



FYLDE BOROUGH COUNCIL



Meeting Agenda

**Audit Committee
Town Hall, St Annes
Tuesday 30 June 2009, 7:00 p.m.**

**The doors to the Town Hall will be open to the public at
6:40p.m.**

The maximum capacity for this meeting room is 60 persons –
once this limit is reached no other person can be admitted.

AUDIT COMMITTEE

MEMBERSHIP

CHAIRMAN - Councillor John Singleton
VICE-CHAIRMAN – Councillor Linda Nulty

Councillors

Ben Aitken	Paul Rigby
Fabian Craig-Wilson	Janine Owen
Linda Nulty	Elizabeth Oades
Louis Rigby	Keith Hyde

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Our Vision

To establish Fylde Borough Council as a high performing local authority

Our Corporate Objectives

To improve the economic, social and environmental well-being of our communities through:

- The promotion and enhancement of the natural built environment
- Increasing the availability and access to good quality housing for all
- Maintaining healthy and safe communities to reduce the fear of crime
- Supporting and sustaining a strong and diverse Fylde coast economy to further enhance employment prospects

We will achieve this by:

Focusing on customer requirements
Clear community and organisational leadership
Delivering high quality, cost-effective services
Partnership working



A G E N D A

PART I - MATTERS DELEGATED TO COMMITTEE

ITEM	PAGE
1. DECLARATIONS OF INTEREST: <i>If a member requires advice on Declarations of Interest he/she is advised to contact the Monitoring Officer in advance of the meeting. (For the assistance of Members an extract from the Councils Code of Conduct is attached).</i>	4
2. SUBSTITUTE MEMBERS: <i>Details of any substitute members notified in accordance with council procedure rule 25.3</i>	4
3. MEDIUM TERM FINANCIAL STRATEGY – OUTTURN 2008/09 (INCLUDING GENERAL FUND, CAPITAL PROGRAMME & TREASURY MANAGEMENT)	7-23
4. STATEMENT OF ACCOUNTS 2008/09	24

Personal interests

8.—(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) any body—
 - (aa) exercising functions of a public nature;
 - (bb) directed to charitable purposes; or
 - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

- (i) any employment or business carried on by you;
 - (ii) any person or body who employs or has appointed you;
 - (iii) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
 - (iv) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
 - (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);
 - (vi) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
 - (vii) any land in your authority's area in which you have a beneficial interest;
 - (viii) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
 - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision;

(2) In sub-paragraph (1)(b), a relevant person is—

- (a) a member of your family or any person with whom you have a close association; or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

Disclosure of personal interests

- 9.—(1)** Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.

- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(d).

Prejudicial interest generally

- 10.—**(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business—
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
 - (c) relates to the functions of your authority in respect of—
 - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) an allowance, payment or indemnity given to members;
 - (v) any ceremonial honour given to members; and
 - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

Prejudicial interests arising in relation to overview and scrutiny committees

- 11.—** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
 - (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of prejudicial interests on participation

- 12.—**(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—
- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your authority's standards committee;
 - (b) you must not exercise executive functions in relation to that business; and
 - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

REPORT

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	AUDIT COMMITTEE	30/06/2009	3

**MEDIUM TERM FINANCIAL STRATEGY – OUTTURN 2008/09
(INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY
MANAGEMENT)**

Public Item

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

Summary

This report sets out for Members the General Fund Outturn (including Revenue, Capital and Treasury Management) for 2008/09. The report explains major variations between the latest approved Budget and Actual Expenditure and quantifies the impact on the Council's reserves.

Recommendations

Cabinet is recommended to approve:-

- 1) The General Fund Outturn Expenditure as set out in section 2, together with the recommended adjustments detailed in notes i) to v).
- 2) The Capital Outturn as set out in section 6 to 10 and its proposed financing as set out in table 5 and ;
- 3) The Treasury Management Annual Report is set out in section 11 to 13 and the actual Prudential Indicators set out in Appendix E

Audit Committee to note the report.

Alternative options considered and rejected. Not applicable – alternative implications are addressed in the body of the report.

Cabinet Portfolio

The item falls within the following Cabinet portfolio: Finance & Resources - Cllr Roger Small

REPORT

1.0 Information

- 1.1 The Medium Term Financial Strategy was presented to Cabinet in November 2008, with financial updates in January and February 2009 and then the final strategy and budget decisions approved by Council on 3rd March 2009.
- 1.2 The Medium Term Financial Strategy considers the General Fund Revenue (including Collection Fund) and associated reserve balances, the Capital Programme and the Treasury Management Annual Report. This report sets out the outturn position for these areas of activity for 2008/09.
- 1.3 In line with the Accounts and Audit Regulations 2003, the Council is required to approve the Statement of Accounts by 30th June each year. The Audit Committee is delegated to approve the Statement of Accounts.
- 1.4 The Medium Term Financial Strategy outturn position 2008/09 report constitutes part of the Council's procedures for performance management.

2.0 General Fund Revenue Outturn Position (including Collection Fund)

- 2.1 This section of the report covers the General Fund Revenue Outturn position for 2008/09. General Fund Revenue can be defined as the day to day running costs associated with the delivery of the Council's services. The General Fund Revenue Budget is monitored and reported to the Executive Member (Finance & Efficiency) on a quarterly basis.
- 2.2 The General Fund Expenditure and Income Account comparing Actual Expenditure against Latest Approved Estimate by service is set out in Appendix A. A detailed list of major variances within Services which contribute to the outturn position is set out in Appendix B. Appendix B, for simplicity, excludes internal recharges.
- 2.3 At time of writing this report work is underway to verify whether the budget variances reported are 'one off' or recurring items. The outcome of this work will be reflected in future revenue budget forecasts.
- 2.4 In arriving at the outturn position the Council's agreed budget decisions (at Council on 3rd March 2008) have been implemented.
- 2.5 Included in the outturn position is the impact of capitalisation. As part of the Medium Term Financial Strategy approved by Council on 3rd March 2009 an estimated capitalisation figure of £120k was included. The actual capitalisation settlement received from DCLG was £705k of which it has been possible to capitalise £650k. Full details of this capitalisation settlement and detailed utilisation of the scheme were detailed in a report to Special Council on the 8th June 2009. This has resulted in an additional underspend on revenue (compared to revised estimate) and contributes £530k to general fund balances.
- 2.6 The Council's net expenditure was £10.157m compared with a revised estimate of £10.979m which results in an underspend of £822k including Capitalisation. After

taking account of the additional £4k financing for General Government Grants the underspend is £826k for the year

- 2.7 In normal circumstances bad debts provision would be made as the debt ages. However it is felt appropriate in the light of the current economic circumstances the bad debt provisions are increased on both General and Housing Benefits overpayments. The underspend therefore includes increased bad debt provision of £92k on general debtors and £120k on Housing Benefit Overpayments debtors totalling £212k.
- 2.8 In addition, based on the results of latest information the following adjustments are now recommended:-
- i) The Joint Shared Services Committee for Revenues & Benefits has not yet been met to agree the outturn position for 2008/09. It will be up to the Joint Committee to decide how any surplus of the Shared Service is shared/reinvested in the future. Until these decisions are known it is proposed that a reserve be set up to account for the year end position.
 - ii) The Council received a Implementing Electronic Government (IEG) grant from Central Government late in 2008/09 for £23k. This grant was not expected and therefore not budgeted for. It is proposed that this grant is transferred into a reserve to help contribute towards future ICT replacement equipment. In addition the Council's IT core networking equipment requires replacing to ensure improved reliability and also to ensure compliance with the Central Government Code of Connection (COCO). This cost has been estimated at £40k.
 - iii) The Streetscene vehicles are all on Leasing Contracts. During recent years the contract returns criteria has become a lot stricter. Currently the Council has no budget in place to pay for general rectification work prior to return. It is therefore proposed that a vehicle maintenance reserve is set up to cover these costs.
 - iv) In line with the statutory legislation, the Council must operate Trading Accounts (which must breakeven over a 3 year period) for Building Control and Land Charges activities. Building Control outturn resulted in a revenue shortfall, so reserve balances had to be utilised to balance the revenue account. The Land Charges reserve is new for 2008/09 and has been created in line with new statutory legislation.
- 2.9 There are also a number of budget variances arising from slippage (expenditure committed to 2008/09). These slippage items are listed in Appendix C and have been approved by the Council's Section 151 Officer, under his powers of delegation.
- 2.10 The General Fund underlying underspend, after taking into account the above adjustments and slippage items, is set out in Table 1 as follows:-

Table 1 General Fund Reserve Budget Underlying Position

	£m	
General Fund underspend as per paragraph 2.6	(0.826)	
New Reserve required in respect of the Revenues & Benefits Shared Services	0.063	
New reserve required for ICT Replacements/System Developments	0.063	
Creation of new vehicle Maintenance Reserve	0.027	
Movement on Statutory Reserves		
• Creation of Land Charges Reserve	0.028	
• Movement of Building Control Reserve To Revenue Account	<u>(0.035)</u>	
Total Transfer to Reserves		0.146
Adjusted General Fund underspend (including Capitalisation)	(0.680)	
Additional Capitalisation	<u>0.530</u>	
General Fund Underspend	<u>(0.150)</u>	
Less Slippage Items (as detailed in Appendix C)	0.120	
Underlying General Fund Underspend for year (excluding Capitalisation)	<u>(0.030)</u>	

3.0 Collection Fund Outturn Position

3.1 The Council operates the Collection Fund under the Local Government Finance Act 1988. It contains the income and expenditure relating to Council Tax, and National Non Domestic Rates (NNDR). The deficit on the fund for the year was £154k. This will be shared between the Borough Council, the County Council, the Police Authority and the Fire Authority in 2010/11. The Borough's share of the deficit will be £19k.

4.0 Statement of General Fund Revenue Reserves

4.1 Table 2 details the Council's General Fund Reserves position at 31st March 2009.

Table 2 Statement of General Fund Revenue Reserves 2008/09

	Actual £m
Opening General Fund Balance	0.862
In Year Transfer to General Fund Reserve (Note 1)	<u>0.486</u>
Closing General Fund Balance	<u>1.348</u>

Note 1 (see Appendix A Note 2)

5.0 General Fund Revenue Outturn Conclusion

- 5.1 During 2008/09, due to severe in year budgetary pressures, mainly created as a result of the economic downturn, the Chief Executive instructed all budget holders not to approve any new expenditure that was not contractually committed or necessary to fulfil basic and statutory services. Due to this freeze on expenditure the Council has generated further additional budget savings against the revised estimate. However there are a number of budget variances around Building Control & Development Control associated with the downturn of the economy which need to be carefully monitored and future financial assumptions may need to be revised.
- 5.2 Although the underspend on revenue and the capitalisation settlement is welcomed as this significantly improves the Council's overall General Fund Balances position, Members must be fully aware of the following:-
- Capitalisation will increase revenue expenditure (on debt repayments) in future years.
 - The build up of these reserves will now reduce the Council's vulnerability to future increases in expenditure. The Medium Term Financial Strategy Report to Council on 3rd March 2009 advised that based on anticipated future financial pressures, the Council should move to a minimum level of balances of £750k at the earliest opportunity. This outturn for 2008/09 now secures this position.
- 5.3 Members need to be aware that there are still a number of key financial pressures and risks within the Council's Medium Term Financial Strategy which remains. To summarise again for Members, the key short term financial risks facing the Council are:-
- Concessionary Fares costs
 - Pay/Inflation/interest rate uncertainties
 - Volatility of fuel and energy cost increases
 - The effect of the economic climate on a number of the Council's income streams
- 5.4 During the year the Council had to deal with several large planning appeals. Some of these remain ongoing. One appeal was resolved in 2008/09 which was not budgeted for. The Council needs to be aware that these ongoing and any future planning appeals may result in significant additional costs being incurred by the Council.
- 5.5 Longer term key financial risks are in relation to Carbon Reduction Commitment (CRC), Staff Restructure Costs, future potential pension increases and future Government Grant Settlements.

6.0 Capital Outturn 2008/09

- 6.1 The overall position after taking slippage into account 2009/10 is a net capital underspend of £166k against the latest updated estimate. This includes slippage of £167k leaving an underlying overspend of £1k. No external resources have been lost as a result of this overspend.
- 6.2 The 1st quarter update of the Five Year Capital Programme for 2009/10 will be amended to reflect the outturn results and any other changes approved to date.
- 6.3 The financing proposals represent the most cost effective financing to the Council and leave it with the greatest flexibility in respect of future years.

7.0 Capital Expenditure 2008/09

- 7.1 Capital expenditure for 2008/09 is detailed in Table 3.

TABLE 3 - Latest Estimate Compared with Outturn 2008/09

	£m	Notes
3 rd Quarter Approved Capital Programme Update	2.263	
Changes as per Note 1	<u>0.087</u>	1
Last Estimate	2.350	
Less Outturn Expenditure	-2.184	
Net Underspend for Year	0.166	
Less Slippage	<u>-0.167</u>	
Underlying Overspend (i.e Increase in Capital Programme Deficit)	<u>0.001</u>	

Note 1: Increased expenditure on CCTV Community Safety Approved by Council on 03/03/09

- 7.2 Details of variances for all schemes are shown in Appendix D

8.0 Usable Capital Receipts 2008/09

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

TABLE 4 - Usable Capital Receipts 2008/09

	Approved Estimate £000	Outturn £000	Variance+/- £000
Opening Balance at 01.04.2007	393	393	0
Capital Receipts received in year	<u>150</u>	<u>5</u>	<u>-145</u>
Sub Total	543	398	-145
Capital Receipts used to finance expenditure		-398	
Closing Balance at 31.03.2009		<u>0</u>	

- 8.2 Table 5 shows the actual usable capital receipts were £0.145m less than that estimated for the year. This variance is due to the current economic conditions.

9.0 Capital Financing 2008/09

- 9.1 The proposed financing of capital expenditure is set out in Table 5.

TABLE 5- Proposed Capital Financing 2008/09

	£000
EXPENDITURE:	<u>2,184</u>
FINANCING:	
Grants & Contributions	1,430
Capital Receipts	398
Borrowing	254
Revenue Contribution	<u>102</u>
Total Capital Financing	<u>2,184</u>

10.0 Capital Outturn – Conclusions

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

- (i) The Council's current Capital Programme financing is affected heavily reliant on capital receipts. The level of these receipts is affected by the economic climate. During 2008/09 less Right to Buy receipts were received than forecast (which reflects the current downturn in the Housing Market). Consequently it therefore may be necessary to either delay expenditure or increase the Council's borrowing position, which will subsequently impact on future revenue budgets. Management Team will review the position in light of the outturn and make recommendations in due course to Members.

11.0 TREASURY MANAGEMENT ANNUAL REPORT

11.1 Summary

- 11.2 This section of the report covers Treasury Management operations for the financial year to 31st March 2009.
- 11.3 The Prudential Indicators and Treasury Management Strategy for 2009/10 to 2011/12 were set out in the report to Council on 3rd March 2009. Performance has been monitored during the year and reported on a quarterly basis to the Executive Member (Finance & Efficiency). The actual Prudential Indicators for 2008/09 are shown in Appendix E.
- 11.4. **Information**
- 11.5 The Council fulfils the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

12.0 Implications

12.1 Economic Background

The financial year 2008/09 presented exceptional circumstances with regard to treasury management. The downturn in the economy, together with increased counterparty credit risk presented the Council with additional issues not normally encountered. The main implications of the exceptional circumstance have been:

- a) Deteriorating investment returns, resulting in reduced investment income from that originally budgeted
- b) Increase in counterparty risk

12.2 Interest Rates

The Monetary Policy Committee (MPC) made seven changes in the base rate as shown in Table 6.

Table 6 Base Rate Changes 2008/09

Date	Base Rate b/f	Change	New Base Rate
10/04/08	5.25%	-0.25%	5.00%
08/10/08	5.00%	-0.50%	4.50%
06/11/08	4.50%	-1.50%	3.00%
04/12/08	3.00%	-1.00%	2.00%
08/01/09	2.00%	-0.50%	1.50%
05/02/09	1.50%	-0.50%	1.00%
05/03/09	1.00%	-0.50%	0.50%

12.3 Borrowing

The borrowing strategy is to reduce the net revenue cost of the Council's borrowings. This is achieved through measures such as debt repayment and restructuring, new borrowing, and a review of the level of in-house investment balances. The Council's Treasury Consultants advise on the timing of potential transactions so as to maximise the advantages of interest rate movements.

Long term borrowing is only undertaken for a capital purpose and the Statutory borrowing limit, the Authorised Limit (£9.4m), was not breached.

In line with advice from the Council's Treasury Advisors, the Council postponed borrowing and instead ran down in-house investment balances. Borrowing will be required in the future. The delay in borrowing has been funded by utilising in-house balances that would have normally been invested on the money markets. This was beneficial to the council as investment returns have decreased dramatically as the bank base rate has fallen, and there has been increased uncertainty and risk associated with investing money in the financial markets.

The Council's long-term borrowings at 31st March, 2009 as set out in Table 7

Table 7 – Long Term Borrowing

Type of Loan	Balance 31.03.09 £'000
Public Works Loan Board (PWLB)	1,000
Leasing	20
TOTAL	1,020

There are no concerns regarding the Council's current debt maturity profile.

12.4 Short Term Borrowing

In order to cover short term cash flow fluctuations it was necessary for the Council to borrow funds on one occasion during the year totalling £1m. The Council's overdraft was also utilised as required for cash flow purposes throughout the year.

12.5 Internally Managed Funds

During the year, cash sums managed internally by the Council's Treasury Management internal section have been invested for periods of up to four months with approved banks and building societies.

The overall performance was a gross return of 4.52%, compared with a benchmark target of 3.74%.

By the end of 2008/09 the internally managed funds had generated interest of £318k which exceeded the revised budget by £18k despite the bank base rate declining faster than anticipated.

13.0 Prudential Indicators

Under the legislation, (incorporating the Prudential Code) Members continue to be responsible for determining the appropriate level of capital investments.

The Council is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Code of Practice on Treasury Management. During 2008/09 the Council complied with its legislative and regulatory requirements. The position at 31st March 2009 is shown in Appendix E

Report Author	Tel	Date	Doc ID
Bernard Hayes	(01253) 658566	June 2009	

List of Background Papers		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy Update, Including General Fund, Capital Programme And Treasury Management For 2008/09 – 2012/13	March 2009	Council Meeting, 3 rd March 2009

Attached documents

Appendix – A – General Fund Revenue Expenditure & Income Account
Appendix – B – General Fund Outturn 2008/09 – Variations from Revised Estimates
Appendix – C – Revenue Budget Slippage Items.
Appendix – D- Capital Outturn Variations
Appendix – E – Prudential Indicators

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

GENERAL FUND REVENUE EXPENDITURE & INCOME ACCOUNT

	Latest Estimate	Outturn	Variance + Over / (Under)
	£'000	£'000	£'000
Net Expenditure			
Chief Executive	10	11	1
Community Services	3,432	3,534	102
Corporate Resources	2,686	2,241	(445)
Office of the Assistant Chief Executive	398	403	5
Performance and Business Improvement	275	263	(12)
Strategic Development Services	2,006	2,538	532
Operational Services	3,167	2,830	(337)
Finance	438	571	133
Sub Total	12,412	12,391	(21)
Contingency	(60)	0	60
Net Cost of Services	12,352	12,391	39
Gain (-) on the disposal of fixed assets	0	0	0
Interest payable and similar charges	45	44	(1)
Interest and investment income	(302)	(321)	(19)
Pension accounting adjustment	(135)	53	188
Net Operating Expenditure	11,960	12,167	207
Net accounting adjustments to General Fund (note 1)	(861)	(1,360)	(499)
Capitalisation	(120)	(650)	(530)
Revised Estimate/Outturn	10,979	10,157	(822)
Financing			
General Government Grants	(835)	(839)	(4)
Non-Domestic Rate Redistribution	(4,916)	(4,916)	0
Demand on the collection fund (incl prev yr's surplus)	(5,026)	(5,026)	0
	(10,777)	(10,781)	(4)
(Surplus)/Deficit for the Year	202	(624)	(826)
STATEMENT OF MOVEMENT ON THE GENERAL FUND			
(Surplus)/Deficit for the Year (see above)	202	(624)	(826)
Transfer to / (from) Reserves	(8)	138	146
Use of / (Transfer to) Balances	194	(486)	(680)

NOTE 1**Net accounting adjustments to General Fund' is made up of:**

Capital Accounting Adjustments	(881)	(1,380)	(499)
Direct Revenue Finance	20	20	0
	(861)	(1,360)	(499)

NOTE 2**The General Fund revenue balances position is as follows:**

General Fund Revenue Balances b/f	862	862	0
Add: Transfer to / (from) Balances	(194)	486	680
General Fund Revenue Balances c/f	668	1,348	680

General Fund Outturn 2008/2009
Variations from Revised Estimates

Description	Reason for Variance	Variance (+ over / under)	
		£000	£000
<u>Variations on General Fund Income and Expenditure</u>			
Vacancy Savings	Savings across the Council achieved due to vacancy freeze	(109)	
Slippage Items	See Appendix C	(120)	
Utilities	Underspend across the Council as a result of usage efficiencies and downturn in prices in final quarter of 2008/09	(54)	
<u>Community Services</u>			
Lowther Trust	Council's contribution to Lowther Trust higher than budget, to offset shortfall in income from shows due to poor attendances.	22	
<u>Corporate Resources</u>			
Rent Allowances/Council Tax Benefit	Net underspend of 0.54% against budgeted expenditure of £17.2m, mainly due to increased level of Council Tax benefit subsidy received	(91)	
Provision for Bad Debts - general	Additional provision required to cover anticipated uncollectable debts due to the prevailing economic climate	92	
Provision for Bad Debts - housing benefits overpayments	New provision based upon 75% of outstanding Housing Benefits overpayments held within the shared service Pericles revenues system (no provision previously provided for)	120	
Revs and bens shared service	Underspend as a result of efficiency savings generated by shared service approach to delivery of the revenues and benefits service	(63)	
Investment income	Additional income beyond budgeted level generated from short term investments of funds	(32)	
<u>Operational Services</u>			
Vehicle Fleet	Saving against overall fleet budget of £2.9m across the Council, due to lower level of reactive maintenance on vehicles that expected	(87)	
Highways Cleansing	Miscellaneous Expenditure - Underspend as a result of essential expenditure freeze	(14)	
Highways Cleansing	Other Fee Income - Additional income received from LCC for highway sand clearance which is an LCC function carried out by Fylde Borough Council	(28)	
Trade Waste Service	Additional fees and charges income beyond budgeted level	(37)	
Trade Waste Service	Savings against landfill charges budget as a result of lower level of landfill than anticipated	(29)	

Performance and Business Improvement

Telephones	Underspend as a result of improved usage efficiency and impact of Management Team moratorium on uncommitted expenditure in line with the financial forecast position of the Council	(20)
Computer Services	Computer Development Costs - Savings achieved due to Management Team moratorium on uncommitted expenditure	(16)

Strategic Development Services

Concessionary Travel	Forecasted payments to bus operators for the new national scheme less than originally anticipated due to the seasonality factor for the last 4 months of the years being less than expected (all information provided by LCC)	(37)
Repairs & Maintenance	General underspend on repairs and maintenance of Council owned properties due to moratorium on spend	(23)
Decriminalised Parking Enforcement - DPE	Reduced Income due to New Traffic Management Road Act which came into force 31/03/08 - this means that the police are now empowered to issue fixed penalty notices which has a knock on effect on the number parkwise can issue	38
Decriminalised Parking Enforcement - DPE	Impact of Lancashire-wide change in allowable overhead costs allocation - backdated to start of scheme (2004/05 to 2007/08)	63
Building Control	Shortfall in budgeted fee income due to the economic downturn in the building industry and competition from approved inspectors	60
Development Control	Shortfall in planning application income due to economic downturn	45
Development Control	Costs relating to Planning Appeal in March 2009 that had not been budgeted for	78
	Other Minor Variances (Net Underspends)	(54)
		<hr/>
	General Fund Underspend before transfers to reserves	(296)

Other transfers to reserves:

Creation of Vehicle Maintenance Reserve	Reserve set up to contribute towards the cost of leased vehicle maintenance repairs	27
ICT Replacement System Reserve	To contribute towards the cost of ICT system developments / replacements	63
Creation of Shared Service Reserve	Net underspend in 2008/09 transferred to a Reserve until the Shared Service Joint Committee meet to determine use of these funds	63
Building Control Reserve	This is a statutory contribution from previously set-aside surpluses to fund the 2008/09 deficit on the Building Control Charging Account	(35)
Creation of Land Charges Reserve	This is a statutory contribution to a new Reserve to set-aside surpluses for the three financial years ended 2008/09	28

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Net General Fund Underspend

(150)

**Revenue Budget Slippage Items Approved by Director of Finance s151 Officer
(In Line with Delegation)**

Service Area	Slippage Requested £	Explanation of Slippage	Effect on service delivery if not granted.
Housing	8,000	This is required to complete all repairs on two flats which are currently leased by FBC before being handed over to a new managing agent. The flats are used as homeless interim accommodation.	If permission is not granted then it will result in a failure to meet our obligations under the lease agreement.
Corporate Safety	1,200	Anticipated increase in annual charge of health and safety service which is undertaken by Blackpool Borough Council.	If permission is not granted then the budget in 2009/2010 will be overspent.
Customer Services	1,162	Funding required for the purchase of uniforms following the re-structure of Corporate Admin. and TIC functions	If permission is not granted then there will be insufficient funds in the 2009/2010 budget.
Corporate Administration / TIC	839	Funding required for the purchase of uniforms following the re-structure of Corporate Admin. and TIC functions	If permission is not granted then there will be insufficient funds in the 2009/2010 budget.
Sports Development	4,200	The Sports outreach programme was provided by an external agency and was not fully utilised due to person responsible for budget being new. This, combined with a revamp of the sports development budget throughout the year resulted in a cautious approach to spending.	Service is going to be provided in house by Fylde Borough Council during 09/10 as the public perception last year was that the outside agency was acclaimed all the credit for providing the service although FBC provided all the funding.
Finance Management Team	6,316	Due to the delay in the receipt of the International Financial Reporting Standards code (IFRS), which is specific to Local Authorities, all preparatory work has been delayed until 2009/10.	The Council would not fulfill its statutory obligations.
Accountancy Services	9,093	Due to the delay in the receipt of the International Financial Reporting Standards code (IFRS), which is specific to Local Authorities, all preparatory work has been delayed until 2009/10.	The Council would not fulfill its statutory obligations.
Accountancy Services	5,210	Budget committed to additional resources to implement the ICON Cash receipting system in line with the councils budget decision on 3rd March 2009.	The Council would fail to satisfy data protection statutory requirements and would fail in basic financial control if ICON was not implemented.
Accountancy Services	5,731	Budget committed to additional resources to implement the ICON Cash receipting system in line with the councils budget decision on 3rd March 2009.	The Council would fail to satisfy data protection statutory requirements and would fail in basic financial control if ICON was not implemented.
Legal Services	10,000	Slippage is requested because a standards investigation has been commissioned but not yet completed.	If permission is not granted then there will be insufficient funds in the 2009/2010 budget.
Kirkham Pool	67,949	Slippage is requested to contribute to the running costs of Kirkham Pool in 2009/10 prior to the transfer to YMCA. The requirement for funding has arisen due to the fact that no budget exists for operation of the pool beyond 31/03/09 and the Council continued to operate the pool in the run up to transfer to the YMCA. The availability of funding has arisen due to savings against the redundancies budget and additional income generated in 2008/09 beyond budgeted levels	If transfer of Kirkham pool does not take place to the YMCA it could result in closure of the pool.
Total Slippage	119,700		

CAPITAL OUT-TURN VARIATIONS - 2008/09

APPENDIX D

Scheme No.	APPROVED SCHEMES	Approved Budget 2008/09	Slippage b/f from 2007/08	Other Adjustments Quarter 1, 2, 3 & 4	Updated Estimate 2008/09	Outturn	Variance	Saving (-) / Overspend	Slippage (-)	Reason
		£000	£000	£000	£000	£000				Slippage is to year 2009/10 unless stated otherwise
COMMUNITY SERVICES										
Z010	Disabled Facilities Programme	648	-142	150	656	648	-8		-8	Slippage Required - Some expenditure delayed until 2009/10
Z024	Pvte Sector Hsng Renewal Grants	335	117	-192	260	255	-5		-5	Slippage Required - Some expenditure delayed until 2009/10
Z011	Cem & Crem Capital Projects	10		0	10	10	0			Scheme spend to budget
Z068	Crematorium Project - Cremators	0		6	6	3	-3		-3	Slippage Required - Some expenditure delayed until 2009/10
Z030	Ashton Gardens Heritage Restoration	1,415	35	-1,250	200	184	-16		-16	Slippage required - Expenditure delayed owing to the phasing and scale of the project (£2m in total)
Z040	Kirkham War Memorial	100		115	215	216	1	1		Minor overspend on completion of scheme
Z052	Chimes	20	20	-7	33	33	0			Scheme spend to budget
Z053	Youth Facilities	15			15		-15		-15	Anticipated scheme completion to budget by March 2009
Z058	Warton Sports Pavillion - Refurbish		25		25	25	0			Scheme spend to budget
Z064	Boating Pool	45		-45	0		0			Budget vired to Kirkham War Memorial to fund overspend - Cabinet approval - 15/01/09
Z063	Prom Gardens Paddling Pool	8		-8	0		0			Budget vired to Kirkham War Memorial to fund overspend - Cabinet approval - 15/01/09
Z065	Play Equipment	135		-135	0	1	1		1	Budget to be reduced in 2009/10
Sub Total		2,731	55	-1,366	1,420	1,375	-45	1	-46	
STRATEGIC DEVELOPMENT SERVICES										
Z001	St Annes Square Regeneration	106		-66	40	41	1		1	Budget to be reduced in 2009/10
Z027	Town Hall accommodation	100			100	90	-10		-10	Slippage Required - Scheme to be reviewed in 2009/10 due to current economic conditions and funding of this being fully dependent on capital receipts
Z036	Cons'n Area Rest'n Scheme St Annes		145	-8	137	126	-11		-11	Slippage required - due to the current economic conditions
Z045	St Annes Town Centre	80		-74	6	6	0			Scheme spend to budget
Z062	Tourist Board Project - Public Realm Streetworks	285		-110	175	175	0			Scheme spend to budget
Z047	Footway Lighting Schemes	12		-12	0		0			£12k slippage into 2009/10 due to a delay in a decision from Lancashire County Council regarding Lancashire Locals
Z051	Kirkham Building Refurbishment	100		-50	50	4	-46		-46	Slippage required due to a cautiousness to invest from the private sector due to the current economic conditions
Z049	Car Park Improvements	30			30	19	-11		-11	Slippage Required - Some expenditure delayed until 2009/10 pending a further report to cabinet
Z069	Compulsory Purchase Order			100	100	100	0			Scheme spend to budget
Sub Total		713	145	-220	638	561	-77	0	-77	
ASSISTANT CHIEF EXECUTIVE										
Z046	CCTV Community Safety	32	12	87	131	87	-44		-44	Slippage Required - Some expenditure delayed until 2009/10
Sub Total		32	12	87	131	87	-44	0	-44	
OPERATIONAL SERVICES										
Z048	Danfo Public Conveniences	144			144	144	0			Scheme spend to budget
Z066	Waste Disposal - Depot Improvements	17			17	17	0			Scheme spend to budget
Sub Total		161	0	0	161	161	0	0	0	
Grand Total All Schemes		3,637	212	-1,499	2,350	2,184	-166	1	-167	

Prudential Indicators

Prudential Indicator	Revised Indicator 2008/09 £m	Actual 2008/09 £m	Note
Authorised limit for external debt	9.4	3.3	
Operational boundary for external debt	5.3	3.3	1
Maximum principal sum invested > 364 days	0	0	
Limit on fixed interest rate for net borrowing	3.4	192	
Limit on variable interest rate for net borrowing	1.7	0	
Maturity structure of borrowing limits:-			
Under 12 months	20%	0.04%	
12 months – 24 months	100%	99.96%	
24 months – 5 years	100%	0%	
5 years – 10 years	100%	0%	
10 years and above	100%	0%	
Capital Financing Requirement (CFR)	1.3	2.6	2
External Debt – Gross Borrowing	1.3	1.5	
Investments	0	0	
Net Borrowing	1.3	1.4	
Estimated Capital Expenditure	2.3	2.8	3
Ratio of Financing Costs to Net Revenue Stream	-2%	-2%	
Incremental Impact on Capital Investment Decisions on the Council Tax	£0.09	£0.00	

Notes

1. The Operational Boundary is the expected borrowing position of the Council during the year. It is acceptable for the Boundary to be breached subject to the Authorised Limit not being breached. Temporary borrowing forecast at year end was not required.
2. This represents the Council's underlying need to borrow. This indicator also includes actual Capitalisation of £650k.
3. Capital Expenditure indicator includes actual capitalisation of £650k.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	AUDIT COMMITTEE	30 TH JUNE 2009	4

ANNUAL STATEMENT OF ACCOUNTS 2008/09

Public Item

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

1. Summary

1. This Committee has the authority to approve the Council's Annual Statement of Accounts and to report back to Full Council.
2. This Council prepares its Annual Accounts and supporting financial statements in accordance with applicable laws and regulations and in line with the Statement of Recommended Practice (SORP) on Local Authority accounting in the UK.
3. This Council has adopted and follows the format of these requirements as set out by CIPFA (Chartered Institute of Public Finance and Accountancy), LASAAS (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice) and the Local Government Act 2003.

Recommendations

Audit Committee to approve the Statement of Accounts for 2008/09 and report back to Full Council accordingly.

1. Information

- 1.1 The Audit Commission will base their opinion on the Annual Accounts as to whether they present fairly the financial position of the Council in accordance with the requirements set out in 1.2 and 1.3.

- 1.2 The SORP 2008 has presented some minor changes and these changes have been summarised in the Statement of Accounts. There has been no requirement as a result of these changes to undertake prior year adjustments.
- 1.3 The Statement of Accounts presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2009.
- 1.4 The Council is required to approve the Statement of Accounts for 2008/09 by 30th June 2009 in line with the Accounts and Audit Regulation 2003
- 1.5 It is planned that a much shorter summary document of the Annual Statement of Accounts will be produced and placed on the Council's website as an easy to use / follow guide. This summary information (which will be posted on the internet following external audit approval) will help assist the public and members with the interpretation of these statutory and detailed Statement of Accounts.
- 1.6 Just a note to inform Audit Committee that through joint working with Preston City Council finance team, Preston have now started work on the implementation plan of the International Financial Reporting Standards (IFRS) to ensure that both Council's can meet its statutory implementation date of 1st April 2010. This plan will be shared with Fylde Borough Council. However Members are aware that extra resources will be required by the Council to assist with this implementation. Once the plan and resource requirement have been assessed a further update will be brought back to Audit Committee.

2. External Audit

- 2.1 One of the duties of External Audit is to examine the form and regularity of the accounts, the main purpose being to ensure they are not materially mis-stated.
- 2.2 The External Auditors certificate and opinion forms part of the Council's Statement of Accounts. These Accounts are presented subject to that formal audit being carried out and the opinion being issued. The Audit Commission is due to commence work in July 2009 with a general Audit opinion made by 30th September 2009. This is in line with the Accounts and Audit Regulations 2003.
- 2.3 If the Auditors identify any material changes to the Accounts, these will be reported to Members.
- 2.4 Once the Audit Opinion has been given the Statement of Accounts can be printed as a public document. The target date for issue is October 2009.

3. Conclusion

- 3.1 The deadline for the production of the Statement of Accounts for 2008/09 has been achieved.

Report Author	Tel	Date	Doc ID
Bernard Hayes	(01253) 658566	30 th June 2009	Annual Statement of Accounts

List of Background Papers		
Name of document	Date	Where available for inspection
Document name		Council office or website address

Attached documents

1. Statement of Accounts 2008/09.

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

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