant that Fylde Council receive are funded from the BCF.

#### h) A more flexible use of capital receipts

The settlement proposes that between April 2016 and March 2019 councils will be able to use new capital receipts to pay for the revenue set-up costs of projects that are designed to make revenue savings in the future. It will be for individual local authorities to decide if a project qualifies. In order to qualify, councils will be required to prepare an annual efficiency strategy listing all qualifying projects and this strategy, and any variations to it, will need to be approved by full council.

The guidance includes examples of eligible projects to transform service delivery or deliver efficiency savings, including:

- integrated services across different functions
- shared services across different authorities
- new ways of working such as digital service delivery
- joint working such as joint procurement or selling services to other authorities.

The guidance gives few examples of the type of revenue costs that might be incurred on these projects, but these might include feasibility studies, pilot schemes, consultancy fees, redundancy payments, lease buyouts, equipment disposal, staff training or website development. The guidance is clear that only initial set-up costs may be capitalised, not on-going running costs.

#### i) Rural Services Funding

Government funding through the Rural Services Delivery Grant will continue. The Government will top slice £20 million from Revenue Support Grant in 2016/2017 to pay as a non-ringfenced Section 31 grant to the upper quartile of authorities based on the super-sparsity indicator. This funding will increase to £65 million over the four year period of the Settlement. Fylde Council does not qualify for this grant.

### 3.2 Other Revenue Budget Adjustments

Alongside the adjustments to the financial forecast that have been made as a consequence of the Financial Settlement a further review of budgets and actual income and expenditure levels has been carried out. A number of budget adjustments for both the current and for future years have resulted from this analysis. Explanations of the most significant adjustments are provided at Appendix D to this report.

### 3.3 Other Continuing Financial Risks

In addition to the strain that is placed upon the Councils financial position in the latter years of the forecast as a consequence of the Spending Review announcements, all of the other

financial risks that were detailed within the previous Financial Forecast Update that was presented to the Council in December 2015 still remain. These are:

- **Waste Recycling Cost Sharing Arrangements (Lancashire County Council)**
- **Planning Appeal and Judicial Review Costs**
- **Reduction in Housing Benefit Administration Grant**
- **Universal Credit**
- **Grounds Maintenance (External Contracts)**
- **Changes in Council Tax, and Capping Regulations**
- **The Living Wage**
- **Community Infrastructure Levy (CIL)**
- **Lowther Gardens Trust**

Full details of each of these can be found within the December 2015 Financial Forecast report via the following link:

[www.fylde.gov.uk/December2015FinancialForecast/](http://www.fylde.gov.uk/December2015FinancialForecast/)

#### **4. CONCLUSIONS**

- 4.1 As has been detailed within previous updates to the Financial Forecast, the Council was already facing a number of uncertainties in the future in respect of its finances and was already anticipating reductions in central government funding for future years. The much greater funding reductions that were announced as part of the December 2015 Local Government Finance Settlement have increased the risk to the Councils financial stability.
- 4.2. Of particular note amongst those risks that were already known is the ending of the income that the Council currently receives under the Waste Recycling Cost Sharing Arrangements with Lancashire County Council from 2018/19.
- 4.3 One of the major new risks to the Councils financial position that the Spending Review has brought is the risk to the receipt of New Homes Bonus over and above the reduced grant estimates as shown in Table 3 of this report. There are a number of options that the Government will consider following a consultation process. These are specifically:
- The withholding of New Homes Bonus in areas where no local plan has been produced;
  - Reduced levels of New Homes Bonus for homes that are built following an appeal; and
  - Only making payments for the delivery of new homes above a baseline representing 'deadweight' i.e. an expected annual level of 'natural' growth.
- 4.4 In light of the additional challenges that are presented by the recent Finance Settlement and as detailed within this report, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contribute to reserves over recent years. Through continued focus on the importance of financial stability

the Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to the increased challenges.

- 4.5 This work has already commenced. Since the announcement of the Financial Settlement in December a series of meetings with the Councils Management Team and budget-holders during early 2016 have produced some significant re-assessments of future year budget requirements and some more challenging income expectations. This has had the effect of going some way towards reducing the funding gap, particularly in the final years of the forecast, from that which the Finance Settlement initially created. The effect of these changes is detailed in Appendices C and D to this report. Additional actions will be necessary to further address the remainder of the funding gap over the course of the coming years.
- 4.6 As part of that continued approach the Council's priorities for improvement remain and the Council needs to continue with the overall strategy making any changes it feels are relevant whilst recognising the future uncertainties that exist.
- 4.7 The assumptions that are contained within the Forecast Update are the latest best estimates and will be updated as and when further information is available. External pressures outside the Council's control are being experienced by many local authorities, and instructions remain in place that budget-holders should remain prudent and not commit to any unnecessary expenditure. This approach saves money and may result in an under-spend this year.
- 4.8 Further revisions to the figures and assumptions in this update will be necessary over the coming months and updates to the forecast will be prepared on a regular basis.
- 4.9 **At this point the finances of the Council remain robust - at least for a number of years. Members must, however, remain cognisant of the risks that are detailed within this report and note that action will be necessary to find means of further reducing the gap between in-year income and expenditure in later years of the forecast as shown in Appendix E of this report. The level of reserves that has been generated in recent years provide an important 'window of opportunity' during which the Council can consider how it can best address the budgeted gap from 2018/19 onwards in a controlled and measured way.**



IMPLICATIONS	
Finance	The financial implications are set out in the body of the report.
Legal	None arising directly from the report.
Community Safety	None arising directly from the report.
Human Rights and Equalities	None arising directly from the report.
Sustainability and Environmental Impact	None arising directly from the report.
Health & Safety and Risk Management	None arising directly from the report.

REPORT AUTHOR	TEL	DATE	DOC ID
Paul O'Donoghue Chief Financial Officer	(01253) 658566	January 2016	
LIST OF BACKGROUND PAPERS			
Name of document	Date	Where available for inspection	
Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2014/15 – 2018/19	Budget Council meeting 3 <sup>rd</sup> March 2015	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>	
MTFS – Outturn Position For 2014/15 (Including General Fund, Capital Programme & Treasury Management)	Cabinet meeting 22 <sup>nd</sup> June 2015	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>	
Revenue Budget Monitoring Report 2015/16 – to 31 <sup>st</sup> July 2015	Finance and Democracy Committee meeting 28 <sup>th</sup> September 2015	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>	
Capital Programme Monitoring Report 2015/16 – to 31 <sup>st</sup> July 2015	Finance and Democracy Committee meeting 28 <sup>th</sup> September 2015	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>	
Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2015/16 – 2019/20	Council meeting 14 <sup>th</sup> December 2015	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>	

#### Attached documents

1. Appendix A – Forecast approved at Council on 3<sup>rd</sup> March 2015
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendix C – Schedule of unavoidable changes to the forecast
4. Appendix D – Narrative on unavoidable changes to the forecast and specific assumptions to support Appendix C
5. Appendix E – Updated latest forecast position

**General Fund Budget Forecast 2015/16 to 2019/20 as at December 2015**

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Adverse / Favourable
<b>Forecast approved at Budget Council on 3rd March 2015</b>	<b>9,991</b>	<b>9,979</b>	<b>10,007</b>	<b>11,029</b>	<b>11,029</b>	<b>Favourable</b>
Forecast changes - per Appendix C of December 2015 MTFS	- 802	- 226	- 188	- 243	285	
<b>Forecast Budget Requirement</b>	<b>9,189</b>	<b>9,753</b>	<b>9,819</b>	<b>10,786</b>	<b>11,314</b>	<b>Favourable</b>
<b>Financed by:</b>						
Revenue Support Grant	1,443	1,039	748	538	388	
Business Rates Funding - Safety Net Level	1,625	1,657	1,690	1,724	1,759	
Council Tax Freeze Grant relating to 2015/16 freeze	59					
Estimated Council Tax Freeze Grants						
Less - Parish Element of Council Tax Support Funding	- 69	- 69	- 69	- 69	- 69	
Sub Total	3,058	2,627	2,369	2,193	2,078	
Council Tax (including Collection Fund Surplus/Deficit)	5,248	5,396	5,543	5,693	5,847	
<b>Other grants</b>						
New Homes Bonus	1,660	1,854	1,875	1,869	1,861	
<b>Forecast Financing</b>	<b>9,966</b>	<b>9,877</b>	<b>9,787</b>	<b>9,755</b>	<b>9,786</b>	
<b>Forecast surplus(-)/deficit for year</b>	<b>- 777</b>	<b>- 124</b>	<b>32</b>	<b>1,031</b>	<b>1,528</b>	
<b>Reserves</b>						
<b>Forecast surplus/deficit(-) for year from above:</b>	777	124	- 32	- 1,031	- 1,528	
Less: Contribution to Accommodation Project Reserve	- 504					
<b>Balance of surplus/deficit(-) remaining:</b>	273	124	- 32	- 1,031	- 1,528	
<b>Balance of General Fund Reserves b/f</b>	5,443	5,716	5,840	5,808	4,777	
Less transfer to/from(-) General Fund Reserves in year	273	124	- 32	- 1,031	- 1,528	
<b>Forecast Reserves at Year End</b>	<b>5,716</b>	<b>5,840</b>	<b>5,808</b>	<b>4,777</b>	<b>3,249</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£185.79</b>	<b>£189.51</b>	<b>£193.30</b>	<b>£197.17</b>	<b>£201.11</b>	
<b>Council Tax Increase</b>	<b>0.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	

### General Assumptions

The forecast has been prepared on the basis of the following assumptions:

- General Prices Inflation – a freeze or cash-limiting of all general revenue expenditure budgets with the exception of pay, fuel & utility budgets;
- Slippage - underspend items from 2014/15 agreed by Cabinet in June 2015 have been slipped into 2015/16;
- Pay award - assumed to be 1% per annum from 2016/17 onwards throughout the forecast;
- Employers Pension Contributions – the Council’s contribution to the Lancashire pension fund scheme is set in accordance with the outcome of the most recent Triennial Pension Review at 12.5% plus 9% deficit recovery lump sum payment for the period to 2016/17; any amendments resulting from the next review will be reflected in later updates to the Financial Forecast;
- Employer’s National Insurance contributions – the forecast reflects the statutory contribution rates currently in place, including a reduced contribution rate as a result of the Council being part of the pension scheme. This reduced rate will increase due to the introduction of a Single Tier Flat Rate State Pension from April 2016, and the impact of this has been reflected in the forecast;
- Council tax increases – 1.99% increase per annum is assumed within the forecast from 2016/17 onwards in line with latest government announcement on the 2% increase threshold for Council Tax increases without the prior need for a referendum;
- Revenue Support Grant - from 2016/17 onwards the forecast reflects levels of grant as shown within the December 2015 four-year Finance Settlement offer;
- New Homes Bonus - from 2016/17 onwards the forecast reflects levels of grant as shown within the December 2015 four-year Finance Settlement offer;
- Retained Business Rates - from 2016/17 onwards the forecast reflects levels of grant as shown within the December 2015 four-year Finance Settlement offer;
- Fees and Charges – income is shown at the fee levels in operation during 2015/16 for all services other than the Crematorium for which a degree of future price increases is built into the income budgets. For all other services fees and charges for future years will be determined at the Budget Council meeting in March 2016 and any changes to future income budgets will be made at that point;
- Vacancy Savings – the forecast assumes £200k per annum savings target from 2016/17 onwards;
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no cost to the Council from 2016/17 onwards in line with the decision on the 2016/17 scheme as agreed at the Council meeting in December 2015.

## Appendix C

### Forecast changes since Council December 2015:

	15/16 £000	16/17 £000	17/18 £000	18/19 £000	19/20 £000	ADVERSE / FAVOURABLE / NEUTRAL
<b>1 CHANGES AS A RESULT OF MEMBER APPROVALS:</b>						
Kirkham Public Offices Building/Extension to Service Level Agreement With Citizens Advice Bureau	-12	-8	-8	-8	-8	FAVOURABLE
<b>2 BUDGET RIGHTSIZING EXERCISE:</b>						
Revenue impact of budget right-sizing exercise across all budget areas of the Council	-12	-5	-5	-5	-5	FAVOURABLE
<b>3 UPDATED ESTIMATES OF INCOME BUDGETS:</b>						
Increase in Crematorium Income forecasts		-56	-81	-106	-131	FAVOURABLE
Increase in income from CAMEO scheme	-16					FAVOURABLE
Increase in Planning Application Fee Income forecasts	-153	-50	-50	-50	-50	FAVOURABLE
Reduction in Planning Appeals budget provision			-25	-25	-25	FAVOURABLE
Increase in car parking income forecasts	-67	-50	-50	-50	-50	FAVOURABLE
Increase in sandwinning income forecasts	-15		-50	-25	-25	FAVOURABLE
<b>4 STAFFING COSTS:</b>						
Updated estimate for employee/agency labour costs - increases to the Living Wage hourly rates		26	64	58	77	ADVERSE
Additional in-year vacancy savings target	-84	-100	-100	-100	-100	FAVOURABLE
<b>5 OTHER FORECAST CHANGES</b>						
Land Charges - New Burdens Grant (Received Nov 2015)	-74					FAVOURABLE
Bank Charges - increase in card processing charges for customers paying by Debit Card	5	5	5	5	5	ADVERSE
Savings on fuel costs	-41	-20	-20	-20	-20	FAVOURABLE
Net savings from revised borrowing assumptions and interest rate forecasts	-10	-181	-120	-100	-184	FAVOURABLE
<b>TOTAL</b>	<b>-479</b>	<b>-439</b>	<b>-440</b>	<b>-426</b>	<b>-516</b>	<b>FAVOURABLE</b>

## Appendix D

The following notes relate to specific adjustments made to the Forecast set out in Appendix C

(1) Changes as a Result of Member Approvals

The forecast that was approved by Budget Council in March 2015 has been updated to reflect the financial impact of Member decisions made since then.

(2) Recurring savings from right-sizing exercise across all budget areas of the Council

Officers gave a commitment to Members following the 2011/12 outturn position to review underspends across the Council. This exercise was first carried out in autumn 2012 and is now well-embedded within the working practices of the Council, resulting in significant levels of favourable adjustments, the latest of which have been reflected in this revised forecast.

(3) Increased Crematorium Income forecasts

Income from cremations in recent years has been significantly higher than the budgeted level. Consequently the forecast income expectations for future has been reviewed and a more challenging income budget has been established.

(4) Crematorium - CAMEO Scheme Income

The forecast has been updated to reflect the impact of the introduction of the 'Cameo' scheme in respect of the government directive on emission reductions. The replacement of cremators in recent years at Lytham Park Crematorium (which meet the new environmental emissions standards) results in the receipt of income to Fylde Council through the CAMEO scheme, this being funded by payments into the scheme by authorities who do not operate cremators that comply with the revised emissions regulations.

(5) Increase in estimated Planning Application Fee Income

Planning application fee income is dependent on the number and nature of applications received. A number of significant applications have been received towards the end of the last financial year and during the early part of this year. The income estimate has been reviewed and increased budgets have been established for both the current year and for future years of the forecast.

(6) Reduction of Forecast Planning Appeal Costs

The reduction in the cost to the Council of planning appeals in recent years has benefitted the Council. Future year's budgets have been reviewed, resulting in a saving which is reflected in this financial forecast update.

(7) Increase in estimated Car Park income

Income from Car Parks is difficult to predict and is, to a significant extent, dependent upon weather conditions during the key holiday periods. However income has exceeded the estimates for a number of years and a further review of the income budgets has resulted in increases in the levels of income expectations for future years which has a positive effect on this financial forecast update.

(8) Increase in Sand-winning Income forecasts

Income from the sale of sand in the year to date has been higher than the forecast amount and consequently this income budget for the current year and for future years has been reviewed resulting in increases to the income budgets. The increase in income may be a consequence of greater levels of activity in the construction industry, and the consequential demand for sand as a building material, possibly reflecting an upturn in the house-building market.

(9) Staffing Costs

The forecast assumes an estimated 1% pay award per annum from 2016/17. Salary estimates are based upon a revised assessment of the base level of salary costs to reflect any staffing changes that have occurred since the last point of calculation.

The adoption of the Living Wage Foundation hourly rate and the announcement of a National Living Wage from April 2016 will have implications for some grades of Council employees and for agency labour costs in future years. The forecast has been updated to reflect those estimated additional costs.

The forecast that was approved by Council in March 2015 had an assumed level of 'turnover savings' (delays in the recruitment to vacant posts) of £75,000 per annum from 2015/16 onwards. This was increased to a future year's savings target of £100,000 per annum as part of the December 2015 Financial Forecast update. For the current year actual savings to date are already in excess of this target. Accordingly, the turnover savings targets for the current year and for the remainder of the forecast period have been updated. The savings target for 2016/17 onwards is now set at £200,000 per annum to reflect a revised estimate of the level of future savings.

(10) Land Charges New Burdens Grant

In November 2015 the Council was advised that it was to receive an additional central government grant to compensate for refunds of Land Charges fees that were made following a legal challenge to the sale of unrefined data under the Environmental Information Regulations 2004. This grant has been reflected in the updated Financial Forecast.

(11) Bank Charges – Card Processing Costs

Unlike many organisations the Council does not levy a fee for the use of credit cards for making payments to the Council which results in a charge to the Council. In the current year those charges have increased, the impact of which has been reflected in the updated Financial Forecast. This issue is to be reviewed with the option of levying a charge for such payment methods in the future.

(12) Reductions in Fuel Costs

There has been an underspend on fleet fuel costs largely as a result of lower wholesale diesel prices since July 2015 and improved driver awareness of economical driving techniques. The impact of this underspend has been reflected in the updated Financial Forecast for 2015/16 and, to a lesser degree, for future years. Fuel budgets will be kept under review in the light of wholesale fuel costs which are subject to a high degree of volatility. Further savings may be achievable in later years if the fuel price remains at this comparatively low level.

(13) Net savings from revised borrowing assumptions and interest rate forecasts

The forecast has been updated to reflect both:

- the latest estimated cost of borrowing required in order to fund expenditure approved within the capital programme and revised assumptions regarding the likelihood of further external borrowing in future years; and
- the latest estimate of investment interest estimated to be received on cash balances and reserves which the Council invests as part of daily treasury management activities.



# Appendix E

## Latest General Fund Budget Forecast 2015/16 to 2019/20

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Adverse / Favourable
<b>Forecast approved at Council on 14th December 2015</b>	<b>9,189</b>	<b>9,753</b>	<b>9,819</b>	<b>10,786</b>	<b>11,314</b>	<b>Favourable</b>
Forecast changes - per Appendix C	- 479	- 439	- 440	- 426	- 516	
<b>Forecast Budget Requirement</b>	<b>8,710</b>	<b>9,314</b>	<b>9,379</b>	<b>10,360</b>	<b>10,798</b>	
<b>Financed by:</b>						
Revenue Support Grant	1,443	861	354	47		
Business Rates Funding - BASELINE	1,625	1,771	1,806	1,859	1,623	
Council Tax Freeze Grant relating to 2015/16 freeze	59					
Less - Parish Element of Council Tax Support Funding	- 69	- 66	- 66	- 66	- 66	
Sub Total	3,058	2,566	2,094	1,840	1,557	
Council Tax (including Collection Fund Surplus/Deficit)	5,248	5,447	5,594	5,745	5,900	
<b>Other grants</b>						<b>Favourable</b>
New Homes Bonus	1,660	1,863	1,873	1,177	1,129	
<b>Forecast Financing</b>	<b>9,966</b>	<b>9,876</b>	<b>9,561</b>	<b>8,762</b>	<b>8,586</b>	
<b>Forecast surplus(-)/deficit for year</b>	<b>- 1,256</b>	<b>- 562</b>	<b>- 182</b>	<b>1,598</b>	<b>2,212</b>	
<b>Reserves</b>						
<b>Forecast surplus/deficit(-) for year from above:</b>	1,256	562	182	- 1,598	- 2,212	
Less: Contribution to Accommodation Project Reserve	- 504					
<b>Balance of surplus/deficit(-) remaining:</b>	752	562	182	- 1,598	- 2,212	
<b>Balance of General Fund Reserves b/f</b>	5,443	6,195	6,757	6,939	5,341	
Less transfer to/from(-) General Fund Reserves in year	752	562	182	- 1,598	- 2,212	
<b>Forecast Reserves at Year End</b>	<b>6,195</b>	<b>6,757</b>	<b>6,939</b>	<b>5,341</b>	<b>3,129</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£185.79</b>	<b>£189.49</b>	<b>£193.26</b>	<b>£197.11</b>	<b>£201.03</b>	
<b>Council Tax Increase</b>	<b>0.00%</b>	<b>1.99%</b>	<b>1.99%</b>	<b>1.99%</b>	<b>1.99%</b>	

# DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	7

## BUDGET SETTING 2016/17 – CONSIDERATION OF CAPITAL BIDS BY PROGRAMME COMMITTEES

### PUBLIC ITEM

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

### SUMMARY

The Council has a duty to manage its assets and capital resources in order to best deliver its objectives as set out in the Corporate Plan.

The consideration of capital bids for inclusion or otherwise within the Council's approved Capital Programme is a key component of the budget-setting process and contributes to the longer-term management of the Councils resources in an efficient and effective manner. During the November cycle of committee meetings each of the Councils programme committees considered those capital bids for 2016/17 which fall within their terms of reference.

This report provides Members with a summary of the recommendations of each of the programme committees in respect of the capital bids for 2016/17.

### RECOMMENDATION

The Committee are requested :

1. To note the recommendations of the Councils programme committees in respect of the capital bids for 2016/17.

### CORPORATE PRIORITIES

To Promote the Enhancement of The Natural & Built Environment ( <b>Place</b> )	√	To Encourage Cohesive Communities ( <b>People</b> )	√
To Promote a Thriving Economy ( <b>Prosperity</b> )	√	To Meet Expectations of our Customers ( <b>Performance</b> )	√

## SUMMARY OF PREVIOUS DECISIONS

The capital bids for 2016/17 have been previously considered by the relevant programme committee during the November cycle of committee meetings.

## REPORT

1. During the November cycle of committee meetings each of the Councils programme committees considered those capital bids for 2016/17 which fall within their terms of reference.
2. The recommendations of each programme committee in this regard are shown at Appendix A to this report.
3. A final decision with respect to additions to the capital programme for 2016/17 will be taken as part of the report to Budget Council in March 2016.

IMPLICATIONS	
Finance	There are no financial implications arising directly from this report. The financial impact of any subsequent additions to the capital programme for 2016/17 will be contained within the report to Budget Council in March 2016.
Legal	None arising directly from the report.
Community Safety	None arising directly from the report.
Human Rights and Equalities	None arising directly from the report.
Sustainability and Environmental Impact	None arising directly from the report.
Health & Safety and Risk Management	None arising directly from the report.

REPORT AUTHOR	TEL	DATE	DOC ID
Paul O'Donoghue Chief Financial Officer	(01253) 658566	January 2016	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

1. Appendix A – Capital Bids 2016/17 - Outcome of Consideration by Programme Committees

## Appendix A

### Capital Bids 2016/17 - Outcome of Consideration by Programme Committees

Ref	Scheme	Committee	2016/17 £000	2017/18 £000	2018/19 £000	Total £000	Committee Resolution
1	Warton-with-Westby Parish Council – Play Area	Tourism and Leisure Committee	50	-	-	50	It was RESOLVED: to support the proposed capital bids for Hope Street footways and the water play area project at the Promenade Gardens, St Annes in that priority order for further consideration by the Budget Working Group; and - <b>the bid relating to Bridges Playing Fields, Warton be not supported by the committee.</b>
2	Water Play Area – Promenade Gardens		-	100	-	100	
3	Hope Street Footways		24	-	-	24	
4	Lytham Park Chapel – Windbreak Canopy	Environment, Health and Housing Committee	60	-	-	60	It was RESOLVED that: the committee supported the proposed capital bid for further consideration by the Budget Working Group; and to note that a report in relation to Disabled Facilities Grants would be represented at the next meeting of the committee.
5	North Promenade Toilets	Operational Management Committee	84	-	-	84	It was RESOLVED: To recommend the proposed capital bids for Snowdon Road Depot Vehicle Wash-down Bay, Upgrading Public Convenience Facility on North Promenade Car Park and Bus Shelters in that priority order for consideration by the Budget Working Group; and - <b>To note that the Bus Shelters Capital bid is an agreement in principal pending the findings of a detailed report on all bus shelter provision in the borough that will be presented to the next meeting of the committee.</b>
6	Wash down facility - Snowdon Road depot		25	-	-	25	
7	Bus Shelter Replacement Programme		30	-	-	30	
	<b>Total</b>		<b>273</b>	<b>100</b>	<b>-</b>	<b>373</b>	

# DECISION ITEM



REPORT OF		MEETING	DATE	ITEM NO
MANAGEMENT TEAM		FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	8

## BUDGET SETTING – FEES AND CHARGES 2016/17

### PUBLIC ITEM

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

#### SUMMARY

Each year, as part of the budget-setting process, the schedule of fees and charges for the coming year (for each of the services that the Council provides) is reviewed by budget-holders prior to that schedule being considered by the relevant Programme Committee and finally being approved at the March Budget Council meeting.

Under the revised governance arrangements each Programme Committee is required to recommend to the Council for approval a schedule of fees and charges for those activities within the remit of the Committee.

This report requests that Members consider the proposed schedule of fees and charges for those services within the remit of this committee as detailed at Appendix A to this report and provide a recommendation to Council in this regard.

Note: A full schedule of proposed fees and charges for all Council services for 2016/17 is accessible at the link below:

<http://www.fylde.gov.uk/council/finance/fees-charges/>

#### RECOMMENDATION

**The Committee is requested to consider the schedule of fees and charges for those activities within the remit of this committee as detailed in Appendix A to this report and:**

1. To recommend to Council a proposed schedule of fees and charges applicable for 2016/17; and
2. To note that the final fees and charges for 2016/17 will be approved by the Budget Council in March 2016.

<b>CORPORATE PRIORITIES</b>			
To Promote the Enhancement of The Natural & Built Environment ( <b>Place</b> )		To Encourage Cohesive Communities ( <b>People</b> )	
To Promote a Thriving Economy ( <b>Prosperity</b> )	√	To Meet Expectations of our Customers ( <b>Performance</b> )	√

#### **SUMMARY OF PREVIOUS DECISIONS**

The proposed fees and charges for services that are within the terms of reference of each programme committee are recommended to Council for approval as part of the annual budget-setting process. There have been no previous decisions in respect of these fees and charges for 2016/17.

#### **REPORT**

- Each year, as part of the budget-setting process for the coming financial year, budget-holders are required to review the fees and charges that the Council applies to the range of services which it delivers.
- There are different considerations for assessing changes to the level of fees and charges depending upon the nature of the service. This is explained below:
  - For certain activities, for example some environmental health-related activities, fee levels are set by statute at a prescribed level. In respect of these types of activity the review of fees and charges is restricted to ensuring that the correct amount is approved by Council and is correctly applied for the forthcoming year;
  - For other types of charges in respect of services for which the Council has statutory responsibilities (for example in relation to licensing matters) fee levels must be set at an appropriate level such that only eligible costs are recovered. In respect of these types of activity the review of fees and charges comprises a review of costs and the adjustment of fees where necessary to avoid the under or over-recovery of costs. Where only minor discrepancies are found between costs and fee levels the charges may be left unchanged until the next review to avoid the costs associated with more regular leaflet re-printing etc.; and
  - For other activities which are not set by statute and for which the Council is not acting under statutory powers (e.g. games site fees) fee levels may be set at levels that are determined by the Council itself. In respect of these types of activity the review of fees and charges comprises a review of costs, a review of the fee levels of competitor providers and after a consideration of the likely effect on demand for the services and the total income that would be received at different fee levels.
- Fee levels for all services have been reviewed according to the differing criteria as described above and the Programme Committee is invited to consider and provide comments as appropriate.
- The role of the Council's Programme Committees in providing a recommendation to Council of a schedule of fees and charges for services within the remit of that committee is a key

part of the budget-setting process for the coming year. The final schedule of fees and Charges for all Council services will be considered by the Budget Council in March.

IMPLICATIONS	
Finance	The recommendation to Council of a schedule of proposed fees and charges for services within the remit of each Programme Committee is a key part of the budget-setting process for the coming year. This report requests that Members consider the schedule of fees and charges as detailed at Appendix A and provide a recommendation to Council as appropriate. Any financial implications from proposed changes to fees and charges will be quantified and reflected in the financial forecast contained in the final Medium Term Financial Strategy report to be considered by Budget Council in March 2016.
Legal	None arising directly from this report
Community Safety	None arising directly from this report
Human Rights and Equalities	None arising directly from this report
Sustainability and Environmental Impact	None arising directly from this report
Health & Safety and Risk Management	None arising directly from this report

LEAD AUTHOR	TEL	DATE	DOC ID
Management Team		December 2016	

LIST OF BACKGROUND PAPERS		
Name of Document	Date	Where available for inspection
Fees and Charges	December 2016	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

#### Attached documents

Appendix A – Fees and Charges Schedule – Finance and Democracy Committee

FINANCE AND DEMOCRACY COMMITTEE	VAT Code	Unit Of Charge	Variable Charge Discretionary (D) Prescribed (P)	<u>Approved</u> 2015/16 Fees & Charges £	<b>DRAFT</b> <b>2016/17</b> <b>Fees &amp; Charges £</b>
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<b><u>Revenues &amp; Benefits Service</u></b>					
<b>Council Tax Administration</b>					
Recovery of admin costs in issuing summonses & liability orders	d	Each	D	<b>75.00</b>	<b>75.00</b>
<b>Business Rates (NNDR) Administration</b>					
Recovery of admin costs in issuing summonses & liability orders	d	Each	D	<b>75.00</b>	<b>75.00</b>
<b><u>Electoral Services</u></b>					
<b>Register of Electors</b>					
Sale of copies :- (a) Data Format	d	Each	P	<b>20.00 plus £1.50 per 1000 names (or part)</b>	<b>20.00 plus £1.50 per 1000 names (or part)</b>
(b) Printed Format	d	Each	P	<b>10.00 plus £5.50 per 1000 names (or part)</b>	<b>10.00 plus £5.50 per 1000 names (or part)</b>
Price of a copy of return or declaration of election expenses (or accompanying document)	d	Each side	P	<b>0.20</b>	<b>0.20</b>
Sale of marked copies of Register	d	Each	P	<b>10.00 plus £2.00 per 1000 names (or part)</b>	<b>10.00 plus £2.00 per 1000 names (or part)</b>

**VAT Codes:**

**a** = Standard Rate    **c** = Exempt    **d** = Outside Scope    **e** = Zero Rated



# INFORMATION ITEM



REPORT OF		MEETING	DATE	ITEM NO
MANAGEMENT TEAM		FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	9

## GENERAL FUND REVENUE BUDGET MONITORING REPORT 2015/16 - POSITION AS AT 30<sup>th</sup> NOVEMBER 2015

### PUBLIC ITEM

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

### SUMMARY OF INFORMATION

The purpose of this report is to provide an update of the Council's General Fund (GF) Revenue Budget as at 30<sup>th</sup> November 2015 and specifically for those areas under the Committee's remit.

### SOURCE OF INFORMATION

Chief Financial Officer – the report is based upon information extracted from the Council's financial ledger system for the period to November 30<sup>th</sup> 2015.

### LINK TO INFORMATION

General Fund Revenue Budget monitoring Report to 30<sup>th</sup> November 2015:

<http://www.fylde.gov.uk/council/finance/budget-monitoring/2015-16/revenue/>

### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

This information is provided to enable the committee to consider and scrutinise periodic revenue budget monitoring reports for those areas under the committee's remit.

### FURTHER INFORMATION

Contact: Paul O'Donoghue (Chief Financial Officer)

Tel: 01253 658566

# GENERAL FUND REVENUE BUDGET MONITORING REPORT 2015/16 –

## POSITION AS AT 30<sup>TH</sup> NOVEMBER 2015

### Summary

The purpose of this report is to provide an update on the Council's General Fund Revenue Budget as at 30<sup>th</sup> November 2015. The report includes a narrative description of the most significant variances from the profiled latest budget and details any actions required to address these. Appendix A to this report shows the value of the most significant variances (those in excess of £5k) for all of the Council services by Committee and provides a brief explanation for each variance.

### 1. Background

- 1.1 The Council operates a system of Revenue Budget Monitoring which revolves around the production of detailed monthly monitoring reports for budget holders. Significant variances from the expected budget position at the point of monitoring, both for expenditure and income, are summarised in monitoring reports which are periodically reported to each Programme Committee for information purposes. This report therefore details the findings and issues emerging from budget monitoring carried out to 30<sup>th</sup> November 2015.
- 1.2 It should be noted that work continues on improving budget profiling across the Council in order that budget profiles more accurately reflect the spending pattern of individual budgets across the financial year. This serves to enhance budget monitoring and focus attention on true variances rather than budget profiling issues. This is a continuous process with budget holders so that the improved profiling continues to refine the budget monitoring system.
- 1.3 Council approved the 2015/16 budget at its meeting on 3<sup>rd</sup> March 2015. Subsequently on 22<sup>nd</sup> June 2015 Cabinet approved the Council's outturn position for 2014/15. The impact of those approvals, including savings and growth options approved at Council and slippage from 2014/15 approved at Cabinet, are now reflected in the Council's financial ledger.

### 2. Budget Rightsizing Exercise

- 2.1 In 2011/12 The Council's Management Team committed to carrying out an annual budget rightsizing exercise to analyse underspends which have occurred over the last 3 financial years and to adjust current and future year budgets to better reflect the level of resource requirement in the context of current financial constraints. This process was undertaken during the second quarter of 2015/16. The resulting changes to budgets were reflected in the revised Financial Forecast that was presented to the Council in December 2015 and have also now been reflected in the Council's financial ledger. Therefore this report monitors expenditure and income against the updated approved budgets.

### 3. Budget Areas to Note

As would be expected, because monitoring is being undertaken as a comparison to recently revised budgets, there are only a small number of variances from that revised position to note. The main variances are described below:

#### i. Employee Costs

The budget forecast which was approved by Budget Council in March 2015 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £75k per annum from 2015/16 onwards. The actual level of savings achieved in relation to direct employee costs for the current year are significantly in excess of this target and consequently the target for the current year was increased to £200k as part of the revised Financial Forecast that was presented to the Council in December 2015. As compared to this revised target the position as at November 30<sup>th</sup> is a further favourable variance of £64k. This budget will be kept under review during the remainder of the financial year.

#### ii. Sale of Sand (Sand-winning)

Income from the sale of sand has been significantly higher than the forecast amount. The income target for the current year was increased to £150k as part of the revised Financial Forecast that was presented to the Council in December 2015. As compared to this revised target the position as at November 30<sup>th</sup> is

a further favourable variance of £15k. This budget will be kept under review during the remainder of the financial year.

### **iii. Fleet (Fuel)**

Expenditure on fleet costs for the year to date shows a significant underspend on fuel as a result of lower wholesale diesel prices since July and improved driver awareness of economical driving techniques. The fleet budgets will be kept under review during the remainder of the financial year and adjustments will be made to future updates to the Financial Forecast as necessary.

### **iv. Car Parking Income**

Car park income has been higher than expected due to the favourable weather throughout most of the year to date and during the main visitor period. However with recent poorer weather conditions and the winter period approaching, income may reduce against the budgeted levels for the remainder of the financial year. The budget will be kept under review and adjustments will be made in future Financial Forecast Updates as necessary.

### **v. Crematorium Income**

During the first half of the year income from cremations was significantly higher than the budgeted level, and consequently as part of the budget right-sizing exercise the income budget for the crematorium was increased. During recent months income has not kept pace with the increased estimates. However, income is forecast to recover for the remainder of the year with a projected outturn close to the budgeted level. This budget will be kept under review during the remainder of the financial year and adjustments will be made to future updates to the Financial Forecast as necessary.

### **vi. Planning Application Fee Income**

Planning application fee income is dependent on the number and nature of applications received. A number of significant applications have been received towards the end of the last financial year and during the early part of this year which have created the current favourable variance. The budget was increased as part of the right-sizing exercise but subsequently further income in excess of the budget has been received. This budget will be kept under review during the remainder of the financial year and adjustments will be made to future updates to the Financial Forecast as necessary.

### **vii. Council Tax and Housing Benefits**

There are currently a number of significant variances on the various control accounts in respect of Council Tax and Housing Benefits, particularly Rent Allowance expenditure. However, as the majority of these are directly reimbursed from central government grant a large variance at year end is not currently anticipated and the variances have therefore been excluded from the variance analysis report. The position will be kept under review throughout the remainder of the year and a MTFS adjustment may follow.

## **5. Conclusions**

The Government have made it clear that it continues to be committed to a deficit reduction programme with the aim of significantly accelerating the reduction in the structural budget deficit of the Country. Local Government funding is therefore likely to continue to reduce as austerity measures remain in place. As a result, Management Team continue to make prudent cost-saving decisions and instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies. This approach has a downward impact on costs incurred by the Council and may result in an under-spend against budget this year.

Regular budget monitoring reports such as this one are an integral part of the Council's financial monitoring framework. These will be available on the Council's website.

Finance staff work continuously with budget holders across the Council, and are heavily reliant upon budget-holders to be able to understand and quantify the potential impact of in-year hotspot variances within their areas of responsibility.

The financial risks facing the Council as set out in the Medium Term Financial Strategy presented periodically to Council still remain. Instructions issued by Management Team that budget holders are to remain prudent in order to mitigate against financial pressures are being monitored.

**REVENUE MONITORING 2015/16 - to November 30th 2015 (Variances in excess of £5k)**
**Appendix A**

Key to indicators:

<b>GREEN</b>	Projected Favourable Outturn Variance - requires close monitoring and may be reported in the MTFS
<b>AMBER</b>	Possible Adverse Outturn Variance - requires close monitoring and may be reported in the MTFS
<b>RED</b>	Projected Adverse Outturn Variance - requires close monitoring and may be reported in the MTFS

Service Area	Detailed Description	Full Year Budget	Budget as at Period 8	Actual & Commitments as at Period 8	Variance as at Period 8	FAVOURABLE / ADVERSE	Variance	Indicator	Budget Holder	Budget Holder Comments
		£	£	£	£		%			

**FINANCE & DEMOCRACY COMMITTEE / CORPORATE CROSS CUTTING BUDGETS**

All Council services	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	7,922,303	5,262,744	5,198,719	-64,025	FAVOURABLE	-1.2%	GREEN	Corporate	The budget forecast which was approved by Budget Council in March 2015 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £75,000 per annum from 2015/16 onwards. Actual savings achieved in relation to direct employee costs for the current year have been in excess of this target and consequently the savings target was increased to £200,000 for 2015/16 and £100,000 for subsequent years as part of the Financial Forecast Update presented to Council in December 2015. Any further in-year savings may be reflected in future updates to the Financial Forecast.
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**FINANCE AND DEMOCRACY COMMITTEE**

Parliamentary Elections	Parliamentary Election Costs	83,584	83,584	68,896	-14,688	FAVOURABLE	-17.6%	GREEN	Hazel McNicoll / Tracy Morrison	The costs of running the May 2015 General Election have been finalised resulting in a favourable variance.
	Parliamentary Election Funding	-83,584	-83,584	-83,584			0.0%	GREEN		

**OPERATIONAL MANAGEMENT COMMITTEE**

Fleet	Fuel Costs	336,493	224,412	183,566	-40,846	FAVOURABLE	-18.2%	GREEN	Kathy Winstanley	Favourable underspend on fuel as a result of lower wholesale diesel prices since July and improved driver awareness of economical driving techniques.
Car Parks	Car Parking Fees	-500,012	-373,972	-441,367	-67,395	FAVOURABLE	-18.0%	GREEN	Andrew Loynd/ Andrew Dickson	Income has been higher than expected due to the favourable weather throughout most of the year to date. However with recent poorer weather conditions and the winter period approaching income may fall below the projected levels for the coming months. This budget will be kept under review and adjustments will be made in future Financial Forecast Updates as necessary.

Appendix A - Cont'd

Service Area	Detailed Description	Full Year Budget	Budget as at Period 8	Actual & Commitments as at Period 8	Variance as at Period 8	FAVOURABLE / ADVERSE	Variance		Budget Holder	Budget Holder Comments
		£	£	£	£		%			

**TOURISM & LEISURE COMMITTEE**

Coast and Countryside	Sale of Sand (sandwinning)	-150,000	-95,415	-110,337	-14,922	FAVOURABLE	-15.6%	GREEN	Gary Sams/Andrew Dickson	The budget forecast which was approved by Budget Council in March 2015 assumed sandwinning income of £125,000 for 2015/16. Income during the year has been in excess of this target and consequently the income target was increased to £150,000 for 2015/16 as part of the Financial Forecast Update presented to Council in December. Any further in-year additional income may be reflected in future updates to the Financial Forecast.
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**ENVIRONMENT HEALTH & HOUSING COMMITTEE**

Homelessness	B&B	25,000	16,668	26,549	9,881	ADVERSE	59.3%	RED	Kirstine Riding	There has been an increase in demand for this service, in part resulting from revisions to legislation that now re-define those homeless persons who are entitled to access B & B accommodation through the Council. These changes have increased the overall cost of this service. This budget will be kept under review and adjustments will be made in future Financial Forecast Updates as necessary.
Cemetery & Crematorium	Interments	-180,000	-113,061	-95,969	17,092	ADVERSE	15.1%	AMBER	Alan Royston/ Darren Bell	The income forecasts for cremations was increased as part of the Financial Forecast Update presented to Council in December. In recent months income has reduced from the levels experienced earlier in the year and currently total income is below budget. However, income is forecast to recover for the remainder of the year with a projected outturn close to the budgeted level. This budget will be kept under review and adjustments will be made in future Financial Forecast updates as necessary.
	Cremations	-997,000	-627,394	-551,527	75,867	ADVERSE	12.1%	AMBER		

**DEVELOPMENT MANAGEMENT COMMITTEE**

Development Management	Planning Application Fees	-750,000	-647,017	-799,625	-152,608	FAVOURABLE	-23.6%	GREEN	Mark Evans	The Council has received a greater number of planning applications for major development than anticipated during the accounting period. This budget will be kept under review and adjustments will be made in future Financial Forecast updates as necessary.
Planning Appeals	Planning Appeal Hearing Costs	237,849	83,248	10,790	-72,458	FAVOURABLE	-87.0%	GREEN		Planning inquiry and appeal hearing costs have been minimal in the year to date. The service is aware that a number of appeals are pending that will incur costs this financial year. This budget will be kept under review and any necessary adjustments will be made in future Financial Forecast Updates.

# INFORMATION ITEM



REPORT OF		MEETING	DATE	ITEM NO
MANAGEMENT TEAM		FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	10

## CAPITAL PROGRAMME MONITORING REPORT 2015/16 - POSITION AS AT 30<sup>th</sup> NOVEMBER 2015

### PUBLIC ITEM

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

### SUMMARY OF INFORMATION

The purpose of this report is to provide an update of the Council's approved Capital Programme as at 30<sup>th</sup> November 2015 and specifically for those schemes under the Committee's remit.

### SOURCE OF INFORMATION

Chief Financial Officer – the report is based upon information extracted from the financial ledger system for the period to 30<sup>th</sup> November 2015.

### LINK TO INFORMATION

- Capital Programme Monitoring 2015/16 as at 30<sup>th</sup> November 2015:

[www.fylde.gov.uk/council/finance/budget-monitoring/2015-16/capital](http://www.fylde.gov.uk/council/finance/budget-monitoring/2015-16/capital)

### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

This information is provided to enable the committee to consider and scrutinise the latest position on the Council's approved Capital Programme for those schemes under the committee's remit.

### FURTHER INFORMATION

Contact: Paul O'Donoghue (Chief Financial Officer)

Tel: 01253 658566

## **CAPITAL PROGRAMME MONITORING REPORT 2015/16 –**

### **POSITION AS AT 30<sup>TH</sup> NOVEMBER 2015**

#### **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 2015/16, together with an update on the Council's overall Five Year Capital Programme. This report includes a narrative description of the most significant risks to the Capital Programme and details any actions required to address these. Appendix A to this report provides an update by Committee on schemes scheduled for commencement or delivery in 2015/16. 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 3<sup>rd</sup> March 2015. That update showed a balanced capital programme position from 2015-16 onwards. This report includes year to date expenditure and sets out the latest phasing of the programme and any additions or changes since the last current position was presented to Council in March 2015. The Programme has also been rolled forward to include the year 2019/20.

#### **2. Capital Programme Re-Phasing of Budgets**

This monitoring report sets out the latest phasing of the Programmed Schemes and any resulting revenue implications of borrowing will be reflected in future updates to the Councils Financial Forecast.

#### **3. Notes on Specific Schemes**

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

##### **(i) Accommodation Project**

The accommodation project was originally included in the capital programme on the basis that the scheme would be self-financing from capital receipts from the sale of 3 sites (St David's Road Depot, Derby Road, Wesham and the Public Offices). Actual asset sales and receipts are dependent on market conditions and cannot be predicted with certainty. St David's Road depot was sold in 2012/13, and the site at Derby Road, Wesham was sold in 2013/14. The Public Offices has been re-marketed during 2014/15 and the Accommodation Working Group have reviewed a number of further expressions of interest. Disposals of this nature where external agencies, planning decisions, external legal specialists and property developers are involved often take many months to conclude.

In August 2015 the Finance and Democracy Committee approved virements of £230k from phases 7 and 8 of the scheme to fund the phase 3 works and approved the commencement of the phase 3 works during 2015/16. The report also noted that the cost limiting approach to providing satisfactory accommodation will not be possible from within the funding realised from the sale of surplus assets. Subsequently in December 2015 Council approved the establishment of an Accommodation Project Reserve; the transfer into the Accommodation Project Reserve of £504k from favourable in-year revenue budget variances in 2015/16; and capital virements in the total sum of £310k from Phase 7 of the Accommodation Project capital scheme to fund Phases 4 and 5 of the works (£280k to be vired into Phase 4 and £30k into Phase 5). A further report will be presented to a later meeting of this Committee which will provide full details of the proposed works in relation to the next phases of the scheme, and which will request approval to enter into contractual agreements to deliver those works.

The cross-party Accommodation Working Group continues to monitor and manage this project and regular update reports on the project will continue to be provided to Members.

## **ii) Coast Protection Scheme**

The Strategic Appraisal Report for the Fylde Shoreline Strategy was approved by the Environment Agency's Large Project Review Group (LRPG) in January 2014 and included the replacement of sea defences at Fairhaven and Church Scar. Following this approval further funding was released by DEFRA and Cabinet approved spend for a Coastal Headland Study Project Appraisal Report (PAR) in the sum of £175k, fully funded from DEFRA resources. This report has now been completed and was submitted for approval by the Environment Agency's LRPG on the 6th August 2015. Once the Project Appraisal Report is approved, further funding from DEFRA is then required to complete the next stage. This is the detailed, customer led design of the new sea walls and involves gaining the necessary approval for the work to progress, planning permission, Marine Management Organisation licence, environmental impact assessment and appropriate assessment with regards to the potential to disturb overwintering birds during construction. Once these approval are obtained it will unlock funding for both Fairhaven Lake and Church Scar sea defence construction schemes.

The overall cost of the Fairhaven Sea Wall is currently estimated by DEFRA to be £7.3m, and Church Scar Sea Wall to be £9.4m. The DEFRA funding spans the years 2015/16 to 2018/19. Fylde Council's contribution of £400k towards sea wall development works is fully-funded from the Capital Investment Reserve. Further updates and any future changes to the scheme will be reported to members and the Capital Programme will be updated accordingly.

## **(iii) Disabled Facilities Grants (DFGs)**

As local housing authority, the Council has a statutory duty to provide disabled adaptations within the Borough. In order to fund these works the Council receives grant support which previously was provided by the Department for Communities and Local Government (DCLG).

As part of the 2013 Spending Round review the Government established the 'Better Care Fund', with the intention of "providing an opportunity to transform local services so that people are provided with better integrated care and support". Under these new arrangements from 2015/16 onwards the funding for Disabled Facilities Grants (DFGs) transferred to the Department of Health, with funding being distributed to all Councils via the upper-tier authority for that area. As such, in Lancashire the fund will be administered by Lancashire County Council. Each upper-tier authority then allocates the funding to their respective housing authorities (i.e. district councils within their area) to enable them to continue to meet this statutory responsibility.

This Council has previously made a decision to limit DFG expenditure to the level of the funding received for this purpose. In order to monitor the level of demand upon this resource the number of applications on the various categories of waiting lists and the periods of waiting time for DFG's are closely monitored and are reported to Members as appropriate.

The Capital Programme includes annual provision for DFG's at the level of the 2015/16 grant allocation. However this is the only year for which the allocation has been confirmed and for 2016/17 onwards the figures in the programme are estimates and will only be confirmed in the year they are due. For as long as DFG works remains a statutory obligation the grant is unlikely to be withdrawn by the Government but could be reduced.

Any future reduction in DFG income received by the Council will have a direct impact on the level of works that can be undertaken. There is also a direct revenue implication on DFG fees which would also have to be adjusted.

## **(iv) Project Slippage**

Areas of slippage must be addressed in future years to ensure that no loss of external grant is imposed due to conditions associated within specified timescales.

## **(v) Other Capital Receipts**

The approved programme for 2016/17 onwards assumes "Right to Buy" receipts of £25k per annum and "General Asset Sales" of £45k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future monitoring reports, along with the impact this may have on the financing of the programme.



#### **(vi) Capital Investment in St. Annes Pool**

As part of the arrangement with the YMCA for the operation of the pool, the Council undertook to provide Capital support in the event of major works, repair or breakdown and a provision of £153k was included in the programme for this eventuality. There is now a remaining capital resource of £93k in 2015/16. There is a risk that this remaining resource is insufficient to meet future capital expenditure needs for the facility.

#### **4 Conclusions**

- 4.1 As set out in Appendix A, actual expenditure to 30<sup>th</sup> November 2015 is £1.673m against a revised full year budget of £4.396m. This equates to 38.1% of the latest budget. The expenditure on a number of schemes is phased later during the financial year.
- 4.2 The current Capital Programme as updated is showing a balanced position for 2015/16 onward. There are a number of priority areas beginning to emerge across the Council's property asset portfolio that will require further investment. 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 2016/17.
- 4.3 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 4<sup>th</sup> March 2013 approved the creation of a Capital Investment Reserve to finance future capital expenditure. The balance of this reserve at 31<sup>st</sup> March 2015 was £2.720m after an additional contribution at outturn for 2014/15 of £247k. Commitments to date of £2.379m leave a current uncommitted balance on the reserve of £341k. It is anticipated that this reserve would offer the preferred source of finance for any further additions to the Capital Programme in future years.

**CAPITAL PROGRAMME - 2015/16 IN-YEAR SCHEME MONITORING REPORT - AS AT 30/11/15**

**Appendix A**

	APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 30/11/15 £000	Variance £000	Comments
	<b><u>FINANCE &amp; DEMOCRACY COMMITTEE</u></b>								
Z120	Accommodation Project - Phase 3 - East Wing Inc. Lift	Proceeds from the sale of surplus Council Assets, and the Accommodation Project Reserve	315	2	230	547	133	414	In August 2015 the Finance and Democracy Committee approved virements of £230k from phases 7 and 8 of the scheme to fund the phase 3 works and approved the commencement of the phase 3 works during 2015/16. Subsequently in December 2015 Council approved the establishment of an Accommodation Project Reserve; the transfer into the Accommodation Project Reserve of £504k from favourable in-year revenue budget variances in 2015/16; and capital virements in the total sum of £310k from Phase 7 of the Accommodation Project capital scheme to fund Phases 4 and 5 of the works (£280k to be vired into Phase 4 and £30k into Phase 5). A further report will be presented to a later meeting of this Committee which will provide full details of the proposed works in relation to the next phases of the scheme, and which will request approval to enter into contractual agreements to deliver those works.
Z121	Accommodation Project - Phase 4 - Chaseley Link Bridge		202		280	482		482	
Z122	Accommodation Project - Phase 5 - One Stop Shop		272		30	302		302	
Z132	Compliance with INSPIRE Directive	Specific Government Grant (INSPIRE)	0	7		7	7	0	The INSPIRE directive places a legal obligation on public authorities which hold geographical regarding the environment within their locality. The budget has been adjusted to reflect slippage approved by Committee 22nd June 2015. The scheme has now been completed within the budget.
	<b>Sub total</b>		<b>789</b>	<b>9</b>	<b>540</b>	<b>1,338</b>	<b>140</b>	<b>1,198</b>	
	<b><u>TOURISM &amp; LEISURE COMMITTEE</u></b>								
Z102	Ashton Gardens Depot	Proceeds from the sale of surplus Council Assets	61	2	-63	0		0	The budget for this scheme has been adjusted to reflect the slippage as approved by the Finance and Democracy Committee of 22nd June 2015. The scheme is currently on hold pending the disposal of the Public offices site (the works will need to be completed prior to that disposal). <b>The scheme has been re-phased into 2016/17</b> as the disposal of that site is now not expected to take place in 2015/16.
Z126	Snowdon Road Depot	Capital Investment Reserve	320			320	121	199	The works on this scheme have commenced and completion is expected during December 2015.
Z127	Hope Street Pavilion Refurbishment - Phase 2	Capital Investment Reserve/ External Donations	79		74	153	147	6	The works on this scheme have now been completed to budget. Capital Retention payment outstanding.
Z076	St Annes Pool	No external finance - funded by borrowing/general asset disposal receipts	93			93		93	This represents the balance of the maintenance scheme resource which will be retained and drawn upon when required.
Z128	St Annes Pool - External Works	Capital Investment Reserve/ Arts Council Grant	120		-120	0		0	A scheme has been proposed which will be designed in-house subject to the delivery of other priority projects. Once designed there will need to be consultation with stakeholders and then dialogue with the Arts Council over match funding. <b>This scheme will not now proceed in 2015/16 and has been re-phased into 2016/17.</b>

Appendix A (Cont'd)

	APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 30/11/15 £000	Variance £000	Comments
	<b>TOURISM &amp; LEISURE COMMITTEE (CONT)</b>								
Z112	Fairhaven Lake & Promenade Gardens - First round	Capital Investment Reserve	20		-20	0		0	This scheme represented the match funding for the development of the Heritage Lottery Development Bid. Given that the first round bid was unsuccessful a report was presented in September 2015 to the Tourism & Leisure Committee outlining how the Fairhaven Masterplan can be delivered in the future. <b>This scheme will not now proceed in 2015/16 and has been re-phased into 2016/17.</b>
Z145	Park View Playing Field - Sand & Water Play Facility	Specific Government Grant (Coastal Communities)	272			272	261	11	The works on this scheme have now been completed to budget. Capital Retention payment outstanding.
Z146	Community Parks Improvement Programme - Frobisher Drive Play Equipment	S106 Developer Contributions	0		34	34	33	1	This scheme has now been completed with a minor underspend.
Z133	Replacement Boats Fairhaven	Capital Investment Reserve	0	55		55	19	36	The original supplier was unable to deliver to the council's specification and the contract was terminated accordingly. Some of the boat fleet has been replaced with reconditioned craft. A report was presented in September 2015 to the Tourism & Leisure Committee allocating the remaining funding to an alternative procurement option. The scheme is expected to be completed in line with the budget during 2015/16.
Z097	Promenade Footways	No external finance - funded by borrowing/general asset disposal receipts	40		-40	0		0	Funding for this scheme has been amalgamated into the Fairhaven Footways Improvements project below.
Z135	Fairhaven Footway Improvements	Capital Investment Reserve / General Asset Sale Receipts	15		40	55		55	The works in relation to this scheme has been designed and tendered. A report was presented in September 2015 to the Tourism and Leisure Committee to seeking approval to the commencement of the scheme. The scheme is expected to be completed in line with the budget during 2015/16.
Z141	Lowther Pavilion Roof	Capital Investment Reserve	8			8		8	This funding represents the resource required to undertake the preparatory works for the substantive scheme programmed for 2016/17. Surveys are underway to inform a design and specification for partial re-roof. Dialogue is also taking place with Trustees over their refurbishment requirements and further development ambitions.
Z142	Fairhaven Toddlers Play Area	Capital Investment Reserve	67			67		67	The scheme went to tender in September 2015 and a report was presented in November 2015 to the Tourism & Leisure Committee seeking approval to the commencement of the works. The scheme is expected to be completed in line with the budget during 2015/16.
Z143	Sand Dunes re-modelling at North Beach Car Park / Summerfields	Capital Investment Reserve	20			20		20	Surveys were completed in October 2015. The design works have also been commissioned. The scheme will require stakeholder engagement and the necessary approvals prior to commencement. A detailed proposal is currently being worked in consultation with Councillors and Residents. The scheme is expected to be completed in line with the budget during 2015/16.
Z144	Freckleton Memorial Park	Capital Investment Reserve	50		-50	0		0	This scheme is phased over two years. In addition to the Council's contribution a further £80k of external funding has been secured. Furthermore the outcome of two more external bid submissions in the total sum of £50k is awaited. The outcome of those bids is anticipated for December 2015. The outcome of those bid submissions will determine the extent of the scheme. <b>The scheme has been re-profiled into 2016/17 as it is now unlikely that it will be delivered in the current year.</b>
	<b>Sub total</b>		<b>1,165</b>	<b>57</b>	<b>-14</b>	<b>517</b>	<b>581</b>	<b>496</b>	

Appendix A (Cont'd)

	APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 30/11/15 £000	Variance £000	Comments
	<b>OPERATIONAL MANAGEMENT COMMITTEE</b>								
Z038	Replacement Vehicles	Capital Investment Reserve / Borrowing	802	24		826	428	398	The budget for this scheme has been adjusted to reflect the slippage as approved by the Finance and Democracy Committee of 22nd June 2015. All vehicle acquisitions are expected to be completed in line with the budget during 2015/16.
Z049	Car Park Improvements	No external finance - funded by borrowing/general asset disposal receipts	30			30	30	0	Eight new Pay & Display meters have been purchased and installed. The scheme has been completed to budget in 2015/16.
Z116	Fylde Headlands Preliminary Work	Specific Government Grant (Environment Agency)	70	16		86	41	45	The Project Appraisal Report has been submitted for approval by the Environment Agency Large Projects Review Group on 6th August 2015. Further work will be required later in the year to continue to meet Environment Agency requirements for schemes of this scale and nature.
Z131	Repair & Renewal - Flood Defences	Specific Government Grant (Environment Agency)	0	30	-15	15	15	0	The grant scheme has come to an end with 3 claims been approved. Any unused grant will be returned to the Environment Agency.
	<b>Sub total</b>		<b>902</b>	<b>70</b>	<b>-15</b>	<b>957</b>	<b>514</b>	<b>443</b>	
	<b>ENVIRONMENT, HEALTH &amp; HOUSING COMMITTEE</b>								
Z1010	Disabled Facilities Grants Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	366	52	199	617	320	297	The budget for this scheme has been adjusted to reflect the slippage as approved by the Finance and Democracy Committee of 22nd June 2015, increased grant allocation, recycled grant repayments and a further contribution of £40k from New Fylde Housing in 2015/16. The programme is expected to be completed in line with the budget during 2015/16.
Z107	Rapid Deployment CCTV Replacement Projects	Specific Grant (LSP Performance Reward Grant)	0		82	82	40	42	The budget for CCTV camera replacement is planned to be spent on the revised CCTV project as approved by Council. Any remaining monies are to be earmarked and allocated to replacement cameras as and when they are required (subject to a community impact assessment and approval by committee) as also previously agreed by Council.
Z106	Infant Memorial Garden - Phase 2	Capital Investment Reserve / NHS & Other donations	0	15		15	16	-1	This scheme has now been completed with a minor overspend.
Z113	Cemetery and Crematorium - Infrastructure Works	Capital Investment Reserve	0		6	6		6	This part of the scheme is for the initial design phase of the of the substantial burial ground extension works programmed for 2017/18. The design work is currently being undertaken.
Z108	Cemetery / Crematorium Pumping Station	Capital Investment Reserve	0	4		4	4	0	The works on this scheme have been completed. The final invoice is awaited and the total scheme cost is expected to be within the budget.
Z134	New memorial garden - Lytham Park Cemetery	Capital Investment Reserve	41			41	8	33	A new boundary fence has been installed. A report was presented to the November 2015 meeting of the Environment, Health & Housing Committee approving the location, draw down of funding and the procurement route of the various elements of the scheme. The scheme is expected to be completed to budget in 2015/16.
	<b>Sub total</b>		<b>407</b>	<b>71</b>	<b>287</b>	<b>765</b>	<b>388</b>	<b>377</b>	

Appendix A (Cont'd)

	APPROVED SCHEMES	Financing Source	Approved Budget 2015/16 £000	Slippage B/F from 2014/15 £000	Adjustments from 03/03/15 £000	Updated Budget 2015/16 £000	Expenditure to 30/11/15 £000	Variance £000	Comments
	<b>DEVELOPMENT MANAGEMENT COMMITTEE</b>								
Z136	Kirkham Regeneration Scheme - Town Centre Phase 4	Capital Investment Reserve	50			50	50	0	A report was presented to a special Development Management Committee in August 2015 that outlined the scheme and sought approval to the commencement of the works. In addition to this there will be a further £35k of revenue monies allocated to this scheme from the High Street Innovation Fund. Commencement on site started September 2015. Scheme is expected to be completed to budget in 2015/16
Z137	Woodlands Road Regeneration Scheme - Town Centre Phase 3	Capital Investment Reserve / S106 Developer Contributions	85	4		89		89	A report was presented to Development Management Committee in November 2015 approving commencement of the works. Scheme is expected to be completed to budget in 2015/16.
Z138	Public Realm Regeneration - St Annes	S106 Developer Contributions	80			80		80	The public realm scheme at Park Road has now been completed to budget in 2015/16. Awaiting final invoice.
Z138	St Annes Regeneration Schemes	S106 Developer Contributions	274		-274	0		0	This funding is earmarked for the next phase of St Annes Town Centre including St Annes Road South and The Crescent. A draft scheme will be prepared early 2016 for delivery during 2016/17. <b>Consequently this scheme has been re-phased into 2016/17.</b>
Z139	Lytham Regeneration Schemes	S106 Developer Contributions	130		-130	0		0	Section 106 monies have been received and design on the scheme will commence from April 2016 with implementation later in the financial year. <b>Scheme will be re-phased into 2016/17.</b>
Z140	Staining Regeneration Schemes	S106 Developer Contributions	40			40		40	This project is subject to ongoing discussions with Staining Parish Council. A draft scheme is to be prepared based on the outcome of those discussions.
	<b>Sub total</b>		<b>659</b>	<b>4</b>	<b>-404</b>	<b>259</b>	<b>50</b>	<b>209</b>	
	<b>Total Expenditure</b>		<b>3,922</b>	<b>211</b>	<b>263</b>	<b>4,396</b>	<b>1,673</b>	<b>2,723</b>	

**UPDATED 5 YEAR CAPITAL PROGRAMME 2015/16 TO 2019/20 - BY SCHEME**

	Updated Estimate 2015/16 £000	Estimate 2016/17 £000	Estimate 2017/18 £000	Estimate 2018/19 £000	Estimate 2019/2020 £000
<b>FINANCE &amp; DEMOCRACY COMMITTEE</b>					
Accommodation Project - Phase 3 - East Wing Inc. Lift	547				
Accommodation Project - Phase 4 - Chaseley Link Bridge	482				
Accommodation Project - Phase 5 - One Stop Shop	302				
Accommodation Project - Phase 6 - Council Chamber		179			
Accommodation Project - Phase 7 - Internal Refurb / Services		465			
Accommodation Project - Phase 8 - Car Park & External Works		0			
Compliance with INSPIRE Directive	7				
<b>Sub total</b>	<b>1,338</b>	<b>644</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOURISM &amp; LEISURE COMMITTEE</b>					
Ashton Gardens Depot	0	63			
Snowdon Road Depot	320				
Hope Street Pavillion Refurbishment - Phase 2	153				
St Annes Pool	93				
St Annes Pool - External Works	0	120			
Fairhaven Lake & Promenade Gardens - First Round	0	20			
Park View Playing Field - Sand & Water Play Facility	272				
Community Parks Improvement Programme - Frobisher Drive Play Equipment	34				
Replacement Boats Fairhaven Lake	55				
Promenade Footways	0	40	40	40	40
Fairhaven Footway Improvements	55				
Lowther Pavilion Roof	8	115			
Fairhaven Toddlers Play Area	67				
Sand Dunes re-modelling at North Beach Car Park / Summerfields	20				
Freckleton Memorial Park	0	50			
<b>Sub total</b>	<b>1,077</b>	<b>408</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>OPERATIONAL MANAGEMENT COMMITTEE</b>					
Replacement Vehicles	826	68	1,487	680	840
Car Park Improvements	30	30	30	30	30
Fylde Headlands Preliminary Work	86				
Fairhaven and Church Scar Coast Protection Scheme	0	3,600	7,300	5,600	
Repair & Renewal - Flood Defences	15				
<b>Sub total</b>	<b>957</b>	<b>3,698</b>	<b>8,817</b>	<b>6,310</b>	<b>870</b>
<b>ENVIRONMENT, HEALTH &amp; HOUSING COMMITTEE</b>					
Disabled Facilities Programme	617	468	468	468	468
Rapid Deployment CCTV Replacement Projects	82				
Infant Memorial Garden - Phase 2	15				
Cemetery and Crematorium - Infrastructure Works	6		294		
Cemetery / Crematorium Pumping Station	4				
New memorial garden - Lytham Park Cemetery	41				
<b>Sub total</b>	<b>765</b>	<b>468</b>	<b>762</b>	<b>468</b>	<b>468</b>
<b>DEVELOPMENT MANAGEMENT COMMITTEE</b>					
Kirkham Regeneration Scheme - Town Centre Phase 4	50				
Woodlands Road Regeneration Scheme - Town Centre Phase 3	89				
Public Realm Regeneration - St Annes	80				
St Annes Regeneration Schemes	0	274			
Lytham Regeneration Schemes	0	130			
Staining Regeneration Schemes	40				
<b>Sub total</b>	<b>259</b>	<b>404</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenditure</b>	<b>4,396</b>	<b>5,622</b>	<b>9,619</b>	<b>6,818</b>	<b>1,378</b>

**UPDATED 5 YEAR CAPITAL PROGRAMME 2015/16 TO 2019/20 - FINANCING**

	Updated Estimate 2015/16 £000	Estimate 2016/17 £000	Estimate 2017/18 £000	Estimate 2018/19 £000	Estimate 2019/2020 £000
<b>FINANCING:</b>					
Capital Receipts - General Asset Sales	45	45	45	45	45
Capital Receipts - Right to Buy Receipts	132	25	25	25	25
Capital Receipts - (Accommodation Project)	890	644			
Capital Receipts - Vehicle Sales					
Leasing					
Better Care Fund / Disabled Facilities Grant	480	468	468	468	468
Section 106 Monies - Woodlands Road, Ansdell	4				
Section 106 Monies - St Annes	80	274			
Section 106 Monies - Lytham	0	130			
Section 106 Monies - Staining	40				
Section 106 Monies - Parks Improvement - Frobisher	34				
Capital Grant - Repayments	57				
Capital Investment Reserve	1,147	634	393	78	182
Accommodation Project Reserve	441	63			
Other External Finance (see analysis below )	621	3,290	7,300	5,600	
Direct Revenue Finance	73				
Prudential Borrowing	352	49	1,388	602	658
<b>Total Financing</b>	<b>4,396</b>	<b>5,622</b>	<b>9,619</b>	<b>6,818</b>	<b>1,378</b>

<b>Total surplus (-) / shortfall in year</b>	0	0	0	0	0
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<b>Cumulative surplus (-) / shortfall</b>	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	82				
Environment Agency - Fylde Coastal Preliminaries	86	3,200	7,300	5,600	
Environment Agency - Flood Defence	15				
Other Contributions - Hope Street Pavillion Refurbishment	66				
Arts Council - St Annes Pool	0	90			
NHS - Infant Memorial Garden Donation and fund raising	13				
INSPIRE Grant	7				
New Fylde Housing - DFG Contribution	80				
Coastal Communities Grant	272				
	621	3,290	7,300	5,600	0

# INFORMATION ITEM



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2015	11

## DISABLED FACILITIES GRANTS

### PUBLIC ITEM

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

### SUMMARY OF INFORMATION

This report seeks to inform members of the decision, taken by the Environment, Health and Housing Committee, to undertake a review of the effectiveness of the council's existing arrangements for Disabled Facilities Grants (DFG's). The decision to form a working group to identify what needs to be done to ensure that the council's approach matches current and future best practice.

In making the decision, the Environment, Health and Housing committee, recommended that the Working Group comprise of members from both the Environment, Health & Housing and Finance & Democracy Committees. The committee agreed that the membership would comprise of Councillors Aitken, Willder, Chew, Speak and Taylor. The committee recommended to Finance and Democracy Committee that Councillor Karen Buckley also be appointed to the working group.

### SOURCE OF INFORMATION

The Director of Resources.

### LINK TO INFORMATION

[Information Note – Disabled Facilities Grants](#)

### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

To inform the committee of the intention to form a working group to review all aspects of the council's existing arrangements for Disabled Facilities Grants, including financial. To that end the Environment, Health and Housing Committee is seeking the Finance and Democracy Committee's endorsement that Councillor Karen Buckley be appointed to the working group.

### FURTHER INFORMATION

Contact Paul Walker, 01253 654831.



# INFORMATION NOTE

## DISABLED FACILITIES GRANT



1. The Disabled Facilities Grant (DFG) is made available to help meet the costs of necessary adaptations to the homes of disabled people. The provision of a DFG is a statutory requirement and a disabled person has a right to make an application for assistance. The council has a statutory duty to approve, subject to a means test of the applicant, all valid applications.
2. The legislative provisions relating to DFG are contained in [The Housing Grants Construction and Regeneration Act 1996](#).

The relevant legislative provisions include;

1. S24(1) - makes it a mandatory duty to approve a qualifying application
2. S34 – The Council have to notify an applicant of approval/refusal within 6 months of date of application
3. S35 – Where a grant has been approved the Council shall pay the grant either in whole or by instalments
4. S36 – Councils have a discretion to delay payment to a period no later than 12 months from date of the application

The legislative provisions are absolute and are not dependent on the level of resources made available.

3. Funding for DFG's is primarily through a grant from central government, along with a usual annual contribution from Progress Housing and through the reinvestment of grants that are repaid by properties that are sold within a defined period of time following receipt of grant. In the current year to date (Dec 2016) this is made up as:

a. Central Government grant	£468,000
b. Slippage from 2014/15	£52,000
c. Contribution from Progress Housing	£40,000
d. Repayment of previous grants	£57,000
e. Total	<b>£617,000</b>

4. The current procedure for dealing with qualifying applicants for DFG's is to prioritise according to the urgency of meeting their assessed needs. A panel meets monthly to individually assess each applicant to determine the urgency of their adaptation needs. This panel includes representatives from LCC Occupational Therapists, Fylde BC Housing Team and Housing Associations in Fylde.

- Priority 1 is for applicants with the most urgent needs, which can include access in and out of the property, a medical need for personal washing facilities and risk to health.
- Priority 2 is for applicants who are in urgent need but more information is required to progress the grant application.
- Priority 3 is for applicants deemed to have a less urgent need and they are placed on a waiting list to be dealt with when possible. These are for personal washing (where there has been no medical assessed need) and include level access showers and wet rooms. External funding has increased for the current year and it is hoped that some reduction in the waiting list and waiting times may be achieved in 2015/16. All applicants on the waiting list have had an assessment completed by the Occupational Therapist as being eligible for a DFG.

Any applicant (subject to means) falling within any of the three priorities would be entitled to a mandatory grant on making a valid application. The purpose of the panel is to act as gatekeeper to the available funds by limiting the number of applications coming forward.

5. Priority 1 cases can enable the applicant to remain in their own home instead of transferring to a care home or more acute care or in order to simply be able to return home from hospital. This latter example demonstrates the importance to respond quickly to facilitate a grant so as to prevent valuable hospital beds being blocked. Also home adaptations for children can increase the capacity of parents to look after a disabled child at home, allowing a family to stay together and for parents to continue with employment.
6. Priority 1 cases are individual in nature and dependent upon the assessment undertaken by the Occupational Therapy team. The maximum grant that can be awarded is £30,000. The priority and urgency of these cases means that sufficient resource needs to be available throughout the whole of the year to deal with an applicant that is assessed as priority 1.
7. Remaining funding is therefore available for priority 3 cases which tend to be where the applicant cannot bathe properly given their disability and circumstances. The remaining funding is insufficient to meet the demand of priority 3 cases and so a waiting list is maintained. Currently up to mid Dec 2016 there are 74 cases awaiting a grant application to be made. Of these there are 15 cases which have waited over 12 months since assessment.
8. The way in which the external funding is received has changed with effect from April 2015. The external funding from government sources is now paid to Lancashire County Council as a part of the new Better Care Fund. It is then paid to the council from Lancashire County Council. Although there has been an increase in funding for the current year there are no indications at present of the likely level of funding for future years. Fylde BC officers are engaging at an early stage with the Better Care Fund and are members of a county wide task group with a remit to agree and allocate how the resources for DFG's and monitoring arrangements will be established in Lancashire.
9. The government recognises the growing pressures on social care budgets within local government. The Chancellor recently announced in his autumn statement to allocate £500 million by 2019/20 for the Disabled Facilities Grant (DFG), which is predicted to fund around 85,000 home adaptations that year and prevent 8,500 people from needing to go into a care home in 2019/2020. In 2015/16, nationally £220 million was provided for the DFG, and so there is an apparent increase in funding allocation although the details of this are awaited in due course.
10. In order to review the effectiveness of the council's existing arrangements for DFG's the process needs to be fully considered and reviewed: the means test, the assessment criteria, repayment requirements, current and previous performance, procurement, distribution of funding locally and identification of best practice. In addition details will emerge over the next few weeks as to the government's intentions in relation to future funding.
11. As a result the Environment, Health and Housing committee resolved to establish a working group to consider these issues in detail and take evidence from a variety of sources. The committee resolved that the working group be made up of members of both the Environment, Health & Housing and Finance & Democracy Committees which would look at both the social care and funding aspects of the issue.

#### **FURTHER INFORMATION AVAILABLE FROM**

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# INFORMATION ITEM



REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	25 JANUARY 2016	12

## MID-YEAR PERFORMANCE 2015/16

### PUBLIC ITEM

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

### SUMMARY OF INFORMATION

The report provides details of the key performance outcomes for the first half of the financial year 2015/16. Performance is reported against the targets set for the year and commentary is provided by performance exception.

### SOURCE OF INFORMATION

Finance and Democracy teams input data into the InPhase corporate online system from service based performance data.

### LINK TO INFORMATION

[www.fylde.gov.uk/performance](http://www.fylde.gov.uk/performance) - Full Corporate Performance for Fylde Council

### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE

The performance information is relevant to the committee terms of reference and the responsibility of the committee to monitor performance of the services within its remit.

### FURTHER INFORMATION

Contact Alex Scrivens, Performance Improvement Officer.

## Mid-Year Commentary by Performance Exception for the Finance and Democracy Committee

### \*\*\*\*\* PERFORMANCE ABOVE TARGET \*\*\*\*\*

*Commentary is provided to explain why progress has exceeded target, with details of how this will be maintained.*

PM02: Average number of day's sickness per Full Time Employee was 4.57, the target is 6, and last year's comparison figure was 5.58.

*The current figure of 4.57 days per employee per annum is for the 12 months up to September 30<sup>th</sup> 2015, the figure can fluctuate throughout the year and has done so in the first six months, it is expected that the target will be achieved but given the low number of employees a small number of long term sickness absence cases can make a significant difference, the Council has in place proven measures to manage and prevent sickness absence and support employees back into work.*

PM05: Percentage of sickness absence as a result of long-term sickness was 23.5%, the target is 30%, and last year's comparison figure was 33.4%.

*One of the key reasons for the low levels of sickness absence per employee is the focus on managing long term sickness absence cases, in particular the prevention of any work related stress cases that had previously been the primary reason for long term sick and measures to support long term sick employees back into work through phased returns and adjusted duties.*

PM65 Time taken to process Housing Benefit new claims and change in circumstances was 16.49, the target is 22, and last year's comparison figure was 17.29.

*The Shared Service has worked hard to keep processing times better than target despite the impact of significant welfare reforms in recent years. It is hoped that the additional processing resource based at Fylde will enable this to be maintained despite increasing workloads.*

PM66: Average speed of processing new claims was 17.65, the target is 21, and last year's comparison figure was 21.3.

*The Shared Service has worked hard to keep processing times better than target despite the impact of significant welfare reforms in recent years. It is hoped that the additional processing resource based at Fylde will enable this to be maintained despite increasing workloads.*

PM67: Average Speed for processing notifications of changes in circumstances was 16.31, the target is 23, and last year's comparison figure was 16.54.

*The Shared Service has worked hard to keep processing times better than target despite the impact of significant welfare reforms in recent years. It is hoped that the additional processing resource based at Fylde will enable this to be maintained despite increasing workloads.*






PM68: Proportion of Council Tax collected was 59.5%, the target is 49%, and last year's comparison figure was 60%.

*Recovery action is taking place to try and improve collection rates and where necessary cases have been referred to Enforcement Agents.*









PM69: Percentage of Business Rates, which should have been received was 54.08%, the target is 49%, and last year's comparison figure was 57.27.

*Although in year collection is above target it is below the same period last year. The payment by instalments by large ratepayers can significantly impact on performance comparison during the year when previously they have paid in full at the start of the year. Recovery of outstanding amounts is continuing and these proceed to court action where necessary.*

## PERFORMANCE KEY ICON STATUS

	<b>Over Performance</b> – the indicator is over performing against target
	<b>On Track</b> – the indicator is performing within tolerance of target.
	<b>Cautionary Under Performance</b> – the indicator is moderately under performing. Whilst the indicator has slipped from target it maybe a minor blip overall or minor action will remedy it.
	<b>Under Performance</b> – the indicator is under performing against target.
<b>N/A</b>	<b>Not Applicable</b> – no comparable data available. This could be due to the methodology being change or being a new measure created.
	<b>Missing Data</b> – the indicator is missing data, this could be due to lag in data in the way the information is collated, or because its currently unavailable.

# PERFORMANCE SCORECARD APRIL 2015 TO SEPTEMBER 2015

Finance and Democracy						
Local Key Performance Indicators	Frequency	Good Performance Is	APR'14-SEP'14	APR'15-SEP'15	Target To Date	Status
PM02: Average number of days sickness per Full Time Employee	Monthly	Smaller is Better	5.58	<b>4.57</b>	6	
PM05: Percentage of sickness absence as a result of long-term sickness	Quarterly	Smaller is Better	33.4	<b>23.5</b>	30	
PM14: Percentage of invoices paid within 30 days or within agreed payment terms (Corporate)	Quarterly	Bigger is Better	94.45	<b>94.74</b>	95	
PM65 Time taken to process Housing Benefit new claims and change in circumstances	Quarterly	Smaller is Better	17.29	<b>16.49</b>	22	
PM66: Average speed of processing new claims	Quarterly	Smaller is Better	21.3	<b>17.65</b>	21	
PM67: Average Speed for processing notifications of changes in circumstances	Quarterly	Smaller is Better	16.54	<b>16.31</b>	23	
PM68: Proportion of Council Tax collected	Quarterly	Bigger is Better	60	<b>59.5</b>	49	
PM69: Percentage of Business Rates, which should have been received, received	Quarterly	Bigger is Better	57.27	<b>54.08</b>	49	
PM86: Percentage of FOIs responded to within the statutory deadline of 20 days	Quarterly	Bigger is Better	99.16	<b>99.22</b>	100	