

Blackpool Council

9 June 2017

To: Councillors Benson, Blackburn, Cain, Campbell, Cross, Jackson, Kirkland, Smith, I Taylor and Mrs Wright

The above members are requested to attend the:

EXECUTIVE

Monday, 19 June 2017 at 6.00 pm
in Committee Room A, Town Hall, Blackpool

A G E N D A

1 DECLARATIONS OF INTEREST

Members are asked to declare any interests in the items under consideration and in doing so state:

- (1) the type of interest concerned; and
- (2) the nature of the interest concerned

If any member requires advice on declarations of interests, they are advised to contact the Head of Democratic Governance in advance of the meeting.

- | | | |
|----------|--|-----------------|
| 2 | WINTER GARDENS CONFERENCE AND EXHIBITION CENTRE | (Pages 1 - 6) |
| 3 | PARTNERSHIP AGREEMENT (COVENANT) WITH THE FAITH SECTOR | (Pages 7 - 16) |
| 4 | PROVISIONAL OUTTURN 2016/2017 | (Pages 17 - 40) |
| 5 | TREASURY MANAGEMENT OUTTURN REPORT FOR THE YEAR ENDED 31 MARCH 2017 | (Pages 41 - 60) |

Venue information:

First floor meeting room (lift available), accessible toilets (ground floor), no-smoking building.

Other information:

For queries regarding this agenda please contact Lennox Beattie, Executive and Regulatory Manager, Tel: (01253) 477157, e-mail lennox.beattie@blackpool.gov.uk

Copies of agendas and minutes of Council and committee meetings are available on the Council's website at www.blackpool.gov.uk.

Report to:	EXECUTIVE
Relevant Officer:	Alan Cavill, Director of Place
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	19 June 2017

WINTER GARDENS CONFERENCE AND EXHIBITION CENTRE

1.0 Purpose of the report:

- 1.1 To consider the authorisation of £500,000 expenditure in order to fund an enabling works package for the proposed Conference and Exhibition Centre.

2.0 Recommendation(s):

- 2.1 That £500,000 expenditure is authorised in order to fund an enabling works package for the proposed Conference and Exhibition Centre.
- 2.2 To delegate approval of the detailed programme of enabling works to the Director of Place.
- 2.3 To note that a further report will be brought to the Executive once the Growth Deal 3 grant funding application evaluation process is completed.

3.0 Reasons for recommendation(s):

- 3.1 To progress the delivery of a fit for purpose 21st century conference centre which once delivered will allow Blackpool to compete in the economically important business tourism sector and significantly contribute toward attaining the Council vision for Blackpool of being the UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No
- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

Do not complete the enabling works package.

The time constraints associated with completing the project are extremely tight. This course of action would increase the possibility of deviation from project schedule.

4.0 Council Priority:

4.1 The relevant Council Priority is: “The economy: Maximising growth and opportunity across Blackpool”

5.0 Background Information

5.1 Following receipt of delegated authority allowing the Director of Place to progress the project, a number of significant steps toward delivering the scheme have been made including:

- Full planning approval including listed building consent
- Progress of scheme designs to technical stage
- Selection of the preferred bidder for the main contract works
- £2,900,000 Coastal Communities grant funding award
- £15,000,000 Growth Deal 3 grant funding application evaluation is now at an advanced stage

5.2 The next step in delivery of the project is the completion of an enabling works package. This work will assist in ensuring the site is prepared for commencement of construction works later this year and support adherence to project plan. The Conference Centre is presently scheduled to open Spring 2019. A further report will be submitted to the Executive to confirm the final project plan once the result of the grand funding application is known.

5.3 The exact content of the enabling works package is currently being organised and will be approved by the Director of Place however, activities are likely to include:

- Further survey work
- Utility diversions
- Existing building elevation repairs
- Demolitions
- Site clearance

- 5.4 Authority for up to £500,000 expenditure is now sought in order to fund the enabling works package.
- 5.5 Does the information submitted include any exempt information? No
- 5.6 **List of Appendices:**
- None.
- 6.0 **Legal considerations:**
- 6.1 The Council's contracting and commissioning procedures will apply. A suitable contract will be developed in consultation with the Council's Legal Services team.
- 7.0 **Human Resources considerations:**
- 7.1 None.
- 8.0 **Equalities considerations:**
- 8.1 None.
- 9.0 **Financial considerations:**
- 9.1 The £500,000 expenditure for which authority is sought in this report will initially be classified as a revenue expense. Reclassification of the £500,000 will take place once the full financing package is in place and it will form part of the Conference Centre capital expenditure.
- 10.0 **Risk management considerations:**
- 10.1 The £15,000,000 Growth Deal 3 grant funding application evaluation process is now at an advanced stage. It is anticipated that notification of award will be received in August. The risk that Growth Deal 3 grant funding is ultimately not forthcoming has been identified.
- 10.2 Should grant funding not be awarded, the £500,000 requested will be charged to the Strategic Leisure Assets portfolio as a revenue expense.
- 10.3 The time constraints associated with completing the project are extremely tight. Completion of the enabling works package will assist in minimising the risk of deviation from schedule.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 Consultation has taken place with both internal departments and external consultants on the requirements set out in this report.

13.0 Background papers:

13.1 None.

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 12/2017

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: N/A Date approved: N/A

17.0 Declarations of interest (if applicable):

17.1 None

18.0 Executive decision:

18.2 **Date of Decision:**

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

21.0 Call-in:

22.0 Notes:

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Report to:	EXECUTIVE
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Maria Kirkland, Cabinet Member for Leisure Services and Third Sector Engagement
Date of Meeting:	19 June 2017

PARTNERSHIP AGREEMENT (COVENANT) WITH THE FAITH SECTOR

1.0 Purpose of the report:

- 1.1 To consider a new collaborative arrangement with the Council's Faith Sector partners to provide a framework for the growth in joint action to build resilient communities in the years ahead.

2.0 Recommendation(s):

- 2.1 To agree the Partnership Agreement with the Faith Sector as attached at Appendix 3a.

3.0 Reasons for recommendation(s):

- 3.1 To formally ratify these arrangements

The agreement will contribute positively to the Council's Equality agenda and key goals especially in respect to empowering and involving groups in decision making, as well as Cohesion.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes

- 3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

4.1 The relevant Council Priority is:

“Creating stronger communities and increasing resilience “

5.0 Background Information

5.1 The All Party Parliamentary Group for Faith and Society together with FaithAction have developed and promoted a new tool for the encouragement of deeper collaboration between Local Authorities and Faith Communities. Stephen Timms MP, chairs this group and visited Blackpool in 2015 to speak to local Faith leaders about this initiative.

5.2 This work is also encouraged through a new Local Government Association research study “Working with faith groups to promote health and wellbeing” which sees the potential here as part of asset-based strategic planning to tackle health inequalities in deprived communities.

5.3 The Covenant (Agreement) is a joint commitment between faith communities and local authorities or other commissioners to a set of principles that guide engagement, aiming to remove some of the barriers and mistrust that can exist and to promote open, practical working on all levels. It has so far been adopted in Birmingham, Leeds, Northamptonshire, Solihull, Barnet and Calderdale.

5.4 The impact of austerity and consequences both for direct service provision and the growth in Faith based social action initiatives in deprived communities, such as Food banks have also provided a clear impetus for this. In Blackpool, the model of partnership working between the Council, and Faith Groups in the Blackpool Food Partnership provides an example of what is possible. There are many other areas of social policy where collaborative arrangements/ initiatives could add real value, for example, children’s services, Public Health, Social care, housing and welfare to work.

5.5 The Council has developed strong local relationships and a formal engagement structure with the Faith Sector, through the Faith Forum, and other operational partnerships for the delivery of specific programmes.

5.6 In the last couple of years, this has been enhanced with a new level of strategic collaboration made possible through the activity of Together Lancashire ,and has produced a mapping exercise of Faith based Social action in Blackpool, and a major conference bringing together 100 representatives of these Projects together with the Council / other service Delivery managers.

- 5.7 This has provided the mechanism for discussions on a local Covenant / Agreement. The document is appended to this report, and although built on the model of the All Party Parliamentary Group for Faith and Society, has been adapted to meet local Faith Leader concerns to clearly differentiate Faith communities' role in social action, with their teaching and worship activities.
- 5.8 Does the information submitted include any exempt information? No
- 5.9 **List of Appendices:**
- Appendix 3a: Blackpool Council and Faith Communities Partnership
- 6.0 **Legal considerations:**
- 6.1 The agreement is an expression of the Council's legal commitments under Section 149 of the Equality Act , relating to the promotion of Community Cohesion
- 7.0 **Human Resources considerations:**
- 7.1 There are no new Human Resource impacts.
- 8.0 **Equalities considerations:**
- 8.1 The agreement contributes positively to the Council's Equality agenda and key goals especially in respect to empowering and involving groups in decision making, as well as Cohesion mentioned above.
- 9.0 **Financial considerations:**
- 9.1 No new financial impacts
- 10.0 **Risk management considerations:**
- 10.1 No new risk implications. If, in the future, the partnership results in new operational joint arrangements, such as training – these would be assessed individually.
- 11.0 **Ethical considerations:**
- 11.1 The partnership will encourage more networking and joint working to help the vulnerable and needy in our community.

12.0 Internal/ External Consultation undertaken:

12.1 Extensive consultation over an 18 month period with the Leaders of the local Faith Sector, and well as representative of the national body FaithAction.

13.0 Background papers:

13.1 LGA research study “Working with faith groups to promote health and wellbeing”

14.0 Key decision information:

14.1 Is this a key decision? No

14.2 If so, Forward Plan reference number:

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed:

Date approved:

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1

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Appendix 3a: Draft - Blackpool Council and Faith Communities Partnership

Purpose

This agreement is a joint commitment between the faith communities of Blackpool and the Council, to a set of principles that guide engagement, aiming to deepen collaborative partnerships and to promote open, practical working on all levels.

The coming years will see our community facing continued high levels of social needs and tough new challenges. There will be fresh demands on public health, social care, education, employment support and community inclusion.

Aim : Working together in constructive partnership, we aim to help more people and communities flourish and meet their full potential.

The partnership is built on the following principles:

- *Faith communities are a key component of civic society.* Free to practise and celebrate their beliefs and religious observances without restriction, and to raise their voice in public debate and to be respected.
- *Public services and faith based social action¹ should respect service users from all backgrounds,* without discrimination on the grounds of religion, gender, marital status, race, ethnic origin, age, sexual orientation, mental capability or long term condition.
- *The voice, participation and solutions that faith communities bring are important,* and their involvement in the decision making process should enable them to benefit the wider community.
- *Mutual respect and appreciation* for the special role, authority and resources of the Council and Faith groups. This includes the Council's status as a constituted public body with a wide range of statutory responsibilities, and

¹ Faith based social action – can broadly be defined as practical action in the service of others, which is:

- carried out by individuals or groups of people working together
 - not mandated and not for profit
 - done for the good of others - individuals, communities and/or society
- bringing about social change and/or value

It does not cover the Religious teaching, rituals, instruction or worship related activities of Faith groups.

Faith Groups independent authority, volunteer base and appreciation of the limited resources that can be deployed.

The Agreement entails the following commitments:

Blackpool Council commits to welcome the involvement of faith groups in the delivery of services and social action on an equal basis with other Civil Society groups. In addition, the Council commits to:

- Building relationships and trust with faith groups;
- Facilitate appropriate strategies for the engagement of faith communities in decision making processes;
- Encouraging faith groups and their members to be involved in social action and the reshaping and redesign of local services;
- Where possible, sharing training and learning opportunities between faith communities and the local authority.
- Maintaining open and transparent procedures for funding and commissioning of services that wherever possible welcome faith based organisations as potential service providers and do not discriminate against their tenders.

Faith based organisations commit to work actively, wherever possible, with the Council in addressing social and community needs and the wider delivery of services to the public.

In addition, they commit to:

- Seeking opportunities to bring people together to serve the community, building social cohesion and empowering people - particularly mindful of its poorest and most isolated members;
- Serving all local residents seeking to access services equally, irrespective of their religion, gender, marital status, race, ethnic origin, age, sexual orientation, mental capability or long term condition;

- Ensuring excellence in child protection, health and safety, accountability and transparency and collaborating where appropriate with public agencies on these issues.
- Responding to consultations where appropriate;
- Where possible, sharing training and learning opportunities between faith communities and the local authority.

Monitoring the Agreement

A monitoring group of senior representatives from the Faith Groups and Council will come together on an annual basis, in order to both review and renew the commitments set out in this agreement.

Signed

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Report to:	EXECUTIVE
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	19 June 2017

PROVISIONAL OUTTURN 2016/2017

1.0 Purpose of the report:

- 1.1 The report of the Director of Resources on the Provisional Revenue Outturn for 2016/2017 compared with the approved budget and the capital expenditure in the year ended 31 March 2017 with sources of funding.

2.0 Recommendation(s):

- 2.1 To approve the provisional revenue outturn for 2016/2017 and in so doing to note that the figures are subject to external audit and final accounting adjustments (ref. paragraph 2.1 of Appendix 4a).
- 2.2 To approve the recommendations regarding the treatment of specific service under / overspends as outlined (ref. paragraph 3.2 of Appendix 4a).
- 2.3 To approve the provisional capital outturn for 2016/2017 and methods of scheme funding as outlined (ref. paragraphs 4.2 and 4.5 of Appendix 4a).
- 2.4 To note the Prudential Indicator (ref. paragraph 4.3 of Appendix 4a).
- 2.5 To note the levels of the earmarked reserves including those for the Housing Revenue Account and maintained schools (ref. paragraphs 6.1, 6.3 and 6.4 of Appendix 5a).
- 2.6 To approve the recommendation that £1.5m is taken from the Transformation Reserve and £1.5m from the Collection Fund Deficit Reserve (Council Tax and NNDR) and added to General Fund Working Balances, increasing them to £6,166,000 for the start of the 2017/18 financial year (ref. paragraph 7.2 of Appendix 4a).

3.0 Reasons for recommendation(s):

3.1 To bring the Provisional Revenue and Capital outturn figures to Members' attention at the earliest opportunity in accordance with good financial practice and to seek approval of the treatment of carry forward under/overspendings as outlined in paragraph 3.2 of the report, so that budget managers can then plan accordingly.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None, the report is a position statement as at 31st March 2017.

4.0 Council Priority:

4.1 The relevant Council Priority is:

"The economy: Maximising growth and opportunity across Blackpool"

5.0 Background Information

5.1 The report of the Director of Resources attached at Appendix 5a to this report outlines the Provisional Revenue Outturn for 2016/2017 compared with the approved budget and the capital expenditure in the year ended 31 March 2017 with sources of funding.

5.2 Does the information submitted include any exempt information? No

5.3 List of Appendices:

Appendix 4a – Report of the Director of Resources

Appendix 4b – Outturn Summary

Appendix 4c - Chief Executive Summary

Appendix 4d - Governance and Partnership Services Summary

Appendix 4e - Ward Budgets Summary

Appendix 4f – Resources Summary

Appendix 4g – Places Summary

Appendix 4h - Community and Environmental Services Summary

Appendix 4i - Adult Services Summary

Appendix 4j - Children's Services Summary

Appendix 4k - Public Health Summary
Appendix 4l - Budgets Outside the Cash Limit Summary
Appendix 4m - Capital Outturn Summary

6.0 Legal considerations:

6.1 None.

7.0 Human Resources considerations:

7.1 None.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 As outlined in the report.

10.0 Risk management considerations:

10.1 Impact of financial performance on Council reserves and balances.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 None.

13.0 Background papers:

13.1 None.

14.0 Key decision information:

- 14.1 Is this a key decision? Yes
- 14.2 If so, Forward Plan reference number: 15/2017
- 14.3 If a key decision, is the decision required in less than five days? No
- 14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

- 15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No
- 15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 9 June 2017 Date approved: N/A

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members present:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1

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BLACKPOOL COUNCIL
REPORT
of the
DIRECTOR OF RESOURCES
to the
EXECUTIVE
on
19 JUNE 2017

PROVISIONAL OUTTURN 2016/2017

1. Introduction

- 1.1 The purposes of this report are to show i) a comparison of General Fund Revenue Account expenditure in the year ended 31 March 2017 with the approved budget and ii) a statement of Capital Expenditure in the year ended 31st March 2017 with sources of funding. The figures are provisional in that they are subject to external audit and any final accounting adjustments. The final figures will be incorporated within the Statement of Accounts for 2016/2017, which is the subject of a separate report to the Audit Committee on 14 September 2017 in order to comply with the statutory deadline required by the Accounts and Audit (England) Regulations 2015.

2. Provisional Revenue Outturn 2016/2017

- 2.1 The Provisional Revenue Outturn for 2016/2017 (before allowing for changes to working balances) is £128,036,000 compared with the approved budget of £125,566,000 – a net increase of £2,470,000. The summary figures are shown at Appendix 4b.
- 2.2 The year-end variance position for each directorate is set out in Appendices 4c to 4k and is summarised as follows:-

Directorate	2016/2017 Variance £000	Reference Appendix
Chief Executive	(10)	2a
Governance and Partnership Services	225	2b
Ward Budgets	(248)	2c
Resources	(94)	2d
Places	429	2e
Community and Environmental Services	(66)	2f
Adult Services	(1,205)	2g
Children's Services	5,397	2h
Public Health	-	2i
Total	4,428	

2.3 The main reasons for this net service overspend / underspends are:-

Service	Reasons	£000
Children's Services	Children's Social Care overspent by £5.916m due to a significant increase in the numbers of Looked After Children. Budgets were set when numbers were around 450, which was still the highest LAC per 10,000 population nationally. However, numbers continued to rise and ended at an all-time high of 529 by 31 March 2017. Lack of capacity in the market along with more complex care needs have also pushed up unit costs. Legal costs have also increased as would be expected in line with the increase in numbers. Staffing savings across other Children's Services teams offset this pressure by £581k.	5,397
Places	The Places Directorate overspend largely comprises Prudential borrowing costs of £200k relating to the Foxhall Village and Central Leisure Quarter developments coupled with overspending and income shortfalls of £109k in Illuminations and a £95k shortfall against income target in	429

	Central Print Services. Other smaller service under and overspends increased this to a directorate overspend of £429k.	
Governance and Partnership Services	Repair and maintenance costs in Registration and Bereavement Services comprise the main component of the overspend. These, coupled with Coroner costs in excess of budget and an income shortfall against budget in relation to cremation fees, resulted in the reported position.	225
Chief Executive	The underspend in the Chief Executive's area related to income received in excess of budget.	(10)
Community and Environmental Services	Leisure and Catering were under budget by £145k due to a combination of increased income generation on Parks and a reduction in catering provisions costs. Highways and Traffic Management were £88k over budget due to pressures on Bus Shelter income and maintenance, partly offset by scheme income. A review of discretionary costs undertaken through the year resulted in savings offsetting pressures experienced elsewhere in the Directorate. The pressure due to the loss of the Waste PFI grant has been offset against reserves in 2016/17.	(66)
Resources	Property Services achieved savings of £620k against a property rationalisation target of £800k resulting in an overspend of £180k. All the other services within Resources underspent, totalling £274k, through a combination of staff vacancies, increased income and savings on supplies and services.	(94)
Ward Budgets	Scheme commitments of £287k are being carried forward into 2017/18. However, the balance of £39k overspend relates to expected income not being realised.	(248)
Adult Services	The Adult Commissioning Placements Budget underspent by £1,268k mainly as a result of higher than anticipated residential income and one-off savings following a review of prudent year-end accruals. Staffing budgets across the	(1,205)

	department also underspent by £80k due to higher than expected vacancy levels. Adult Safeguarding overspent by £143k due to additional legal and staffing costs to fund Deprivation of Liberty Safeguards (DoLS) case law.	
Total		4,428

- 2.4 The financial outturn for budgets 'outside the cash limit' is detailed at Appendix 4I and shows an aggregate underspending of £1,092,000. The main reasons for this are:-

Service	Reasons	£000
Concessionary Fares	Concessionary Fares were over budget due to the ongoing pressure arising from increased bus patronage and the impact of fare increases.	491
Parking Services	The service's income target was not achieved; the service did however continue its significant improvement in income generation. This was in spite of a reduction in available car parking spaces.	284
Previous Years' Pension Liability/Land Charges/Housing Benefits/Council Tax and NNDR Cost of Collection	Council Tax and National Non-Domestic Rates Cost of Collection underspent due to the costs recovered on Council Tax collection. There was also increased income in Land Charges.	(30)
New Homes Bonus	This underspend is due to the additional income resulting from the final NHB allocation.	(150)
Subsidiary Companies	This underspend has resulted from a saving on Prudential borrowing costs as borrowings on historic capital schemes have been repaid.	(152)
Treasury Management	Treasury Management has a £1,535k favourable position due to the ongoing temporary windfall from the short-term interest rates paid to finance capital expenditure during the year.	(1,535)
Total		(1,092)

3. Treatment of Revenue Budget Variances

- 3.1 As part of the year-end process an analysis of budget variances is undertaken in order to determine the treatment of under/overspendings on service budgets. The conventional Cash Limited Budgeting approach requires that:-

- underspendings are carried forward in full and are then available to

supplement the following year's service budget;

- overspendings are similarly carried forward but must as far as possible be recovered in the following financial year (where an extended period is required, this must be on the basis of a recovery plan with a timetable not exceeding 3 years and approved by the Executive); and
- any windfall gains, as determined by the Director of Resources and arising from events outside the control of the service, are added to the Council's general working balances.

3.2 However, having considered the Provisional Revenue Outturn 2016/2017 in detail and the financial outlook and consulted Corporate Leadership Team colleagues, it is recommended that:-

- the underspending of £287,000, in respect of the scheme commitments, on Ward Budgets is carried forward to 2017/2018 in full;
- the following under and overspendings are to be written off:

Directorate	£000
Chief Executive	(10)
Governance and Partnership Services	225
Ward Budgets	39
Resources	(94)
Places	429
Community and Environmental Services	(66)
Adult Services	(1,205)
Children's Services	5,397
Total	4,715

This will allow services to enter the new financial year in a balanced position and give directorates a realistic chance of meeting their budget savings for what will be the seventh consecutive year of material budget cuts.

4. Provisional Capital Outturn 2016/2017

- 4.1. This section sets out the level of expenditure incurred by the Council on its 2016/2017 Capital Programme. It provides a breakdown of expenditure by service in addition to providing a proposal on how the Capital Programme for 2016/2017 should be financed.
- 4.2. The total capital expenditure for the year was £42,773,974. This is summarised as follows with an analysis of spend by individual scheme available at Appendix 4m:-

Directorate	£
Place	15,835,397

Community & Environmental Services	14,534,804
Resources	9,503,148
Adult Services	1,714,326
Children's Services	1,097,876
Governance and Regulatory Services	88,423
Total	42,773,974

4.3 CIPFA's Prudential Code of Practice requires the Council to set a range of indicators each year, one of which is to separately account for non-HRA and Housing Revenue Account expenditure incurred in the financial year. Total capital spend in 2016/2017 of £42,773,974 is split between non-HRA of £35,145,348 and Housing Revenue Account of £7,628,626.

4.4 The original Capital Programme for 2016/2017 was set at £21.1m whilst the amount actually spent in-year was over double this. This is mainly due to new approvals given for schemes during the year and the large brought forward budget from previous years.

4.5 It is recommended that this expenditure is funded from the following sources:-

Source	£
Prudential Borrowing	15,153,126
Government and Other Grants	14,496,252
Capital Receipts	1,689,106
Other Sources:	
- Revenue	5,922,849
- Major Repairs Allowance	3,872,288
- CBD Reserve	475,000
- Vehicle Plant and Equipment reserve	386,515
- University Contribution	213,283
- United Utilities Contribution	136,570
- Police Contribution	119,599
- Other External Contributions	309,386
Total	42,773,974

The Council has maximised all capital resources available to it during 2016/2017 and arrangements have been made to ensure that funding for re-profiled schemes is carried forward into 2017/2018.

5. Collection Rates

5.1 Council Tax (CT)

At the end of month 12 the amount collected for Council Tax (excluding Police and Fire precepts) was £43.5m and the collection rate was 90.0%. This compares to £41.3m and 90.7% at the same point in 2015/2016. The

reduction of 0.7% compared to the previous year equates to £0.3m. The amount collected has actually risen by £2.2m and the movement of £2.5m is mainly due to increases in both the Council Tax rate and base.

In the light of the reductions in discount and the introduction of the Local Council Tax Reduction Scheme the target collection rate is 97.5% over a 4-year collection period as approved on 25th January 2016 as part of the setting of the Council Tax Base for 2016/2017.

The level of Council Tax income is also affected by movements in the actual Council Tax Base compared to that used for the purposes of the 2016/2017 Budget. The base is affected by the Council Tax Reduction Scheme which is effectively applied as a discount and therefore subsequently reduces the tax base. Movements in the Council Tax Reduction Scheme impact on the income due.

As at 31st March 2017 the level of arrears has increased to £15.0m (compared to £13.5m in 2015/2016) and the provision for bad debts has increased to £5.7m (compared to £5.2m in 2015/2016). These reflect the current economic climate and the risks associated with the Council Tax Reduction Scheme. If the actual collection rate is higher than 97.5% then the excess will be available to reduce the Council Tax in future years. If it is lower than 97.5% then an increase in Council Tax will be required in future years to cover the shortfall. This would be in addition to any changes arising from the actual collection rates in previous years.

5.2 Council Tax Reduction Scheme (CTRS)

The Council Tax Reduction Scheme was introduced on 1 April 2013. The Scheme ensures that support to pensioners continues at existing levels. Working-age claimants are means tested to establish entitlement and a percentage reduction (currently 27.11%) is applied at the end of the assessment to establish the level of support provided.

At the end of month 12 the amount collected (excluding Police and Fire precepts) in respect of the Council Tax Reduction Scheme and Council Tax for those who have to pay CTRS, either for the first time or in addition to a proportion of their Council Tax, was £2.53m and the collection rate was 60.6%. This compares to £2.65m and 62.4% at the same point in 2015/2016 and is the principal cause of the overall collection rate deteriorating.

The impact of changes in the numbers and ratios between Older Age claimants and Working Age claimants during the year compared with the original estimates shows a definite volatility in the data used in projections.

5.3 National Non-Domestic Rate (NNDR)

Prior to 1st April 2013 National Non-Domestic Rate income was collected by billing authorities on behalf of central government and then redistributed among all local authorities and police authorities as part of Formula Grant.

From 1st April 2013 the income relating to Blackpool is shared between central government (50%), the Council (49%) and the Fire Authority (1%). Consequential adjustments were made to the Formula Grant.

At the end of month 12 the amount collected for National Non-Domestic Rates was £50.7m and the collection rate was 93.9%. This compares to £50.1m and 95.1% at the same point in 2015/2016. The reduction of 1.2% compared to the previous year equates to £0.7m, though increases in both the National Non-Domestic Rates multiplier and base have made positive contributions of £1.3m. The Council's share of these is 49%.

The surplus as at 31st March 2017 is £0.82m. The Council's share of this is £0.4m (49%).

As at 31st March 2017 the level of arrears has increased to £6.0m (compared to £4.6m in 2015/2016) and the provision for bad debts has increased to £2.3m (compared to £1.9m in 2015/2016). The level of write-offs and the provision for bad debts reflect the current economic climate and the volatility of these areas and supports the level of earmarked reserves held by the authority. The appeals provision has increased to £7.8m in 2016/2017 (compared to £6.7m in 2015/2016) and is deemed necessary due to the volume of appeals still being submitted to the Valuation Office.

The above figures are included in the NNDR 3 return to Department for Communities and Local Government. The figures will be reflected in the Collection Fund for 2016/2017, but will not fully impact on the Council until 2018/2019 due to the methodology employed by central government to collect the data required to calculate the shares of Non-Domestic Rate income.

6. Reserves and Provisions

- 6.1 In accordance with Local Authority Accounting Panel (LAAP) Bulletin No. 99 the Council's reserves and provisions are continuously reviewed for relevance, appropriateness and materiality. The establishment, use and closure of reserves and provisions require the specific authorisation of the Director of Resources and auditable records are maintained to that effect. Members are asked to note that the level of earmarked reserves has decreased from £42.2m to £37.5m during 2016/2017 with those reserves summarised and shown in the table overleaf:-

Earmarked Reserves	2015/2016	2016/2017
	£000	£000
Collection Fund Deficit Reserve (Council Tax & NNDR)	14,065	13,910
Public/Private Partnerships	9,056	7,548
Treasury Management – Prudential borrowing	2,329	2,668
Transformation Reserve	1,315	1,944
Museum Reserve	2,006	1,252
Insurances	600	850
Potential Pay Liabilities	1,314	284
Service Under/overspends	1,797	-
Other Reserves	9,749	9,045
Total Earmarked Reserves	42,231	37,501

- 6.2 The Strategic Leisure Assets cumulative overspend of £4,811,000 brought forward from 2015/2016 is included within earmarked reserves along with the 2016/2017 in-year overspend of £618,000. It is forecast that the portfolio will break-even, in-year, during 2021/2022 when it will then start to repay the overspend. This is in line with the Medium Term Financial Plan.
- 6.3. The financial performance of the Housing Revenue Account (HRA) is better than originally forecast for 2016/2017 by £1,993,000 with year-end balances of £6,857,000 which will be required in the main to support the Queens Park Phase 2 redevelopment scheme which is now well underway.
- 6.4. Maintained schools' balances (which lie outside the control of the Council) decreased by £826,000 in 2016/2017 to £2.3m. A £471,000 reduction was due to academy conversions with the remaining maintained schools taking £355,000 from their reserves. £973,000 is also held in an earmarked reserve in relation to unspent Dedicated Schools Grant.

7. General Fund Working Balances

- 7.1 The Council's Revenue Budget for 2016/2017 set a target level of General Fund working balances of around £6m. It is deemed appropriate to maintain this target level of £6m for working balances for the medium term. To do so would require an increase of £2,834k on the current balance of £3,166k.
- 7.2 A review of earmarked reserves has been undertaken. It is proposed that £1.5m is taken from the Transformation Reserve and £1.5m from the Collection Fund Deficit Reserve (Council Tax & NNDR) and added to General Fund Working Balances, increasing them to £6,166,000 for the start of the 2017/18 financial year. The rationale behind utilising these two reserves is that the former will be replenished from the reduction in the Minimum Revenue Provision (MRP) made available following the review of the method of charging MRP (reported to the Executive on 8th February 2016 as part of the Treasury Management Strategy 2016/17); and the latter appears to have sufficient headroom to accommodate any further volatility in Council Tax and

National Non-Domestic Rates collection over the medium-term.

8. Conclusions and Recommendations

- 8.1 The Provisional Outturn for 2016/2017 shows the financial performance culminating with the Council's General Fund working balances standing at £3,166,000. It has been a difficult year with Children's Services materially impacting upon the bottom line and no signs of improvement yet.
- 8.2 As the Council continues to manage the financial constraints placed upon it, the measures proposed within this report will reinstate some cushion for managing the risks that lie ahead in the next financial year, which the Medium Term Financial Sustainability Strategy has highlighted as the last of the very difficult years to navigate.
- 8.3 The Executive is asked to:
- approve the provisional revenue outturn for 2016/2017 and in so doing to note that the figures are subject to external audit and final accounting adjustments (ref. paragraph 2.1);
 - approve the recommendations regarding the treatment of specific service under / overspends as outlined (ref. paragraph 3.2);
 - approve the provisional capital outturn for 2016/2017 and methods of scheme funding as outlined (ref. paragraphs 4.2 and 4.5);
 - note the Prudential Indicator (ref. paragraph 4.3);
 - note the levels of the earmarked reserves including those for the Housing Revenue Account and maintained schools (ref. paragraphs 6.1, 6.3 and 6.4); and
 - approve the recommendation that £1.5m is taken from the Transformation Reserve and £1.5m from the Collection Fund Deficit Reserve (Council Tax and National Non-Domestic Rates) and added to General Fund Working Balances, increasing them to £6,166,000 for the start of the 2017/18 financial year (ref. paragraph 7.2).

Steve Thompson
Director of Resources

GENERAL FUND PROVISIONAL OUTTURN YEAR ENDING 31 MARCH 2017

TOTAL SUMMARY

	GENERAL FUND NET REQUIREMENTS	2016/2017 ADJUSTED CASH LIMIT £ '000	2016/2017 ACTUALS £ '000	2016/2017 VARIATION £ '000
	<u>CASH LIMITED BOTTOM LINE BUDGETS</u>			
	CHIEF EXECUTIVE	(125)	(135)	(10)
	GOVERNANCE & PARTNERSHIP SERVICES	1,404	1,629	225
	WARD BUDGETS	516	268	(248)
	RESOURCES	3,718	3,624	(94)
	PLACES	3,916	4,345	429
	STRATEGIC LEISURE ASSETS	1,397	2,015	618
	COMMUNITY & ENVIRONMENTAL SERVICES	43,752	43,686	(66)
	ADULT SERVICES	45,542	44,337	(1,205)
	CHILDRENS SERVICES	37,144	42,541	5,397
	PUBLIC HEALTH	304	304	-
	BUDGETS OUTSIDE THE CASH LIMIT	16,460	15,368	(1,092)
	CAPITAL CHARGES	(27,686)	(27,689)	(3)
	SUB TOTAL - NET COST OF SERVICES	126,342	130,293	3,951
	<u>CONTRIBUTIONS AND CONTINGENCIES</u>			
	CONTRIBUTION TO OTHER RESERVES	(2,958)	(2,958)	-
	2015/16 UNDERSPEND RESERVE	(279)	(279)	-
	TRANSFER TO RESERVES - SLA OVERSPEND	-	(618)	(618)
	REVENUE CONSEQUENCES OF CAPITAL OUTLAY	54	26	(28)
	CONTINGENCIES	2,342	1,506	(836)
	SUB TOTAL - CONTRIBUTIONS & CONTINGENCIES	(841)	(2,323)	(1,482)
	<u>LEVIES</u>			
	NORTH WEST REGIONAL FLOOD DEFENCE COMMITTEE	65	66	1
	SUB TOTAL - LEVIES	65	66	1
	TOTAL NET EXPENDITURE TO BE MET FROM PUBLIC FUNDS	125,566	128,036	2,470
	LESS: AMOUNT (TAKEN FROM)/ADDED TO WORKING BALANCES	0	(2,470)	(2,470)
	NET REQUIREMENT AFTER WORKING BALANCES	125,566	125,566	0

Balance at 1st April 2016

5,636

Movement in Balances

(2,470)

General Balances at 31 March 2017

3,166

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BUDGETS OUTSIDE THE CASH LIMIT

APPENDIX 4I

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2017

SUMMARY

	FUNCTIONS OF SERVICE	2016/17 ADJUSTED CASH LIMIT	2016/17 ACTUALS	2016/17 VARIATION
		£000	£000	£000
	TREASURY MANAGEMENT	13,246	11,711	(1,535)
	PARKING SERVICES	(3,558)	(3,274)	284
	CORPORATE SUBSCRIPTIONS	192	192	-
	HOUSING BENEFITS	1,884	1,883	(1)
	COUNCIL TAX AND NNDR COST OF COLLECTION	306	311	5
	SUBSIDIARY COMPANIES	(943)	(1,095)	(152)
	LAND CHARGES	(48)	(68)	(20)
	CONCESSIONARY FARES	3,834	4,325	491
	EMPLOYERS PREVIOUS YEARS PENSION LIABILITY	3,190	3,176	(14)
	NEW HOMES BONUS	(1,643)	(1,793)	(150)
	NET COST OF SERVICES	16,460	15,368	(1,092)

	SUBJECTIVE ANALYSIS	2016/17 ADJUSTED CASH LIMIT	2016/17 ACTUAL	2016/17 VARIATION
		£000	£000	£000
	<u>EXPENDITURE</u>			
	EMPLOYEES	4,026	4,008	(18)
	PREMISES	1,167	1,226	59
	TRANSPORT	38	19	(19)
	SUPPLIES AND SERVICES	5,124	8,520	3,396
	THIRD PARTY PAYMENTS	70	80	10
	TRANSFER PAYMENTS	79,535	79,455	(80)
	SUPPORT SERVICES	4,065	4,074	9
	CAPITAL CHARGES	18,776	13,657	(5,119)
	CORPORATE SAVINGS TARGET	(1,432)	-	1,432
	TOTAL EXPENDITURE	111,369	111,039	(330)
	<u>INCOME</u>			
	CUSTOMER & CLIENT RECEIPTS	7,089	6,641	448
	GOVERNMENT GRANTS	81,407	81,672	(265)
	RECHARGES	3,568	3,233	335
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	2,845	4,125	(1,280)
	TOTAL INCOME	94,909	95,671	(762)
	NET EXPENDITURE	16,460	15,368	(1,092)

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PROVISIONAL CAPITAL OUTTURN STATEMENT 2016/17

APPENDIX 4m

Expenditure for Capital Purposes

2016/17

	PAYMENTS IN 2016/17	CAPITAL RECEIPTS	GOVERNMENT AND OTHER GRANTS	OTHER SOURCES	PRUDENTIAL BORROWING	TOTAL
	£	£	£	£	£	£
<u>Director Responsible for</u>						
Children's Services						
Primary Schools						
Bispham Endowed	68,428	0	68,428	0	0	68,428
Boundary	11,281	0	11,281	0	0	11,281
Claremont	435	0	435	0	0	435
Pegasus Education Diversity	4,525	0	4,525	0	0	4,525
Kincraig	5,776	0	5,776	0	0	5,776
Layton	53,130	0	53,130	0	0	53,130
Mereside	20,001	0	20,001	0	0	20,001
Stanley	60,630	0	60,630	0	0	60,630
Extended Service Provision	(24,969)	0	(24,969)	0	0	(24,969)
Moor Park Lighting	28,568	0	28,568	0	0	28,568
Stanley	15,353	0	15,353	0	0	15,353
Secondary Schemes						
Bispham High	456,787	0	456,787	0	0	456,787
Highfield	6,536	0	6,536	0	0	6,536
Other Schemes						
Highfurlong Special	2,316	0	2,316	0	0	2,316
Woodlands	84,924	0	84,924	0	0	84,924
Westbury	217,380	0	181,506	35,874	0	217,380
Oxford	15,863	0	15,863	0	0	15,863
Early Years	48,804	0	48,804	0	0	48,804
Autism Innovation	6,682	0	6,682	0	0	6,682
Aiming High Disabled Children	5,723	0	5,723	0	0	5,723
Mereside	9,703	0	9,703	0	0	9,703
TOTAL Children's Services	1,097,876	0	1,062,002	35,874	0	1,097,876
<u>Director Responsible for</u>						
Adult Services						
I-Switch Scheme	241,776	0	241,776	0	0	241,776
Community Information Portal	4,996	0	4,996	0	0	4,996
Adults ICT Project 2016-17	294,269	0	294,269	0	0	294,269
Transformational Project	20,494	0	20,494	0	0	20,494
Regeneration - Renovation Grant	1,104,484	0	1,104,484	0	0	1,104,484
Care & Repair	13,440	13,440	0	0	0	13,440
Winter warmth	34,867	0	34,867	0	0	34,867
TOTAL Adult Services	1,714,326	13,440	1,700,886	0	0	1,714,326

Director Responsible for
Community and Environmental

Other Schemes

VPE 2016/17	386,515	0	0	386,515	0	386,515
Bispham Health Centre	(5,000)	(5,000)	0	0	(5,000)	0
Street Cleansing Vehicles	345,342	0	0	0	345,342	345,342
Anchorsholme Seawall Scheme	3,940,649	0	3,940,649	0	0	3,940,649
Sand Dunes	113,735	0	113,735	0	0	113,735
Marton Mere Dam	69,419	0	69,419	0	0	69,419
Sea Water Management High Risk Areas (Swmp Hra) Study	37,104	0	37,104	0	0	37,104

Total Other schemes	4,887,764	(5,000)	4,160,907	386,515	345,342	4,887,764
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Transport

Yeadon Way	76,156	0	76,156	0	0	76,156
Bridges	3,994,066	0	3,994,066	0	0	3,994,066
Blackpool/Fleetwood Tramway Upgrade	5,326,818	0	0	61,447	5,265,371	5,326,818
Sintropher Project	0	0	0	213,283	(213,283)	0
Clean Vehicle Technology	250,000	0	250,000	0	0	250,000

TOTAL Transport	9,647,040	0	4,320,222	274,730	5,052,088	9,647,040
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TOTAL Community and Environmental	14,534,804	(5,000)	8,481,129	661,245	5,397,430	14,534,804
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Director Responsible for
Place

Housing - HRA

Adaptation Work for the Elderly & Disabled	338,840	0	0	338,840	0	338,840
Work towards Decent Homes Standard	7,289,786	65,078	0	7,224,708	0	7,289,786
Total Housing - HRA	7,628,626	65,078	0	7,563,548	0	7,628,626

Private Sector Housing

Tyldesley/Rigby Road	1,055,993	360,000	477,528	218,465	0	1,055,993
Cluster Of Empty Homes	3,000	0	3,000	0	0	3,000
Crystal Road Scheme	68,840	0	68,840	0	0	68,840
TOTAL Private Sector Housing	1,127,833	360,000	549,368	218,465	0	1,127,833

Transport

LTP - Local Safety Scheme	88,000	0	88,000	0	0	88,000
LTP - Maintenance	1,113,820	207,750	906,070	0	0	1,113,820
LTP - Parking Management	77,243	0	77,243	0	0	77,243
LTP - Public Transport Schemes	162,993	0	162,993	0	0	162,993
LTP - Traffic Management and Accessibility	284,662	0	284,662	0	0	284,662
LTP - Walking and Cycling	32,625	0	32,625	0	0	32,625
Total Transport Schemes	1,759,343	207,750	1,551,593	0	0	1,759,343

Other Schemes

Leisure Assets	467,426	0	127,727	0	339,699	467,426
Quality Corridor	684,651	0	684,651	0	0	684,651
Bonny Street Acquisition	3,370,023	0	0	0	3,370,023	3,370,023
Leopold Grove	357,292	0	0	0	357,292	357,292
Lightpool	139,756	0	100,298	39,458	0	139,756
Illuminations Vehicles	300,447	0	0	0	300,447	300,447

Total Other Schemes	5,319,595	0	912,676	39,458	4,367,461	5,319,595
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Total Place	15,835,397	632,828	3,013,637	7,821,471	4,367,461	15,835,397
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Director Responsible for

Governance and Regulatory Services

Crematorium Building Works

Total Governance & Regulatory

88,423	0	0	0	88,423	88,423
88,423	0	0	0	88,423	88,423

Director Responsible for

Resources

Property Management

Office Redevelopment 1 Clifton St
Remodelling CLC Gr Park
Stanley Buildings Windows
Municipal Buildings Works
Christ the King Demolition
Central Business District Ph1
Central Business District Ph2
Syndicate
Wilkinson's Acquisition
Oceanic Hotel

Total Project Management

Other Schemes

CRRM 2016/17
ICT Refresh 2016/17

Total Other Schemes

TOTAL Resources

776,731	0	0	776,731		776,731
21,124	0	0	0	21,124	21,124
9,516	0	0	9,516	0	9,516
870,154	0	0	870,154	0	870,154
327,298	290,000	0	37,298	0	327,298
79,837	606,000	0	0	(526,163)	79,837
58,445	0	0	0	58,445	58,445
138,598	0	138,598	0	0	138,598
6,279,054	0	0	0	6,279,054	6,279,054
166,838	151,838	0	15,000	0	166,838
8,727,595	1,047,838	138,598	1,708,699	5,832,460	8,727,595
306,755	0	100,000	206,755	0	306,755
468,798	0	0	1,001,446	(532,648)	468,798
775,553	0	100,000	1,208,201	(532,648)	775,553
9,503,148	1,047,838	238,598	2,916,900	5,299,812	9,503,148

TOTAL EXPENDITURE

42,773,974	1,689,106	14,496,252	11,435,490	15,153,126	42,773,974
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Others	
REVENUE	5,922,849
M.R.A.	3,872,288
CBD Reserve	475,000
VPE Reserve	386,515
University Contribution	213,283
U U Contrbn - Tyldesley/Rigby	136,570
Police Contribution	119,599
BCH Contribution	66,081
Foulds Metals - Tramway	61,447
School Contribution	35,874
Teaching Hospital Contribn	25,000
Other contribution	120,984
	11,435,490

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Report to:	EXECUTIVE
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	19 June 2017

TREASURY MANAGEMENT OUTTURN REPORT FOR THE YEAR ENDED 31 MARCH 2017

1.0 Purpose of the report:

- 1.1 The Treasury Management Outturn Report for the year ended 31 March 2017 and its Annexes 1 to 5.

2.0 Recommendation:

- 2.1 To note the report concerning Treasury Management activities for the financial year ended 31 March 2017.

3.0 Reasons for recommendation:

- 3.1 At its meeting on the 28 February 2014 the Council agreed to adopt the CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition). A feature of the Code is that periodic reports on Treasury Management activities are submitted to the Executive and the attached report relates to Treasury Management activities for the 2016/17 financial year.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes

- 3.3 Other alternative options to be considered:

None

4.0 Council Priority:

4.1 The relevant Council Priority is “The Economy: Maximising growth and opportunity across Blackpool”

5.0 Background Information

5.1 One of the requirements of CIPFA’s (Chartered Institute of Public Finance and Accountancy) 2011 Prudential Code and Treasury Management Codes of Practice is that periodic reports on the Council’s treasury management activities are submitted to the Executive. This annual report on performance is for the 2016/17 financial year.

5.2 The Council manages its cashflow and long-term financing of capital investments in accordance with its annual Treasury Management Strategy. The 2016/17 Strategy was approved by the Council on 25 February 2016.

5.3 Does the information submitted include any exempt information? No

5.4 List of Appendices:

Appendix 6a: Treasury Management Outturn Report 2016/17
Annex 1 – External debt fallout chart, maturity values as at 31 March 2017
Annex 2 – Official Bank (Base) Rate movements September 2007 to March 2017
Annex 3 – Treasury Management Summary Statistics for the year 2016/17
Annex 4 – Comparison of Budget to Actuals 2016/17
Annex 5 – Treasury Management Prudential Indicators 2016/17

6.0 Legal considerations:

6.1 None.

7.0 Human Resources considerations:

7.1 None

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 Please see the Report at Appendix xA and its Annexes 1 to 5.

10.0 Risk management considerations:

10.1 Liquidity Risk (accessibility and/or running out of cash)

10.2 Market Risk (Movements in interest rates – yield)

10.3 Credit Risk (investment counterparties might default – security)

10.4 Operational Risk (adequacy of internal processes)

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 With the Council's Treasury Management Panel.

13.0 Background papers:

13.1 None.

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 16/2017

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed:

Date approved:

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1

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BLACKPOOL COUNCIL
REPORT
of the
DIRECTOR OF RESOURCES
to the
EXECUTIVE
on
19 June 2017

TREASURY MANAGEMENT OUTTURN REPORT FOR THE YEAR
ENDED 31 MARCH 2017

1. INTRODUCTION

One of the requirements of CIPFA's (Chartered Institute of Public Finance and Accountancy) 2011 Prudential Code and Treasury Management Codes of Practice is that periodic reports on the Council's treasury management activities are submitted to the Executive. This annual report on performance is for the 2016/17 financial year.

The Council manages its cashflow and long-term financing of capital investments in accordance with its annual Treasury Management Strategy. The 2016/17 Strategy was approved by the Council on 25 February 2016 and its objectives are as follows:

- to set the framework for managing the Council's investments and cashflows and controlling its banking, money market and capital market transactions
- to plan and secure appropriate borrowing in order to finance the Capital Programme for 2016/17 and the next two years, at the lowest cost to the Council
- to achieve the best rates of return from the investment of temporary surplus cash balances commensurate with risk, subject to the overriding principle of maintaining an acceptable level of security
- to control effectively the risks associated with these transactions
- to comply with appropriate codes and regulations including the International Financial Reporting Standards as they apply to Treasury Management.

In delivering the above objectives the Council will:

- decide its own borrowing limits taking into account its financial situation, long-term plans and in particular what it thinks is affordable now and sustainable in the future
- monitor these limits using performance measures called Prudential indicators. All local authorities must use the same system of performance measurement and risk control. The borrowing limits have been set in accordance with the Council's Medium-term Financial Plan.

2. BORROWING TRANSACTIONS 2016/17

2.1 Loans Raised

The Council's total borrowing powers at 1st April 2016 (the Authorised Limit) stood at £271m. New long-term borrowing of £5m was taken in November 2016 at a rate of 1.25% and will be repaid at maturity.

The 2016/17 borrowing requirement for the remainder of the capital programme was deferred until such time that interest rates are judged to be favourable to the Council. This action reduces the Council's exposure to counterparty risk whilst enabling savings to be made in long-term borrowing costs. The Treasury Management Panel's view is that it will continue to monitor interest rates and borrow only when market conditions are favourable.

Temporary borrowing has been required to deal with the normal peaks and troughs of the cashflow, including creditor payments, grant receipts, etc. It has also been required to cover troughs in cashflow due to the delay in taking new long-term borrowing.

2.2 Loans Repaid

During the year £8.4m was repaid in addition to the temporary borrowing referred to in 2.1 above and £0.8m debt, which originated at the time of the Local Government Reorganisation and was held through Lancashire County Council (LCC), has been repaid during the year.

Of the £8.4m loans repaid which are referred to above: two loans totalling £5.3m were repaid when they matured in November 2016 to Hampshire County Council, a £1m loan was repaid when it matured in March 2017 to Chase Manhattan Bank. The remaining £2.1m, all Public Works Loan Board Loans, were repaid at maturity.

Attempts have been made to agree the early repayment of the remaining £18.8m of Local Government Reorganisation Debt which was taken on by the Council when it separated from Lancashire County Council and became a Unitary Authority in 1998. The Council's initial proposal has been declined but negotiations are ongoing to agree a repayment of the loan.

2.3 Loans Refinanced

From time to time opportunities arise to repay existing loans and replace them with lower cost alternative loans. Where this arises savings in annual interest costs can be achieved which keep the Council's overall borrowing costs as low as possible.

No new opportunities to refinance existing loans were identified in 2016/17 but the Treasury Management Panel continues to look at ways to reduce the cost of interest on long-term loans.

2.4 Summary

The Council's overall pooled borrowing rate on its long-term debt increased from 4.83% in 2015/16 to 4.93% in 2016/17. This change occurred as a result of the movement in loans referred to in 2.2 above.

Temporary borrowing has been required at certain times during the year in order to manage the peaks and troughs in cashflows. The Council's borrowing activities for the 2016/17 financial year are summarised on the next page:

	<u>Loan financing at 1 Apr 2016</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Loan financing at 31 Mar 2017</u>
	£M	£M	£M	£M
PWLB	49.3	-	(2.1)	47.2
Market Loans	39.3	5.0	(6.3)	38.0
Temporary Loans	64.1	306.7	(279.3)	91.5
Sub total	152.7	311.7	(287.7)	176.7
Local Government Reorganisation (LGR) Loan	19.6	-	(0.8)	18.8
TOTAL Loans	172.3	311.7	(288.5)	195.5
Temporary Investment	(13.4)	(317.8)	320.5	(10.7)
NET External Loans	158.9	(6.1)	32.0	184.8

The revised maturity profile for the total external long-term loans outstanding as at 31 March 2017 is shown in Annex 1 of this report.

3. INVESTMENT TRANSACTIONS 2016/17

3.1 Overview

The Bank of England Official Bank Rate - the 'Base Rate', i.e. the general level to which all short-term interest rates are related started the year at 0.5%. On the 4th August the Bank of England reduced the rate to 0.25% and the rate remained at this level for the rest of the year.

Annex 2 shows this interest rate graphically from 1 September 2008 to 31 March 2017.

3.2 Receipts and Payments during the Year

Annex 3 of this Report summarises the Council's cashflows during the year, short-term interest receivable and payable, year-end loans outstanding and investment balances.

3.3 Investment Earnings

Interest which has been earned from temporary investments is included in Annex 3, together with a comparison with the budgeted income for the financial year. Actual investment earnings, included within the short-term net receivable/payable figure, are £31k and these are referred to in Annex 4 within the note on higher cash balances.

3.4 Approved Institutions for Investments

The Treasury Management Panel will continue to manage the Council's treasury and investment affairs in a cautious and prudent manner taking account of changes in the economic climate. The Council's Treasury Management Policy restricts investments to a list of approved institutions. Each institution has its own maximum investment limit and

timeframe and the security of funds is the overriding factor.

The list comprises UK-registered banks along with their subsidiaries, the Nationwide and Coventry Building Societies, upper tier local authorities and certain other public sector bodies plus short-term gilts and UK treasury bills. The list continues to be reviewed regularly in the light of changes in credit ratings and market intelligence.

4. REVENUE OUTTURN 2016/17

The Treasury Management revenue account for 2016/17 had net expenditure of £11,711k, an improvement of £1,535k over the budget of £13,246k.

A comparison of the Treasury Management revenue account with the budget for 2016/17 is set out in Annex 4.

The debt servicing costs for 2016/17 decreased due to the use of cheaper temporary loans and the deferral of any new long-term borrowing.

Low levels of interest available on temporary cash balances coupled with fewer opportunities to restructure the long-term loan portfolio mean that further savings cannot be guaranteed in future years.

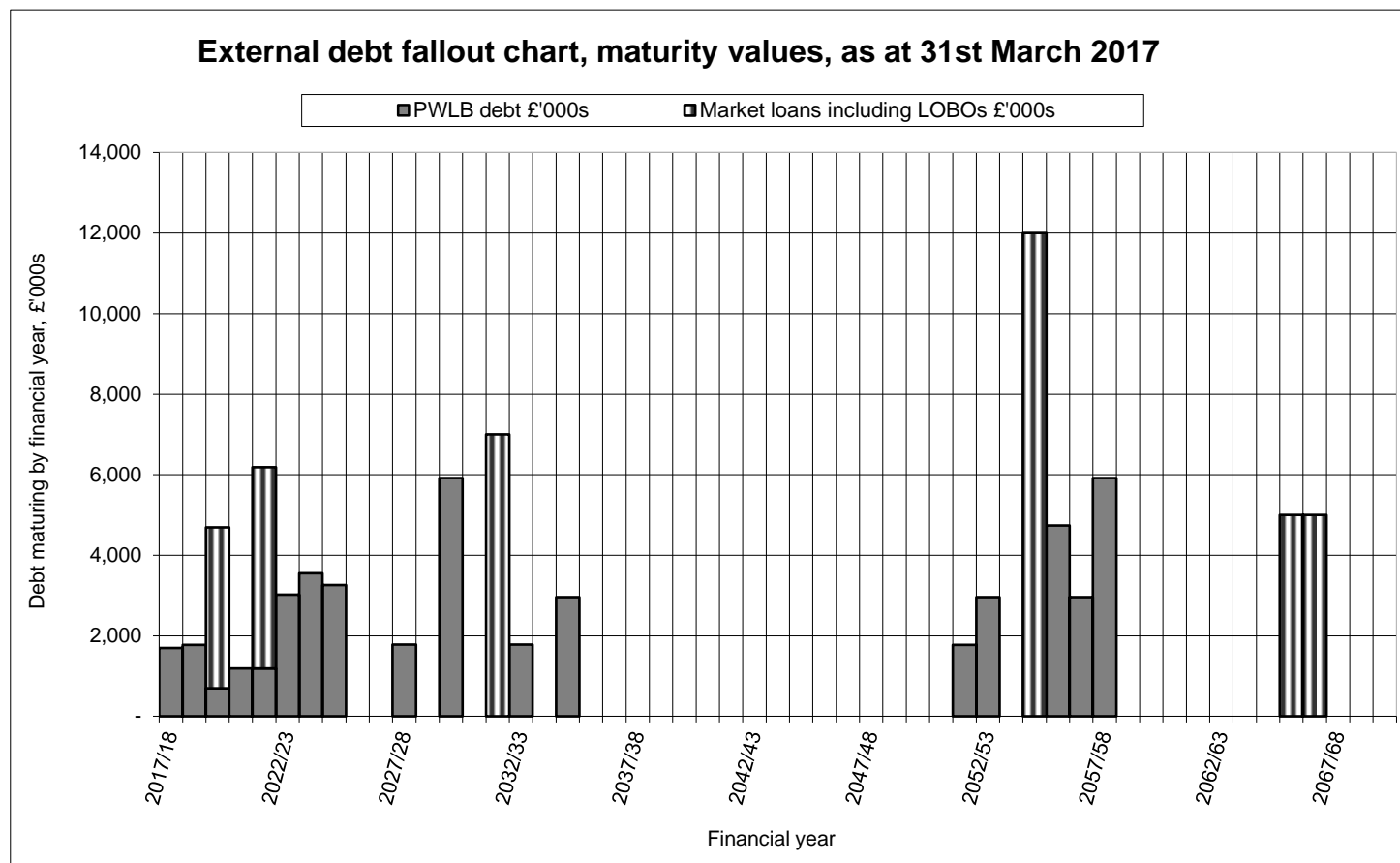
5. PRUDENTIAL INDICATORS

The Prudential Indicators and Limits for 2016/17 are set out within Annex 5 to this Report.

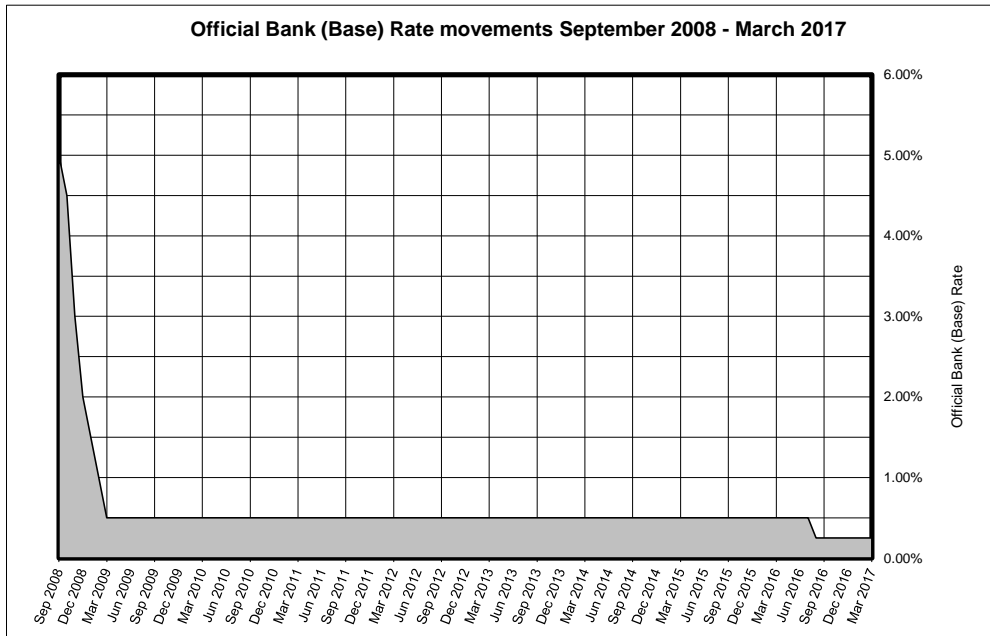
6. RECOMMENDATION

The Executive is asked to note the report on treasury management activities for the financial year ending 31st March 2017.

S. THOMPSON
DIRECTOR OF RESOURCES



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TREASURY MANAGEMENT REPORT

SUMMARY STATISTICS FOR THE YEAR 2016/17

SHORT TERM INTEREST NET (RECEIVABLE)/PAYABLE	
	£'000s
Budgeted for year	411
Actual for year	190*

* (includes £31k interest receivable)

SHORT TERM INVESTMENTS MADE	
	Call Accounts & Money Market
Number in the year	153
Total value of those transactions in and out	£318m
Average interest rate earned	0.21%

SHORT TERM LOANS MADE	
Number in year	94
Total value of those transactions in and out	£307m
Average interest rate paid	0.33%

YEAR END LOANS OUTSTANDING		
01/04/16 £'000s	SOURCE	31/03/17 £'000s
49,324	Public Works Loan Board	47,153
39,250	Market Loans	38,000
64,100	Temporary Loans	91,500
152,674	TOTAL LOANS OUTSTANDING	176,653

YEAR END INVESTMENT BALANCES		
01/04/16 £'000s	CHANGE	31/03/17 £'000s
13,350	Investments (Call accounts)	6,700
-	Investments (Money Market)	4,000
13,350	Total	10,700

CASH FLOWS DURING THE YEAR	
RECEIPTS	£'000s
Loans & Investments, total movements (The transaction totals, NOT the balance) (A)	632,110
Council Tax & NNDR	87,029
Government Grants/Rate Support Grant	143,420
Housing Benefit & Subsidy	78,605
Other income, VAT reclaimed	120,779
TOTAL OF ALL AMOUNTS RECEIVED INTO THE BANK ACCOUNTS	1,061,943

PAYMENTS	£'000s
Loans & Investments, total movements (The transaction totals, NOT the balance) (B)	605,481
General Creditors	285,328
Salaries & Wages	95,116
Housing Benefits	66,804
Precepts, Police & Fire	8,859
TOTAL OF ALL AMOUNTS PAID OUT OF THE BANK ACCOUNTS	1,061,588

The difference between total amounts received and paid equals the movement on the current account balances during the year and not solely the movement on Loan and Investment balances which is shown in the table below.

RECONCILIATION OF CASH FLOWS WITH THE LOAN & INVESTMENT PORTFOLIOS		
Receipts	(A)	632,110
Payments	(B)	(605,481)
Net (payment)/receipt into current a/cs		26,629
Total loans at end of year	176,653	
Total loans at start of year	(152,674)	
Net loans taken out		23,979
Investments at end of year	(10,700)	
Investments at start of year	13,350	
Net decrease in investments		2,650
Net (payment)/receipt into current a/cs		26,629

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Comparison of Budget to Actuals 2016/17

The annual budget monitoring information for 2016/17 shows a (£1,535k) full-year (favourable) variance on the £13,246k Treasury Management Budget.

The components of this variance are as follows:

	2016/17 Full Year Variance (Fav)/Adv £'000s
The use of temporary borrowing and internal financing have enabled borrowing to be delayed, thus achieving savings against interest payable	(1,186)
Interest Received on Lending to Subsidiary Companies	(158)
Reduced interest charged by LCC on LGR Debt	(143)
Higher cash balances than planned have been maintained during 2016/17 and this has contributed to an increase in the level of temporary investment income (Actual £31k minus Budget £4k)	(27)
Other miscellaneous items including recharges, brokerage and SORP premia costs	(21)
2016/17 full-year (favourable)/adverse position	(1,535)

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'Treasury Management' Prudential Indicators 2016/17

Prudential Indicator	2016/17 Full-year planned Prudential Indicator	2016/17 Actual Prudential Indicator			
(Paragraph references are to the Annual Report to Council)					
Prudential Indicators: the actual position 2016/17					
Actual Capital Financing Requirement as at 31/03/17 (Including HRA)	Actual figure is reported at the 31st March 2017	£299.9m			
Actual Net External debt as at 31/03/17	Actual figure is reported at the 31st March 2017	£232.2m			
Prudential Indicators for Affordability					
(C, 6.2) The ratio of financing costs to net revenue stream, non-HRA. 2016/17	10.6%	10.2%			
(C, 6.2) The ratio of financing costs to net revenue stream, HRA. 2016/17	3.2%	2.7%			
The combined ratio of financing costs to net revenue stream. 2016/17	9.5%	9.2%			
Prudential Indicators for Prudence					
(C, 5.7) Authorised Limit. 2016/17	(*) Borrowing no higher than £195.0m (*) Long Term Liabilities no higher than £76.0m	Year end position is £184.8m Year end position is £47.4m			
(C, 5.7) Operational Boundary. 2016/17	(*) Borrowing no higher than £185.0m (*) Long Term Liabilities no higher than £75.0m	Year end position is £184.8m Year end position is £47.4m			
(C, 3.4) Net borrowing and the Capital Financing Requirement.	Borrowing < estimated CFR except in the short term.	The Indicator is being complied with.			
(C, 3.3) Estimates of the Capital Financing Requirement, non-HRA. 31.3.17	£298.2m. Per Budget workings. Including PFI schemes.	£288.5m			
(C, 3.3) Estimates of the Capital Financing Requirement, HRA. 31.3.17	£11.4m. See Budget assumption below.	£11.4m			
(C, 3.3) The combined estimates of the Capital Financing Requirement. 31.3.17	£309.6m	£299.9m			
Prudential Indicators for Treasury Management					
(B, 1.3) Adoption of the CIPFA Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management - 2011 Edition.	Adopted.	Adopted			
(B, 8.8) Variable interest rate exposure. Upper limit. 2016/17	£112.0m	£108.5m			
(B, 8.8) Fixed interest rate exposure. 2016/17	£309.6m	£76.2m			
(B, 8.8) Gross compared to CFR 2016/17	Maximum Gross Debt: £251.0m, CFR: £309.6m	Gross Debt: £184.8m, CFR: £299.9m			
(B, 8.8) Prudential limits for the maturity structure of borrowing.		Lower limit	Upper limit	Actual % at 31.3.17	
	< 12 months	Nil%	18%	< 12 months	2.0%
	12 to within 24 mths	Nil%	18%	12 to within 24 mths	2.1%
	24 mths, within 5 yrs	Nil%	30%	24 mths, within 5 yrs	14.2%
	5 to within 10 years	2.0%	60%	5 to within 10 years	11.6%
	10 to within 30 years	2.0%	70%	10 to within 30 years	22.8%
	30 years and above	15%	90%	30 years and above	47.4%
(B, 8.7) Prudential limits for principal sums invested for periods longer than 364 days.	Not permitted; 3 months maximum		This Indicator is being complied with.		

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