

# DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	COUNCIL	6 FEBRUARY 2017	14
<b>FINANCIAL FORECAST UPDATE (POSITION AS AT JANUARY 2017)</b>			

## PUBLIC ITEM

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

### SUMMARY

This report provides Members with an update of the financial forecast for the five years 2016/17 to 2020/21. It now includes the impact of the 2017/18 Local Government Finance Settlement, details of which were announced on 15th December 2016. For Fylde Council the key factor in the settlement is the change in the calculation methodology in respect of New Homes Bonus and the consequential reductions in the level of New Homes Bonus income in future years under the revised arrangements, commencing with effect from 2017/18. Although a certain degree of reduced future funding had previously been anticipated and had already been reflected in the latest Financial Forecast Update that was presented to Council in December 2016, the scale of the funding reduction is greater than was expected and represents a renewed challenge to Fylde Council in the coming years.

At the Council meeting of 5<sup>th</sup> December 2016 (which approved the previous Financial Forecast Update) a number of other decisions were taken, namely:

- a) the introduction of a year-round green waste subscription service for implementation in 2017;
- b) an increase in car park tariffs by an average 5% with effect from 1 April 2017; and
- c) a reduction in the total value of grants to town and parish councils in relation to the Council Tax Reduction Scheme (CTRS) effective from 2017/18.

The estimated additional income (or reduced expenditure) to the Council arising from these changes is also reflected in this updated financial forecast.

Also of note is the confirmation by DCLG of the multi-year settlement offer following the acceptance of the Efficiency Plan that was submitted in the summer of 2016.

This update report was considered at the Finance and Democracy Committee meeting of 23rd January 2016.

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

### RECOMMENDATION

Council is recommended :

1. To note the implications of this updated financial forecast.

## SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2016/17 at the meeting of 2<sup>nd</sup> March 2016. This report provides Members with a further update to the financial forecast following the position that was considered by this Committee in November 2016 & Council in December 2016. This update includes the impact of the Local Government Finance Settlement that was announced in late December 2016 and the decisions of Council at its meeting of 5<sup>th</sup> December 2016.

## CORPORATE PRIORITIES

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

## REPORT

### 1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

- 1.1 This report updates the financial forecast which was considered by this Committee in November 2016 & by Council in December 2016. Attached at Appendix A is the financial forecast position reported to Members at that time. Appendix B shows the general assumptions underpinning the base forecast, whilst Appendix C sets out the latest changes and Appendix D sets out the supporting narrative to the latest changes. **Appendix E details the latest updated forecast position.**
- 1.2 The forecast has been updated to reflect the impact of the Local Government Finance Settlement, details of which were announced on 15<sup>th</sup> December 2016 and the decisions of Council at its meeting of 5<sup>th</sup> December 2016 in relation to green waste collection charges, car park tariffs and grants to town and parish councils relating to the CTRS scheme.
- 1.3 This latest financial forecast update is designed to:
  - Present an updated five-year financial forecast for revenue and capital spending following the announcement of the Local Government Finance Settlement in December 2016;
  - Review and update the currently identified risks and opportunities;
  - Alert Members to any new specific risks and opportunities;
  - Inform Members of any changes required to budgets due to external factors outside the Council's control; and,
  - Provide a basis on which Members can begin to make future spending decisions.

### 2. THE CAPITAL PROGRAMME

- 2.1 The latest in-year position on the Capital Programme, along with the associated financial risks, is contained within a separate report for consideration at this meeting and has also been reported to each of the Programme Committees as part of the January cycle of meetings.
- 2.2 Any future capital financing issues facing the Council will be addressed as part of the Council's Budget proposals for 2017/18 which will be published in mid-February 2017.

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

3.1 All financial risks as set out in the Financial Forecast update considered by Council in December 2016 still remain. The key changes to the General Fund Revenue Forecast are those arising from the Local Government Finance Settlement, together with some further in-year revenue budget changes. These are detailed below:

#### **i) Local Government Finance Settlement**

The main document detailing the Local Government Finance Settlement is entitled 'Provisional local government finance settlement: England, 2017 to 2018'. Full details of the settlement can be found at the following link: <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2017-to-2018>

##### **a) The December 2015 Settlement and New Homes Bonus Consultation**

The December 2015 Local Government Financial Settlement proposed a four-year settlement for local authority funding covering the years 2015/16 to 2019/20. Giving councils the option of longer-term funding settlements was a significant development compared to previous one and two year allocations. The "offer" (of a four year settlement) was conditional upon councils publishing an efficiency plan which Fylde Council did in the summer of 2016. Consequently Fylde's efficiency plan was accepted and it has been confirmed that the Council is eligible for the four-year funding offer. The budget for 2016/17 that was approved by Council on 2<sup>nd</sup> March 2016 assumed that central government funding for future years would be in line with that shown in the four-year funding proposal.

Alongside the December 2015 funding settlement the government also published a consultation document relating to New Homes Bonus, including a preferred option to achieve savings of £800m by 2020 which would reduce the funding that is receivable by councils through the scheme.

Key options discussed within the consultation included:

- A reduction in the overall costs of the scheme by moving from 6 years of payments to 4 years of payments;
- A proposal from 2017/18 to reduce payments from 6 to 4 years, or to go further and to reduce payments to 3 or 2 years
- A possible transition period to pay 5 years in 2017/18 then 4 years from 2018/19.

To further reform the scheme in order to better reflect authority's performance on housing growth, additional options that were proposed included:

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

The impact of these proposed changes to the scheme, whichever options were adopted, would result in a much-reduced income projection for Fylde Council, as compared to earlier forecasts.

An estimate of the likely impact, as far as they could be predicted given the range of proposals contained within the consultation, were included within the 2016/17 budget that was approved in March 2016.

##### **b) The December 2016 Settlement and New Homes Bonus Consultation Response**

In respect of Revenue Support Grant and Retained Business Rates, the December 2016 financial settlement broadly confirmed the funding totals for the four year period ending

2019/20 that had been provided earlier and which had been reflected in the 2016/17 budget that was approved by Council in March 2016.

For New Homes Bonus a response to the consultation was announced alongside the 2017/18 finance settlement on 15<sup>th</sup> December 2016 (A government response to the consultation was originally proposed for June 2016).

The response takes the form of a revised scheme, effective from 2017/18, which incorporates some of the proposals as contained within the consultation, namely:

- a. A move to a scheme incorporating 5 years allocations for 2017/18 and 4 years from 2018/19 onwards (funding was previously based upon 6 year allocations);
- b. Not to remove New Homes Bonus payments for those homes granted following a planning appeal or to those authorities who had not yet agreed a Local Plan (though this will be kept under review); and
- c. The implementation of a baseline level of expected housing growth for each council area, equivalent to 0.4% of current housing stock, with New Homes Bonus being receivable only in respect of housing growth above that baseline level. For Fylde Council the baseline is around 146 houses at Council Tax Band D equivalent property level for 2017/18. **Therefore no New Homes Bonus will be 'earned' for the first 146 (Band D equivalent) properties that are completed in Fylde Council area in 2017/18. Only after that number has been reached will New Homes Bonus be receivable for each additional property that is completed.**

The impact of these changes is greater than was anticipated and is shown in the table below.

**Table 1: Forecast New Homes Bonus - Funding Settlement impact**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>December Financial Forecast Update – Estimated NHB Amount</b>	1,863	2,153	1,351	1,296	1,296
<b>Estimated NHB receivable per Funding Settlement Dec 2016</b>	1,863	1,661	1,176	994	996
<b>Reduction in estimated New Homes Bonus funding receivable</b>	0	492	175	302	300

The forecast has been updated to reflect the latest estimates above based upon the consultation response announcement in December 2016. Actual income receivable by the Council is subject to fluctuation based upon actual house completions in the borough each year, and as a consequence these figures are subject to change.

#### c) Council Tax

For shire district councils (including Fylde Council) the referendum principles for 2017/18 retain an upper limit of either 2 per cent or £5 (on a Band D council tax bill).

In addition, social care authorities (which do not include Fylde Council but do include Lancashire County Council) will be able to increase their council tax by an additional 3% in 2017-18 or 2018-19, but still cannot exceed 6% in total over the 3 year period 2016-17 to 2018-19.

Referendum principles will not be extended to town and parish councils for 2017/18, but could be applied to these councils in the future.

ii. Other Revenue Budget Adjustments

Alongside the adjustments to the financial forecast that have been made as a consequence of the reduced New Homes Bonus funding, the Council meeting of 5th December 2016 approved a number of proposals that are also of significant financial importance which have been reflected in this updated financial forecast update. Additionally a further review of budgets and actual income and expenditure levels has been carried out based upon in-year budget monitoring and a number of budget adjustments for both the current and for future years have resulted from this analysis. Explanations of the most significant adjustments are summarised below, with further information being provided at Appendix D to this report.

**a) The introduction of a year-round green waste subscription service**

Although the introduction of a chargeable green waste collection service was approved in principle by the Council meeting in December 2016 the scheme details are to be approved by the Operational Management Committee at the meeting of 17th January 2017. The projected income levels that are included within this updated forecast are predicated upon the recommendations to that committee being approved. The key recommendations that may influence the level of projected income are:

- The implementation date of a subscription service of 1st June 2017
- An annual subscription of £25 per bin in year 1 (reduced year service to March 31st 2018), and
- An increased subscription level to £30 from year 2 (full year service April 1st to March 31st).

If the Operational Management Committee should determine that the scheme operate differently to these assumptions the consequential financial implications, should there be any, will be reflected in later updates to the financial forecast.

Income levels arising from the proposed scheme are calculated by reference to assumed participation rates of 50% in year 1, 60% in year 2 and 70% thereafter as detailed in the December report to Council. Actual take-up and the consequential income that this will generate is difficult to estimate ahead of implementation of the scheme. As the scheme commences and progresses it may be necessary to make changes to the participation levels (and the income assumptions that flow from those participation levels) within later updates to the financial forecast.

It is proposed that the upfront one-off costs associated with implementing the scheme will be met from existing revenue budgets wherever possible. However if this is not achievable any shortfall would be met from the income that is generated in year 1 of the scheme which may affect the income assumptions used at this stage.

**b) Car park tariffs**

The Council meeting of 5th December 2016 approved an increase in car park tariffs by an average 5% with effect from 1 April 2017. It is estimated that this will generate additional income from charges of £26k per annum which has been reflected in this updated forecast.

**c) Grants to town and parish councils**

The Council meeting of 5th December 2016 approved a reduction in the total value of grants to town and parish councils in relation to the Council Tax Reduction Scheme (CTRS) effective from 2017/18. The total grant amount that is distributed to town and parish councils will reduce from £66k per annum, as assumed within the December financial forecast, to £27k for

2017/18, £4k for 2018/19 and nil thereafter. The effect of this decision has also been reflected in this updated forecast.

#### **d) Other budget adjustments**

A number of further budget adjustments, mostly favourable variances arising from additional income that has been received, have been made to this updated financial forecast update. These are included within the variance analysis at Appendix C to this report and an explanation of each is provided at Appendix D. Council Tax income projections have also been updated from the December financial forecast to include the actual Council Tax base information for 2017/18 which was finalised in December 2016.

### **3.2 Community Housing Fund**

In January 2017 the Council was notified of an allocation of funding in the sum of £440,381 for 2016/17 in relation to the Community Housing Fund, intended to address the impact of second homes within communities and the distortion of the housing market that may result from high numbers of such. The stated aim of the fund is to:

*“Support communities to deliver affordable housing units of mixed tenure in response to the challenges created by a large number of second homes, thereby contributing to the overall national effort to boost housing supply over the next four years. In addition to this, the fund will help build collaboration, skills and supply chains at local level to promote sustainability and longer-term delivery. The fund will also provide capital investment, technical support and revenue to make more schemes viable and significantly increase community-led housing including through Community Land Trusts.”*

This allocation of funding was not anticipated and currently officers are exploring how the money may best be utilised to deliver the objectives of the fund and a report will be presented to Members in due course.

### **3.3 Other Continuing Financial Risks**

In addition to the adverse effect upon the Councils financial position as a consequence of the Spending Review announcements, particularly relating to New Homes Bonus, all of the other financial risks that were detailed within the previous Financial Forecast Update that was presented to the Council in December 2016 still remain. These are:

- **Future Central Government Funding Reductions**
- **Retained Business Rates – Pooling**
- **Borrowing Costs Assumptions**
- **Reduction in Housing Benefit Administration Grant**
- **Universal Credit**
- **Grounds Maintenance (External Contracts)**
- **The Living Wage**
- **Community Infrastructure Levy (CIL)**

Full details of each of these can be found within the December 2016 Financial Forecast report via the following link: [www.fylde.gov.uk/December2016FinancialForecast/](http://www.fylde.gov.uk/December2016FinancialForecast/)

## **4. CONCLUSIONS**

- 4.1 As has been detailed within previous updates to the Financial Forecast, the Council was already facing a number of uncertainties in the future in respect of its finances and was already anticipating reductions in central government funding for future years. The additional funding reductions in respect of New Homes Bonus that were announced as part of the December

2016 Local Government Finance Settlement have adversely affected the Councils financial position.

- 4.2. In light of the additional challenges that are presented by the recent Finance Settlement and as detailed within this report, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contribute to reserves over recent years. Through continued focus on the importance of financial stability the Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to the increased challenges.
- 4.3 This work has already commenced. As detailed within this report (section 3.1 ii) the Council in December 2016 has taken a number of decisions with regard to income generation and expenditure reduction that will have a significant and positive effect on the financial forecast for future years, demonstrating a responsiveness to the current financial challenges which is essential for the Council to continue in a robust financial position.

These decisions have had the effect of going some way towards reducing the funding gap, particularly in the final years of the forecast, from that which the 2016/17 Finance Settlement initially created. The effect of these changes are shown within in Appendices C and D to this report. Additional actions will be necessary to further address the remainder of the funding gap over the course of the coming years.
- 4.4 As part of that continued approach the Council's priorities for improvement remain and the Council needs to continue with the overall strategy making any changes it feels are relevant whilst recognising the future uncertainties that exist.
- 4.5 The assumptions that are contained within the Forecast Update are the latest best estimates and will be updated as and when further information is available. External pressures outside the Council's control are being experienced by many local authorities, and instructions remain in place that budget-holders should remain prudent and not commit to any unnecessary expenditure. This approach saves money and may result in an under-spend this year.
- 4.6 Further revisions to the figures and assumptions in this update will be necessary over the coming months and updates to the forecast will be prepared on a regular basis.
- 4.7 Activity and resources are focussed on the delivery of the key objectives of the Council as set out within the Councils approved Corporate Plan. At this point the finances of the Council remain robust with a relatively stable financial forecast in the years to 2020/21. Given the level of reserves that has been generated in recent years the budget deficit in the final years of the forecast is manageable. However in an uncertain financial environment the position can change in unexpected ways. It is important that the Council continues to operate in a sound and prudent manner in order to maintain a stable financial position and to explore further means by which the financial position can be further strengthened, whilst continuing to provide high quality services to residents and to deliver the priorities set out in the Corporate Plan.

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

REPORT AUTHOR	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2015/16 – 2017/20	Budget Council meeting 2 <sup>nd</sup> March 2016	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
MTFS – Outturn Position For 2015/16 (Including General Fund, Capital Programme & Treasury Management)	Finance and Democracy Committee meeting 20 <sup>th</sup> June 2016	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Revenue Budget Monitoring Report 2016/17 – to 31 <sup>st</sup> July 2016	Finance and Democracy Committee meeting 26 <sup>th</sup> September 2016	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Capital Programme Monitoring Report 2016/17 – to 31 <sup>st</sup> July 2016	Finance and Democracy Committee meeting 26 <sup>th</sup> September 2016	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2016/17 – 2020/21	Council meeting 5 <sup>th</sup> December 2016	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

#### Attached documents

1. Appendix A – Forecast approved at Council on 5th December 2016
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendix C – Schedule of unavoidable changes to the forecast
4. Appendix D – Narrative on unavoidable changes to the forecast and specific assumptions to support Appendix C
5. Appendix E – Updated latest forecast position



## Appendix A

## Latest General Fund Budget Forecast 2016/17 to 2020/21

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Adverse / Favourable
<b>Forecast approved at Council on 2nd March 2016</b>	<b>9,371</b>	<b>9,397</b>	<b>10,387</b>	<b>10,825</b>	<b>10,825</b>	
Forecast Changes - per Appendix C of December 2016 MTFS	- 148	- 161	- 160	- 196	- 43	
<b>Forecast Budget Requirement</b>	<b>9,223</b>	<b>9,236</b>	<b>10,227</b>	<b>10,629</b>	<b>10,782</b>	<b>Favourable</b>
<b>Financed by:</b>						
<b>Council Tax Funding:</b>						
Council Tax - Precept	5,484	5,720	5,942	6,168	6,399	
Council Tax - Share of Previous Years Surplus/(Deficit)	70	50				
<b>Sub Total - Council Tax Funding</b>	<b>5,554</b>	<b>5,770</b>	<b>5,942</b>	<b>6,168</b>	<b>6,399</b>	
<b>Business Rates Funding:</b>						
Baseline (including contribution from CF deficit reserve)	1,771	3,879	2,819	2,611	2,633	
Contribution to Funding Volatility Reserve		- 2,000				
<b>Sub Total - Business Rates net of reserve transfers</b>	<b>1,771</b>	<b>1,879</b>	<b>2,819</b>	<b>2,611</b>	<b>2,633</b>	
<b>Other Funding:</b>						
New Homes Bonus	1,863	2,153	1,351	1,296	1,296	
Revenue Support Grant	861	354	47			
Transition Grant	56	56				
Less - Parish Element of Council Tax Support Funding	- 66	- 66	- 66	- 66	- 66	
<b>Sub Total - Other Funding</b>	<b>2,714</b>	<b>2,497</b>	<b>1,332</b>	<b>1,230</b>	<b>1,230</b>	
<b>Forecast Financing</b>	<b>10,039</b>	<b>10,146</b>	<b>10,093</b>	<b>10,009</b>	<b>10,262</b>	
<b>Forecast surplus(-)/deficit for year</b>	<b>- 816</b>	<b>- 910</b>	<b>134</b>	<b>620</b>	<b>520</b>	
<b>Reserves</b>						
<b>Forecast surplus/deficit(-) for year from above:</b>	<b>816</b>	<b>910</b>	<b>- 134</b>	<b>- 620</b>	<b>- 520</b>	
Less: Contribution to Accommodation Project Reserve	- 151					
Less: Further Contribution to Accommodation Project Reserve	- 320					
Less: Contribution to M55 Link Road Reserve	- 345	- 459				
<b>Balance of surplus/deficit(-) remaining:</b>	<b>0</b>	<b>451</b>	<b>- 134</b>	<b>- 620</b>	<b>- 520</b>	
<b>Balance of General Fund Reserves b/f</b>	<b>3,481</b>	<b>3,481</b>	<b>3,932</b>	<b>3,798</b>	<b>3,178</b>	
Less transfer to/from(-) General Fund Reserves in year		451	- 134	- 620	- 520	
<b>Forecast Reserves at Year End</b>	<b>3,481</b>	<b>3,932</b>	<b>3,798</b>	<b>3,178</b>	<b>2,658</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£190.77</b>	<b>£195.76</b>	<b>£200.75</b>	<b>£205.74</b>	<b>£210.73</b>	
<b>Band D Average Council Tax Increase</b>	<b>£4.98</b>	<b>£4.99</b>	<b>£4.99</b>	<b>£4.99</b>	<b>£4.99</b>	
<b>Band D Average Council Tax Increase</b>	<b>2.68%</b>	<b>2.62%</b>	<b>2.55%</b>	<b>2.49%</b>	<b>2.43%</b>	

### General Assumptions

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

- General Prices Inflation – a freeze or cash-limiting of all general revenue expenditure budgets with the exception of pay, fuel & utility budgets;
- Slippage - underspend items from 2015/16 agreed by the Finance and Democracy Committee in June 2016 have been slipped into 2016/17;
- Pay award - assumed to be 1% per annum from 2016/17 onwards throughout the forecast;
- Employers Pension Contributions – the Council's contribution to the Lancashire pension fund scheme is set in accordance with the outcome of the 2013 Triennial Pension Review at 12.5% plus 9% deficit recovery lump sum payment for the period to 2016/17; any amendments resulting from the next review will be reflected in later updates to the Financial Forecast;
- Employer's National Insurance contributions – the forecast reflects the statutory contribution rates currently in place, including a reduced contribution rate as a result of the Council being part of the pension scheme. This reduced rate will increase due to the introduction of a Single Tier Flat Rate State Pension from April 2016, and the impact of this has been reflected in the forecast;
- Council tax increases – £4.99 increase per annum from 2017/18 onwards in line with latest government announcement on the threshold for referendums;
- Government Grant Support – the forecast assumes central government funding is as notified in the illustrative four-year funding settlement announced in January 2016, amended for known changes in respect of retained Business Rates and New Homes Bonus for 2016/17;
- Fees and Charges – The forecast takes account of the 5% increase in car parking fees from April 2017 and of the planned increases in cemetery and crematorium fees. In respect of other services budget-holders have reviewed fee levels as appropriate and any proposed changes to fees & charges will be considered at the Budget Council in March 2017 following consideration by the appropriate programme committee;
- Vacancy Savings – the forecast assumes £310k savings target for 2016/17, and £200k per annum from 2017/18 onwards;
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no cost to the Council from 2016/17 onwards following a decision on the 2017/18 scheme that was agreed at the Council meeting in December 2016.

## Appendix C

### Forecast changes since MTFS Update to Council December 2016:

	16/17 £000	17/18 £000	18/19 £000	19/20 £000	20/21 £000	ADVERSE / FAVOURABLE / NEUTRAL
<b>1 CHANGES AS A RESULT OF MEMBER APPROVALS:</b>						
Disposal of Kirkham Car Parks - approved by Operational Management Committee in November 2016	0	-12	-12	-12	-12	FAVOURABLE
Income/savings from introduction of green waste charges - approved by Council 5th December 2016	0	-300	-440	-500	-500	FAVOURABLE
Increase in car parking income - 5% increase - approved by Council 5th December 2016	0	-26	-26	-26	-26	FAVOURABLE
<b>2 BUDGET RIGHTSIZING EXERCISE:</b>						
Revenue impact of budget right-sizing across all budget areas of the Council	-20	-2	-2	-2	-2	FAVOURABLE
<b>3 UPDATED ESTIMATES OF INCOME BUDGETS:</b>						
CAMEO Income - Lytham Crematorium	-15	0	0	0	0	FAVOURABLE
Council Tax - Additional income from court costs	-40	0	0	0	0	FAVOURABLE
Increase in car parking income forecasts - based on useage over the last two years	-65	-30	-30	-30	-30	FAVOURABLE
<b>4 OTHER FORECAST CHANGES</b>						
Art Collection valuation costs	0	6	0	0	0	ADVERSE
Rephasing of budgets for Neighbourhood Plan Referenda - St Annes / Warton	-36	36	0	0	0	NEUTRAL
<b>TOTAL</b>	<b>-176</b>	<b>-328</b>	<b>-510</b>	<b>-570</b>	<b>-570</b>	<b>FAVOURABLE</b>

## Appendix D

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

(1) Changes as a Result of Member Approvals

The forecast that was approved at the Council meeting in December 2016 has been updated to reflect the financial impact of Member decisions made since then. The significant decisions in financial terms of their effect are detailed within the body of the report.

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

A further review of budgets in recent months has highlighted some additional minor budget variances across a number of budget areas.

(3) Cameo Income – Lytham Crematorium

The Environment Agency national Cameo scheme for redistributing income to those authorities that have undergone crematoria replacement under the mercury abatement regulations (including Fylde Council) has not operated as intended and income to the council under the scheme is erratic and largely unpredictable. In December 2016 the Council was notified of a payment under the scheme in the current year which was unbudgeted and has resulted in this favourable variance.

(4) Council Tax – Additional income from Court Costs

Income for the year is in excess of the budget due to additional court summonses being issued in the first part of the year in respect of Council Tax debts. In 2015/16 there was a reduction in the number of such cases whilst a legal challenge (to Haringey Council specifically but by extension to all councils in this matter) was resolved.

(5) Car Parking – Additional Income

Income levels across most car parks are in excess of the budget for 2016/17 and are also higher than in previous years, as a result of mostly favourable weather during key periods of the season. A favourable outturn variance is anticipated and the budgets in respect of the current and future years have been adjusted to reflect increased income expectations.

(6) Art Collection – Valuation Costs

The Councils accounting policy in respect of asset valuations requires that the art collection is professionally valued at intervals of not more than five years. The previous valuation was carried out during 2012/13 and therefore the next valuation will be necessary during 2017/18.

(7) Re-phasing of Neighbourhood Plan Referenda

The referenda that are required as part of the approval of the Neighbourhood Plans in respect of Warton and St Annes are now not expected to be held in 2016/17 and consequently the anticipated cost has been re-phased into 2017/18.

## Appendix E

**Latest General Fund Budget Forecast 2016/17 to 2020/21**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Adverse / Favourable
<b>Forecast approved at Council on 5th December 2016</b>	<b>9,223</b>	<b>9,236</b>	<b>10,227</b>	<b>10,629</b>	<b>10,782</b>	
Forecast Changes - per Appendix C	- 176	- 328	- 510	- 570	- 570	Favourable
<b>Forecast Budget Requirement</b>	<b>9,047</b>	<b>8,908</b>	<b>9,717</b>	<b>10,059</b>	<b>10,212</b>	
<b>Financed by:</b>						
<b>Council Tax Funding:</b>						
Council Tax - Precept	5,484	5,733	5,954	6,181	6,413	
Council Tax - Share of Previous Years Surplus/(Deficit)	70	50				
<b>Sub Total - Council Tax Funding</b>	<b>5,554</b>	<b>5,783</b>	<b>5,954</b>	<b>6,181</b>	<b>6,413</b>	
<b>Business Rates Funding:</b>						
Retained Rates (including pooling benefit & contbtn from CF deficit reserve)	1,771	3,879	2,819	2,611	2,633	
Approved Contribution to Funding Volatility Reserve		- 2,000				
<b>Sub Total - Business Rates net of reserve transfers</b>	<b>1,771</b>	<b>1,879</b>	<b>2,819</b>	<b>2,611</b>	<b>2,633</b>	
<b>Other Funding:</b>						
New Homes Bonus	1,863	1,661	1,176	994	996	
Revenue Support Grant	861	354	47			
Transition Grant	56	56				
Less - Parish Element of Council Tax Support Funding	- 66	- 27	- 4			
<b>Sub Total - Other Funding</b>	<b>2,714</b>	<b>2,044</b>	<b>1,219</b>	<b>994</b>	<b>996</b>	
<b>Forecast Financing</b>	<b>10,039</b>	<b>9,706</b>	<b>9,992</b>	<b>9,786</b>	<b>10,042</b>	
<b>Forecast surplus(-)/deficit for year</b>	<b>- 992</b>	<b>- 798</b>	<b>- 275</b>	<b>273</b>	<b>170</b>	
<b>Reserves</b>						
<b>Forecast surplus/deficit(-) for year from above:</b>	992	798	275	- 273	- 170	
Less: Approved Contribution to Accommodation Project Reserve	- 151					
Less: Approved Contribution to Accommodation Project Reserve	- 320					
Less: Approved Contribution to M55 Link Road Reserve	- 521	- 283				
<b>Balance of surplus/deficit(-) remaining:</b>	<b>0</b>	<b>515</b>	<b>275</b>	<b>- 273</b>	<b>- 170</b>	
<b>Balance of General Fund Reserves b/f</b>	<b>3,481</b>	<b>3,481</b>	<b>3,996</b>	<b>4,271</b>	<b>3,998</b>	
Less transfer to/from(-) General Fund Reserves in year		515	275	- 273	- 170	
<b>Forecast Reserves at Year End</b>	<b>3,481</b>	<b>3,996</b>	<b>4,271</b>	<b>3,998</b>	<b>3,828</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£190.77</b>	<b>£195.76</b>	<b>£200.75</b>	<b>£205.74</b>	<b>£210.73</b>	
<b>Band D Average Council Tax Increase</b>	<b>£4.98</b>	<b>£4.99</b>	<b>£4.99</b>	<b>£4.99</b>	<b>£4.99</b>	
<b>Band D Average Council Tax Increase</b>	<b>2.68%</b>	<b>2.62%</b>	<b>2.55%</b>	<b>2.49%</b>	<b>2.43%</b>	