



Meeting Agenda

**Community Focus Scrutiny Committee,
Town Hall, Lytham St. Annes
Thursday 02 December 2010, 6:15pm**

The main doors to the Town Hall will be open to the public at 6:00pm
The maximum capacity for this meeting room is 60 persons –
once this limit is reached no other person can be admitted.

COMMUNITY FOCUS COMMITTEE MEMBERSHIP

CHAIRMAN	Keith Hyde
VICE-CHAIRMAN	Roger Small

Councillors

Christine Akeroyd	Elizabeth Clarkson
Barbara Douglas	Dawn Prestwich
John Singleton	Paul Rigby
Kathleen Harper	Janine Owen
Maxine Chew	Tony Ford
Ken Hopwood	Linda Nulty
Barbara Pagett	Simon Renwick

Contact: Lyndsey Lacey, St. Annes (01253) 658504
Email: lyndseyl@fylde.gov.uk



Our Vision

Fylde Borough Council will work with partners to provide and maintain a welcoming, inclusive place with flourishing communities.

Our Corporate Objectives

- To Promote the Enhancement of the Natural & Built Environment
 - To Promote Cohesive Communities
 - To Promote a Thriving Economy
- To meet the Expectations of our Customers

The Principles we will adopt in delivering our objectives are:

- To ensure our services provide value for money
- To work in partnership and develop joint working



A G E N D A

PUBLIC PLATFORM

*To hear representations from members of the public in accordance with
Committee procedure rules*

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. CONFIRMATION OF MINUTES: <i>To confirm as a correct record the minutes of the Community Focus Scrutiny Committee held on 14 October 2010. As attached at the end of the agenda.</i>	4
3. SUBSTITUTE MEMBERS: Details of any substitute members notified in accordance with council procedure rule 26.3	4
4. PERFORMANCE EXCEPTION REPORT	7 - 16
5. GENERAL FUND BUDGET MONITORING REPORT 2010/11 - POSITION AS AT QUARTER ENDED 30TH SEPT 2010	17 - 28
6. FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2010/11 TO 2014/15	29 - 56

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
GOVERNANCE & PARTNERSHIPS	COMMUNITY FOCUS SCRUTINY COMMITTEE	2 DECEMBER 2010	4

PERFORMANCE EXCEPTION REPORT

Public Item

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

Summary

The report examines the areas of under and over performance for the Authority based on the National Indicator set and local (service based) indicators. For each item of over or under performance an explanation is given for its current condition and where appropriate a statement of intent for the solution derived.

Recommendation

That the committee examines the report and its supporting appendix, scrutinise any areas of over or under performance and seek additional information for issues as it considers appropriate.

New Performance Management System – Performance Plus

What does it all mean?

Status Icons



Over Performance - The Indicator or Action is over performing against target. If this is an action it may be the action has been completed early or to a better standard than first anticipated.



On track - The Indicator or Action is performing within tolerance of target. If this is an action it may be completed to an acceptable level and to an acceptable standard. It has produced the result expected.



Cautionary Under Performance - The Indicator or Action is moderately under performing. Whilst the indicator has slipped from target it may be a minor blip overall or minor action will remedy it. If this is an action it may have slipped in terms of time or quality or been completed but not to satisfactory standards or produced the result expected.



Under Performance - The Indicator or Action is under performing against target. If this is an action it will have slipped more than one quarter behind expected delivery, have been delivered on time but not within other tolerances such as quality, budget or will have failed to deliver most or any of the expected results.



Missing Data - The Indicator or Action is missing information. It has not been updated, no progress either positive or negative can be shared or the effect evaluated.

Performance Icons



Change in Performance - Narrowed the Gap
From the previous period to the current the **gap between the actual and target** have narrowed. It is **closer** to target than last time.



Change in Performance - The same
From the previous period to the current the **gap between the actual and target** has stayed the **same distance** apart. It is the same as last time.



Change in Performance - Widened Gap
From the previous period to the current the **gap between the actual and target** has grown. The actual is **further away** from target than last time.



Direction of Travel -

These icons show the change in Actual figures from one period to the next. They show where the actual has increased or decreased and that **this is not what was desired**.



Direction of Travel -

These icons show the change in Actual figures from one period to the next. They show where the actual has increase or decrease and **this is what was desired**.

Governance & Partnerships

NI181 Time taken to process new changes and change of events is underperforming significantly with a target set at 15 days but the actual value being 22.78 days. This is due to the change of systems being used to process the applications and once back logs have been cleared figures should return closer to the target value as reported by Marie McRoberts, Assistant Director of Revenues and Benefits to the Committee at its previous meeting.

FLI015 Percentage of Overdue Freedom of Information Requests with a target of 0% is off target with 9.3% being overdue

FLI016 Average number of days to respond to all freedom of Information requests is under performing currently taking 8.52 days against a target of 7.5 days. This is still well below the national requirement of 21 days.

The Head of Governance has responded as follows in relation to FL1015/6:

“Timely responses to Fol queries usually depend on two processes: (1) Speedy notification of the requests by the Governance team to the officer or team who has control of the information and (2) appropriate prioritisation of the request by that officer or team.

I have analysed the nine requests in the year to date that exceeded the statutory deadline of twenty working days. Two were due to failures in process (1), by different officers. I am satisfied that there was no systemic failure requiring remedial action in relation to these two requests. The remainder were due to failures in process (2). As to these, it is often difficult to convince officers in other teams that Fol is part of the day job, rather than a distraction from it. The need to comply with Fol requests needs to be emphasised by all levels of management to embed a culture of compliance.”

Community Services

A good news story for the Leisure Team with the ‘in-bloom’ results bringing a shower of accolades. No less than 25 groups supported with their entries and preparation for future events. Bringing with it a blossoming of awards for Kirkham, Lytham, St Annes, Elswick, Freckleton, Wrea Green and Ansdell. In addition discretionary awards went to a further 9 groups including Lytham for “Best feature in a public place” for their marvellous Floral Windmill.

Leisure Services

SPL001 – Green Flag Awards: The service has retained its three green flags for 2010/2011 (Lowther Gardens, Fairhaven Lake and Lytham War Memorial) and gained a fourth (Promenade Gardens). These awards demonstrate a high level of parks management and maintenance across the Council’s open spaces.

SPL002 – Community Groups Supported: In addition to the ‘in bloom’ initiative, the service currently works closely with 13 ‘Friends of’ groups at various sites across the Borough. This partnership working has many benefits including increased community participation in the management and maintenance of open space and a successful programme of physical improvements in many of the community parks.

The Parks Improvement Programme has been created in partnership with community groups and Lancashire County Council, currently targeting improvement of seven sites. Officers provide support and guidance to the groups who undertake a consultation exercise, produce a masterplan, create a funding strategy, and approach funders to secure external funding. Once the physical works are completed the groups are supported to organise events, increasing community involvement and cohesion as a consequence. We have worked with partners to successfully secure approximately £787,000 to finance four of the current schemes, with three still to finalise

funding.

SPL003 – In Bloom: This year's North West in Bloom competition saw several successful entries from in Bloom groups that were supported by the service. A total of three gold awards, three silver gilts and a silver were achieved, as well as discretionary awards, including 'best town centre' for Kirkham, 'best feature in a public place' for Lytham's floral windmill and four awards for the Borough's schools. Each in bloom submission is judged using three categories - horticultural achievement, environmental responsibility and community participation.

Lytham was also judged by the Royal Horticultural Society in August for the Britain in Bloom awards, achieving a Gold Medal; the only submission to do so nationally.

Although not directly supported by FBC, the success of the Freckleton In Bloom group in winning a gold award and reaching the finals of Britain in Bloom 2011 is another success for the area and undoubtedly should be recognised in this narrative.

Public Protection:

SPPP001 – Satisfaction of non-business users with service: Satisfaction of non-business users is currently running at 78% against a target of 90%. This indicator has been introduced this quarter and responses are being reviewed of identify areas for improvement and establish an accurate baseline.

SPPP002 – Percentage of high risk food hygiene inspections completed: This is currently at 68% against a target of 100%. At each inspection food premises are rated according to the risk they pose to food safety, and categorised A – E. Those rated in the top three categories A – C are classed as the highest risk premises. Inspections of category A and B premises are each at 100%, with the shortfall the lower risk category C premises. The increased workload within the section resulting from the investigation of food poisoning outbreaks and initiation of legal proceedings, together with a reduction in permanent staffing has given rise to the backlog. Measures to address the shortfall are being implemented.

Housing

NI 187 –Tackling fuel poverty –this is a complex indicator used to identify the percentage of people on income based benefits living in homes that have a low energy efficiency rating, and those living in homes that have a high energy efficiency rating. The annual survey to enable monitoring of this indicator was previously assembled by the Energy Saving Trust Advice Centre (ESTAC) on behalf of all 12 Lancashire District Councils. The ESTAC has advised they are now unable to provide their element of the funding and a number of districts have indicated their inability to fund their share of the survey costs. The survey will not therefore be undertaken in 2010/11 and consequently will result in the inability to report on this indicator. However the work targeting thermal comfort and energy efficiency improvement through implementation of the private sector housing policy will continue.

Strategic Development

NI157a Processing of 'Major' applications within 13 weeks has underperformed at 50% against a target of 60% for the quarter. However the Year to date figure shows this to be precisely on target.

Similarly NI157c Processing of 'minor applications' is underperforming at 70% against a target of 80% for the quarter although the year to date figure is much closer to target at 77%.

The major applications processing is invariably affected by S106 timelines (not necessarily our internal delays but those associated with applicants and many cases that now involve lengthy viability assessments). There are also many "backlog" cases that have not been progressed by the applicants in the past and these out-of-time cases still need to be dealt with either by decision (out of time) or by what is known as "final disposal". The end of year outturns should be on target.

As with the major cases noted above, minor applications are also similarly affected by S106 actions. These are invariably as sensitive (if not more so) than the major apps and we also intend to manage the end of year results to meet target expectations.

Customer and Operational Services

FLI028 Number of complaints received is significantly below target at 303 for the period against a target of 400 and is performing well for the year to date with 2347 for the year against a target of 2400.

FLI029 % of complaints dealt with in 5 working days is on target for the period at 98.3% against the target set at 98%.

FLI013 The number of unique web hits on the council's website is exceeding expectations performing as it is with 83,638 hits against a target of 75,000 hits. This is in part to an IDeA grant being secured that enables work to be carried out to secure an additional 10,000 hits to the site over the year.

xNI14 Avoidable contact made by customers currently sits at 45.96% against a target of 30%.

Portfolio Holder

The Cabinet Portfolio Holder for Partnerships and Community Engagement is Councillor Karen Buckley.

Risk Assessment

This item is for information only and makes no recommendations. Therefore there are no risks to address

Report Author	Tel	Date	Doc ID
Darius Ward	(01253) 658624	22/11/10	

IMPLICATIONS	
Finance	There are no direct financial implications arising from the report
Legal	There are no direct legal implications arising from the report
Community Safety	There are no direct community safety implications arising from the report
Human Rights and Equalities	There are no direct human rights and equalities implications arising from the report
Sustainability and Environmental Impact	There are no direct sustainability and environmental implications arising from the report
Health & Safety and Risk Management	There are no direct health and safety or risk management implications arising from the report

Appendix

FBC: Governance & Partnerships									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
NI180 The number of changes of circumstances affecting HB/CTB entitlement processed within the year	0	1135.75			1593	2271.5			
• As yet the DWP has only supplied us with data for the period to the end of June.									
NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	22.78	15			22.78	15			
FBC: Governance									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
FLI015: Percentage of overdue freedom of information requests (FOI)	9.3	0			6.63	0			
FLI016: Average number of days to respond to all Freedom of Information requests (FOI)	8.52	7.5			8.52	7.5			
• There is one more value to input when the data is received									
SPIA001: % of audit plan completed	51.1	90			51.1	90			
SPIA002: % satisfaction rating indicated by post-audit surveys	85	90			85	90			
SPIA003: % of audit recommendations agreed with management	100	95			100	95			
SPIA004: % agreed actions implemented by management	98	90			98	90			
SPIA005: % of 'high priority' actions implemented by management	100	100			100	100			
SPIA006: % of 'high/ medium' priority actions implemented by management	97.9	95			97.9	95			
SPIA007: % recommendations implemented by 1st agreed date	?	75			?	75			
• Unable to monitor this indicator as auditees are not updating action plans via Performance Plus. Therefore, we do not know the dates when actions are implemented.									
FBC: Finance									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
FLI020: Percentage of undisputed invoices paid within 30 of receipt or within agreed payment terms	92.93	95			91.91	95			

Continued....

FBC: Partnerships									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
FBC: Partnerships : NI015 Serious violent crime rate	0.05	0.04			0.16	0.21			
FBC: Partnerships : NI016 Serious acquisitive crime rate	0.38	0.45			2.16	3.11			
FBC: Partnerships : NI020 Assault with injury crime rate	0.3	0.39			2.09	2.43			
FBC: Partnerships : NI032 Repeat incidents of domestic violence	16.67	28			16.67	28			
FBC: Partnerships : NI035 Building resilience to violent extremism	2.8	3			2.8	3			
FBC: Community Services									
FBC: Leisure Services									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
SPL001: Number of Major parks achieving a 'Green Flag' award	4	4			4	4			
SPL002: Number of community groups supported (including 'in bloom & 'friends')	25	20			25	20			
SPL003: Number of 'in bloom' awards achieved by groups working with LA	9	9			9	9			
SPL004: Number of swims at St Annes Pool	NEWLY COMPOSED	?			?	?			
• Data only available quarter 3 onwards.									
FBC: Public Protection									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
NI184 Food establishments in the area which are broadly compliant with food hygiene law	90	90			90	90			
SPPP001: Satisfaction of non-business customers with the service	78	90			78	90			
SPPP002: Percentage of high risk hygiene inspections completed (category A to C)	68	100			68	100			
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
NI182 Satisfaction of businesses with local authority regulation services	79	80			79	80			

FBC: Housing									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
NI156 Number of households living in Temporary Accommodation	6	6			6	6			
SPH001: % of cases where homelessness prevented and households able to remain in own home or	65	90			65	90			
SPH002: % of households in mortgage difficulties who approach the LA whom receive a positive outcome	100	100			100	100			
SPH003: Average time accommodated in B&B - family only (weeks)	0	0			0	0			
SPH004: Average time accommodated in B&B - all homeless households (days)	0	0			0	0			
SPH005: Average time accommodated in interim facilities (inc holiday flats, leased properties)	6	12			6	12			
SPH006: Average time accommodated - all homeless households rehoused into permanent accommodation	10	18			10	18			
FBC: Strategic Development									
FBC: Planning Services									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
NI157a Processing of major applications within 13 weeks	50	60			60	60			
NI157b Processing of minor applications within 8 weeks	66.67	65			67.8	65			
NI157c Processing of other applications within 8 weeks	70	80			77.08	80			
FBC: Regeneration & Tourism									
FBC: Technical Services									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
NI154 Net additional homes provided	26	76.5			43	153			
NI155 Number of affordable homes delivered (gross)	13	13.75			29	27.5			
FBC: Customer & Operational Services									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
FLI028: Number of Complaints recieved	303	400			2347	2400			
FLI029: % of complaints dealt with within 5 working days	98.3	98			486.3	588			
FBC: Customer Services									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
FLI013: The number of unique hits in the council's website www.fylde.gov.uk	83638	75000			83638	75000			
IDEA grant money has lead to an increase in web usage that will add an additional 10,000 visits per annum.									
FLI014: Number of customer transactions carried out online	8069	7500			8069	7500			
FLI017: Percentage of phone calls to 01253 658658 answered	88.12	82			72.59	82			
FLI018: Percentage satisfaction with the service provided by Fylde Borough Council	90	92			89.84	92			
FLICS009: No of emails recieved	942	946			5491	5104			
NI014 Avoidable contact: the proportion of customer contact that is of low/no value to the customer	45.96	30			45.96	30			

FBC: Operational Services									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
FLI019: Number of missed bins per 100,000 collections	92	50			92	50			
NI191 Residual household waste per household	40.18	40.5 (to august 2010)			208.55 (to August 2010)	243			
NI192 Percentage of household waste sent for reuse, recycling and composting	45.91	46			45.91	46			
NI195a Improved street and environmental cleanliness (litter)	8	8			8	8			
NI195b Improved street and environmental cleanliness (detritus)	12	14			12	14			
NI195c Improved street and environmental cleanliness (graffiti)	2	1			2	1			
NI195d Improved street and environmental cleanliness (fly posting)	0	0			0	0			
SPOP001: % of household waste composted	Newly composed	TBC			Newly composed	TBC			
SPOP002: % of commercial waste recycled	Newly composed	TBC			Newly composed	TBC			
SPOP003: % of Council Waste Recycled	Newly composed	TBC			Newly composed	TBC			
SPOP004: % of HGV MOT passes	77	80			77	80			
SPOP005: Rolling 2 year total HGV MOT fail points scored	Newly composed	TBC			Newly composed	TBC			
SPOP006: OCRS (VOSA - Operator Compliance Risk Score: Traffic/ Road worthiness from G1-R10)	Newly composed	TBC			Newly composed	TBC			
SPOP007: % of vehicles off the Road for less than 8 working hours	95	95			95	95			
SPOP008: Age profile of the HGV Fleet	Newly composed	TBC			Newly composed	TBC			
FBC: ICT									
	Actual	Target	Performance	DoT	Actual YTD	Target YTD	Perf YTD	DoT YTD	ChIP
SPIT001: Number of helpdesk calls	504	TBC			1308	TBC			
SPIT002: % of helpdesk calls resolved in one working day	88	TBC			88	TBC			
SPIT003: Instances of non-routine all server downtime	11	TBC			24	TBC			
SPIT004: Instances of non-routine critical server downtime	2	TBC			8	TBC			
SPIT005: Instances of non-routine telephone system downtime	Newly Composed	TBC			?	TBC			
• Figures not available. A system has been put in place for October.									
SPIT006: % satisfaction with IT service overall	Newly Composed	TBC			?	TBC			
• Survey not yet undertaken.									
SPIT007: % satisfaction with IT Support	Newly Composed	TBC			?	TBC			
• Survey not yet undertaken.									
SPIT008: % calls dealt with within agreed time limits	Newly Composed	TBC			?	TBC			
• This indicator is still under development and expected to be completed prior to the end of December.									

REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	COMMUNITY FOCUS SCRUTINY COMMITTEE	2 DEC 2010	5

GENERAL FUND BUDGET MONITORING REPORT 2010/11 - POSITION AS AT QUARTER ENDED 30TH SEPT 2010

Public Item

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

Summary

This report shows the updated position on the General Fund (GF) Revenue Budget as at 30th September 2010. The report sets out significant variances from the profiled latest budget and details the actions taken to address these.

Recommendations

The Portfolio Holder is asked to note the current position and the comments outlined in the report.

Reasons for recommendation

In order to exercise proper financial control it is essential that all expenditure is contained within agreed budgets and that agreed savings targets are achieved.

Alternative options considered and rejected

None

Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Report

1. Revenue Budget Monitoring

- 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 issues arising from these monthly reports are summarised in quarterly reports to the Portfolio Holder for Finance and Resources. This report therefore details the findings and issues emerging from budget monitoring carried out during the 2010-11 up to 30th September.
- 1.2 It should be noted that work is continuing on enhancing budget profiling across the Council in order that budget profiles more accurately reflect the spending profile of individual budgets across the financial year. This will enhance budget monitoring and focus attention on true variances rather than budget profiling issues. It is anticipated that the improved profiling will continue throughout the year as information on expenditure trends accumulates and the budget monitoring system is refined.
- 1.3 Council approved the 2010/11 budget at its meeting on 1st March 2010. Subsequently on 28th June 2010 Cabinet approved the Council's outturn position for 2009/10. The impact of those approvals, including savings and growth options approved at Council and slippage from 2009/10 approved at Cabinet, are now reflected in the Council's financial ledger and therefore this report monitors expenditure and income against the updated approved budgets.
- 1.4 Appendix A shows details of variances in excess of £10k highlighted by budget monitoring undertaken during the year to 30th September 2010.

2. Budget Areas for Further Attention/Concern

There are a number of revenue budget areas to bring to the Portfolio Holder's attention at this point in the year:

i) Vacancy Savings

The Council's original base budget included a savings target of approximately £100k for 2010/11. Vacancy savings are generated from the gap in employment which exists in the time between an employee leaving the Council's employment and a new employee being recruited. The target was exceeded last year due largely to the significant staffing restructuring activity which took place during the year. In the current year as a result of the future financial uncertainties facing the Council, Management Team have introduced an interim measure whereby all vacant and new posts are subject to consideration by Management Team before a decision is made whether or not to recruit.

Enhanced budget monitoring on staffing expenditure for the year to date has highlighted that an additional £200k saving on staffing expenditure across the Council is currently forecast to be achieved during the current year. This is attributed largely to the “gate keeping” being undertaken by Management Team on new recruitment and vacancies as a result of the ongoing staffing restructures. This favourable variance has been reflected in the latest Financial Forecast Update Report presented to Cabinet and Council in November 2010.

Staffing expenditure across the Council will continue to be monitored closely as the year progresses and any anticipated further change to the budgeted vacancy savings target will be reflected in future updates of the Council’s Financial Forecast.

(ii) Concessionary Bus Fares

The Current usage figures for 2010-11 suggests that the usage trend from 2009-10 has increased by 1.4%. However, it is still early in the year, with figures becoming more robust as the year progresses.

A reimbursement rate settlement with bus operators has still to be reached. If the operators accept the Lancashire Leaders final reimbursement offer of 59.5% the estimated saving for 2010-11 would be £141k (and 2009-10 saving of £177k set a-side in an earmarked reserve) based on current usage and price. At this stage, until a final settlement is reached no budget adjustments have been made.

Concessionary fare costs continue to remain a high financial risk area and require careful monitoring, both in respect of usage variations and the bus operator negotiations.

(iii) Planning Application Fee Income

Planning Application Fee Income is in excess of the budgeted level at the half year. However, this budget requires re-profiling and current indications are that as a result of economic conditions continuing to depress the number of applications being received by the Council it is anticipated that the income at year end will be £20k less than the budgeted figure. This position has been reflected in the latest forecast. Officers will continue to monitor levels of income as the year progresses, and any further changes from the current estimated level of income will be reflected in future updates of the forecast.

(iv) Building Control Fee Income

Building Control Fee Income is below the budgeted level as a result of economic conditions continuing to depress the level of fee income being received by the Council. This position has been reflected in the latest forecast. Officers will continue to monitor levels of income as the year progresses, and any further changes from the current estimated level of income will be reflected in future updates of the forecast.

(v) Miscellaneous Property and Lettings Income

The Director of Strategic Development is currently carrying out a thorough review of the rental income received from the Council's miscellaneous property assets. It is anticipated that this exercise will result in increased income and once completed any favourable variance against the current budgeted income levels will be reflected in future updates of the forecast.

(vi) Car Parking Income

Income forecasts have been reviewed as part of the separation of off street and on street enforcement arrangements from 2009. As a result of current and projected enforcement activity it is currently anticipated that income will be less than the level budgeted for. This position has been reflected in the latest forecast.

(vii) Game Site Fee Income

Game sites income in St Anne's is significantly below target for 2010/11. This is thought most likely to be due to the general economic climate. It is expected that the income achievable for 2010/11 in total will be £38k against a budget for the year of £78k, and based on 2009/10 outturn of approximately £50k, future year's income is predicted at £50k per annum. This position has been reflected in the latest forecast.

(viii) Lowther

Income from ticket sales in respect of self-promoted shows is below the budgeted level, most likely due to the economic climate. Officers will continue to monitor levels of income closely as the year progresses, and this adverse variance may need to be reflected in future updates to the financial forecast. In addition, work is being undertaken to review this area of activity in more detail and appropriate action will be taken by the Director of Community Services as necessary.

The current forecast assumes a target saving of £30k per annum from 2010/11 onwards relating to the transfer of responsibility of Lowther to the newly appointed Trustees. Officers are currently working with the Trustees to facilitate the transfer and achieve this saving, but it is possible that the saving will not be achieved in 2010/11, and this adverse variance may need to be reflected in future updates to the financial forecast.

(ix) Legal services – books and periodicals.

The budget provision has been reduced to £7k per annum when the actual requirement per annum is £20k. The monitoring officer advises that it would be

impossible to provide an up-to-date legal opinion based on the current budget. The current year variance will be offset by a virement from the favourable variance in respect of elections identified in the appendix of this report. Future year's budgets will require an adverse adjustment to a future financial forecast.

(x) Members Special Responsibility Allowances.

£13,750 will be saved from this budget each financial year from 2010/11 onwards. This is due to one Cabinet member less at £4,000 per annum together with two Scrutiny Chairmen and Vice-Chairmen less, at £9,750 per annum. This favourable variance will be reflected in a future financial forecast.

3. Risk Assessment

This item is for information only and makes no recommendations. Therefore there are no risks to address

4. Conclusions

The Council continues to operate within an environment where tight financial control is essential. Quarterly monitoring reports are an integral part of the Council's financial monitoring framework, and the Portfolio Holder will receive further updates on a quarterly basis to highlight budget areas requiring further attention.

We are now at the half way point of 2010/11, and whilst it is not possible to draw any firm conclusions as to the year end financial position in all areas, the key issues detailed in this report along with the financial risks facing the Council, as set out in the Five Year Financial Forecast Update Report to Council in November 2010 remain. 'Gate keeping' on recruitment by the Chief Executive and Management Team continues. In addition instructions were issued by Management Team to all budget holders to not spend unless it is essential or already committed, in order to build up additional short term revenue balances to help prepare the Council for the uncertain financial times ahead.

Report Author	Tel	Date	Doc ID
Joanna Scott	(01772) 906059	9 th November 2010	





List of Background Papers		
Name of document	Date	Where available for inspection















Financial Forecast Update report 2010/11 to 2014/15	10 th Nov. 2010	Cabinet agenda 10th Nov 2010 at www.fylde.gov.uk
General Fund Budget Monitoring – Qtr 1 2010/11	29 th Sept. 2010	Community Focus Scrutiny Committee agenda 29 th Sept. 2010 www.fylde.gov.uk
MTFS Budget report 2010/11	1st March 2010	Council agenda 1st March 2010 at www.fylde.gov.uk
MTFS Outturn report 2009/10	28th June 2010	Cabinet agenda 28th June 2010 at www.fylde.gov.uk

IMPLICATIONS	
Finance	Financial implications are contained within the body of the report.
Legal	None.
Community Safety	None.
Human Rights and Equalities	None.
Sustainability and Environmental Impact	None.
Health & Safety and Risk Management	None.

FYLDE BOROUGH COUNCIL





2ND QUARTER REVENUE BUDGET MONITORING - "HOT SPOTS"

KEY:		Potentially ADVERSE variance impacting on General Fund resources - requires close monitoring and may be reported in the financial forecast
		Potentially FAVOURABLE variance impacting on General Fund resources - requires close monitoring and may be reported in the financial forecast
		Variance currently showing but expected to be on target at year end, requires action e.g. re-profiling of budget or virement required
		Variance currently showing but expected to be on target at year end

Service Area	Detail Description	Budget at Period 6	Actual at Period 6	Variance at Period 6	Fav (F) / Adv (A)	Budget Holder	Alert	Budget Holder Comments
CUSTOMER & OPERATIONAL SERVICES DIRECTORATE								
C & O Directorate Mgmt Team	Restructure Savings Target	-23,281.00	0.00	23,281.00	A	Allan Oldfield		Savings will need to be realised across the Directorate salary budgets and if required from further staff reductions - the target will be achieved by the year end
Customer Services Assistants	Salaries - Basic Pay	60,023.00	50,002.24	-10,020.76	F	Joceline Greenaway		Vacancies held open as part of corporate commitment to achieve savings and contribution to restructure savings
Computer Services	Computer - Telephone Charges	17,198.00	3,186.82	-14,011.18	F	Andrew Marriott		Budget needs to be profiled to follow annual payments - it will be on target
Computer Services	Computer - Program Licence Chgs	27,914.00	15,094.32	-12,819.68	F	Andrew Marriott		Budget needs to be profiled to follow annual payments - it will be on target
Computer Services	Computer - LCC Service Charge	20,994.00	241.46	-20,752.54	F	Andrew Marriott		Budget needs to be profiled to follow annual payments - it will be on target
Computer Services	Computer - Other Expenditure	32,042.00	2,704.07	-29,337.93	F	Andrew Marriott		Budget needs to be profiled to follow annual payments - it will be on target
Website & Intranet Management	Other Specific Grants	-34,014.00	-68,000.00	-33,986.00	F	Allan Oldfield		Profiling
Human Resources	Training Exps - qualifications	10,830.00	588.37	-10,241.63	F	Allan Oldfield		Several September intake payments for vocational training need to be processed - the budget will be required and is on target it needs profiling for future years
Payroll Administration	Payroll Svcs - Blackpool BC	20,774.00	7,659.87	-13,114.13	F	Allan Oldfield		Two months had been charged to an incorrect code and Septembers has yet to be processed
Fylde Waste Schemes	Salaries - Basic Pay	475,878.00	366,620.56	-109,257.44	F	Jamie Dixon		Vacancies held open as part of corporate commitment to achieve savings and contribution to restructure savings
Fylde Waste Schemes	Superannuation	77,466.00	62,539.41	-14,926.59	F	Jamie Dixon		Vacancies held open as part of corporate commitment to achieve savings and contribution to restructure savings
Fylde Waste Schemes	Hire of Transport	5,002.00	33,398.83	28,396.83	A	Jamie Dixon		Increased rental costs due to fleet breakdowns, vehicles off-road and additional vehicle to collect paper / cardboard. Variance to be offset by additional income and underspend on new fleet.
Fylde Waste Schemes	LCC Cost Sharing - Recycling	-290,900.00	-159,491.71	131,408.29	A	Jamie Dixon		Qtr 2 invoice was due that has now been raised
Waste Contract Services	Salaries - Basic Pay	690,806.00	663,207.80	-27,598.20	F	Jamie Dixon		There is an offset against the Agency budget - more agency and less permanent staff are being used as part of the exit strategy and to allow flexibility in the event of potential contract variations





FYLDE BOROUGH COUNCIL







2ND QUARTER REVENUE BUDGET MONITORING - "HOT SPOTS"

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Service Area	Detail Description	Budget at Period 6	Actual at Period 6	Variance at Period 6	Fav (F) / Adv (A)	Budget Holder	Alert	Budget Holder Comments
Waste Contract Services	Agency Staff	100,040.00	155,902.76	55,862.76	A	Jamie Dixon		There is an offset against the Agency budget - more agency and less permanent staff are being used as part of the exit strategy and to allow flexibility in the event of potential contract variations
Waste Contract Services	Rents	18,750.00	0.00	-18,750.00	F	Jamie Dixon		Profiling
Waste Contract Services	Hire of Transport	3,750.00	41,135.01	37,385.01	A	Jamie Dixon		Increased rental costs due to fleet breakdowns, vehicles off-road and additional vehicle to collect paper / cardboard. Variance to be offset by additional income and underspend on new fleet.
Waste Contract Services	Purchase of Equipment	37,498.00	0.00	-37,498.00	F	Jamie Dixon		Profiling
Waste Contract Services	Contract - Contract Sum	-2,000,237.00	-1,918,985.80	81,251.20	A	Jamie Dixon		Profiling
Waste Contract Services	Contract - Unspecified Works	-32,512.00	-84,069.13	-51,557.13	F	Jamie Dixon		Additional work for extra collection of paper and cardboard
Waste Contract Services	Contract - Additnl Properties	-170,522.00	-142,767.94	27,754.06	A	Jamie Dixon		Invoices to be raised
Trade Waste Service	LCC-Landfill Levy/Tipping Chgs	85,000.00	-2.57	-85,002.57	F	Jamie Dixon		Awaiting invoices from LCC
Trade Waste Service	Bulk Bin Lease Charges	-29,240.00	-41,594.86	-12,354.86	F	Jamie Dixon		Profiling
Trade Waste Service	Bulk Bin Disposal Charges	-131,580.00	-113,738.92	17,841.08	A	Jamie Dixon		Profiling
Highways Cleansing	Other General Repairs and Mtce	13,252.00	2,689.01	-10,562.99	F	Jamie Dixon		Budget to be spent in Oct 2010
FMS	Rents	22,335.00	10,648.00	-11,687.00	F	Jamie Dixon		Rent payment due
FMS	FMS Materials Cost	0.00	-10,257.14	-10,257.14	F	Jamie Dixon		Income to be recoded to fleet

FYLDE BOROUGH COUNCIL
2ND QUARTER REVENUE BUDGET MONITORING - "HOT SPOTS"





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



Service Area	Detail Description	Budget at Period 6	Actual at Period 6	Variance at Period 6	Fav (F) / Adv (A)	Budget Holder	Alert	Budget Holder Comments
Fleet	FMS Materials Cost	212,595.00	99,409.25	-113,185.75	F	Jamie Dixon		Profiling across 30000, 30001 and 30002 and costs to keep old fleet roadworthy until new fleet arrived Sep 2010.
	Repairs by Commercial Garages	1,256.00	17,833.49	16,577.49	A	Jamie Dixon		
	Repairs by Plant Specialists	2,094.00	113,326.26	111,232.26	A	Jamie Dixon		
	Tyres - Renewal	39,605.00	59,958.30	20,353.30	A	Jamie Dixon		Partly influenced by not being off landfill until June 2010 (previously anticipated April 2010). A new tyre replacement arrangement commenced on 26-07-2010 and improvement in spend is expected over the remainder of the year due to the new fleet arrival in Sept.
	Licences and Certificates	13,547.00	22,190.63	8,643.63	A	Jamie Dixon		Profiling - expect to be within budget.
	Hire of Transport	37,152.00	133,101.07	95,949.07	A	Jamie Dixon		Increased rental costs due to fleet breakdowns, hiring vehicles until the new fleet arrived, vehicles off-road and 2 additional vehicles to collect paper / cardboard (Fylde) and blue bins (Wyre). Variance to be offset by additional income and underspend on new fleet.

STRATEGIC DEVELOPMENT DIRECTORATE





Development Control	Planning Application Fees	-160,064.00	-190,164.11	-30,100.11	F	Mark Evans		Planning application fee income as at Period 6 is showing a favourable variance against the current profiled budget. This budget needs to be re-profiled as the fee income to date is showing an adverse variance against the full year budget and it is anticipated that the income at year end will be £20k less than the budgeted figure and has been reflected in the latest financial forecast. This will be closely monitored and any further update reflected at Quarter 3
Building Control	Plan Fee - New Dwellings	0.00	-5,697.68	-5,697.68	F	Andrew Dickson		Total income last year across all cost centres was £181K. Income expectations agreed in the budget for 2010/11 is £266K. Due to the continued economic downturn income is predicted to fall short by a similar amount in 2010/11. The restructure in Technical Services has reduced the number of staff as a result. This adverse variance has been reflected in the financial forecast presented to Cabinet & Council in November
	Inspection Fee - Dwellings	-14,631.00	-5,201.69	9,429.31	A	Andrew Dickson		
	Plan Fee Ind/Comm	-38,574.00	-7,171.57	31,402.43	A	Andrew Dickson		
	Inspection Fee - Ind/Comm	0.00	-13,886.00	-13,886.00	F	Andrew Dickson		
	Plan Fee - Dom Ext	-78,480.00	-10,006.89	68,473.11	A	Andrew Dickson		
	Inspection Fee - Dom Ext	0.00	-16,840.15	-16,840.15	F	Andrew Dickson		
	Building Notice Fee - Dom Ext	0.00	-26,633.84	-26,633.84	F	Andrew Dickson		




FYLDE BOROUGH COUNCIL
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






Service Area	Detail Description	Budget at Period 6	Actual at Period 6	Variance at Period 6	Fav (F) / Adv (A)	Budget Holder	Alert	Budget Holder Comments
Planning Development	Housing & Planning Delivery Grant	0.00	-16,835.00	-16,835.00	F	Paul Walker	 	Year end accrual of grant for work on Habitat Directive - Invoice still outstanding
Core Strategy	Printing	12,000.00	0.00	-12,000.00	F	Paul Walker		Funding for the Core Strategy is in line with a three year plan agreed by members. Some slippage has occurred which will require a re-profiling of the budget. The Government has announced that a new planning framework will be announced shortly as part of the localism bill which may impact on how planning authorities involve people in the development plan process and consequently the resources allocated to meet this. This may impact on the financial forecast at the 3rd quarter review.
	Consultants Fees	32,510.00	0.00	-32,510.00	F	Paul Walker		
	Sustainability Appraisal	15,006.00	0.00	-15,006.00	F	Paul Walker		
	Publicity and Consltn SHLAA	10,004.00	0.00	-10,004.00	F	Paul Walker		
Repair & Manintence Contract with Wyre	Other Miscellaneous Repairs	134,308.00	83,332.71	-50,975.29	F	Andrew Dickson		Quarterly invoicing delayed but regular monitoring to ensure spending is within budget
Concessionary Fares	Third Party - Pooling Contributions	751,794.00	510,321.60	-241,472.40	F	Paul Walker		Favourable variance due to lag in invoices from LCC. Any outturn saving will be earmarked to reserves as in the previous year pending settlement of ongoing dispute with the bus company.
Miscellaneous Properties	Café Rent	0.00	-15,523.40	-15,523.40	F	Gary Sams		Rental income being reviewed and profiled. This may be a favourable adjustment to a future update of the financial forecast
Miscellaneous Properties	Other Rent	-15,848.00	-31,752.34	-15,904.34	F	Gary Sams		
Miscellaneous Properties	Ground Rents	0.00	-18,738.39	-18,738.39	F	Gary Sams		
Pleasure Island/Salter's Warf	Rent of Stands/Site	-22,769.00	-39,249.75	-16,480.75	F	Gary Sams		
Beach Patrol & Safety	Rent of Stands/Site	-11,148.00	0.00	11,148.00	A	Gary Sams		
Decriminalised On-Street Parking	Decrim - On-Street Pkng Fees	0.00	-13,935.00	-13,935.00	F	Andrew Dickson		Virements have now been approved to reprofile these budgets. This adverse variance has been reflected in the financial forecast presented to Cabinet & Council in November
Decriminalised Off-Street Parking	Salaries - Basic Pay	-2.00	29,250.60	29,252.60	A	Paul Walker		
	Cash Collection - Pay and Display	5,346.00	0.00	-5,346.00	F	Paul Walker		
	Decrim - On-Street Pkng Fees	-35,637.00	0.00	35,637.00	A	Paul Walker		
	Decrim - Off-Street Pkng Fees	0.00	-23,695.00	-23,695.00	F	Paul Walker		

FYLDE BOROUGH COUNCIL
2ND QUARTER REVENUE BUDGET MONITORING - "HOT SPOTS"

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
Service Area	Detail Description	Budget at Period 6	Actual at Period 6	Variance at Period 6	Fav (F) / Adv (A)	Budget Holder	Alert	Budget Holder Comments
Fylde Tourism	Official Guide Printing	10,004.00	0.00	-10,004.00	F	Viv Wood		Profiling
	Events and Attraction Costs	17,504.00	0.00	-17,504.00	F	Viv Wood		Profiling
	Official Guide Adverts	-11,631.00	0.00	11,631.00	A	Viv Wood		Profiling










COMMUNITY SERVICES DIRECTORATE

Directorate Summary	Salaries & Wages	884,186.00	778,861.21	-31,478.11	F	Clare Platt		Budgets shown reflect approved staffing savings target. Underspend reflects vacancy savings & general turnover savings. This favourable variance has been reflected in the financial forecast presented to Cabinet & Council in November
	National Insurance	63,325.00	56,014.09					
	Superannuation	166,559.00	122,140.74					
	Agency Staff	68,432.00	194,007.85					
Housing Strategy	Other Fees	7,500.00	-28,610.00	-36,110.00	F	David Gillett		Awaiting an invoice for 2009/10 to offset credit
Homelessness	B&B	22,896.00	1,894.27	-21,001.73	F	David Gillett		Reduced use of B & B accommodation. Offset by reduced HB income.
	Housing Benefit Repayment	-14,704.00	-1,208.87	13,495.13	A	David Gillett		Reduced HB income arising from reduced use of B&B. Offset by reduced expenditure.
St Annes - Leisure & Playground	Games Site Fees	-39,428.00	-33,870.65	5,557.35	A	Darren Bell/Mark Wild		Budget requires profiling. Game sites income in St Anne's is significantly below target for 2010/11. This is thought most likely due to the general economic climate. It is recommended that the target be reduced. This adverse variance has been reflected in the financial forecast presented to Cabinet & Council in November
Ansdeil - Leisure & Playground	Games Site Fees	-29,616.00	-57,488.17	-27,872.17	F	Darren Bell/Mark Wild		Budget requires profiling. Income on target.
Wesham - Parks	Other Fees And Charges	-10,621.00	-610.00	10,011.00	A	Darren Bell/Mark Wild		Budget requires profiling. Income currently expected to be on target.
Misc Contracts - Parks	Other Reimbursements	-21,289.00	0.00	21,289.00	A	Darren Bell/Mark Wild		Internal recharge. Budget virement & profiling required. Expected to be on target.
Cemetery	Interments	-77,592.00	-60,761.50	16,830.50	A	Darren Bell		Budget requires profiling. Income currently expected to be on target.

FYLDE BOROUGH COUNCIL

2ND QUARTER REVENUE BUDGET MONITORING - "HOT SPOTS"

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Service Area	Detail Description	Budget at Period 6	Actual at Period 6	Variance at Period 6	Fav (F) / Adv (A)	Budget Holder	Alert	Budget Holder Comments
Crematorium	Contract Repair and Mtce	12,214.00	355.00	-11,859.00	F	Darren Bell		Maintenance contract for cremators. Budget requires profiling.
Lowther Pavilion - Detail	Lowther - Self Promoted Shows	-13,006.00	4,173.14	17,179.14	A	Darren Bell		Below target ticket sales most likely due to the economic climate. Being monitored closely with the possibility of an adverse impact on the financial forecast. May require budget virement.
	Box Office Commission Payments	105,042.00	146,217.33	41,175.33	A	Darren Bell		Overall ticket sales (receipts) above target, with subsequent payments to groups (expenditure) above target. There is also a time lag between sales and payments.
	Box Office Ticket Sales	-107,040.00	-211,345.64	-104,305.64	F	Darren Bell		
	Savings Target	-15,006.00	0.00	15,006.00	A	Darren Bell		Working with trustees to allocate saving. Under review with the possibility of an adverse impact on the financial forecast. May require budget virement.
GOVERNANCE & PARTNERSHIPS DIRECTORATE								
Legal Services Team	Books and Periodicals	3,592.00	17,935.24	14,343.24	A	Ian Curtis		Budget provision £7k actual requirement £20k. It would be impossible to provide an up-to-date legal opinion based on the current budget. This will require an adverse adjustment to a future financial forecast. The current year variance will be offset by a virement from the favourable variance in respect of elections identified below.
Elections - Parliamentary	Other Reimbursements	0.00	-10,154.05	-10,154.05	F	Sandra Hardy		This is a one-off favourable variance which is a reimbursement against previous elections administration which can be taken as an underspend. It is proposed to vire this to offset the legal services books and publications overspend in 2010/11 identified above.
Members Expenses	Members Special Resp Allwncs	37,205.00	26,908.24	-10,296.76	F	Annie Womack		£13,750 will be saved from this budget over the course of the financial year. This is due to one Cabinet member less at £4,000 per annum together with two Scrutiny Chairmen and Vice-Chairmen less, resulting in a further £9,750 per annum
Accountancy Services	Computer - Program Licence Chgs	4,447.00	-27,000.00	-31,447.00	F	David Bennett		Awaiting invoice in respect of financial system maintenance fees.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
CORPORATE MANAGEMENT TEAM	COMMUNITY FOCUS SCRUTINY COMMITTEE	2 DECEMBER 2010	6

FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2010/11 TO 2014/15

Public Item

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

Summary

Scrutiny members, via the Scrutiny Management Board, have requested involvement in the 2011/12 and onwards budget setting process.

The report provides Members with an update of the financial forecast for the five years 2010/11 to 2014/15. It includes changes arising since the Budget was set by Council in March 2010. This provides scrutiny members with the opportunity to comment on the overall budgetary position and make any comments or recommendations.

The report, as set out, was the information as reported to the Council at its meeting on 22 November 2010.

Recommendations

1. Scrutiny members are requested to consider the report and are invited to make any comments or recommendations on the overall budgetary position for consideration by the Cabinet.

The Council, at its meeting on 22 November, was requested to endorse the following recommendations:

- a. To note the significant implications of the Comprehensive Spending Review 2010 and other pertinent issues outlined in this report (in as much as they are currently understood) on the Council's medium term financial forecast;

- b. That, in light of the recent announcements made as part of the Comprehensive Spending Review and the underlying uncertainties, the Chief Executive and Management Team be instructed to undertake a critical review of all current expenditure with a view to maximising savings during the current financial year.
- c. That, in light of the recent announcements made as part of the Comprehensive Spending Review and the underlying uncertainties, the Chief Executive and Management Team be instructed to undertake a critical review of all earmarked reserves during the current financial year with a view to the progressive release of these into the annual revenue budget.
- d. That any further efficiencies associated with the current waste management contract (in addition to those already anticipated) be used to mitigate any restructuring costs that may arise should the approved bid for contract renewal (scheduled in 2012) be unsuccessful.
- e. That the Section 151 Officer, in consultation with the Customer & Operational Services Portfolio Holder, be authorised to commit the CSR reserve, established at the end of the last financial year, in order to support any restructuring costs associated with an unsuccessful bid for the waste management contract, based on the most advantageous financial effect for the Council.

Reasons for recommendation

A robust Medium Term Financial Forecast enables the Council to achieve its Corporate Priorities and Programmes.

Alternative options considered and rejected

Not Applicable-alternative implications are set out in the body of the report.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Finance & Resources

Councillor Karen Buckley

Report

1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

- 1.1 This report is a preliminary forecast of the Council's future financial position and takes account of latest reserve balances, revenue spending, capital spending and treasury management issues. It also identifies and updates financial challenges the Council is facing. It is however a forecast which has a backcloth of one of the most turbulent periods of financial uncertainty in public finance of recent times. The assumptions set out in this forecast are made in light of the best information available at the time of writing and will inevitably change as and when further information becomes available.
- 1.2 The Comprehensive Spending Review (CSR) announcement was made on 20th October 2010. The Chancellor announced that local government funding will be cut by an average of 7.25% per annum over the next four years from 2011/12.

Although there is a strong probability that the reduction will be applied to all of the Formula Grant calculation it still remains unclear how this reduction will be calculated. The precise details of the government grant available to Fylde are unlikely to be confirmed before December.

- 1.3 This latest financial forecast update is designed to:
- Present an updated five year financial forecast for revenue and capital spending on the best information available at the time;
 - Review and update the currently identified risks;
 - Alert Members to any new specific risks;
 - 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 make future spending decisions.

2. BACKGROUND TO THE FORECAST

- 2.1 In order to 'scene set' the current financial position of the Council is summarised for Members as follows:

(i) Original Budget 2010/11

At the Council meeting on the 1st March 2010 the Budget was agreed. It included an average increase in Council Tax of 4.99% and a total net budget requirement of £11.449m for 2010/11. Future reserve balances at that time were forecast at the end of 2012/13 to be £2.175m. In agreeing the Original Budget for 2010/11 a number of key high level financial risks and assumptions were highlighted.

(ii) General Fund – Outturn Position 2009/10

The outturn position for 2009/10 reported efficiencies of £521k. In light of financial uncertainties and risks facing the Council, as reported in previous MTFS reports, it was felt prudent that this fund be set aside in a Comprehensive Spending Review (CSR) earmarked Reserve.

(iii) Capital Outturn

The Capital Outturn for 2009/10 was a net under spend in year of £41k after taking £482k slippage into account. As a result surplus resources in the Programme were marginally increased.

(iv) General Fund (GF) Quarterly Budget Monitoring 2010/11

The first quarterly GF monitoring report to the end of June 2010 presented to the Portfolio Holder (Finance & Resources) in August 2010 identified a number of areas of concern. As a result a number of changes have already been included in this latest forecast, e.g. projected reductions in Land Charges, Building Control and Planning Application fee income.

3. THE GENERAL FUND REVENUE FORECAST

- 3.1 Appendix A sets out the original base budget forecast, agreed at the Budget Council meeting on 1st March 2010, with two years added.
- 3.2 Appendix B shows the financial impact of changes to general risks and assumptions that have been identified since the budget was approved in March. Appendix C sets out the narrative of the general base budget forecast assumptions and clarifies the unavoidable changes in the current financial year. Appendix D sets out the details of the latest financial forecast. The forecast needs to be considered carefully in the light of a number of ongoing risks and assumptions which cannot be fully quantified at this time but may have considerable impact on the forecast at some future point.

4. KEY AREAS OF FINANCIAL RISK TO THE GENERAL FUND REVENUE BUDGET FORECAST.

- 4.1 In considering this forecast Members should note that there are a number of significant risks,

In assessing each risk the following has been taken into account:-

High Risk

A potentially significant sum, a high probability of occurrence, with few if any, mitigations available to spread or defer the impact. Probable need for major change to forecast if occurs.

Medium Risk

A potentially large sum, with medium probability of occurrence with some mitigation available to spread or defer the impact. Forecast change will be required.

Low Risk

A substantial sum, with low probability of occurrence with potential for mitigation. Impact should be capable of being dealt with without major forecast changes.

i) Concessionary Bus Fares

The new national scheme was introduced from April 2008. Current usage figures for 2010/11 suggest that the usage trend from 2009/10 has increased by 1.4%. However, it is still early in the year and it is not clear whether this is the seasonal impact. Figures will be updated as the year progresses.

A settlement with the bus operators who have mounted a legal challenge to the level of concessionary fares reimbursement has still not been achieved. If this is settled in favour of Lancashire Councils an estimated saving for 2010/11 would arise of £141k based on current usage and prices. This would also enable the release of the earmarked reserve of £177k that was set aside in the 2009/10 outturn. At this stage and until a final settlement is reached, no adjustment has been made to the forecast.

The Council's previous forecasts assumed a transfer of responsibility to Lancashire County Council with effect from 1st April 2011. The assumption made was that the redistributed expenditure and grant allocation would result in a recurring annual saving for the Council of £0.800m per annum from 2011/12.

Within the recent Comprehensive Spending Review Consultation Paper were a series of exemplifications regarding the transfer of concessionary fares grant. All exemplifications ignored the substantial financial impact of the Concessionary Fares Scheme on coastal authorities and, if implemented, will leave the Council significantly worse off than its previous budget forecast position. Given that the exemplifications use 2008/09 information (which was the highest expenditure level for Fylde Borough Council) as the underlying assumptions in their formula, the current exemplifications, if implemented, will have a substantial negative effect on the Council's previous forecast.

Therefore, on the basis that none of exemplifications result in the anticipated saving to the Council, the £0.800m annual saving assumption has been taken out of the base forecast from 2011/12 onwards. Members should note however, that the Council may have an improved grant position depending on the final exemplification outcome selected by the Government, but this is unknown and unclear at this stage.

The Council, along with other similarly affected councils, has lobbied hard for the transfer of grant to be undertaken on an equitable and transparent basis outside the CSR formula grant calculation such that no District remains 'out of pocket' on concessionary fares costs. The Council believe, along with a number of authorities, that none of the four proposals are truly equitable. The outcome is expected to be included in the December announcement.

This is a high level risk.

ii) Pension Review

The review of the Pension Fund takes place during 2010/11 with the results being implemented from April 2011. Given that a major factor in the review is the value of investments, if the current economic climate persists a significant increase in cost can be expected over the period of the forecast. Recent advice from Lancashire County Council, who administers the County Pension Scheme, is that employer contributions will increase. A significant element and reason for this increase will be due to the performance of the Pension Fund (i.e. investments). Longevity is also a key consideration. The current forecast therefore assumes a 1% increase in the level of employer's contributions per annum.

(Members may also be aware that the Government has instigated a national review of public sector pensions that is likely to increase employee contributions to the fund.)

This is a high level risk.

iii) Pay Inflation

This latest forecast assumes nil increase in 2010/11, 2011/12 and 2012/13

then rising by 0.5% in 2013/14 and 1% in 2014/15. It also includes a £250 minimum increase payment for employees earning less than £21k from 2011/12 and 2012/13. In the event of a higher pay award settlement in these years there will be additional costs to the Council.
This is a medium level risk.

iv) Fuel and Energy Costs

The current economic climate and volatility of prices remain a cause of concern. In the medium term officers are evaluating the potential to engage in renewable energy schemes. This will have the benefit of cost savings and energy security over the longer term.
This is a medium level risk.

v) Carbon Reduction

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is a mandatory carbon emissions trading scheme to cover all organisations using more than 6,000MWh per year of electricity. The Council has registered although falls well below the consumption threshold.
This is a low level risk.

vi) Waste Management Contract

The current contractual arrangements with Wyre Borough for the delivery of waste management services will come to an end in March 2012. Although Fylde Borough Council has resolved to explore the opportunities (and risks) in bidding for the work from 2012 (which now excludes amenity cleansing) the outcome of the tendering exercise clearly remains uncertain at this point in time.

The contract has returned a surplus to the Council and has made a contribution to corporate overheads in recent years. This income stream will be lost to the Council if the bid is not successful and it is prudent to plan for these circumstances. The details of the potential financial implications were set out in the September 2010 report to Cabinet. Whilst some of the financial risks will be mitigated via a TUPE transfer of staff to any new service provider, there is still a high level of financial uncertainty in relation to the future of this contract. It is recommended to Members that the first call on the CSR Reserve, established at the end of 2009/10, is to offset any residual restructuring costs which cannot be mitigated by any other means. Appendix B includes an early estimate of these potential costs.

The financial performance of the current contract (which reflects all the risks and exit costs described above) is set out in Appendix E.

In order to manage the implications of the exit strategy for the existing contract, the following work is in progress:

1. The Director of Customer & Operational Services is working with operational and relevant support service managers to reduce overheads and generate further service efficiencies where possible.

2. A Value for Money review is in progress on the most cost effective method of financing the new vehicle fleet.

This is a high level risk

vii) Housing & Council Tax Benefit Payments (New)

Due to the current economic climate there has been a significant increase in the number of Housing Benefit claimants and a corresponding increase in the value of payments made. The finance team are therefore continuing to assess the financial impact this may have on the Council. These changes may result in a further forecast adjustment in a future update.

This is a medium level risk.

viii) Government Formula Grant Support

The Council is currently in the final year of the three year grant settlement agreed as part of the last Comprehensive Spending Review in 2007. The Government Grant for 2010/11 is £5.859m. This is made up of £5.116m of National Non Domestic Rates and £743k of Revenue Support Grant.

The Government made it clear in the 20th October CSR announcement that public expenditure will be reduced in future years and have indicated an overall cut in Grant for Local Government of approximately 28% over the next four years. It is becoming profoundly clear that the full grant the Council receive may well be subject to the level of reductions announced. A consultation paper has been issued seeking views about changes in allocation methodology and the Council has respond to this. However, it does not give any indication as to the amount of grant the Council will receive. The detailed grant settlement information, on which the Council can begin to meaningfully formulate its future budgets, is not expected until December 2010. For forecast purposes, based on correspondence from DCLG, an assumption has therefore been made that the full Council grant of £5.859m will be reduced by 7.25% per year from 2011/12.

A summary on the impact the Comprehensive Spending Review is likely to have on Fylde Borough Council is set out in Appendix F.

This is a high level risk.

ix) Income Streams

Income streams in general are under pressure as the recession and public spending cuts continue. Notable examples are Planning Application and Building Control Fee Income. This forecast has been updated to reflect these changes.

This is a high level risk.

x) Municipal Mutual Insurance (MMI) Scheme of Arrangement 1992

A new emerging risk is the MMI Scheme of Arrangement; in 1992 MMI the principal insurer of local government avoided insolvency by entering a

Scheme of Arrangement. The “arrangement” with creditors enabled MMI to pay outstanding claims on the basis that should there be insufficient assets that participating creditors would be subject to “claw back” of previously paid claims. On the basis of potential £30m share of surplus funds at the time Fylde Borough Council along with 728 other authorities participated in the scheme.

MMI Directors are committed to continue to manage the run off efficiently and effectively and are of the view that a solvent run-off with full payment of agreed claims can be achieved. This is dependant upon a positive legal ruling over policy cover which if not achieved MMI Directors still believe the scheme will be solvent, however a legal ruling is awaited which may significantly increase MMI liabilities and trigger the “claw back”. In the case of Fylde Borough Council the “claw back” is a maximum of £95k. No budget provision has been made for this possibility.
This is a medium level risk.

xi) Grounds Maintenance External Contracts (New)

The Council has a number of contracts with external clients for the provision of grounds maintenance services over varying terms. The most significant contract is with New Fylde Housing, initially agreed for a term of three years which has now expired and which is currently renewed on an annual basis. The future of this contract may be in doubt due to the incorporation of New Fylde Housing into the structure of Progress Housing Group. Officers are in discussions with New Fylde Housing about the future of this contract. Any loss of this or other external contract will have a financial and operational impact on the Council.
This is a low level risk.

xii) Changes in Council Tax Capping Regulations

The Government is consulting on proposed changes to this financial regime and until the guidance becomes clearer this remains an area of uncertainty.
This is a high level risk

5. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS

5.1 The Council carries a number of other provisions, reserves and balances which are held for two main purposes.

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, this forms part of what is commonly referred to as ‘general balances’; and,
- A contingency to cushion the impact of unexpected events or emergencies.

5.2 The Council’s General Fund Reserve Balance at 31st March 2010 was £1.500m. The first call on these balances in 2010/11 is the approved slippage of £339k as set out in the Council Budget report in March 2010, which brings the underlying General Fund balances position to £1.161m.

- 5.3 A Reserves and Balances Policy was approved during 2009/10. In line with the Policy the current level of Balance Sheet provisions and earmarked reserves have been reviewed. At this stage, it is felt that the following balances could be made available for release:

	£000
Parks & Open Spaces	<u>39</u>

Members may wish to consider releasing these earmarked reserves to contribute towards the potential risks highlighted previously in this report.

Due to the level of savings that are likely to be required during the next four years it is suggested that Management Team should be asked to carefully review the earmarked reserve balances.

6 CONCLUSIONS – GENERAL FUND REVENUE FORECAST

- 6.1 The Council is facing a most turbulent future in respect of its finances, with a great degree of uncertainty and a significant amount of high risk assumptions which are largely outside its control.
- 6.2 As well as being significant these risks have a high probability factor. Concessionary fares, the renewal (or not) of the waste management contract and future Capping Regulations are major issues in their own right. The reduction in Government grant from 2011/12 also raises substantial concerns over the future financial viability of the Council.
- 6.3 The general level of Government grant cuts could be up to 29% to be phased in over the next four years. The final grant settlement figures are not expected until December. Appendix F provides a summary of the main areas of risk and impact for the Council following the CSR announcements on 20th October.
- 6.4 It is clear from the forecast update that the potential financial situation the Council now faces is the most challenging ever experienced. From a position where the previous forecast indicated a surplus of £2.1m in 2013, the latest forecast (shown at Appendix D) now indicates a potential deficit position of £5.8m at the end of the forecast in 2014/15. This gives the Council significant and fundamental financial pressures to address from 2011/12. Cabinet and Management Team have already commenced initial work to analyse current services and generate options to facilitate a balanced budget. Scenario planning work is being undertaken across all Council expenditure to ensure that the Council can be as prepared as possible to deal with the final outcome of the reduction in Formula Grant. This planning work must be refined during the next few months.
- 6.5 Whilst all possible preparation is being undertaken Members will have to make some extremely difficult decisions in agreeing a robust revenue budget in March 2011. On the basis of the latest forecast scenario the Council would have to find savings in the order of £740k in 2011/12 rising to £2.1m by the end of 2014/15 onwards.

7. COLLECTION FUND

- 7.1 The Council is required to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non Domestic Rates (NNDR). The Collection Fund accumulated surplus balance as at 31st March 2010 was £0.275k. This surplus will be shared in accordance with regulations and will form part of the 2011/12 Council Tax calculation. The Council's share of the surplus is £35k. Appropriate adjustments will be made in 2011/12 to remedy this surplus.

8. THE CAPITAL PROGRAMME

- 8.1 The Capital Programme for the years 2010/11 to 2014/15 is updated continually for agreed changes and reported in the quarterly monitoring reports to the Portfolio Holder (Finance & Resources) and the Community Focus Scrutiny Committee.
- 8.2 The latest updated Capital Programme Summary is set out in Table 1. This has been updated for agreed changes to the end of September 2010. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is relative certainty that they will be received.

TABLE 1 - SUMMARY CAPITAL PROGRAMME

	Estimate 2010/11 £0	Estimate 2011/12 £0	Estimate 2012/13 £0	Estimate 2013/14 £0	Estimate 2014/15 £0
Estimated Expenditure:					
Community Services	2,522	876	810	810	810
Strategic Development	3,756	183	30	30	30
Governance & Partnerships	192	0	0	0	0
Customer & Operational Services	661	0	0	0	0
Total Capital Payments	7,131	1,059	840	840	840
 Availability of Resources	 7,350	 840	 840	 840	 840
 Total surplus (-) / shortfall in year	 -219	 219	 0	 0	 0
Cumulative surplus (-) / shortfall	-219	0	0	0	0

- 8.3 Capital schemes are directly linked with the Council's priorities as delivered through a series of key Programmes and via detailed Service Delivery Plans. Major items of enhancement or renewal are identified via the Council's Asset Management Plan.
- 8.4 Work is well underway on the review of the Asset Management Plan by the Director of Strategic Development. The conclusion of this work, which could require additional capital investment by the Council on the Town Hall in particular to satisfy Health & Safety and Equality legislation in future years, will be brought to the Cabinet for further discussion.
- 8.5 Financing the Capital Programme

The Council finances the Capital Programme from a variety of sources. These

include:-

- (i) Capital Grant Allocation;
- (ii) Disabled Facilities Grants;
- (iii) Capital Receipts;
- (iv) External Funding; (such as Heritage Lottery Funding)
- (v) Prudential Borrowing/Leasing; and,
- (vi) Revenue Funding.

8.6 Members should note the current balanced position on the Capital Programme.

9. VEHICLE PURCHASES

9.1 The Council has recently agreed a Service Modernisation Strategy for Customer & Operational Services, which includes a vehicle replacement programme. This programme includes replacement costs up to the total value of approximately £1.5m.

9.2 It is within the delegations of the Section 151 officer to determine how this replacement programme is best financed and a financial business case will be prepared. At time of writing it is highly likely that it will be cheaper for the Council to borrow for rather than lease these vehicles. The cost of the borrowing will be fully financed from revenue budget contributions (as current vehicles are leased the base revenue budget is already approved and in place). It is recommended that any revenue budget savings that arise from this mechanism be used to contribute towards the potential restructuring costs that may arise from an unsuccessful bid for the waste management contract in 2012 referred to above. If the borrowing requirement exceeds the approved Prudential Indicator levels approved by the Council in March 2010, then a further report will need to be brought to Council.

10. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME

The following risks are still relevant in respect of the Capital Programme:

10.1 (i) Town Hall

The Town Hall accommodation project is currently included in the programme at a reduced level following a report to Cabinet in September 2010 recommending a scaled down scheme; the scheme being self financing from capital receipts. The Council agreed a budget of £25k in the current year to evaluate the recently agreed 'stay-put' option. If either the estimated figures, (costs or capital receipts), or the phasing of these change, then the financing would have to be adjusted to take account of any resulting costs.

The anticipated capital receipts are a best estimate based on current valuations. Actual sales are dependent on market conditions and cannot be predicted with certainty. This results in an inherent risk in the forecast level of programmed resources particularly in the current year of the programme. The risks inherent in this were highlighted to Members in a Cabinet report in September 2010.

This is a high level risk.

(ii) Cremators Replacement

The approved programme currently contains £730k relating to leasing in 2010/11 for replacement Cremators. The cost of leasing will be compared with borrowing rates at the time the finance is required, in order to minimise future financing costs on the Council's Revenue Budget.
This is a medium level risk.

(iii) External Grant Funded Schemes

The new government's in-year reductions of certain capital grant funds creates a risk to some current schemes which could require further borrowing. This would have a resultant impact on the Council's Revenue Budget in the form of debt repayment costs which may subsequently lead to a review of the financial viability and continuation of the scheme. One such scheme is the delivery of the play area in the redevelopment of Ashton Gardens for which 'Playbuilder' funding had been agreed but subsequently withdrawn.

This is a high level risk.

(iv) Project Slippage

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

(v) Capital Receipts

The approved programme for 2010/11 onwards assumes "Right to Buy" receipts of £25k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future quarterly monitoring reports, along with the impact this may have on the financing of the programme.

This is a medium level risk.

(vi) Capital Grants - Housing

The amount of Capital Grant allocation for housing renewal and Disabled Facilities Grant will always depend on future government decisions. The grant settlements from 2011/12 to 2014/15 are currently estimates and are only confirmed in the year they are due. Any fluctuation in government grants will have a direct impact on the level of Capital Programme work that can be undertaken. It is expected that these grants will be reduced from 2011/12 following the Comprehensive Spending Review announcement.

This is a medium level risk.

(vii) VAT Partial Exemption

The Council benefits from the special rules (applicable to all public bodies) which permit the recovery of the VAT incurred in the provision of certain supplies and services which are categorized as exempt for VAT purposes. This applies to both revenue and capital expenditure.

There is a limit to this provision which is set at 5% of all the VAT that is recovered on the provision of all supplies and services.

For the previous two financial years the need to calculate the precise value of the level of recovery of VAT that related to exempt supplies and services was waived (i.e. not required) by HMR&C. This moratorium has now expired and the calculation is, once again, required to be made annually.

Should a Local Authority exceed the 5% limit, all of the VAT incurred in the provision of exempt supplies becomes irrecoverable i.e. not only the VAT in excess of the 5% limit. For Fylde Borough Council the value of this potentially irrecoverable VAT is approximately £76,000.

This is a high level risk

(viii) Capital Investment in St. Annes Pool

As part of the arrangement with the YMCA, the Council is committed to certain Capital expenditure in the event of a major works, repair or breakdown. The Council approved a Capital Estimate of £153k to allow for this eventuality. This estimate is based on the currently known condition of the premises, plant and equipment and remains an ongoing risk.

This is a medium level risk

11. CONCLUSIONS – CAPITAL PROGRAMME

- 11.1 The current Capital Programme as updated is fully funded. Due to the financial position currently faced by the Council, capital financing needs to continue to be closely monitored to ensure that adequate funding is available and to ensure that the cost of this is kept within the current Revenue Budget provision.
- 11.2 The Council is the sole shareholder in Clifton (Lytham) Housing Association, the Board of which is currently negotiating the disposal of this asset. This is not reflected in this Capital Forecast.
- 11.3 Any additional expenditure which is not fully funded by external finance would require the generation of capital receipts or further borrowing. The latter would place further pressure on the Revenue Budget from the consequent repayment costs.
- 11.4 It is good practice to maintain a surplus in capital resource to mitigate the risks to the programme.

12. TREASURY MANAGEMENT

- 12.1 The Treasury Management Strategy and Prudential Indicators were approved by Council on 1st March 2010.
- 12.2 The treasury activities and Prudential Indicators are monitored closely and are reported on a quarterly basis to the Cabinet Member for Finance & Resources.
- 12.3 Revisions to the regulatory framework of treasury management during 2009 introduced a requirement for Councils to receive a mid year treasury review report. There is also a regulatory shift towards increased Member scrutiny of the treasury process. As such, members of the Audit Committee have received training on Treasury Management from the Council's treasury advisors, Butlers.

The mid year review will be taken to the Audit Committee in December 2010 for scrutiny and Council in January 2011.

13. KEY AREAS OF FINANCIAL RISKS FOR TREASURY MANAGEMENT

13.1 There are a number of potential areas of significant risk associated with Treasury Management activities.

- (i) Unexpected movement in cash flow;
- (ii) Difference between actual interest rate and rates used in the forecast; and,
- (iii) Security of monies invested with counterparties

14. CONCLUSIONS - TREASURY

14.1 The uncertainty in the Euro zone area means that interest rate turbulence over the forecast period cannot be ruled out. The low return on investments is having a significant impact on the Council's base budget position. The performance of the in-house investments will therefore require close monitoring throughout the financial year.

15. OVERALL CONCLUSIONS ON THE LATEST FINANCIAL FIVE YEAR FORECAST UPDATE

15.1 Pressures outside of Council's control are being experienced by all local authorities. In anticipation of significant future cuts the Chief Executive has already instructed that Management Team and officers undertake a critical review of all current expenditure and earmarked reserves and not to commit to any unnecessary or avoidable expenditure, during the current year in order to mitigate against spending reductions in future years. In addition, the utilisation of the CSR Reserve will help mitigate some of this financial burden and significant financial pressures facing this Council.

15.2 Given the significant uncertainty and turbulence of the current economic climate and expected Government spending cuts further revisions to the figures and assumptions in this update will be necessary over the coming months.

15.3 At this point in time the finances of the Council are robust for the current financial year and preparation is well advanced to deal with the future challenges that are expected. Scenario Planning is underway to review the entire business operations of the Council to enable quality information to be available for when key decisions have to be made.

15.4 Sensitivity analysis will continue to be carried out on risk areas to show potential impact on Council resources.

15.5 The Council's priorities for improvement remain. However, for the time being at least the Council needs to be prudent and continue with the overall strategy, making any minor changes it feels are relevant, but be cognisant of current uncertainties.

Report Author	Tel	Date	Doc ID
Joanna Scott, Section 151 Officer	(01772) 906059	11 th November 2010	

List of Background Papers		
MTFS	Council meeting 1 st March 2010	www.fylde.gov.uk

Attached documents

1. Appendix A – Forecast approved at Council on 1st March 2010
2. Appendix B – Schedule of unavoidable changes to the forecast
3. Appendix C – Narrative on general and specific assumption to forecast changes to support Appendix B
4. Appendix D – Latest Forecast Position
5. Appendix E –Contract Performance Information
6. Appendix F – CSR Announcements – Summary Position

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.

Agreed Original General Fund Budget Forecast Position 2010/11 to 2012/13, +2yrs

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Adv (A)/ Fav (F)
Forecast Agreed March 2010	11,003	10,499	10,761	10,761	10,761	
Unavoidable changes	361	608	132	132	132	(A)
Savings	- 71	- 46	- 46	- 46	- 46	(F)
Growth Options	156	215	215	215	215	(A)
	11,449	11,276	11,062	11,062	11,062	
Financed by:						
Government Grant	5,859	5,859	5,859	5,859	5,859	
Council Tax (incl annual Tax Base Increases & Collection Fund Deficit)	5,507	5,764	5,952	6,147	6,348	
	11,366	11,623	11,811	12,006	12,207	
Call on Reserves	83	- 347	- 749	- 944	- 1,145	
General Fund Reserves						
Balance of General Fund Reserves b/f	1,162	1,079	1,426	2,175	3,118	
Less transfer to/from(-) reserves in year	- 83	347	749	944	1,145	
Forecast Reserves at Year End	1,079	1,426	2,175	3,118	4,263	
Band D Council Tax (Excl Parish Precepts)	£186.29	£190.95	£195.72	£200.61	£205.63	
Council Tax Increase	4.99%	2.50%	2.50%	2.50%	2.50%	

Continued....

Schedule of Unavoidable Forecast Changes

	Additional Forecast Impact					ADVERSE / FAVOURABLE
	10/11 £000	11/12 £000	12/13 £000	13/14 £000	14/15 £000	
Slippage from 2009/10 - approved at Cabinet 28th June 2010	339	0	0	0	0	ADVERSE
Unfunded budget increases approved by Council since 1st March 2010:						
- Cost of Planning Appeal approved at Council on 27th September 2010	75	0	0	0	0	ADVERSE
Other Unavoidable Forecast Changes:						
1 STAFFING COSTS:						
Impact of revised assumption re pay awards	-102	-159	-204	-161	-74	FAVOURABLE
Additional staff vacancy saving from "Gatekeeping" of all new recruitment	-200	0	0	0	0	FAVOURABLE
Pension Review - forecast 1% increase in employer contributions 13/14 and 14/15	0	0	0	63	126	ADVERSE
2 CONCESSIONARY FARES:						
Reversal of previous assumptions within the forecast re concessionary fares savings	0	800	800	800	800	ADVERSE
3 WASTE CONTRACT - EXIT STRATEGY:						
Removal of assumed profit (post contract)	0	0	455	455	455	ADVERSE
Estimated exit and restructuring costs	73	543	250	150	50	ADVERSE
4 Additional VAT refund	-60	0	0	0	0	FAVOURABLE
5 Utility budget savings	-50	-75	-90	-90	-90	FAVOURABLE
6 LGA Subscriptions	0	8	8	8	8	ADVERSE
7 Land Charges - inability to charge for personal searches	35	35	35	35	35	ADVERSE
8 Personnel - Recruitment Advertising Budget Reduction	0	-7	-7	-7	-7	FAVOURABLE
9 Rationalisation of depots	0	-60	-60	-60	-60	FAVOURABLE
10 Planning Application Fee Income	20	120	170	70	70	ADVERSE
11 Building Control Fee Income	90	50	50	50	50	ADVERSE
12 Off Street Enforcement Income	8	8	8	8	8	ADVERSE
13 Pollution Control permitted processes	3	3	3	3	3	ADVERSE
14 Environmental Health Income	5	5	5	5	5	ADVERSE

Schedule of Unavoidable Forecast Changes

		Additional Forecast Impact					ADVERSE / FAVOURABLE
		10/11 £000	11/12 £000	12/13 £000	13/14 £000	14/15 £000	
15	Home Repair Grant Fees	17	17	17	17	17	ADVERSE
16	Disabled Facilities Grant - Fee income	-15	-15	-15	-15	-15	FAVOURABLE
17	Games Site Fees	40	29	29	29	29	ADVERSE
18	Government Connect	0	15	15	15	15	ADVERSE
19	Fuel cost increases	21	49	49	49	49	ADVERSE
20	Financial ledger system - maintenance costs	18	5	5	5	5	ADVERSE
21	Fees and Charges - impact of assumed reduction to 1% increase from 2011/12	0	-21	53	32	11	ADVERSE
22	By-election costs - additional budget requirement	6	6	6	6	6	ADVERSE
23	Capital Financing costs - borrowing costs and reduced income from investment	35	133	130	95	81	ADVERSE
Total		358	1,489	1,712	1,562	1,577	

General Assumptions

- General Price, Income Inflation (excludes fuel and utility inflation) has been set at 0% per annum on the basis of the expected inflation rate over the life of the forecast;
- Final adjustments have been made in respect of job evaluation;
- Slippage of £339k from 2009/10 has been included in line with previous Cabinet approval;
- Housing Benefit Grant – continuous annual 5% reduction in grant which has been the trend for the last two years;
- Council tax increase – equivalent to 2.5% per annum in line with assumption that this will be the new capping limit;
- Government Grant Support – 7.25 reduction in from 2011/12 onwards,
- Shared Services – 0% increase in all years. No savings on any of these contracts have been assumed at this stage.
- Provision has been made for unsupported borrowing for some schemes within the Capital Programme as in previous years practice; and,
- Council Tax Base increase by 0.75% per annum.

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

1. Pay award Additional One off In Year Salary Savings

Previous forecasts included 1% pay award. This updated forecast has reduced to 0% in 2011/12 to 2012/13, 0.5% in 2013/14 and 1% in 2014/15. It also includes an estimated £250 payment to employees earning less than £21k per annum in 2011/12 and 2012/13.

Pension costs are assumed to continue at 1% increase per annum to 2014/15

2. Concessionary Fares

On the basis that none of exemplifications result in a saving to the Council the £0.800m annual saving has been taken out of the base forecast from 2011/12 onwards.

3. Waste Management Contract

When the MTFs was approved in March 2010 negotiations were ongoing between Wyre and Fylde regarding the possibility of a contract extension and/or shared service. Given the unclear situation at that time and the commercial sensitivity of the discussions the base forecast assumed that the contract (and therefore any surplus or contribution to corporate overheads) would be retained in future years.

In addition, it was recommended to Members at that time that, due to the level of uncertainty and financial risk associated with this issue, it was felt prudent that a reserve be established for the inevitable restructuring costs and reduction in surplus contributions from the contract that may occur if a future bid is unsuccessful.

At the Cabinet meeting in June 2010 Members agreed to set aside an under spend of £520k from 2009/10 into an earmarked Comprehensive Spending Review reserve. The reserve was set aside to enable the Council to prepare for future financial pressures in a planned and cost effective way.

A report considered by Cabinet in September 2010 resolved (inter alia) as follows-

- a) The Medium Term Financial Strategy be amended to exclude any assumed surplus and include an estimate for any potential exit/restructuring costs (including all residual contract lease costs) in March 2012.
- b) That further reports be presented to Members as necessary for approval in the event that any unfunded budget costs are identified as part of any potential re-tender of the contract, exit strategy or restructuring and

redundancy as a result of service delivery charges.

The financial forecast has been updated to reflect these decisions and best estimates have been included in until the details of the tender documents relating to the new contract are published and a business case produced to decide on whether to engage in the process to bid for the new contract. These estimates will therefore be refined (if possible) during the budget cycle as tender details become available.

Timescales for the re-tendering are:-

OJEC Notice mid November 2010
PQQ 45 days (return date mid January 2011)
Tender documentation issued March 2011

The ultimate outcome of the re-tender will not be known until Autumn 2011.

4. Additional VAT Refund

Work has been undertaken by finance staff and Consultants as a result of changes to EU VAT law in respect of VAT during the period 1990 to 1996. This is the settlement for the final claims outstanding. In total the Council has received £407k to date in windfall VAT refunds.

5. Utility Budgets

In the past few months an intensive piece of work has been carried out to rationalise all utility bills and meters. For the first time in many years this has reconciled actual consumption with billing information. As a result all utility bills are now actively managed on a monthly basis and consumption trends monitored. Overall there is a saving to be achieved against current budgets. At present this is estimated based on current data, although as trend consumption is known over the next few months this estimate can be refined at third quarter monitoring.

6. LGA Subscriptions

This has been included in future years on the basis that the Council would want to retain membership of this support and advisory body which provides significant source of advice and guidance to individual councils and is able to represent the collective interests of local authorities at the national level.

7. Land Charges

The Government has ruled that charging for a personal search of the local land charges register is incompatible with the Environmental Information Regulations 2004 and has revoked the £22 fee with effect from 17 August 2010.

This inability to charge has an adverse effect on the Land Charges income position. There is a possibility that there could be some eligible refunds, however this is expected to have a minimal impact on the budget.

8. Recruitment Advertising Budget

Changing and procuring the service differently from another provider will generate budget savings.

9. Rationalisation of Depots

The accommodation proposals recently agreed by Cabinet will require the rationalisation of some operational depot usage. Parks/Leisure/Technical Services are currently occupying St. David's Road depot on a temporary basis following the start of the approved improvement works at Snowden Road depot. There will be the need to find a permanent base for these operations as a result of the proposed sale of the site. The miscellaneous operational uses at Derby Road, Wesham and the Public Office St Annes will also need to be relocated as part of the more detailed accommodation proposals yet to be finalised; the forecast assumes that the ancillary costs referred to will be contained within existing budgetary provision.

10. Planning Application Fee Increase

Assumed economic recovery in 2011/12 back up to historic levels by 2013/14. However, the economic outlook has changed and income expected to remain flat until 2013/14 with slow recovery into 2014/15.

11. Building Control

On the 1st October 2010 the DCLG introduced a new Local Authority Building Control (LABC) charging regime which required Local Authorities to set fixed charges to achieve full cost recovery and that the user should pay for the actual service that they receive. Local Authorities are also required to review their charges at the end of each financial year for the purpose of achieving the overall objective. When setting the charges for a particular financial year, Local Authorities must take account of surpluses and deficits made in earlier years. They are required to offset these against income received for that year and subsequent years and projected future costs thereby resulting in reduced or increased charges, as appropriate, so that over a reasonable period income matches costs. The shortfall in income is related to a continued fall in business as part of the economic conditions. Costs have been saved through the reduction in staffing costs allocated to this function.

12. Off Street Enforcement Income

Income forecasts have been reviewed as part of the separation of off street and on street enforcement arrangements from 2009. As a result of current and projected enforcement activity it is necessary to reduce the income projection.

13. Pollution Control

This is in relation to income from polluting activities that are managed by environmental health staff through a 'permits' system. A change in legislation provides for lower fees according to the level of risk posed. The processes the Council authorise generally fall into lower risk categories, and hence the fee income reduces for those processes. The fee levels are set by statute.

14. Environmental Health Licensing Income

This is in relation to income from Public Health training courses. The Council has worked with Myerscough College for a number of years to deliver training courses for Local Authority officers. Historically we recruited to the courses and administered them, with Myerscough providing the trainers and premises. Due to the reduction in staff capacity, Myerscough has taken over the recruitment and administration.

15. Home Repair Grant Fees

The Council make a revenue charge for administering and delivering the home repair grants service. The reduced capital allocation of £205k for 2010/11 is less than half of that for 2009/10. Hence a reduced capital allocation results in reduced grant agency revenue.

16. DFG Grant Fees

The Council make a revenue charge for administering and delivering the disabled facilities grants service. The grant agency income is currently understated, assuming an ongoing DFG capital programme of £610k per annum.

17. Games Sites Income

Game sites income in St Anne's is significantly below target for 2010/11. This is thought most likely to be due to the general economic climate. It is recommended that the target be reduced for 2010/11 from £78k to £38k. The income at 2009/10 outturn was approximately £50k; hence it is recommended that this is used as a guide for the ongoing income target from 2011/12 onwards.

18. Government Connect

The Council will be required to take over the payment towards the national secure network for the Government Connect programme from April 2011 at a cost of £15,000 per annum.

19. Fuel

Fuel Costs have been increased as a result of the rise in unit price.

20. Financial Ledger System Maintenance Costs

The Council has been in negotiations with the provider of the corporate financial ledger system over annual maintenance and license costs since the system was implemented in 2006/07. These negotiations were finalised earlier this year and resulted in the Council achieving a saving of £30k against market rates for maintenance and license costs. Despite this favourable settlement the final price resulted in a shortfall against the budget provision for these system costs.

21. Fees & Charges

Previous forecast included 2.5% rise in annual fees. Due to ongoing recession this has been decreased to a 1% minimum increase. Management Team consider that the majority to fees and charges have reached the market peak, with a number in the higher quartile across Lancashire.

22. By-Election Costs

There have been 2 By-Elections during the current year at a cost of £6k. There is no budget for this for the current year or for future years.

23. Capital Financing Costs & Interest Returns on Investments

The forecast has been updated to reflect the latest forecast borrowing required to fund expenditure approved within the capital programme. The Council's interest earned on investments has been reduced due to low interest rates being in place longer than originally anticipated.

NB – Capitalisation

In light of financial uncertainty in future years and statements made in the CSR announcement, it may be prudent for the Council to submit capitalisation bids in any of the next few financial years. Government guidelines on the funding of capitalisation approvals contain a requirement that any pension strain elements of such bids must be funded from capital receipts.

Latest General Fund Budget Forecast Position 2010/11 to 2014/15

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Adv (A)/ Fav (F)
Forecast Approved March 2010	11,449	11,276	11,062	11,062	11,062	(A)
Unavoidable changes - per Appendix B	358	1,489	1,712	1,562	1,577	
Forecast Budget Requirement	11,807	12,765	12,774	12,624	12,639	
Financed by:						
Government Grant - NNDR	5,116	5,116	5,116	5,116	5,116	
Government Grant - RSG	743	743	743	743	743	
Sub Total - Government Grant	5,859	5,859	5,859	5,859	5,859	
Assumed 7.25% per annum reduction in Total Grant following CSR		- 425	- 850	- 1,274	- 1,699	
Council Tax (incl annual Tax Base Increases & Collection Fund Deficit)	5,507	5,764	5,952	6,147	6,348	
Forecast Financing	11,366	11,198	10,961	10,732	10,508	
Call on Reserves	441	1,567	1,813	1,893	2,131	
General Fund Reserves						
Balance of General Fund Reserves b/f	1,500	1,132	12	- 1,801	- 3,694	
In Year Use of Ringfenced & Other Earmarked Reserves:						
- CSR	73	447				
Less transfer to/from(-) reserves in year	- 441	- 1,567	- 1,813	- 1,893	- 2,131	
Forecast Reserves at Year End	1,132	12	- 1,801	- 3,694	- 5,825	
		ALERT	ALERT	ALERT	ALERT	
Band D Council Tax (Excl Parish Precepts)	£186.29	£190.95	£195.72	£200.61	£205.63	
Council Tax Increase	4.99%	2.50%	2.50%	2.50%	2.50%	

<u>Savings to be achieved:</u>	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Savings to be made to achieve minimum level of balances	0	738	1,813	1,893	2,131
Re-stated forecast reserves including savings to be made	1,132	750	750	750	750

CONTRACT PERFORMANCE INFORMATION

1. The financial performance of the contract is outlined in Table 1 below with the forecast position for the current year (2010/11) and next year (2011/12). The gross expenditure figures include the corporate support service and internal service management costs allocated to the contract.

Table 1 – Financial Performance of the Waste Contract**CONTRACT PERFORMANCE**

YEAR	GROSS EXPENDITURE £	GROSS INCOME £	SURPLUS+/ LOSS- £	CUMULATIVE SURPLUS £
2005/06	3,352,900	3,728,641	375,741	375,741
2006/07	4,247,547	4,167,001	-80,546	295,195
2007/08	4,421,422	4,275,977	-145,445	149,750
2008/09	4,335,149	4,387,229	52,080	201,830
2009/10	4,309,307	4,701,352	392,045	593,875
2010/11*	4,358,686	4,791,049	432,363	1,026,238
2011/12*	4,821,686	4,841,049	19,363	1,045,601

* Latest projections including estimated one-off contract exit costs

2. The forecast cumulative surplus of over £1m over the life of the contract, together with an estimated contribution of approximately £1.4m to the Council's corporate overheads, demonstrates the value that this arrangement has brought to the Council since 2005. It also highlights the potential impacts for the Council in adjusting should the Council be unsuccessful in bidding for the new contract.

COMPREHENSIVE SPENDING REVIEW ANNOUNCEMENT 20TH OCTOBER

IMPACT ON FYLDE BOROUGH COUNCIL – SUMMARY POSITION

i) Central Government Grants

The Council is likely to suffer a reduction of Central Government grant of around 7.25% in each of the next four years starting in 2011/12 - a total of approximately 28%. Although it is not formally confirmed from the announcements which elements of the grants we receive will be reduced, there is a strong indication that the reduction will be taken from the full formula grant (i.e. both the RSG and NNDR). For Fylde Borough Council, that equates to £425k reduction in 2011/12 rising to £1.7m reduction by 2014/15.

This assumption has been reflected in this latest forecast.

We are continuing to monitor the Government Department websites closely for any further clarification on this and will circulate further details as soon as we can unpick it from various publications.

ii) Concessionary Fares

It seems that our lobbying through the recent consultation response for a fair, equitable and transparent transfer of Concessionary Fares funding has not yet been accepted. It would appear at this early stage that the Concessionary Fares funding adjustment from districts to upper tier councils will be carried out through the formula grant mechanism. Members are reminded that of the four exemplifications which were included in the consultation document none satisfy the Council's budget assumption. The £800k expected favourable income forecast from 11/12 will therefore not materialise and has been reflected in this latest forecast.

iii) Council Tax Benefit

Central Government have announce that it will reduce spending on Council Tax Benefit by 10% and localise it from 2013-14. In addition, government will consider providing greater flexibilities to local authorities to manage pressures on council tax from the same date.

This 10% reduction would mean that this Council will have to find ways to reduce approximately £500k (based on £5m

currently received subsidy of council tax benefit) of the overall amount of support people receive. The Government have indicated that there could be a transfer of risk with some areas being affected disproportionately. This has not been included within this latest forecast.

iv) **Employees Pension Contributions**

As part of the public pensions review by Lord Hutton, the Government recognise that employee contributions must increase to ensure the sustainability of the public sector pension funds. Early indications are that pension contributions for employees of this Council will increase by at least 2 to 3% during the CSR period. This impacts upon employees and not the Council's financial position.

v) **New Homes Bonus**

As part of the Comprehensive Spending Review the Government announced its intention to pay a New Homes Bonus to local authorities who approve new residential developments within their areas. Indications are that this will be paid at a level equivalent to the annual council tax rating of each approved dwelling and will be paid for a period of six years. Further indications are that the payment in two-tier local government areas will be split in a ratio of 80:20 between district and county councils.

This has not been included within the forecast.

Community Focus Scrutiny Committee



Date	Thursday, 14 October 2010
Venue	Town Hall, St Annes
Committee members	Councillor Keith Hyde (Chairman) Councillor Roger Small (Vice-Chairman) Councillors Christine Akeroyd, Frank Andrews, Maxine Chew, Elizabeth Clarkson, Barbara Douglas, Kathleen Harper, Howard Henshaw, Linda Nulty, Janine Owen, Dawn Prestwich, Paul Rigby
Other Representatives	Dr Frank Atherton (Director of Public Health)
Officers	Clare Platt, Tracy Scholes, Paul Walker, Stephen Ball, John Cottam, David Gillett, Marie McRoberts, Lyndsey Lacey, Darius Ward

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000. No members declared any interests.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Community Focus Scrutiny Committee held on 29 September 2010 as a correct record for signature by the Chairman.

3. Substitute members

The following substitutions were reported under Council procedure rule 22.3:

Councillor Frank Andrews for Councillor John Singleton

Councillor Howard Henshaw for Councillor Ken Hopwood

4. Performance Exception Report

Further to the request of the committee at its last meeting, Marie McRoberts (Assistant Director: Revenues and Benefits and the Manager of the Blackpool

and Fylde Revenues and Benefits Shared Service) presented an updated report on matters associated with NI181 (time taken to process benefits new claims and change events) - an area identified as under performing.

Mrs McRoberts provided an overview of the issues associated with the System Replacement project which placed various challenges on resources not present in a normal year. She explained that this had inevitable impacts on processing times particularly over recent months leading up to 'go live' in October and for some time after. She added that it could take a considerable time to recover to former performance levels. Members were advised that the target is currently set for processing new claims/change events is 15 days but was running at 22.59 days.

Members were further advised that in addition to the normal workloads, every member of staff required training and that this training was not effective unless the staff were also given some practice time on the new system. In addition, staff time was also required to undertake data cleansing and reconciliation work before and after each data cut. This was a huge task requiring considerable resource to complete within the project timetable.

Mrs McRoberts explained that the situation was further exacerbated as a result of the recession in that workloads had increased by a considerable amount. New claims alone had increased by 18.9% compared to Feb 2008. She added that this is one of the highest increases in the North West.

A chart depicting the average time taken to process new claims/ average time to process change in circumstances prior to when Pericles was implemented in January 2006 to before and after the Shared Services commenced in October 2008 was circulated at the meeting. Also circulated were details of other local authorities ranking comparisons based on the number of households and caseloads including the % increase in claims from Feb 2008 and % of claims to household numbers.

Councillor Roger Small asked if the 15 day target set for processing new/change event claims was realistic. Mrs McRoberts stated that this was dependent on the circumstances of change and the number of caseloads but confirmed that the team was confident that they could regain performance. She added that Fylde's caseload had increased by 18.9% since 2008.

Councillor Linda Nulty expressed concerned about the vulnerable and elderly clients. Mrs McRoberts explained that arrangements were in place to make emergency payments. In anticipation of such circumstances, the team were already working 5 weeks ahead to 14 November. In addition, an extensive consultation exercise had been undertaken with landlords, DWP and other agencies to ensure that key messages were understood. The team were dealing with claims on a case by case basis and would ensure that no individual would suffer during this period.

Councillor Howard Henshaw asked about the increase in new claims. Mrs McRoberts made reference to the current economic climate. She stated that the volume of new claims had impacted on the new system but in anticipation

of the likely problems, CAPITA had provided consultants to help out in the early days. In addition, the Council had acquired (through the funding arrangements) extra floor walkers from Preston and Bolton to provide additional support for the staff concerned. She added that by the year end, it was hoped that the system would be back on track.

Councillor Janine Owen asked about the team's working arrangements and whether there was integrated working on claims or whether they were undertaken on an area by area basis. Mrs McRoberts confirmed that the team worked on an integrated system.

Councillor Paul Rigby asked about Fylde's ranking in the processing of claims. Mrs McRoberts addressed this matter.

Following detailed consideration of this matter it was RESOLVED:

1. To note the report and request that an updated report be presented at a future meeting of the committee when the year end figures are known.
2. To circulate at the earliest opportunity a briefing note on Welfare Reforms to all members of the Committee.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it)

5. Health Issues in the Community

Dr Frank Atherton (Director of Public Health) attended the meeting to give a presentation to members on health issues in the community.

In brief, the presentation provided a summary of the health status of the population of North West area together with some recent trends in health indicators. It also included an overview of the following areas:

- The NHS White Paper
- Implications of Public health
- Reorganisation of the NHS

By way of introduction, Dr Atherton made reference to the Annual Report on the Health of the Local Population and in particular, the health status of the people in Fylde. He stated that in general, the health status of the people in Fylde was getting better. Life expectancy in men and women had made small but steady improvement. In addition, diseases, cardiovascular detection and mortality rates had improved. He added that a key role of the NHS and Local Authority was to address the broader determinants of health and achieve a healthier population.

Dr Atherton stated that within the North West, lifestyle issues were still a problem and that these generally related to alcohol consumption, smoking and diet/exercise/ obesity in the young and adult population. In terms of the Fylde

area, three distinct areas were rated worse than the national average and these related to:

- Accidents/ road traffic accidents
- Smoking
- Breast feeding initiation.

In terms of Health Services, Dr Atherton confirmed that the area was well serviced by primary and secondary care. There was recognition of the high quality of general practitioners and investments made in areas like Lytham Primary Care Centre. The secondary provision in the area was good. He added that the issue of finance was challenging but that the national trend was to provide more services in the community rather than hospitals and that this would be subject to ongoing consultation.

Dr Atherton briefed members on the NHS White Paper: Liberating the NHS and the likely impact on patient care together with details of various associated NHS consultation documents and joint initiatives proposed to be undertaken in Lancashire.

Members asked various questions relating to some of the trends highlighted in the report and thanked Dr Atherton for his helpful and well constructed report.

The Committee RESOLVED to note the report and thank Dr Atherton for his attendance at the meeting.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it)

6. Empty Property Position Statement

In accordance with the action contained in the recently agreed Fylde Housing Action Plan which related to the bringing of empty dwellings in the private sector back in to use, David Gillett (Housing Manager) and John Cottam (Principal Environmental Health Officer) provided members of the committee with an up to date position statement on the number of empty (residential) properties in the Fylde area.

Mr Gillett provided members with the background to the report. In doing so, he stated that the report raised a number of issues that required consideration by members and suggested actions that could be taken to deal with the issues.

In brief, the report provided details of the number of empty properties/ long term empty properties in the area, the rationale behind empty/'blight' properties, details of housing needs and projected growth in households, together with details of current activities and priorities for the housing team. In addition, it outlined proposals to undertake a review of the housing structure which among other things would seek to address the development of an empty homes strategy. It also made reference to some notable successes of

returning to use empty properties and its work with partners and peer group authorities.

Mr Cottam indicated that the objectives for action in relation to empty properties in Fylde are (a) to increase the use of the existing housing stock to provide additional affordable housing for rent and purchase and (b) to remove 'blight' properties.

Various actions were required to achieve these objectives and these were set out in the report. It was reiterated to members that all of the actions would require time and resources and that there was only a limited amount of work that could be done within existing resources.

Mr Cottam further stated that the Department for Communities and Local Government had begun work on developing options and advice for local authorities, property owners and others to bring more empty properties back into use. It is expected that information would become available on this work by the end of December 2010.

Member raised a number of matters at the meeting relating to funding costs/opportunities to bring empty properties back in to use, statutory intervention, blight properties and commuted sum opportunities.

Following detailed consideration it was RESOLVED to request that a report be presented to a future meeting of the committee upon consideration of guidance to Local authorities due to be issued by Government in December 2010.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it)

7. Shoreline Management Plan Adoption

In accordance with the instructions of Cabinet at its meeting on 15 September, Paul Walker (Director of Strategic Development) and Stephen Ball (Chief Engineer) presented details of a recent review of the Shoreline Management Plan covering the Fylde coast.

Mr Walker explained that Shoreline Management Plans (SMPs) are part of the Flood and Coastal Erosion Risk Management planning framework. He added that the SMP sets the long term policy for the management of the coast and is taken forward through shoreline strategies and schemes.

The report detailed the area covered by the review and the associated funding and consultation arrangements that had taken place together with the implications for Fylde. In addition, it highlighted the four possible policy options for coastline management and the time epochs stipulated by the guidance.

A copy of the relevant parts of the consultation report was circulated with the agenda.

Councillor Howard Henshaw asked about the bidding arrangements for coastal work against other local authorities. Mr Ball made reference to three schemes along the coast which had been incorporated in a combined bid with neighbouring authorities and included a scheme at Fairhaven. He added that this provided the opportunity for local authorities to bid more competitively.

Councillors Kathleen Harper and Janine Owen asked about the managed realignment proposed at Freckleton and the effect on the coastal walkways. In response, Mr Ball stated that the managed realignment between Freckleton Marsh and Naze Point was proposed for the long term time period, for the next 50-100 years. He added that these proposals are general policies, and the detail of the new route of the coastal path had not been established at this stage. It was suggested that it would most likely be considered and follow the line of the proposed set back defences, comprising earth banks.

Councillor Roger Small enquired as to whether the on going coastal works at Blackpool had any detrimental impact on the borough area. Mr Ball confirmed that there was no evidence of this.

Following consideration of this matter it was RESOLVED to endorse the decision of Cabinet to adopt the policies set out in the North West England and North Wales Shoreline Management Plan for the Fylde coastline.

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it)

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