



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	24 JUNE 2019	4
MEDIUM TERM FINANCIAL STRATEGY (MTFS) – GENERAL FUND REVENUE, CAPITAL PROGRAMME & TREASURY MANAGEMENT OUTTURN POSITION FOR 2018/19			

PUBLIC ITEM

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

SUMMARY

On 5th March 2019 the Council set its budget for 2019/20 and also set a revised budget for 2018/19. This report sets out for Members: the expected General Fund Revenue, Capital, and Treasury Management Outturn position for the financial year 2018/19; the major variations between the latest approved budget and the actual outturn expenditure; quantifies the impact on the Council's reserves; and includes a summary of the Council's Treasury Management operations for the financial year.

RECOMMENDATIONS

The Finance and Democracy Committee is recommended to:

1. approve the General Fund Revenue Outturn position as summarised in table 1 of the report;
2. approve the revenue slippage items as set out in paragraph 2.5 and Appendix C of the report;
3. approve the transfers to earmarked reserves as set out in paragraphs 2.5 & 2.6 and as summarised in table 1 of the report;
4. approve the Capital Outturn position, including financing, as set out in sections 6 to 9 of the report;
5. approve the capital slippage items as set out in Appendix E of the report; and
6. approve the Treasury Management Annual Report as set out in sections 10 to 12 and the actual Prudential Indicators set out in Appendix F of the report.

SUMMARY OF PREVIOUS DECISIONS

The outturn position for the prior financial year is considered by members annually. There are no previous decisions in respect of the 2018/19 financial outturn.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

1. Introduction

- 1.1 The Revenue Budget Forecast Update was reported to the Finance and Democracy Committee in both November 2018 and January 2019 and to Council in December 2018 and February 2019, with the Medium Term Financial Strategy (MTFS) and budget decisions presented to full Council for approval in March 2019. This report sets out the outturn position at the end of the financial year to 31st March 2019.

2. General Fund Revenue Outturn Position (including Collection Fund)

- 2.1 On the 5th March 2019, Council approved a revised Revenue Budget net requirement of £9.482m for 2018/19. The outturn position for 2018/19 is a net requirement of £8.934m resulting in a favourable variance (before financing and slippage) of £0.548m. A £0.241m favourable variance against the budgeted total of financing received during the year has resulted in a Revenue Budget underspend, before slippage requests, of £0.789m.
- 2.2 The underspend position is summarised in Table 1 below:

Table 1 – Estimated General Fund Revenue Outturn Position:

	<u>Budget</u> <u>£m</u>	<u>Actual</u> <u>£m</u>	<u>Variance</u> <u>£m</u>	
Net expenditure for the year	(9.482)	(8.934)	(0.548)	(Fav)
Financing for the year	10.881	11.122	(0.241)	(Fav)
Surplus of resources for the year	(1.399)	(2.188)	(0.789)	(Fav)
Less:				
Budgeted transfer to Capital investment Reserve	(1.399)	(1.399)	-	
Balance – underlying outturn variance	-	(0.789)	(0.789)	(Fav)
<u>Analysis of further recommended transfers to reserves:</u>				
- Transfer of Government Grant to EU Exit Reserve	-	(0.017)	(0.017)	(Fav)
- Required transfer to GF balances re slippage transfer	-	(0.242)	(0.242)	(Fav)
- Further transfer to Capital Investment Reserve	-	(0.530)	(0.530)	(Fav)
Recommended further transfers to reserves	0	(0.789)	(0.789)	(Fav)

- 2.3 A more detailed analysis of the General Fund Revenue Account comparing actual expenditure against the revised approved estimate, analysed by service, is set out in **Appendix A**. A detailed list of the significant variances within services which contribute to the outturn position is set out in **Appendix B**.
- 2.4 The analysis of the 2018/19 financing at **Appendix A** includes a favourable variance of £0.241m in relation to government grants and council tax and business rate income. The majority of this relates to additional business rate income received during the year, including the consequence of the timing differences in the required accounting transactions between the Council's General Fund and the Collection Fund.

- 2.5 There are a number of budget variances arising from slippage and other adjustments that are recommended for operational effectiveness. These items total £0.242m and are listed in **Appendix C. It is recommended that this sum is transferred to general fund balances at year end such that this expenditure can be met in 2019/20.** During the year the Government announced that it would provide funding to each local authority to manage any local financial consequences arising from the UK departure from the European Union, now scheduled to be no later than 31st October 2019, in the sum of £17k in 2018/19 and a further £17k in 2019/20. **It is proposed that this funding will be put aside into a new earmarked reserve to provide funding for any such financial impacts of 'Brexit' as and when they arise.**
- 2.6 The underlying underspend after accounting for this transfer and for slippage is therefore reduced from £0.789m to £0.530m. **It is recommended that the sum of £0.530m is transferred to the Capital Investment Reserve to provide additional financing resources for future capital projects.** This would result in a current forecast balance of the reserve in the sum of £5.340m including the currently budgeted transfer into the reserve of £0.955m in respect of 2019/20. Of this £2.856m is already committed to deliver existing approved capital schemes in the years 2019/20 to 2021/22, leaving a forecast unallocated balance on the reserve of £2.484m.
- 2.7 Work continues to be undertaken to interrogate and verify the nature of any budget variances in order to continue the budget rightsizing work carried out during the last financial year. The outcome of this work will be reflected in future updates of the MTFs.

3. Council Tax and Business Rates Income – The Collection Fund

- 3.1 As a Council Tax and Non-Domestic Rates (NDR) Billing Authority, the Council is required by legislation to collect council tax and business rates within the borough on behalf of central government, Town and Parish Councils and major preceptors, and to account for that income through a 'Collection Fund'. Under the Collection Fund accounting arrangements any surplus or deficit on the fund each year is split between the Government and the other precepting bodies in proportion to their shares.
- 3.2 **For Council Tax only**, there was a surplus on the fund as at 31st March 2019 of £234k. This will be shared between Fylde Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2019/20 & 2020/21. Fylde Council's share of the surplus is £30k.
- 3.3 **For Non-Domestic Rates only**, there was a deficit on the fund as at 31st March 2019 of £429k. The deficit will be shared between Central Government, Fylde Council, the County Council and the Fire & Rescue Authority in 2019/20 & 2020/21. Fylde Council's share of the deficit is £172k.

As a consequence of the revised arrangements in respect of business rates, which came into effect from 2013/14, local authorities became liable for a share of the cost of the settlement of appeals in respect of the valuation of properties by the Valuation Office Agency (VOA), that being the body which determines business rates liability. All rateable values are supposed to be reassessed every five years at a general revaluation, although the last one, which was due in 2015, was delayed for two years and became effective on 1st April 2017.

Many businesses within the borough, and indeed nationwide, have lodged appeals against the level of their business rating valuations, with many long-outstanding appeals yet to be settled. These appeals are often supported by specialist rating agents and the outcome can be backdated to the date of the appeal or the last revaluation. This scenario can result in significant in-year business rate refunds being made to businesses whose appeals are successful. The VOA have committed to reducing the backlog of appeals within the system and each year a number of the appeals are either settled or dismissed by the VOA.

A proportion of the collection fund deficit arises as a result of the increase in the provision for outstanding Business Rate appeals against the Valuation Office assessment of the Rateable Value of business properties. The total value of the provision for appeals has been increased to £4.865m from £3.656m in 2017/18, with Fylde Council's share of the provision at year end being £1.946m (2017/18 £1.463m). It is expected that this revised level of provision is sufficient to meet the full cost of known and anticipated rating appeals.

The Council joined the Lancashire Business Rate Pool with effect from 1st April 2017 in order to benefit from a higher level of retained Business Rates. Further to this, as part of the December 2018 Local

Government Finance Settlement announcement, the bid by Lancashire councils to be selected as one of the '75% Business Rate Retention Pilot' schemes for 2019/20 was confirmed as being successful.

Under the previous pooling arrangements business rate income raised in Fylde was first split with 50% going to the government and the rest being shared between Fylde Council (40%), LCC (9%) and Lancashire Fire and Rescue Service (1%). From 2019/20 under the new pilot scheme this initial split will change to 25% government and 75% local preceptors, with Fylde's initial share increasing from 40% to 56%, prior to the application of a tariff. This increases the reward possible from growth of business rate income, but there is also a greater risk of adverse consequences if income declines.

The government is consulting on the reform to the Business Rates system due to be implemented for all authorities in 2020/21. Currently the forecast assumes a reduced level of business rate income from 2020/21 onwards at a level that is closer to the current baseline level. This will be kept under close scrutiny and future estimates of business rate income may be amended when the outcome of the review are known.

- 3.4 The collection fund accounting processes mean that there are significant timing differences between when a deficit or surplus on the collection fund occurs and when the relevant payments or receipts are made to or from the relevant parties to the collection fund. The Council's Financial Forecast will be updated during 2019/20 to reflect the anticipated timing of cash flows to and from the collection fund.

4. Statement of General Fund Revenue Balances

- 4.1 Table 2 details the Council's General Fund Balances position, as a result of the estimated Outturn at 31st March 2019:

Table 2 – Statement of General Fund Revenue Balances

	<u>Budget</u>	<u>Actual</u>	<u>Variation</u>	
	<u>£m</u>	<u>£m</u>	<u>£m</u>	
Opening Balance 01/04/2018	3.685	3.685	-	
In-year surplus transferred to reserves re slippage	-	0.242	0.242	(Fav)
Closing Balance 31/03/2019	3.685	3.927	0.242	(Fav)

- 4.2 The first call on revenue balances in 2019/20 is the proposed slippage of £0.242m as set out in **Appendix C** leaving general fund balances after allowing for these items at £3.685m.

5. General Fund Revenue Outturn Conclusions

- 5.1 The favourable outturn position for revenue allows for a further contribution to be made to the Capital Investment Reserve in the sum of £0.530m to provide additional financing resources for future capital projects.
- 5.2 This favourable revenue outturn represents an improvement to the overall financial position of the Council. Future updates to the Financial Forecast during 2019/20 will reflect this improvement. In light of the potential for future reductions in central government funding and uncertainties around 75% business rate retention from 2020/21 onwards, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and provided contributions to reserves over recent years.
- 5.3 Through continued focus on the importance of financial stability the Council has delivered a significant savings programme in recent years and has continued to 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 high quality frontline services to customers. This work has yielded ongoing savings to help improve the Council's financial position over that period and to continue to provide high quality services to residents. 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.

6. Capital Outturn 2018/19

- 6.1 The summary outturn position for capital is set out in table 3 below. The latest approved expenditure budget in the capital programme for 2018/19 was £17.577m, and outturn expenditure was £15.087m leaving a net underspend of £2.490 for the year.

After adjusting for slippage of £2.479m the overall outturn position for 2018/19 is an in-year £11k favourable variance against the latest updated estimate (as shown in table 3). Capital programme expenditure for 2018/19 and details of variances for all capital schemes are shown in Appendix D.

Table 3 - Latest Estimate Compared with Outturn 2018/19

	Notes	£m
MTFS 05/03/19:		
Approved Capital Programme: Latest Estimate		17.577
Less Outturn Expenditure		(15.087)
Net Underspend for Year		2.490 (Fav)
Less Slippage (as per Note 1 below)	1	(2.479)
Underlying Variance at Outturn		0.011 (Fav)

Note 1: Capital Schemes Slippage Requests to 2019/20 (Full slippage explanations contained in Appendix E)

	£'000
Accommodation Project - Phase 8 - Town Hall Car Park	33
Promenade Footways (<i>Re-phasing of expenditure</i>)	-5
Staining Playing Fields Development Scheme	151
Replacement Vehicles	148
Public Transport Improvements	30
Fairhaven and Church Scar Coast Protection Scheme	2,276
Fairhaven and Church Scar Coast Public Realm Works	100
Disabled Facilities Grants Programme	13
Housing Needs Grant	16
Affordable Housing Scheme Sunnybank Mill, Kirkham	-460
(<i>Re-phasing of expenditure</i>)	
Affordable Warmth Scheme	8
CCTV Replacement Schemes	27
Kirkham Public Realm Improvements	5
M55 Link Road	103
Ansdell / Fairhaven - Public Realm Scheme	10
St Annes Pier - Coastal Revival Fund	24
Total Slippage requested	2,479

- 6.3 The first periodic update of the Five Year Capital Programme for 2019/20 will be amended to reflect the outturn results and any other changes approved to date.

7. Usable Capital Receipts 2018/19

- 7.1 Capital Receipts are a major component of the Council's capital financing strategy. Details of usable receipts are set out in table 4:

Table 4 - Useable Capital Receipts 2018/19

	Latest Estimate	Outturn	Variance +/-	
	£'000	£'000	£'000	
Opening Balance at 01/04/2018	63	63	0	
Capital Receipts received in year	115	132	17	Fav
Sub Total	178	195	17	Fav
Capital Receipts applied in year		(195)		
Closing Balance at 31/03/2019		0		

- 7.2 The favourable variance of £17k arises mainly from vehicle sales being greater than budgeted for.

8. Capital Financing 2018/19

- 8.1 The proposed financing of capital expenditure is set out in table 5 below. The financing proposals represent the most cost-effective financing to the Council and leaves it with the greatest flexibility in respect of future years.

Table 5 - Capital Financing 2018/19

	£'000
EXPENDITURE:	15,087
FINANCING:	
Grants & Contributions	12,915
Internal Borrowing	1,067
Capital Receipts	195
Revenue Contribution	136
Performance Reward Grant Reserve	11
Capital Investment Reserve	763
Total Capital Financing	15,087

- 8.2 Should any minor changes be identified in capital expenditure as a result of final closure work, capital financing will be adjusted as appropriate.

9. Capital Outturn – Conclusions

- 9.1 After allowing for slippage the outturn position has produced an underlying programme favourable variance of £11k compared to the latest forecast reported to Members.
- 9.2 The outturn position will be reflected in future capital programme updates.
- 9.3 Full details of the capital outturn position on a scheme-by-scheme basis have been presented to each of the programme committees during the current meetings cycle.

10. Treasury Management Annual Report

10.1 Background

This section of the report covers Treasury Management operations for the financial year to 31st March 2019. The Local Government Act 2003 requires the Council to adopt the CIPFA (the Chartered Institute of Public Finance and Accountancy) Prudential Code and produce Prudential Indicators.

The Council's treasury activities are regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). The Code of Practice requires authorities to report on the performance of the treasury management function.

The Prudential Indicators and Treasury Management Strategy for 2018/19 were originally approved in the Medium Term Financial Strategy 2018/19 Report to Council on 5th March 2018. The Prudential Indicators are updated as required and changes have been approved by Council in the Mid-Year Prudential Indicators & Treasury Management Monitoring Report on 10th December 2018 and the Medium Term Financial Strategy Report to Council on 5th March 2019. The Prudential Indicators and the outturn position for 2018/19 are shown at **Appendix F**.

11. Treasury Management & Economic Summary

11.1 Economic Background

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, dominated much of the economic stage during 2018/19 and is expected to continue to be a major influence on the economy in the near future.

The Bank of England's Monetary Policy Committee (MPC) voted unanimously for a bank base rate rise of 0.25% in August 2018, taking the Bank of England base rate to 0.75%. The MPC has since maintained the base rate at 0.75%.

The Bank has recently reiterated the message that inflationary pressures may lead to further increases in the bank base rate but that any future increases will be gradual and measured.

The headline rate of UK Consumer Price Inflation fell back to 1.8% year-on-year in March 2019 from 2.7% in August 2018 and as such is now within the Bank of England 2.0% target rate, easing immediate pressures for an interest rate rise.

While external inflationary pressures from energy costs and import prices are expected to subside, domestic pressures are projected to build over the medium term with the balance of these effects may take inflation back above the Bank of England's target throughout most of their forecast period, meaning that strong real income growth is unlikely to materialise any time soon.

Gilt yields have remained at low levels. Some upward movement from current levels is anticipated based on a transitional Brexit period. However, the near economic outlook is projected to be weak with volatility being anticipated arising from both economic and political events.

11.2 Borrowing

In line with advice from treasury advisors the borrowing strategy is to postpone new borrowing and to utilise in-house cash balances instead (also known as internal borrowing). This is the most prudent strategy, particularly in periods when investment returns are low and counter-party risk is high. Such a strategy minimises treasury risk by reducing both external debt and in-house investments. Therefore, no new long term borrowing has been taken during the year.

Existing long term borrowing has only been undertaken for a capital purpose and the statutory borrowing limit (the Authorised Limit) of £7.0m was not breached.

The Council's only borrowing at 31st March, 2019 was at a fixed interest rate (average rate 3.91%) and is shown in Table 6, below.

Table 6 – Analysis of Borrowing

Type of Loan	Balance 31.03.19 £m
Public Works Loan Board (PWLB)	1.0
Gross Borrowing	1.0
Operational Boundary	1.0

The Council is due to repay its outstanding £1m of PWLB borrowing in December 2019, therefore the £1m of long-term borrowing has been reclassified as short-term borrowing in the annual accounts. The figures in this report are based on the actual amounts borrowed and invested and so may differ from those in the final statutory annual accounts by items such as accrued interest and other statutory accounting adjustments.

11.3 Investments

The security of investments is the Council's main investment objective. This is achieved by adhering to the Treasury Management Strategy approved by Council on 5th March 2018 by investing with organisations with high credit quality. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

11.4 Internally Managed Funds

During the year the Council held an average cash balance of £22.5m of internally managed funds, which were invested with approved banks, money market funds, Lancashire County Council and a number of other Local Authorities in line with the approved Treasury Management Strategy.

The overall performance was a gross return of 0.62%, compared with a benchmark return of 0.51%. Interest earned was £140k compared to a revised budget of £118k. The level of interest from investments was in excess of the revised budget as the actual level of external investments was higher than anticipated due to the Council benefitting from a more favourable cash-flow position than was forecast.

12. Prudential Indicators

- 12.1 The Council complied with all of its Prudential Indicator limits for 2018/19. Details can be found in Appendix F.

13. Overall Outturn Conclusions 2018/19

- 13.1 The favourable outturn position for revenue allows for a further contribution to be made to the Capital Investment Reserve in the sum of £0.530m to provide additional financing resources for future capital projects. This additional contribution is beneficial to the overall financial position of the Council and thus is to be welcomed.
- 13.2 The forecast financial position of the Council has improved since the 2018/19 budget was set in March 2018 and the finances of the Council remain robust. Whilst challenges remain, and will no doubt continue to be present given the reduction in central government funding for future years, prudent financial management has provided a relatively stable financial environment which allows the necessary time for the Council to assess and respond to the challenges it faces.
- 13.3 At a strategic level, activity and resources are focussed on the delivery of the key objectives of the Council as set out within the Council's approved Corporate Plan. Given the level of reserves that has been generated in recent years the budget deficits in the final years of the forecast appear to be at manageable levels. However in an uncertain financial environment the position can change in unexpected ways. It is important that the Council continues to operate in a sound and prudent manner in order to maintain a

stable financial position and to explore all opportunities by which the financial position can be further strengthened, whilst continuing to provide high quality services to residents and to deliver the priorities set out in the Corporate Plan.

IMPLICATIONS	
Finance	Detailed financial implications are included within the body of the report
Legal	For 2018/19 there is a statutory requirement for the Chief Financial Officer to sign off a completed Annual Statement of Accounts for the Council by 31 st May 2019, in preparation for the Council's external auditors Deloitte to carry out an annual audit.
Community Safety	Not applicable
Human Rights and Equalities	Not applicable
Sustainability and Environmental Impact	Not applicable
Health & Safety and Risk Management	Not applicable

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	June 2019

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy 2018/19 to 2022/23	5 th March 2019	https://fylde.cmis.uk.com/fylde/MeetingsCalendar.aspx

Attached documents

Appendix A – General Fund Summary Revenue Expenditure & Income Account

Appendix B – General Fund Outturn 2018/19 – Variations from Revised Estimates

Appendix C – Revenue Budget Slippage Items requested

Appendix D – Capital Outturn 2018/19

Appendix E – Capital Outturn Slippage Items requested

Appendix F – Prudential Indicators

GENERAL FUND OUTTURN 2018/19

Summary Revenue Account				
	Outturn 2018/19			
	Latest Estimate	Outturn	Variance + Over / (Under)	Favourable / Adverse
Net Service Expenditure	£'000	£'000	£'000	
Tourism and Leisure Committee	2,218	2,299	81	Adv
Operational Management Committee	3,417	3,223	(194)	Fav
Environment, Health and Housing Committee	597	903	306	Adv
Planning Committee	1,126	1,085	(41)	Fav
Finance and Democracy Committee	2,859	2,968	109	Adv
Contingency	(300)	0	300	Adv
Net Cost of Services	9,917	10,478	561	Adv
Contributions to / (from) other Funds	(1,073)	(774)	299	Adv
Capital Accounting Adjustments	51	(1,006)	(1,057)	Fav
Interest payable and similar charges	39	39	0	-
Interest and investment income	(118)	(140)	(22)	Fav
Minimum Revenue Provision	666	666	0	-
Pension accounting adjustment	0	(327)	(327)	Fav
Accumulated Absences Adjustment	0	(2)	(2)	Fav
Sub-Total of Appropriations	(435)	(1,544)	(1,109)	Fav
Total Net Requirement (See App B, part 1 for variance details)	9,482	8,934	(548)	Fav
Financing				
General Government Grants:				
- New Homes Bonus	(1,284)	(1,284)	0	-
- Other Government Grants	4	(66)	(70)	Fav
Revenue Support Grant	(47)	(47)	0	-
Council Tax Outturn (incl previous years surplus/deficit)	(5,963)	(5,963)	0	-
Business Rates Outturn (incl previous years surplus/deficit)	(2,540)	(2,614)	(74)	Fav
Business Rates - s31 Grants	(1,051)	(1,148)	(97)	Fav
Total Net Requirement	(10,881)	(11,122)	(241)	Fav
Surplus of resources for the year	(1,399)	(2,188)	(789)	Fav
Approved Transfer to/from Reserves				
Transfer to Capital Investment Reserve	1,399	1,399	0	-
Recommended transfers to reserves	0	(789)	(789)	Fav
Analysis of recommended Transfers to/from Reserves:				
Recommended transfer from general fund revenue balances				
- transfer to general fund revenue balances re slippage	0	(242)	(242)	Fav
- transfer to Brexit Reserve	0	(17)	(17)	Fav
- transfer to Capital Investment Reserve	0	(530)	(530)	Fav
Recommended transfers to reserves	0	(789)	(789)	Fav
Statement of General Fund Revenue Balances				
General Fund Revenue Balances b/f	(3,685)	(3,685)	0	-
Recommended transfer to general fund revenue balances	0	(242)	(242)	Fav
General Fund Revenue Balances c/f	(3,685)	(3,927)	(242)	Fav

Note - this table has been provided to assist Members in understanding the outturn position. The Statutory Statement of Accounts will be in a different format to comply with the latest Code of Practice on Local Authority Accounting.

2018/19 Revenue Outturn Variance

Appendix B

Note: Shaded area relate to items for which a slippage request has been made

STAFFING COSTS AND AUTHORITY WIDE BUDGETS						
Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
Authority Wide	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	8,897	8,697	-200	FAV	The budget which was approved by Council in March 2018 assumed reduced payroll costs (including those as a result of 'turnover savings' i.e. natural delays in the recruitment to vacant posts) of £200k per annum. This target was reviewed during 2018/19 and increased to £300k for 2018/19 onwards. The actual level of savings achieved in relation to direct employee costs for 2018/19 were in excess of this level by £200k.
Authority Wide	Computer licence costs	363	325	-38	FAV	A number of planned improvements to the back-up ICT server room located at Snowdon Road have been identified following an externally commissioned audit into ICT resilience and recovery arrangements at the council. These improvements are now planned to be carried out during 2019/20 and a slippage request from the computer licence costs budget is now being made to allow this work to be completed.
Authority Wide	Utility Costs	102	126	24	ADV	Utility prices have risen above the budgeted amounts during the year resulting in this adverse variance. These budgets will be reviewed as part of the budget right-sizing exercise during 2019/20 and adjusted as necessary.
Authority Wide	Repairs and maintenance of council assets	306	231	-75	FAV	A number of the works which had originally been anticipated to be undertaken during 2018/19 did not take place and will now be carried out in later years, resulting in this favourable outturn variance.
Sub total		9,668	9,379	-289	Favourable	

Tourism and Leisure Committee

Service Area	Detailed Description	Latest Full Year	Actual Outturn	Variance £'000	Adverse/ Favourable	Reason for Variance
Lowther Gardens Trust	Grant Support - Lowther Pavilion	206	59	-147	FAV	This budget was increased during 2018/19 to provide a resource for the defence of the legal challenge to Lowther Trust. At the time when the additional funding of £175,000 was approved by Council in November 2018 it was unclear when the funds would be required. Up to March 2019 some funds have been expended. The remaining monies needs to be slipped to 2019/20 to provide sufficient funding to resolve/settle the case.
Grounds Maintenance External Contracts	Contribution to Overheads - External Contracts	-115	-151	-36	FAV	This favourable outturn variance has arisen as a result of increased income that has been generated from additional grounds maintenance work in relation to external contracts.
Sub total		91	-92	-183	Favourable	

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
Interest and Investment Income	Investment & Bank Interest Received	-118	-140	-22	FAV	It has been possible to generate additional investment interest income from Treasury Management activities during 2018/19 due to the favourable cash-flow position during the year.
Housing Benefit	Rent Allowances Expenditure	18,530	18,663	133	ADV	Housing benefit expenditure during the year has been higher than forecast whilst government funding to support this was lower than the budgeted level, partly as a consequence of the move to Universal Credit as the main benefit that provides support for housing costs. The budgets will be reviewed as part of the budget right-sizing exercise during 2019/20 and adjusted as necessary.
	Rent Allowance Income, including subsidy from govt, Discretionary Housing Payments and Overpayment recovery	-18,715	-18,702	13	ADV	
Council Tax Collection Costs	Council Tax Costs Recovered	-200	-177	23	ADV	The level of income raised from council taxpayers from court costs relating to enforcement activity has been lower than expected during 2018/19. The budgets will be reviewed as part of the budget right-sizing exercise during 2019/20 and adjusted as necessary.
Legal Services Team	Legal Fees and Court Costs	10	28	18	ADV	The majority of this adverse variance is due to the costs of expert advice or representation from counsel for a variety of matters. In some instances the Council was successful and will be able to recover these costs.
Miscellaneous Properties (incl. Pleasure Island)	Additional income from revised rent agreements	-226	-295	-69	FAV	A review of rent and licence agreements within the Estates Team has resulted in a number of increased rentals and licence fees which has resulted in this favourable outturn variance. The budgets will be reviewed as part of the budget right-sizing exercise during 2019/20 and increased levels of rental income may be assumed in future years as appropriate.
Elections - Other / Referendum	Neighbourhood Plan	26	0	-26	FAV	This budget is intended to cover the cost of a possible referendum in respect of the St. Annes Neighbourhood Plan. A slippage request has been submitted to fund a potential referendum if the council is not successful in defending the legal challenge to the St. Annes Neighbourhood Plan brought by landowners.
St Annes Public Offices	Legal Fees and Court Costs & General Maintenance of Grounds	0	22	22	ADV	The Council incurred various unbudgetted expenses during 2018/19 relating to the delayed disposal of the St. Annes Public Offices, including legal fees relating to potential sale and/or lease options, as well as additional grounds maintenance costs as remedial works to the site were necessary following complaints of grass and weed overgrowth.
Sub total		-693	-601	92	Adverse	

OPERATIONAL MANAGEMENT COMMITTEE
Appendix B (cont'd)

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
Car Parks	Car Parking Fees	-630	-678	-48	FAV	With the settled and dry weather throughout much of the 2018 summer season, visitor numbers to the Borough were increased over an extended period of time, many of whom used public car parks owned by the Council resulting in increased income and hence this favourable outturn variance.
Land Charges	Land Charges Fees and additional government grant	-52	-80	-28	FAV	Income from land charges services exceeded the expected levels during the year whilst the government provided a further 'New Burdens' grant to local authorities to compensate for past changes to the provision of these services by local authorities. Taken together these two factors have led to this favourable outturn variance.
Trade Waste Service	LCC-Landfill Levy/Tipping Chgs	173	149	-24	FAV	During 2018/19 the Council incurred reduced levels of tipping charges due to a general decrease in the overall tonnage of trade waste that was collected and thus required transfer to landfill sites, resulting in this favourable outturn variance.
Waste Schemes	Vehicle Running Costs	396	378	-18	FAV	There are several favourable variances in respect of vehicle costs. Some are due to the fact that a number of vehicles have been acquired in the past 12 months, replacing older and more expensive to maintain vehicles. Additionally fuel costs have been lower than anticipated.
Sub total		-113	-231	-118	Favourable	

ENVIRONMENT, HEALTH & HOUSING COMMITTEE

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
Housing Standards	Disabled Facilities Grant Fees	-180	-137	43	ADV	During 2018/19 the Council received a reduced level of income than was anticipated in respect of grant administration charges for Disabled Facilities Grant works. This was despite the fee levels being raised from 5% to 15% with effect from 1st April 2018. This is due to a number of the agreements for works in 2018/19 being finalised during the period prior to these changes taking effect and were thus at the earlier fee level of 5%.
Cemetery and Crematorium	Interments	-215	-224	-9	FAV	Income from interments was modestly in excess of the forecast, whilst in respect of cremation income, despite earlier concerns that the revised forecast of income levels for 2018/19 would not be achieved, an increase in activity towards the latter part of the year recovered that position. With regard to cremator repairs and maintenance, no structural repairs were required during 2018/19 resulting in this favourable outturn variance.
	Cremations	-985	-1,012	-27	FAV	
	Contract Repair and Maintenance	60	21	-39	FAV	
Sub total		-1,320	-1,352	-32	Favourable	

PLANNING COMMITTEE

Appendix B (cont'd)

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
Building Control	Building Control Fee income	-81	-115	-34	FAV	The increased levels of Building Regulations Building Notice Fee income reflects both a change in application trends from full plan applications and a buoyant construction industry. The budget will be reviewed during 2019/20 as part of the budget right-sizing exercise and adjusted as appropriate.
Development Management	Consultants Fees	41	13	-28	FAV	The nature of planning applications received during 2018/19 has been such that it has not been necessary to seek external assistance to the originally expected extent. Accordingly this budget has been underspent.
	Planning Application Fees	-625	-592	33	ADV	The number of major planning applications received during the year has been lower than expected and income has consequently been reduced as compared to the revised budget estimate. The budget for 2019/20 and future years will be reviewed during 2019/20 as part of the budget right-sizing exercise and adjusted as necessary to reflect amended expectations.
Planning Enforcement	Enforcement Costs	15	0	-15	FAV	This funding was specifically identified to cover the costs associated with the potential enforcement action relating to unauthorised development of a particular site. Breach of Condition notices have been prepared, but any action to secure compliance with these notices would now fall in 2019/20. A slippage request has been submitted in order to provide for the costs of enforcement action as necessary during 2019/20.
Sub total		-650	-694	-44	Favourable	

Other minor variances	26	Adverse
Total Variances - Net Budget Requirement	-548	Favourable

Requests to transfer 2018/19 budget to 2019/20

Service Area	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if not approved
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FINANCE & DEMOCRACY COMMITTEE

Revenues and Benefits Service - Central Costs	Council Tax Reduction Scheme (CTRS) - Hardship Fund	6	Balance of the original £10k allocation of funding for this purpose carried forward to next financial year to provide some budget provision for potential claimants during the new year - as per the management of the CTRS scheme as adopted.	The Council has a legal obligation to provide a hardship fund for CTRS recipients - this represents the resource to meet that obligation.
Electoral Registration	Individual Elector Registration (IER)	24	IER Funding from Cabinet Office to cover implementation of individual elector registration.	The slippage is required to enable the delivery of electoral registration forms to householders. If this is not carried out the grant funding would be returned to central government.
		-24		
Elections - Other / Referendum	Neighbourhood Plan	26	Slippage request to fund a potential referendum if the Council is not successful in defending the legal challenge to the St.Annes Neighbourhood Plan brought by landowners.	The Council would be required to find funding from elsewhere to cover the cost of re-running the St.Annes Neighbourhood Plan referendum, if the council is not successful in defending the legal challenge to the plan brought by landowners.
Sub-total		32		

OPERATIONAL MANAGEMENT COMMITTEE

Computer Services	Improvements to ICT resilience and recovery arrangements.	38	A number of planned improvements to the back-up ICT server room located at Snowdon Road have been identified following an externally commissioned audit into ICT resilience and recovery arrangements at the council. These improvements are now planned to be carried out during 2019/20.	Failure to carry out the improvements will result in increased vulnerability to resilience and recovery risks in relation to core ICT systems across the council.
Sub-total		38		

Service Area	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if not approved
ENVIRONMENT, HEALTH & HOUSING COMMITTEE				
Community Safety	Community Safety Initiatives	13	Community Safety funding is now significantly diminished due to the fact that external grants are no longer being received, other than for smaller amounts of funding, for example, from the Police and Crime Commissioner. The intention is to manage the limited resources prudently and when such usage is most effective. As a result during 2018/19 a relatively small amount of funding has been granted to support a number of partnership projects and consequently a slippage request has been made to transfer the remaining resource into 2019/20. It is possible that not all of this will be used in 2019/20 and a future request to transfer funding beyond 2019/20 may be made. The Grant monies are specifically for Community Safety Initiatives as stipulated by the LSP until such time as the money is fully spent.	If the slippage were not to be approved this would have a detrimental effect on the funding local community safety initiatives. The initiatives are aimed at addressing particular crime or anti-social behaviour issues within Fylde and the monies would have to be repaid to Lancashire County Council.
		-13		At the cessation of the LSP an undertaking was given to utilise the funding for the agreed purposes. It is unclear what would be the consequence if that undertaking were not honoured.
Housing, Homelessness and Housing Advice	Mortgage Repossessions - Grants & Loans	27	In 2009/10 DCLG allocated £23.5k to Fylde Council to assist in preventing homelessness as a result of mortgage repossession or landlord repossession and in 2012 provided a further £30k for the same purpose. A policy is in place such that the unspent balance of funding is carried forward to be used the following year, subject to general budget pressures permitting.	If the slippage were not to be approved the mortgage repossession prevention work could not continue. As this is grant funding that can only be used for mortgage repossession prevention work the funding would need to be returned to central government if not used for the intended purpose.
		-27	Funding for project as described above.	
Housing, Homelessness and Housing Advice	Flexible Homelessness Grant	15	Homeless Reduction Act Initiatives are new initiatives to implement new services. There has been an underspend for the year as some initiatives were still funded by Trailblazer funding in 2018/19.	Funding has to be spent on initiatives for the implementation of the Homeless Reduction Act.
		-15	Funding for project as described above.	
Housing, Homelessness and Housing Advice	16 / 17 Year old homelessness Grant	2	The grant has been used to deliver an E-learning course developed by YMCA to be to run for 3 years from 01/04/2019.	This grant funding can only be used for projects associated with preventing homelessness for 16/17 year olds.
		-2	Funding for project as described above.	
Housing, Homelessness and Housing Advice	Landlord Incentive Scheme	4	Private Sector landlords within Fylde are a valuable resource which support the Council's homeless prevention work under the Homeless Reduction Act. During 18/19 priorities for the project were limited to supporting the initiative to assist vulnerable households into tenancies with either a rent bond or rent in advance and consequently not all of the funding was expended in 2018/19.	The slippage is required to enable us to develop a project throughout 2019/20 that incentivises private sector landlords to work collaboratively with the Council to maximise the housing resources available within the private rented sector within Fylde.
Sub-total		4		

Service Area	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if not approved
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PLANNING COMMITTEE

Planning Enforcement	Enforcement Costs	15	This funding was specifically identified to cover the costs associated with the potential enforcement action relating to unauthorised development of a particular site. Breach of Condition notices have been prepared, but any action to secure compliance with these notices would now fall in 2019/20.	The carrying out of the effective enforcement action has been identified in the corporate plan. Failure to secure compliance with the notices will render them ineffective and the continued harm to the environment may continue unabated.
Economic Regeneration	Conservation	3	These budgets have been identified to contribute to the ongoing refurbishment, maintenance and management of the town centre as part of the wider corporate initiative. The materials identified for this project will not now be received until the first weeks of 2019/20.	The planned maintenance of St. Annes Square, which is a key project identified in the Corporate Plan, will not be able to implemented ahead of the coming tourist season which will have an adverse impact on the quality and reputation of the seaside resort.
	Urban Design	3		
Sub-total		21		









TOURISM AND LEISURE COMMITTEE


Lowther Gardens Trust	FBC Grant Support - Lowther Pavilion	147	At the time the additional funding of £175,000 was approved by Council in November 2018 to provide a resource for defending the legal challenge on Lowther Trust it was unclear when the funds would be required. Up to March 2019 some of the funds have been expended. The remaining monies are required in 2019/20 to provide sufficient funding to resolve/settle the case.	There would not be sufficient budget allocation available in 2019/20 to defend the legal challenge.
Coast and Countryside	Environmental Projects - Persimmon Project	10	This environmental project spans two financial years and the undspend has been identified to be carried forward to deliver the balance of the project in 2019 / 20.	If not used for the specific project the Section 106 monies would have to be returned to the developer.
		-10	S106 contributions approved to fund the project.	
Sub-total		147		






Total Revenue Slippage	242	
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CAPITAL OUTTURN 2018/19






KEY:  SCHEME DELIVERED TO BUDGET DURING THE YEAR
 SCHEME UNDERSPENT AGAINST BUDGET
 SCHEME OVERSPENT AGAINST BUDGET




APPROVED SCHEMES	Financing Source	Latest Budget 2018/19 £000	Actual Outturn 2018/19 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
FINANCE & DEMOCRACY COMMITTEE								
Accommodation Project - Phase 8 - Town Hall Car Park	Capital Investment Reserve / borrowing / general asset disposal receipts	238	205	33	Underspent		33	This scheme relates to the final element of the Accommodation Project comprising car parking, civic garden and associated landscaping works. The project has been a key scheme for the Council and sees the accomplishment of a long-held ambition to refurbish the town hall premises. The contractor for the works was unable to complete all aspects within the initial timescale and the project is now expected to be completed by early 2019/20. Slippage is now requested to provide the necessary funding for this final element in 2019/20.
Sub total		238	205	33			33	
TOURISM & LEISURE COMMITTEE								
Ashton Gardens Depot	Proceeds from the sale of surplus Council Assets	120	120	0	On target		0	The scheme has been completed within the approved budget during the year.
Fairhaven Lake & Promenade Gardens - First round	Specific Grant (Heritage Lottery Fund)	112	108	4	Underspent		0	The scheme has been completed within the approved budget during the year.
Promenade Gardens Water Play Facility	Capital Investment Reserve	259	259	0	On target		0	The scheme has been completed within the approved budget during the year.
Promenade Footways	No external finance - funded by borrowing/general asset disposal receipts	40	45	-5	Overspent		-5	There has been an accelerated spend on promenade footway improvements in 2018/19 to achieve future years savings. The budget will be reduced by £5k in 2019/20 to offset the additional spend for 2018/19.
Staining Playing Fields Development Scheme	Capital Investment Reserve	152	1	151	Underspent		151	The commencement of this project has been delayed due to the time required to obtain planning approval (which was longer than originally anticipated) and a change to the scope of works through the design and build process agreed in consultation with the Parish Council and the Friends Group. The amended scheme involves the inclusion of sand slitting and levelling works. The scheme was originally planned to commence in late 2018/19 but this has slipped into the start of 2019/20. Slippage is requested to provide the necessary funding for the scheme to be delivered in 2019/20 and into 2020/21.
Town Hall Arts Store Improved Storage Facilities	Capital Investment Reserve	50	47	3	Underspent		0	The scheme has been completed within the approved budget during the year.
Lytham Hall Restoration - Coastal Revival Fund	Specific Grant	43	43	0	On target		0	The scheme has been completed within the approved budget during the year.
Sub total		776	623	153			146	

KEY:  SCHEME DELIVERED TO BUDGET DURING THE YEAR
 SCHEME UNDERSPENT AGAINST BUDGET
 SCHEME OVERSPENT AGAINST BUDGET




APPROVED SCHEMES	Financing Source	Latest Budget 2018/19 £000	Actual Outturn 2018/19 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
OPERATIONAL MANAGEMENT COMMITTEE								
Replacement Vehicles	Capital Investment Reserve / Borrowing / S106 Developer Contributions / Direct Revenue Finance	1,462	1,314	148	Underspent		148	A number of operational vehicles of a bespoke specification and with long build times have been commissioned but were not delivered to the Council by the year-end. Slippage is requested in this regard and the vehicles are now expected to be received in the early part of the financial year 2019/20.
Coastal Cleansing and the Provision of Beach Bins	Capital Investment Reserve	25	25	0	On target		0	The scheme has been completed within the approved budget during the year.
Public Transport Improvements	S106 Developer Contributions	48	18	30	Underspent		30	This scheme relates to developer contributions (s106) funding that is paid to Lancashire County Council (LCC). The funding will contribute to the delivery of improved public transport services where an enhanced public transport requirement is identified as a result of increased housing development. These payments may be made over a period of several years and in this instance the s106 agreement allows for payments to be made up until 2028. Slippage of the unspent amount of £30k is requested in order that the full amount may be paid to LCC in later years at the appropriate point in time.
Fairhaven and Church Scar Coast Protection Scheme	Specific Government Grant (Environment Agency) / Capital Investment Reserve	11,500	9,224	2,276	Underspent		2,276	Delivery of this major scheme remains broadly on schedule. However not all of the forecast expenditure for 2018/19 has been achieved. Assuming that the slippage is approved as requested the expenditure forecast will be re-phased to reflect the current expectations regarding the timing of the delivery of the scheme. Further re-phasing of the expenditure profile between the years is likely to be required as the scheme progresses and the capital programme will be updated accordingly and reported regularly to members.
Fairhaven and Church Scar Coast Public Realm Works	Capital Investment Reserve	100	0	100	Underspent		100	As a consequence of the re-phasing to the delivery of the main project as outlined above, the timing of the delivery of the public realm element has been re-phased into 2019/20. Slippage is now requested in order to provide sufficient resource for the entirety of the planned public realm scheme.
Sub total		13,135	10,581	2,554			2,554	

KEY:  SCHEME DELIVERED TO BUDGET DURING THE YEAR
 SCHEME UNDERSPENT AGAINST BUDGET
 SCHEME OVERSPENT AGAINST BUDGET

APPROVED SCHEMES	Financing Source	Latest Budget 2018/19 £000	Actual Outturn 2018/19 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
ENVIRONMENT, HEALTH & HOUSING COMMITTEE								
Disabled Facilities Grants Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	1,473	1,460	13	Underspent		13	This budget has seen a significant increase in central government funding since 2016/17 which has facilitated the clearance of the backlog / waiting list for disabled facility works. The slippage of £13k reflects the residual balance from 2018/19. An annual monitoring report on DFG's is due to be considered by the Environment, Health and Housing Committee later in the year. The £13k is fully allocated and represents the on-going work within the section. The slippage has allowed the service to continue into the current financial year as the Council has only recently received confirmation of the 2019/20 DFG allocation.
Housing Needs Grants	DFG Grant Repayments	19	3	16	Underspent		16	It has previously been agreed that this funding is to be used to provide additional funding - to that provided by Lancashire County Council (LCC) - to provide affordable warmth measures to qualifying persons. During 2018/19 the funding available from LCC was committed to schemes in the first instance resulting in this underspend in the Fylde Council element. It is requested that this balance of funding is made available for further affordable warmth measures in 2019/20 when a reduced level of funding from LCC will be available for this initiative.
Affordable Warmth Scheme	Specific Grant (Lancashire County Council)	31	23	8	Underspent		8	In 2018/19 funding was provided by Lancashire County Council (LCC) for the Affordable Warmth Scheme in Fylde. Most of the funding from LCC has been spent or committed at 31st March 2019. The slippage requested is expected to be fully-utilised in 2019/20, if approved.
Affordable Housing Scheme - 93 St Albans Road Refurbishment	S106 Developer Contributions	56	56	0	On target		0	The scheme has been completed within the approved budget during the year.
Affordable Housing Scheme - Sunnybank Mill, Kirkham	S106 Developer Contributions	0	460	-460	Overspent		-460	Although the scheme was initially scheduled to be delivered during 2018/19 a number of delays in the construction phase led to the payment being re-profiled during 2018/19 into the following year within the capital programme. However, towards the latter part of the year the scheme experienced a degree of acceleration and the payment was actually then processed during 2018/19 in accordance with the funding agreement. The scheme is now complete.

KEY:  SCHEME DELIVERED TO BUDGET DURING THE YEAR
 SCHEME UNDERSPENT AGAINST BUDGET
 SCHEME OVERSPENT AGAINST BUDGET

APPROVED SCHEMES	Financing Source	Latest Budget 2018/19 £000	Actual Outturn 2018/19 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
ENVIRONMENT, HEALTH & HOUSING COMMITTEE (Cont'd)								
Affordable Housing Scheme - Keenan Mill	S106 Developer Contributions	840	840	0	On target	☺	0	The scheme has been completed within the approved budget during the year.
Affordable Housing Scheme - Church Road Methodist Church, St Annes	S106 Developer Contributions	275	275	0	On target	☺	0	The element of the scheme scheduled to be delivered in 2018/19 has been completed within the approved budget during the year. The remaining element in the sum of a further £275k will be completed during 2019/20.
CCTV Replacement Schemes	Specific Grant (LSP Performance Reward Grant)	38	11	27	Underspent	▲	27	This funding provides the necessary resource to replace CCTV cameras in the future in line with the agreed policy that cameras are only replaced as and when necessary. Consequently slippage of the balance of funding is requested. If the slippage is not approved there is no other approved resource to provide for future camera replacement.
Lytham Park Cemetery - Windbreak Canopy	Capital Investment Reserve	110	106	4	Underspent	▲	0	The scheme has been completed within the approved budget during the year.
Sub total		2,842	3,234	-392			-396	

KEY:  SCHEME DELIVERED TO BUDGET DURING THE YEAR
 SCHEME UNDERSPENT AGAINST BUDGET
 SCHEME OVERSPENT AGAINST BUDGET

APPROVED SCHEMES	Financing Source	Latest Budget 2018/19 £000	Actual Outturn 2018/19 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
PLANNING COMMITTEE								
Kirkham Public Realm Improvements	S106 Developer Contributions / Capital Investment Reserve	50	45	5	Underspent	▲	5	The scheme was substantially completed during 2018/19 and this final unspent amount will be paid when the work has been completed to the required standard and any snagging works carried out. Slippage of £5k is requested to provide for this final aspect of this phase of the scheme.
M55 Link Road - Design Fees	S106 Developer Contributions	358	255	103	Underspent	▲	103	This scheme relates to the detailed technical design of the proposed link road. This work is progressing and payment is being made in stages as work is completed rather than as an upfront payment. Accordingly payments will be spread across a number of financial years and slippage into 2019/20 in the sum of £103k is now requested. The design works are expected to be completed by June 2019.
Coastal Footpath Enhancements	S106 Developer Contributions	20	20	0	On target	😊	0	The scheme has been completed within the approved budget during the year.
Ansdeil / Fairhaven - Public Realm Scheme	Capital Investment Reserve	110	100	10	Underspent	▲	10	The scheme was substantially completed during 2018/19 and this final unspent amount will be paid when the work has been completed to the required standard and any snagging works carried out. Slippage of £10k is requested to provide for this final aspect of this phase of the scheme.
St Annes Pier - Coastal Revival Fund	Specific Grant	48	24	24	Underspent	▲	24	The scheme commenced during 2018/19 and the works are progressing well. The grant funding for the full scheme is in place with completion expected during the first quarter of 2019/20. Slippage of £24k is requested to provide for this remainder of the works.
Sub total		586	444	142			142	
Total Expenditure		17,577	15,087	2,490			2,479	

Capital Slippage 2018/19
Requests to transfer 2018/19 Budget to 2019/20

Appendix E

Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if Slippage is not approved
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FINANCE & DEMOCRACY COMMITTEE

Accommodation Project - Phase 8 - Town Hall Car Park	Building Works and Improvements	33	This scheme relates to the final element of the Accommodation Project comprising car parking, civic garden and associated landscaping works. The project has been a key scheme for the Council and sees the accomplishment of a long-held ambition to refurbish the town hall premises. The contractor for the works was unable to complete all aspects within the initial timescale and the project is now expected to be completed by early 2019/20. Slippage is now requested to provide the necessary funding for this final element in 2019/20.	If the slippage were not to be approved there would be insufficient approved funding in 2019/20 to carry out all the remaining work.
	Sub-total	33		

TOURISM & LEISURE COMMITTEE

Staining Playing Fields Development Scheme	Building Works and Improvements	151	The commencement of this project has been delayed due to the time required to obtain planning approval (which was longer than originally anticipated) and a change to the scope of works through the design and build process agreed in consultation with the Parish Council and the Friends Group. The amended scheme involves the inclusion of sand slitting and levelling works. The scheme was originally planned to commence in late 2018/19 but this has slipped into 2019/20. Slippage is requested to provide the necessary funding for the scheme to be delivered in 2019/20 and into 2020/21.	If the slippage were not to be approved there would be insufficient approved funding in 2019/20 and 2020/21 to deliver the scheme.
Promenade Footways	Building Works and Improvements	-5	There has been an accelerated spend on promenade footway improvements in 2018/19 to achieve future years savings. The budget will be reduced by £5k in 2019/20 to offset the additional spend for 2018/19.	Approval to the accelerated spend in 2018/19 will effectively reduce the budget in 2019/20 to bring the programme back into balance.
	Sub-total	146		

Appendix E (Cont.)

Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if Slippage is not approved
OPERATIONAL MANAGEMENT COMMITTEE				
Replacement Vehicles	Purchase of Vehicles	148	A number of operational vehicles of a bespoke specification and with long build times have been commissioned but were not delivered to the Council by the year-end. Slippage is requested in this regard and the vehicles are now expected to be received in the early part of the financial year 2019/20.	If the slippage were not to be approved the vehicle would have to be funded from the 2019/20 budget for vehicle replacements which would impact on the delivery of future years of the vehicle replacement schedule.
Public Transport Improvements	Payment of S106 Developer Contributions to Lancashire County Council for enhanced public transport provision	30	This scheme relates to developer contributions (s106) funding that is paid to Lancashire County Council (LCC). The funding will contribute to the delivery of improved public transport services where an enhanced public transport requirement is identified as a result of increased housing development. These payments may be made over a period of several years and in this instance the s106 agreement allows for payments to be made up until 2028. Slippage of the unspent amount of £30k is requested in order that the full amount may be paid to LCC in later years at the appropriate point in time.	If the slippage were not to be approved the payments to LCC under the agreement would have to be funded from other resources which would adversely impact the delivery of services elsewhere.
Fairhaven and Church Scar Coast Protection Scheme	Building Works and Improvements	2,276	Delivery of this major scheme remains broadly on schedule. However not all of the forecast expenditure for 2018/19 has been achieved. Assuming that the slippage is approved as requested the expenditure forecast will be re-phased to reflect the current expectations regarding the timing of the delivery of the scheme. Further re-phasing of the expenditure profile between the years is likely to be required as the scheme progresses and the capital programme will be updated accordingly and reported regularly to members.	The Environment Agency grant to deliver the Coast Protection Scheme is restricted in its permitted application to the approved scheme. If the slippage is not approved the required funding would have to be sought elsewhere.
Fairhaven and Church Scar Coast Public Realm Works	Building Works and Improvements	100	As a consequence of the re-phasing to the delivery of the main project as outlined above, the timing of the delivery of the public realm element has been re-phased into 2019/20. Slippage is now requested in order to provide sufficient resource for the entirety of the planned public realm scheme.	If the slippage were not to be approved there would be insufficient funding in 2019/20 to deliver the full scheme as specified.
Sub-total		2,554		

Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if Slippage is not approved
ENVIRONMENT, HEALTH & HOUSING COMMITTEE				
Disabled Facilities Grants Programme	Grants	13	This budget has seen a significant increase in central government funding since 2016/17 which has facilitated the clearance of the backlog / waiting list for disabled facility works. The slippage of £13k reflects the residual balance from 2018/19. An annual monitoring report on DFG's is due to be considered by the Environment, Health and Housing Committee later in the year. The £13k is fully allocated and represents the on-going work within the section. The slippage has allowed the service to continue into the current financial year as the Council has only recently received confirmation of the 2019/20 DFG allocation.	The Better Care Fund grant that provides the resource for the award of disabled facilities grants is restricted in its usage for this purpose. If the slippage were not to be approved it would reduce the total of funding for disabled facilities grants in 2019/20.
Housing Needs Grants	Grants	16	This funding provides an additional resource - to that provided by Lancashire County Council (LCC) - to provide affordable warmth measures to qualifying persons. During 2018/19 the funding available from LCC was committed to schemes in the first instance resulting in this underspend in the Fylde Council element. It is requested that this balance of funding is made available for further affordable warmth measures in 2019/20 when a reduced level of funding from LCC will be available for this initiative.	If the slippage were not to be approved the number of Affordable Warmth Grants that can be awarded for 2019/20 would be reduced.
Affordable Warmth Scheme	Grants	8	In 2018/19 funding was provided by Lancashire County Council (LCC) for the Affordable Warmth Scheme in Fylde. Most of the funding from LCC has been spent or committed at 31st March 2019. The slippage requested is expected to be fully-utilised in 2019/20, if approved.	If the slippage were not to be approved the improvements identified through the grant scheme would not be delivered and any unspent funding will have to be returned to Lancashire County Council.
Affordable Housing Scheme - Sunnybank Mill, Kirkham	Building Works and Improvements	-460	Although the scheme was initially scheduled to be delivered during 2018/19 a number of delays in the construction phase led to the payment being re-profiled during 2018/19 into the following year within the capital programme. However, towards the latter part of the year the scheme experienced a degree of acceleration and the payment was actually then processed during 2018/19 in accordance with the funding agreement. The scheme is now complete.	Approval to the accelerated spend in 2018/19 will effectively reduce the budget in 2019/20 to bring the Capital Programme back into balance.
CCTV Replacement Schemes	Replacement of equipment	27	This funding provides the necessary resource to replace CCTV cameras in the future in line with the agreed policy that cameras are only replaced as and when necessary. Consequently slippage of the balance of funding is requested.	If the slippage were not to be approved there would be no approved resource to provide for future cctv camera replacement and consequently the system would cease to function effectively.
Sub-total		-396		

Appendix E (Cont.)

Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if Slippage is not approved
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PLANNING COMMITTEE

Kirkham Public Realm Improvements	Regeneration Scheme	5	The scheme was substantially completed during 2018/19 and this final unspent amount will be paid when the work has been completed to the required standard and any snagging works carried out. Slippage of £5k is requested to provide for this final aspect of this phase of the scheme.	The slippage is required to provide for the final account payment during 2019/20, marking the completion of the scheme and fulfilment of the agreed contract.
M55 Link Road - Design Fees	Design fees	103	This scheme relates to the detailed technical design of the proposed link road. This work is progressing and payment is being made in stages as work is completed rather than as an upfront payment. Accordingly payments will be spread across a number of financial years and slippage into 2019/20 in the sum of £103k is now requested. The design works are expected to be completed by June 2019.	If the slippage were not to be approved the delivery of the M55-Heyhouses link road would be further delayed as funding would only be provided based on the original triggers set out in the planning permission for the residential development at Queensway. Facilitation of the M55 Link Road is a key action within the Council's approved Corporate Plan.
Ansdell / Fairhaven - Public Realm Scheme	Regeneration Scheme	10	The scheme was substantially completed during 2018/19 and this final unspent amount will be paid when the work has been completed to the required standard and any snagging works carried out. Slippage of £10k is requested to provide for this final aspect of this phase of the scheme.	The slippage is required to provide for the final account payment during 2019/20, marking the completion of the scheme and fulfilment of the agreed contract.
St Annes Pier - Coastal Revival Fund	Building Works and Improvements	24	The scheme commenced during 2018/19 and the works are progressing well. The grant funding for the full scheme is in place with completion expected during the first quarter of 2019/20. Slippage of £24k is requested to provide for this remainder of the works.	The Department for Housing, Communities and Local Government grant to deliver the St Annes pier improvement works is restricted in its permitted application to the approved scheme. If the slippage is not approved the required funding would have to be sought elsewhere or the scheme would not be able to be completed.
Sub-total		142		
Total Capital Slippage		2,479		

Prudential Indicators

Prudential Indicator	Revised Indicator 2018/19 £m	Actual 2018/19 £m	Note
Authorised limit for external debt	7.0	1.0	1
Operational boundary for external debt	1.0	1.0	2
Principal sums invested > 364 days	5.0	0	
Limit on fixed interest rate debt	7.0	1.0	
Limit on variable interest rate debt	1.0	0.0	
Maturity structure of borrowing (Upper limits):-			
Under 12 months	100%	100%	
12 months – 2 years	100%	0%	
2 years – 5 years	100%	0%	
5 years – 10 years	100%	0%	
10 years and above	100%	0%	
External Debt – Gross Borrowing	1.0	1.0	2
Investments	16.5	19.8	3
Capital Expenditure	17.6	15.1	
Capital Financing Requirement	6.4	6.1	
Ratio of Financing Costs to Net Revenue Stream	5.4%	5.1%	

Notes

1. The Authorised Limit indicator of £7.0m is set deliberately higher than the actual forecasted borrowing amount as it needs to take into account any unexpected cash movements, and becomes the Authority's statutory limit.
2. The Operational Boundary is the expected borrowing position of the Council during the year. It is not a limit and can be breached.
3. This is the actual investments held at 31st March 2019.