



Agenda

Finance and Democracy Committee

Date:	Monday, 24 September 2018 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor Karen Buckley (Chairman) Councillor Neil Harvey (Vice-Chairman)</p> <p>Councillors David Donaldson, Tony Ford JP, Angela Jacques, Kiran Mulholland, Linda Nulty, Liz Oades, Richard Redcliffe, Vince Settle, Elaine Silverwood, Roger Small.</p>

Public Platform

To hear representations from members of the public in accordance with Article 15 of the Constitution.

To register to speak under Public Platform: see [Public Speaking at Council Meetings](#).

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: 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	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 25 June 2018 as a correct record.	1
3	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 22(c).	1
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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	4
BUSINESS RATES RETENTION AND BUSINESS RATES POOLING			

PUBLIC ITEM

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

SUMMARY

This report summarises the operation of a 'business rate pool' under the revised 'localisation of business rates' arrangements which have been in place since April 2013. Fylde Council has participated in the Lancashire business rates pool for the financial years 2017/18 and 2018/19.

Subsequent to the commencement of the current arrangements in 2013, the government announced further reform to the business rates retention scheme and in October 2015 committed that, by the end of the then Parliament (i.e. originally intended to be 2019/20), local government should retain all taxes raised locally, including 100% of locally collected business rates. This amounted to a significant reform of the local government finance system. It should be noted that this commitment refers to the retention of 100% of business rates by the local government sector as a whole – it is not proposed that individual councils should retain 100% of business rates collected within their areas.

However the legislation required to implement these changes was absent from the programme of proposed government legislation for the current parliament within the June 2017 Queen's Speech and the timetable for implementation of the changes to the Business Rate Retention system has therefore been revised.

As part of the Local Government Finance Settlement for 2018/19 the government then announced plans to introduce '75% Business Rate Retention' for all authorities with effect from 2020/21 (i.e. a year later than the earlier implementation date for changes to the system). As part of the development of these revised arrangements the government is inviting bids from existing Business Rate Pools to act as 'pilots' for the proposed scheme. An analysis of the impact of the 'pilot' scheme arrangements for the Lancashire Business Rates Pool indicate that (if the bid were to be accepted by the Ministry of Housing, Communities and Local Government - MHCLG) a significant net beneficial impact could result across Lancashire authorities. However this would firstly require a revised business rate pooling arrangement to be established between all of the Lancashire authorities.

The Committee is invited to consider this matter and determine whether Fylde Council ought to continue to participate in the Lancashire Business Rates Pool for 2019/20 (on the assumption that the pool remains in existence beyond the current year); and to further consider whether it also supports an application by the Lancashire Business Rates Pool to participate in the 'pilot' arrangements for a 75% Business Rate Retention scheme in 2019/20, should a revised pooling agreement be established between all Lancashire authorities.

If such a bid were to be submitted and rejected by MHCLG the current pooling arrangements would be expected to continue in place for 2019/20 and Fylde Council could continue to experience the benefits arising from membership of the pool through continued participation in the scheme.

RECOMMENDATIONS

The Finance and Democracy Committee is recommended to:

1. Approve the continuation of Fylde Council participation in the current Lancashire Business Rates Pool for 2019/20 on the assumption that the pool remains in existence;
2. Agree the participation of Fylde Council in the submission of a bid by Lancashire authorities to form part of the '75% Business Rate Retention Pilot Scheme' arrangements for 2019/20 providing that a revised pooling arrangement, acceptable to all authorities, can be established;
3. Note that the next update to the Financial Forecast of the Council will be amended to reflect the latest information and expectations in respect of future levels of business rate income to the Council; and
4. Agree that participation in the Lancashire Business Rate Pool for future years beyond 2019/20 should be kept under review and should be the subject of a report to the committee for consideration during next financial year.

SUMMARY OF PREVIOUS DECISIONS

At the meeting of 25th September 2017 this Committee considered participation by Fylde Council in a Lancashire-wide Business Rate Pool for 2018/19 and determined:

1. To approve the continuation of Fylde Council participation in the Lancashire Business Rates Pool for 2018/19 on the assumption that the pool remains in existence; and
2. To note that the next update to the Financial Forecast of the Council will be amended to reflect the latest information and expectations in respect of future levels of business rate income to the Council; and
3. To agree that participation in the Lancashire Business Rate Pool for future years beyond 2018/19 should be kept under review and should be the subject of a report to the committee for consideration during next financial year.

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. INFORMATION AND BACKGROUND

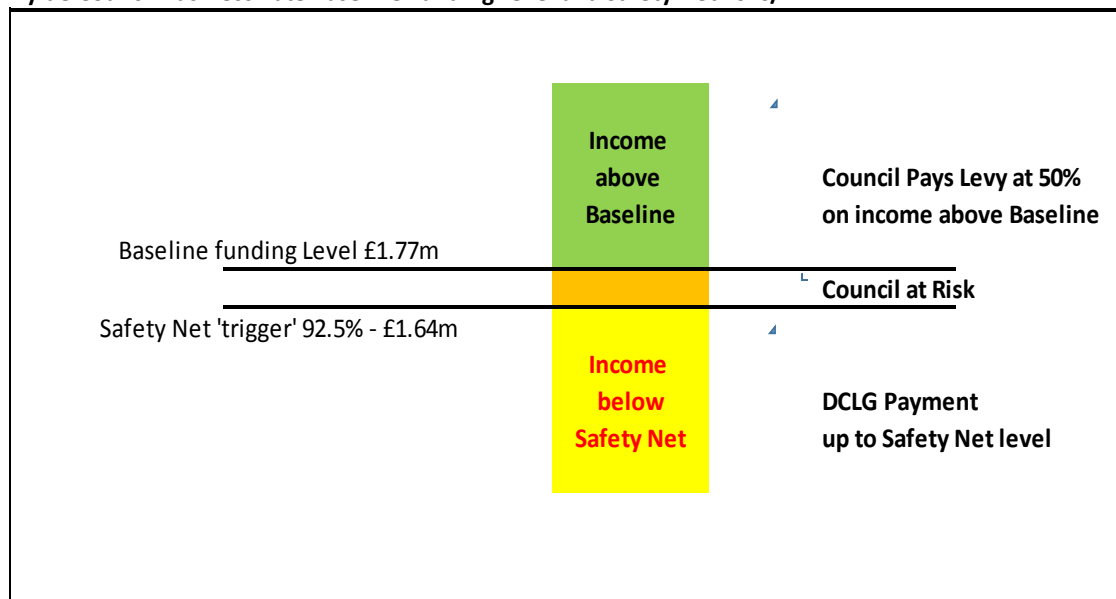
Business rates are a key source of funding for local authorities. From 2013/14 new arrangements replaced the former 'National Rates Pool' and under this revised regime each billing authority retains a share of the business rates for its area based on prescribed proportions. For Fylde, this is 40% retained with the remainder shared between Central Government, County Council and Fire Authority (50%, 9% and 1% respectively).

All district Councils in two-tier areas, like Fylde, are classed as 'tariff' authorities; this means the Council's individual rates baseline is greater than its baseline funding level (as calculated by central government) which results in the Council paying a tariff to the Government from its share of 'retained' business rates.

The business rates retention system also provides for councils to benefit from a share of growth in their business rates base and exposes them to the risk of reduced income where changes are adverse (e.g. business closures, rating appeals). The system, as currently designed, includes mechanisms for both a **levy** and a **safety net** to moderate such variances. A **levy** applies where an authority's retained share of rates income exceeds its baseline

funding level, whereas a **safety net** operates when the retained share of rates income falls below 92.5% of the baseline funding level. The diagram below illustrates this and shows the values for Fylde for 2016/17 (i.e. prior to the Council's participation in a business rate pooling arrangement).

Fylde Council Business Rate Baseline Funding Level and Safety Net 2016/17



The diagram shows that under the current system if the Council's share of retained business rate income exceeds the value of the Baseline Funding Level (which for 2016/17 was £1.77m as calculated by DCLG) the Council would pay to the Government a levy on this additional amount at a rate of 50%, whilst retaining 50% of the growth.

Conversely the current system provides a degree of protection in that if the Council's share of retained income drops below the Baseline Funding Level the extent of this drop is 'capped' at a level equivalent to 92.5% of the Baseline Funding Level (the 'Safety Net' level - which for 2016/17 was £1.64m). If the Council's share of retained income drops below this level the Council receives a grant to bring the income up to the safety net level.

2. BUSINESS RATE POOLING

A feature of the business rates arrangements is to allow councils to group together to form a 'business rates pool'. Under such an arrangements councils in a pool combine all of their funding calculations under the business rate scheme, effectively adding their numbers together for all elements of the funding calculation, including the calculation of the tariff and top-up amounts.

Fylde Council has participated in the Lancashire pooling arrangement since the financial year 2017/18. Combining with other local authorities within Lancashire (comprising a number of the district councils which are 'tariff' authorities and Lancashire County Council which is a 'top-up' authority) has the effect of producing a position whereby no levy to central government is payable by any of the pooling authorities. Participating Councils within the Lancashire pool retain 95% of their Business Rate growth compared to the 50% that is retained where a Council is not within a Business Rate pool.

As a result of being in the Lancashire pool for 2017/18, Fylde Council was able to retain £598k of business rate growth that would otherwise have been paid over to the government by way of a levy.

The latest in-year monitoring of 2018/19 retained business rates income through the pool indicates that it would again be financially advantageous for Fylde to remain in the pool for 2019/20 on the assumption that a continuation of the pooling arrangement remains viable for that year.

3. FURTHER PROPOSED CHANGES TO THE BUSINESS RATE RETENTION SCHEME – 75% RETENTION

As part of the Local Government Finance Settlement for 2018/19 the government announced plans to introduce '75% Business Rate Retention' for all authorities with effect from 2020/21. As part of the development of these revised arrangements the government is inviting bids from groups of authorities to act as 'pilots' for the proposed scheme, which would be in existence for the 2019/20 financial year only.

An analysis of the impact of the 'pilot' scheme arrangements for the Lancashire Business Rates Pool indicate that (if the bid were to be accepted by MHCLG) a significant net beneficial impact estimated at £10.8m could result across Lancashire authorities, subject to a revised pooling arrangement being established between all of the Lancashire authorities.

However, participating councils will also be exposed to a higher level of business rate risk for the duration of the pilot in 2019/20. There will be a higher share of any losses, arising due to appeals, bad debts, and empty premises, being 75% rather than the current 50%. There will also not be 'no detriment' support from the Government.

The estimates of additional growth available to share in 2019/20 are based on the councils' NNDR1 returns for 2018/19. Should NNDR income fall below 2018/19 levels, the growth anticipated in the bid may not materialise at the level projected in the NNDR1 returns. However, as set out above, indicative figures suggest that total rates income would need to reduce significantly before councils were worse-off through pilot membership than continuing with existing pools.

The Lancashire Pool currently operates on the basis that each member stands their own risk having given up their right to safety net protection on joining the pool. The arrangements under the pilot differ in that all pool members would share the risk of losses across the pool area, such that reduced business rate income from anywhere within the pilot footprint would adversely affect the level of additional business rates retained.

Authorities selected as pilots will be expected to forgo Revenue Support Grant and Rural Services Delivery Grant. The value of these grants will be taken into account when revised tariffs and top-up's for the pilot authorities are set up. The Government expect that a proposed pool would comprise a county council and all of the associated district councils; a group of unitary authorities; or a two-tier area and adjoining unitary councils, and that it should extend across a functional economic area. Proposals would need to set out the tier splits for all authorities, including the Fire and Rescue Service.

Bids will be required to outline out how the pilot pool will manage risk and reward at a strategic level, and have regard to the financial sustainability of all local authorities involved. It will also be required to detail how any potential business rate growth will be spent. The bid will also need to make clear the governance arrangements for strategic decision making.

The Government have decided that because the new 75% pilots are testing the pooled authorities approach to risk the 'no detriment' clause applied to previous pilots will no longer apply. Instead of this the Government have increased the safety net protection level from 92.5% to 95% for these new pilot pools.

The deadline for applications for pilot status is 25th September 2018. The intention is that the new 75% pilots will provide an opportunity to test and gather information on the design of the new business rate retention system in preparation for national implementation of the new arrangements in 2020/21.

If a bid were to be submitted and rejected by MHCLG the current pooling arrangements would be expected to continue in place for 2019/20. If this were to be the case continued participation in the Lancashire Business Rates Pool would remain beneficial for Fylde Council.

4. CONCLUSIONS

Business Rate income is a key element within the Councils Financial Forecast, making a significant contribution to the total income of the Council. The latest forecast approved at Budget Council in March 2018 reflects anticipated income from the Lancashire-wide Business Rate pool for 2018/19 only.

At the present time it is apparent that the earlier proposals on 100% Business Rate Retention, and the consequential impact on the viability of business rate pools, have been superseded by a '75% Business Rate Retention' model under which a reconstituted Lancashire Business Rate Pool may remain viable.

In preparation for the commencement of the new arrangements on a national scale, the MHCLG has invited bids from business rate pools to act as 'pilots' for the new arrangement for the financial year 2019/20.

An analysis of the impact of the 'pilot' scheme arrangements for the Lancashire Business Rates Pool indicates that (if the bid were to be accepted by MHCLG) a significant net beneficial impact estimated at £10.8m could result across Lancashire authorities, subject to a revised pooling arrangement being established between all of the Lancashire authorities. However this proposal is accompanied by additional risks as detailed within this report.

Consequently it is recommended that Fylde Council agrees the submission of a bid to MHCLG by the Lancashire Business Rates Pool to form part of the '75% Business Rate Retention Pilot Scheme' arrangements for 2019/20, should a revised pooling agreement be established between all Lancashire authorities. If a bid were to be submitted and rejected by MHCLG the current pooling arrangements would be expected to continue in place for 2019/20 and Fylde Council would continue to experience the benefits arising from membership of the pool by remaining as one of the participating pool members.

The next update of the Financial Forecast of the Council will be amended to reflect the latest information and expectations in respect of future levels of business rate income to the Council.

IMPLICATIONS	
Finance	It is proposed that the Council should continue membership of the Lancashire Business Rates Pool for 2019/20 (assuming that the pool remains in existence); and furthermore that Fylde Council participates in the submission of a bid by Lancashire authorities to form part of the '75% Business Rate Retention Pilot Scheme' arrangements for 2019/20, providing that a revised pooling arrangement, acceptable to all authorities, can be established. The next update to the Financial Forecast of the Council will be amended to reflect the latest information and expectations in respect of future levels of business rate income to the Council.
Legal	The legal framework for the formation of a business rates pool is set out in paragraph 34 of Schedule 7B of the Local Government Finance Act 1988 (as inserted by schedule 1 to the Local Government Finance Act 2012). Each pool has to decide (and get approval from Government) on its governance arrangements. These cover, at the least: <ul style="list-style-type: none"> - the rights and obligations of pool members, including: - how money is to be disbursed to/between pool members and how payments to central government are to be funded by the lead authority - the treatment of pool balances and liabilities following the pool's dissolution.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	The financial risks of participation in the '75% Pilot Business Rates' arrangement for 2019/20 are set out within this report.

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	September 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
n/a	n/a	n/a

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	5
TIMETABLE FOR DEVELOPING BUDGET PROPOSALS 2019/20			

PUBLIC ITEM

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

SUMMARY

A budget timetable needs to be approved which complies with the budget and policy framework rules, statutory deadlines, and if possible which facilitates early billing for Council Tax.

Attached at Appendix A is a draft budget timetable for the period October 2018 to March 2019 for consideration. The timetable may need further consideration if there are any significant changes, for example if the timetables of precepting authorities change.

RECOMMENDATIONS

The Committee is recommended to:

1. Adopt the timetable as shown at Appendix A for the budget setting process for 2019/20

SUMMARY OF PREVIOUS DECISIONS

This is the first item that relates to the budget setting process for 2019/20 and marks the commencement of that process.

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. INFORMATION

- 1.1 The setting of the composite Council Tax can only be agreed after Lancashire County Council, the Police and Crime Commissioner for Lancashire and the Lancashire Combined Fire Authority have arrived at their respective Band D requirements.
- 1.2 The statutory deadline by which all the precepting authorities have to determine their budget requirements is 28th February 2019. Currently the dates of the relevant meetings of each body are yet to be confirmed.
- 1.3 The timetable set out in Appendix A includes key budget decision dates and proposed timescales for a budget consultation process to be undertaken.
- 1.4 In light of the above it is proposed that if all information on precepts is available, the Budget decision will be taken at Budget Council on 5th March 2019. Please note that this meeting will commence at 5:00pm.
- 1.5 If the budget cannot be set and Council Tax charges determined by 5th March 2019, it is likely that a Council Tax instalment date of 1st April 2019 may not be achieved with a resultant financial loss to the Council. The statutory deadline to set Council Tax is 11th March 2019. Failure to set a Council Tax by the deadline is likely to have a financial impact on the Council and will be in breach of the statutory process.

2 CONSULTATION

- 2.1 As in previous years the Council will consult in respect of strategic budget issues. There will be a period of consultation with interested parties when any budget proposals are published. It is a requirement to consult with business rate payers over any proposed budget. There should also be meaningful consultation with those people who may be affected by any proposals in particular where they involve the discontinuance of a service. Detailed or specific consultation may be part of a proposal and follow after an in principle decision is made.

IMPLICATIONS	
Finance	The financial implications are contained within the body of the report.
Legal	Timetable in place to ensure annual budget for 2019/20 is set with statutory and legislative guidelines
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	None arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658566	September 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
N/a	N/a	N/a

Attached Documents:

Appendix A - TIMETABLE FOR DEVELOPING BUDGET PROPOSALS 2019/20

TIMETABLE FOR DEVELOPING BUDGET PROPOSALS 2019/20

Meeting Dates	Detail
November cycle of meetings	Consideration of draft revenue budget options and capital bids by programme committees.
26 th Nov 2018	Finance & Democracy Committee - Updated Financial Forecast 2018/19 to 2022/23
10 th Dec 2018	Council - Updated Financial Forecast 2018/19 to 2022/23
Nov 2018 to Feb 2019	Consideration of revenue budget options/capital bids by Budget Working Group
Nov 2018/Feb 2019	Opposition Briefings - to be arranged
Nov 2018/Feb 2019	Budget consultation exercise with stakeholders, including Town & Parish Councils and Business Rate Payers
18 th Feb 2019	Finance & Democracy Committee - Budget Proposals Meeting - expected publication date of Budget & Policy Proposals
5 th Mar 2019	Budget Council Meeting (5pm start)
11 th Mar 2019	Statutory Deadline for Council to set Council Tax

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CORPORATE SERVICES	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	6
COMMERCIAL STRATEGY			

PUBLIC ITEM

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

SUMMARY

The report provides the background to the development and proposal of a Commercial Strategy for the Council that will provide a framework for considering any future investment opportunities.

RECOMMENDATIONS

1. That the committee approve the proposed Commercial Strategy included as Appendix 1 to this report to be used as a framework to assess commercial investment and income generating opportunities that will be part of the arrangements for a self-sufficient council.

SUMMARY OF PREVIOUS DECISIONS

The council has not previously had a commercial strategy

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. As local authorities move towards 2020 and the need to be self-sufficient a more commercial approach is being adopted by local councils, the strategy included in Appendix 1 to this report outlines the approach Fylde will be taking to introduce a commercial approach. Whilst there are excellent examples in Fylde Council of commercial cost saving initiatives, including; re-commissioning of services, effective re-letting of contracts, re-negotiating arrangements to realise increased income, and reviewing specifications to achieve more for less, these measures have been exhausted on existing assets or income streams and will not be enough to deliver a self-sufficient council by 2020.

2. Local authorities have been preparing throughout the years of austerity to be self-sufficient which will see the end of the central government grant. Many authorities have taken a more commercial approach to investment becoming major land owners or developing commercial premises, making capital investments that will generate a revenue return to fund council services, the more successful the investments the more funding the council has for service delivery. Local Authorities have invested in the region of £3.8bn between 2013 and 2017 on property investments in retail, office space, leisure and industrial units, primarily for revenue generation rather than capital appreciation. Many have bought property to achieve net returns between 4.00% - 7.00% which far exceed any return possible from the banks.
3. The proposed Commercial Strategy included in Appendix 1 aims to introduce commercialisation wherever possible at Fylde including; service reviews and redesign to increase income and reduce cost; the commissioning cycle to drive out better value; develop shared services to get more by working together; and explore new opportunities for revenue generation. The direction set out in the Corporate Plan 2016-2020 and Medium Term Financial Strategy is for the Council to achieve a financially self-sufficient position. The Corporate Plan 'value for money' priority identifies the need for an investment strategy that will generate sustainable income streams to fund the delivery of council services, this strategy supports the Corporate Plan objectives. The strategy has been developed based on best practice but with due consideration for the risk appetite appropriate for Fylde.
4. The strategy will support innovative and entrepreneurial activity that can deliver a positive financial contribution to the revenue stream through efficiencies from business process improvement. Local services must become financially sustainable and revenue streams need to generate sufficient funds to support future service delivery.
5. The strategy provides a formal framework that brings together many of the practices and activities that have been carried out over the last few years as part of the response to austerity. The framework will be used to assess commercial opportunities, ensuring that they generate income in excess of returns achieved through treasury management and that are within the risk appetite for Fylde, this will include:
 - Exploring every opportunity to generate income from investment in property assets
 - Maximising the return from existing and new income streams and assets
 - Maximising marketing, sponsorship and promotion opportunities
 - Facilitating new and increased commercial activity to stimulate the local economy and grow the business rate base
 - Pricing services to deliver maximum return
6. None of this is new to the council, the strategy formalises the approach with commercial investment complementing, but not replacing, investment in public realm which remains essential to enhance community facilities that contribute to footfall and desirability, supporting economic activity and often stimulating private sector investment.
7. The strategy outlines the process, risk mitigation and the actions that will be taken to embed the required commercial approach for Fylde that will sit alongside, and support, the duty to deliver high quality public services to the tax payer.

IMPLICATIONS	
Finance	There are no direct financial implications as a result of this report, however, the intention of the strategy is to provide a framework within which opportunities that have financial implications can be assessed, any financial requirement as a result of a commercial investment emerging from the strategy will be considered and risk assessed on a case by case basis as part of the process included in the strategy. Where a local authority does things for a commercial purpose relying on the general power of competence given by the Localism Act 2011, the authority must do them through a company.
Legal	There are no direct legal implications as a result of this report, any legal implications as a result of a commercial opportunity emerging from the strategy will be considered on a case by case basis as part of the process included in the strategy.
Community Safety	There are no direct community safety implications as a result of this report
Human Rights and Equalities	There are no direct human rights or equalities implications as a result of this report
Sustainability and Environmental Impact	There are no direct sustainability or environmental implications as a result of this report
Health & Safety and Risk Management	There are no direct health and safety or risk management implications as a result of this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Allan Oldfield	Allan.oldfield@fylde.gov.uk	15/05/2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

Appendix 1: Fylde Commercial Strategy



Fylde Council

Commercial Strategy

The Background

As local authorities move towards 2020 and the need to be self-sufficient a more commercial approach is required, this strategy outlines the approach Fylde will be taking to introduce a commercial approach. There are already excellent examples in Fylde Council of commercial cost saving initiatives, including; re-commissioning of services, effective re-letting of contracts, re-negotiating arrangements to realise increased income, and reviewing specifications to achieve more for less. However, these measures tinker at the margins with existing assets or income streams and will not be enough to deliver a self-sufficient council by 2020.

Fylde Council's Commercial Strategy aims to introduce commercialisation wherever possible in the organisation including; service reviews and redesign to identify every viable opportunity to increase income and reduce cost; the commissioning cycle to drive out even better value; explore shared services to get more by working together; and new opportunities for revenue generation that have never previously been delivered. The direction set out in the [Corporate Plan 2016-2020](#) and Medium Term Financial Strategy is for the Council to achieve a financially self-sufficient position. The Corporate Plan 'value for money' priority identifies the need for an investment strategy that will generate sustainable income streams which will be used to fund the delivery of council services, this strategy delivers the Corporate Plan objectives.

The Vision

The vision is for Fylde Council to become an innovative and entrepreneurial authority that achieves a positive financial contribution to the revenue stream driven by efficiencies through trading and business process improvement. Local services will be financially sustainable and revenue streams will generate sufficient funds to invest in priority outcomes.

The primary objective is to generate income in excess of returns that can be achieved from treasury management that will contribute to the revenue account for the delivery of services, this includes:

- Exploring every opportunity to generate income from investment in property assets
- Maximising the return from existing and new income streams and assets
- Maximising marketing, sponsorship and promotion opportunities
- Facilitating new and increased commercial activity to stimulate the local economy and grow the business rate base
- Pricing services to deliver maximum return

Commercial investment will complement, but not replace, investment in public realm which enhances community facilities and contributes towards footfall and desirability that support economic activity stimulating private sector investment and growth.

Investment opportunities that benefit the broader economic environment but do not necessarily generate direct measurable financial benefit / income to the council's revenue stream would need to be considered on merit against the corporate objectives and approved in accordance with existing procedures within constitutional arrangements. Any interventionist initiative designed to stimulate the private sector must be supported by evidence that demonstrates the wider economic value of the investment.

Employees are responsible for actively seeking out potential for reviewing services and revenue opportunities developing an approach for being commercially aware, willing, and able.

The Drivers

Fylde has been managing the ongoing reduction in the government support grant and long term low interest rates resulting in a low return on treasury investments. The Council is required to achieve a self-sufficient position by 2020 and it is highly likely that Government will continue to restructure financial arrangements so

that the funding for Local Government is paid for by local taxation and other means of localised income generation.

The Revenue Support Grant will be withdrawn which has triggered the requirement to be self-sufficient, it is essential that the Council develops a proactive approach to the growth of its revenue base, the opportunity to generate greater income from investing in appropriate property assets, developing existing services, marketing, sponsorship and advertising will significantly contribute to financial self-sufficiency.

The following key drivers have informed the development of this strategy:

- The need to be self-sufficient by 2020
- The ambition to stimulate economic activity on the high street
- The ambition to maximise revenue from new and existing income streams
- The need to deliver a greater financial return from reserves
- The ambition to maximise the efficiency of every service area
- The need to generate capacity to redirect resources to corporate priorities

The strategy will deliver key outcomes for the Borough including:

- An improved economic and financial return for the Council
- Increased economic activity and employment in the borough
- Increased business rate income
- Delivery of the objectives within the [Corporate Plan 2016-2020](#)

A commercial approach will be applied to every services through process re-engineering at every opportunity to ensure that the most efficient means of service delivery at any given time is in place. Existing services, including statutory internal services will have the potential to create capacity that can be diverted to support commercial opportunities and corporate priorities.

Creating a Commercial Environment

Careful consideration will be given to create the right environment to nurture innovative commercial ideas and develop them into robust project proposals including:

- A review of commercial skills and capability across the Council
- A communications campaign to encourage ideas and identify opportunities
- A robust process for the development of any propositions
- Learning from best practice and sharing experience of commercial ventures
- Adopting a project management approach for implementation
- Ensuring new proposals have the right support from the necessary stakeholders

For a commercial approach to be embedded in every service area it will be necessary to develop the skill set and attitude required to identify appropriate opportunities, operate with maximum efficiency and focus on surplus, profit, productivity or capacity, traditional public sector thinking and behaviour will not deliver a commercial approach.

Assessing Opportunities

Commercial opportunities will be assessed through a formal process designed to identify potential viable proposals, with support to further develop ideas and the resources to deliver viable options. Initial proposals will be discussed informally to determine suitability or fit with the corporate objectives, opportunities that are compatible will have an outline business case covering risk, cost and resource implication, if the proposal is viable at this stage a full business case will be taken to Management Team for approval and the authority to proceed.

Project proposals will be assessed against set criteria at each stage of the process, with a high level appraisal at the outline stage, to determine whether to take a project through to a full business case assessment. Proposed key business case criteria will include:

Criteria	Key Questions to be Satisfied
Strategic Fit	Does the commercial opportunity align with the council's core values and objectives?
Economic Case	Are the financial returns within the parameters agreed in the commercial policy? Are there consequential financial and economic benefits that add value to the proposal (e.g. stimuli to the local high street)?
Commercial Case	Is the proposal operationally viable and within regulations for a public sector organisation? Is there independent valuation possible to assess 'worth' or viability?
Financial Case	Is any required 'up front' funding available – invest to save / generate income? Is the proposal affordable?
Management Case	Is there a realistic project plan that can be delivered within current resources? Does the council have, or is able to access, the capacity and skill to deliver the project?

Property Investment

The majority of local authority commercial income is generated from property investment, it is a significant element of almost all commercial strategies. Best practice guidance includes:

- Developing a diversified and balanced portfolio of investment assets will achieve the most efficient approach.
- Established property investment practice is based on long standing markets for assets in main stream sectors such as office space, retail, industrial and residential. Investing in these traditional asset categories in a balanced fashion, allows for a lower risk investment when compared to emerging markets such as student accommodation, nursing homes and medical centres.
- When considering the tenure of an asset, freehold is preferable to leasehold because it offers a greater level of security than a leasehold asset that would effectively decrease in value over time. However assets on a long leasehold basis, anything in the region of 150 years or more, are often suitable for consideration.
- Properties let to a single tenant may offer an acceptable level of risk if the tenants are marquee brands, multiple tenanted properties minimise the impact of any one part of the asset being vacant. If assets are occupied by a single tenant, then detailed financial due diligence would be undertaken to ascertain their financial stability.

Based on the best practice considerations outlined above and taking into account the Fylde coast local market conditions, a suggested lot size starting at £1m is recommended, this would avoid the lower part of the local market where private high net worth individuals would be seeking to invest. Like any commercial investor, the council will be seeking the best balance between risk and return.

An income yield in excess of 5% (after management costs) should be the minimum entry requirement for consideration as a viable proposal. Opportunities should be sought that have the potential to increase rental income above that which is currently being realised. A limited number of opportunities that include the potential for innovative development should also be considered. All proposals must have evidence to demonstrate the potential to deliver an additional return on investment in the short to medium term.

Sites that are already in the ownership of the Council that could be redeveloped in partnership with neighbouring sites can realise added value from 'marriage' of the sites. Consideration should be given to Joint Venture projects that maximise value, with priority given to those which would result in the delivery of assets meeting the investment criteria.

It is proposed that external specialist property investment advisors are retained on proposed transactions that are approved, advising on suitability having undertaken detailed pre purchase due diligence, including valuation, risk analysis and lease or title reviews.

This approach will be reviewed on at least an annual basis, including a review of ongoing resource requirements, as the property investment portfolio grows.

Pricing

The pricing of council goods and services will be structured to achieve maximum profit or surplus where this is lawful to do so. Officers will take a market led approach to price setting based on demand using market analysis to establish the best possible as opposed to increases based on national indexes, comparison with neighbours or set percentage per annum regardless of any other factors.

The Commercial Investment Action Plan 2018-2019

OPPORTUNITY / ACTION	RESPONSIBILITY
Review all leased assets and current subsidies to ensure efficiency and maximum value for money (sweat assets and maximise income)	Estates
Review and challenge all income streams to ensure maximum returns / best price is achieved	Service Managers
Examine the capacity to establish service packages that can be charged for i.e. legal services, parks, operational activities	Service Managers
Develop an options appraisal to be included as part of every service review to test the external market, where possible	Service Managers
Establish effective engagement with Enterprise Zone projects, Blackpool airport and sub regional economic development	Joint Committee
Explore shared budget options with LCC in particular health and wellbeing initiatives	Partnership Team
Establish a comprehensive profile of the local economic position to inform investment decisions	Corporate Services
Consider opportunities through the One Public Estate initiative that can make better use of public assets on the Fylde Coast	Estates
Investigate the option / opportunity of investing in strategic assets that would act as a stimuli to the local economy	Estates
Develop town centre strategies / vision that reflect the unique selling points to make it easier for commercial ventures to develop	Planning Policy

This is a test

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	7
NEW DEPOT BUILDING ASHTON GARDENS			

PUBLIC ITEM

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

SUMMARY

The proposed new depot building within the Nursery site at Ashton gardens forms part of the Council's Accommodation project and rationalisation of the Council's building assets. The proposal is to relocate the operational workforce from the rear of the Public Offices site and relocate these into the Ashton Gardens Nursery site. This will then enable the disposal of the Public Offices site.

Within the approved Capital Programme is a sum of £63,000 in 2018/19 for completion of the Ashton Gardens depot scheme. However, having sought tenders for the works, the total scheme costs are at a revised estimate of £120,000. Consequently for the scheme to be delivered it is necessary to increase the funding for the scheme by the sum of £57,000

At the 6th September 2018 meeting of the Tourism and Leisure Committee the letting of the contract for the design and construction of the Ashton Gardens scheme was approved, subject to the approval of the funded budget increase for the scheme in the sum of £57,000 by this committee.

RECOMMENDATION

The committee is recommended to approve a funded budget increase of £57,000 to the Ashton Gardens depot element of Accommodation Project scheme within the approved capital programme for 2018/19 to be fully funded from the Capital Investment Reserve.

SUMMARY OF PREVIOUS DECISIONS

Cabinet 31st August 2010

The resolution of Cabinet to dispose of the Public Offices site.

Full Council 3rd Dec 2012

Agreed: To approve that a contribution of £85,000 is made to a capital investment reserve once capital receipts from the disposals are received, in order that the requirement that the accommodation needs will be met from the capital receipts on a cash-limited basis is maintained.

Development Management Committee 13th February 2013

Planning application ref: 12/0733 – Ashton Gardens Depot/Central Nursery - Proposed new storage building and alterations to part of an existing building to form new toilet facilities. Full Planning Permission: - Granted.

Full Council 4th March 2013

Resolved –The Council approve and adopt the Five year capital programme including the changes proposed by Cabinet as set out in appendix G.

Cabinet 24th September 2014

Resolved – Approve the appointment of the lowest tenderer to carry out the above works. The works were

currently estimated to cost in the region of £20,000 and are to be funded from the approved capital scheme in 2014/15 for the Ashton Gardens Depot works in the sum of £85,000.

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

BACKGROUND

1. The proposed new depot building within the Nursery site at Ashton gardens forms part of the Council's Accommodation project and rationalisation of the Council's building assets.
2. At its meeting of the 31ST August 2010 Cabinet resolved to dispose of the Public Offices site together with the garage buildings, chemical store and mess room facilities to the rear of the site.
3. Part of the disposal of the Public Offices site required the relocation of some of the operational functions to Ashton Gardens. To do this it was proposed to invest in the existing depot facilities at Ashton Gardens to accommodate the operational workforce that services the Promenade Gardens, St Anne's Square and the beach, together with pest control. This involves conversion of the old boiler house to accommodate suitable toilet and welfare facilities for the number of staff employed, the construction of a new tractor store and poison storage facilities and associated vehicle parking. These works will create a fit for purpose, health and safety compliant facility for the operational workforce delivering front-line services to residents.
4. Planning permission for the new depot building which is 10.5 lm long and 8.5 lm wide was secured on 13th February 2013 and remains extant (ref: 12/0733).
5. In 2014 the old boiler house in the Ashton Gardens nursery site was converted into toilets for the operational teams at a cost of £22,000.

SCHEME DETAILS

6. To enable the Public Offices site to be disposed of there is a requirement to relocate the operational workforce from the rear of the Public Offices site.
7. Blackpool Council's Capital Projects Team have been engaged to project manage the construction of the new depot building on a design and build basis. The building is of a fairly simple construction with a steel portal frame, concrete floor, metal clad roof and sides with two sealed partitions to the rear of the building which form the chemical storage and mixing areas (See Appendix 1).

PROCUREMENT

8. A Prequalification Questionnaire incorporating an Invitation to Tender document was posted on the 'Chest' in May 2018. The Council placed these tenders on the Pro Contract North west Portal 'The Chest'
9. Following an advertised Expression of Interest the Council received 22 positive enquiries. The invitation to tender requested a fixed price for the Design & Construction of the Storage Building together with external works and demolition.
10. Two tenders were received by the return date 22nd June 2018 -
 - Roger Eaves Building Ltd
 - Liverpool Mutual Homes Ltd

Tender Prices

Company	Tender Sum
Roger Eaves Building Ltd	£110,808
Liverpool Mutual Homes Ltd	£139,497

FINANCIAL IMPLICATIONS

11. Originally in 2012 there was an £85,000 budget for the scheme to create suitable depot facilities at the Ashton Gardens site. Of this £22,000 was spent in 2014 on conversion of the old boiler house into toilet facilities, leaving a balance of £63,000 within the Councils approved 2018/19 Capital Programme for completion of the remaining works.
12. However the tender price is £110,808 plus fees for Blackpool Council to project manage the design and construction of the new depot building, bringing the estimated total scheme costs to £120,000.
13. As the lowest tender returned is significantly higher than budgeted for officers have reviewed the original estimate and examined construction inflation since the original estimate was produced in 2012. This has revealed that construction inflation in the North West from 2012 (3rd qtr) to 2018 (2nd qtr) has been 75%¹, which when applied to the remainder of the budget established in 2012 (£63,000) results in a revised estimate of £110,250. As the work has been competitively tendered the lowest quote is considered reasonable when taking into account the above indices since the original budget was established.
14. Consequently for the scheme to be delivered it is necessary to increase the funding for the scheme by the sum of £57,000.
15. The total project cost is estimates as follows –

Description	Budget
Construction	£105,808
Contingency	£5,000
Project Management Fees	£9,192
Total	£120,000

MAINTENANCE

16. The additional maintenance required to maintain the building can be met from the current approved revenue budgets within the Parks Maintenance and the Technical Services building maintenance teams.

PROGRAMME

17. The following programme for delivery of the project is proposed :

- Award of Contract 2nd October 2018
- Submission of Design to Client 9th October 2018
- Design Review by Client 9th November 2018
- Submission of revised Design 16th November 2018
- Confirmation of Acceptance 7th December 2018
- Commence on Site 14th December 2018
- Completion 29th March 2019

18. A project risk assessment has been completed which is attached at appendix 2.

¹ Royal Institute of Chartered Surveyors Indices produced by the BCIS Building Cost information service.

CONCLUSION

19. The construction of the new depot building in Ashton Gardens will enable the operational team's plant, machinery and equipment together with the chemical store to be moved from the Public Offices site and relocated to the Nursery Depot site within Ashton Gardens. These works will create a fit for purpose, health and safety compliant facility for the operational workforce delivering front-line services to residents.
20. At the 6th September 2018 meeting of the Tourism and Leisure Committee the letting of the contract for the design and construction of the Ashton Gardens was approved, subject to the approval by this committee of the funded budget increase for the scheme in the sum of £57,000.
21. This committee is therefore requested to approve a funded budget increase of £57,000 to the Accommodation Project (Ashton Gardens Depot) scheme within the approved capital programme for 2018/19 to be fully funded from the Capital Investment Reserve.

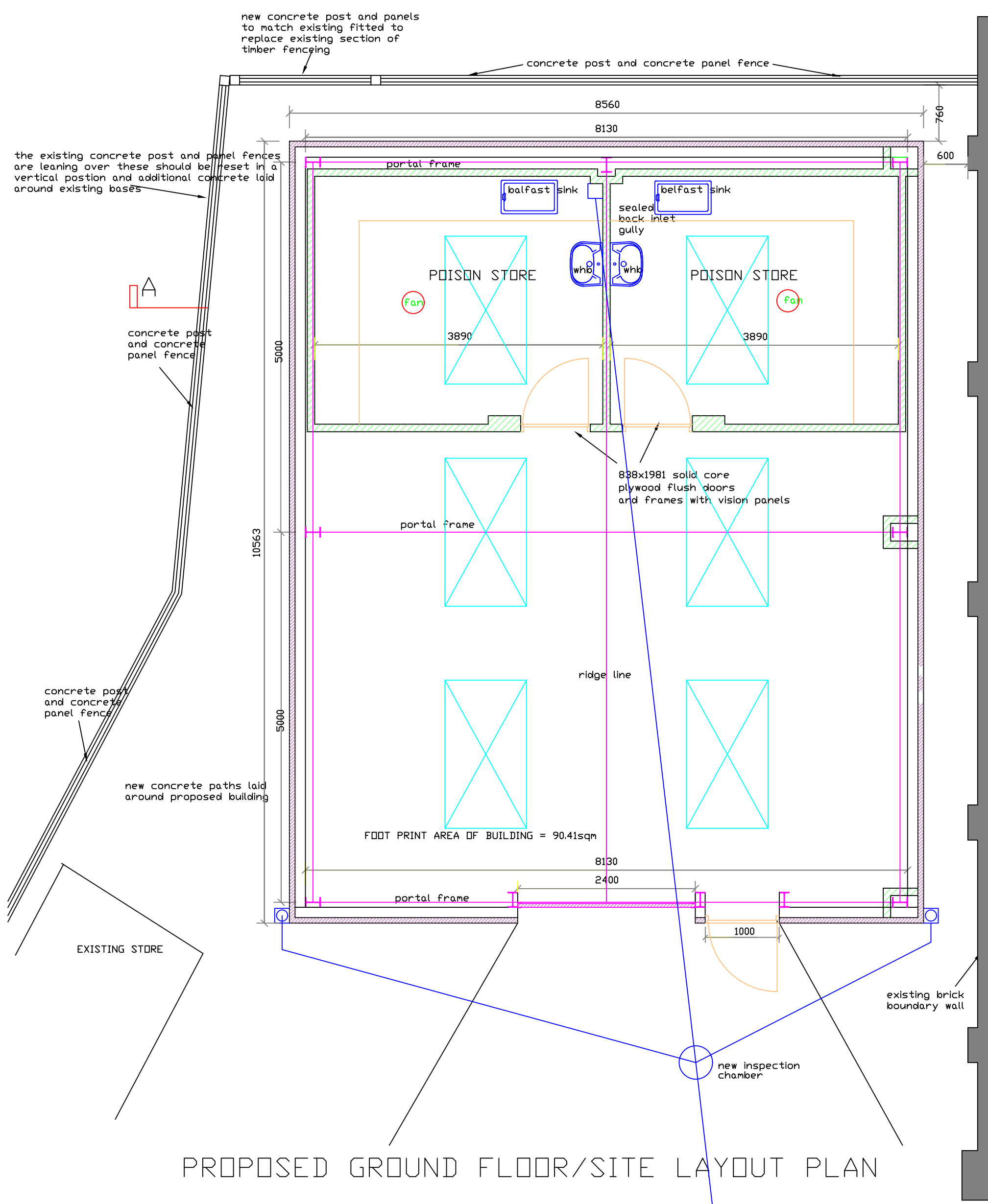
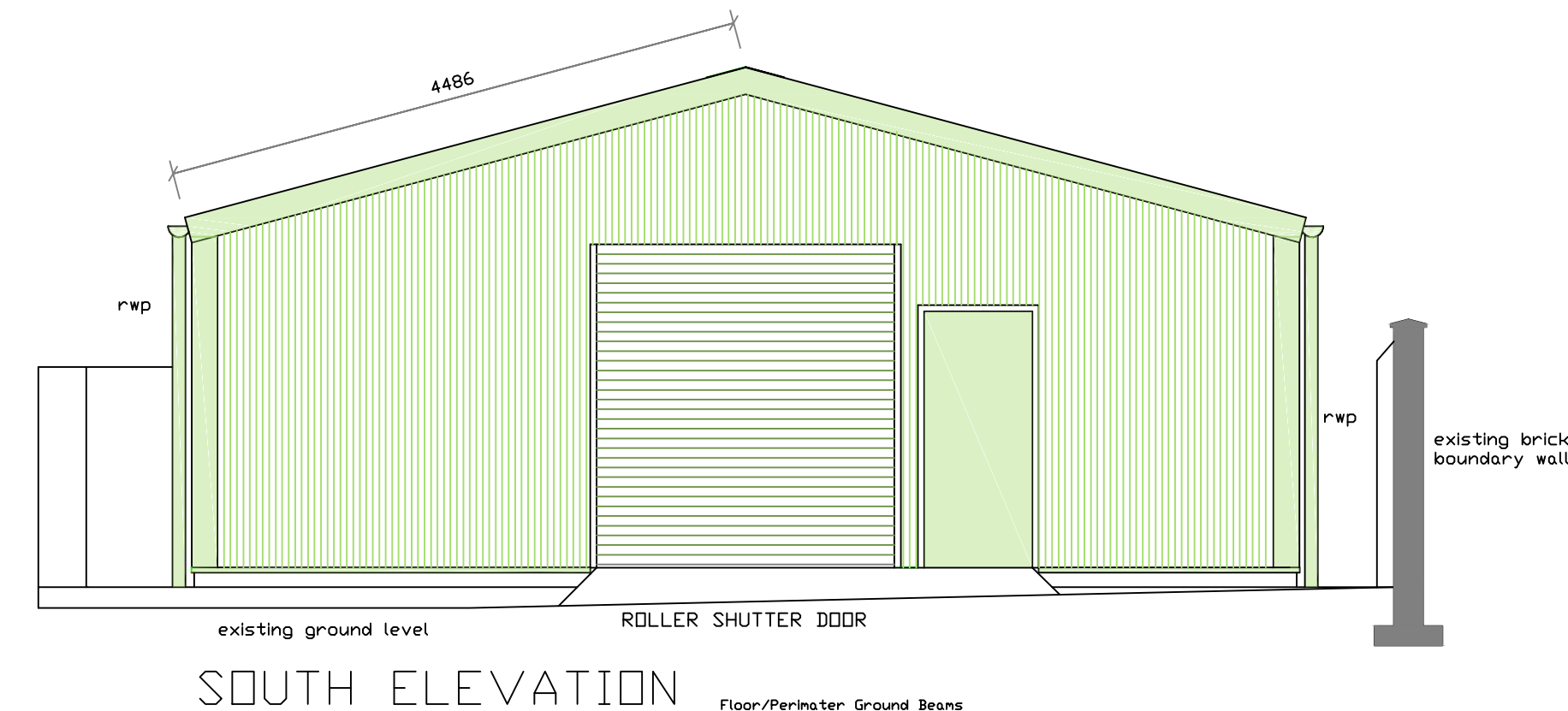
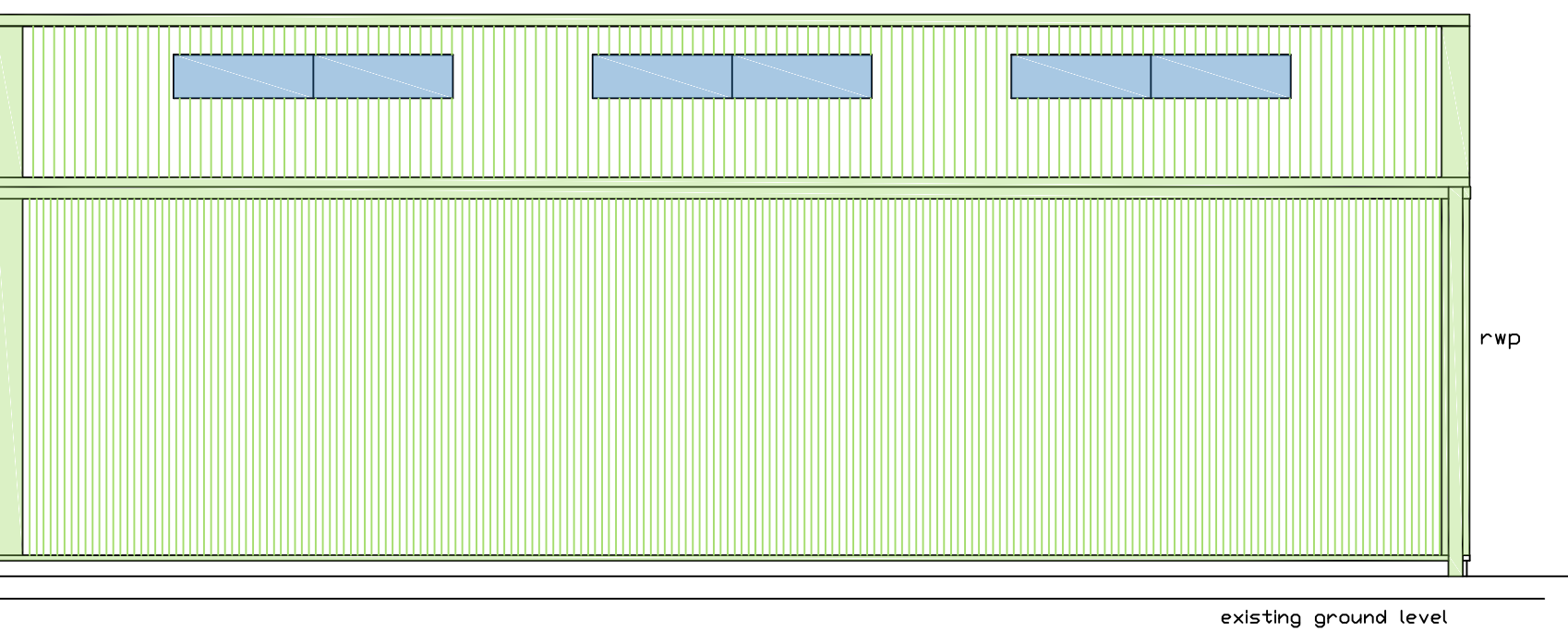
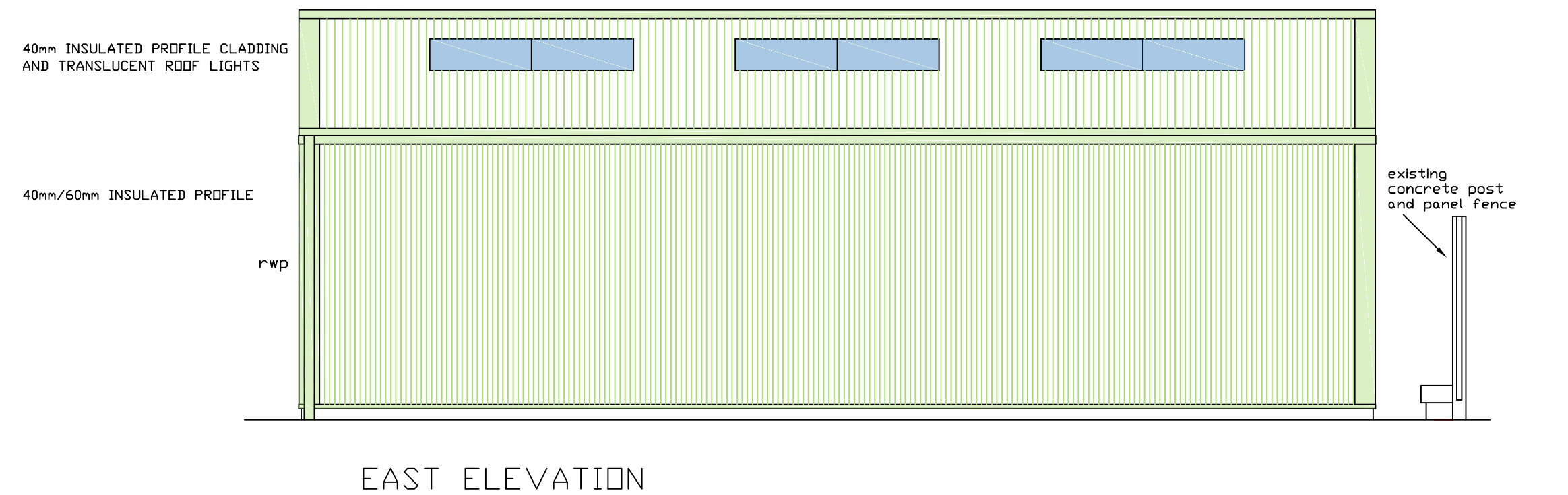
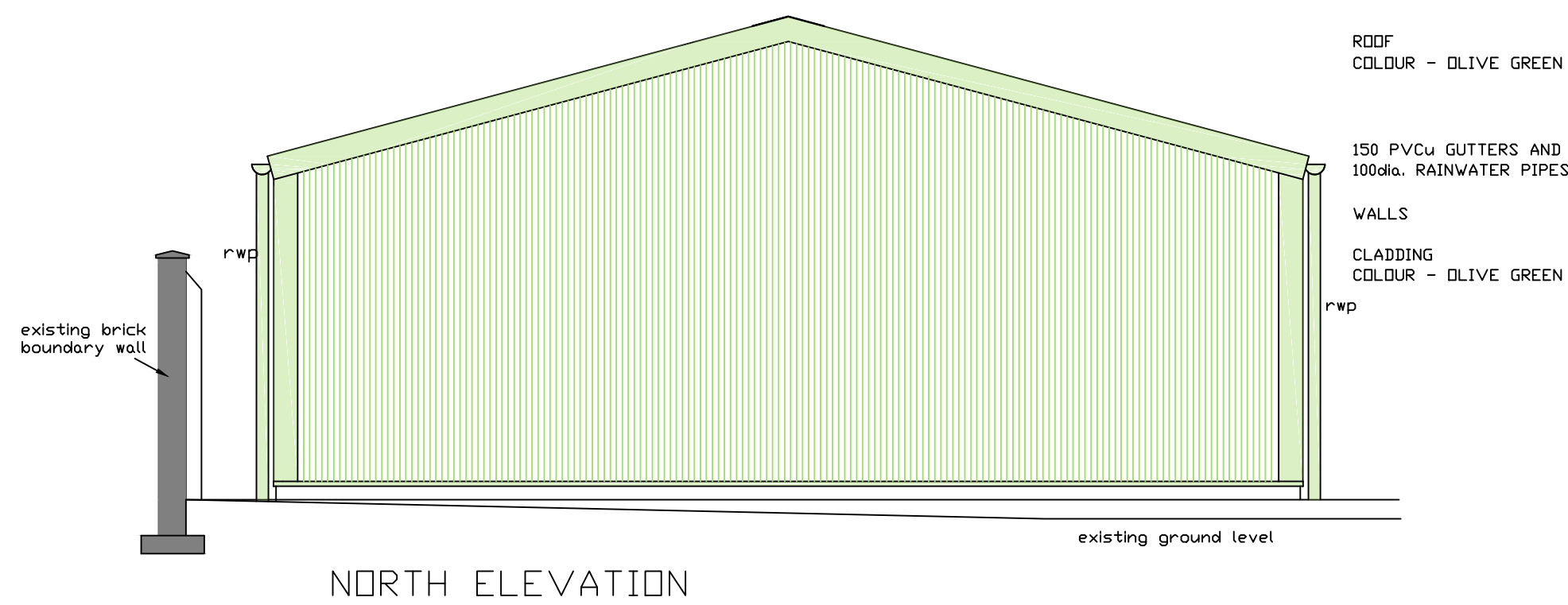
IMPLICATIONS	
Finance	The report requests an addition to the cost of the Ashton Gardens depot element of the Accommodation Project within the approved Capital Programme in the sum of £57,000, to be met from the Capital Investment Reserve.
Legal	None
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	The new building provides a fit for purpose, health and safety compliant facility for the operational workforce.

LEAD AUTHOR	CONTACT DETAILS	DATE
Darren Bell	Darren.bell@fylde.gov.uk 01253 658465	21 st August 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

- Appendix 1 Ashton Gardens Proposed replacement storage building drawing
- Appendix 2 Project risk assessment



Proposed Extension:-
Roof - Steadmans AS35 Insulated Profile Sheeting
40mm Insulated Profile Sheeting And Roof Lights (Class A) - Colour Olive Green
On Z Purlins On Portal Frame Construction
Walls - Steadmans AS35 Insulated Profile Sheeting
40mm insulated profile sheeting - colour olive green
on sheeting rails on portal frame construction
60 mins fire protection on east elevation required.

Portal Frame
Contractor to design portal frame in accordance with relevant British Standards
and Building Regulations and submit these to client for approval prior to
commencing work on site

Poison Stores
Both to be fitted with Belfast sink and whb and lockable robust kitchen style
baseunits with 40mm worktop and wall cupboards/shelf units as agreed with
client.
tiled splashback behind worktop and ceramic floor tiling.
paint grade blockwork to be painted with eggshell or similar.

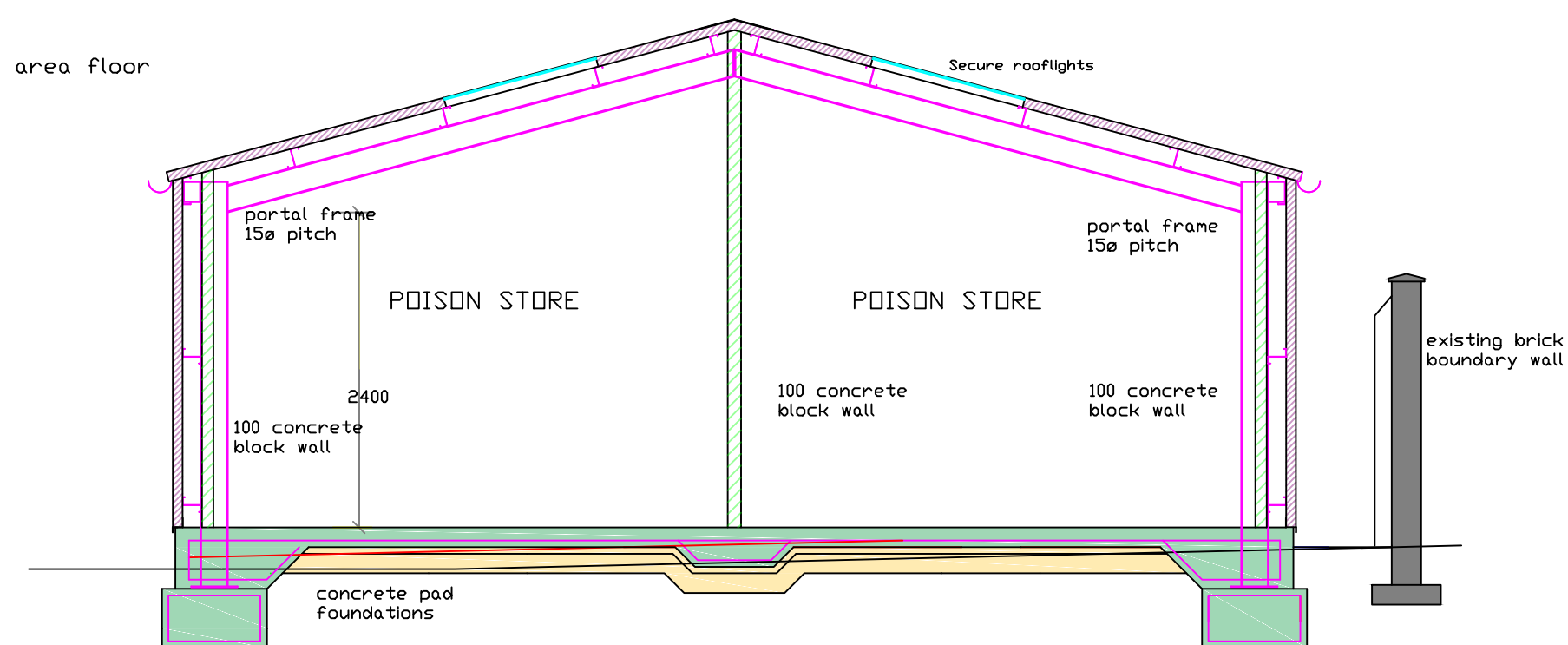
epoxy floor paint to large store area floor

3no stanchions on east elevation
encase with 100 concrete blockwork
up to roof level

200 thick reinforced concrete floor and perimeter ground beam on visqueen 2000 dpm on
50 sand blinding on compacted hardcore.
Actual design of base and foundations to be provided by local authority engineers
Floor in storerooms to be laid to fall to sump gullies with removable corrosive resistant
buckets actual size to be determined by local authority

Internal Walls
100 concrete blockwork with 440x215 piers and 140x100 RC lintels over door openings

110 dia pvcu pipes with flexible joints bedded and surrounded
with 150 pea gravel new gullies to be back inlet gullies
note if drains below floor slab are less than 300mm below slab
they are to be encased in 150 concrete
New manholes to be 460 dia polypropylene chambers bedded and
surrounded with 150 concrete with heavy duty covers



Electrical
All light fittings to have an average initial (100 hour) lamp plus ballast efficacy of not less than 50 lamp
lumens per circuit watt.
All fittings to be controlled by manual switches supplemented by an automatic system which will dim or switch
off the lighting when there is sufficient daylight or when they sense the absence of occupants.
The lighting system should be designed in accordance with the recommendations in BRE Digest 498


Emergency lighting:-
A scheme for emergency lighting to be designed in accordance with BS 5265 Part 1 Emergency Lighting
Code of practice and submitted to the Local Authority for approval prior to work commencing and to
include the provision of illuminated Emergency Exit signs and lighting to escape routes and cover open plan
areas over 60sqm and windowless rooms
A scheme for the Fire alarm system to be installed with call points at each exit door and alarm bells
sited to be audible to all areas of the building to be submitted to the local authority for approval prior
to work commencing. The system to be designed in accordance with BS 5839 PART 1

Mechanical Ventilation:-
Storerooms - ceiling mounted fans rated at 30litres/sec (minimum) ducted to external air and wired into
light switches with 15min overrun (actual rating of fans to be checked with local authority)

Plumbing:-
VHBS to be fitted with 32dia waste pipe with 75 deep seal trap fitted discharging below grating into back inlet gully
Belfast sink - 40dia waste pipe with 75 deep seal trap discharging below grating into back inlet gully
Ridding access to be provided at all 90e bends on waste pipes and at main junction of soil pipe into
existing SVP

Disabled Access:-
All internal doors to be at least 1981h x 838w giving a minimum 750 clear opening.
Front entrance/emergency exit door to be a min. 900mm wide giving a clear opening width of 800mm
Level access to be provided at main entrance door/emergency exit door with access ramps having
a max. slope of 1:20.

REV A MARCH 2013
Fire protection added to boundary wall
stanchions and cladding, rating of roof lights
added and sizes of gutters and rainwater pipes

A	**	**
Date	Revision	
 <p>Fylde Council</p> <p>Technical Services Development Services The Town Hall Lytham St Annes Lancashire FY8 1LW</p> <p>Tel: 01253 658658 E-mail: webmaster@fylde.gov.uk</p>		
Drawn By:	PCNixon	Date: Jan 2018
Checked By:	**	Scale: 1:50@A1
Project: Ashton Gardens St Annes		
Title: Proposed Replacement Storage Building		
Drawing Number: TS11047/06		

Committee Risk Assessment Template

Directorate: Development Services		Date of Assessment: 22 nd August 2018		
Section: Technical Services		Assessment Team: Property Services Blackpool Council		
Assessment Activity / Area / Type: ASHTON GARDENS – PROPOSED STORAGE BUILDING				
Do the hazards create a business continuity risk? No				
RISK DESCRIPTION	RISK SCORE (Likelihood x Impact)	RISK MITIGATION	RESIDUAL RISK SCORE (Likelihood x Impact)	RISK OWNER / RISK REGISTER
Building Regulation Approval Required	4	The proposal was previously conditionally approved in March 2013, but this has since expired. The contract involves design input from the contractor which will address the original conditions in respect to the identified structural elements of the building. An application for Building Regulation Approval will be submitted by the contractor prior to commencement on site	2	Property Services Awarded Contractor

Increased future maintenance implication for the Council	4	The proposed construction materials are generally low maintenance in nature and should therefore provide a good overall structure lifespan. The building will also be initially covered for 12 months during the defects liability period, but the building will need to be added when reviewing the maintenance budget for 2020.	2	FBC
Failure of contractor to deliver to specification	4	The work is to be implemented as a fixed price contract under the terms and conditions of a JCT Minor Works Contract (with contractor design input). The contract administration is to be carried out by Property Services on behalf of FBC Technical Services; all works will be completed as per design and specification. Part or interim payments will be adopted and ratified by means of progress and signed off by FBC Technical Services.	2	Property Services/ FBC Awarded Contractor
Project not delivered on time and funding not utilised	4	The proposed works will be covered by a JCT Minor Works Contract (with contractor design input); this allows penalties for the late completion of works, thus ensuring that the contractor uses his best endeavours to deliver to the agreed programme. A contract shall be signed with the contractor for the delivery of this project.	3	Property Services/FBC

Project Overspend	4	Property Services will monitor and control costs, keeping FBC Technical Services advised of any issues. The contract sum does contain some contingencies to cover any unforeseen issues that may occur on site.	2	Property Services/FBC
Possibility of personal injury to members of the public during the construction period.	4	<p>The contractor will prepare and submit his Construction Stage Health and Safety Plan as required in their tender submission. This will detail the safe construction and operation of plant and machinery in and around the site, including deliveries, providing any mitigation factors used for working in close proximity to the public.</p> <p>Whilst this proposal is within Ashton Gardens, it is situated in the service yard area which is not designated for general public access; this should greatly reduce any potential conflict with members of the public during construction. Further the site will be fenced off, both within the service yard area and along the north fence line within the park.</p> <p>Contractor's access to site will be via the back street adjacent to the service yard and the contractor will exercise appropriate control measures for deliveries etc.</p> <p>The contractor will confirm he has the required £5M Public Liability Insurance and £10M Employers Liability Insurance.</p>	4	<p>FBC</p> <p>Awarded Contractor</p>

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	8
ACCOMMODATION PROJECT – PHASE 8 – TOWN HALL CAR PARK & EXTERNAL WORKS			

PUBLIC ITEM

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

SUMMARY

Phases 1 to 7 of the Town Hall Accommodation Project have now been completed. These addressed the Town Hall structure and internal renovations. The final element of the project (phase 8) is to improve the external environment of the Town Hall, including the car park, requiring the reconfiguration and relaying of the car park surface. This report presents the details of phase 8 of the project following a consideration of the remaining elements of the scheme by the Accommodation Working Group.

The Operational Management Committee has recommended that the Finance & Democracy Committee approve the virement of £60,000 from the Car Park Improvements capital as a contribution to the Accommodation Project - Phase 8 - Car Park & External Works, both schemes being within the approved Capital Programme. This reports requests that approval.

Additionally, this report requests approval to a funded budget increase to the Accommodation Project scheme within the Capital Programme in the sum of £178,000, to be met from the Capital Investment Reserve, to provide the necessary funding for the completion of the Accommodation Project scheme in the total sum of £238,000.

The report also seeks approval to deliver phase 8 works and requests approval to the procurement and letting of a contract to undertake the works.

RECOMMENDATIONS

The Committee is requested to:

1. Approve the virement of £60,000 from the Car Park Improvement capital scheme (which is included within the approved Capital Programme in 2018/19) to the Accommodation Project Scheme (Phase 8: Car Park & External Works);
2. Approve a fully-funded increase to the Capital Programme scheme for the Accommodation Project (Phase 8) in the sum of £178,000 for 2018/19 to be met from the Capital Investment Reserve; and
3. Approve the Accommodation Project (Phase 8) scheme as detailed within this report and authorise the procurement and letting of the works in the sum of £238,000, including design and supervision fees.

SUMMARY OF PREVIOUS DECISIONS

The most recent decision only below. For details of earlier decisions relating to the project please see the hyperlink and list of dates at the end of the report.

Operational Management Committee on 11th September 2018:

It was RESOLVED to recommend to the Finance & Democracy Committee approval to the virement of £60,000 from the Car Park Improvement capital scheme to the Accommodation Project - Phase 8: Car Park & External Works – scheme (which falls within the remit of the Finance and Democracy Committee) as a contribution to the total cost of Phase 8 of the Accommodation Project which would include re-configuring the car park layout and resurfacing.

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

Background

1. The Council has previously agreed the refurbishment of office/civic accommodation on the Town Hall/Chaseley site consisting of 8 phases of work. Progress with each of the phases is shown in table 1.

Table 1 – Town Hall accommodation project phases

Phase	Elements of work	Comments
1	Roof replacement	Completed March 2014
2	Window replacement and structural repairs	Completed July 2014
3	East Wing including lift, new protected stairway and office extension	Completed March 2016
4	Chaseley link bridge and protected stairway	Completed October 2016
5	One Stop Shop & tourist information centre	Completed November 2016
6	Council chamber, lobby and basement	Completed March 2018.
7(a)	1 st floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	Completed March 2017
7(b)	2 nd floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	Completed July 2017
7(c)	Replacement of boilers	Completed September 2017
8	Car park, external works and landscaping	The subject of this report

2. Phases 1 to 7 of the Town Hall accommodation project have now been completed. These addressed the Town Hall structure and internal renovations. Phase 8 is the final element of the project to be delivered which is the Car Park & External Works.
3. When Members originally agreed the overall phasing and cost plan for delivery of the Accommodation Project in 2014 the estimated cost of the car park & external works was £186,000. At the Finance and

Democracy Committee of 3rd August 2015 it was agreed that the £186,000 would be used to provide further funding for internal works for the Accommodation Project which were considered to be of a higher priority.

Current Condition of Town Hall Car Park

4. Generally the surface of the Town Hall Car Park is in a poor condition. The Westerly section, facing South Promenade, is considerably worn such that in places the sub-surface layer is visible. A recent borehole survey found that parts of this section has inadequate sub-base which will need reconstruction if any resurfacing work is to prove effective. A patch repair was made to the entrance about 4 years ago to treat pot holes, although other areas have since deteriorated. This section now requires resurfacing including the reconstruction of the sub-base. The Northerly section, facing St Annes Road East, although cracking in places, retains its integrity at present. If the car park was to remain untreated it is likely to require resurfacing within the next 3-5 years. It is estimated that a basic resurfacing of the car park, without any improvements to the sub base, would cost in the region of £66,000.

Car Park Capital Budget

5. A sum of £30,000 is included within the approved Capital Programme in each year for the improvement of car parks. In recent years this budget has been utilised to resurface a number of car parks and replace most pay and display machines. As it had been envisaged that this budget would be required to contribute towards the total cost of phase 8 of the Town Hall Accommodation Project, in 2017/18 this budget was unspent and re-phased to 2018/19. The current capital programme therefore includes a sum of £60,000 in respect of car park improvements for 2018/19.

Proposal for Phase 8 of the Town Hall Accommodation Project

6. The Accommodation Working Group which has overseen the project from the start has expressed a wish to complete the last phase and recently met and considered four options for improving the external environment of the Town Hall, including the car park, landscaping and entrances. These options ranged from a basic re-surfacing of the existing layout (which could be funded using existing capital/ revenue resources) to a reconfiguration with twin colour surfacing and incorporating a new civic garden.
7. The Working Group discussed the merits of each option and recommended the option of a reconfiguration with twin colour surfacing and the creation of a new civic garden. This option involves the excavation/reconstruction of sub-base the car park on the front elevation.
8. The recommended design is attached at appendix 1. This scheme relocates the vehicle exit to the front of Chaseley and creates a dedicated pedestrian entrance in front of the main visitor reception steps, with enhanced pedestrian paving to mark both this and the civic entrances. There is also the provision of additional parking to the front of the civic entrance, the reconstruction of the steps in front of the Chaseley building to comply with building regulations, reforming and improving the appearance of the access ramp at the front of the Town Hall, new and replacement planting, the creation of a civic garden area below the terrace outside the council chamber, hard standing/landscaping around the flagpole and the provision of cycle parking along with lighting to the building and grounds.

Finance

9. The Operational Management Committee met on 11th September 2018 and recommended to the Finance & Democracy Committee approval to the virement of the sum of £60,000 from the Car Park Improvement capital scheme (which is within approved Capital Programme for 2018/19) to the Accommodation Project - Phase 8: Car Park & External Works.
10. The scheme recommended by the Accommodation Working Group has a total estimated cost of £238,000. Therefore further funding in the sum of £178,000 is required to deliver the preferred scheme i.e. in addition to the £60,000 virement from the Car Park Improvement capital scheme as detailed above.
11. It is proposed that if the scheme is approved as presented within this report the additional funding is to be met from the Capital Investment Reserve.

12. The estimated cost breakdown of the scheme is shown below in table 2:

Table 2 – Scheme cost breakdown

Category of works	Cost estimate
Resurfacing	£127,059
Coloured Chipping	£6,789
Soft Landscape	£4,000
Civic Garden	£6,039
Access Ramp	£15,040
Public Entrance Windbreak Provisional Sum	£4,000
Street Furniture and Fencing	£5,489
Road Widening	£3,450
Chaseley Entrance Steps	£4,903
Lighting Provisional Sum	£10,000
Drainage and Services	£10,105
Sub-total of capital works	£196,874
Preliminaries at 15%	£29,531
Sub-total of capital works plus Preliminaries	£226,405
Contingencies @ 5% of above	£11,320
Total	£237,725

Project delivery

13. If the committee approves the scheme as recommended by the Accommodation Working Group, and as presented within this report, the design would be finalised and a procurement exercise undertaken to seek competitive tenders for the work. Providing those tenders were within the proposed scheme budget of £238,000 the work would then be commissioned. It is anticipated that the works would take place over the period of January to March 2019, which would ensure that they are completed by Easter 2019 such that the new parking facilities are available for public parking over the Easter weekend and also the Town Hall is available for wedding bookings over the summer.
14. The objectives, outputs and outcomes of the project are to provide a functioning, compliant and attractive car park and grounds to meet the council's requirements. The car park will provide visitor, staff and councillor parking for the Town Hall/Chaseley building serving as the Council's administrative, customer and civic centre. The car park would continue to be available as a 'pay and display' car park at weekends and on bank holidays. The Accommodation Working Group recommended the provision of a dedicated space for the parking of the mayoral car along with four dedicated councillor car parking spaces (one of which would be identified for the Council Leader).
15. The Town Hall/Chaseley car park and grounds is an asset currently managed and maintained by the Council and so there would not be any additional ongoing revenue costs involved.
16. Relevant drawings and documents will be supplied to the contractor which forms part of the contract to be awarded.

IMPLICATIONS	
Finance	The report requests approval to the virement of £60,000 from the Car Park Improvement capital scheme to the Accommodation Project - Phase 8: Car Park & External Works – scheme (both within the approved Capital Programme for 2018/19). The report also proposes a fully-funded increase in the costs of the scheme in the sum of £178,000 to be met from the Capital Investment Reserve, resulting in a total scheme budget of £238,000. The report further requests approval of the scheme as detailed and authorises the procurement and letting of the proposed works in the sum of £238,000, including design and supervision fees.
Legal	None arising from this report
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	The current Town Hall car park in places is in a poor condition and requires improvement to avoid trip hazards developing.

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul Walker	paul.walker@fylde.gov.uk 01253 658431	10 th September 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Council, Cabinet, Portfolio Holder and Programme Committee reports and minutes	31 st August 2010 (Cabinet) 15 th December 2010 (Cabinet) 16 th November 2011 (Cabinet) 15 th February 2012 (Cabinet) 26 th March 2012 (Council) 19 th June 2012 (PH Decision) 24 th September 2012 (Council) 3 rd December 2012 (Council) 16 th January 2013 (Cabinet) 10 th April 2013 (Cabinet) 2 nd July 2013 (Cabinet) 5 th March 2014 (Cabinet) 25 th June 2014 (Cabinet) 3 rd August 2015 (Finance & Democracy Committee) 30 th November 2015 (Finance & Democracy Committee) 14 th December 2015 (Council) 22 nd February 2016 (Finance & Democracy Committee) 26 th September 2017 (Finance & Democracy Committee) 17 th October 2017 (Council) 23 rd January 2017 (Finance and Democracy Committee) 19 th June 2017 (Finance and Democracy Committee) 17 th July 2017 (Council) 11 th September 2018 (Operational Management Committee)	http://www.fylde.gov.uk

Attached documents

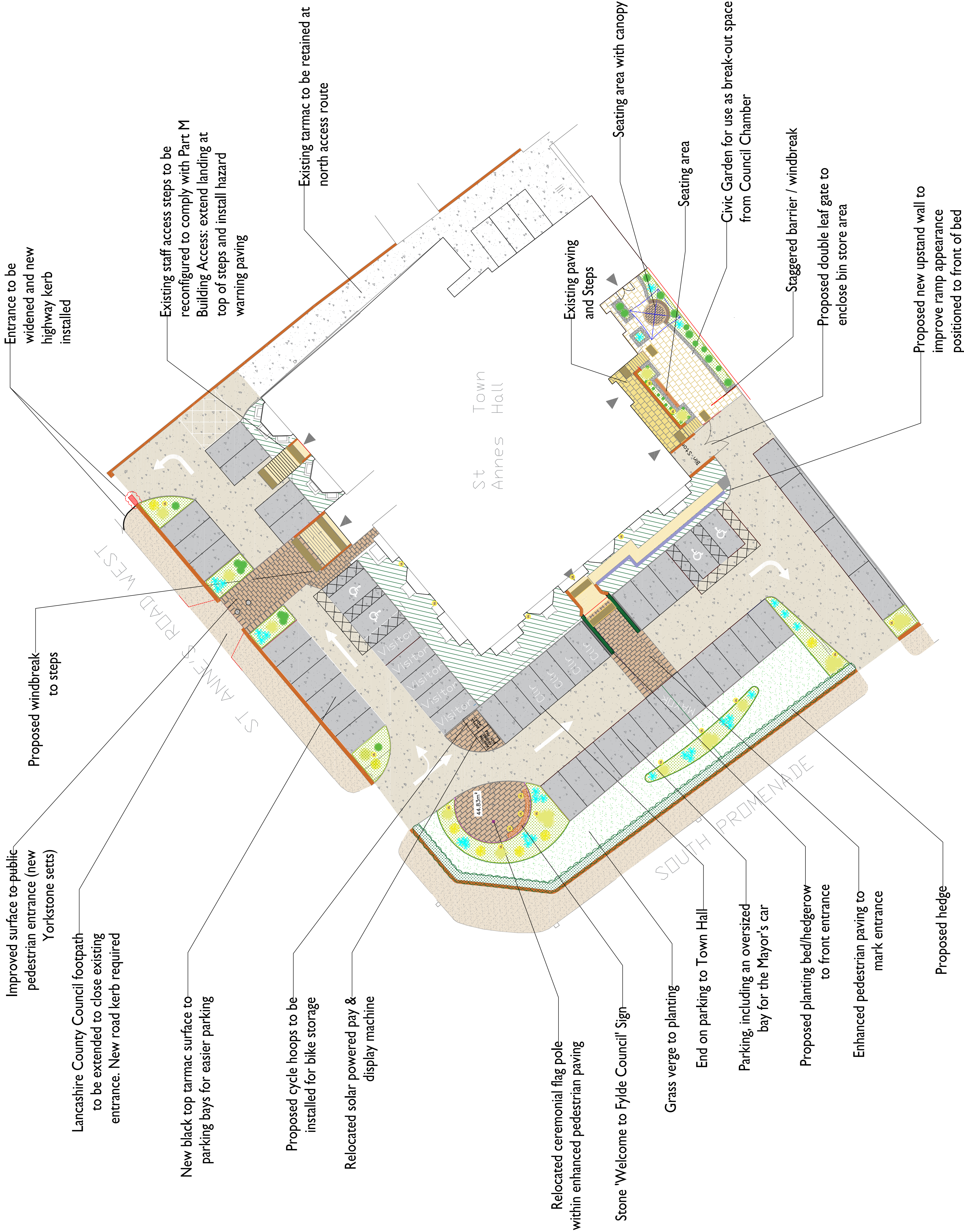
1. Plan of Phase 8 - Car Park & External Works
2. Risk assessment

Key

Existing

- Existing black top vehicular tarmac
- Existing black paving
- Existing pedestrian tarmac
- Existing planting to be retained
- Existing vehicular boundary wall
- Existing steps and access ramp out of the building
- Existing Flagpole to be maintained
- Building Access Point

- Proposed
- Proposed black top vehicular tarmac
 - Proposed luff chip vehicular tarmac
 - Proposed pedestrian tegula block paving in brickwork colour as supplied by Lancashire County Council
 - Lancashire County Council Footpath Tarmac standard to close entrance
 - Proposed new Yorkstone setts
 - Proposed Retaining Wall to improve access ramp appearance
 - Proposed bollard to block vehicle access to entrance
 - Proposed lighting - uplighters to illuminate building and surrounding area
 - Proposed double leaf gate
 - Proposed highway kerb
 - Proposed reclaimed stone edging
 - Proposed reclaimed stone sett edging
 - Proposed conservation channel
 - Proposed tree
 - Proposed planting
 - Proposed hedge



SK Sept 18 A - REGEN AMMENDMENTS



Technical Services
Development Services
The Town Hall
Lytham St Annes
Lancashire
FY8 1LW

Tel: 01253 658658 E-mail: webmaster@fylde.gov.uk

Drawn By:	RYDER LANDSCAPE	Date:	FEB 18
Checked By:	CHECKED	Scale:	1:200

Project:	FYLDE COUNCIL TOWN HALL
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Title:	CAR PARK OPTION 3 RECONFIGURATION AND CIVIC GARDEN
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Drawing Number:
TS 18003/01

Appendix 2 Risk assessment

Directorate: Development Services		Date of Assessment: 10 th September 2018		
Section: Technical Services		Assessment Team: Paul Walker/Darren Bell		
Assessment Activity / Area / Type: ACCOMMODATION PROJECT – PHASE 8 – TOWN HALL CAR PARK & EXTERNAL WORKS				
Do the hazards create a business continuity risk? Yes				
RISK DESCRIPTION	RISK SCORE (Likelihood x Impact)	RISK MITIGATION	RESIDUAL RISK SCORE (Likelihood x Impact)	RISK OWNER / RISK REGISTER
Maintaining safe access to the building during the works	5x3=15	Ensure the appointed contractor provides and maintains proper and safe access in line with the agreed method statement	5x2=10	J Rutter
Noise and disruption due to the nature of the works	5x3=15	Ensure the appointed contractor undertakes critical operations at agreed times. Work over the winter months should result in less noise to nearby buildings as a result of windows more likely being closed.	5x2=10	J Rutter
Loss of car parking spaces during the works	5x2=10	Relocate staff and councillor parking to North Promenade with limited temporary disabled provision retained on site	5x1=5	A. Loynd/J. Rutter
Unforeseen defects with associated costs	3x2=6	Contingency budget to deal with unforeseen works. Project management practices will be adopted and supervision to oversee the works	2x2=4	J Rutter

Inclement weather delays	3x2=6	Project management practices will be adopted and supervision to oversee the works	2x2=4	J Rutter
Works overrun	3x2=6	Project management practices will be adopted and supervision to oversee the works. Liquidated damages clause included in the contract to discourage delays.	2x2=4	J Rutter

Risk Likelihood

6 = Very High

5 = High

4 = Significant

3 = Low

2 = Very Low

1 = Almost impossible

Risk Impact

1= Negligible

2 = Marginal

3 = Critical

4 = Catastrophic

Multiply the likelihood by the impact and if the score is above 12 then mitigating action should be undertaken to reduce the risk. This action should be recorded and monitored in either a directorate or corporate risk register.

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	9
OUTSIDE BODIES			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

On 16 April 2018, the Council made a number of appointments to outside bodies. These appointments followed from recommendations from the programme committees for appointments from within their respective memberships.

In line with the Protocol for Members on Outside Bodies (Part 5f of the Council's Constitution), every member serving on an outside body is required to complete a reporting form every six months, which is submitted to the relevant programme committee to which the external partnership relates.

Included as an appendix to this report are: returned completed reporting forms and a list of outstanding reports/ details of those bodies which have not met.

SOURCE OF INFORMATION

Elected member representatives to the Outside Bodies

LINK TO INFORMATION

[Outside Bodies Reports and Summary](#)

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

The information is provided to maintain an understanding of the work of the outside bodies, and remain abreast of any issues that may have an impact on the residents of the borough or the council.

FURTHER INFORMATION

Contact Tracy Manning, Director of Resources – tracy.manning@fylde.gov.uk

Outside Body		Councillor	Report Status
Finance & Democracy Committee, 24/9/18 meeting			
	Blackpool Airport and Hillhouse Enterprise Zone Project Board	Chair of F&D (Cllr Buckley)	Nil Return
	Fylde Community Projects Fund	The Mayor – Cllr P Collins)	Attached
	North West Employers Organisation	Chair F&D – Cllr Buckley (sub Cllr Harvey	Nil Return
	NW of England & Isle of Man Reserve Forces & Cadets Association	Ed Nash	Attached

Outside Bodies - Member Reporting Form

Details

Councillor Name and Role on Outside Body (for example, Observer, Trustee, Councillor Peter Collins - Panel Member Director)	
Email	cllr.pcollins@fylde.gov.uk
Period this report covers (date):	May 2017 - May 2018
Name of Outside Body:	Community Projects Fund
How often does the organisation meet? And how often have you attended?	Three times per financial year for the larger bids (£300-£2000) and the smaller bids (£1-£300) are assessed electronically as they are received. To date I have attended the one meeting that has taken place and where two bids for £2000 were considered and only one was successful.
Key issues arising for Fylde Borough Council	<p>It was noted by the panel that applications were received from some organisations that had made bids in previous years, and that raising the profile of the fund might attract bids from different organisations. the</p> <p>Examples of issues could be those that may affect decisions regarding budget setting, challenges for residents, policy changes that affect partnership working etc</p>
Who did you inform of these issues within Fylde Borough Council?	The Director of Resources was in attendance.
In the light of these meetings, is it worthwhile for the Council to continue to have a representative/representatives on this body?	Yes
Any further comments?	Raising the profile of the fund would probably increase the demands on the fund, and could lead to calls for the size of the fund to be increased.

Outside Bodies - Member Reporting Form

Details

Councillor Name and Role on Outside Body (for example, Observer, Trustee, Director)	Edward Nash Member
Email	cllr.enash@fylde.gov.uk
Period this report covers (date):	to September 2018
Name of Outside Body:	Reserve Forces and cadets Association NW
How often does the organisation meet? And how often have you attended?	Annually, I attended in May 2018
Key issues arising for Fylde Borough Council	Amending the Armed Forces Covenant to include the Cadet Community Examples of issues could be those that may affect decisions regarding budget setting, challenges for residents, policy changes that affect partnership working etc
Who did you inform of these issues within Fylde Borough Council?	Chief Executive
In the light of these meetings, is it worthwhile for the Council to continue to have a representative/representatives on this body?	Yes
Any further comments?	We have a thriving cadet community in Fylde with detachments at our senior schools totalling nearly 400. We should recognise and nurture these young people

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	10
GENERAL FUND REVENUE BUDGET MONITORING REPORT 2018/19 - POSITION AS AT 31ST JULY 2018			

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 on the General Fund (GF) Revenue Budget of the Council as at 31st July 2018 and specifically for those areas under the remit of the Committee.

SOURCE OF INFORMATION

Chief Financial Officer – the report is based upon information extracted from the financial ledger system of the Council for the period to July 31st 2018.

LINK TO INFORMATION

General Fund Revenue Budget monitoring Report to 31st July 2018:

<http://www.fylde.gov.uk/council/finance/budget-monitoring/2018-19/>

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 remit of the Committee.

FURTHER INFORMATION

Contact: Paul O'Donoghue, Chief Financial Officer.

Tel 01253 658566

e-mail: paul.o'donoghue@fylde.gov.uk

GENERAL FUND REVENUE BUDGET MONITORING REPORT 2018/19 –

POSITION AS AT 31ST JULY 2018

Summary

The purpose of this report is to provide an update on the General Fund (GF) Revenue Budget of the Council as at 31st July 2018. 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 31st July 2018.
- 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 2018/19 budget at its meeting on 5th March 2018. Subsequently on 25th June 2018 the Finance and Democracy Committee approved the financial outturn position for 2017/18. The impact of those approvals, including savings and growth options approved at Council and slippage from 2017/18 approved by the Finance and Democracy Committee, are now reflected in the financial ledger of the Council and therefore this report monitors expenditure and income against the updated approved budgets.

2. Budget Rightsizing Exercise

- 2.1 For a number of years the Council has carried 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 will be repeated during the second quarter of 2018/19 and any resulting changes to budgets will be reflected in later updates to the Councils Financial Forecast.

3. Budget Areas to Note

There are a number of budget areas to note on this General Fund Budget Monitoring report:

i. Employee Costs

The budget forecast which was approved by Budget Council in March 2018 assumes reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200,000 per annum from 2018/19 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a level of turnover savings in excess of this. 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 continued on an improving trend, largely as a result of an uplift in the contract price, together with sustained higher demand than was experienced in earlier years as a consequence of greater levels of activity in the construction industry. This income budget will be reviewed as part of the budget right-sizing exercise and may be increased to reflect a revised income expectation.

iii. Fleet Costs

There are a number of favourable variances in respect of vehicle costs in the period to date. Some are due to the fact that a number of new vehicles have been acquired in the past 6 months, replacing older and more expensive to maintain vehicles. Additionally fuel costs for the first part of the year have been lower than anticipated. This budget will be kept under review during the remainder of the financial year and adjusted as necessary.

iv. Car Park Income

The sustained period of good weather in the early part of the year has led to an increase in the number of visitors to the area resulting in a higher level of parking income as compared to the budget. The budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

v. Disabled Facilities Grant Fee income

The significant increase in the level of Disabled Facilities Grant funding from central government in recent years has the effect of also increasing the level of fees receivable by Fylde Council for the management of grant-funded works as more grants are able to be awarded. Additionally the grant management fee level has been increased to 15% in line with that levied by other councils. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

4. Conclusions

External pressures outside the Council's control are impacting on all local authorities. 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 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.

We are still at the early part of 2018/19 and it is therefore not possible to draw any firm conclusions on the in-year financial position. The financial risks facing the Council, as set out in the MTFs to Council in March 2018 still remain. Instructions issued by Management Team that budget holders are to remain prudent in order to build up additional balances are still in place.

REVENUE MONITORING 2018/19 - Period 4 to July 31st 2018 (Variances in excess of £5k)
Appendix A

Key	BLUE	Variance currently showing but expected to be on target at year end
	GREEN	Favourable variance against latest budget
	AMBER	Adverse variance against latest budget
	RED	Projected adverse outturn variance

Service Area	Detailed Description	Full Year Budget	Budget as at Period 4	Actual & Commitments as at Period 4	Variance as at Period 4	FAV / ADV	Variance	Alert	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	8,909,937	3,048,951	3,008,922	-40,029	FAVOURABLE	-1.3%		Corporate	The budget forecast which was approved by Budget Council in March 2018 assumes reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £200,000 per annum from 2018/19 onwards. The actual level of savings achieved in relation to direct employee costs for the current year to date shows a level of turnover savings in excess of this. This budget will be kept under review during the remainder of the financial year.
TOURISM & LEISURE COMMITTEE										
Lytham-Leisure (Strategic)	Games Site Fees	-59,000	-38,308	-44,311	-6,003	FAVOURABLE	-15.7%		Lisa Foden	A long period of favourable weather conditions during the first part of the financial year had led to increased patronage at a number of leisure sites, resulting in this increase in games site income. This budget will be kept under review during the remainder of the financial year and adjusted as necessary.
Coast and Countryside	Sale of Sand (sandwinning)	-300,000	-100,080	-131,421	-31,341	FAVOURABLE	-31.3%		Marie Percival	Income from the sale of sand has continued on an improving trend, largely as a result of an increase in the contract price, together with sustained higher demand than was experienced in earlier years. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.
OPERATIONAL MANAGEMENT COMMITTEE										
Fleet	FMS Material Cost	147,670	49,333	34,944	-14,389	FAVOURABLE	-29.2%		Kathy Winstanley / Steve Fulton	There are a number of favourable variances in respect of vehicle costs. Some are due to the fact that a number of vehicles have been acquired in the past 6 months, replacing older and more expensive to maintain vehicles. Additionally fuel costs for the first part of the year have been lower than anticipated. This budget will be kept under review during the remainder of the financial year and adjusted as necessary.
	Fuel Costs	318,906	106,376	90,971	-15,405	FAVOURABLE	-14.5%			
	Tyres - Renewal	35,086	11,834	5,725	-6,109	FAVOURABLE	-51.6%			
Utilities/Business Rates	Business Rates	235,441	235,441	220,541	-14,900	FAVOURABLE	-6.3%		Marie Percival	The budget for business rates charges in respect of Council properties is greater than the revised level of charges under the new 2017 rating list. The budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.

REVENUE MONITORING 2018/19 - Period 4 to July 31st 2018 (Variances in excess of £5k)
Appendix A (cont'd)

Key	BLUE	Variance currently showing but expected to be on target at year end
	GREEN	Favourable variance against latest budget
	AMBER	Adverse variance against latest budget
	RED	Projected adverse outturn variance

Service Area	Detailed Description	Full Year Budget	Budget as at Period 4	Actual & Commitments as at Period 4	Variance as at Period 4	FAV / ADV	Variance	Alert	Budget Holder	Budget Holder Comments
		£	£	£	£		%			

OPERATIONAL MANAGEMENT COMMITTEE (Cont'd)

Car Parks	Car Parking Fees	-575,000	-230,000	-273,140	-43,140	FAVOURABLE	-18.8%		Andrew Loynd	The sustained period of good weather in the early part of the year has led to an increase in the number of visitors to the area resulting in a higher level of parking income as compared to the budget. The budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.
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ENVIRONMENT, HEALTH & HOUSING COMMITTEE

Housing Standards	Disabled Facilities Grant Fees	-55,000	-18,344	-45,395	-27,051	FAVOURABLE	-147.5%		Kirstine Riding	The significant increase in the level of Disabled Facilities Grant funding from central government in recent years has the effect of also increasing the level of fees receivable by Fylde Council for the management of grant-funded works as more grants are able to be awarded. Additionally the grant management fee level has been increased to 15% in line with that levied by other councils. This budget will be reviewed as part of the right-sizing exercise and adjusted as necessary.
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DEVELOPMENT MANAGEMENT COMMITTEE

Development Management	Consultants Fees	51,000	17,012	8,268	-8,744	FAVOURABLE	-51.4%		Mark Evans	Consultants are appointed as and when necessary to provide specialist advice on complex planning applications and projects. Accordingly the budget spend is dependant upon the nature of planning applications submitted during the year. The budget will continue to be monitored during the remainder of 2018/19 and adjusted as necessary.
Planning Appeals	Planning Appeal Hearing Costs	80,000	26,688	60,915	34,227	ADVERSE	128.2%			Expenditure on planning appeals is dependant upon the number and nature of planning appeals. A number of planning appeals (following the refusal of major planning applications) have taken place during the first part of the year. There are two known further public inquiries scheduled to be held during the remainder of the financial year (relating to Fylde Fisheries and Sanderlin Way) which it is hoped can be contained within the remaining approved budget.

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	FINANCE AND DEMOCRACY COMMITTEE	24 SEPTEMBER 2018	11
CAPITAL PROGRAMME MONITORING REPORT 2018/19 – POSITION AS AT 31st JULY 2018			

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 on the approved Capital Programme of the Council as at 31st July 2018 and specifically for those schemes under the remit of the Committee.

SOURCE OF INFORMATION

Chief Financial Officer – the report is based upon information extracted from the financial ledger system of the Council for the period to July 31st 2018.

LINK TO INFORMATION

Capital Programme monitoring Report to 31st July 2018:

<http://www.fylde.gov.uk/council/finance/budget-monitoring/2018-19/>

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

This information is provided to enable the committee to consider and scrutinise the Capital Programme monitoring reports for those schemes under the remit of the Committee.

FURTHER INFORMATION

Contact: Paul O'Donoghue, Chief Financial Officer.

Tel 01253 658566

e-mail: paul.o'donoghue@fylde.gov.uk

CAPITAL PROGRAMME MONITORING REPORT 2018/19 –

POSITION AS AT 31ST JULY 2018

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 2018/19, together with an update on the overall Five Year Capital Programme of the Council. 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 2018/19. Appendix B provides a summary of the latest position for the 5 year Capital Programme and Appendix C provides details of the financing of the programme.

1. Background

The Council approved the Capital Programme on 5th March 2018. That update showed a balanced capital programme position from 2018/19 onwards. This report includes year to date expenditure and sets out the latest phasing of the programme and any additions or changes since the capital programme was presented to Council in March 2018. The Programme has also been rolled forward to include the year 2022/23.

2. Notes on Specific Schemes

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

i) Coast Protection Scheme

The total scheme cost is £19.83m, being funded by an Environment Agency grant of £19.43m and a contribution from Fylde Council of £0.4m. Work started on site in December 2017 and work is progressing well with the replacement hard sea defences at Church Scar with the contractor being ahead of programme. The concrete sloping revetment is close to completion and the contractor has started to cast the promenade. Work is scheduled to be started in September on the sheet piling around Fairhaven Lake, four months ahead of schedule. The Coastal Defence Team have approached the Environment Agency to secure funding to enable the Granny's Bay hard sea defences to be delivered following completion of the Fairhaven Scheme in 2019/20. A further report will be brought to members to take this scheme forward.

ii) Promenade Gardens Water Play Facility

The project involves the creation of an interactive water play area e.g. water jet plaza with ornamental features and a variety of interactive play facilities performing a range of play functions. The contractor has excavated over 7 meters deep to install the water tank and piping however coastal ground conditions have made this element particularly challenging and time consuming to complete. The contractor is currently finishing the installation of the underground water management system which activates the splash pad fountains and jets, with the colourful play features then due for installation. The facility will be an important addition to the facilities available on the promenade for families to use. Construction is now proceeding well and the Splash facility should be completed and open to the public over the coming weeks, and as such an official opening date hasn't been scheduled yet. An update will be publicised once the date for completion is confirmed. The Promenade Gardens Friends group have been involved in the inception, design and delivery of the project.

iii) Town Hall Arts Store Improved Storage Facilities

The store room conversion is now virtually complete with some minor elements to be installed. The racking system is currently being manufactured by a specialist supplier and should be complete within the next 4 weeks. Options for the dehumidifier system are currently being explored. Once the dehumidifier and racking are installed, there will be a period to let the room acclimatise and settle and it is envisaged the artworks will be hung on the newly installed racking in the refurbished art room before November.

iv) Regeneration schemes

The principal focus for regeneration scheme are those relating to Ansdell, Kirkham, Lytham and St. Annes along with a smaller number of 'village' schemes. In respect of Ansdell (Woodlands Road), funding was agreed for a further phase of environmental enhancements at the southerly end, following the format of earlier phases. The next phase of works has been approved and agreement has now reached with property owners and Lancashire County Council, which is to act as the main contractor for the scheme. Work is to commence early September and will be undertaken in two phases and completed by the end of this financial year.

In Kirkham, the £60,000 scheme has now been completed well within the approved budget. This will allow for further works to enhance the town centre environment to be undertaken.

In the case of Lytham, it is felt to be more appropriate to take a more comprehensive approach to the regeneration and environmental enhancements of Lytham town centre. This is based on the creation of a series of design zones and identifying an individual scheme for each area, each being connected through the overall design approach. The immediate phases are Park Street and Market Square a scheme for which are now being developed for presentation to the relevant committees. The second priority area will be a full assessment of the environment of Clifton Street as there have been particular issues with trees and paved areas. It is hoped that one phase of the regeneration scheme can be completed this financial year.

The next approved phase in St Annes will be the enhancement of Wood Street (Phase 3). The scheme has been prepared in draft and consultation has taken place and will continue. The scheme will be delivered in two phases, the first of which will include the refurbishment of the Council car park, which will be completed in this calendar year. The second phase will be commenced in Spring 2019.

3 Conclusions

- 3.1 Actual expenditure to 31st July 2018 is £5.841m against a full year budget of £18.961m. This equates to 30.8% of the latest budget. Certain schemes will be adjusted or re-phased into 2019/20 as part of future Financial Forecast updates to members during the year.
- 3.2 The current Capital Programme as updated is showing a balanced position for 2018/19 onward. The Capital Programme and the associated financing will be subject to discussion with members during the months in the lead up to the annual budget setting process for 2019/20.
- 3.3 Any additional expenditure which is not fully-funded by external finance would normally require the generation of capital receipts or further borrowing (the latter placing further pressure on the Revenue Budget from the consequent repayment costs). However Budget Council on 4th March 2013 approved the creation of a Capital Investment Reserve to finance future capital expenditure. As at 31st March 2018 the forecast balance of the reserve was £4.063m after a favourable 2017/18 outturn position allowed for the transfer to the reserve of an additional sum of £0.560m in 2017/18, and including a further planned transfer into the reserve in respect of 2018/19 of £0.844m. Of this £2.008m is currently committed to deliver approved schemes in the years 2018/19 and 2019/20 leaving a forecast unallocated balance on the reserve of £2.055m. An updated position in respect of the Capital investment Reserve will be included within the Financial Forecast Update to be presented to the Finance and Democracy Committee in November this year and to Council the following month. Additional future projects will be subject to further consideration as part of the budget setting process for 2019/20. Whilst it remains the case that this reserve is the preferred source of finance for any further additions to the Capital Programme, continuing contributions to the reserve are required in order to maintain a sustainable funding source for future years.

CAPITAL PROGRAMME - 2018/19 IN-YEAR SCHEME MONITORING REPORT - AS AT 31/07/18

Appendix A

APPROVED SCHEMES	Financing Source	Approved Budget 2018/19 £000	Slippage B/F from 2017/18 £000	Adjustments from 05/03/18 £000	Updated Budget 2018/19 £000	Expenditure to 31/07/18 £000	Variance £000	Comments
<u>TOURISM & LEISURE COMMITTEE</u>								
Ashton Gardens Depot	Proceeds from the sale of surplus Council Assets	63		0	63		63	This scheme has been tendered and an update report is to be presented to the September meeting of Tourism & Leisure Committee. Any changes will be reflected in the next update of the Financial Forecast.
St Annes Pool	No external finance - funded by borrowing/general asset disposal receipts	93		0	93		93	No expenditure is currently planned for 2018/19. If not required in this financial year the budget will be re-phased into 2019/20 and this will be reflected in the next update of the Financial Forecast.
Fairhaven Lake & Promenade Gardens - First round	Capital Investment Reserve	107	5	0	112	30	82	It is anticipated that this scheme will be completed to budget in 2018/19.
Promenade Gardens Water Play Facility	Capital Investment Reserve	150	0	109	259	115	144	It is anticipated that this scheme will be completed to budget in 2018/19.
Promenade Footways	No external finance - funded by borrowing/general asset disposal receipts	40	0	0	40	40	0	This scheme has been completed to budget during 2018/19.
Staining Playing Fields Development Scheme	Capital Investment Reserve	50	0	0	50		50	It is anticipated that this scheme will be completed to budget in 2018/19.
Town Hall Arts Store Improved Storage Facilities	Capital Investment Reserve	50	0	0	50		50	It is anticipated that this scheme will be completed to budget in 2018/19.
Sub total		553	5	109	667	185	482	
<u>OPERATIONAL MANAGEMENT COMMITTEE</u>								
Replacement Vehicles	Capital Investment Reserve / Borrowing	1,398	19	0	1,417	1,190	227	It is anticipated that all vehicle purchases will be completed to budget in 2018/19.
Car Park Improvements	No external finance - funded by borrowing/general asset disposal receipts	60	0	0	60		60	It is proposed that this budget will be used towards a scheme to resurface the Town Hall car park and a report will be presented to members outlining scheme proposals
Coastal Cleansing and the Provision of Beach Bins	Capital Investment Reserve	0	0	25	25		25	It is anticipated that this scheme will be completed to budget in 2018/19.
Public Transport Improvements	S106 Developer Contributions	18	0	30	48		48	It is anticipated that this scheme will be completed to budget in 2018/19.
Fairhaven and Church Scar Coast Protection Scheme	Specific Government Grant (Environment Agency) / Capital Investment Reserve	12,000	-170	0	11,830	2,721	9,109	Delivery of the scheme remains on schedule. Any changes or re-phasing will be reflected in future updates of the Financial Forecast.
Fairhaven and Church Scar Coast Public Realm Works	Capital Investment Reserve	360		0	360		360	It is anticipated that this budget will be re-phased into 2019/20 and that this will be reflected in the next update of the Financial Forecast.
Sub total		13,836	-151	55	13,740	3,911	9,829	

APPROVED SCHEMES	Financing Source	Approved Budget 2018/19 £000	Slippage B/F from 2017/18 £000	Adjustments from 05/03/18 £000	Updated Budget 2018/19 £000	Expenditure to 31/07/18 £000	Variance £000	Comments
ENVIRONMENT, HEALTH & HOUSING COMMITTEE								
Disabled Facilities Grants Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	929	245		1,174	487	687	The grant allocation has been increased by a further £81k for 2018/19 to a total of £1,010k. This revised allocation will be reflected in the next update of the Financial Forecast. It is anticipated that the majority of the grant allocation will be spent in 2018/19.
Housing Needs Grant	DFG Grant Repayments	0			0		0	It is anticipated that this scheme will be completed to budget in 2018/19.
Affordable Housing Scheme - 93 St Albans Road Refurbishment	S106 Developer Contributions	74			74		74	It is anticipated that this scheme will be completed to budget in 2018/19.
Affordable Housing Scheme Sunnybank Mill, Kirkham	S106 Developer Contributions	460			460		460	It is anticipated that this scheme will be completed to budget in 2018/19.
Affordable Housing Scheme - Keenan Mill	S106 Developer Contributions	840			840	840	0	This scheme has been completed to budget during 2018/19.
Church Road Methodist Church, St Annes	S106 Developer Contributions	275	275		550	275	275	It is anticipated that this scheme will be completed to budget in 2018/19.
Affordable Warmth Scheme	Specific Grant (Lancashire County Council)	0	31		31	9	22	It is anticipated that this scheme will be completed to budget in 2018/19.
Rapid Deployment CCTV Replacement Projects	Specific Grant (LSP Performance Reward Grant)	38			38		38	It is anticipated that this scheme will be completed to budget in 2018/19.
Cemetery and Crematorium - Infrastructure Works	Capital Investment Reserve	294			294		294	The scheme is currently being developed and a report will be presented to committee to approve the details of the scheme and to request a draw down of funding. The report will include the likely timing/phasing of the works.
Lytham Park Cemetery - Windbreak Canopy	Capital Investment Reserve	60		50	110	18	92	It is anticipated that this scheme will be completed to budget in 2018/19.
Sub total		2,970	551	50	3,571	1,629	1,942	
PLANNING COMMITTEE								
St Annes Regeneration Schemes	S106 Developer Contributions	67	8	190	265		265	The scheme will be commenced during 2018/19 but it is anticipated that it will not be fully completed by 31st March 2019. Consequently it is proposed that a part of this budget will be re-phased into 2019/20. This will be reflected in future updates of the Financial Forecast.
Wood Street St Annes - Public Realm Scheme	Capital Investment Reserve	50			50		50	It is anticipated that this scheme will be completed to budget in 2018/19.
Lytham Regeneration Schemes	S106 Developer Contributions	130			130		130	The proposals for Lytham Town Centre are to be reviewed as part of a reassessment of the wider regeneration scheme and a revised proposal will be placed before committee for consideration in due course.
Kirkham Town Centre - Public Realm Scheme	Capital Investment Reserve	29			29		29	It is anticipated that this scheme will be completed to budget in 2018/19.
Kirkham Public Realm Improvements	S106 Developer Contributions	21			21		21	It is anticipated that this scheme will be completed to budget in 2018/19.
M55 Link Road	S106 Developer Contributions	0	108	250	358	116	242	This relates to the use s.106 monies for design work on the scheme to construct a new link road from the M55 to St Annes. It is anticipated that the design works will be completed to budget in 2018/19.
Coastal Footpath Enhancements	S106 Developer Contributions	0		20	20		20	It is anticipated that this scheme will be completed to budget in 2018/19.
Ansdell / Fairhaven - Public Realm Scheme	Capital Investment Reserve	110			110		110	It is anticipated that this scheme will be completed to budget in 2018/19.
Sub total		407	116	460	983	116	867	
Total Expenditure		17,766	521	674	18,961	5,841	13,120	

UPDATED 5 YEAR CAPITAL PROGRAMME 2018/19 TO 2022/23 - BY SCHEME

	Estimate 2018/19 £000	Estimate 2019/2020 £000	Estimate 2020/2021 £000	Estimate 2021/2022 £000	Estimate 2022/2023 £000
TOURISM & LEISURE COMMITTEE					
Ashton Gardens Depot	63				
St Annes Pool	93				
Fairhaven Lake & Promenade Gardens - First Round	112				
Fairhaven Lake & Promenade Gardens Restoration	0	120			
Fairhaven HLF Project Underwriting	0				
Promenade Gardens Water Play Facility	259				
Promenade Footways	40	40	40	40	40
Staining Playing Fields Development Scheme	50				
Town Hall Arts Store Improved Storage Facilities	50				
Sub total	667	160	40	40	40
OPERATIONAL MANAGEMENT COMMITTEE					
Replacement Vehicles	1,417	471	547	77	323
Car Park Improvements	60	30	30	30	30
Coastal Cleansing and the Provision of Beach Bins	25				
Public Transport Improvements	48	48	48	48	30
Fairhaven and Church Scar Coast Protection Scheme	11,830	5,000			
Fairhaven and Church Scar Coast Public Realm Works	360				
Sub total	13,740	5,549	625	155	383
ENVIRONMENT, HEALTH & HOUSING COMMITTEE					
Disabled Facilities Programme	1,174	929	929	929	929
Housing Needs Grant	0				
Affordable Housing Scheme - 93 St Albans Road	74				
Affordable Housing Scheme - Sunnyside Mill, Kirkham	460				
Affordable Housing Scheme - Keenan Mill	840				
Church Road Methodist Church, St Annes	550				
Affordable Warmth Scheme	31				
Rapid Deployment CCTV Replacement Projects	38				
Cemetery and Crematorium - Infrastructure Works	294				
Lytham Park Cemetery - Windbreak Canopy	110				
Sub total	3,571	929	929	929	929
PLANNING COMMITTEE					
St Annes Regeneration Schemes	265				
Lytham Regeneration Schemes	130				
Kirkham Public Realm Improvements	21				
M55 Link Road - S106 monies for design work	358				
Coastal Footpath Enhancements	20				
Ansdell / Fairhaven - Public Realm scheme	110				
Kirkham Town Centre - Public Realm scheme	29				
Wood Steet St Annes - Public Realm scheme	50				
Sub total	983	0	0	0	0
Total Expenditure	18,961	6,638	1,594	1,124	1,352

UPDATED 5 YEAR CAPITAL PROGRAMME 2018/19 TO 2022/23 - FINANCING

	Estimate 2018/19 £000	Estimate 2019/2020 £000	Estimate 2020/2021 £000	Estimate 2021/2022 £000	Estimate 2022/2023 £000
FINANCING:					
Capital Receipts - General Asset Sales	45	45	45	45	45
Capital Receipts - Right to Buy Receipts	25	25	25	25	25
Capital Receipts - (Accommodation Project)	63				
Better Care Fund / Disabled Facilities Grant	1,174	929	929	929	929
Disabled Facilities Grant Repayments - 'Housing Needs Grants'	0				
Section 106 Monies - St Annes	265				
Section 106 Monies - Lytham	130				
Section 106 Monies - Kirkham	21				
Section 106 Monies - Affordable Housing, Sunnybank Mill	460				
Section 106 Monies - Church Road Methodist Church, St Annes	450				
Section 106 Monies - M55 Link-Road	358				
Section 106 Monies - Affordable Housing, Keenans Mill	840				
Section 106 Monies - Public Transport Improvements	48	48	48	48	18
Section 106 Monies - Refurbishment of 93 St Albans Road, St Ann	74				
Capital Investment Reserve	1,707	302			
M55 Link-Road Reserve					
Other External Finance (see analysis below)	11,711	5,000	0		
Direct Revenue Finance	136				
Prudential Borrowing	1,454	289	547	77	335
Total Financing	18,961	6,638	1,594	1,124	1,352

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

Other External Finance: Analysis

LSP Performance Reward Grant	38				
Environment Agency - Fylde Coastal Preliminaries	11,430	5,000			
Lancashire County Council - Affordable Warmth Scheme	31				
Community Housing Grant Fund - Church Road Methodist Church	100				
Heritage Lottery Fund - Fairhaven	112				
	11,711	5,000	0	0	0