

Agenda



HYNDBURN

The place to be
an excellent council

Cabinet

Wednesday, 3 February 2016 at 10.00 am,
Scaitcliffe House, Ormerod Street, Accrington

Membership

Chair: Councillor Miles Parkinson (in the Chair)

Councillors Clare Cleary, Paul Cox, Munsif Dad, Gareth Molineux and Ken Moss

S U P P L E M E N T A L A G E N D A

The following items are submitted as urgent business with the Chair's agreement in accordance with Section 100B(4) of the Local Government Act 1972. The reason being to ensure the latest up to date information is included in the reports.

PART B: PORTFOLIO ITEMS

Portfolio Holder for Resources (Councillor Gareth Molineux)

10. General Fund Revenue Budget 2016/17 (Pages 3 - 52)

Report attached.

11. General Fund Capital Programme 2016/17 (Pages 53 - 66)

Report attached.



12. Financial Position 2015/16 - Report to End of December 2015 *(Pages 67 - 72)*

Report attached.

Report to		Cabinet
Report by		Councillor Gareth Molineux Portfolio Holder Resources
Date		3rd February 2016
Report Prepared by		Joe McIntyre Deputy Chief Executive

GENERAL FUND REVENUE BUDGET

2016/17

Purpose of the Report

1. This report sets out proposals for the 2016/17 General Fund Revenue Budget. It also provides an overview of key issues arising from the Medium Term Financial Strategy.
2. The decision to set the Budget will be a key decision of the Council. The role of the Cabinet is to recommend a proposed Budget to the Council.

Recommendations

3. I recommend:

- a) That Cabinet proposes not to increase Council Tax for 2016/17. The Budget for 2016/17 will therefore be £11,283,000 as detailed in Appendices 1 and 2.

- b) That Cabinet recommend approval of the list of savings for 2016/17 as set out in Appendix 3.

- c) That Cabinet note the significant improvement made in relation to budget monitoring and cost reduction within the Authority over the past 12 years and confirms its commitment to continuing this approach in the year ahead.

- d) That Cabinet recommends during the financial year 2016/17, the Deputy Chief Executive be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) for technical reasons, such as the restructuring of cost centres, the re-apportionment

and re-allocation of overheads etc., provided such amendments have an overall neutral impact on the Budget.

- e) That to aid future financial management planning any surpluses generated during 2016/17 are set aside to help the Council reduce its cost base over the next three years.

- f) That Cabinet recommends that the New Homes Bonus and any additional non-specific funding from the Government as well as any further surplus on the Collection Fund can be used if required to support Capital expenditure as determined by the Deputy Chief Executive in the overall financing of capital expenditure or be transferred to Reserves.

Summary

- 4. This Report sets out the Council's Revenue Budget for 2016/17. This will require a net expenditure of £11, 283,000. Under these proposals, Council Tax for Hyndburn residents will not rise for Hyndburn

Council provided services. The amounts due for each band are shown at Appendix 4.

5. This is the seventh year in which the Council's sound financial management has ensured local taxpayers have not had to face an increase in their bills. If the Council had increased Council Tax simply by inflation over the last 7 years rather than not increasing it at all, Council Tax for Hyndburn's services would have been over £50 higher for each average Band D property within Hyndburn.

6. We understand that Lancashire County Council, the Police & Crime Commissioner and the Combined Fire & Rescue Service are all considering whether to increase the amount they tax local residents and decisions are due over the coming weeks. For illustrative purposes we have assumed each of these three preceptors will increase their Council Tax element by the maximum amount they can without triggering the requirement for a local referendum. This is 1.99% for Lancashire County Council plus a further 2% linked directly to

expenditure on Adult Social Care and 1.99% for the Police and Crime Commissioner and the Fire and Rescue Authority.¹

7. Councillors should note that Altham Parish Council has issued a separate precept requirement for its activities for the eighth time in 2016/17. The Local Precept is expected to be set at £11,366. The Parish Council is not expected at this point to increase its charge to its residents and it will remain at £38.27 for a Band D property. Details of the impact of other Bandings for properties in Altham are shown in Appendix 6.

8. In setting the Budget for 2016/17 the Council faces greater volatility than ever before in its main sources of revenue. Major reforms of local government finance have transferred the risk of business rate revenues and Council Tax benefits to the Council for the first time. The certainty on which the Council could budget and manage its finances has therefore decreased since 2013 and it will be important going forward to plot any deviations away from the expected figures and take appropriate action if these should start to emerge. This might

¹ Each preceptor will notify the Council of its increase in Council Tax after their own meetings to determine their Budget. The actual increases will be incorporated into Hyndburn Council's Budget Reports to Full Council on the 25th February 2016.

result in the need to reduce spending during the year, if revenue is predicted to fall short of the target.

9. The Cabinet intends to continue the good financial stewardship of the Council's affairs by continuing the successful policies introduced over the last 12 years to manage cost effectively and promote appropriate service investment. Once again, we have given emphasis to shifting resources from central and support services into front line services. This has been done at the express request of the Cabinet and is in accordance with the national agenda to improve the value of local government services. It is also worth noting that proposals for savings and new investment have all been vetted by the Corporate Management Team and Cabinet against the priorities in the Corporate Strategy. The outcome of this process is that there is a continuing shift of resources in this budget toward front line, priority areas. This Budget will therefore deliver,

- *A major reduction in back office costs, with Policy & Corporate Governance contributing almost half of the savings the Council has to achieve to balance its*

budget next year, despite being less than a 1/3rd of the overall size of the Council.

- *A continuation of our established approach of limiting enhancements on early retirement, continuing our rigorous approach to absence management and committing to minimising borrowing costs. These actions have already stemmed the build-up of unproductive costs within the organisation. In each of these cases we have put a stop to the costly and financially damaging policies of the past and created a healthier and more financially stable culture within the Council.*
- *While the Council is not incurring any further borrowing costs it is able to invest over £5.5m in total for the year with £2.4m going to housing and regeneration projects with the remainder of the funds invested in our Cemetery and Cremation Service, Hyndburn Leisure Trust, Rhyddings Park,*

Disabled Facility Grants and other smaller areas of expenditure.

- *Despite costs of over £75,000 to provide car parking in Hyndburn for residents and visitors and particularly for shoppers, we will continue to provide this facility free of charge and not introduce charges for parking in Hyndburn. We believe this action will help bolster our town centres through these difficult economic times and provide an incentive for people to shop locally rather than drive and pay to shop elsewhere across the North-West*
- *Further reductions in our accommodation costs, building on the success over the last 8 years including further rationalising our accommodation and looking at more ways of using our accommodation more effectively. We will also continue our actions to reduce our carbon emission and our energy costs and continue contributing to*

the improvements of our environmental footprint by positive action.

10. We intend to continue to deliver all of the above and remain committed to a radical agenda of improvement while managing within our available resources. This will be more difficult in the years to come, given our reduced resources from the Government. However, there remains a firm commitment and absolute determination amongst Members and Officers of the Council to control the finances of the Council, drive forward on the efficiency agenda and continue to improve service delivery. We wish to continue to push forward on the drive for delivering value for money as a key priority for the Council.

11. The rewards of strong financial control remain clearly evident. The Council has built itself back from experiencing major difficulties in controlling expenditure and a position of negative reserves in 2003/04 to a situation by March 2015, in which Balances are over £2.5m and the Revenue Budget for 2015/16 is predicting a saving of around £240,000 which will contribute to improving the strength of our underlying financial position.

12. Within the Budget for 2016/17 there are a number of areas which are subject to our best estimation. There are therefore a number of risks around the budget, should these estimated costs or revenue amounts vary during the year.

13. After the introduction of the Government reforms to Business Rates Funding of Local Government, the Council now carries a significant risk around the level of monies available fluctuating substantially from this source. In addition as the calculation of how much funds will be available is dependent on a number of factors including debt collection rates, the size of appeals against business rates assessment and the success of these appeals, new rules around levies and safety nets, the introduction of new rules on rates relief on retail premises and small businesses, as well as predicted levels of growth or decline in business activities and the estimation of a number of figures which will only truly emerge after the end of the financial year, the imprecision in these estimates is regarded as high and could be subject to variations of hundreds of thousands of pounds. The volatility around these forecasts is expected to remain for a number of years

until the new system becomes bedded down and more robust data emerges on which to make more reliable forecasts.

14. The threat of pay inflation during 2016/17 is viewed as low. No agreement has been reached between the Employers' Organisation and the Trade Unions. However the Government has set out a clear agenda around public sector pay restraint and the reductions in local government funding indicate that any pay settlement beyond 1% is unaffordable and would lead to further potential job losses. In these circumstances we do not envisage a settlement at over 2% and have constructed the Budget around a 1% increase.

15. Inflation in non-pay areas is also considered to be low risk over the next 12 months, as the most recent data from the Office of National Statistics shows that the Consumer Price Index is at 0.2%² and there is widespread belief that it will continue to remain below the Bank of England's target rate of 2% for the rest of the calendar year.

16. With inflation likely to be low over the period and our strong past record on tracking in-year spend, plus the level of our Reserves, the

² December 2015

Council should have confidence going into the year ahead that it will be able to deliver its Budget.

Background

Introduction

17. Over the last 12 months, the Council has continued to work hard to stabilise and improve its underlying financial position. The Financial Year 2014/15 ended with the Council achieving a surplus on its Revenue Account. The improvement has meant it has not been necessary to strengthen reserves from the Council's Revenue budget in any of the last nine years, which has freed up resources to go directly into service provision and we are again proposing that there is no need to direct resources away from front line services for this purpose during 2016/17.

18. Since taking office in May 2011, cost control has continued to be high on the Controlling Group's agenda and they have responded with positive steps to a number of external pressures on costs and loss of

income over the years. These extra pressures have not only been contained within overall budget, but additional savings generated each year and there is an expectation that a budget surplus will be generated in 2015/16 of approximately £240,000. This money has been earmarked to assist the Council to reduce its cost base over the next few years.

19. Although it is worth noting the major improvements in financial management and cost control over the last 10 years, the Council needs to press this home in the year ahead in order to continue to drive value for money across its operations. Members of all parties have made it clear that this is an absolute priority for the Authority and have supported a rigorous approach to this issue.

20. The Council must also deal clearly and effectively with the challenges ahead. The Medium Term Financial Strategy continues to indicate major savings pressures over the next three years, most of which stem from the loss of Government funding for our core activities. For Hyndburn this will require a focus on and commitment to tough decisions for a number of years ahead. Indications from right across local government, but particularly at Shire District level, suggest there

is huge pressure on services due to the limited amount of funding available. The Local Government Finance Settlement has reduced our available resources by £4.1m since 2010/11 and our forecast is that we will need to save almost £5.0m over the period 2016/17 to 2018/19. Nevertheless, the Council has developed a very strong record of limiting Council Tax increases over many years while continuing to improve and provide key local services for local people and will look to make appropriate responses to meet those financial challenges.

Medium Term Financial Strategy

21. The Medium Term Financial Strategy (MTFS) has been updated by the Deputy Chief Executive ahead of the preparation of the Council's Budget and submitted to the Cabinet meeting of the 3rd February 2016 and will be placed before the Council on the 25th February 2016.

22. The MTFS indicates that the Council faces a major challenge to balance its Budget beyond the current year and that in taking decisions in regard to 2016/17, it needs to recognise the savings agenda it will potentially face in 2017/18 and 2018/19. The main pressure stems

from the Government's reduction in funding to the Council. The other major pressures stem from

- The Council using up its available resources to finance capital spend and having to fund this from the Revenue Budget from 2018/19. This is expected to add £500,000 to costs in 2018/19.
- The impact of Lancashire County Council ending its Waste Cost Share Agreement in 2018/19.
- The reduction of grant to support the payment of housing benefits.
- The Apprenticeship Levy that the Government has indicated will be introduced in 2017/18.
- Loss of the ability to generate fees and capitalised income from a much smaller capital programme
- Inflationary pressures on wages and the purchase of goods and services

Continuation Budget

23. Work has been undertaken with Service Managers and Finance Staff to establish a roll-forward budget based on our corporate priorities,

current expenditure patterns in 2015/16 and known financial pressures for 2016/17. Our Corporate Priorities are detailed within our “Corporate Strategy 2008-18” with the overall objective of removing Hyndburn from the list of 100 most deprived areas in the Country. This objective has clearly become more difficult to achieve with the reduction of Government funding and the impact of the Recession.

24. Our current budgets are aligned to these objectives. Service Plans are updated on an on-going basis as required by Managers throughout the year and Service Managers are invited to update their medium term running costs and changes of strategic or tactical direction ahead of the compilation of the Medium Term Financial Strategy. Equally the existing MTFS guides managers over the likely resources available over the future period and gives an indication of the potential boundaries and challenges they may face and need to address within their Service Plans. Cost pressures are initially dealt with internally within service areas, as are developments in new services provision with managers exercising their abilities to re-organise between priorities and choose between competing demands based on the guidance set out in the Corporate Strategy and discussions with

Cabinet Members. Plans for improvements or service development not internally funded are detailed below.

25. Pay costs are assumed to increase in line with the guidance issued by Government in respect of public sector pay. This limits the overall increase in wage costs to around £212,000 after uprating salary costs for 2015/16 and allowing for increments and the knock-on impacts on national insurance contributions and employer pension contributions. With the Consumer Price Indicator at 0.2% in December we have assumed that Non-pay inflation will be effectively zero over the year and any price increases will be absorbed within existing budgets.

26. These calculations indicated a Continuation Budget of just over £12.15m and this figure has been used in Appendix 1 to show the level of potential spend the Council faces compared to the resources available and establish the savings target for the Council going into 2016/17.

Growth Pressures

27. Due to the major reductions in spend this year, there are no growth items proposed for the 2016/17 Budget. Other service pressures are

being dealt with by Service Managers within their own budgets when they deem that new ideas and initiatives require support. In these circumstances they will generate additional savings above their target savings to finance these changes.

Available Resources

Revenue Support Grant (RSG)

28. Revenue Support Grant for 2016/17 has indicatively been set at £3,159,265. This figure is awaiting confirmation from Government after consultation and is usually finalised in late February or early March. On a like for like basis Revenue Support Grant is £922,000 down compared to the previous year. This is 22% down compared to the amounts we received in the previous year, spread over a number of grants in addition to RSG such as Efficiency Support Grant and Council Tax Freeze Grant which were paid as separate amounts in previous years.

Business Rates

29. Business Rates which until 2013/14 came in the form of a grant from Central Government is now collected and partially retained locally and is therefore a new separate revenue source for the Council. The

Council currently shares the business rates collected locally with the Government who take 50% of the sums raised, Lancashire County Council who receive 9% and the Fire and Rescue Authority who receive 1%. In addition the Government operates a system of Tariffs and Top-ups which sees the amount retained by Hyndburn Council reduce by a further £5m. The Council also now has the risk around non-collection and the impact of late payments. For 2016/17 the estimated revenue from Business Rates is expected to be £3.2m

Council Tax

30. It is expected that the Council Tax will raise the equivalent of £4.4m of revenue for the Council in 2016/17. This will be the seventh year of a freeze in the Council Tax for Hyndburn, following on from the 0% increase in 2010/11, 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16. This freeze in Council Tax over these seven years represents a saving to each tax payer of over £50 on the average Band D bill of £230.52. The Council will also benefit from an anticipated surplus on the Collection Fund for Council Tax of £471,000.

New Homes Bonus

31. The Council will also receive some additional resources from the New Homes Bonus. This is additional funding from the Government to encourage local Councils to support the building of new homes. The amount each Council receives is determined by the increase in homes as shown on the annual returns to the DCLG. For Hyndburn the expectation is that the number of new homes built will remain small and we will only receive £640,000 for 2016/17. As the value of the grant will be small, liable to fluctuate from year to year and will be difficult to determine each year in advance, the recommendation is that these monies are used to supplement the Capital resources of the Council.

Resource Summary

32. The Council's estimated Resources for 2016/17 are £11,283,000 and this compares to an expected roll forward cost of operating the organisation of £12,155,000. This indicates a saving gap for the year of £872,000. Individual savings from Service Departments of £872,000 have been identified equal to the savings target and these are shown at Appendix 3.

Budget Proposals 2016/17

33. The Cabinet recognises that it needs to maintain services and continue to deliver on its key priorities. It also has a clear duty to set a balanced financial budget for 2016/17 and continue its financial strategy to ensure its financial stability over the medium term.

34. The Corporate Management Team has been working with Service Managers to develop proposals to meet these broad aims. The major elements of these plans to reduce the overall costs are set out below and further details on the savings and income generation are provided in Appendix 3. Given that over the last 11 years we have looked to save around £1m a year on average, some of the proposals put forward present the Council with hard choices. However in order to continue with the good work done over the last 11 years and to keep the District precept to a minimum, these decisions need to be made. If any of the proposals are not accepted a comparable and compensating proposal will need to be found.

35. The proposals for 2016/17 assume that savings activated to deliver previous budgets continue to be used and that where one-off savings

were identified, Budget Holders bring forward equivalent amounts in 2016/17 to buttress their budgets ahead of any further proposed savings for 2016/17 onwards.

36. Needless to say, the authority's financial circumstances require us to focus sharply on our priorities so that we can be clear both about the areas for targeted cost reduction and also the areas for new or additional investment. On this basis, the budget has been designed to allow the Council to pursue a range of saving initiatives – a selection of which are set out below:

- Community Services will save £301,000 compared to its roll forward budget position from a combination of more effective working, generating additional income through fees and charges, reducing some staff costs and making savings on supplies and services via renegotiation of contracts and better procurement management.
- The Planning Service will reduce its cost by £47,000 through an exercise to re-organise the way the department operates and other cost saving measures

- Culture and Leisure Services will reduce expenditure by £150,000 via lowering amounts paid to Hyndburn Leisure.
- Policy and Corporate Governance will provide over £389,000 worth of savings through a mixture of staff efficiencies, limiting the spend on non-essential items, and reducing overhead costs. The overall budget will also be improved by income generation and efficiency measures.
- Regeneration Services have provided a variety of savings measures for the year totalling almost £128,000. However it is faced with operating in an area of declining revenue and we have adjusted their budget this year to remove unobtainable income targets worth £148,000, leaving a net increase of £20,000 to this budget.

37. The pattern of savings to achieve the overall average saving of 7.1% shows that protecting fundamental services and reducing our back office costs remains our highest priority with corporate costs reduced

on average by almost 10% compared to their roll-forward position, while front line services were reduced by around 5%.

38. Full details of the savings are set out in Appendix 3.

Reserves

39. The Council has recognised the need to refresh its financial reserves over the last few years after they became dangerously low as a result of the financial difficulties we experienced over a decade ago.

40. However after the significant improvement achieved over the last few years it has not been necessary to make an additional provision since 2006/07 from the Revenue Budget and it is possible for 2016/17 to continue with this policy. Reserves are currently over £2.5m and an underspend is predicted for 2015/16. The strong position on Reserves therefore allows the Council to commit its entire available budget to service provision, further improving the delivery to the public of Hyndburn.

41. Reserves while having been restored after the difficulties of a few years ago need to be maintained and increased when possible. The MTFS outlines the large number of potential claims on our expenditure from items that are not contained within the Budget and a minimum provision to face these threats of £2.0m is considered appropriate. Some of the potential calls upon the Reserves are listed below from the MTFS.

- Any further reduction in core Government Grants stemming from how the Government determines to manage public sector finances over the next few years.
- The ending of the Cost Share Agreement with Lancashire County Council for the separation of waste and the potential loss of income stemming from the termination of this agreement.
- the threat of having to repay land charge search fees after a ruling from Europe that these fees have been levied contrary to European Environmental Law.

- the threat of substantial increased costs from the Government's proposals to cap the amount it reimburses the Council in relation to Council Tax support.
- The increased threat of industrial action during a period of public sector pay restraint and job losses.
- The Government's stated intention to end paying Housing Benefit and the potential for large residual costs that may fall upon Councils in terminating this service.³
- The increased threat of settling employment disputes as a result of employment tribunal decisions and changes in employment law
- Emergency spend pressures in-year, due to one-off items of capital or revenue spend
- Risks around the conclusion of the Housing Market

Renewal Programme

³ The Government has recently announced a longer roll-out period for the introduction of Universal Credit and has said it will meet redundancy costs associated with the ending of Housing Benefit, however there are a number of caveats around this proposal and the Council may still face exit costs from terminating the service.

- The continuing trading difficulties experienced by Hyndburn Leisure and financial pressures on other partner organisations
- Supplier failure during an elongated recession
- Environmental warranties on our land and guarantees provided to Hyndburn Homes over land transferred to them
- Legal challenges over the operation of our fees and charges
- The threat that Central Government will pass fines from Europe directly to Councils if the UK fails to meet its targets on climate change and environmental improvements.
- Continuing reductions in our fees and charges income as the Recession continues
- Financial pressures around ensuring our pension fund is properly financed

42. This is not a fully comprehensive list of all of the potential calls that could be made on the Reserves, however it provides some indication of the financial risks outside the core Budget that the Council could face.

43. While some events are more likely than others and they vary in their potential cost to the Council, the extent and monetary range of these unbudgeted challenges have the potential to severely damage the Council's finances if they mature.

Risks and Risk Management

44. The 2016/17 Budget is constructed on a number of estimates, because exact figures are not known for many future events. There are a number of these estimations which are subject to uncertainty and volatility. In order to complete the Budgetary exercise it is necessary to make a series of judgements around the level at which certain items should be costed. The significant areas in the Budget around which judgements have been applied are explained below.

45. There is significant estimation in the figure for Business Rates paid in the year and these are liable to fluctuate significantly for a wide variety of reasons.

46. Inflation should not be a major factor in either pay or non-pay costs over the next 12 months. While no pay deal has been struck between the Employers' Organisation and the Trade Union side, we have used a 1% increase within the Budget and we expect due to the pressures that continue to exist around public sector expenditure that there will be little deviation away from this figure. There appears to be continuing global economic weakness and this is expected to keep the cost of Goods and Service stable over the 12 months of the Budget and therefore inflation in this area is not expected to create a degree of risk within the financial forecast.

47. The Governor of the Bank of England has recently indicated that he does not foresee a change in the Bank of England Base Rate during 2016 and therefore we do not expect the cost of borrowing money to alter over the period and present a risk to our overall budget position.

48. The next 12 months therefore sees a Budget period with the only major risk around Business Rates actuals diverging significantly from

the estimates made. The Council however has sufficient financial reserves to draw upon if necessary to deal with any such fluctuations.

49. The normal risks around in-year pressures on spending and income will be dealt with via our well-developed budget reporting mechanisms, which not only display how much is spent each month within the Council, but require Service Managers to estimate their spend to the end of the year. We should therefore receive early warnings of any overspends allowing corrective action to be taken. Reserve Levels are also sufficient to allow us to protect us from any immediate threat, while we take action to adjust our cost base to cope with any external financial pressures.

Consultation

50. This year we are asking the public to attend the Council's Overview and Scrutiny Meeting on the Budget. At this meeting they will get to hear the questions put to each of the main parties around their Budget proposals and the public will be invited to put questions to the Leaders of each group and make any general comments. This direct

involvement with the Public at the key meeting to debate the Cabinet's budget proposals is seen as a continuing innovative way to engage the public and create a dialogue that informs Councillors and the public of the choices and difficulties around setting the budget.

51. The Council Tax due to Hyndburn Borough Council for each property by Band is shown at Appendix 4.

52. The overall estimated Council Tax per household for 2016/17 is shown at Appendix 5.

Conclusion

53. The overall Revenue Budget 2016/17 is set out at Appendix 2. The Budget for 2016/17 will be £11,283,000 and will be supported by a Council Tax levy of £230.52 for a Band D property—translating into a revenue source of £4,400,000 to meet services to the local community. The Budget has been determined in light of continuing upward pressure on costs, previous financial difficulties that continue to overhang the Council, the available funding from Government and

the Council's strong desire to provide high levels of service to the Community in line with its priorities.

CONSULTATIONS

54. As outlined in the Report, the public have been invited to participate in the Council's Overview & Scrutiny Meeting on the 17th February to review in detail the Budget proposals of all parties, consider the proposals put forward and make suggestions on changes and improvements to the Budget plans to be submitted to Full Council on the 25th February 2016.

REASONS FOR RECOMMENDATIONS

55. The recommendations in the report provide an appropriate platform on which the Cabinet can recommend a Budget to the Council which meets the objectives and key priorities of the people of Hyndburn.

ALTERNATIVE OPTIONS

CONSIDERED AND REASONS FOR

REJECTION

56. There have been a wide number of individual proposals put forward to produce a Balanced Budget. Options have been rejected on a variety of grounds including policy objectives, practicalities and the potential for additional costs to be incurred. Further options may be presented at the Council meeting.

BUDGET IMPLICATIONS

57. As outlined in the report

LINKS TO CORPORATE PRIORITIES

58. The Budget report links to all corporate priorities in determining the funding levels for expenditure in the year ahead.

EQUALITY

59. Any detailed policy changes, changes in service provision or operational changes as a result of the budget proposals will have an EIA produced by the relevant Service Head where this is required.

RISKS

60. There are a number of financial risks around setting the Budget. These are set out in detail in the report and cover the impact of making estimations of a number of large financial areas which contain a degree of volatility. The Council is able to offset these risks by the effective management it has in place over budgets during the year and the ability to take early corrective action and make additional savings and re-prioritise spending decisions if necessary. It can also draw upon its reserves as a short term measure while it takes corrective action.

LEGAL IMPLICATIONS

61. The Council is required to set a Balanced Budget for the Financial Year ahead and needs to take into consideration the Government's threat of Capping.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

62. See the relevant supporting papers from the Cabinet Feb 2015 available from the Hyndburn Borough Website and other items on today's agenda.

[Council Budget Papers 2015/16](#)

[Medium Term Financial Strategy October 2015](#)

[Cabinet Budget Papers 2016/17 February 3rd 2016](#)

APPENDIX 1

Initial Outline Budget	
2016/17	
	£000
Revenue Support Grant	3,159
Business Rates	3,252
Council Tax	4,400
Collection Fund Surplus	472
Total Resources Available 2016/17	11,283
Roll Forward Budget	12,155
Growth Items	0
Unadjusted Total Predicted Spend	12,155
Savings Required	872
Savings Identified	872
Predicted Spend 2016/17	11,283
Unfunded Spend at this time	0

Revenue Budget 2016/17	
Service Expenditure	£000
Community Services	4,606
Culture & Leisure Services	1,239
Planning & Transportation	814
Regeneration Services	1,751
Policy & Corporate Governance	3,661
Non Service Related Budgets	-788
Contribution to Reserves	0
Net Total Expenditure	11,283
Band D Property 2015/16	£ 230.52
Band D Property 2016/17	£ 230.52
Increase on Previous Year	ZERO
% Increase on Previous Year	ZERO
Band A Property 2015/16	£ 153.52
Band A Property 2016/17	£ 153.52
Increase on Previous Year	ZERO
% Increase on Previous Year	ZERO

APPENDIX 3

Saving Proposals 2016/17		
	£	
Environmental Health		
Deletion of Post	50,000	Pest Control Officer Post
Waste Services		
Refuse		
Deletion of Post	30,000	Vacant Posts Removed from Staffing Structure
Deletion of Post	30,000	Vacant Posts Removed from Staffing Structure
Trade Waste	35,000	Additional Income from Price and Volume increase
Vehicle Signage	1,400	No further signage on vehicles
Printing	1,700	Move to on-line messages
Diesel Costs	10,000	Reduced usage with lower vehicle numbers, more efficient vehicles and lower price
Land Fill Tax	-2,500	Increased customer numbers
Tipping Charges	-2,100	Increased customer numbers
Additional Leasing Costs for Upgrade to Euro 6	-10,035	
Recycling		
Lower number of	8,000	

Containers		
Vehicle Signage	200	No further signage on vehicles
Printing	500	Move to on-line messages
Calendars	1,000	On line Calendars
Leaflets reduction	1,500	Reduced use of leaflets - communicate via on-line media
Recycling Income Reduction	-35,000	Reduced income from sales due to fall in prices
Street Cleansing		
Remove Mechanical Sweeper Driver Post	26,000	Vacant Post
Reduce Weekend Overtime for Hand sweepers	5,000	
Diesel Costs	8,000	Reduced usage with lower vehicle numbers, more efficient vehicles and lower price
Reduce replacement of Sweeper Brushes	1,500	Due to less vehicles and extending life
Hand Cart Repairs	570	Saving from overall decrease in usage
Printing	1,300	Making more use of on-line messages etc.
Leaflets reduction	140	Reduced use of leaflets - communicate via on-line media
Advertising	570	No further use of paid advertising
Dog Bags for Bins	-4,000	Additional Expenditure on Street Cleaning Budget
Saving from reduced leaf removal work	640	

Loss of income from LCC on Weed Control removal from Highways	-2,180	
Vehicle Maintenance	7,000	Savings on parts etc. due to smaller fleet
Vehicle Leasing	23,000	Mechanical Sweeper & 2 4x4s
Parks & Cemeteries		
Parks & Open Spaces		
Reduction in staff	30,000	Post to be deleted from establishment
Floral Market Town	5,000	Switch to sustainable horticultural displays and planting.
Pets Corner	1,000	Residual savings from closure of this facility
Electricity	2,000	Reduction in electricity costs
Gas	3,000	Reduction in gas costs
Diesel	2,000	Savings from lower costs
Works Vehicle Costs	4,000	Reduce fleet by not replacing 4x4
Agency Staff Budget reduction	3,000	
Public Realm Work loss of income from LCC trees, verges & shrubs	-3,000	
Cemeteries & Cremations		
Reduction in subsidy on exclusive rights to burial	7,000	Increase charge of £100 from £700 to £800
Reduction in subsidy on internments	23,000	Increase cost of a burial from £525 to £700

Reduce subsidy on cremations	37,500	Increase cost of cremation by £50 from £575 to £625
Culture & Leisure		
Reduction in subsidy to Hyndburn Leisure	150,000	Reduction in line with agreement
Planning & Transportation		
Deletion of Post	34,282	Deletion of Vacant Post
Deletion of Post	6,302	Deletion of Vacant Post--residual savings
Increase in Garage Rents	2,000	
Increase in Allotment Charges	2,500	
Savings on Allotment Maintenance costs	2,000	
Saving on Public Participation on Planning Policy	1,000	
Reduction in expenditure on Bus Shelter Cleaning	1,023	
Savings on Street Benches	1,000	
Savings on Car allowances	2,000	
Saving on Lump Sum Allowance	1,000	
Saving on loan allowance	1,000	
Decrease in Parking Enforcement Income	-5,900	
Additional ICT costs from existing systems	-879	

Regeneration & Property Services		
Town Centre	1,000	Increased income
CCTV monitoring	25,241	Deletion of Vacant Post
Housing Advice	16,500	Savings on Standby Payments, Overtime, Rent dependency scheme
Department Management	27,656	Deletion of Vacant Post
Development	7,500	Reduction in hours to 4 days
Environmental Protection	26,000	Savings from vacant post and overtime reduction.
Property Services Business Unit	3,000	Reduce consultancy payments
Corporate Repairs & Maintenance	17,000	Reduce repairs and maintenance budgets
Christmas Decorations and Amenities	4,000	Reduced electricity costs and reduced purchases
Adjust Corporate Property Income Target	-40,000	
Adjust Regeneration Income Target	-77,000	
Termination of LCC Grant income for Senior Citizens	-14,734	
Reduction in Commercial Activity at Sadler St	-15,826	
Policy & Corporate Governance		
Reduce funding to Police Commissioner	34,771	

Managing Director	7,000	Reduction in Miscellaneous expenditure
Deputy Chief Executive	7,000	Reduction in Miscellaneous expenditure
Cannon Street Offices	1,290	Miscellaneous savings across budget headings
Other P&R General Grants	15,000	Hardship Grant Council Tax Support
	9,760	Miscellaneous savings
	7,000	Loss of Income Contingency
	2,500	Cabinet Action Fund
Insurances	37,107	Savings on Excess and Other Costs
Unapportioned Central Overheads	12,000	Savings from Reduced number of payments required
Accountancy		
Audit & Treasury Management Costs	7,928	Reduction in External Audit Fees etc.
Interest on Deposits	4,000	
Business Rate Pooling Admin costs	-2,000	
Audit		
Reduction of Budgets allocated to Fraud Post	51,827	
Benefits & Customer Service		
Revenues Team	100	Printing
	100	Stationery
	500	Office Consumables
	500	Postage
	75,000	Discretionary Relief Budget

Benefits	500	Security Services
	230	Car allowance
	464	Lump Sum Allowance
	500	Car Leasing
	100	Office Consumables
	387	Customer Survey
	1,000	Postage
	227	Document Management
	2,000	Swipe Cards
	596	Advertising
Contact Centre	911	General Expenditure
	1,000	BPR contact Centre
	8,000	Misc. LCC
	20,928	Deletion of Vacant Post
	5,531	Application for Reduced Hours
ICT	2,000	Savings on rationalisation of line rentals etc.
	1,067	Rationalisation of servers etc.
	111	Reduce Travel Costs based on historical usage
	74	Reduced Budget required for Disaster Planning
	500	Savings from using larger printers
	400	Reduced stationery expenditure due to paperless billing
	2,000	Saving on Sim card costs via new contract
	345	Miscellaneous saving on

		training budget
Members Expenses		
	6,700	Unused Basic & Special responsibility allowances
	1,566	Carers Allowance
	600	Travelling expenses
	150	Refreshments
Member Services		
	3,120	Printing
	1,822	Office Consumables
	584	Rent & Hire of Premises
	79	Overview & Scrutiny Support
	200	Postage
	122	Refreshments
	250	Miscellaneous Expenses
Mayoralty		
	1,700	Civic Lunch
	50	Car hire
	200	Protective Clothing
	250	Stationary
	200	Postage
	256	Car Allowance
	2,000	Hire of Vehicle
Human Resources		
	7,684	Deletion of Payroll Post
Legal		
	1,500	Savings on Publications Budget

	3,000	Saving on Legal Fees
	1,000	Savings on Postage
	10,000	Increased Fee Income
Licensing		
	500	Saving on Testing
Elections		
	150	Advertising
	150	Equipment Repairs
	400	Fees re Poll cards
	250	Transportation Costs
	127	Counting Votes
	2,500	Postage
	1,000	Postal Ballot Fees
Register of Electors		
	24,814	Deletion of Post
Total Savings 2016/17	872,548	

Hyndburn Borough
Council Tax Increase 2016/17
by Property Band

Valuation Band and statutory ratios of Band D Council Tax		Council Tax 2016/17	Council Tax 2015/16	Annual Increase
Band A	6/9	£153.68	£153.68	£0.00
Band B	7/9	£179.29	£179.29	£0.00
Band C	8/9	£204.91	£204.91	£0.00
Band D	9/9	£230.52	£230.52	£0.00
Band E	11/9	£281.75	£281.75	£0.00
Band F	13/9	£332.97	£332.97	£0.00
Band G	15/9	£384.20	£384.20	£0.00
Band H	18/9	£461.04	£461.04	£0.00

Overall Change in Council Tax 2016/17

	Household Bills 2015/16					Increase In Annual Bills 2016/17				
	Lancashire County Council	Lancashire Police & Crime Commissioner	Lancashire Fire & Rescue	Hyndburn Borough Council	Total	Lancashire County Council	Lancashire Police & Crime Commissioner	Lancashire Fire & Rescue	Hyndburn Borough Council	Total
Band A	£ 753.19	£ 106.04	£ 43.24	£ 153.68	£ 1,056.15	£ 30.05	£ 2.11	£ 0.86	£ -	£ 33.02
Band B	£ 878.72	£ 123.71	£ 50.45	£ 179.29	£ 1,232.17	£ 35.06	£ 2.46	£ 1.00	£ -	£ 38.53
Band C	£ 1,004.25	£ 141.39	£ 57.65	£ 204.91	£ 1,408.20	£ 40.07	£ 2.81	£ 1.15	£ -	£ 44.03
Band D	£ 1,129.78	£ 159.06	£ 64.86	£ 230.52	£ 1,584.22	£ 45.08	£ 3.17	£ 1.29	£ -	£ 49.53
Band E	£ 1,380.84	£ 194.41	£ 79.27	£ 281.75	£ 1,936.27	£ 55.10	£ 3.87	£ 1.58	£ -	£ 60.54
Band F	£ 1,631.90	£ 229.75	£ 93.69	£ 332.97	£ 2,288.31	£ 65.11	£ 4.57	£ 1.86	£ -	£ 71.55
Band G	£ 1,882.97	£ 265.10	£ 108.10	£ 384.20	£ 2,640.37	£ 75.13	£ 5.28	£ 2.15	£ -	£ 82.56
Band H	£ 2,259.56	£ 318.12	£ 129.72	£ 461.04	£ 3,168.44	£ 90.16	£ 6.33	£ 2.58	£ -	£ 99.07

This assumes a 1.99% increase by other preceptors and that Lancashire County Council exercise their option to increase their precept by a further 2% in relation to financing Adult Social Care.

Altham Parish Precept 2016/17
by Property Valuation Band

Valuation Band and statutory ratios of Band D Council Tax	Council Tax 2016/17	Council Tax 2015/16	Annual Increase
Band A; 6/9	£25.51	£25.51	£0.00
Band B; 7/9	£29.77	£29.77	£0.00
Band C; 8/9	£34.02	£34.02	£0.00
Band D; 9/9	£38.27	£38.27	£0.00
Band E; 11/9	£46.77	£46.77	£0.00
Band F; 13/9	£55.28	£55.28	£0.00
Band G; 15/9	£63.78	£63.78	£0.00
Band H; 18/9 *	£76.54	£76.54	£0.00

* There are currently no band H properties in Altham parish

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**Report to
Report by**

**Cabinet
Councillor Gareth Molineux
Portfolio Holder Resources**

**Date
Report Prepared by**

**3rd February 2016
Joe McIntyre
Deputy Chief Executive**

GENERAL FUND
CAPITAL PROGRAMME
2016/17

Purpose of the Report

To invite the Cabinet to consider the Council's capital investment priorities for 2016/17 and to recommend to the Council a capital programme for approval at its meeting on the 25th February 2016, having regard to key linkages between the management of the Council's capital and revenue resources.

Recommendations

I recommend that the Cabinet proposes to Council

1. A Capital Programme for 2016/17 of £5,503,903 as set out in Appendix 1.
2. That the programme is funded by anticipated direct external grants and other funding streams of £4,356,958 and £1,146,945 of new resources from within the Council. External grant funding must be secured

before any internal funds are committed to projects that rely on external funding to proceed.

3. That delegated authority is given to the Deputy Chief Executive, in consultation with the Portfolio Holder for Resources to flex the programme in accordance with the available funding, provided this does not require any additional borrowing.

4. That the individual projects within the Capital Programme require the written authorisation of the Deputy Chief Executive following consultation with the Portfolio Holder for Resources before commencing and incurring expenditure and that Service Managers provide the Deputy Chief Executive, with written details of estimated costs of schemes with full justification of the need and benefits from undertaking the capital investments before approval is provided and that approval to commence is delegated to the Deputy Chief Executive, in consultation with the Portfolio Holder for Resources.

5. That Projects are timed to minimise the need for borrowing and the Deputy Chief Executive be requested to seek project start dates after September 2016 whenever this is practical.

6. That in-year underspends are not made available to fund new projects during the year.

Summary

The Report sets out the Council's Capital Programme for 2016/17. In recent years, the Council has funded significant programmes of Capital Expenditure which have

exceeded £15m per annum. In these more austere times it is not possible to fund investment into the local community at these levels. However the Council is able to put forward a substantial capital investment programme of over £5.5m, despite the severe reductions in public spending that have been necessary due to the Recession. This has only been made possible by the Council's effective financial management over recent years, which has seen it avoid additional borrowing and increased its revenue reserves, while reducing its operating costs.

It is intended that the Council will continue these strong policies of financial management and this year will again avoid increasing its borrowing. It will rely on securing external sources of funding, using capital receipts, making revenue contributions to capital projects and use unspent monies to fund its programme. It will also apply a rigorous approach to selecting projects to fund by examining all proposals against its corporate objectives and only selecting the most pressing and deserving projects to fund. This is in accordance with the Council policy of limiting the increase in debt and borrowing costs, while ensuring the Council's objectives are met.

The Revenue implications of the strategy to finance the Capital Programme are a key element in the affordability issues on the Revenue Budget this year. The programme contains a limited amount of risk this year. The level of risk is significantly down from previous financial years. This is largely due to the smaller programme and the removal of much of the risk around the level of available capital funds to meet the proposed expenditure. The main risks within the programme relates to the potential volatility around costs within the Housing Regeneration Programme as the project enters its final phase and the usual risks around inflation and project management.

The Council's overall resources and management systems are believed to be sufficiently robust to effectively monitor these risks and ensure appropriate action is taken if they should materialise.

The Council will continue with its strategy adopted 10 years ago to reduce significantly its level of debt wherever possible by restricting borrowing and repaying debt and will continue to work extensively with external funders to bring forward realistic plans for Capital investment in the area.

Detail

1. The Council fundamentally altered its capital investment strategy with the Capital Programme it announced in March 2004. Up until that point, the Council had looked to maximise the capital investment it made each year. The upper limit of investment each year was the Basic Credit Approval provided by the Government plus any specific Supplementary Credit Approvals. This system of Capital Credit Approvals allowed local authorities to spend up to a maximum amount each year on Capital Schemes. This figure was pre-determined by the Government.
2. By taking advantage of these Credit Approvals, the Council made significant investments in the local infrastructure, however this came at the cost of steep increases in revenue costs to meet the interest payments in relation to these borrowings. Further underlying problems were also being built-up by the use of Capital Receipts to further support more Capital expenditure rather than

repaying existing debt. The issue of debt repayment was accentuated still further by the significant reduction in Grant Commutation which was impacting on the revenue costs of the Council.

3. Work undertaken in 2004, showed the Council was moving on a course that would see its General Fund Debt rise from £16.3m in 2002/3 to £27.5m by March 2007 and would see its financing costs rise from just over £1m in 2002/3 to almost £2.9m by 2006/7. This analysis predicted the proportion of the General Fund Revenue Account required to fund debt-financing would rise from around 8% in 2002/3 to almost 25% by 2006/7 and continue on an upward path in subsequent years. At times of increased pressure on the General Fund from a wide variety of sources it was recognised that the previous strategy was unsustainable and a new approach was developed around limiting capital investment to essential projects and using capital receipts to repay debt. This strategy has proved very successful and the predicted debt financing costs in 2016/17 are expected to be 4% or less of general revenue spend. This transformation has saved the Council around £2.275m per year over the last 9 years, based on the current ratio of cost to total net expenditure. This action, in light of the severe reduction in funding the Council has faced over the last 5 years, has ensured that the Council has been able to manage its financial position appropriately. If the Council still had the levels debt it had in 2003/4 or had allowed the amounts borrowed to grow over the last 10 years its financial position would have been precarious under the present financial climate.
4. Debt financing costs are expected to remain stable over the next 3 years. Our loan portfolio has interest rates that are unlikely to significantly alter over the

period of the Medium Term Financial Strategy (MTFS). Interest rates, with the Bank of England Base Rate currently at 0.5% are not expected to increase until 2017 at the earliest. The increase when it comes in 2017 is only expected to be by 25 base points, raising it to 0.75% and further increases are expected to be limited to 25 base points and only introduced on a quarter year basis at the most.

5. The Council via its successful financial management of its resources repaid the last of its short term loans during 2015/16 and now only has long term debts of just under £10m that it cannot repay for around 25 years. The loans outstanding are held as “lender option, borrower option” (LOBO) loans and interest rate increases are not expected to change sufficiently for our lenders to exercise their options to “call” the loan and have it repaid within 6 months in the expectation that they can produce a better return on their money. At some point in the future the Council should consider starting to build sufficient cash reserves to effectively terminate these loans when they are either “called” or mature. However the current pressure on the Council’s financial position over the next few years and the remote likelihood of any “call” in that period suggest this would not be an effective strategy at the present time.

6. The current Capital Projections for 2016/17 show that our estimated debt has decreased from the projected £27m in 2004 to under £10m currently and that we do not estimate that there will be a need for this position to worsen in the near future.

7. This demonstrates that our early prudent action in the management of the debt position has produced a significant improvement in our debt position and we have achieved our objectives as detailed in last year's Capital Programme.
8. The Capital Programme Working Group (CPWG) received bids considerably in excess of the available resources for the 2016/17 year and all of these applications have gone through a process of rationalisation to come up with a proposed programme for 2016/17.
9. The proposed programme is outlined in Appendix 1 and a summary of the major projects are given below.
 - a) The Council is committing over £2.3m into Housing and Town Centre Renewal Projects with £643,000 for the Accrington Town Centre Improvement Project, further works taking place in Woodnook and West Accrington, money is earmarked for regeneration in Rishton and funds set aside to complete changes to Pendle Street
 - b) There is also almost £1.7m for Parks and Leisure services activities to support our drive to encourage people to be active with £1.4m to revitalise Rhyddings Park and £150,000 to help Hyndburn Leisure provide its sport and leisure facilities, as well as £71,000 for the development of the Aspen Colliery Coke Oven heritage site.
 - c) This year we are also providing £650,000 of funds for our cemetery and crematory service so that we can create a new cemetery facility for the people of Great Harwood and Rishton and replace our aging cremators at Accrington Cemetery.
 - d) The Council will continue to prioritise expenditure to assist the community within Hyndburn. Despite all the budget pressures the

Council faces we will spend almost £449,000 this year on Disabled Facility Grants. This will ensure that the Council continues to provide all the assistance it can to ensure that the disabled are able to continue to live dignified and safe lives in their own homes by providing direct grants for the provision of stair lifts, walk-in showers and other adjustments. We will also provide funds to assist with the establishment of facilities for those suffering from domestic violence.

- e) We will also spend over £296,000 on a variety of projects and purchases such as improving our assets, upgrading our ICT systems and fire alarm system at the Market Hall, replacing vehicles and buying Christmas decorations.

Improving the Management of Capital Investments

- 10. The Council needs to continue to develop its financial control over its major capital investment programme. It is critical that during 2016/17 the Council continues to adequately manage this spend, to ensure it gains as much benefit from this investment as possible and effectively controls its costs.

- 11. The 2016/17 Capital Programme outline of schemes can be seen in Appendix 1. However the Council needs to ensure these schemes can provide the positive benefits the level of spend requires. Following on from the successful approach introduced 10 years ago, each scheme is required to provide more detailed analysis, if requested, before final spending is committed to ensure that the project can be delivered within the funds made available, that revenue costs of the schemes can be accommodated within existing revenue budgets

and most importantly that the benefits from the scheme are clearly identified and delivered.

12. The Deputy Chief Executive, will be instructed only to release funds for capital investment once the required written detail has been submitted to him for approval. Until this has been given, Service Managers are not allowed to commit expenditure. Additional projects may be authorised by the Deputy Chief Executive, in consultation with the Portfolio Holder for Resources during the year if the projects have sufficient external funding to meet their costs or other funding sources can be obtained.

13. Under the previous regime of Credit Approvals from the Government there was an in-built incentive to spend up to the maximum each year—as failure to do so, might have led to reduced credit approvals in the future and subsequently lost the Council flexibility in future spending decisions. Therefore if parts of the Capital Programme slipped, came in under budget or were cancelled, there was a strong tendency to seek to replace these with other projects, to maintain the overall spend close to the maximum Credit Approval.

14. Under the new regime of Prudential Borrowing, there is no requirement to spend up to a budgeted amount. The Council should determine its needs for Capital spend purely on rational grounds and underspends in the programme should not automatically lead to other projects being brought forward to soak up potentially available funds. Given that a rigorous process of determining the need for Capital spend has taken place at the start of the year and the Council's strong commitment for reducing the overall level of debt, there

should be a major predisposition to continued banking of these underspends as a genuine saving to the Council.

Conclusion

15. Overall the Council will be investing £5.5m in Capital investment in 2016/17.

Almost £2.4m will be invested in the regeneration of our housing and town centres and almost £1.7m will be spent to improve the leisure, sporting and community facilities provided by the Council. The Cemetery and Cremation Service will benefit from £650,000 of investment in new equipment and facilities. In addition there is also almost £449,000 to assist the disabled to continue to live in their own homes, and a further £328,000 on various other projects, investing in services to the public and protecting our assets.

16. The details behind all of these proposals remain at the outline stage only and further work is required to ensure that these projects provide positive benefits to the Community and the Council. Each project is therefore required to submit further detailed plans if required in order to obtain final approval for expenditure to occur and to obtain final clearance from the Deputy Chief Executive, in consultation with the Portfolio Holder for Resources.

17. The Capital Programme does require a degree of flexibility within it, to respond to sudden demands for Capital expenditure, actions to be taken on the receipts of monies and revisions to proposals as projects are not financially viable or encounter other problems such as securing external funding. CPWG will report back to Cabinet at frequent intervals throughout the year to ensure

Cabinet is kept apprised of the current situation and any approvals necessary for alteration are obtained.

CONSULTATIONS

A variety of schemes are recommended from a number of sources to the Council. These are considered by the Council's CPWG against a list of corporate priorities and other assessment criteria before the final list is determined.

REASONS FOR RECOMMENDATIONS

These schemes represent the best value for money and meet the Council's overall corporate policy objectives, within the funding envelop for the year.

ALTERNATIVE OPTIONS CONSIDERED AND REASONS FOR REJECTION

A wider programme of funding has not been considered due to the Council's policy commitment to limiting Capital Expenditure to affordable levels and seeking to repay debt.

BUDGET IMPLICATIONS

As outlined in the report.

Risk Management

The programme for 2016/17 should be low risk and has much less risk attached to it compared to recent years, due to its decreased size and the level of certainty around its

funding. As with previous years we look to monitor the individual transactions closely and arrange the overall programme so that we do not commit expenditure in areas where we have some degree of control, until these risky transactions are concluded.

LINKS TO CORPORATE PRIORITIES

The Council's Corporate Objectives are delivered through its Capital and Revenue Budget.

EQUALITY

The report is for information and does not contain any changes to Council Policies which would require an equality impact assessment to take place.

LEGAL IMPLICATIONS

Not applicable

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

No specific background papers applicable, other than previous reports on this subject in previous years but they do not relate directly to the content of this report.

Capital Programme**2016/17**

Scheme	Gross Cost	External Funding	Other Funding	Net Cost 2016/17
Rhyddings Heritage Lottery Fund	1,461,000	1,411,000		50,000
Accrington Townscape Heritage Initiative	643,000	432,500	210,500	0
Rishton Regeneration	600,000		600,000	0
Transitional Housing Programme	535,597	495,591	40,006	0
New Cremators for Accrington Crematorium (VAT implication?)	450,000			450,000
Disabled Facilities Grant	448,935	448,935		0
Pendle Street	373,839		373,839	0
Clusters of Empty Homes	241,961	241,961		0
New Cemetery on Lee Lane	200,000			200,000
Planned Asset Improvement	100,000			100,000
Hyndburn Leisure centres Energy Efficiency Improvements	75,000			75,000
Hyndburn Leisure Centres Mechanical and electrical Plant Replacement	75,000			75,000
Aspen Colliery Coke ovens	71,500	71,500		0
Capitalised Salaries	57,945			57,945
Future Vehicle Set Aside	50,000			50,000
Safe Houses	31,126	31,126		0
Accrington Market Hall fire systems renewal	30,000			30,000
Technology refresh scheme	25,000			25,000
Vehicle replacement	19,000			19,000
Christmas Decoration Replacement	15,000			15,000
Total Expenditure 2016/17	5,503,903	3,132,613	1,224,345	1,146,945

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REPORT TO:		Cabinet	
DATE:		03 February 2016	
PORTFOLIO		Cllr Gareth Molineux	
REPORT AUTHOR:		Joe McIntyre, Deputy Chief Executive Resources	
TITLE OF REPORT:		Financial Position 2015/16 Report to end of December 2015	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. Purpose of Report

- 1.1 The Report informs Cabinet of the financial spending of the Council at the end of December 2015 and the prediction of the outturn position to the end of the financial year in March 2016.

2. Recommendations

- 2.1 Cabinet notes the report and asks the Corporate Management Team to continue to identify savings and generate a surplus on the 2015/16 Budget to assist with future potential financial pressures on the Council.

3. Reasons for Recommendations and Background

3.1 Summary

The financial detail of the report is shown as a table at the end of this document.

The spend against Budget in the 8 months of the year is £8,252,089 against a Budget of £8,577,032 leaving a positive variance of just over £324,000.

The forecast spend for the year to 31st March 2016 is £11,249,000 against a budget of £11,489,000. This indicates a forecast surplus of almost £240,000 by the end of the financial year. This is a budget surplus of slightly more than 2.0% on the overall activities of the Council for the financial year 2015/16.

There is a small overspend on Parks & Cemeteries. Regeneration & Property Services is predicting a large adverse variance of £162,000. However savings across other Budget areas outstrip these negative variances and the current prediction is for an overall surplus of £240,000 by the end of the financial year.

3.2 Detail

Community Services

Environmental Health is predicting a positive variance of just over £9,000. This is due to £5,000 of extra income and £9,000 of miscellaneous savings less £5,000 of extra salary expenditure.

Waste Services are predicting a surplus of £62,000 due to predicted savings of staff costs of £43,000, savings of £17,000 on fuel costs and savings of £67,000 on vehicle costs. However there are £20,000 of other miscellaneous costs predicted to the end of the year which offset these savings. In addition Waste Services are predicting a decrease in income of £45,000 as a result of the declining price on the sale of recycling materials.

Parks & Cemeteries are predicting an adverse variance for the year of £24,000. This is due to the loss of £20,000 of income less £11,000 of net additional savings on the Parks Budget. The Cemetery Budget is predicting an adverse spend of £15,000 due to £7,000 of extra costs to provide maternity cover at the Cemetery and £12,000 of other additional costs less of £2,000 of additional income and £2,000 saved on fuel costs.

Culture & Leisure Services

Culture & Leisure Services are predicting a positive variance of just over £12,000. This is due to £8,000 of extra income at the Haworth Art Gallery from weddings, a £4,000 saving on staff costs and £7,000 saved elsewhere on budgets. The Leisure Budget has an adverse variance of £7,000 overall comprising £14,000 of extra costs linked to continuing to operate Clayton Civic Hall this year and £2,000 of lost income, offset by £9,000 of savings elsewhere on the Budget.

Planning & Transportation

Planning & Transportation is predicting a positive variance of £52,000. There are £79,000 of staff cost savings and income is predicted to be up by £82,000 by the end of the year. However there are £91,000 of additional external costs for the Budget to meet this year, in relation to the production of the Local Plan, £15,000 of extra costs required to construct additional drainage on a pathway near Norden Playing Fields and £3,000 of extra costs from defending the planning decision at Foxwood.

Regeneration & Property Services

Regeneration & Property Services are predicting an overspend of £162,000 by the end of the year. This is due to the loss of £15,000 in grant support to a number of community centres from Lancashire County Council, a predicted shortfall in income of £126,000 on core activities and £70,000 of lost income on empty commercial properties accompanied by £42,000 of rates bills for these empty properties as well as £12,000 of additional miscellaneous costs. These overspends are offset by £103,000 of salary savings predicted for the year.

Policy and Corporate Governance

Policy and Corporate Governance anticipate a positive variance of £188,000. This is due to £159,000 of salary savings expected to be achieved during the year, along with £48,000 of additional income, £15,000 saved on Members Expenses, £12,000 of savings on Audit Fees and other Treasury Management costs, £12,000 saved on historic Pension contributions, less £59,000 of other net additional miscellaneous costs.

Non Service Items

At this point in the year we are predicting a saving of £136,000 on the Budget.

Treasury Management

A Treasury Management Report was provided with the half year report at the Cabinet meeting in October and a further update will be given at the year-end.

4. Alternative Options considered and Reasons for Rejection

- 4.1 Not applicable

5. **Consultations**

5.1 Not applicable

6. **Implications**

Financial implications (including any future financial commitments for the Council)	As outlined in this report
Legal and human rights implications	None
Assessment of risk	None
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	None

7. **Local Government (Access to Information) Act 1985: List of Background Papers**

Copies of documents included in this list must be open to inspection and, in the case of reports to Cabinet, must be published on the website.

Council Meeting 26th February 2015
General Revenue Budget 2015/16

The report can be found by clicking on this link

[Council Meeting 26th February 2015 General Revenue Budget 2015/16](#)

And downloading the relevant PDF from that page.

8. **Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

Budget Monitoring 2015/16

Period 9 Summary - GF Revenue

Description	Y-T-D Period 9			Month 9			Year		
	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £	Budget £	Forecast £	Variance £
Community Services									
Environmental Health	415,391	407,189	8,202	54,452	50,180	4,272	595,294	586,306	8,988
Waste Services	2,281,768	2,223,760	58,008	325,580	318,100	7,480	3,014,579	2,952,638	61,941
Parks & Cemeteries	870,180	880,872	-10,692	96,687	65,896	30,791	1,160,241	1,183,953	-23,712
Sub-Total Community Services	3,567,339	3,511,821	55,518	476,719	434,176	42,543	4,770,114	4,722,897	47,217
Culture & Leisure	1,030,830	1,023,048	7,782	114,072	112,768	1,304	1,413,735	1,401,460	12,275
Planning & Transportation	627,625	588,456	39,169	69,736	66,659	3,077	836,833	784,402	52,431
Regeneration & Property Services	1,253,185	1,374,388	-121,203	139,243	130,816	8,427	1,670,915	1,833,184	-162,269
Policy & Corporate Governance	2,687,089	2,419,547	267,542	298,566	231,841	66,725	3,582,785	3,395,574	187,211
TOTAL General Fund Services	9,166,068	8,917,260	248,808	1,098,336	976,260	122,076	12,274,382	12,137,517	136,865
Non Service Items	-589,036	-665,171	76,135	-65,448	-75,967	10,519	-785,382	-888,432	103,050
TOTAL Net Expenditure	8,577,032	8,252,089	324,943	1,032,888	900,293	132,595	11,489,000	11,249,085	239,915
Contribution (from) / to GF Reserves							0	239,915	
TOTAL Net Requirement							11,489,000	11,489,000	0

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