

# Public Document Pack

# Blackpool Council

13 May 2016

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

The above members are requested to attend the:

## **EXECUTIVE**

Monday, 23 May 2016 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 BLACKPOOL TRAMWAY EXTENSION TO BLACKPOOL NORTH STATION** (Pages 1 - 8)
- 3 SUNDRY DEBT WRITE OFF- LOAN TO VIA PARTNERSHIP** (Pages 9 - 12)
- 4 PROVISION OF LOAN FINANCE TO BLACKPOOL TRANSPORT LIMITED** (Pages 13 - 18)
- 5 PROVISIONAL OUTTURN 2015/2016** (Pages 19 - 50)
- 6 TREASURY MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2016.** (Pages 51 - 72)

**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](mailto: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](http://www.blackpool.gov.uk).

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Alan Cavill, Director of Place
<b>Relevant Cabinet Member:</b>	Councillor Gillian Campbell, Deputy Leader of the Council (Tourism, Economic Growth and Jobs)
<b>Date of Meeting:</b>	23 May 2016

## **BLACKPOOL TRAMWAY EXTENSION TO BLACKPOOL NORTH STATION**

### **1.0 Purpose of the report:**

- 1.1 To consider recommending the Full Council to apply for the necessary order to authorise an extension of the Blackpool Tramway to Blackpool North Station.

### **2.0 Recommendation(s):**

- 2.1 To recommend to the Council to approve the making of an application to the Secretary of State for Transport for a Transport and Works Act Order under the 1992 Act, to authorise an extension of the Blackpool Tramway to Blackpool North Station.

### **3.0 Reasons for recommendation(s):**

- 3.1 Extending the Blackpool Tramway to Blackpool North Station would facilitate:
- Connectivity and integration between the existing tramway and National Rail services at Blackpool North railway station. At present, there is no connection between the tramway which runs alongside the Promenade, and the railway station. The tramway extension will improve connectivity both within Blackpool and to the wider sub-region for commuters, and for visitors accessing the resort;
  - the use of public transport, by enabling visitors and residents to access the existing railway station from the tramway network, thus encouraging modal shift and reducing transport emissions;
  - Regeneration and economic growth, by improving transport provision and accessibility to jobs and services, and improving the connectivity between the economically important seafront and the redeveloping town centre. The tramway extension will facilitate urban realm enhancements in the town centre as well as improving access for employers in Blackpool to a larger labour pool; and

- The promotion of quality of life through a safe and healthy built and natural environment.

In order to extend the tramway, powers are needed to construct, maintain and operate the tramway extension, and to acquire necessary land rights. The most convenient way of obtaining these powers is through a Transport and Works Act Order.

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:

It is possible to apply separately for planning permission for the tramway extension, and to seek to acquire all the necessary land rights voluntarily. However, this is a more complex course of action, and less likely to succeed than making a single application for a Transport and Works Act Order. In addition, the Transport and Works Act Order can clarify the relationship between the operating powers for the tramway extension and those for the existing tramway, which would not be possible through a planning application.

#### **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 A Transport and Works Act Order under the 1992 Act provides approval for the construction, operation and maintenance of a transport system. An order authorises the construction of the works and provides the necessary rights over land on a permanent and temporary basis. Blackpool Council intends to apply for such an Order to undertake an extension to the Blackpool Tramway from North Pier to Blackpool North Station. The Order application will be accompanied by a request to the Secretary of State to give a direction as to deemed planning permission, along with draft planning conditions.

5.2 The order is to provide for, amongst other matters: The power to construct, maintain, and operate the tramway, including powers to keep apparatus in streets, to undertake relevant street works, to survey and investigate land, and to give the necessary rights over the land, including temporary use of land for construction and

maintenance of the tramway. It will also modernise the operating powers for the existing tramway, where appropriate.

5.3 The following documents will be submitted:

- Transport and Works Act Order Application Form
- Draft Order
- Explanatory Memorandum
- Statement of Aims
- Statement of Consultation
- Declaration as to the status of Applicant
- List of all consents, permissions or licences required
- Funding Statement
- Estimate of Costs
- Request for Direction as to Deemed Planning Permission
- Supporting/Planning Statement
- Land and Works Plans, Sections, Traffic Regulation Plans and other Order Plans
- Planning Direction Drawings
- Supporting Environmental Documentation (Air Quality Assessment, Flood Risk Assessment, Heritage Assessment, and Transport Assessment)
- Book of Reference

5.4 A notice will be published on two separate occasions in a local newspaper to inform members of the public and other interested parties of the application.. The first notice will be published not more than 14 days prior to the date of the application and not later than the actual application date. The second notice will be published not later than seven days after the date of the application. Further, notices will be posted along the route of the proposed works, and sent to affected owners, occupiers and statutory consultees. The application documents will be deposited in the local area (likely at Central Library) and on the Blackpool Council website.

5.5 After the application for the Order there will be a statutory 42 day period where representations, supportive comments or objections can be submitted to the Secretary of State for Transport. The Secretary of State may appoint an independent Inspector to conduct a local public inquiry into the proposals if the objections warrant this. This would be an opportunity for those wanting to take their representations and comments further to put forward their views in full. Likewise, the council would be able to set out its case for the scheme. After the end of the inquiry the Inspector will submit a report to the Secretary of State for Transport with the Inspector's recommendations.

- 5.6 Whether or not the matter proceeds to inquiry, the Secretary of State will decide whether to grant the application for the Order, and whether any changes to it are required. The Secretary of State's decision will be given in writing. It will also be advertised and those who participated in any inquiry will be sent a copy of it.
- 5.7 Does the information submitted include any exempt information? No
- 5.8 **List of Appendices:**
- None
- 6.0 **Legal considerations:**
- 6.1 Preparation and submission of the application for the Order will accord with all relevant procedures and processes, guided and led by a Parliamentary Agent. The resolution recommended in this report is the first of two such resolutions required to make the application for the Order.
- 6.2 By virtue of Section 20 of the 1992 Act, Councils have the power to apply for Transport and Works Act Orders. In conjunction with other ancillary consents, such an Order would provide the Council with the necessary authorisation to build, maintain, and operate a relevant scheme. The power to promote an order is, by virtue of Section 20 of the 1992 Act and Section 239 of the Local Government Act 1972, subject to the same conditions as would apply to a Council was it to promote a Parliamentary Bill. This means that the resolution to apply for an order must be passed at a meeting of the Full Council and confirmed at a further meeting of Full Council after the application has been made. It is anticipated that the first resolution would be considered by Full Council on 8 July 2016, and the second on 16 September 2016. In each case the necessary resolutions must be passed by a majority of the Full Council.
- 7.0 **Human Resources considerations:**
- 7.1 Staff time will be needed to produce documentation and manage the process, which can be found internally and through necessary specialist consultancy support.
- 8.0 **Equalities considerations:**
- 8.1 None

**9.0 Financial considerations:**

9.1 The cost of preparing and submitting the application for a Transport and Works Act Order does not deviate from information provided in reaching the decision on the Extension of the Tramway on 28 April 2014 (Decision EX30/2014 refers).

**10.0 Risk management considerations:**

10.1 For the project to proceed, it is vital that the required resolutions are passed by a clear majority of members of the authority. If the required resolutions are not made, the application cannot be progressed.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 A stakeholder and public consultation process is ongoing. Statutory consultees (including the Environment Agency, Natural England, and Blackpool Council (Flood Risk)) have been consulted. None of those statutory bodies have raised any issues with the scheme.

12.2 Additionally, the proposal was featured in the Spring 2016 edition of Your Blackpool. A public exhibition will be held in Blackpool to coincide with the submission of the application in July 2016. Further, as noted above, various notices will be posted and sent and application documents will be made available for public consideration, during the 42 day period referred to at Paragraph 5.5 of the 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: 8/2016

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: 13<sup>th</sup> May 2016 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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<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting:</b>	23 May 2016

## SUNDRY DEBT WRITE OFF- LOAN TO VIA PARTNERSHIP

### 1.0 Purpose of the report:

1.1 This report outlines an application to write off the outstanding balance of a Sundry Debt where there is no prospect of recovery. The Corporate Write Off Policy states that all individual debt over £5,000 must be authorised by Executive.

### 2.0 Recommendation(s):

2.1 That the account detailed in this report totalling £296,939.78 is authorised for write off.

### 3.0 Reasons for recommendation(s):

3.1 To ensure correct accounting practices and adherence to the Corporate Write Off Policy

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 This debt relates to a business loan granted by the three shareholder companies, Lancashire County Council, Blackburn with Darwen Council and Blackpool Council. Blackpool Council's contribution was £300,000 and the loan was approved by Cabinet Member Decision PH31/2014 on the 10 March 2014. The amount proposed for write off is £296,939.78 and relates to invoice reference 30096153 raised in April 2015.

5.2 The VIA Partnership provided training to young people in the Lancashire area. Interest was invoiced and paid until the company entered administration following an inadequate Ofsted inspection rating. Due to the inadequate rating the company lost a number of contracts and was unable to operate. A number of outstanding invoices have been offset against the outstanding debt reducing it slightly. The debt is therefore put forward for write off due to the debtor entering administration.

5.2 Does the information submitted include any exempt information? No

**5.3 List of Appendices:**

None

**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 The debts are written back to the services budget but there is bad debt provision set aside for writing off uncollectable debts.

9.2 Sums which remain uncollectable and not written off reduce the Council's collection performance which is monitored on a monthly basis.

**10.0 Risk management considerations:**

10.1 None

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 None

**13.0 Background papers:**

13.1 Authorised write-off form from relevant departments.

**14.0 Key decision information:**

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 10/2016

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: 13<sup>th</sup> May 2016 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

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting:</b>	23 May 2016

## PROVISION OF LOAN FINANCE TO BLACKPOOL TRANSPORT LIMITED

### 1.0 Purpose of the report:

- 1.1 To seek approval for the Council to make a loan to Blackpool Transport Services Ltd (BTSL) who wish to replace 35 time expired buses with new vehicles using finance provided by the Council.

### 2.0 Recommendation(s):

- 2.1 To Prudentially Borrow £7,740,000 over a term of 10 years to lend to Blackpool Transport Services Limited.
- 2.2 To offer Blackpool Transport Services Limited a loan facility of £7,740,000 to fund the purchase of 10 double buses in June 2016 (£2,211,000) and 25 vehicles in June 2017 (£5,527,500), each loan to be repaid over ten years with 120 monthly repayments.
- 2.3 To offer Blackpool Transport Services Limited a short term facility of up to £1,100,000 for 2 months in order to manage cash flow in respect of the VAT payable on the transaction.

### 3.0 Reasons for recommendation(s):

- 3.1 The company is a wholly owned subsidiary of the Council and this proposal is an opportunity to support it in improving the quality of public transport in the town.

The loan will be repaid by the company from increased income derived from bus network patronage and reduced expenditure on maintenance and fuel.

- 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:

The company could raise loan finance from a leasing company at higher cost.

**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 Blackpool Transport Services Limited provides a comprehensive commercial network of bus services throughout Blackpool and some parts of the Fylde coastal plain. The company operates 138 buses, 16 light railway trams and approximately 20 heritage trams.

5.2 During the past decade the company has not been able to invest regularly in its bus fleet. As an illustration, if there are no more buses purchased then by September 2019, 74% of the individual buses’ useful economic lives will be expired. The effect of operating a fleet with such a skewed age profile is that they are suffering deteriorating reliability causing higher consumption of spare parts, there is a need to employ extra engineering labour and the ratio of spare buses to operating buses is very high. This last outcome then drives costs even higher.

5.3 Blackpool Transport Services Limited has an ambitious Business Plan covering the five year period from 2016 to 2021. The Business Plan describes a range of strategic initiatives that support the central theme that a bus or tram customer’s experience has to be a positive one. This concept is more than just achieving customer satisfaction results, which Blackpool Transport Services Limited already does, because the strategic aim is to attract as champions new public transport users, and grow its revenue and profitability.

5.4 The combination of the fleet’s very high average age and the Council acting in the role of shareholder with an expectation of an annual £1m return on its investment means that the bus fleet has to be replaced over as short a time as possible. It is therefore intended that 110 buses be purchased during the next 5 years so that an ongoing rolling programme is established. A financial case for buying the new buses has demonstrated the Company is able to meet the financing costs resulting from the investment.

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 Legal Services Section has considered whether the loan constitutes "State Aid" and whether the Council has the appropriate legal powers to make such a loan. The interest rate to be applied will not break state aid rules and we have the powers to make such a loan under the general powers of competence under the Localism Act 2011 Section 1.

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 The Council will borrow £7.74m prudentially in two tranches as detailed.

9.2 The loan repayment from Blackpool Transport Services Limited will fund the Prudential Borrowing costs incurred by the Council.

9.3 In addition, the Council will offer a short term loan facility to Blackpool Transport Services Limited to enable them to manage their cash flow position.

**10.0 Risk management considerations:**

10.1 The most significant risk to the Council is the non-repayment of these loans, but the Council would take a charge on the buses purchased thereby seeking to minimise the sums at risk.

**11.0 Ethical considerations:**

11.1 The loan would support the acquisition of a more environmentally friendly transport service.

**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: 14/2016

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: 13<sup>th</sup> May 2016 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 present:**

20.1

21.0 **Call-in:**

21.1

22.0 **Notes :**

22.1

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<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting :</b>	23 May 2016

## PROVISIONAL OUTTURN 2015/2016

### 1.0 Purpose of the report:

- 1.1 The report of the Director of Resources on the Provisional Revenue Outturn for 2015/2016 compared with the approved budget and the capital expenditure in the year ended 31 March 2016 with sources of funding.

### 2.0 Recommendation(s):

- 2.1 To approve the Provisional Revenue Outturn for 2015/2016 and in so doing to note that the figures are subject to external audit and final accounting adjustments (reference paragraph 2.1 of Appendix 5a).
- 2.2 To approve the recommendations regarding the treatment of specific service under or overspends as outlined (reference paragraph 3.2 of Appendix 5a).
- 2.3 To approve the provisional capital outturn for 2015/2016 and methods of scheme funding as outlined (reference paragraphs 4.2 and 4.5 of Appendix 5a).
- 2.4 To note the Prudential Indicator (reference paragraph 4.3 of Appendix 5a).
- 2.5 To note the levels of the earmarked reserves including those for the Housing Revenue Account and maintained schools (reference paragraph 6.1, 6.3 and 6.4 of Appendix 5a).

### 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 underspendings/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 31 March 2016.

#### **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 2015/2016 compared with the approved budget and the capital expenditure in the year ended 31 March 2016 with sources of funding.

5.2 Does the information submitted include any exempt information? No

#### **5.3 List of Appendices:**

Appendix 5a- Report of the Director of Resources

Appendix 5b- Outturn Summary

Appendix 5c- Chief Executive's Department Summary

Appendix 5d- Deputy Chief Executive's Department Summary

Appendix 5e- Governance and Regulatory Services Directorate Summary

Appendix 5f- Resources Department Summary

Appendix 5g- Places Department Summary

Appendix 5h- Community and Environmental Services Department Summary

Appendix 5i-Adult Services Department Summary

Appendix 5j- Children's Services Department Summary

Appendix 5k- Public Health Department Summary

Appendix 5l- Budgets Outside the Cash Limit Summary

Appendix 5m- 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: 4/2016

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: 13<sup>th</sup> May 2016 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 in attendance:**

20.1



**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1

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**REPORT  
of the  
DIRECTOR OF RESOURCES  
to the  
EXECUTIVE  
on  
23 MAY 2016**

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**PROVISIONAL OUTTURN 2015/2016**

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**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 2016 with the approved budget and ii) a statement of Capital Expenditure in the year ended 31 March 2016 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 in the Statement of Accounts for 2015/2016, which is the subject of a separate report to the Audit Committee on 22 September 2016 in order to comply with the statutory deadline required by the Accounts and Audit (England) Regulations 2015.

**2. Provisional Revenue Outturn 2015/2016**

- 2.1 The Provisional Revenue Outturn for 2015/2016 (before allowing for changes to working balances) is £129,239,000 compared with the approved budget of £128,687,000 – a net overspend of £552,000. The summary figures are shown at Appendix 1.
- 2.2 The year-end variance position for each directorate is set out in Appendices 2a to 2i and is summarised as follows:-

<b>Directorate</b>	<b>2015/2016 Variance £000</b>	<b>Reference Appendix</b>
Chief Executive	-	2a
Deputy Chief Executive	(31)	2b
Governance and Regulatory Services	(19)	2c
Ward Budgets	(246)	2c
Resources	111	2d
Places	127	2e
Strategic Leisure Assets (see para. 6.2)	-	2e
Community and Environmental Services	(14)	2f
Adult Services	78	2g
Children's Services	2,892	2h
Public Health	-	2i
<b>Total</b>	<b>2,898</b>	

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

<b>Service</b>	<b>Reasons</b>	<b>£000</b>
Children's Services	There are two main reasons for the Children's Services overspend. Children's Social Care overspent by £2.189m because of the high cost of Looked After Children (LAC) resulting from both increased numbers and placement mix. Within the grants budget there was a pressure on the Education Services Grant of £1.081m due to academy conversions. These pressures were partially offset by staff savings and additional income from the Learning and	2,892

	Schools and Early Help For Children and Families divisions.	
Places	Print Services overspent by £103k due to an income target which needs to be reviewed as part of a wider service review. Whilst Housing had Prudential borrowing costs of £30k. These overspends were partly mitigated by savings elsewhere.	127
Resources	Property Services overspent as a result of delays in implementing savings plans and a pressure from rental income within the Central Business District. These overspends were partially offset by staffing savings across the remainder of the Resources Directorate.	111
Adult Services	Within the service two divisions overspent: Care and Support as a result of delays in implementing savings plans and Adult Safeguarding from unfunded demand increases for Deprivation of Liberty/Best Interest Assessments. These over spends were partially offset by staffing savings in Adult Social Care.	78
Community and Environmental Services	Leisure was £94k overspent due to income pressures. Transport was overspent by £154k due to pressures on the shelter income and maintenance budgets. Building Cleaning was £43k overspent due to a combination of income and staffing costs pressures. These were offset by various savings across the Directorate.	(14)
Governance and Regulatory Services	An overspend of £84k in Registration and Bereavement Services due to the levels of demand in the Coroners and Mortuary Service was more than offset by underspends on staffing and reduced expenditure across the rest of the Directorate.	(19)
Deputy Chief Executive	Underspend partly due to savings in premises related expenditure.	(31)
Area Ward Budgets	Scheme commitments of £246k are being carried forward to 2016/2017 which reduces the true surplus on budget to zero.	(246)
<b>Total</b>		<b>2,898</b>

2.4 The financial outturn for budgets 'outside the cash limit' is detailed at Appendix 5I and shows an aggregate underspending of £2,288,000. The main reasons for this are:-

<b>Service</b>	<b>Reasons</b>	<b>£000</b>
Concessionary Fares	This overspend of £583k is due to increased bus patronage.	583
Parking Services	The service is overspent due to not meeting its stretched income target. However, it has significantly improved its income collection performance. This was helped in part by 2 Easter holiday periods falling within the same financial year.	176
Previous Years' Pension Liability	Increase in costs due to number of retirements and pension fund performance on financial markets.	33
Land Charges/Housing Benefits/Council Tax and NNDR Cost of Collection	Mainly reduction in costs recovered	12
Subsidiary Companies	This underspend is due to the reducing balance payback of Prudentially borrowed schemes.	(123)
New Homes Bonus	This underspend is due to the Council's pro-rata share of the unused national funding from the 2014/15 New Homes Bonus. This is based on the Start-Up Funding Allocation.	(141)
Treasury Management	The Treasury Management Strategy for 2016/17 contained details of a change in MRP policy affecting the Treasury Management Outturn 2015/2016 and subsequent years. The revised policy adopts a more prudent approach, replacing the 4% reducing balance method of calculating MRP on debt which arose prior to 1 <sup>st</sup> April 2008 with the 2% straight line method. As a result the MRP charge for 2015/16 reduces by £1.4m. In addition the use of temporary borrowing and internal financing has enabled long-term borrowing to be delayed, therefore achieving savings against interest payable.	(2,828)
<b>Total</b>		<b>(2,288)</b>

### 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 2015/2016 in detail and the financial outlook and consulted Corporate Leadership Team colleagues, it is recommended that:-

- the underspending of £246,000 on Ward Budgets is carried forward to 2016/2017 in full;
- the following under and overspendings are to be written off:

<b>Directorate</b>	<b>£000</b>
Children's Services	2,892
Places	127
Resources	111
Adult Services	78
Deputy Chief Executive	(31)
<b>Total</b>	<b>3,177</b>

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 that year.

- the following underspendings are carried forward at 100% and covered by earmarked reserve in order not to adversely impact upon working balances if and when spent.

<b>Directorate</b>	<b>£000</b>
Community and Environmental Services	(14)
Governance and Regulatory Services	(19)
<b>Total</b>	<b>(33)</b>

#### 4. Provisional Capital Outturn 2015/2016

- 4.1. This section sets out the level of expenditure incurred by the Council on its 2015/2016 Capital Programme. It provides a breakdown of expenditure by service in addition to providing a proposal on how the Capital Programme for 2015/2016 should be financed.
- 4.2. The total capital expenditure for the year was £35,932,914. This is summarised as follows with an analysis of spend by individual scheme available at Appendix 5m:-

<b>Directorate</b>	<b>£</b>
Children's Services	2,247,144
Adult Services	1,864,237
Deputy Chief Executive	380,906
Community and Environmental Services	18,077,129
Places	12,529,327
Governance and Regulatory Services	130,740
Resources	703,431
<b>Total</b>	<b>35,932,914</b>

- 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-Housing Revenue Account and Housing Revenue Account expenditure incurred in the financial year. Total capital spend in 2015/2016 of £35.9m is split between non- Housing Revenue Account of £29.0m and Housing Revenue Account of £6.9m.
- 4.4 The original Capital Programme for 2015/2016 was set at £21.6m whilst the amount actually spent in-year was 66% greater than 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:-

<b>Source</b>	<b>£</b>
Government and Other Grants	23,024,579
Prudential Borrowing	1,866,819
Capital Receipts	1,566,898
Other Sources:	
- Housing Major Repairs Allowance	3,983,018
- Revenue	3,930,920



- Lancashire County Council	734,631
- Vehicle Plant and Equipment reserve	582,170
- Section 278	204,790
- Other External Contributions	39,089
<b>Total</b>	<b>35,932,914</b>

The Council has maximised all capital resources available to it during 2015/2016 and arrangements have been made to ensure that funding for re-profiled schemes is carried forward into 2016/2017.

## 5. Collection Rates

### 5.1 Council Tax (CT)

At the end of month 12 the collection rate for Council Tax was 90.7%. This compares to 92.4% at the same point in 2014/2015, a difference equivalent to £950,000.

In the light of the reductions in discount and the introduction of the Local Council Tax Reduction Scheme, the target collection rate is 98%.

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 2015/2016 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 31 March 2016 the level of arrears has increased to £13.5m (compared to £12m in 2014/2015) and the provision for bad debts has increased to £5.2m (compared to £4.7m in 2014/2015). These reflect the current economic climate and the risks associated with the Council Tax Reduction Scheme. If the actual collection rate is higher than 98% then the excess will be available to reduce the Council Tax in future years. If it is lower than 98% 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 National Non-Domestic Rate (NNDR)

Prior to 1 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 1 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 collection rate for National Non-Domestic Rates was 95.1%. This compares to 95.1% at the same point in 2014/2015.

The deficit for 2015/2016 is estimated to be £5.2m. The Council's share of this is £2.5m (49%) and provision for this has been included in the 2015/2016 revenue outturn. The main factors causing the level of deficit are the in-year movements on write-off of bad debts (£1.6m), provisions for bad debts (£0.1m) and appeals provision (£3.3m).

The level of write-offs and the provisions for bad debts reflect the current economic climate and the volatility of these areas and support the level of earmarked reserves held by the authority. The substantial increase in the appeals provision is due to the large volume of appeals still being submitted to the Valuation Office. The total appeals provision as at 31<sup>st</sup> March 2016 was £13.3m.

The above figures are estimated and final figures will not be available until completion of the NNDR 3 return to the Department for Communities and Local Government. The figures will be reflected in the Collection Fund for 2015/2016, but will not fully impact on the Council until 2017/2018 due to the methodology employed by central government to collect the data required to calculate the shares of Non-Domestic Rate income.

### 5.3 Council Tax Reduction Scheme (CTRS)

The Council Tax Reduction Scheme (CTRS) was introduced on 1<sup>st</sup> April 2013. The Scheme ensures that pensioners' support 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.

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 volatility in the data used in projections.

## 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 increased from £46.024m to £46.961m during 2015/2016 with those reserves in excess of £2m shown in the table below:-

<b>Earmarked Reserves</b>	<b>2014/2015</b>	<b>2015/2016</b>
	<b>£000</b>	<b>£000</b>
<b>Public/Private Partnerships</b>	14,042	15,532
<b>Collection Fund Deficit Reserve (Council Tax and NDR)</b>	12,275	14,971
<b>Potential Pay Liabilities</b>	3,231	1,314
<b>Service Variances</b>	5,199	707
<b>Other Reserves</b>	11,277	14,437
<b>Total Earmarked Reserves</b>	<b>46,024</b>	<b>46,961</b>

- 6.2 The Strategic Leisure Assets cumulative overspend of £3,309,000 brought forward from 2014/2015 is included within earmarked reserves along with the 2015/2016 in-year overspend of £1,503,000. It is now forecast that the portfolio will break-even in 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 estimated to be better than originally forecast for 2015/2016 by £632,000, with estimated year-end balances of £6,902,000 which will be required in the main to support the Queens Park redevelopment scheme which is well underway.
- 6.4. Maintained schools' balances (which lie outside the control of the Council) increased by £133,000 in 2015/2016 to £3.1m. A £103,000 reduction was due to academy conversions with the remaining maintained schools adding £236,000 to their reserves. £1.76m is also held in an earmarked reserve in relation to unspent Direct Schools Grant.

## **7. General Fund Working Balances**

- 7.1 The Council's Revenue Budget for 2015/2016 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.

## **8. Conclusion and Recommendations**

- 8.1 The Provisional Outturn for 2015/2016 represents a solid financial performance with the Council's General Fund working balances at £5,636,000. As the Council continues to manage the financial constraints placed upon it, the measures proposed within this report will provide some cushion to the risks that lie ahead in the next Government Spending Round.
- 8.2 The Executive is recommended to:
- approve the provisional revenue outturn for 2015/2016 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 2015/2016 and methods of scheme funding as outlined (ref. paragraphs 4.2 and 4.5);
- note the Prudential Indicator (ref. paragraph 4.3); and
- note the levels of the earmarked reserves including those for the Housing Revenue Account and maintained schools (ref. paragraph 6.1, 6.3 and 6.4).

Steve Thompson  
Director of Resources  
May 2016

## BLACKPOOL COUNCIL

APPENDIX 5b

## GENERAL FUND PROVISIONAL OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
<b>GENERAL FUND NET REQUIREMENTS</b>			
<b><u>CASH LIMITED BOTTOM LINE BUDGETS</u></b>			
CHIEF EXECUTIVE	557	557	-
DEPUTY CHIEF EXECUTIVE'S DIRECTORATE	1,444	1,413	(31)
GOVERNANCE & REGULATORY SERVICES	1,802	1,783	(19)
WARD BUDGETS	507	261	(246)
RESOURCES	3,266	3,377	111
PLACES	8,460	8,587	127
COMMUNITY & ENVIRONMENTAL SERVICES	43,691	43,677	(14)
ADULT SERVICES	43,535	43,613	78
CHILDRENS SERVICES	36,424	39,316	2,892
PUBLIC HEALTH	-	-	-
BUDGETS OUTSIDE THE CASH LIMIT	17,039	14,751	(2,288)
CAPITAL CHARGES	(26,669)	(26,669)	-
<b>SUB TOTAL - NET COST OF SERVICES</b>	<b>130,056</b>	<b>130,666</b>	<b>610</b>
<b><u>CONTRIBUTIONS AND CONTINGENCIES</u></b>			
CONTRIBUTIONS TO OTHER RESERVES	(2,855)	(2,386)	469
REVENUE CONSEQUENCES OF CAPITAL OUTLAY	329	-	(329)
CONTINGENCIES	1,092	894	(198)
<b>SUB TOTAL - CONTRIBUTIONS &amp; CONTINGENCIES</b>	<b>(1,434)</b>	<b>(1,492)</b>	<b>(58)</b>
<b><u>LEVIES</u></b>			
NORTH WEST REGIONAL FLOOD DEFENCE COMMITTEE	65	65	-
<b>SUB TOTAL - LEVIES</b>	<b>65</b>	<b>65</b>	<b>0</b>
<b>TOTAL NET EXPENDITURE TO BE MET FROM PUBLIC FUNDS</b>	<b>128,687</b>	<b>129,239</b>	<b>552</b>
<b>LESS: AMOUNT (TAKEN FROM)/ADDED TO WORKING BALANCES</b>	<b>0</b>	<b>(552)</b>	<b>(552)</b>
<b>NET REQUIREMENT AFTER WORKING BALANCES</b>	<b>128,687</b>	<b>128,687</b>	<b>0</b>

Working Balances as at 1st April 2015  
Movement in Balances  
Working Balances as at 31st March 2016

6,188  
(552)  


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5,636

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## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## CHIEF EXECUTIVE SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	511	435	(76)
	PREMISES	-	-	-
	TRANSPORT	1	2	1
	SUPPLIES AND SERVICES	12	90	78
	THIRD PARTY PAYMENTS	-	-	-
	TRANSFER PAYMENTS	-	-	-
	SUPPORT SERVICES (NOT INCLUDED BELOW)	36	36	-
	CAPITAL CHARGES (NOT INCLUDED BELOW)	-	-	-
	<b>TOTAL EXPENDITURE</b>	<b>560</b>	<b>563</b>	<b>3</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	-	-	-
	GOVERNMENT GRANTS	-	-	-
	RECHARGES	17	16	1
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUT	37	41	(4)
	<b>TOTAL INCOME</b>	<b>54</b>	<b>57</b>	<b>(3)</b>
	<b>CONTROLLABLE NET EXPENDITURE</b>	<b>506</b>	<b>506</b>	<b>-</b>
	CDS	38	38	-
	CAPITAL CHARGES	13	13	-
	RECHARGES (CDS INCOME)	-	-	-
	<b>TOTAL NON CONTROLLABLE EXPENDITURE</b>	<b>51</b>	<b>51</b>	<b>-</b>
	<b>TOTAL NET EXPENDITURE</b>	<b>557</b>	<b>557</b>	<b>-</b>

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	DIRECTORATE SUPPORT	(1,815)	(1,860)	(45)
	BUSINESS SUPPORT AND RESOURCES	1,336	1,333	(3)
	HEALTH & SAFETY	160	160	-
	HR & ORGANISATIONAL DEVELOPMENT	1,264	1,262	(2)
	PAY, EQUALITY & DIVERSITY	255	259	4
	CORPORATE DEVELOPMENT, ENGAGEMENT AND COMMUNICATION	51	65	14
	ICT SERVICES	193	194	1
	<b>NET COST OF SERVICES</b>	<b>1,444</b>	<b>1,413</b>	<b>(31)</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	5,082	5,938	856
	PREMISES	10	(68)	(78)
	TRANSPORT	38	29	(9)
	SUPPLIES AND SERVICES	2,732	3,882	1,150
	THIRD PARTY PAYMENTS	2	1,897	1,895
	TRANSFER PAYMENTS	326	131	(195)
	SUPPORT SERVICES	840	841	1
	CAPITAL CHARGES	557	2,701	2,144
	<b>TOTAL EXPENDITURE</b>	<b>9,587</b>	<b>15,351</b>	<b>5,764</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	547	835	(288)
	GOVERNMENT GRANTS	33	3,110	(3,077)
	RECHARGES	6,866	6,748	118
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	697	3,245	(2,548)
	<b>TOTAL INCOME</b>	<b>8,143</b>	<b>13,938</b>	<b>(5,795)</b>
	<b>NET COST OF SERVICES</b>	<b>1,444</b>	<b>1,413</b>	<b>(31)</b>



## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	DEMOCRATIC GOVERNANCE	2,522	2,419	(103)
	REGISTRATION AND BEREAVEMENT	(344)	(260)	84
	LICENSING	(376)	(376)	-
		1,802	1,783	(19)
	WARD BUDGETS	507	261	(246)
	<b>NET COST OF SERVICES</b>	<b>2,309</b>	<b>2,044</b>	<b>(265)</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	2,523	2,669	146
	PREMISES	225	199	(26)
	TRANSPORT	43	43	-
	SUPPLIES AND SERVICES	1,454	1,238	(216)
	THIRD PARTY PAYMENTS	159	181	22
	TRANSFER PAYMENTS	-	-	-
	SUPPORT SERVICES	947	930	(17)
	CAPITAL CHARGES	100	100	-
	<b>TOTAL EXPENDITURE</b>	<b>5,451</b>	<b>5,360</b>	<b>(91)</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	2,758	2,690	68
	GOVERNMENT GRANTS	-	(62)	62
	RECHARGES	-	25	(25)
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	384	663	(279)
	<b>TOTAL INCOME</b>	<b>3,142</b>	<b>3,316</b>	<b>(174)</b>
	<b>NET COST OF SERVICES</b>	<b>2,309</b>	<b>2,044</b>	<b>(265)</b>

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	PROCUREMENT & DEVELOPMENT	25	(44)	(69)
	REVENUES, BENEFITS & TRANSACTIONAL SERVICES	222	238	16
	LEGAL	(439)	(462)	(23)
	CUSTOMER FIRST	(42)	(27)	15
	ACCOUNTANCY	37	58	21
	RISK SERVICES	70	64	(6)
	ASSET & ESTATES	3,393	3,550	157
	<b>NET COST OF SERVICES</b>	<b>3,266</b>	<b>3,377</b>	<b>111</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	9,940	10,571	631
	PREMISES	6,451	6,298	(153)
	TRANSPORT	124	126	2
	SUPPLIES AND SERVICES	1,991	2,599	608
	THIRD PARTY PAYMENTS	716	412	(304)
	TRANSFER PAYMENTS	215	214	(1)
	SUPPORT SERVICES	3,114	3,110	(4)
	CAPITAL CHARGES	4,381	4,409	28
	<b>TOTAL EXPENDITURE</b>	<b>26,932</b>	<b>27,739</b>	<b>807</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	2,945	2,244	701
	GOVERNMENT GRANTS	547	532	15
	RECHARGES	18,077	17,987	90
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	2,097	3,599	(1,502)
	<b>TOTAL INCOME</b>	<b>23,666</b>	<b>24,362</b>	<b>(696)</b>
	<b>NET COST OF SERVICES</b>	<b>3,266</b>	<b>3,377</b>	<b>111</b>

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	STRATEGIC LEISURE ASSETS	1,426	1,426	-
	CULTURAL SERVICES	1,788	1,788	-
	ECONOMIC DEVELOPMENT	649	647	(2)
	HOUSING, PLANNING & TRANSPORT POLICY	330	357	27
	VISITOR ECONOMY	4,267	4,369	102
	<b>NET COST OF SERVICES</b>	<b>8,460</b>	<b>8,587</b>	<b>127</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	6,701	7,512	811
	PREMISES	2,475	2,394	(81)
	TRANSPORT	313	319	6
	SUPPLIES AND SERVICES	5,241	6,458	1,217
	THIRD PARTY PAYMENTS	71	92	21
	TRANSFER PAYMENTS	302	2,166	1,864
	SUPPORT SERVICES	1,401	1,404	3
	CAPITAL CHARGES	4,710	4,352	(358)
	<b>TOTAL EXPENDITURE</b>	<b>21,214</b>	<b>24,697</b>	<b>3,483</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	4,250	3,498	752
	GOVERNMENT GRANTS	1,548	1,335	213
	RECHARGES	2,443	2,944	(501)
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	4,513	8,333	(3,820)
	<b>TOTAL INCOME</b>	<b>12,754</b>	<b>16,110</b>	<b>(3,356)</b>
	<b>NET COST OF SERVICES</b>	<b>8,460</b>	<b>8,587</b>	<b>127</b>

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	BUSINESS SERVICES	1,366	1,374	8
	LEISURE AND CATERING	3,798	3,723	(75)
	PUBLIC PROTECTION	84	128	44
	HIGHWAYS AND TRAFFIC MANAGEMENT SERVICES	14,229	14,378	149
	STREET CLEANSING AND WASTE	19,183	19,077	(106)
	COASTAL AND ENVIRONMENT	4,637	4,637	-
	INTEGRATED TRANSPORT	394	360	(34)
	<b>NET COST OF SERVICES</b>	<b>43,691</b>	<b>43,677</b>	<b>(14)</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	14,011	15,476	1,465
	PREMISES	2,288	2,307	19
	TRANSPORT	3,225	2,847	(378)
	SUPPLIES AND SERVICES	5,800	11,804	6,004
	THIRD PARTY PAYMENTS	20,015	18,925	(1,090)
	TRANSFER PAYMENTS	420	286	(134)
	SUPPORT SERVICES	4,432	4,442	10
	CAPITAL CHARGES	15,278	16,822	1,544
	<b>TOTAL EXPENDITURE</b>	<b>65,469</b>	<b>72,909</b>	<b>7,440</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	7,633	8,367	(734)
	GOVERNMENT GRANTS	2,779	2,863	(84)
	RECHARGES	8,159	8,226	(67)
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	3,207	9,776	(6,569)
	<b>TOTAL INCOME</b>	<b>21,778</b>	<b>29,232</b>	<b>(7,454)</b>
	<b>NET COST OF SERVICES</b>	<b>43,691</b>	<b>43,677</b>	<b>(14)</b>

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	ADULT SOCIAL CARE	4,112	3,917	(195)
	CARE & SUPPORT	6,655	7,025	370
	COMMISSIONING & CONTRACTS	1,403	1,195	(208)
	ADULT COMMISSIONING PLACEMENTS	29,422	29,316	(106)
	ADULTS SAFEGUARDING	421	652	231
	BUSINESS SUPPORT & RESOURCES	1,522	1,508	(14)
	<b>NET COST OF SERVICES</b>	<b>43,535</b>	<b>43,613</b>	<b>78</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	16,168	16,830	662
	PREMISES	84	132	48
	TRANSPORT	839	828	(11)
	SUPPLIES AND SERVICES	1,868	1,776	(92)
	THIRD PARTY PAYMENTS	35,935	40,153	4,218
	TRANSFER PAYMENTS	6,280	7,205	925
	SUPPORT SERVICES	2,670	2,670	-
	CAPITAL CHARGES	236	237	1
	<b>TOTAL EXPENDITURE</b>	<b>64,080</b>	<b>69,831</b>	<b>5,751</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	10,648	12,536	(1,888)
	GOVERNMENT GRANTS	1,142	1,443	(301)
	RECHARGES	33	37	(4)
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	8,722	12,202	(3,480)
	<b>TOTAL INCOME</b>	<b>20,545</b>	<b>26,218</b>	<b>(5,673)</b>
	<b>TOTAL COST OF SERVICES</b>	<b>43,535</b>	<b>43,613</b>	<b>78</b>

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	LOCAL SCHOOLS BUDGET	30,713	30,715	2
	LEARNING AND SCHOOLS	26,270	25,967	(303)
	EARLY HELP FOR CHILDREN AND FAMILIES	4,489	4,308	(181)
	CHILDREN'S SOCIAL CARE	27,763	29,952	2,189
	GRANTS	(52,811)	(51,626)	1,185
	<b>NET COST OF SERVICES</b>	<b>36,424</b>	<b>39,316</b>	<b>2,892</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b>EXPENDITURE</b>			
	EMPLOYEES	50,984	55,885	4,901
	PREMISES	397	3,281	2,884
	TRANSPORT	2,385	2,648	263
	SUPPLIES AND SERVICES	14,062	20,053	5,991
	THIRD PARTY PAYMENTS	14,633	17,220	2,587
	TRANSFER PAYMENTS	6,102	7,515	1,413
	SUPPORT SERVICES	4,562	4,557	(5)
	CAPITAL CHARGES	3,532	3,532	-
	<b>TOTAL EXPENDITURE</b>	<b>96,657</b>	<b>114,691</b>	<b>18,034</b>
	<b>INCOME</b>			
	CUSTOMER & CLIENT RECEIPTS	557	1,229	(672)
	GOVERNMENT GRANTS	55,579	60,029	(4,450)
	RECHARGES	159	5,841	(5,682)
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	3,938	8,276	(4,338)
	<b>TOTAL INCOME</b>	<b>60,233</b>	<b>75,375</b>	<b>(15,142)</b>
	<b>NET COST OF SERVICES</b>	<b>36,424</b>	<b>39,316</b>	<b>2,892</b>

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

## PUBLIC HEALTH SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	1,271	1,195	(76)
	PREMISES	-	-	-
	TRANSPORT	15	9	(6)
	SUPPLIES AND SERVICES	70	33	(37)
	THIRD PARTY PAYMENTS	16,551	17,289	738
	TRANSFER PAYMENTS	-	-	-
	SUPPORT SERVICES (NOT INCLUDED BELOW)	49	49	-
	CAPITAL CHARGES (NOT INCLUDED BELOW)	-	-	-
	<b>TOTAL EXPENDITURE</b>	<b>17,956</b>	<b>18,575</b>	<b>619</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	-	-	-
	GOVERNMENT GRANTS	18,290	18,680	(390)
	RECHARGES	-	-	-
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	-	229	(229)
	<b>TOTAL INCOME</b>	<b>18,290</b>	<b>18,909</b>	<b>(619)</b>
	<b>CONTROLLABLE NET EXPENDITURE</b>	<b>(334)</b>	<b>(334)</b>	<b>-</b>
	CDS	334	334	-
	CAPITAL CHARGES	-	-	-
	RECHARGES (CDS INCOME)	-	-	-
	<b>TOTAL NON CONTROLLABLE EXPENDITURE</b>	<b>334</b>	<b>334</b>	<b>-</b>
	<b>TOTAL NET EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>

BUDGETS OUTSIDE THE CASH LIMIT

APPENDIX 51

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2016

TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	TREASURY MANAGEMENT	14,106	11,278	(2,828)
	PARKING SERVICES	(3,628)	(3,452)	176
	GRANTS, DONATIONS & SUBSCRIPTIONS	161	161	-
	HOUSING BENEFITS	1,653	1,659	6
	COUNCIL TAX & NNDR COST OF COLLECTION	349	356	7
	SUBSIDIARY COMPANIES	(791)	(914)	(123)
	CONCESSIONARY FARES	3,850	4,433	583
	LAND CHARGES	(42)	(43)	(1)
	PREVIOUS YEARS' PENSION LIABILITY	2,821	2,854	33
	NEW HOMES BONUS	(1,440)	(1,581)	(141)
	<b>NET COST OF SERVICES</b>	<b>17,039</b>	<b>14,751</b>	<b>(2,288)</b>

	SUBJECTIVE ANALYSIS	2015/2016 ADJUSTED CASH LIMIT £ '000	2015/2016 ACTUALS £ '000	2015/2016 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	3,639	3,653	14
	PREMISES	1,134	1,021	(113)
	TRANSPORT	33	35	2
	SUPPLIES AND SERVICES	5,082	6,404	1,322
	THIRD PARTY PAYMENTS	94	121	27
	TRANSFER PAYMENTS	89,529	83,196	(6,333)
	SUPPORT SERVICES	3,984	3,991	7
	CAPITAL CHARGES	18,033	14,869	(3,164)
	<b>TOTAL EXPENDITURE</b>	<b>121,528</b>	<b>113,290</b>	<b>(8,238)</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	7,857	7,637	220
	GOVERNMENT GRANTS	91,792	86,194	5,598
	RECHARGES	3,503	3,161	342
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	1,337	1,547	(210)
	<b>TOTAL INCOME</b>	<b>104,489</b>	<b>98,539</b>	<b>5,950</b>
	<b>NET COST OF SERVICES</b>	<b>17,039</b>	<b>14,751</b>	<b>(2,288)</b>





**Director Responsible for**

**Human Resources and IT**

ICT Refresh 2015/16	380,906	0	0	668,676	-287,770	380,906
<b>TOTAL Human Resources and IT</b>	<b>380,906</b>	<b>0</b>	<b>0</b>	<b>668,676</b>	<b>-287,770</b>	<b>380,906</b>

**Director Responsible for**

**Community and Environment**

Other Schemes

VPE 2015/16	582,170	0	0	582,170	0	582,170
High Ropes	83,571	0	0	9,483	74,088	83,571
Moor Park Development	0	0	0	34,000	-34,000	0
Anchorsholme Seawall Scheme	12,354,193	0	12,354,193	0	0	12,354,193
Shoreline Management						0
Sand Dunes	105,788	0	105,788	0	0	105,788
Marton Mere Dam	534,486	0	503,476	31,010	0	534,486
<b>Total Other schemes</b>	<b>13,660,208</b>	<b>0</b>	<b>12,963,457</b>	<b>656,663</b>	<b>40,088</b>	<b>13,660,208</b>

Transport

Yeadon Way	13,396	0	13,396	0	0	13,396
Bridges	2,864,053	0	2,859,053	5,000	0	2,864,053
Blackpool/Fleetwood Tramway Upgrade	815,836	0	0	734,631	81,205	815,836
Sintropher Project	561	0	0	0	561	561
Section 278 Development Works	204,790	0	0	204,790	0	204,790
Bus & Tram Shelter upgrade						0
Capital Maintenance	268,285	268,285	0	0	0	268,285
Clean Vehicle Technology	250,000	0	250,000	0	0	250,000
<b>TOTAL TRANSPORT</b>	<b>4,416,921</b>	<b>268,285</b>	<b>3,122,449</b>	<b>944,421</b>	<b>81,766</b>	<b>4,416,921</b>

<b>TOTAL Community and Environment</b>	<b>18,077,129</b>	<b>268,285</b>	<b>16,085,906</b>	<b>1,601,084</b>	<b>121,854</b>	<b>18,077,129</b>
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**Director Responsible for Place**

**Housing - HRA**

Adaptation Work for the Elderly & Disabled  
 Work towards Decent Homes Standard  
**TOTAL HOUSING - HRA**

220,834  
 6,733,818  
**6,954,652**

114,167  
 0  
**114,167**

0  
 0  
**0**

106,667  
 6,733,818  
**6,840,485**

0  
 0  
**0**

220,834  
 6,733,818  
**6,954,652**

**Private Sector Housing**

Tyldesley/Rigby Road  
 Cluster Of Empty Homes  
 PSH Strategic Acquisitions  
**TOTAL PRIVATE SECTOR HOUSING**

1,057,930  
 262,570  
 4,524  
**1,325,024**

1,057,930  
 0  
 0  
**1,057,930**

0  
 262,570  
 4,524  
**267,094**

0  
 0  
 0  
**0**

0  
 0  
 0  
**0**

1,057,930  
 262,570  
 4,524  
**1,325,024**

**Transport**

LTP - Local Safety Scheme  
 LTP - Maintenance  
 LTP - Parking Management  
 LTP - Public Transport Schemes  
 LTP - Traffic Management and Accessibility  
 LTP - Walking and Cycling  
 Project 30  
**Total Transport Schemes**

157,000  
 1,861,106  
 38,703  
 396,190  
 176,204  
 149,015  
 76  
**2,778,294**

0  
 0  
 0  
 0  
 0  
 0  
 0  
**0**

157,000  
 1,861,106  
 38,703  
 396,190  
 176,204  
 149,015  
 0  
**2,778,218**

0  
 0  
 0  
 0  
 0  
 0  
 0  
**0**

0  
 0  
 0  
 0  
 0  
 76  
**76**

157,000  
 1,861,106  
 38,703  
 396,190  
 176,204  
 149,015  
 76  
**2,778,294**

**Other Schemes**

Leisure Assets  
 Lightpool  
 Birley & Church St Paving Sche  
 Illuminations Vehicles  
 Bonny Street Acquisition  
 Tower Headland  
**Total Other Schemes**

669,775  
 599,702  
 85,000  
 111,926  
 1,300  
 3,654  
**1,471,357**

0  
 0  
 0  
 0  
 0  
 0  
**0**

-1,011,772  
 599,702  
 85,000  
 0  
 0  
 3,654  
**-323,416**

0  
 0  
 0  
 111,926  
 0  
 0  
**111,926**

1,681,547  
 0  
 0  
 0  
 1,300  
 0  
**1,682,847**

669,775  
 599,702  
 85,000  
 111,926  
 1,300  
 3,654  
**1,471,357**

**Total Place**

**12,529,327**

**1,172,097**

**2,721,896**

**6,952,411**

**1,682,923**

**12,529,327**

**Director Responsible for**

**Governance and Regulatory Services**

Crem Building Works  
 Registrar Scanning

80,233  
 50,507

0  
 0

0  
 0

0  
 0

80,233  
 50,507

**Total Governance & Regulatory**

**130,740**

**0**

**0**

**130,740**

**130,740**

**Director Responsible for**

**Resources**

**Property Management**

Central Business District	157,030
CBD Ph2	62,042
Syndicate	255,990

**Total Project Management 475,062**

**Other Schemes**

CRRM 2015/16	228,369
--------------	---------

**Total Other Schemes 228,369**

**TOTAL Resources 703,431**

0	0	0	157,030
0	0	0	62,042
0	255,990	0	0
<b>0</b>	<b>255,990</b>	<b>0</b>	<b>219,072</b>
0	0	228,369	0
<b>0</b>	<b>0</b>	<b>228,369</b>	<b>0</b>
<b>0</b>	<b>255,990</b>	<b>228,369</b>	<b>219,072</b>

157,030
62,042
255,990
<b>475,062</b>
228,369
<b>228,369</b>
<b>703,431</b>

**TOTAL EXPENDITURE 35,932,914**

<b>1,566,898</b>	<b>23,024,579</b>	<b>9,474,618</b>	<b>1,866,819</b>
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**35,932,914**

REVENUE	
M.R.A.	3,983,018
REVENUE	3,930,920
LCC	734,631
VPE Reserve	582,170
S.278	204,790
BCH Green Deal	14,000
BCH Leaseholder income	7,760
Veolia	6,467
BCH Community Centres Fund	6,320
Heron's Reach	4,543
	<b>9,474,618</b>

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting:</b>	23 May 2016

## TREASURY MANAGEMENT OUTTURN REPORT FOR THE YEAR ENDED 31 MARCH 2016

### 1.0 Purpose of the report:

1.1 The Treasury Management Outturn Report for the year ended 31 March 2016 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 2016.

### 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 2015/16 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 2015/16 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 2015/16 Strategy was approved by the Council on 27 February 2015.

5.3 Does the information submitted include any exempt information? No

**5.4 List of Appendices:**

- Appendix 6a: Treasury Management Outturn Report 2015/16
- Annex 1 – External debt fallout chart, maturity values as at 31 March 2016
- Annex 2 – Official Bank (Base) Rate movements September 2007 to March 2016
- Annex 3 – Treasury Management Summary Statistics for the year 2015/16
- Annex 4 – Comparison of Budget to Actuals 2015/16
- Annex 5 – Treasury Management Prudential Indicators 2015/16

**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: 5/2016

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: 13<sup>th</sup> May 2016 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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**REPORT  
of the  
DIRECTOR OF RESOURCES  
to the  
EXECUTIVE  
on  
23 May 2016**

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**TREASURY MANAGEMENT OUTTURN REPORT FOR THE YEAR  
ENDED 31 MARCH 2016**

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**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 2015/16 financial year.

The Council manages its cashflow and long-term financing of capital investments in accordance with its annual Treasury Management Strategy. The 2015/16 Strategy was approved by the Council on 27 February 2015 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 2015/16 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 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 2015/16**

### **2.1 Loans Raised**

The Council's total borrowing powers at 1 April 2015 (the Authorised Limit) stood at £279m. No new long-term borrowing has been taken in the year.

The 2015/16 borrowing requirement for 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 £6.3m was repaid in addition to the temporary borrowing referred to in 2.1 above and £0.9m 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 £6.3m loans repaid to the Public Works Loan Board which are referred to above: a £5.3m loan was repaid when it matured in September 2015, a £600,000 loan was repaid when it matured in March 2016 and a £400,000 loan was repaid in two equal instalments of principal in September 2015 and March 2016.

### **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 2015/16 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 pooled borrowing rate on its long-term debt increased from 4.76% in 2014/15 to 4.83% in 2015/16. 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 2015/16 financial year are summarised on the next page:

	<u>Debt financing</u> <u>at 1 Apr 2015</u>	<u>Additions to</u> <u>debt</u>	<u>(Reductions)</u> <u>in debt</u>	<u>Debt financing</u> <u>at 31 Mar 2016</u>
	£M	£M	£M	£M
PWLB	55.6	-	(6.3)	49.3
Market Loans	39.3	-	-	39.3
Temporary Loans	46.5	138.7	(121.1)	64.1
Sub total	141.4	138.7	(127.4)	152.7
Local Government Reorganisation (LGR) Debt	20.3	-	(0.9)	19.4
TOTAL	161.7	138.7	(128.3)	172.1

The revised maturity profile for the total external long-term debt outstanding as at 31 March 2016 is shown in Annex 1 of this report.

## 3. INVESTMENT TRANSACTIONS 2015/16

### 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 - has remained the same throughout 2015/16 at 0.5%.

Annex 2 shows this interest rate graphically from 1 September 2008 to 31 March 2016.

### 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 £25,000 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 2015/16**

The Treasury Management revenue account for 2015/16 had net expenditure of £11,278,000, an improvement of £2,828,000 over the budget of £14,106,000.

A comparison of the Treasury Management revenue account with the budget for 2015/16 is set out in Annex 4.

The debt servicing costs for 2015/16 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 2015/16 are set out within Annex 5 to this Report.

## **6. MINIMUM REVENUE PROVISION (MRP) POLICY CHANGE**

The Treasury Management Strategy for 2016/17 which was approved by the Council on 25 February 2016, contained details of a change in Minimum Revenue Provision policy affecting the Treasury Management Outturn for the year ending 31<sup>st</sup> March 2016 and subsequent years. The revised policy adopts a more prudent approach, replacing the 4% reducing balance method of calculating Minimum Revenue Provision on debt which arose prior to 1

April 2008 with the 2% straight line method.

As a result the Minimum Revenue Provision charge on supported borrowing in 2015/16 reduces by £1.4m (reflected in Annex 4). The total Minimum Revenue Provision overprovided up to and including 2014/15, due to the change in Minimum Revenue Provision Policy referred to in the paragraph above, is calculated to be £11.1m. Of this amount £2.6m in the current year (Annex 4) and £8.5m over the next three years will be used to create a new pay reserve and a transformational cost reserve.

## **7. RECOMMENDATION**

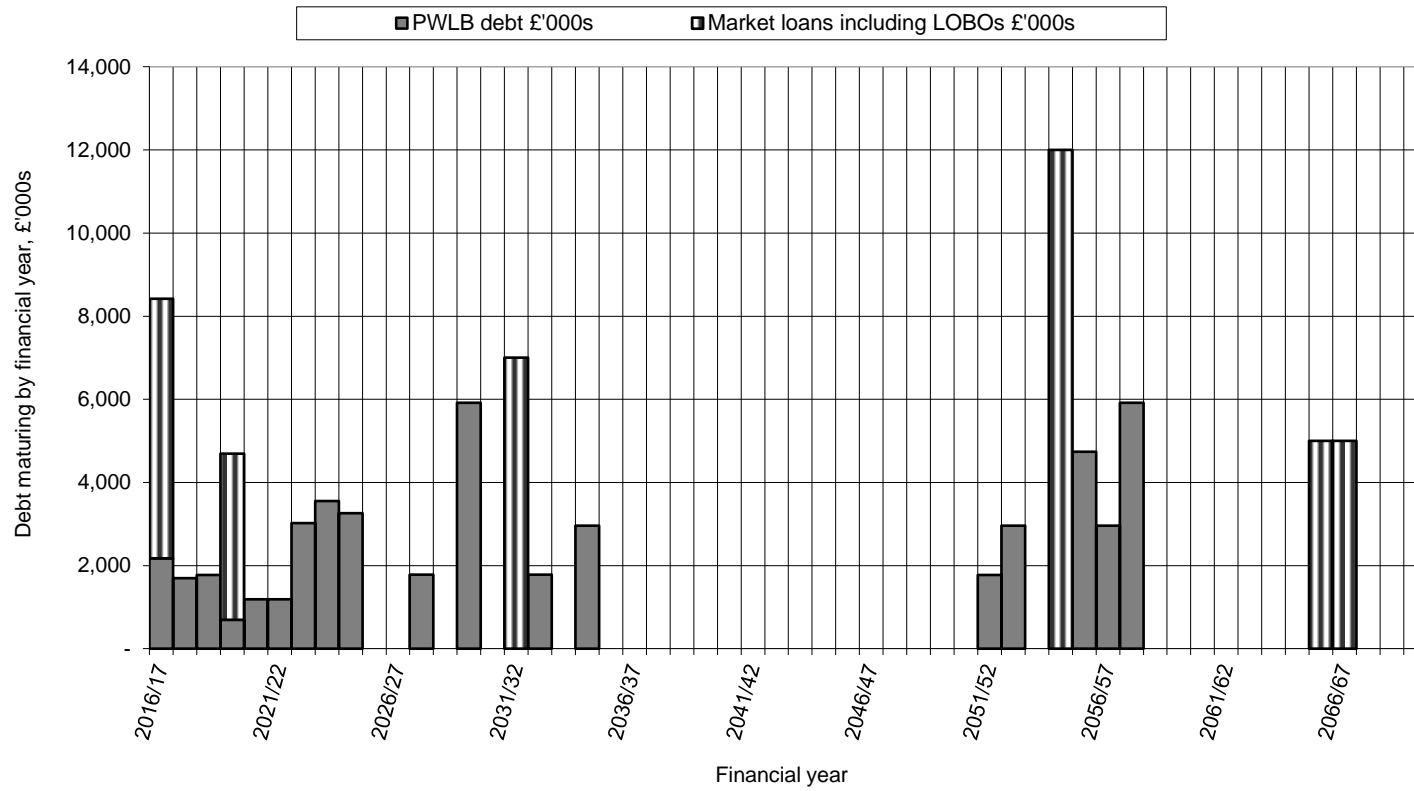
The Executive is asked to note the report on treasury management activities for the financial year ending 31 March 2016.

S. THOMPSON  
DIRECTOR OF RESOURCES

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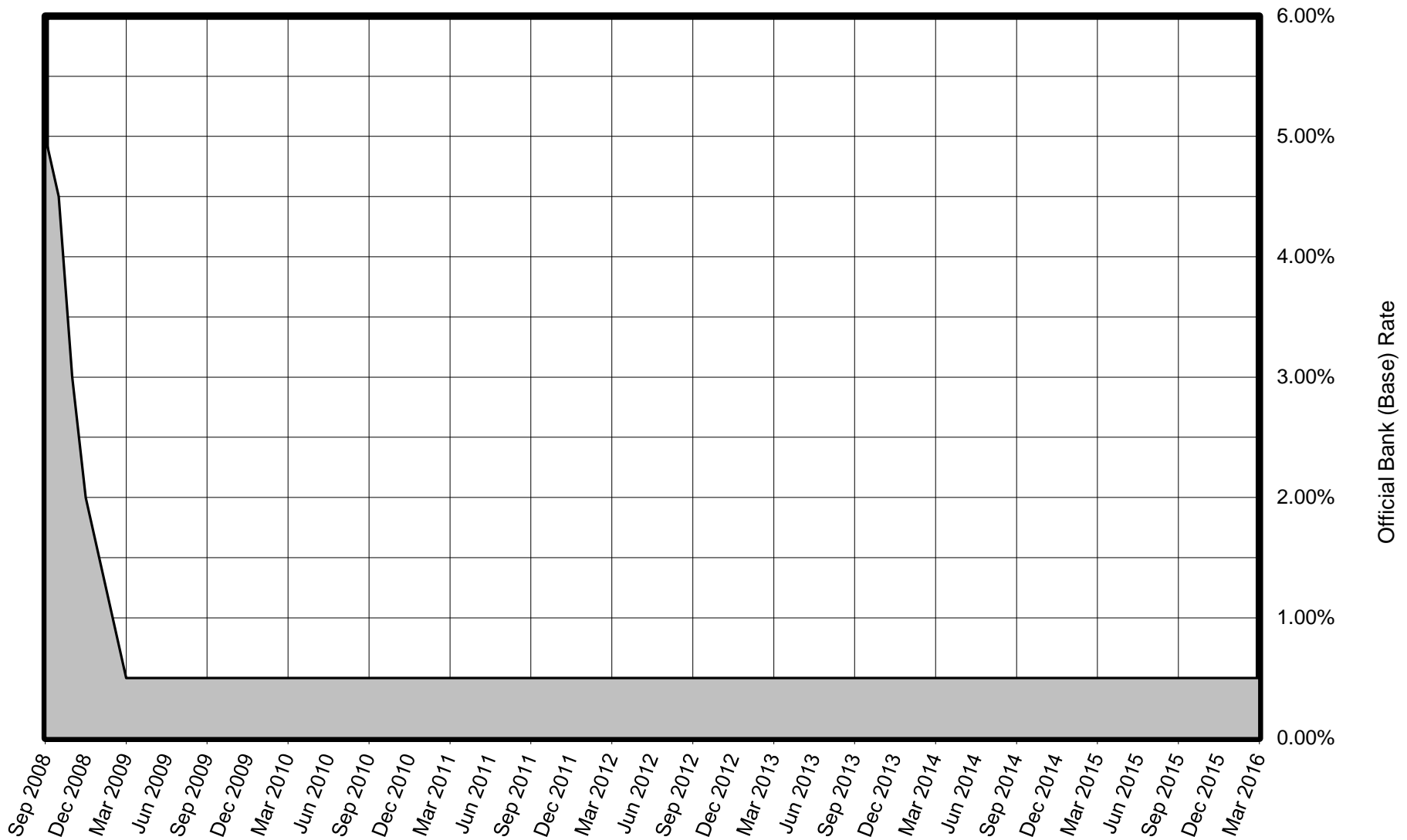
### External debt fallout chart, maturity values, as at 31st March 2016



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# Official Bank (Base) Rate movements September 2008 - March 2016

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# TREASURY MANAGEMENT REPORT

## SUMMARY STATISTICS FOR THE YEAR 2015/16

SHORT TERM INTEREST NET (RECEIVABLE)/PAYABLE	
	£'000s
Budgeted for year	324
Actual for year	114*

\* (includes £25k interest receivable)

SHORT TERM INVESTMENTS MADE	
	Call Accounts & Money Market
Number in the year	118
Total value of those transactions in and out	£215m
Average interest rate earned	0.38%

SHORT TERM LOANS MADE	
Number in year	56
Total value of those transactions in and out	£139m
Average interest rate paid	0.41%

YEAR END LOANS OUTSTANDING		
01/04/15 £'000s	SOURCE	31/03/16 £'000s
55,639	Public Works Loan Board	49,324
39,250	Market Loans	39,250
46,500	Temporary Loans	64,100
<b>141,389</b>	<b>TOTAL LOANS OUTSTANDING</b>	<b>152,674</b>

YEAR END INVESTMENT BALANCES		
01/04/15 £'000s	CHANGE	31/03/16 £'000s
3,405	Investments (Call accounts)	13,350
-	Investments (Money Market)	
<b>3,405</b>	<b>Total</b>	<b>13,350</b>

CASH FLOWS DURING THE YEAR	
<b>RECEIPTS</b>	£'000s
Loans & Investments, total movements <i>(The transaction totals, NOT the balance) (A)</i>	348,390
Council Tax & NNDR	81,847
Government Grants/Rate Support Grant	161,054
Housing Benefit & Subsidy	84,196
Other income, VAT reclaimed	118,166
<b>TOTAL OF ALL AMOUNTS RECEIVED INTO THE BANK ACCOUNTS</b>	<b>793,653</b>

<b>PAYMENTS</b>	£'000s
Loans & Investments, total movements <i>(The transaction totals, NOT the balance) (B)</i>	347,050
General Creditors	300,925
Salaries & Wages	66,079
Housing Benefits	72,829
Precepts, Police & Fire	8,517
<b>TOTAL OF ALL AMOUNTS PAID OUT OF THE BANK ACCOUNTS</b>	<b>795,400</b>

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)	348,390
Payments	(B)	(347,050)
<b>Net (payment)/receipt into current a/cs</b>		<b>1,340</b>
Total loans at end of year	152,674	
Total loans at start of year	(141,389)	
<b>Net loans taken out</b>		<b>11,285</b>
Investments at end of year	(13,350)	
Investments at start of year	3,405	
<b>Net decrease in investments</b>		<b>(9,945)</b>
<b>Net (payment)/receipt into current a/cs</b>		<b>1,340</b>

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**Comparison of Budget to Actuals 2015/16**

The annual budget monitoring information for 2015/16 shows a (£2,828k) full-year (favourable) variance on the £14,106k Treasury Management Budget.

The components of this variance are as follows:

	2015/16 Full Year Variance (Fav)/Adv £'000s
MRP on old debt 2015/16 – policy change to 2% straight line	(1,348)
MRP overprovided on supported borrowing	(2,630)
Pay Reserve	1,315
Transformational Cost Reserve	1,315
The use of temporary borrowing and internal financing have enabled borrowing to be delayed, thus achieving savings against interest payable	(1,097)
Reduced interest charged by LCC on LGR Debt	(270)
Higher cash balances than planned have been maintained during 2015/16 and this has contributed to an increase in the level of temporary investment income (Actual £25k minus Budget £4k)	(21)
Other miscellaneous items including recharges, brokerage and SORP premia costs	(92)
<b>2015/16 full-year (favourable)/adverse position</b>	<b>(2,828)</b>

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