



Cabinet Agenda

Wyre Borough Council
Date of Publication: 8 October 2019
Please ask for : Duncan Jowitt
Democratic Services and Councillor
Development Officer
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**Cabinet meeting on Wednesday, 16 October 2019 at 5.00 pm
in the Council Chamber, Civic Centre, Poulton-Le-Fylde**

1. Apologies for absence

2. Declarations of interest

Members will disclose any pecuniary and any other significant interests they may have in relation to the matters to be considered at this meeting.

3. Confirmation of minutes

(Pages 1 - 2)

To confirm as a correct record the minutes of the previous meeting of Cabinet.

4. Public questions

To receive and respond to any questions from members of the public.

Public questions can be delivered in writing to Democratic Services or sent by email to: democratic.services@wyre.gov.uk. Public questions for this meeting must be received by noon on Thursday 10 October 2019. Questioners should provide their name and address and indicate to which Cabinet member the question is to be directed.

The total period of time allocated for public questions will not normally exceed 30 minutes.

5. Medium Term Financial Plan 2019/20 to 2023/24

(Pages 3 - 42)

Report of the Resources Portfolio Holder and Head of Finance.

6. Capital Programme review and monitoring report

(Pages 43 - 52)

Report of the Resources Portfolio Holder and Head of Finance.

7. Cost Profiles - Benchmarking Results 2019/20

(Pages 53 - 64)

Report of the Resources Portfolio Holder and Head of Finance.



Cabinet Minutes

The minutes of the Cabinet meeting of Wyre Borough Council held on Wednesday, 4 September 2019 at the Council Chamber, Civic Centre, Poulton-Le-Fylde.

Cabinet members present:

Councillor David Henderson, Leader of the Council
Councillor Alan Vincent, Deputy Leader and Resources Portfolio Holder
Councillor Roger Berry, Neighbourhood Services and Community Safety Portfolio Holder
Councillor Simon Bridge JP, Street Scene, Parks and Open Spaces Portfolio Holder
Councillor Michael Vincent, Planning and Economic Development Portfolio Holder

Apologies for absence:

Councillor Lynne Bowen, Leisure, Health and Community Engagement Portfolio Holder

Other councillors present:

Councillor Fail

Officers present:

Mark Billington, Service Director People and Places
Mark Broadhurst, Service Director Health and Wellbeing
Garry Payne, Chief Executive
Duncan Jowitt, Democratic Services and Councillor Development Officer
Emma Keany, Democratic Services Officer

No members of the public or press attended the meeting.

CAB.7 Declarations of interest

None.

CAB.8 Confirmation of minutes

The minutes of the previous meeting of Cabinet on 26 June 2019 were confirmed as a correct record.

CAB.9 Public questions

None

CAB.10 Local Government Ombudsman Annual Review Letter 2018/19

The Leader of the Council and Service Director Performance and Innovation submitted a report asking Cabinet to consider the Annual Review letter from the Local Government and Social Care Ombudsman (LGO) for 2018/19, attached at Appendix A of the report. The Leader said that he was pleased that once again there had been a reduction in the number of complaints.

Decision

Cabinet noted the comments made by the LGO in the Annual Review Letter.

CAB.11 Installation of electric charging points in Wyre Council car parks

The Neighbourhood Services and Community Safety Portfolio Holder and Service Director People and Places submitted a report requesting Cabinet approval of a series of schemes for the installation of electric charging points on the council's car parks.

Decision

Cabinet agreed that the council

- enter into a five year agreement with BP Chargemaster Ltd to install up to 16 electric vehicle fast charging points on council owned car parks throughout the borough.
- procure a supplier to install Rapid Electric Charging Points exclusively for the taxi trade on four car parks within the borough for a ten year period.
- enter into an agreement with Highways England (HE) for a single Rapid Electric Charging Point on Rough Lea Road car park, Cleveleys as part of the HE Strategic Road Network scheme for a period of seven years.
- monitor demand for charging points to assess whether additional units are recommended.

The meeting started at 5.00 pm and finished at 5.13 pm.

Date of Publication: 5 September 2019

Options considered but rejected

Any alternative options that were considered but rejected, in addition to the reasons for the recommendations that were made, are included in the full reports.

When will these decisions be implemented?

All decisions will be put into effect five working days from the date of publication, unless a decision is "called-in" by any three members of the council within that period.



Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance	Cabinet	16 October 2019

Medium Term Financial Plan 2019/20 to 2023/24
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1. Purpose of report

- 1.1 To consider the Council's Medium Term Financial Plan for the financial years 2019/20 to 2023/24.

2. Outcomes

- 2.1 The ability to demonstrate good financial management by ensuring that the Council's Medium Term Financial Plan, budgets and capital programme are soundly based and designed to deliver its strategic priorities.

3. Recommendations

- 3.1 Members are requested to:
 - a. Consider the attached Medium Term Financial Plan and the consequential action required in order to address the issues resulting from the five year Financial Forecast (current year plus four years);
 - b. Note the revised expenditure projections incorporating the slippage from 2018/19, and the resulting impact on the level of the Council's Reserves and Balances at 31st March 2019; and,
 - c. Agree the top-up and use of all Reserves and Balances as indicated in Appendix 3 to the Medium Term Financial Plan.

4. Background

- 4.1 The Council's comprehensive, Medium Term Financial Plan, essentially a five year financial forecast, complements the Annual Revenue Budget process and should be considered in conjunction with the Council's Business Plan, its capital investment plans and the Asset Management Plan. It provides detailed proposals for corporately

managing the Council's resources in the years ahead.

- 4.2** The Council's financial plans support the delivery of strategic plans for assets either through investment, disposals, rationalisation or more efficient asset use. Financial plans show how the financial gap between the need to invest in assets and the budget available will be filled over the long term (for example through prudential borrowing, rationalisation of assets, capital receipts, etc.).

5. Key issues and proposals

- 5.1** The last Plan was based on the Revenue Budget for 2018/19 and it was recognised that it would be subject to continuous monitoring to ensure its effectiveness. Since the Plan was last considered there have been regular monitoring reports to Members on both the Revenue and Capital Budgets and the 2019/20 Budgets for both of these have been approved. The Outturn figures for 2018/19 (post audit), were presented to the Audit Committee on 30 July 2019. Attached, at Appendix A, is a copy of the updated Plan, which includes the latest five year financial forecast.

- 5.2** Based on the detailed appendices to this report, over the forthcoming MTFP period, savings would be required of:

- £445,858 for 2020/21
- £1,030,326 for 2021/22
- £1,603,002 for 2022/23
- £2,758,050 for 2023/24

These are expressed on an assumption that any savings in each year are one-off and non-recurring. Therefore, as an example, should recurring savings be found in 2020/21 of £500,000 then the required savings to be found in each subsequent year would be reduced initially by that same £500,000 (being recurring in nature).

Financial and legal implications	
Finance	Considered in detail in the appendices attached.
Legal	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	✓
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Clare James	01253 887308	clare.james@wyre.gov.uk	27.09.19

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix A – Medium Term Financial Plan 2019/20 to 2023/24

dem/cab/cr/19/1610cj3



Medium Term Financial Plan 2019/20 to 2023/24

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2019

The Medium Term Financial Plan for Wyre Council

1. Strategic Objectives

- 1.1 The Council's Business Plan sets out its vision, objectives and actions for a five year period, highlighting the issues upon which we have decided to focus in order to ensure that our vision is realised. Our vision is 'Wyre is a healthy and happy place where people want to live, work, invest and visit'.

Economy

Our ambition – A strong local economy
Support Economic growth by attracting investment to Wyre and by supporting businesses to prosper
Work with transport authorities to improve the transport infrastructure and connectivity across the Fylde Coast
Maximise commercial opportunities, improve the return from all our assets whether that be buildings or land and deliver efficiencies
Transform the way the council delivers services through making better use of technology

People

Our ambition – Supporting communities to lead healthier lifestyles
Collaborate with residents and local stakeholders to support and maximise opportunities for improving health and wellbeing across our communities
Support our ageing population to maintain independence and remain safe in their own homes
Collaborate with our partners to support prevention and early help
Explore opportunities for communities and partners to deliver initiatives that utilise community assets and help connect residents to their communities

Place

Our ambition – A quality local environment for all to enjoy
Utilise Wyre's USP – the Great Outdoors – supporting residents and visitors to maximise the opportunities from coast to countryside
Collaborate with our partners to respond to climate change issues, including reducing flood risk across Wyre
Work with residents, Parish and Town Councils and businesses to protect and enhance the quality of our neighbourhoods

2. Background

- 2.1 The Council's comprehensive, Medium Term Financial Plan is a five year financial forecast which complements the Annual Revenue Budget process and should be considered in conjunction with the Council's Business Plan, its capital investment plans and the Asset Management Plan. It provides detailed proposals for corporately managing the Council's resources in the years ahead.

- 2.2 Without a resilient Business Plan, priorities can be championed that have little or no reference in relation to the needs of local communities, which can lead to a lack of value for money, direction and public satisfaction.
- 2.3 The Council continues to face many significant challenges ahead and will have to manage a wide and diverse range of services with decreasing resources and heightened customer expectations.
- 2.4 The Council recognises and welcomes the resources that are made available through contributions from other public and private partner organisations, as well as the voluntary sector. These form a key part of the Council's application of resources, duly reflected in its key documents, which are shared with those bodies to achieve the most effective mix of contributions to achieve shared aims and objectives.

3. Links to Corporate Priorities

- 3.1 Obviously, the Council cannot do everything it would like to do, or indeed, everything its customers and partners would like it to do. The Council, in the same way as other organisations, is restricted by the amount of money (revenue and capital) it has to spend. As such, it has to set priorities. These priorities, which are reflected in the Business Plan, are based on clear evidence of community needs and aspirations determined through prior research and local consultation. The 2019 Business Plan update was also influenced by the views of Overview and Scrutiny Committee who were consulted as part of the drafting process.
- 3.2 In order to respond effectively to the diverse needs of the community the Council needs to be using resources effectively, delivering the best outcomes for local people and actively seeking new ways to improve the wellbeing of the community.
- 3.3 This process will be achieved through the following mechanisms:

Engagement with Residents using existing mechanisms and groups – The Council is keen to ensure that the aspirations and needs of local people are met and continues to use the Together We Make a Difference Network to ensure better and more effective methods of achieving two-way communication.

The Council's Business Plan - outlines our vision, objectives and actions for the period 2019 to 2023 and demonstrates our commitment to make a positive difference to the lives of people living in Wyre.

Medium Term Financial Plan (MTFP) – reflects the budgetary requirements of the Business Plan and is communicated to staff and stakeholders.

Annual Service Plans – contain detailed action plans for the forthcoming year for each service including performance targets.

Team and Individual Objectives – ensures that each member of staff knows how their job helps to deliver a better Wyre. A staff appraisal system helps to assess everyone's contribution.

Performance Management Framework – a tool that underpins all of the above and allows everyone to track performance.

- 3.4** New schemes requiring funding are referred to Corporate Management Team (CMT) for detailed consideration against corporate priorities. (The Detailed Business Case template for Revenue and Capital projects can be seen at Appendix 1.) Once scrutinised by CMT, successful business cases are then submitted to the relevant Portfolio Holder for approval. Further scrutiny takes place when Cabinet consider the Capital Programme as part of the Council's Estimates Process. In addition, every year, Overview and Scrutiny review the schedule showing planned investment in our assets. This ensures that, often difficult, decisions are taken in consideration of the Council's duty to promote the wellbeing of the community, as well as service specific needs.
- 3.5** Before detailed business cases are submitted for consideration however, there must be:
- A clear rationale for the project and identification of the corporate priority to which the request relates;
 - Identification of stakeholders;
 - An options appraisal which also considers the impact on the organisation, staffing, technology etc.;
 - Consideration of the benefits, both tangible and intangible that the project could achieve and how these will be measured;
 - Consideration of the financial impact of the expenditure e.g. one off and recurring financial consequences
 - Awareness of the risks attached to the project and how these could be mitigated and/or managed.
- 3.6** Ordinarily, capital receipts can only be used to fund capital expenditure or be set aside to repay debt. However, as part of the multi-year 2016/17 local government finance settlement, greater flexibility to allow council's to use these receipts to generate ongoing revenue efficiencies was announced although published guidance must be followed.
- 3.7** This guidance advises that: "The Secretary of State believes that individual authorities and groups of authorities are best placed to decide which projects will be most effective for their areas. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authorities', or several authorities, and/or to another public sector body's net service expenditure."
- 3.8** The Guidance also recommends that the Strategy setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year and/or should be presented to full Council or the equivalent at the earliest possible opportunity.
- 3.9** At the present time, there is no intention to make use of this flexibility owing to the significant schedule of works required to maintain and invest in our assets and as such no Strategy has been approved by Council.
- 3.10** The Council is keen to strengthen the link between investment and return by encouraging the development and reporting of indicators that can demonstrate how individual schemes have contributed to the achievement of its priorities, i.e. what the community can expect the investment to achieve in terms of outputs and outcomes.

4. Budget Management and Monitoring

- 4.1** In order to ensure that the Council is able to demonstrate an effective approach to managing its financial performance, monitoring reports, highlighting any significant deviations from the plan, are submitted to the Executive on a regular basis in respect of both revenue and capital expenditure. This information is informed by regular budgetary reviews undertaken by Spending Officers and the Financial Services Team. Any changes to the phasing of capital schemes and any significant variations to scheme costs are formally reported to Cabinet throughout the year. This process balances the need for a consistent and corporate approach to programme management generally with the responsiveness and flexibility required to manage, often complex, schemes.
- 4.2** The release of funds from the Capital Budget, following a scheme's inclusion in the Capital Programme, is subject to a comprehensive report to the appropriate Portfolio Holder, by the relevant Service Director who is responsible for managing the scheme from development through to implementation and review. (This requirement may be relaxed for those schemes where the delay between the date of inclusion in the capital programme and the project start date is less than 9 months and the exact nature of the capital investment requires no further Member approval). The Members' role in performance management and monitoring is supported by the Council's Financial Regulations and Financial Procedure Rules which state the key controls surrounding the capital programme as follows:
- a) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the executive
 - b) specific approval by the full council for the programme of capital expenditure
 - c) expenditure on capital schemes is subject to the approval of the relevant Portfolio Holder prior to scheme commencement
 - d) proposals for improvements and alterations to buildings must be approved by the Corporate Property Officer
 - e) schedules for individual schemes within the overall budget approved by the full council must be submitted to the relevant Portfolio Holder for approval (for example, Refurbishment of Playgrounds)
 - f) the development and implementation of asset management plans
 - g) accountability for each proposal is accepted by a named manager
 - h) monitoring of progress in conjunction with expenditure and comparison with approved budget.
- 4.3** Capital costs must be within approved budgets, the tender process being conducted in accordance with Financial Regulations and Financial Procedure Rules which set out the circumstances for reporting overspends to the Executive.
- 4.4** The Prudential Code for Capital Finance aims to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. The Code sets out indicators that can be used and requires local authorities to set relevant limits and ratios. These include a three year forward looking estimate of financing costs to the net revenue stream ratio as well as a backward looking prior year actual financing costs to the net revenue stream ratio. Responsibility for setting and agreeing the prudential indicators rests with the full Council further reinforcing the Members' role in the management of the Capital Programme.

- 4.5** In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes and a Revised Prudential Code.
- 4.6** A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the authority at a much higher level than can be attained by treasury instruments. One recommendation was that local authorities should produce a new report to Members to give a high level summary of the overall capital strategy and to enable Members to see how the cash resources of the authority have been apportioned between treasury and non-treasury investments. This report went before Council on 4 April 2019 to ensure compliance with the codes.

5. Basis of Budgetary Forecast

- 5.1** The projections incorporate the final position in respect of the 2018/19 financial year with the Statement of Accounts formally certified by the council's External Auditors in July. The Accounts and Audit Regulations 2015 require the Council's responsible financial officer to certify that the accounts 'present a true and fair view of the financial position' for the 2018/19 financial year by 31 May 2019. The Council is then formally required to approve and publish the Statement of Accounts no later than 31 July 2019. It is the role of the Audit Committee, independent from the Executive and Overview and Scrutiny functions, to 'review the annual Statement of Accounts considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council'. The Audit Committee approved the Statement of Accounts at their meeting on 30 July 2019 and at the same meeting also considered the report from the External Auditor, referred to as the ISA260 Report.
- 5.2** The Local Government Association (LGA) has confirmed that the Pay Award for the National Joint Council for Local Government Services has been agreed for 2019/20. The agreement means relevant staff will receive a pay increase of 2 per cent from 1 April 2019, with those on the lowest spinal column points receiving a higher than 2 per cent salary increase. (Higher percentages were offered to those on lower pay points owing to the introduction of the National Living Wage (NLW) from 1 April 2016). A 4% provision has been included for public sector pay for 2020/21 to incorporate a 3% uplift on all pay bands plus the impact of the proposed £10 NLW. For the three years from 2021/22 a 3% pay award has been included.
- 5.3** Provision for inflation has been included where it is considered to be a contractual obligation and where known inflationary pressures exist. In preparing a prudent budget, the Council should also reflect the current economic climate and its potential impact; this has been considered as part of the Risk Assessment at Appendix 5.
- 5.4** Although the income projected from fees and charges should follow the principles of the Audit Commission publication "The Price is Right", the objective being to maximise support to the Revenue Budget, it has been assumed that additional income generated during 2019/20 will be offset by similar increases in other costs. Where a specific policy decision has already been taken, however, in relation to future levels of charging this has been reflected in the plan. The Council's Charging

Policy is attached at Appendix 2.

- 5.5** The financial projections reflect all known implications arising from published strategies and plans across the Council and joint plans agreed with partners and other stakeholders which include the following:
- Business Plan 2019-2023;
 - Waste Management Strategy 2008-2020;
 - Digital Transformation Strategy - #DigitalWyre 2017 – 2020
 - Disabled Facilities Grants Policy; and
 - Local Plan
- 5.6** As part of the annual budget cycle, and in determining the MTFP, the Council continues to identify actions that will improve efficiency, quantifying the expected gains that assist the Council in effectively prioritising its finite resources. These efficiency targets, detailed within the Council's 'Annual Efficiency Programme' which is published along with the Revenue Budget papers considered by Cabinet, will assist the delivery of the Council's corporate priorities supporting the continued improvement of services for our residents. Savings and efficiency gains identified for the year are monitored throughout the period by the Executive to ensure their achievement. Target efficiency savings will only be reflected in the MTFP, however, as they are realised.
- 5.7** The Government, as part of the 2016/17 settlement, offered local authorities a four-year funding settlement to 2019/20 and 97% of local authorities accepted the deal. The offer was subject to the publication of an efficiency plan and was formally accepted by Wyre in October 2016. Allocations could still be subject to additional reductions, dependent on the fiscal climate and the need to make further savings to reduce the deficit. Following the outcome of the Referendum in June 2016 to leave the European Union and the election of a new Prime Minister this summer there remains uncertainty around the government's approach to funding local government. The Spending Review announcement on 4 September indicated that a one year settlement would be announced in December and the Fair Funding Review, full Spending Review and Business Rates Reform would all be postponed and not implemented until 2021/22. As the final values for the 2019/20 settlement, published in February 2019, are the latest known values, these have been used for the purposes of forecasting with the main change being the assumption that council tax increases will be capped at 2% as per the Spending Review announcement.
- 5.8** From 1 April 2014 the accounting arrangements for pensions changed and rather than a single percentage contribution rate being calculated to determine the employers' payment into the scheme, the charges are split with a future service contribution rate being set and charged to services together with a cash deficit recovery contribution being charged to Non Distributed Costs. The employers' equated superannuation rate, effective for the financial year commencing 1 April 2019, is 24.5% and reflects a future service contribution rate of 15.8% and a deficit recovery contribution of £702,930. The past service deficit contribution was originally meant to increase by 4.1% per annum. However, the outcome of the latest triennial review for 2017/18 to 2019/20 and the decision to pre-pay our pension contribution has resulted in an overall estimated reduction of £183,500. This option to pre-pay the council's pension contribution for the next three years, and thereby pay a reduced amount, was accepted following a Cabinet report on 15 February 2017 and is estimated to save over £342,000 including the £183,500

reduced deficit recovery payment. The next triennial review by the Actuary will be based on data at 31 March 2019 and will be effective for the three years commencing 1 April 2020. The government have been consulting on extending the review period to up to five years but the outcome of this is not yet known. Whilst the new employer rates are not expected to be finalised until November 2019, initial figures from the fund show that the deficit has been cleared and will reduce to nil. The plan assumes a future service rate of 18.8%. This is based on the estimated rate of 18.3% provided by the actuary in September plus a 0.5% provision for the impact of the recent McCloud judgment which is expected to increase costs. In November, the pension fund will be in a position to provide more detailed figures and any changes will be reflected in the February MTFP.

- 5.9** With effect from the 2007/08 financial year, the Council once again become reliant on borrowing to support capital expenditure. The Council has borrowed £3.552m to date and this value is used to calculate the minimum revenue provision which must be reflected in the accounts. The borrowing to date is made up as follows:

Date	Loan Ref	Value (£)	Period	Rate (%)	Maturing
05.03.08	494403	1,000,000	3	4.18	Sept' 2010
05.03.08	494404	552,000	30	4.48	Sept' 2037
05.03.08	494405	1,000,000	50	4.41	Sept' 2057
09.03.09	495360	1,000,000	4	2.05	Sept' 2012

Whilst there is no interest paid on the two loans that have matured, the charge to the revenue account reflecting the principal element of the repayment is calculated based on the number of years that the asset will be in operation. Interest paid on long term borrowing in 2018/19 is £68,830 and principal repayments are £95,559 – a total cost of £164,389. This cost will not reduce until 2024/25 when assets with a 15 year life span fall out of the MRP calculation.

- 5.10** In an effort to reduce the Council's reliance on borrowing and following concerns about the sustainability of continuing to borrow in the current economic climate, a Capital Investment Reserve was created as part of the 2009/10 closure of accounts. The balance remaining on this reserve at 31 March 2019 is substantially committed.

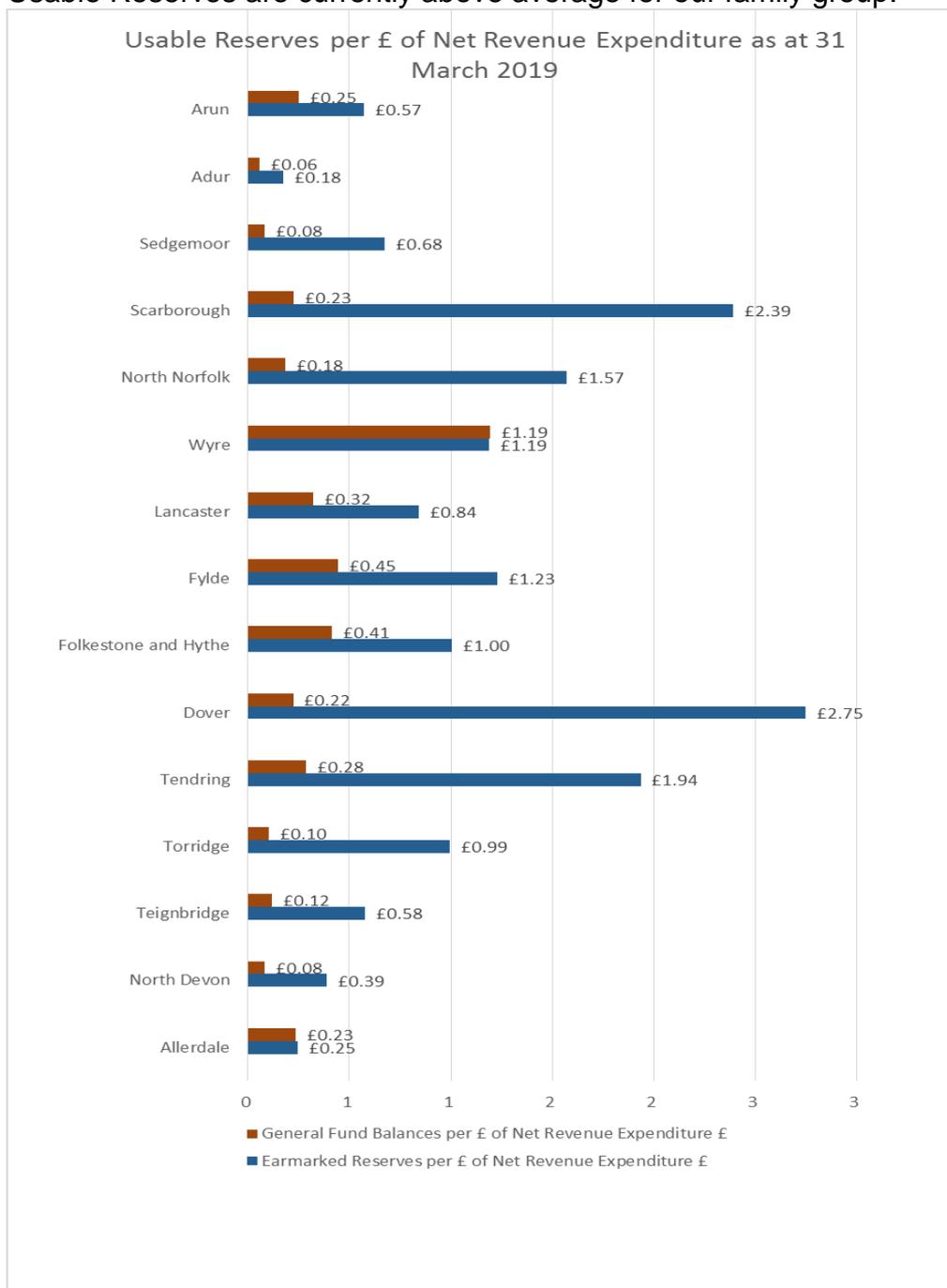
6. Basis of Resources Forecast

- 6.1** The extent of the growth in the tax base of the authority obviously has an impact on the projections of future Council Tax income. An increase of 1.2% has been anticipated in 2019/20 and 1.2% for each subsequent year.
- 6.2** New provisions for council tax referendums were introduced by the Localism Act with effect from 2012/13 to replace capping. The Council increased its share of the council tax in 2019/20 by £5.80 or 2.99%. As part of the Local Government Finance Settlement, the Government announced a 3% trigger for local referenda on council tax increases but also allowed any shire district council to charge a de-minimis £5 more in council tax without triggering the referendum. However, the Spending Review announcement in September indicated that the threshold would be lowered to 2%, subject to consultation. There was no announcement on whether the £5 would remain an option for Shire Districts but commentary indicates that this is likely. For the purpose of the MTFP a £5 increase in council tax has been assumed in 2020/21 and beyond. If the £5 threshold were also withdrawn then the forecast position would worsen.

- 6.3 The current Business Rates Retention Scheme was introduced in 2013/14 and essentially allows councils to keep a share of any business rate growth. A baseline level of funding has been set which, in effect, replaces the grant support that would otherwise have been awarded. Under the national scheme, the Council is allowed to keep 40% of any additional funds that it generates (with 50% being paid to the Government, 9% to Lancashire County Council and 1% to the Fire Authority) but this is normally regulated by the payment of a levy at 50%.
- 6.4 With effect from 1 April 2016, the Council was designated as belonging to the Business Rates Pool of Lancashire. This resulted in the County Council being paid 10% of the retained levy (prior to the cost of administering the pool) with Wyre retaining 90% of the levy previously payable.
- 6.5 However, from 1 April 2019, the Council joined the 75% Lancashire Business Rates Retention Pilot Pool. This decision means that for 2019/20 Wyre will now retain 56% (was 40%); County Council 17.5% (was 9%); unitaries 73.5% (was 49%); fire 1.5% (was 1%) of business rates growth to promote local economic growth and to enable the financial sustainability of pool members. A consequence of being part of the Pool arrangement is that the Council will no longer be eligible to receive a safety net payment should the business rate base in the area decline and fall below 92.5% of the baseline funding level. The entire Pool would have to drop below the higher safety net level of 95% for any additional support to be paid over. As such, a Resilience Fund was established as part of the new pooling arrangements to help mitigate the impact of any losses and a Strategic Economic Growth and Sustainability Fund was also established to support projects across Lancashire. Both of these are funded from the additional business rates growth from being in the 75% retention scheme with 5% and 25% of the additional growth respectively being paid into each fund. Central Government have indicated that all 75% Business Rates Retention Pilots will cease after 2019/20 and it is expected that Wyre will revert to the former 50% pooling arrangements.
- 6.6 The Council no longer receives revenue support grant and the plan reflects an expected reduction in government grant support of 10.4% for 2019/20. Beyond this, the forecast assumes that the funding level will increase by a modest 2% pending further information on the Spending Review, Fair Funding Review and developments in relation to the 75% or 100% Business Rates Retention scheme.
- 6.7 The requirement for financial reserves is acknowledged in statute. The Local Government Finance Act 1992 requires billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The Council's minimum prudent level of balances, calculating the requirement at 5% of net expenditure before other government grants (£696,850) together with the element of the reduction in business rates that authorities must meet before the Government would consider any safety net payment (£167,730 in 2019/20), is now £864,580. Balancing the annual budget by drawing on general reserves may be viewed as a convenient short-term option but where reserves are deployed to finance recurrent expenditure this should be made explicit by the Section 151 officer. **Members must note that the continued use of balances is not sustainable and a significant re-prioritisation exercise, whereby all services are subject to a critical evaluation, must be undertaken to alleviate serious financial problems in future years. A high level review of statutory and non-statutory services has been carried out. The financial projections indicate that further annual**

savings will be required in future years. It is important that the Council considers its future budgets and continues to monitor closely the MTFP. The value of reserves and balances at the end of March 2019, and projected for the future, can be seen at Appendix 3. The identification of earmarked reserves often takes account of risk assessments and contingency planning with funding being provided for known events such as the Borough Election and the rolling replacement of IT equipment and vehicles. The level of general balances also supports contingency planning and recognises anticipated future financial pressures on revenue resources and the difficulties of securing immediate savings. The Council's Policy on the Level of Reserves and Balances is included at Appendix 4.

6.8 A comparison has been undertaken of our earmarked and general balances as at 31 March 2019 (latest provisional data available) with those of our CIPFA family group nearest neighbours. This is a group of authorities that best compare to our own borough in respect of a number of indices. The table shows that Wyre's Usable Reserves are currently above average for our family group.



6.9 The Council’s capital spending is constrained by the availability of appropriate resources including capital receipts, capital grants, borrowing and revenue funding. The Council has previously adopted a policy of ensuring that assets with the shortest charge life are financed from capital receipts rather than borrowing to minimise the revenue impact. The Council submits a variety of external funding bids, many of which are coordinated by the Engineering, Parks and Open Spaces and Economic Development Teams and all funding bids are agreed with Financial Services prior to submission. The Council has a good track record of securing external grants and continues to seek funding to facilitate investment in the borough.

7. Risk Assessment

7.1 An assessment of the risks associated with the MTFP has been carried out. This includes the likelihood, severity and level of risk together with the risk management procedures in place to control and monitor them. The guidance framework for Corporate Governance in local authorities highlights the need to have these risk management procedures in place.

The table below explains the scoring matrix that is used to calculate the level of risk.

Likelihood	Severity	Risk = Likelihood x Severity
Low (1)	Low (1)	1 – 2 = Low
Medium (2)	Medium (2)	3 – 4 = Medium
High (3)	High (3)	6 – 9 = High

Action to be taken after scoring is as follows:

- High = Review existing practices/proposed recommendations and act.
- Medium = Review control mechanisms.
- Low = Limited immediate action; continue to monitor.

7.2 Appendix 5 lists the major risks associated with the MTFP and the controls in place to alleviate the risks.

8. Executive Summary

8.1 Aims

- To improve the quality of services through the strategic planning process and the targeting and prioritising of investment to meet local and national objectives.
- To provide a clear and consistent framework for financial decision-making and management at both the corporate and service level, subject to continuous monitoring to ensure its effectiveness.

8.2 Delivery

The Council strives to ensure that its resources:

- Continue to be guided by the key principles underpinning our corporate objectives and contribute effectively to their achievement, through Corporate Service and Financial Planning.
- Are robustly reviewed on a regular basis identifying potential efficiency savings.
- Add value to those provided by partners and other agencies in the Borough to provide joined up solutions.
- Optimise opportunities for corporate working across services and operational strategies, to achieve wider, defined objectives.
- Are not accepted as the only source of funding for services and continues to explore the possibility of attracting funding from external sources.
- Are supported by the achievement of maximum income levels in relation to fees and charges levied for services provided.
- Maximise and make best use of the Council's assets.

List of Appendices:

Appendix 1 – Detailed Business Case Template

Appendix 2 – Charging Policy

Appendix 3 – Summary Financial Forecast (including Reserves and Balances)

Appendix 4 – Policy on the Level of Reserves and Balances

Appendix 5 – Risk Assessment



Detailed Business Case

Topic Name: <Insert Topic Name Here>
Prepared by: <Insert Name>
Date: <Insert Date>

Version Control

Version	Date	Author	Change Description
0.1	<Date>	<Name>	<First Draft – Not yet for publication>

Distribution List

Name	Role
<Insert Name 1>	<Insert involvement in this work, not necessarily job title>

Executive Summary

[Insert a summary of the contents of this document – usually this section is completed last]

Background

[Insert the background of the project, aimed at readers who may not know much about the topic]

Reasons for Project

[Insert information on why the project is needed]

Stakeholders

[Use the table below to list the internal and external stakeholders of this project]

Stakeholder	Interest and Involvement

Options Appraisal

[Typically, there will be a number of options available. Insert details, including an economic appraisal, of the different options available. Often doing nothing is included as the first option to show remaining as-is will NOT be a good way forward. One option will then be selected and used in the rest of the business case. In some cases, the benefits, saving, risks and costs will vary depending on the option chosen. In which case, these can be incorporated into each option, rather than included in the separate sections below. If there are not multiple options, this section can be deleted and the information can be incorporated within the Reasons for Project section above.]

Equipment and Technology Considerations

[This section should explain any considerations with regards to technology. Many new initiatives rely on technology to manage or monitor various business functions. Key features of any contract should be included, such as contract terms, payment mechanism and procurement.]

Organisation and Staffing

[With many new products or services there may be a need for additional staffing or for a restructure in order to accommodate the change.]

Benefits Realisation

[Insert the project benefits. These can be tangible and intangible. Where possible, include details of suitable measures, so the reader is clear on how you will know when you have achieved the objective. Typically, many of the benefits will not be realized until long after the project has closed. For example, if the project was to build a children’s play area, user numbers could not be measured until it has been open for a number of months.]

The benefits the project will bring are:

No.	Benefit Description	Measure
1	<Insert>	<Insert>
2	<Insert>	<Insert>
3	<Insert>	<Insert>

Financial Assessment

[Insert details of the cashable and efficiency saving which can be made (if applicable). Please remove sections and rows which are not required. Work out the savings over one year and then over many years. The number of years chosen will differ depending on your project, but will typically be between 3-10 years. You may wish to include a representative from Finance at this point to help you financially model a number of scenarios.]

A summary of the potential savings are shown in the tables below.

Cashable Savings - Item	Savings P.A. £	Savings over <X> years £
TOTAL	<Total>	<Total>
Efficiency Savings - Item	Savings P.A. £	Savings over <X> years £
TOTAL	<Total>	<Total>
OVERALL TOTAL	<Total>	<Total>

Cost

The main costs for this project are summarised below:

ITEM	Costs in year 1 £	Costs over <X> years £
TOTAL COST	<Total>	<Total>

Anticipated savings less costs =	<Savings - Costs>
---	--------------------------------

Risks

The risks associated with delivering the business case are as follows. These will be transferred to the project issues and risks log for ongoing management purposes.

Risk	Potential Impact	Mitigation
<Insert the nature of the risk>	<Explain the potential impact>	<Explain the steps taken to reduce the risk>

Recommendations

[Insert the business case recommendations, including the recommended option from those stated above]

Timescales

[Insert a brief project timetable, or alternatively use the document '[2 Project Plan](#)' or the 'Project In a Box' software to draw a timeline which can then be attached as a link to this document]



Charging Policy 2020/21

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2019

Charging Policy 2020/21

1. Background

- 1.1 The Cabinet last formally considered its charging policy at its meeting on the 17 October 2018.
- 1.2 In September 1999 the Audit Commission published “The Price is Right” which advised Councils to focus attention on charges and addresses the following issues:
 - Establish clear principles for charging;
 - Integrate charging into service management and forge links with corporate objectives;
 - Set clear objectives and targets to qualify success in charging;
 - Build an understanding of users and markets;
 - Improve decision making by taking into account the likely impact of changes to charges; and
 - Innovate via imaginative use of charging structures.
- 1.3 In January 2008, the Audit Commission published a further report entitled “Positively Charged”, which identified how different councils' use their powers to charge for services and draws conclusions that support their earlier publication in that:
 - Charging for local services makes a significant contribution to council finances and for district councils charges make the greatest contribution to service delivery;
 - Councils use charges to influence individuals' choices and to bring benefits to local communities. Charges can be set to encourage or discourage people to use services and through concessions to pursue local objectives; and
 - Councils need to understand better the likely impact of charges on users and on patterns of service use.
- 1.4 The report recommends, amongst other things, that where there is a subsidy to provide a service, this is transparent as part of the decision making process; that service managers should be aware of both users and non-users of the service being charged for; to engage service users and taxpayers more in decisions about charging levels and that there should be regular debate on charges and charging policy.
- 1.5 A new briefing entitled ‘Income from Charging’ was issued by the Audit Commission in September 2013 which uses data from the value for money profiles and presented a high level analysis of councils' income from charging and the contribution it makes to service spending and allowed comparisons to other councils of the same type and changes over time. The data was the subject of a value for money review undertaken as part of the Overview and Scrutiny work programme and was considered at the meeting 15 December 2014. Having fully explored and investigated the variances, it was felt that the value of the research was limited with the additional benefit not being sufficient to justify the exercise being repeated.
- 1.6 The level of income generated by fees and charges, and in particular projected increases which the Council can influence, forms a key part of the Council's financial planning and is therefore reflected in the Medium Term Financial Plan.

2. The Council's Policy

- 2.1 The Council needs to maximise its income whilst ensuring that its services are not compromised, taking into account competition from other providers. Indeed, if services are subsidised purely to maintain a competitive price then a fundamental review of the service

should be carried out resulting in the justification of the approach or recommending alternative action.

- 2.2 The Council is keen to encourage a shared responsibility for improving neighbourhoods and wherever possible will consult local people and communities on charging policies. Information obtained from satisfaction surveys can also help to monitor performance.
- 2.3 The reasoning behind both service provision and the charge levied should be justified each time that charges are re-assessed. For example, there may well be a desire to use a charging policy to meet other objectives such as increasing usage of recreational assets.
- 2.4 Decisions regarding pricing should be taken in the full knowledge of the pricing policies of alternative providers and information should be provided to ensure that Members are sufficiently briefed.
- 2.5 Clear targets should be set for income levels in advance of any review of pricing and achievement of these targets should be monitored using the Council's established performance management arrangements.
- 2.6 When considering pricing policies Service Managers should be encouraged to be innovative and flexible in determining the basis for the charge.

3. Impact

- 3.1 The table attached identifies the range of services for which the Council currently levies a charge and the value of the income estimated for the current year. The table also details those areas where the fee is externally set, as is currently the case with Planning Fees, or where we must ensure a break-even position, with the charge being set at a level sufficient to recover associated costs.

APPENDIX 2 - Charging Policy

Service Area	Determined by WBC √ or X	Estimated Value 2019/20 £	Able to Influence £	Unable to Influence £
<u>Chief Executive</u>				
Planning	X	707,190		707,190
Development Control	√	13,170	13,170	
	Sub Total	720,360	13,170	707,190
<u>Health and Wellbeing</u>				
Leisure Centres (including pools) **	√	-	-	
Renovation Grants (Fee Income)	√	224,850	224,850	
Houses in Multiple Occupation	√	12,530	12,530	
Care and Repair Service	√	1,000	1,000	
Handyperson (Fee Income)	√	13,800	13,800	
Animal Licensing	√	11,290	11,290	
Taxi Licensing	√	85,660	85,660	
Licensing Act	X	86,930		86,930
Gambling Act Licensing	X	25,240		25,240
Other Licensing ***	√	8,610	8,610	
Pest Control	√	37,670	37,670	
Private Water Supplies	√	850	850	
Food Safety	√	6,510	6,510	
Contaminated Land	√	600	600	
Pollution Prevention Control	X	7,940		7,940
	Sub Total	523,480	403,370	120,110
<u>Performance and Innovation</u>				
Marine Hall	√	134,000	134,000	
Thornton Little Theatre	√	50,240	50,240	
Mount Grounds	√	1,000	1,000	
Marsh Mill	√	950	950	
Poulton Market*	√	32,000	32,000	
Fleetwood Market*	√	531,240	531,240	
Cleveleys Market*	√	5,100	5,100	
Building Control	√/X	203,650	700	202,950
Land Charges	X	84,900		84,900
Street Nameplates and Numbering	√	5,000	5,000	
Estates use of land for commercial events	√	1,000	1,000	

Service Area	Determined by WBC √ or X	Estimated Value 2019/20 £	Able to Influence £	Unable to Influence £
Electoral Services	√	1,800	1,800	
Other Legal Fees	√	21,600	21,600	
	Sub Total	1,072,480	784,630	287,850
<u>People and Places</u>				
Cemeteries	√	266,800	266,800	
Countryside	√	3,000	3,000	
Wyre Estuary Country Park	√	1,350	1,350	
Rossall Point	√	30	30	
Car Parking	√/X	516,810	516,810	
Residents Parking Permits	√	8,500	8,500	
Penalty Charge Notices (Off street parking)	X	63,710		63,710
National Non-Domestic Rates (Court Costs)	√	18,000	18,000	
Photocopying	√	500	500	
Council Tax (Court Costs)	√	283,750	283,750	
Hire of Committee Rooms	√	8,100	8,100	
Dog Warden Service	√	5,000	5,000	
Street Cleansing	X	18,110		18,110
Public Conveniences	√	40,200	40,200	
Outdoor Leisure	√	11,470	11,470	
Bulky Household Waste	√	48,000	48,000	
Green Waste Removal	√	740,250	740,250	
Waste Container Delivery Administration Costs	√	40,800	40,800	
MOT Test Centre	√	35,880	35,880	
	Sub Total	2,110,260	2,028,440	81,820
	Total	4,426,580	3,229,610	1,196,970

* Fleetwood, Poulton and Cleveleys Market Rents are set under Officer Delegated Powers.

** Involved in agreeing charges but income retained by contractor.

*** WBC is able to influence ear piercing, performance of plays, public entertainment, second hand goods dealers, scrap metal operators' and street trading licences.

<u>Revenue Budgets</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Base Borough Requirements, increased for prior year inflation, but excluding Use/Top-up of Balances (shown below).	13,937	13,912	13,530	14,020	14,517
<u>Inflationary Assumptions on the above Base.</u>					
Pay Officers - 2% 19/20 plus adjustment for National Living Wage, 3% from 20/21.					
Member Allowances 3% from 19/20.		420	329	339	349
Prices, Specific Contracts and Other costs (Variable)/Energy.	-25	-802	161	158	163
<u>Expected Future Changes on the above Base.</u>					
Revenue changes and 18/19 slippage met by improved Balances.	1,369	0	0	0	0
Capital Programme revenue implications.	-6	84	108	108	114
Employee (incl. Member Allowances) and related cost - NI changes; Pension contributions; Protection; FTCs; long service awards and restructures.	10	306	380	445	508
External Grant and Grant Aided schemes - Council Tax Support; Other Local Authorities; S106; Public Realm LCC; Arts; DCLG and DWP.	0	86	83	83	83
Other Services including - Borough Elections; Citizens Advice Bureau; Leisure Centres; Marine Lake; Commuted Sums; Cemeteries; Licensing; Community Development; Domestic Abuse Service; Marsh Mill; Civic Centre; VAT Notice and Life in Wyre Survey.	-2	-330	-336	-359	-170
Regeneration/Economic situation changes - Building Control; Local Development Framework; Depots; Fleetwood Market; Parking; Fleetwood Ferry; MOT Test Centre and Hillhouse Enterprise Zone.	-50	-5	16	70	70
Waste Management - Waste Collection Contract and Green Waste.	0	0	0	0	0
Capital Programme, cost of Borrowing and Investment Interest.	0	-61	-6	-30	-30
Capital Programme, Revenue funding contributions.	963	-2,468	-2,831	-3,049	-2,959
Reserve Contribution Changes.	-981	1,331	1,701	1,935	2,239
Revenue Support Grant - External Government Grant (all per final Local Government Finance Settlement)	0	0	0	0	0
Baseline Funding - External Government Grant (all per final Local Government Finance Settlement)	-3,355	-3,422	-3,490	-3,560	-3,631
NDR income in excess of Baseline retained by Wyre.	236	0	0	0	0
New Homes Bonus - Government Grant.	-1,406	-924	-698	-354	0
Non-Domestic Rates - Government Grant.	-2,576	0	0	0	0
Non-Domestic Rates - Contribution to Risk Resilience (Lancashire Pool).	30	0	0	0	0
Non-Domestic Rates - Growth and Financial Sustainability (Lancashire Pool).	151	0	0	0	0
Non-Domestic Rates - Government Redistributed Levy.	-51	0	0	0	0
Collection Fund Adjustment - Council Tax re prior year.	-147	-47	0	0	0
Collection Fund Adjustment - Non-domestic Rates re prior year.	418	3	0	0	0
Net Wyre Requirement met by Council Tax and Balances.	8,515	8,083	8,947	9,806	11,253
Base 19/20 and Forecast Cost met by Council Tax.	<u>7,362</u>	<u>7,637</u>	<u>7,917</u>	<u>8,203</u>	<u>8,495</u>
Net Spending change i.e. need to Use/ Top Up (-) Balances.	1,153	446	1,030	1,603	2,758

	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	
Balances as at 1 April.	12,187,663	11,034,173	10,588,315	9,557,989	7,954,987
Add Top Up of Balances in Base.	0	0	0	0	0
Less Use of Balances.	-1,153,490	-445,858	-1,030,326	-1,603,002	-2,758,050
Balances estimated Surplus / Deficit (-) at 31 March.	<u>11,034,173</u>	<u>10,588,315</u>	<u>9,557,989</u>	<u>7,954,987</u>	<u>5,196,937</u>
NB Prudent level of Balances £872,000.					

Tax Base, assumed circa 1.2% annual increase.	36,858	37,300	37,748	38,201	38,659
Forecast Council Tax £ p.	£199.74	£204.74	£209.74	£214.74	£219.74
Annual Council Tax Increase £ - largest of £5 or 1.99%.		£5.00	£5.00	£5.00	£5.00
Annual Council Tax Increase %.	2.99%	2.50%	2.44%	2.38%	2.33%
Additional Council Tax income = £		£274,843	£280,380	£286,009	£291,734

RESERVES AND BALANCES STATEMENT

Appendix 3 continued

	Actual Balance at 01/04/2019 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2020 £
<u>2019/20 LATEST ESTIMATE* INCLUDING OUTTURN 2018/19 AND SLIPPAGE</u>				
Earmarked Reserves				
Building Control	5,109	130	0	5,239
Capital Investment	1,155,728	642,990	(1,175,700)	623,018
Elections	112,493	41,217	(153,710)	0
Insurance	83,645	40,000	(10,150)	113,495
Investment - I.T. Strategy	316,698	260,810	(196,350)	381,158
Land Charges	23,383	0	(3,320)	20,063
Leisure Management	265,770	6,150	(29,530)	242,390
New Homes Bonus	2,274,996	0	(568,749)	1,706,247
Non-Domestic Rates Equalisation	2,854,747	2,393,474	(1,562,478)	3,685,743
Performance Reward Initiatives	28,599	0	(1,920)	26,679
Property Investment Fund	1,000,000	0	0	1,000,000
Value for Money	602,940	261,120	(285,930)	578,130
Vehicle Replacement/Street Cleansing Maintenance	3,192,704	262,304	(2,821,170)	633,838
Ringfenced Reserves				
Enterprise Zone Growth	231,674	828,090	(12,500)	1,047,264
	12,148,486	4,736,285	(6,821,507)	10,063,264
Balances				
General	12,187,663	215,570	(1,369,060)	11,034,173
TOTAL	24,336,149	4,951,855	(8,190,567)	21,097,437

* Includes changes since Council 07/03/19

	Estimated Balance at 01/04/2020 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2021 £
<u>2020/21 LATEST ESTIMATE*</u>				
Earmarked Reserves				
Building Control	5,239	0	0	5,239
Capital Investment	623,018	0	0	623,018
Elections	0	41,217	0	41,217
Insurance	113,495	40,000	0	153,495
Investment - I.T. Strategy	381,158	51,425	(86,000)	346,583
Land Charges	20,063	0	0	20,063
Leisure Management	242,390	7,380	0	249,770
New Homes Bonus	1,706,247	0	(568,749)	1,137,498
Non-Domestic Rates Equalisation	3,685,743	0	(2,641)	3,683,102
Performance Reward Initiatives	26,679	0	(3,320)	23,359
Property Investment Fund	1,000,000	0	0	1,000,000
Value for Money	578,130	0	(18,840)	559,290
Vehicle Replacement/Street Cleansing Maintenance	633,838	579,578	(641,700)	571,716
Ringfenced Reserves				
Enterprise Zone Growth	1,047,264	0	0	1,047,264
	10,063,264	719,600	(1,321,250)	9,461,614
Balances				
General	11,034,173	0	(445,858)	10,588,315
TOTAL	21,097,437	719,600	(1,767,108)	20,049,929

* Includes changes since Council 07/03/19

RESERVES AND BALANCES STATEMENT

Appendix 3 continued

	Estimated Balance at 01/04/2021 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2022 £
<u>2021/22 LATEST ESTIMATE*</u>				
Earmarked Reserves				
Building Control	5,239	0	0	5,239
Capital Investment	623,018	0	0	623,018
Elections	41,217	41,217	0	82,434
Insurance	153,495	40,000	0	193,495
Investment - I.T. Strategy	346,583	33,630	(86,000)	294,213
Land Charges	20,063	0	0	20,063
Leisure Management	249,770	7,380	0	257,150
New Homes Bonus	1,137,498	0	(568,749)	568,749
Non-Domestic Rates Equalisation	3,683,102	0	0	3,683,102
Performance Reward Initiatives	23,359	0	0	23,359
Property Investment Fund	1,000,000	0	0	1,000,000
Value for Money	559,290	0	0	559,290
Vehicle Replacement/Street Cleansing Maintenance	571,716	580,149	(278,995)	872,870
Ringfenced Reserves				
Enterprise Zone Growth	1,047,264	0	0	1,047,264
	9,461,614	702,376	(933,744)	9,230,246
Balances				
General	10,588,315	0	(1,030,326)	9,557,989
TOTAL	20,049,929	702,376	(1,964,070)	18,788,235

* Includes changes since Council 07/03/19

	Estimated Balance at 01/04/2022 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2023 £
<u>2022/23 LATEST ESTIMATE*</u>				
Earmarked Reserves				
Building Control	5,239	0	0	5,239
Capital Investment	623,018	0	0	623,018
Elections	82,434	41,217	0	123,651
Insurance	193,495	40,000	0	233,495
Investment - I.T. Strategy	294,213	51,425	(86,000)	259,638
Land Charges	20,063	0	0	20,063
Leisure Management	257,150	7,380	0	264,530
New Homes Bonus	568,749	0	(568,749)	0
Non-Domestic Rates Equalisation	3,683,102	0	0	3,683,102
Performance Reward Initiatives	23,359	0	0	23,359
Property Investment Fund	1,000,000	0	0	1,000,000
Value for Money	559,290	0	0	559,290
Vehicle Replacement/Street Cleansing Maintenance	872,870	578,679	(61,000)	1,390,549
Ringfenced Reserves				
Enterprise Zone Growth	1,047,264	0	0	1,047,264
	9,230,246	718,701	(715,749)	9,233,198
Balances				
General	9,557,989	0	(1,603,002)	7,954,987
TOTAL	18,788,235	718,701	(2,318,751)	17,188,185

* Includes changes since Council 07/03/19

RESERVES AND BALANCES STATEMENT

Appendix 3 continued

	Estimated Balance at 01/04/2023 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2024 £
<u>2023/24 LATEST ESTIMATE*</u>				
Earmarked Reserves				
Building Control	5,239	0	0	5,239
Capital Investment	623,018	0	0	623,018
Elections	123,651	41,217	(164,868)	0
Insurance	233,495	40,000	0	273,495
Investment - I.T. Strategy	259,638	49,930	(86,000)	223,568
Land Charges	20,063	0	0	20,063
Leisure Management	264,530	1,240	0	265,770
New Homes Bonus	0	0	0	0
Non-Domestic Rates Equalisation	3,683,102	0	0	3,683,102
Performance Reward Initiatives	23,359	0	0	23,359
Property Investment Fund	1,000,000	0	0	1,000,000
Value for Money	559,290	0	0	559,290
Vehicle Replacement/Street Cleansing Maintenance	1,390,549	575,685	(150,500)	1,815,734
Ringfenced Reserves				
Enterprise Zone Growth	1,047,264	0	0	1,047,264
	9,233,198	708,072	(401,368)	9,539,902
Balances				
General	7,954,987	0	(2,758,050)	5,196,937
TOTAL	17,188,185	708,072	(3,159,418)	14,736,839

* Includes changes since Council 07/03/19

TRANSFERS TO AND FROM RESERVES**Updated 2019/20 Estimate**

*approved at Council 07/03/19 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2019/20 Estimate		2019/20 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2019/20 net surplus.			130	130
<u>CAPITAL INVESTMENT</u>				
Top Up - YMCA equipment contribution, Cab.22/10/14 (final part year 2019/20).	82,990		82,990	
Top Up - to fund Capital Asset Improvement Programme.	560,000		560,000	
Purchase of wheeled bins. Cabinet 11/7/18.	-825,000		-825,000	
Reception refurb Works Garstang Swim Pool - Resources PH Report 21/03/19	0		-45,950	
Roofing Works to the Civic Centre, Poulton-le-Fylde - PH 9/8/19	0		-100,000	
Roofing Works to Copse Road Depot, Vehicle Maintenance Unit - PH 9/8/19	0		-15,790	
Reclassification of Reserves - re 2018/19 Capital Slippage	0		-188,960	
		-182,010		-532,710
<u>ELECTIONS</u>				
Reduced Annual provision May 2019 Borough Elections.	41,217		41,217	
Use of Reserve for Borough Elections in 2019.	-153,710		-153,710	
		-112,493		-112,493
<u>INSURANCE</u>				
Annual set aside for possible claims.	40,000		40,000	
Use - to cover new claims.	0		-10,150	
		40,000		29,850
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.	28,970		28,970	
Top Up re CCTV investment net Fylde contribution. Cabinet 3/12/14.	9,510		9,510	
Top Up to fund rolling replacement programme.	200,000		200,000	
Top Up from General Balances to fund Tablet Devices for Councillors.	0		22,330	
Use of Reserves to fund purchase of Tablet Devices.	0		-22,330	
CCTV Investment.	-38,020		-38,020	
Additional Rolling Replacement Hardware Programme.	-136,000		-136,000	
		64,460		64,460
<u>LAND CHARGES</u>				
Chargeable work 2019/20 net deficit.			-3,320	-3,320
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 1 of 4)	0		6,150	
Exercise Equipment - Garstang Leisure Centre - Cabinet 26/6/19	0		-29,530	
		0		-23,380
<u>NEW HOMES BONUS</u>				
Fund Council Taxpayer income foregone from 11/12 freeze.	-176,689		-176,689	
Fund Council Taxpayer income foregone from 12/13 freeze.	-176,166		-176,166	
Fund Council Taxpayer income foregone from 13/14 freeze.	-71,250		-71,250	
Fund Council Taxpayer income foregone from 14/15 freeze.	-72,037		-72,037	
Fund Council Taxpayer income foregone from 15/16 freeze.	-72,607		-72,607	
		-568,749		-568,749
<u>NON-DOMESTIC RATES EQUALISATION</u>				
Top-Up - s31 Local Government Act 2003 Grant net of related NDR Levy.	2,417,126		2,393,474	
Transfer to General Fund, NDR Income less than Baseline Funding Level.	-235,513		-235,513	
Transfer to General Fund, 2017/18 part Reserve Top Up.	-1,326,965		-1,326,965	
		854,648		830,996
<u>PERFORMANCE REWARD INITIATIVES</u>				
Volunteer Wyre Project, Cab.19/6/13, incl. slippage from 16/17 and to future years.			-1,920	-1,920
<u>PROPERTY INVESTMENT FUND</u>				
			0	0
<u>VALUE FOR MONEY</u>				
Universal Credit Delivery (UC) Partnership Agreement with DWP.	40,740		40,740	
New Burden Support for Additional Costs DWP grant.	32,590		32,590	
Reclassification of Reserves - re 2018/19 Capital Slippage	0		187,790	
Procurement and Implementation of a Citizen Access Portal.	-61,930		-210,440	
Cash Receipting System Upgrade	0		-34,140	
Procurement of new IT Service Management Software	0		-5,140	
Restructure of IT and Telephony Services to create new ICT and digital department.	-36,210		-36,210	
		-24,810		-24,810
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Aggregate set-aside after 2017/18 outturn.	249,157		249,157	
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.	8,466		8,466	
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.	511		511	
Reclassification of Reserves - re 2018/19 Capital Slippage	0		1,170	
Use of Reserve 2017/18 Outturn, to fund replacement of refuse collection vehicles.	-1,915,000		-1,915,000	
Use of Reserve 2018/19 Outturn, to fund replacement of refuse collection vehicles.	0		-581,800	
Use of Reserve to fund vehicle replacements/adaptations.	-344,500		-323,200	
Use of Reserve to fund MOT Test Centre Copse Road.	0		-1,170	
Additional Income MOT Centre Top Up Reserve to replace equipment.	3,000		3,000	
		-1,998,366		-2,558,866

RINGFENCED - ENTERPRISE ZONE GROWTH

Top Up from Growth identified in NNDR1/NNDR3 Returns	0	828,090	
Use of Growth monies to fund expenditure	<u>0</u>	<u>-12,500</u>	815,590
		0	
TOTAL NET TRANSFER FROM (-) 2019/20 RESERVES		<u><u>-1,932,430</u></u>	<u><u>-2,085,222</u></u>

TRANSFERS TO AND FROM RESERVES**Updated 2020/21 Estimate**

*approved at Council 07/03/19 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2020/21 Estimate	2020/21 Estimate	2020/21 Estimate	2020/21 Estimate
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2020/21 net nil.			0	0
<u>CAPITAL INVESTMENT</u>			0	0
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.			41,217	41,217
<u>INSURANCE</u>				
Annual set aside for possible claims.			40,000	40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.		51,425		51,425
Additional Rolling Replacement Hardware Programme.		-86,000		-86,000
			-34,575	-34,575
<u>LAND CHARGES</u>				
Chargeable work 2020/21 net nil.			0	0
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 2 of 4)			0	7,380
<u>NEW HOMES BONUS</u>				
Fund Council Taxpayer income foregone from 11/12 freeze.		-176,689		-176,689
Fund Council Taxpayer income foregone from 12/13 freeze.		-176,166		-176,166
Fund Council Taxpayer income foregone from 13/14 freeze.		-71,250		-71,250
Fund Council Taxpayer income foregone from 14/15 freeze.		-72,037		-72,037
Fund Council Taxpayer income foregone from 15/16 freeze.		-72,607		-72,607
			-568,749	-568,749
<u>NON-DOMESTIC RATES EQUALISATION</u>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.		2,350		0
Use of 17/18 Non-Domestic Rates Equalisation Reserve Top Up		0		-2,641
			2,350	-2,641
<u>PERFORMANCE REWARD INITIATIVES</u>				
Volunteer Wyre Project, Cab.19/6/13, incl. slippage from 16/17 and to future years.			-3,320	-3,320
<u>PROPERTY INVESTMENT FUND</u>				
<u>VALUE FOR MONEY</u>				
Procurement and Implementation of a Citizen Access Portal.			-18,840	-18,840
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 1 of 8).		239,375		239,375
Aggregate set-aside after 2017/18 outturn.		255,096		255,096
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.		8,466		8,466
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.		511		511
Aggregate set-aside after 2018/19 outturn (Year 1 of 8)		0		73,130
Use of Reserve to fund vehicle replacements/adaptations.		-426,700		-641,700
Additional Income MOT Centre Top Up Reserve to replace equipment.		3,000		3,000
			79,748	-62,122
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>			0	0
TOTAL NET TRANSFER FROM (-) 2020/21 RESERVES			-462,169	-601,650

TRANSFERS TO AND FROM RESERVES**Updated 2021/22 Estimate**

*approved at Council 07/03/19 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2021/22 Estimate		2021/22 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2021/22 net nil.			0	0
<u>CAPITAL INVESTMENT</u>			0	0
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.			41,217	41,217
<u>INSURANCE</u>				
Annual set aside for possible claims.			40,000	40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.		33,630		33,630
Additional Rolling Replacement Hardware Programme.		-86,000		-86,000
			-52,370	-52,370
<u>LAND CHARGES</u>				
Chargeable work 2021/22 net nil.			0	0
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 3 of 4)			0	7,380
<u>NEW HOMES BONUS</u>				
Fund Council Taxpayer income foregone from 11/12 freeze.		-176,689		-176,689
Fund Council Taxpayer income foregone from 12/13 freeze.		-176,166		-176,166
Fund Council Taxpayer income foregone from 13/14 freeze.		-71,250		-71,250
Fund Council Taxpayer income foregone from 14/15 freeze.		-72,037		-72,037
Fund Council Taxpayer income foregone from 15/16 freeze.		-72,607		-72,607
			-568,749	-568,749
<u>NON-DOMESTIC RATES EQUALISATION</u>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.			0	0
<u>PERFORMANCE REWARD INITIATIVES</u>			0	0
<u>PROPERTY INVESTMENT FUND</u>			0	0
<u>VALUE FOR MONEY</u>			0	0
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 2 of 8).		239,375		239,375
Aggregate set-aside after 2017/18 outturn.		255,668		255,668
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.		8,466		8,466
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.		510		510
Aggregate set-aside after 2018/19 outturn (Year 2 of 8)		0		73,130
Use of Reserve to fund vehicle replacements/adaptations.		-221,500		-276,000
Use of Reserve to fund vehicle replacement/adaptations, P5 review, Cabinet 17/10/18.		-2,995		-2,995
Additional Income MOT Centre Top Up Reserve to replace equipment.		3,000		3,000
			282,524	301,154
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>			0	0
TOTAL NET TRANSFER FROM (-) 2021/22 RESERVES			-257,378	-231,368

TRANSFERS TO AND FROM RESERVES**Updated 2022/23 Estimate**

*approved at Council 07/03/19 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2022/23 Estimate		2022/23 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2022/23 net nil.			0	0
<u>CAPITAL INVESTMENT</u>			0	0
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.			41,217	41,217
<u>INSURANCE</u>				
Annual set aside for possible claims.			40,000	40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.		51,425		51,425
Additional Rolling Replacement Hardware Programme.		-86,000		-86,000
			-34,575	-34,575
<u>LAND CHARGES</u>				
Chargeable work 2022/23 net nil.			0	0
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 4 of 4)			0	7,380
<u>NEW HOMES BONUS</u>				
Fund Council Taxpayer income foregone from 11/12 freeze.		-176,689		-176,689
Fund Council Taxpayer income foregone from 12/13 freeze.		-176,166		-176,166
Fund Council Taxpayer income foregone from 13/14 freeze.		-71,250		-71,250
Fund Council Taxpayer income foregone from 14/15 freeze.		-72,037		-72,037
Fund Council Taxpayer income foregone from 15/16 freeze.		-72,607		-72,607
			-568,749	-568,749
<u>NON-DOMESTIC RATES EQUALISATION</u>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.			0	0
<u>PERFORMANCE REWARD INITIATIVES</u>			0	0
<u>PROPERTY INVESTMENT FUND</u>			0	0
<u>VALUE FOR MONEY</u>			0	0
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 3 of 8).		239,375		239,375
Adjusted set-aside after 2017/18 outturn.		254,198		254,198
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.		8,466		8,466
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.		510		510
Aggregate set-aside after 2018/19 outturn (Year 3 of 8)		0		73,130
Use of Reserve to fund vehicle replacements/adaptations.		-61,000		-61,000
Additional Income MOT Centre Top Up Reserve to replace equipment.		3,000		3,000
			444,549	517,679
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>			0	0
TOTAL NET TRANSFER FROM (-) 2022/23 RESERVES			-77,558	2,952

TRANSFERS TO AND FROM RESERVES**Updated 2023/24 Estimate**

*approved at Council 07/03/19 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2023/24 Estimate		2023/24 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2023/24 net nil.			0	0
<u>CAPITAL INVESTMENT</u>			0	0
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.		41,217		41,217
Use of Reserve for Borough Elections in 2023.		<u>-164,868</u>		<u>-164,868</u>
			-123,651	-123,651
<u>INSURANCE</u>				
Annual set aside for possible claims.			40,000	40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.		49,930		49,930
Additional Rolling Replacement Hardware Programme.		<u>-86,000</u>		<u>-86,000</u>
			-36,070	-36,070
<u>LAND CHARGES</u>				
Chargeable work 2023/24 net nil.			0	0
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Final part year transfer)			0	1,240
<u>NEW HOMES BONUS</u>			0	0
<u>NON-DOMESTIC RATES EQUALISATION</u>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.			0	0
<u>PERFORMANCE REWARD INITIATIVES</u>			0	0
<u>PROPERTY INVESTMENT FUND</u>			0	0
<u>VALUE FOR MONEY</u>			0	0
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 4 of 8).		239,375		239,375
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.		260,180		260,180
Aggregate set-aside after 2018/19 outturn (Year 4 of 8)		0		73,130
Use of Reserve to fund vehicle replacements/adaptations.		<u>-73,500</u>		<u>-150,500</u>
Additional Income MOT Centre Top Up Reserve to replace equipment.		<u>3,000</u>		<u>3,000</u>
			429,055	425,185
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>			0	0
TOTAL NET TRANSFER TO 2023/24 RESERVES			<u><u>309,334</u></u>	<u><u>306,704</u></u>

dem/cab/cr/19/1610cj3 Appendix 3 (3)



Policy on the Level of Reserves and Balances

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2019

Policy on the Level of Reserves and Balances

1. Legislative/Regulatory Framework

- 1.1 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 1.2 There is also a requirement reinforced by section 114 of the Local Government Finance Act 1988 which requires the chief financial officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

2. Role of the Finance Director

- 2.1 Within the existing statutory and regulatory framework, it is the responsibility of the finance director (Head of Finance) to advise the local authority about the level of reserves that should be held and to ensure that there are clear protocols for their establishment and use.
- 2.2 There are no statutory minimum levels imposed and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA), or other external agencies, to give prescriptive guidance on the minimum, or maximum, level of reserves required either as an absolute amount or a percentage of the budget.

3. Types of Reserves

- 3.1 Reserves can be held for three main purposes:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves and is commonly referred to as 'balances';
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves or 'balances';
 - A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements – earmarked reserves are accounted for separately but remain legally part of the General Fund.
- 3.2 For each reserve held by a local authority there should be a clear protocol setting out:
 - The reason for/purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserve's management and control; and
 - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

4. Principles to Assess Adequacy

- 4.1 In order to assess the adequacy of unallocated general reserves when setting the budget or the MTFP chief finance officers should take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings. The following factors should be considered:

Budget Assumptions	Financial Standing and Management Assessment/Impact
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, debt outstanding, council tax and business rate collection rates, etc.), commodity prices e.g. fuel, the cost of borrowing and anticipated investment returns
Estimates of the level and timing of capital receipts	The authority's track record in budget and financial management including the robustness of the medium term financial plans
The treatment of demand led pressures	The authority's capacity to manage in-year budget pressures
The treatment of planned efficiency savings/gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The authority's virement and end of year procedures in relation to budget under/over spends at authority and directorate level and any contract provisions, designed to safeguard the authority's position
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the authority's insurance arrangements to cover major unforeseen risks
The general financial climate to which the authority is subject.	External factors such as future funding levels, referenda principles/limits and the authority's ability to replenish reserves once used

- 4.2 The Council's minimum prudent level of balances, calculating the requirement at approximately 5% of net expenditure before other government grants (£696,850) together with the element of the reduction in business rates that authorities must meet before the Government would consider any safety net payment (£167,730 in 2019/20), is now £864,580. This is reviewed annually as part of the budget process.

4.3 A review of the level of earmarked reserves is also undertaken as part of the annual budget preparation and as part of the closure of accounts process. The Council does not regularly monitor the opportunity costs of maintaining its levels of earmarked reserves as these are generally not held as a form of investment but to meet a recognised need.

5. Reporting Framework

5.1 The level and utilisation of general and earmarked reserves is determined formally by Cabinet in October, with the approval of the MTFP, and in February, at the annual budget setting meeting, informed by the advice and judgement of the finance director.

5.2 Both reports include a statement showing the estimated opening general and reserve fund balances for the year ahead, the additions/withdrawals, and the estimated end of year balances. A statement is also included commenting on the adequacy of the general and earmarked reserves in respect of the forthcoming financial years.

6. Reserves Protocol

Reserve as at 31.03.19	Purpose	How and When Used	Procedures for management and control	Timescale for review
Building Control	Fundamental principle of the Building Regs. Scheme introduced 1 April 1999, subsequently amended by the 2010 Regulations.	3 to 5 year rolling accounting period over which costs should equate with charge income.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Capital Investment	To fund capital investment avoiding the need to borrow.	Used to finance the council's capital investment needs.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
Elections	To meet the cost of the Borough Election.	Used to smooth the impact of the Borough Election which occurs every four years and is next due in May 2019.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Enterprise Zone (EZ) Growth	Established in 2018/19 to hold business rates growth from the EZ	Ring-fenced for investment in the EZ, primarily for infrastructure improvements	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Insurance	To meet the cost of insurance claims.	Used to fund the cost of insurance excess and any associated costs not covered by any premium.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Investment – ICT Strategy	Established to renew ICT equipment on a rolling replacement in accordance with the ICT Plan.	Used to smooth the revenue impact of ensuring that the ICT infrastructure and equipment remains 'fit for purpose'.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.

Reserve as at 31.03.19	Purpose	How and When Used	Procedures for management and control	Timescale for review
Land Charges	Compliance with guidance issued by the Lord Chancellor (Section 13A, LLCA 1975).	Councils are required to assess the cost of providing a service, the projected take-up of that service and thus the charge that should be made over a period of between one and three years.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Leisure Management	To meet the Council's share of the cost of Leisure Management in excess of the agreed target cost/fund reinvestment.	Partnering arrangement whereby the partners share financial risk and reward – See Legal Agreement.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
New Homes Bonus (2011/12, 2012/13 and 2013/14 Awards only, plus 2016/17 top-up from general underspends)	To encourage local authorities to facilitate housing growth.	Supports the shortfall in income, resulting from the decision to freeze the level of council tax, through to the end of 2023/24.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Non-Domestic Rates Equalisation	To protect against volatility associated with the new Business Rate Retention Scheme.	Section 31 grant receipts, net of NDR levy, used to cushion the Council against future reductions in business rate income, including the financial impact of successful appeals as notified by the Valuation Office.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Performance Reward Initiatives	To assist the delivery of Shaping Your Neighbourhood projects.	Used to support the delivery of the local projects developed as part of the Shaping Your Neighbourhood Initiative.	Managed by the Head of Finance	Annually and subject to individual reports on proposals for usage.
Property Investment Fund	Established in 2018/19 initially as a two year pilot to explore investing in commercial property.	A Property Investment Board is responsible for making decisions on how the fund is utilised.		Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
Value For Money	Invest to save projects	Originally created to fund VFM initiatives, which may incur up-front costs and now incorporates supplementary grants awarded for the administration of council tax, NDR, housing benefit and LCTS.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
Vehicle Replacement/ Street Cleansing Maintenance	Replacement of the Council's vehicle fleet and smoothing the maintenance cost for the street cleaning vehicles.	Funding to meet current and anticipated vehicle/ plant requirements - ultimately charging the cost to revenue over the life of the asset. Also includes maintenance of street cleansing vehicles and set-up costs for MOT station.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process as well as subject to individual reports on proposals for usage.

Appendix 5

Type of Risk	Likelihood	Severity	Level of Risk	Control	Review	Responsible	Reports To
Financial Forecast is wrong.	Low (1)	High (3)	Medium (3)	Review the base budget and adjust for known and likely variations impacting on the forecast.	Ongoing	Head of Finance	Management Board; Cabinet.
Expenditure greater than budget.	Low (1)	High (3)	Medium (3)	Budget monitoring of revenue spend. Budget monitoring of capital spend. 5-Year Financial Forecast.	Monthly Quarterly 6 Monthly	Cost Centre Managers; Financial Services Spending Officers and Head of Finance Head of Finance	Management Board Cabinet Management Board
Unforeseen expenditure, new schemes/initiatives.	Low (1)	High (3)	Medium (3)	Maintenance of a general contingency and review of priorities.	Ongoing	Head of Finance	Management Board
Over dependence on use of reserves and balances.	Medium (2)	Medium (2)	Medium (4)	Compliance with CIPFA guidance on local authority reserves and balances. Adequacy assessed as part of budget process, MTFP and closure of accounts.	Ongoing	Head of Finance	Cabinet; Council.
Income targets not achieved owing to economic climate impacting on demand.	Low (1)	Medium (2)	Low (2)	Risk assessment of major income generators during budget preparation – realistic targets built into budget. Regular monitoring of income as part of budget monitoring.	Annually Monthly	Financial Services	Management Board; Cabinet.
Efficiency savings not achieved.	Medium (2)	High (3)	High (6)	Regular review as part of budget monitoring.	Monthly	Management Team	Management Board
Income from investments is lower than expected.	Low (1)	Low (1)	Low (1)	Budget monitoring.	Monthly	Head of Finance	Management Board; Cabinet.
Changes in Government Funding e.g. cessation of Revenue Support Grant and reduction in New Homes Bonus.	Medium (2)	High (3)	High (6)	Limit reliance on this type of funding and review other options, highlighting sensitivities in the MTFP.	Ongoing	Head of Finance	Management Board
Changes to Local Government Finance resulting from Business Rates Retention Scheme e.g. unfavourable variations in reliefs, decline in RVs, growth, collection rates, beneficial	Medium (2)	High (3)	High (6)	Close monitoring of current and any new arrangements and establishment of an earmarked reserve to cushion against volatility.	Ongoing	Head of Finance	Management Board

impact of pooling is not realised, etc.							
Type of Risk (Cont'd)	Likelihood	Severity	Level of Risk	Control	Review	Responsible	Reports To
Potential volatility of the fuel/energy market adding further increases to fuel, heating and lighting.	Low (1)	Medium (2)	Low (2)	Close monitoring of revenue spend. Re-negotiation of energy contracts when they fall due.	Monthly	Head of Finance	Management Team
Capital receipts are not realised from asset disposals.	Medium (2)	High (3)	High (6)	Prioritisation of disposals and effective marketing of sites.	Ongoing	Service Director Performance and Innovation and Head of Built Environment	Management Team
Potential volatility concerning aspects of the new Localised Council Tax Support Scheme in conjunction with the Universal Credit rollout e.g. caseload, collection rates, etc.	Medium (2)	Medium (2)	Medium (4)	Close monitoring of new arrangements.	Monthly	Head of Finance and Service Director People and Places	Management Board
New cost pressures are devolved by Central Government as part of the 75% or 100% Business Rates Retention Scheme without the necessary funding.	Medium (2)	Medium (2)	Medium (4)	Early monitoring of situation allowing the development of plans to mitigate financial impact.	Ongoing	Head of Finance	Management Board

dem/cab/cr/19/1610cj3



Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance	Cabinet	16 October 2019

Capital programme review and monitoring report

1. Purpose of report

1.1 To consider the summary of the Spending Officers' (April to end August 2019) review of the 2019/20 Capital Budget and its impact on the Capital Programme thereafter.

2. Outcomes

2.1 The delivery of the Capital Programme and its monitoring will demonstrate good financial management by ensuring that the Programme is soundly based and designed to deliver the Council's strategic priorities.

3. Recommendation

3.1 That the Capital Programme and its funding be updated to reflect the changes indicated in the report and that the impact on the Revenue Budget is reflected in the Medium Term Financial Plan (MTFP) and future revisions of the Revenue Estimates.

4. Background

4.1 As part of the Council's Performance Management process spending officers and Financial Services review the progress of Capital scheme expenditure against the approved Programme. These reviews are carried out at least three times a year to coincide with key budget planning cycles. The summary results of this first review of the 2019/20 programme, as at 31 August 2019, are contained in Appendix 1.

- 4.2** The Original Capital Budget for 2019/20 was set at £6,226,423. Details of the changes either in expenditure or its funding since then (see Appendix 1) can be found in the appropriate Cabinet, Audit Committee or Portfolio Holder reports. The main variations in spend against profiled budget and budget changes from the first review, as a result of Officers' information, are detailed in Appendix 2.

5. Key issues and proposals

- Appendix 1 shows actual costs and commitments totalling £1,257,516 up to the end of period 5 against the Officers' profiled budget of £2,184,497 representing a spend of 57.6%. The main scheme variations in spend against profiled budget are shown in Appendix 2, section A.
- The current 2019/20 Capital Programme includes eleven schemes that have been slipped from 2018/19. These schemes were reported to Audit Committee 30 July 2019 as part of the 2018/19 Final Accounts report and can be seen at Appendix 3.
- At 31 August 2019 there were two current year schemes that had not been reported to Portfolio Holders for scheme approval (see Appendix 2, section A1).
- As a result of the period 5 review, when compared to the current approved Budget taking into account rephasing of schemes and recognising increases/decreases, aggregate expenditure in 2019/20 is now expected to be £234,398 lower as listed in Appendix 2, section B1.

Leisure, Health and Community Engagement Portfolio

- Reception refurbishment works at Garstang Pool – this scheme has been completed. £1,000 will be held back for retention. The remaining budget of £8,809 will be returned to the capital investment reserve as an underspend.

Neighbourhood Services and Community Safety Portfolio

- Disabled Facilities Mandatory Grants – actual spend up to period 5 is £220,456 above profiled budget. Officers anticipate that expenditure will be within budget at year end. The budget is to be increased by an additional £75,000 contribution from Regenda.
- Rossall Seawall Improvement Works – the scheme was opened to the public on 1 June 2018 and only the retention is still to be paid.
- Wyre Beach Management Business Case – a business case is being developed and will be presented to the Environment Agency in November 2019 to determine the future direction of this project.

Resources Portfolio

- Vehicle Replacement – the ongoing review of requirements is reflected in Appendix 2 section B. Revised costs are being met from the Vehicle

Replacement Reserve. The reserve reflects the funding set aside at year-end for the purchase and ongoing replacement of the refuse collection vehicles in 2019/20 onwards.

- Roofing works at the Civic Centre and Copse Road Depot – work has begun to improve the flat roof areas of the aforementioned sites and is due to be complete within budget within and timescales.

Street Scene, Parks and Open Spaces Portfolio

- Restoration of the Mount – the original budget for 2019/20 was £1,181,545. A revised cashflow projects a budget requirement this year of £893,447. The remaining 288,098 will be re-phased to 2020/21.

Capital Grants, Contributions and Receipts

- There has been an increase in 2019/20 external funding since the original Capital Programme was approved by Cabinet 13 February 2019. The Better Care Funding award for 2019/20 was finalised with a further £64,308 for provision of Disabled Facilities Grants and an additional £643,730 for CCF5.

Financial and legal implications	
Finance	The changes to the Capital Programme expenditure following the review as at the end of period 5 and the funding indicated in Appendix 1 (2019/20 through to 2023/24) do not require any additional use of Capital Receipts.
Legal	None arising directly from this report

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	✓
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

Report Author	Telephone No.	Email	Date
Ben Ralphs, Senior Accountant	01253 887317	ben.ralphs@wyre.gov.uk	27/09/18

List of background papers:		
Name of Document	Date	Where available for inspection
None		

List of appendices

Appendix 1 – Capital Programme and Funding

Appendix 2 – 2019/20 Expenditure Changes and Funding Issues as at 31 August 2019 Review

Appendix 3 – Extract from 2018/19 Final Accounts report Appendix 2 – Table 2 to Audit Committee 30 July 2019

arm/dems/cab/cr/1610cj4

Capital Programme and Funding

Appendix 1

	Full Year Budget £	Funded by			Loan £	Total Funded £
		Grants and Contributions £	Revenue £	Capital Receipts £		
Capital Budget - 2019/20						
Original overall approval, part of 19/20 Council Tax setting	6,226,423	3,080,590	3,109,500	36,333	0	6,226,423

Overall approval after new and revised allocations including Garstang Leisure Centre Fitness Equipment, Civic Centre Roof Works, Tablet Devices for Councillors, Roof works to VMU at Copse Road, Reception Refurbishment works at GarstangPool, Fleetwood Market works (CCF5), Disabled Facilities Grant (DFG).						
Also after 2018/19 Final Accounts report to Audit Committee 30/7/19	8,485,329	4,348,281	4,093,852	43,196	0	8,485,329

All 2019/20 schemes - by Director	Actual to 31st August 2019	Commitments	Profiled budget to end of Period 5	Current Full Year Budget
	£		£	£
<u>Service Director for:-</u>				
Health and Wellbeing	957,875	0	737,419	1,850,176
People and Places	-1,037,526	1,081,075	843,640	5,565,041
Performance and Innovation	119,721	136,371	603,438	1,070,112
	<u>40,070</u>	<u>1,217,446</u>	<u>2,184,497</u>	<u>8,485,329</u>

All 2019/20 schemes - by Portfolio	Actual to 31st August 2019	Commitments	Profiled budget to end of Period 5	Current Full Year Budget
	£		£	£
<u>Portfolio:-</u>				
Leisure, Health and Community Engagement	63,786	1,894	58,257	75,477
Neighbourhood Services and Community Safety	-344,817	1,005,594	1,256,697	2,449,900
Planning and Economic Development	5,979	0	268,371	643,730
Resources	258,572	134,929	520,532	3,193,375
Street Scene, Parks and Open Spaces	56,551	75,030	80,640	2,122,847
	<u>40,070</u>	<u>1,217,446</u>	<u>2,184,497</u>	<u>8,485,329</u>

	Full Year Budget £	Funded by			Loan £	Total Funded £
		Grants and Contributions £	Revenue £	Capital Receipts £		
Latest Capital Budget 2019/20 after Period 5 review	8,250,931	4,135,183	4,072,552	43,196	0	8,250,931

Appendix 1 - Continued

	Full Year Budget £	Funded by Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	Total Funded £
Capital Budget - 2020/21						
Original overall approval, part of 19/20 Council Tax setting	2,828,386	2,401,686	426,700	0	0	2,828,386
Increased estimate in Disabled Facilities Grant allocation	64,308	64,308	0	0	0	64,308
Restoration of The Mount rephased budget	288,098	288,098	0	0	0	288,098
CCF5 Digital Signage	58,000	58,000	0	0	0	58,000
Vehicle replacement programme rephasing at 2018/19 outturn	37,000	0	37,000	0	0	37,000
Vehicle replacement programme rephasing at P5 2019/20	178,000	0	178,000	0	0	178,000
Latest Capital Budget 2020/21 after 2019/20 P5 review	3,453,792	2,812,092	641,700	0	0	3,453,792
Capital Budget - 2021/22						
Original overall approval, part of 19/20 Council Tax setting	1,993,314	1,768,819	224,495	0	0	1,993,314
Increased estimate in Disabled Facilities Grant allocation	64,308	64,308	0	0	0	64,308
Vehicle replacement programme rephasing at P5 2019/20	54,500	0	54,500	0	0	54,500
Latest Capital Budget 2021/22 after 2019/20 P5 review	2,112,122	1,833,127	278,995	0	0	2,112,122
Capital Budget - 2022/23						
Original overall approval, part of 19/20 Council Tax setting	1,829,819	1,768,819	61,000	0	0	1,829,819
Increased estimate in Disabled Facilities Grant allocation	64,308	64,308	0	0	0	64,308
Latest Capital Budget 2022/23 after 19/20 P5 review	1,894,127	1,833,127	61,000	0	0	1,894,127
Capital Budget - 2023/24						
Original overall approval, part of 19/20 Council Tax setting	1,842,319	1,768,819	73,500	0	0	1,842,319
Increased estimate in Disabled Facilities Grant allocation	64,308	64,308	0	0	0	64,308
Vehicle replacement programme	77,000	0	77,000	0	0	77,000
Latest Capital Budget 2023/24 after 19/20 P5 review	1,983,627	1,833,127	150,500	0	0	1,983,627

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2019/20 Period 5 Expenditure changes and Funding Issues

Appendix 2

A) Main Scheme variations - actuals and commitments to 31/08/19 compared with profiled budget

	Actual to 31st August 19 £	Commitments £	Profiled budget to end Period 5 £	Current Full Year Budget £
<u>A1) Schemes for which Portfolio Holder approval reports have yet to be considered</u>				
<u>Neighbourhood Services and Community Safety</u>				
Empty Homes Delivery	0	0	0	17,049
<u>Street Scene, Parks and Open Spaces</u>				
Playground Refurbishment Unallocated	0	0	0	28,662
<u>A2) Main Schemes with slower spend progress than anticipated</u>				
<u>Neighbourhood Services and Community Safety</u>				
Coastal protection Cell 11 monitoring	4,589	122	12,555	31,805
<u>Planning and Economic Development</u>				
CCF5 Fleetwood Outdoor Market Area	0	0	139,332	334,210
CCF5 Adelaide Street Services	5,979	0	129,039	309,520
<u>Resources</u>				
Vehicle Fleet Replacement Programme	208,040	0	242,552	2,841,300
MOT Test Centre	575	452	1,170	1,170
Civic Centre Roof Works	0	0	41,690	100,000
IT Service Management Software	0	0	5,140	5,140
Citizens Access Portal	44,100	84,000	173,510	173,510
Tablet Devices for Councillors	12,948	1,011	22,330	22,330
<u>A3) Main Schemes with greater spend progress than anticipated</u>				
<u>Leisure, Health and Community Engagement</u>				
Garstang Leisure Centre Fitness Equipment	27,648	1,894	12,310	29,530
<u>Neighbourhood Services and Community Safety</u>				
Disabled Facilities Grant	957,875	0	737,419	1,833,127
Coastal Protection - Wyre Beach Management - In House Fees	74,642	597,234	101,272	58,630
<u>Resources</u>				
Cash Receipting System Upgrade	-7,091	44,325	34,140	34,140
<u>Street Scene, Parks and Open Spaces</u>				
Mariners Close Playground Removal/Relandscaping	0	19,995	19,663	19,663
Restoration of the Mount	26,437	48,650	0	1,181,545
Sub-Total	1,355,742	797,683	1,672,122	7,021,331
All other schemes (includes retention)	-1,315,672	419,763	-188,041	1,463,998
	40,070	1,217,446	1,484,081	8,485,329

B) 2019/20 Period 5 Review changes

	Budget Adjustment £	Funded by	Revenue £	Capital Receipts £	Loan £	Total Funded £
		Grants and Contributions £				
<u>B1) Capital Budget - 2019/20 changes as a result of P5 review</u>						
<u>Changes in schemes as a result of rephasing, increased costs, reduced costs and externally funded schemes</u>						
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Grant	75,000	75,000	0	0	0	75,000
<u>Resources</u>						
Vehicle replacement programme	-21,300	0	-21,300	0	0	-21,300
<u>Street Scene, Parks and Open Spaces</u>						
Restoration of the Mount	-288,098	-288,098	0	0	0	-288,098
	-234,398	-213,098	-21,300	0	0	-234,398
<u>B2) Capital Budget - 2020/21 changes</u>						
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Mandatory Grants	64,308	64,308	0	0	0	64,308
<u>Planning and Economic Development</u>						
CCF5 Digital Signage	58,000	58,000	0	0	0	58,000
<u>Resources</u>						
Vehicle replacement programme	215,000	0	215,000	0	0	215,000

<u>Street Scene, Parks and Open Spaces</u>						
Restoration of the Mount	288,098	288,098	0	0	0	288,098
	625,406	410,406	215,000	0	0	625,406
B3) Capital Budget - 2021/22 changes						
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Mandatory Grants	64,308	64,308	0	0	0	64,308
<u>Resources</u>						
Vehicle replacement programme	54,500	0	54,500	0	0	54,500
	118,808	64,308	54,500	0	0	118,808
B4) Capital Budget - 2022/23 changes						
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Mandatory Grants	64,308	64,308	0	0	0	64,308
B4) Capital Budget - 2023/24 changes						
<u>Neighbourhood Services and Community Safety</u>						
Disabled Facilities Mandatory Grants	64,308	64,308	0	0	0	64,308
<u>Resources</u>						
Vehicle replacement programme	77,000	0	77,000	0	0	77,000
	141,308	64,308	77,000	0	0	141,308

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Comparison of Capital Expenditure to Budget

Appendix 3 - Table 2

	Updated Revised 2018/19 Budget £	To 31st March 19 Actuals £	Variance £	Advance spend of 19/20 Budget £	Overspend £	Underspend £	Slippage £	Comments
<u>LEISURE, HEALTH AND COMMUNITY ENGAGEMENT PORTFOLIO</u>								
<u>Health and Wellbeing Directorate</u>								
Thornton Leisure Centre	-5,195	-5,195	0	0	0	0	0	Scheme complete
Poulton Leisure Centre	-3,241	-3,241	0	0	0	0	0	Scheme complete
<u>Performance and Innovation Directorate</u>								
Poulton LC Pool Roof Works	42,635	42,635	0	0	0	0	0	Scheme complete
Roofing Works Fleetwood LC	144,974	144,973	-1	0	0	-1	0	Complete with minor underspend
Portfolio Total	179,173	179,172	-1	0	0	-1	0	
<u>NEIGHBOURHOOD SERVICES AND COMMUNITY SAFETY PORTFOLIO</u>								
<u>Health and Wellbeing Directorate</u>								
<u>Housing</u>								
Disabled Facilities Mandatory Grants	2,192,628	2,192,681	53	0	53	0	0	Complete with small overspend
Additional Disabled Facilities Grants and Social Capital Projects	201,271	201,271	0	0	0	0	0	Scheme complete
<u>People and Places Directorate</u>								
<u>Coast Protection</u>								
Cell 11 Monitoring (Yr 3 of 5yr prog approved annually):External Costs	12,997	8,612	-4,385	0	7,420	0	-11,805	Slippage of externally funded provision in 2018/19 for additional monitoring in 2019/20
Cell 11 Monitoring (Yr 3 of 5yr prog approved annually):In House Fees	21,220	13,800	-7,420	0	0	-7,420	0	
Rossall Seawall Improvement Works External Costs	4,827,852	4,419,096	-408,756	0	0	-3,305	-405,451	Slippage for the completion of Artworks and continuing legal advice
Rossall Seawall Improvement Works In House Fees	44,420	47,521	3,101	0	3,101	0	0	
Wyre Beach Management External Costs	275,156	185,084	-90,072	0	0	-1,604	-88,468	Slippage rephasing
Wyre Beach Management In House Fees	45,840	47,298	1,458	0	1,458	0	0	
Kirkland Flood Defence Embankment	69,000	69,000	0	0	0	0	0	Scheme complete
Portfolio Total	7,690,384	7,184,363	-506,021	0	12,032	-12,329	-505,724	
<u>PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO</u>								
<u>Performance and Innovation Directorate</u>								
Fleetwood Market Lighting	47,520	51,911	4,391	0	4,391	0	0	Complete with small overspend funded underspend on Relocation of ICT and Digital Team and previous underspends on Leisure Centre Roofs returned to Capital Investment Reserve.
Portfolio Total	47,520	51,911	4,391	0	4,391	0	0	
<u>RESOURCES PORTFOLIO</u>								
<u>People and Places Directorate</u>								
Vehicle Fleet Replacement Programme	430,686	124,865	-305,821	0	18,679	-324,500	0	Increased costs re two vehicles one of which funded externally and rephasing purchase of eight vehicles to future years
Copse Road Depot MOT Test Centre	2,200	1,030	-1,170	0	0	0	-1,170	Slippage for signage as planning permission now obtained but artwork yet to be agreed.
<u>Performance and Innovation Directorate</u>								
Civic Centre Roof	15,000	15,000	0	0	0	0	0	
IT Service Management Software	26,483	21,343	-5,140	0	0	0	-5,140	Slippage for ongoing consultancy
Relocation of ICT and Digital Team	30,000	27,927	-2,073	0	0	-2,073	0	Complete with underspend
Citizen Access Portal	258,050	109,540	-148,510	0	0	0	-148,510	Slippage project ongoing
Cash Receipting System Upgrade	103,432	69,292	-34,140	0	0	0	-34,140	Slippage to ensure fully operational before going live.
Portfolio Total	865,851	368,997	-496,854	0	18,679	-326,573	-188,960	

Comparison of Capital Expenditure to Budget - Continued

Appendix 3 - Table 2 continued

	Updated Revised 2018/19 Budget £	To 31st March 19 Actuals £	Variance £	Advance spend of 19/20 Budget £	Overspend £	Underspend £	Slippage £	Comments
<u>STREET SCENE, PARKS AND OPEN SPACES PORTFOLIO</u>								
<u>People and Places Directorate</u>								
King George's Playing Field, Thornton	49,000	43,884	-5,116	0	0	0	-5,116	
Mount Grounds Restoration Phase 2	2,616	2,616	0	0	0	0	0	
Memorial Park Fleetwood Heritage scheme Phase 2	0	5,848	5,848	5,848	0	0	0	
Mariners Close Playground Removal/Re-landscaping	19,663	0	-19,663	0	0	0	-19,663	Slippage as project delivery delayed due to staff absence
Refurbishment of Children's Playground Jean Stansfield Park	63,800	32,787	-31,013	0	0	0	-31,013	Slippage due to equipment being supplied later than expected
Bob Williamson Park - Hambleton	15,920	15,920	0	0	0	0	0	
Restoration of the Mount	162,529	162,574	45	45	0	0	0	Small advance spend (externally funded)
King George V Playing Field Exercise Equipment	5,000	0	-5,000	0	0	0	-5,000	
Portfolio Total	318,528	263,629	-54,899	5,893	0	0	-60,792	
GRAND TOTAL	9,101,456	8,048,072	-1,053,384	5,893	35,102	-338,903	-755,476	



Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance (s.151 Officer)	Cabinet	16 October 2019

Cost Profiles – Benchmarking Results 2019/20

1. Purpose of report

- 1.1 To consider the findings of the 2019/20 benchmarking study, a key element used to demonstrate that the council has proper arrangements in place for securing value for money.

2. Outcomes

- 2.1 The demonstration of value for money and an understanding of how well the council's overall service costs compare with others ultimately leading to better value for money services for local people.

3. Recommendations

- 3.1 That the Cabinet considers the benchmarking information attached and uses the findings to influence future service reviews.

4. Background

- 4.1 The council's External Auditors (Deloitte in 2018/19) have a statutory responsibility, as set out in the National Audit Office's (NAO) Code of Audit Practice 2015, to give a value for money conclusion each year as part of their audit of the financial statements. Essentially, the VFM conclusion considers whether the Authority "has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources".
- 4.2 The External Auditors follow a risk based approach to target audit effort on the areas of greatest audit risk. They consider the arrangements put in place by the Authority to mitigate these risks and plan their work accordingly. No significant risks were identified in relation to the VFM conclusion, no additional work has therefore been completed and subsequently they have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

4.3 In the past, Overview and Scrutiny Committee have used the results of the benchmarking study to inform value for money reviews as part of their annual work programme.

5. Key issues and proposals

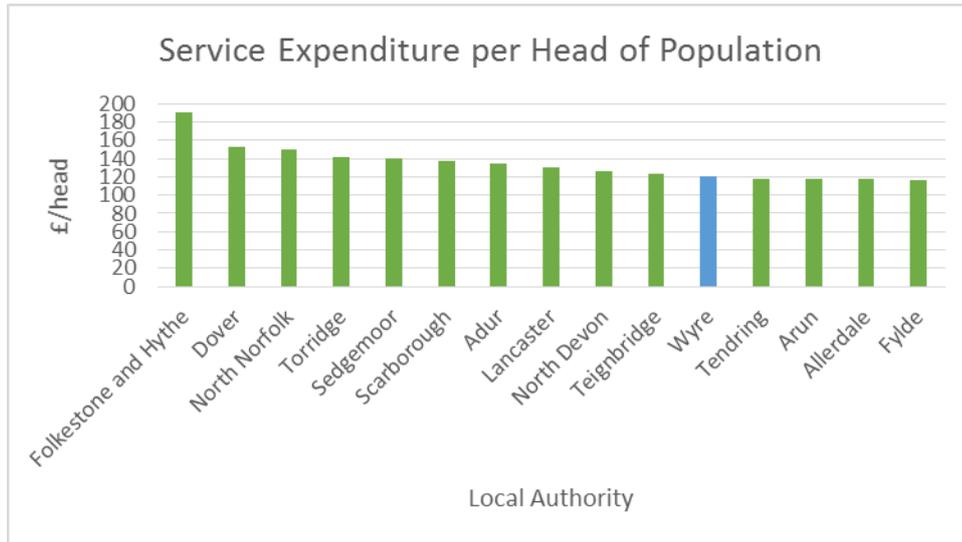
5.1 Statistics published by the Ministry for Housing, Communities and Local Government (MHCLG) have been analysed. These statistics allow us to analyse the money that councils plan to spend on their services each year. To put the spending into context, the information is expressed relative to a number of different denominators with the main one being the council's population.

5.2 Comparisons are based on the 'Nearest Neighbour Group' as recommended by CIPFA in 2016. This is the most recent freely accessible family group available and as such this report concentrates on comparing our costs to those local authorities (14 excluding Wyre that are considered to have similar characteristics, demographics, etc.). Note that Shepway District Council changed its name to Folkestone & Hythe District Council in April 2018. Former member of the Nearest Neighbour Group, Waveney District Council, was merged with Suffolk Coastal District Council to form East Suffolk Council in April 2019 and is no longer included within Wyre's benchmarking group.

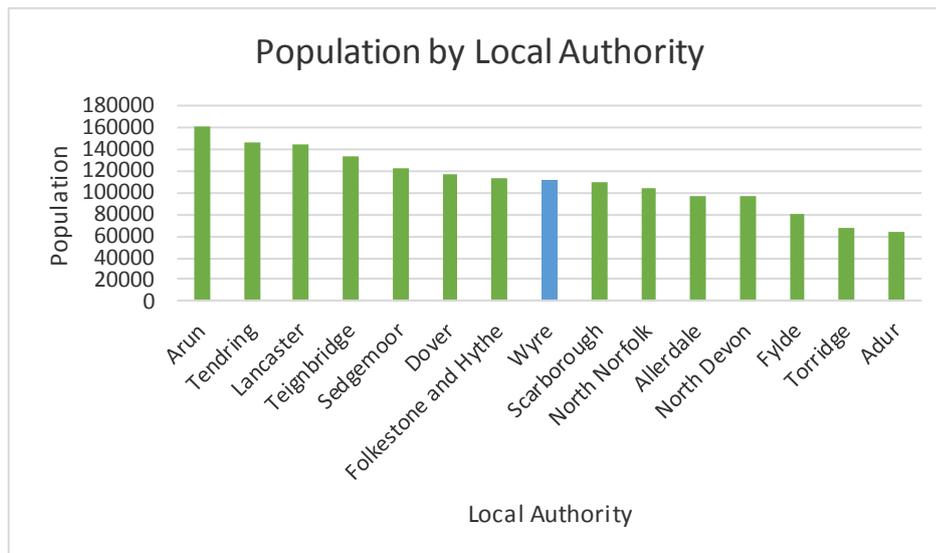
5.3 It is important to state that distinctive features of planned spending are not by themselves either right or wrong and circumstances can vary significantly even between nearest neighbour authorities, with the following questions being raised:

- Is the difference in the council's spending associated with differences in the level of service it provides?
- Is the council's spending consistent with that of other council's providing services in a similar way or quality?
- Has the council's spending changed compared to others in the last three years?
- Is the scale of the service large enough to justify making distinctions between councils?

5.4 The Council's budgeted total expenditure per head of population for 2019/20 is £121.14 and this places us as the 5th lowest spender in the group (compared to 4th lowest in 2018/19 at £120.40 per head of population).



5.5 The population information used in the report is taken from the mid-year estimates of population published by the Office of National Statistics (ONS). Our spending plan for 2019/20 uses the Registrar General’s population estimate in June 2018 of 111,223 which places us as the 8th smallest authority out of the 15 in the group.



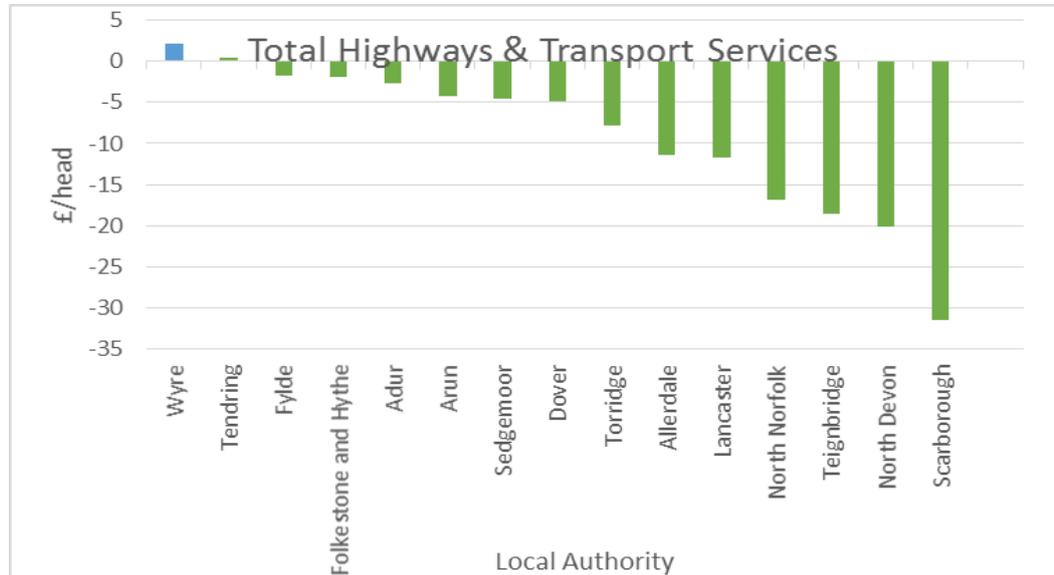
5.6 The total expenditure cost of £121.14 per head of population is made up as follows (figures in brackets show the 2018/19 equivalent):

	£	%
Highways and Transport Services	2.04	2 (2)
Housing Services	10.59	9 (8)
Cultural and Related Services	28.24	23 (22)
Environmental and Regulatory Services	45.18	37 (37)
Planning and Development Services	3.84	3 (5)
Central Services	31.24	26 (26)
Total	121.14	100 (100)

5.7 The following paragraphs of the report will take each area in turn and summarise any key findings.

5.8 Highways and Transport Services

At Wyre, net expenditure on highways and transport services is £2.04 per head of population, equivalent to just 2% of the total spend per head but is the most expensive in the group.



- The net income that we earn from car parking is £1.44 per head of daytime population with only one authority earning less than us. Scarborough is the highest earning authority in the group reporting net income of £31.06 per head with North Devon being the next highest and earning £20.22 and Fylde reporting earnings of £3.64. If we add back in the rental income for the two car parks now operated by Booths our income rises to £2.92 per head but our ranking stays the same;
- The cost for Public Transport, essentially the Fleetwood to Knott End Ferry, Bus Shelters and the Bus Station at Cleveleys is £1.34 per head. If the ferry is stripped out, our unit cost becomes £0.44 per head and our position remains 12th overall with three group members declaring a nil spend;
- Highways maintenance, including support for the LCC agency agreement and non-agency roads, are £1.83 per head of population, the highest spend, with 7 authorities declaring a nil spend. This includes maintenance of roundabouts, shrub beds and other features installed on highway land owned by Wyre as well as the maintenance of adopted highways following the housing stock transfer;
- Transport Planning, Policy and Strategy encompasses support service recharges totalling c.£8k only and although identified in the survey is not a cashable saving and is below the £30k threshold for further investigation.
- Of the eight authorities declaring expenditure against Street Lighting, Wyre is ranked as the joint 2nd lowest spender at £0.24 per head. Tendring at £0.11 per head is the best performer within the group. This reflects the transfer of Street Lighting to Lancashire County Council (LCC) a number of years ago leaving a modest budget mainly for festive lighting.

5.9 Housing Services

- Wyre is the 2nd lowest spender with expenditure on Housing Services of £10.59, 9% of the spending. Administration of housing benefit at £109.12 per Housing Benefit claimant (6,241) places us 9th in the group prior to the receipt of government grant, with the true cost to the council after grant being only £48.94 per claimant.

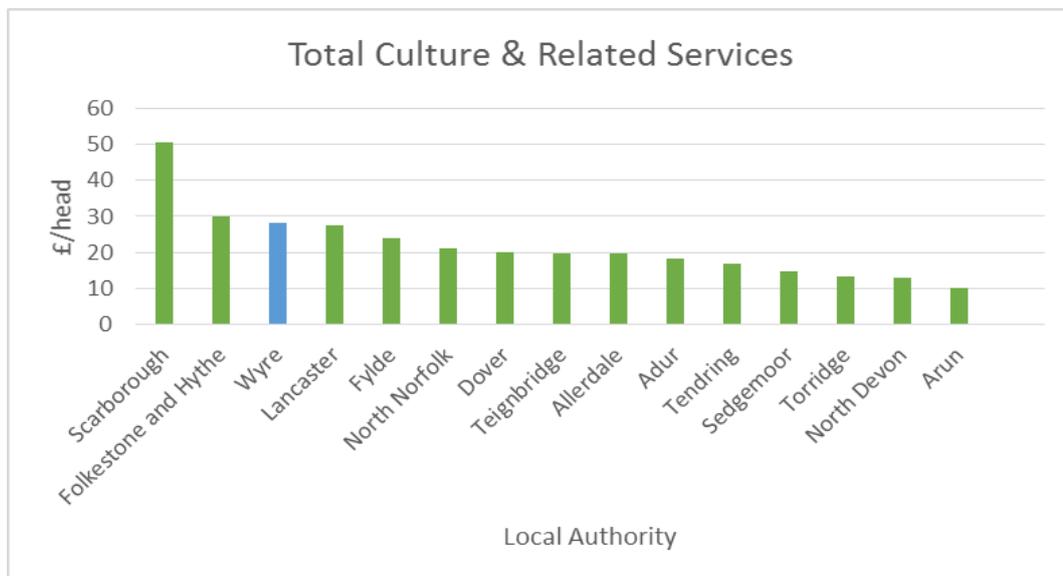


- The costs of the homelessness service at £141,667 per household accepted as homeless (3) place us as the second highest spender in the group. Fylde had 4 cases of households accepted as homeless, and their unit cost is significantly below Wyre's at £34,000. If the denominator is changed across the group to reflect homelessness prevention and relief cases then the costs of the homelessness service are £955 per case placing us as the 3rd lowest spending authority in the group (Fylde ranked as 7th best). North Devon at £397 is the best performing member of the family group.
- Discretionary rent rebates and rent allowances, where we voluntarily disregard war disablement and war widows' pensions, at £7.53 per Housing Benefit claimant place us as the 3rd lowest spender, with only Fylde reporting a surplus of £170.59, although this suggests it could be an error. It should be remembered, however, that much of this cost is met by the government in the form of housing subsidy. The real cost to the council for local housing benefit schemes in 2019/20 is expected to be £1.94 per Housing Benefit claimant.
- Only Fylde in addition to Wyre has categorised expenditure as 'supporting people' costs, with Wyre, reflecting its Care and Repair and Handy Persons Scheme, being the highest spender at £0.32. Without government grants and contributions from Fylde to run their service, the cost would rise to £2.03. LCC have announced funding will cease beyond March 2020 and the future of these services is being reviewed.

5.10 Cultural and Related Services

This includes culture and heritage, recreation and sport, open spaces and tourism. Wyre is ranked as the 3rd most expensive, with a cost of £28.24

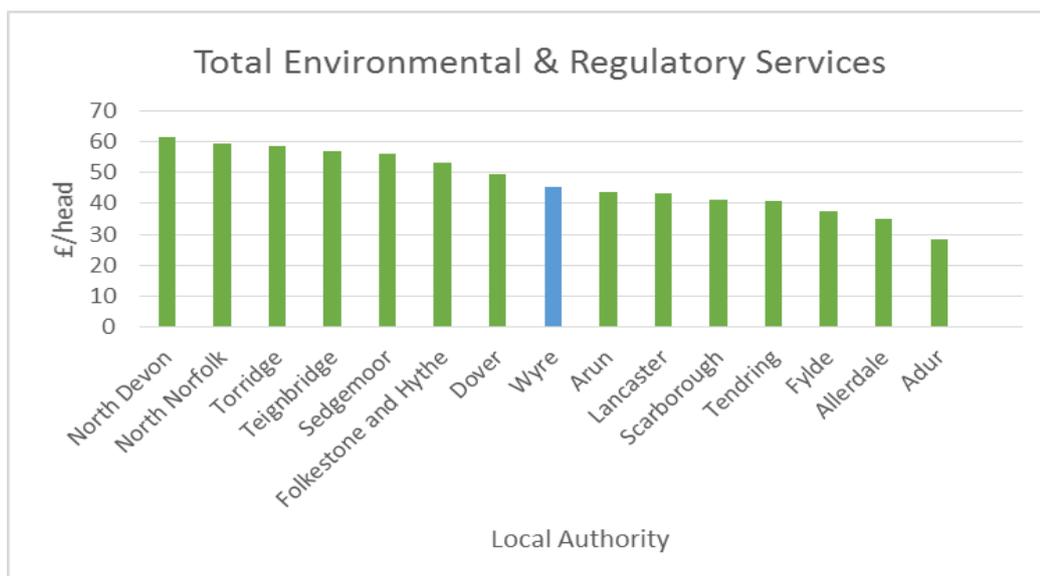
per head of population – 23% of spending. Only Scarborough and Folkestone & Hythe are spending more than Wyre, although the gap between the top spender and the 3rd place authority is greater than one third.



- Culture and heritage costs, incorporating the Marine Hall, Thornton Little Theatre, Marsh Mill, the Wyre Volunteer Project and Arts Development/Promotion, are the 5th highest spend in the family group at £5.53 with the highest spend being Scarborough at £13.14 and the second highest being Lancaster at £6.89;
- Recreation and Sport costs of £7.71 per head results in Wyre being the 10th highest spender within the group;
- Parks and open spaces costs which include Wyre Estuary Country Park, Rossall Point and the Allotments show us to be the 5th highest spender based on local authority area at £51.35. Dover and Tendring have comparable local authority areas in size and their unit costs are £26.15 and £19.54 respectively (both mid-table). Also included here is the impact of areas that relate to the transfer of housing stock although this is not thought to be a significant factor following a high level review undertaken last year;
- Tourism costs of £1.95 place us as the 6th highest spender with Allerdale reporting a £3.72 surplus.

5.11 Environmental and Regulatory Services

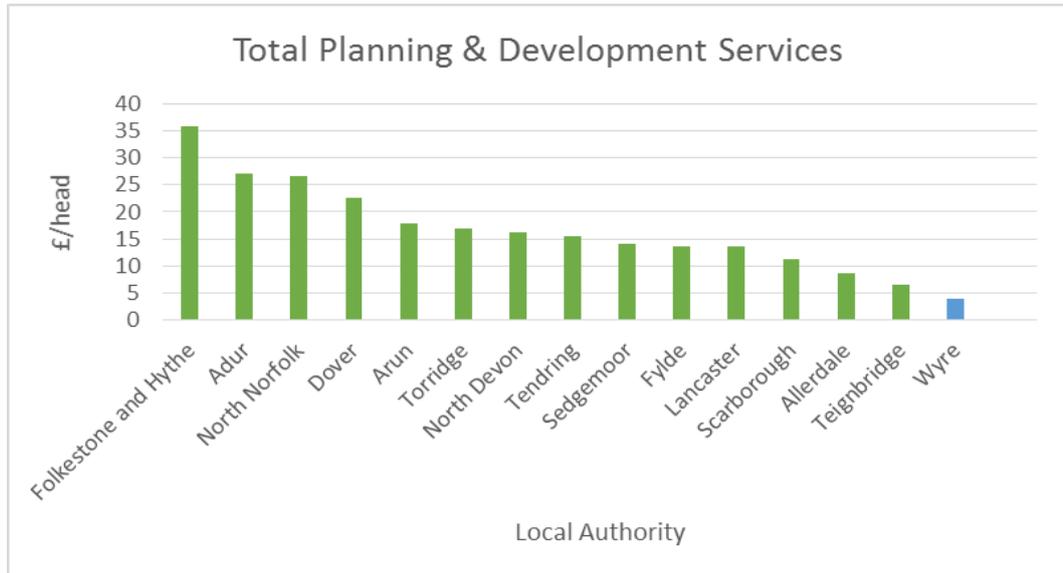
The cost profiles show Wyre as the 8th highest spender in the group with expenditure of £45.18 per head of population – 37% of spending.



- Owing to the difficulty in accurately identifying contractor and client costs for the different waste streams, these two service areas have been combined. When Waste Collection, Waste Disposal and Recycling are combined our total spend of £18.05 is the 6th lowest in the family group;
- Of the fourteen authorities within the group declaring expenditure, Wyre's Cemetery, Cremation and Mortuary Services spend at £0.10 per head is 7th best. The top performing authority is Fylde with net income of £9.95 per head;
- Regulatory Services spend is £10.18, meaning that Wyre ranks as the 3rd lowest spender per head of population within the Nearest Neighbour Group. Sedgemoor at £7.72 is the best performing Local Authority within the group;
- Wyre's Community Safety (includes CCTV) unit rate per head is £2.27, making it the 8th highest spender within the family group. The top ranked Local Authority is Allerdale at £0.17;
- Wyre is the 10th highest spender for Other Environmental and Regulatory Services which includes Trade Waste, Coast Protection, Flooding and Land Drainage at £4.27 per head of population, with Sedgemoor spending the most at £13.14 per head of population and both Allerdale and Adur generating surpluses of £5.65 and £3.32 respectively. In this category, Wyre's highest area of spend is in relation to sea defences (78%);
- Street Cleansing expenditure at £10.31 per head of daytime population for Wyre results in a ranking of 7th lowest spending Local Authority within the group. The lowest spending authority at £5.71 is Sedgemoor.

5.12 Planning and Development Services

Wyre is the lowest spender on planning and development services within its family group at £3.84 per head – 3% of spending – primarily due to the income from the council's property portfolio.



- Of the fourteen authorities reporting spend against Economic Research and Economic Development, Wyre has a net income per head of -£3.20, making it the top ranking authority. This, however, includes investment income of c. £332k which, when stripped out, results in a net income of £0.21 and still makes Wyre the top ranking authority within the group;
- In terms of Building Control, Wyre’s cost per planning decision is 6th best within the group at £106. The best ranked authority, Teignbridge, reported a net income of -£6 per planning decision;
- Wyre is ranked as the 5th best performer within its family group in terms of its Development Control cost per decision at £382;
- In terms of Planning Policy, Wyre’s spend of £2.73 makes per head makes it the best ranking authority within the family group.
- Of the eleven authorities reporting spend on Community Development, Wyre is ranked as the best performer at £0.23 per head.
- Business Support includes Business Support and Wyred-Up at £21.09 per number of active businesses in Wyre (4,125). This reveals Wyre to be the 5th highest spender of 9 authorities who report expenditure, with 4 authorities reporting net income including Teignbridge, the highest at £146 per business.

5.13 Central Services

With expenditure of £31.24 for Central Services, approximately 26% of the budget, Wyre is the 2nd lowest spender in the family group.



- Wyre is ranked as the 5th best performer in terms of its spend per head on Corporate and Democratic Core at £11.41. The best performing authority is Arun at £7.70;
- Local Tax Collection, measured per taxable property within an authority, costs £15.54 for Wyre which is 6th lowest within the Nearest Neighbour Group. Adur was the best performing authority at £9.19 per taxable property;
- Wyre's Emergency Planning unit rate is £0.42 per head which places us as the joint 4th best performing authority within our family group. The lowest unit rate was £0.25 for Teignbridge;
- Other Central Services, essentially Electoral Registration, Elections, Land Charges and Grant Support costs £3.91 per head of population which places Wyre as the 6th lowest spending authority per head within the family group;
- Non-Distributed Costs retirement benefits - relates to costs associated with past service, settlements and curtailments i.e. anything other than current service pension costs - of £8.20 per head place Wyre as the 5th best performing Local Authority within the group. The top ranked authority is Tendring at £0.29 per head.

5.14 Summary

Based on the above analysis and applying knowledge of Wyre's unique circumstances, a number of areas have been identified as potentially underperforming relative to our peers within the Nearest Neighbour Group.

Update on 2018/19

- Parking Services income, at £1.44 per head of population, ranks us as the 2nd lowest performer within our family group in 2019/20. This represents an improvement against our equivalent figure from 2018/19 of £1.25. A review of Residents Parking Permits is underway with a Portfolio Holder report expected this year. The trend for car parking income generally over the last couple of years has been downwards and O&S are scheduled to review the impact of the new fees and charges introduced in April 2019;
- Highways Maintenance, at £1.83 per head, places Wyre as the most

expensive performer within its family group in 2019/20. Although not a huge cost, 2018/19 data also placed us as the most expensive authority with a unit cost per head of £1.88. Last year, a review of the costs associated with the transfer of housing stock was recommended and a high level exercise has been undertaken. The results of this have shown that the impact is minimal and no further action is planned.

- Wyre’s spend per hectare on Parks and Open Spaces is £51.35, making us the 5th highest spending authority within our family group. This compares to the 2018/19 cost per hectare of £47.11, indicating that costs have increased year-on-year in the region of 9%. Last year it was recommended that we review the use of our parks and open spaces in order to maximise the potential to generate income. This is expected to generate only modest returns. As with highways costs above, a review of the costs associated with the transfer of housing stock was recommended and a high level exercise has been undertaken. The results of this have shown that the impact is minimal and no further action is planned.

Looking ahead

- Culture and Related Services – Wyre is ranked as the 3rd worst performer within the family group at £28.24 per head of population for 2019/20. As a Council we are committed to continuing to drive down the subsidy at both Marine Hall and the YMCA, with phased reductions to the subsidy at the leisure centres agreed for 2019/20;
- As mentioned above, Parking Services remains an area to be reviewed in order to assess the impact of the new fees and charges and a Portfolio Holder report is expected later this year on Residents Parking Permits with the expectation that changes to the scheme will support additional income generation across our car parks;
- Homelessness has received a significant amount of national attention and external funding in recent years. Our expenditure remains relatively high across this area, particularly when based on cases of households being accepted as homeless and it is recommended that further work is done to understand our level of costs compared to our nearest neighbours.

5.15 Further Work

The scrutiny programme for the current year includes a review of income from charging. The findings outlined in this report will hopefully assist the council in selecting any future service areas for review in 2019/20.

Financial and legal implications	
Finance	The Council’s Medium Term Financial Plan identifies the need to secure efficiency savings in future years. The delivery of value for money services will not only assist with our financial planning but will also aid the prioritisation of resources.
Legal	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	✓
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

Report Author	Telephone No.	Email	Date
Clare James	01253 887308	clare.james@wyre.gov.uk	25.09.19

List of Background Papers:		
Name of Document	Date	Where available for inspection
None		

LIST OF APPENDICES

None

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