



## Meeting Agenda

**Council,  
Lowther Pavilion, Lytham,  
Monday 28 November 2011,  
7.00pm**



# COUNCIL MEETING

LOWTHER PAVILION, LYTHAM  
on  
MONDAY 28 NOVEMBER 2011 at 7:00pm

The Mayor – Councillor H. Henshaw, A.D.K (Malaysia)  
Deputy Mayor – Councillor R. K. Eastham

## Councillors

B.M. Ackers  
B. Aitken  
C. E. Akeroyd  
F.R. Andrews  
T. Armit  
T. Ashton  
S. Ashton  
K. Beckett  
J. Brickles  
K. Buckley  
D.M. Chedd  
M. Chew  
A. Clayton  
P. Collins  
S. Cox  
F.Craig-Wilson  
S. Cunningham  
J.R Davies  
L. Davies  
D. Donaldson  
C.Duffy  
D. Eaves JP  
S.M Fazackerley  
Dr T.J Fiddler  
T. Ford JP

## Councillors

G. Goodman JP  
N. Goodrich  
P. Hardy  
K. Harper  
P.J Hayhurst  
K. Henshaw JP  
P. Hodgson  
K. Hopwood  
A. Jacques  
C. Little  
J.K Mulholland  
E.J Nash  
L.J Nulty  
E.A. Oades  
A.G. Pounder  
D.S Prestwich  
R. Redcliffe  
L. Rigby  
E.M Silverwood  
J.R Singleton JP  
H.A Speak  
T. Threlfall  
V. Willder  
P. Wood

Philip Woodward – Chief Executive

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## **Our Vision**

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

## **Our Corporate Objectives**

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

## **The Principles we will adopt in delivering our objectives are:**

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

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**Personal interests**

**8.—**(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) any body—
  - (aa) exercising functions of a public nature;
  - (bb) directed to charitable purposes; or
  - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

- (i) any employment or business carried on by you;
  - (ii) any person or body who employs or has appointed you;
  - (iii) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
  - (iv) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
  - (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);
  - (vi) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
  - (vii) any land in your authority's area in which you have a beneficial interest;
  - (viii) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
  - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision;

(2) In sub-paragraph (1)(b), a relevant person is—

- (a) a member of your family or any person with whom you have a close association; or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

**Disclosure of personal interests**

- 9.—**(1) Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.

- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(d).

#### **Prejudicial interest generally**

- 10.—**(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business—
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
  - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
  - (c) relates to the functions of your authority in respect of—
    - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
    - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
    - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
    - (iv) an allowance, payment or indemnity given to members;
    - (v) any ceremonial honour given to members; and
    - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

#### **Prejudicial interests arising in relation to overview and scrutiny committees**

- 11.—** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
  - (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

#### **Effect of prejudicial interests on participation**

- 12.—**(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—
- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
    - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
    - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your authority's standards committee;
  - (b) you must not exercise executive functions in relation to that business; and
  - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

1. CONFIRMATION OF MINUTES

To confirm as a correct record the minutes of the Council meetings held on 26 September 2011. (Appended at the back of the agenda)

2. MAYOR'S ANNOUNCEMENTS

3. CHIEF EXECUTIVE'S COMMUNICATIONS

The Chief Executive to report receipt of any relevant communications that have been received subsequent to sending out this agenda.

4. QUESTIONS FROM MEMBERS OF THE COUNCIL

5. QUESTIONS FROM MEMBERS OF THE PUBLIC

# REPORT



REPORT OF	MEETING	DATE	ITEM
CHIEF EXECUTIVE	COUNCIL	28 <sup>th</sup> NOVEMBER 2011	6

<b>ADDITIONAL CAPITAL BORROWING REQUIREMENT – BOXES TO BINS PROJECT</b>
<b>Report to Follow</b>



# REPORT



REPORT OF	MEETING	DATE	ITEM NO
DIRECTOR COMMUNITY SERVICES	COUNCIL	28 NOVEMBER 2011	7

## LOWTHER GARDENS TRUST

### Public Item

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

### Summary

The report to Cabinet on 16 November 2011 presented the five year business plan requested by the Council and developed by the Trustees of the Lowther Gardens Trust for the operation and management of Lowther Pavilion. The business plan assumes a decreasing level of financial support from Fylde Borough Council over the five-year period. On the basis that Cabinet was sufficiently assured by the business plan to recommend award of the identified deficit as a subsidy to the Trust, Council is requested to consider an unfunded budget increase.

### Cabinet Portfolio

The item falls within the following portfolio:

Leisure & Culture -

Councillor Susan Fazackerley

### Recommendations

1. That Council is requested to approve unfunded revenue budget increases as follows:

2012/13 - £51,417; 2013/12 - £49,617; 2014/15 - £50,667; 2015/16 - £38,667;  
2016/17 - £31,667 to support the business plan of the Lowther Gardens Trust, further to the Cabinet report of 16 November 2011.

### **Reasons for Recommendation**

1. On the basis that Cabinet has agreed to support the business plan, Council is requested to approve the unfunded budget increases identified.

### **Alternative options considered and rejected**

1. Not to support the Trust's business plan for the Pavilion - Members may resolve not to support the business plan although this is likely to place the future of the Pavilion at risk.

### **Background**

1. Lowther Gardens was registered as a charitable trust in 2006, with the Council as sole trustee. A number of independent trustees were appointed in the summer of 2010. There are presently four independent trustees. The Council remains as a trustee, and is represented at trust meetings by the Portfolio Holder for Leisure and Culture.
2. A report was presented to Cabinet on 28 June 2011 updating Members on progress in transferring the management of the Pavilion to the Trust. The meeting resolved:
  - To approve a virement of £30,000 subsidy (which is included in the 2011/12 service change cost budget) and award it to the trustees towards the management and day-to-day operational costs of Lowther Pavilion.
  - To continue to negotiate with the Trustees regarding the remaining gap of subsidy requested.
  - To request that the Trustees submit a long term (3 – 5 years) business plan, as timetabled in Appendix B of the report.
  - To inform the Trustees that the £30K subsidy is conditional upon:
    - The new Theatre Manager being in post by 1 September 2011
    - The appointment of a new trustee, by 1 September 2011, with an accountancy or similar professional background demonstrating financial skills, knowledge and experience
    - Negotiation of an initial Service Level Agreement to include a specified minimum number of days/weeks when local community/amateur groups can hire the Pavilion for practice/performance.
3. The new Theatre Manager, Isabelle Leclercq, took up post on the 5 September 2011. The role of financial trustee was advertised 22 August with a deadline for applications of the 12 September 2011. However no applications were received at that point, although subsequently some interest in the role has been noted. In the interim the acting chairman of the Trust has agreed to perform this role until an appointment can be made.
4. Officers have been working with the Trustees, assisting with the development of a longer term business plan. In particular the accountancy team has provided advice and guidance on key financial aspects of the plan.
5. It is still anticipated that five Pavilion staff will transfer to the employment of the Trust on 1 December 2011, under the provisions of The Transfer of Undertakings

(Protection of Employment) Regulations 2006, which places specific responsibilities on both the Council and the Trust.

6. This report solely addresses the future management of Lowther Pavilion. Further discussions are needed with the Trustees to determine the future arrangements for the maintenance of the Gardens and associated leisure provision.
7. Members have previously received a copy of the exempt Cabinet report of 16 November 2011, containing a copy of the Lowther Gardens Trust business plan and a draft Service Level Agreement. At the time of writing this report the Cabinet has not met. However this Council report has been prepared on the basis that the recommendations to Cabinet are agreed:
  - i. That Cabinet considers the content and robustness of the Lowther Gardens Trust business plan in relation to Lowther Pavilion and determines whether the Council should give its support to the plan, including acceptance of the caveats identified at paragraph 12 and support for the Trust's admission to the Lancashire County Pension Fund.
  - ii. That, should Cabinet approve the business plan, the Council be requested to approve unfunded budget increases as follows:  
2012/13 - £51,417; 2013/12 - £49,617; 2014/15 - £50,667; 2015/16 - £38,667; 2016/17 - £31,667
  - iii. That agreement of the final terms of the Service Level Agreement is delegated to the Leader in consultation with the Director of Community Services and the Council's s151 Officer, to mitigate any conflict of interest given that the Portfolio Holder is also a Trustee.
8. It will be possible to inform Council of the decision of Cabinet at the meeting should the recommendations change.

## **Business Plan**

9. Members have previously received the five year business plan which was attached to the Cabinet report of 16 November 2011. The Trust's artistic approach to the future management of the Pavilion is outlined briefly, highlighting the particular success of the partnership with the BBC.
10. The business plan identifies the following goals:
  - increasing awareness,
  - increasing use,
  - a culturally diverse mix of programming that celebrates our local societies, schools and community groups whilst providing first class professional work for locals and tourists alike.
11. The level of subsidy requested falls significantly over the five years from £71,417 to £31,667.
12. There are three issues that make a significant difference to the financial implications for the Trust when compared to those of the Council:
  - a) the Trust operates under a less favourable VAT framework, resulting in approximately £24k irrecoverable tax

b) Depreciation costs are treated differently, resulting in approximately £4k less favourable position

c) the Trust will incur approximately £5k overdraft interest

## Financial Implications

13. The Council's budget currently contains some provision for Lowther Pavilion in the service change cost budget as follows:

Year	Current Budget Provision
2011.12	£30,000
2012.13	£20,000
2013.14	£10,000

14. Consequently, the table below identifies the remaining deficit that is not currently funded:

### Lowther - Revised Projected Deficit

Lowther - Pavilion		Current budgeted Deficit £	Revised Projected Deficit £	Increase in Projected Deficit £
	2011.12	30,000	30,000	0
<b>Per Business Plan</b>				
Year 1	2012.13	20,000	71,417	51,417
Year 2	2013.14	10,000	59,167	49,167
Year 3	2014.15	0	50,667	50,667
Year 4	2015.16	0	38,667	38,667
Year 5	2016.17	0	31,667	31,667

15. On the basis that Cabinet has been sufficiently assured by the business plan, Council is requested to award the identified deficit as a subsidy to the Trust given that the amounts are currently unfunded in the revenue budget.

## Service Level Agreement

16. A draft service level agreement (SLA) was attached to the Cabinet report of 16 November 2011. The terms of this SLA have not yet been agreed with the Lowther Gardens Trust. Cabinet recommended that agreement of the final terms of the SLA is delegated to the Leader, in consultation with key officers, to mitigate any conflict of interest given that the Portfolio Holder is also a Trustee.

## Risk Assessment

17. A copy of the risk assessment is attached at Appendix A

## Conclusion

18. On the assumption that the Council is persuaded as to the viability of the business plan, a reducing level of financial subsidy will be required of the Council over the five year period identified.

Report Author	Tel	Date	Doc ID
Clare Platt	01253 658602	16.11.11	

List of Background Papers		
Name of document	Date	Where available for inspection
Cabinet Agenda and Minutes	15 December 2010	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Cabinet Agenda and Minutes	28 June 2011	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Cabinet Agenda and Minutes	16 November 2011	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

IMPLICATIONS	
Finance	The financial implications are included within the main body of the report
Legal	The legal implications are included within the main body of the report
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability	Members need to satisfy themselves that both the Trust and the Council can work together to ensure a sustainable future for Lowther Gardens
Health & Safety and Risk Management	Risk assessment template at Appendix C.

## Committee Risk Assessment Template

Directorate: Community Services			Date of Assessment: Nov 2011		
Section: Leisure			Assessment Team: Darren Bell		
Assessment Activity / Area / Type: Transfer of Managerial & Operational Responsibilities for Lowther Pavilion to Lowther Gardens Trust.					
Do the hazards create a business continuity risk? Yes					
RISK DESCRIPTION	RISK LIKELIHOOD	RISK IMPACT	RISK MITIGATION	RESIDUAL RISK	RISK OWNER / RISK REGISTER
The Trust cannot meet its financial commitments (revenue and / or capital)	4	4	The Council can influence to some extent through the terms of the SLA & as a trustee.	12	The risk lies with the Trust, but the Council, as a trustee, will still have a role.
The Trust requests further financial support from FBC	4	3	As above. Likely to require consideration by Council as an unfunded budget increase.	8	The risk lies with the Trust, but the Council, as a trustee, will still have a role.
Non-compliance with TUPE transfer requirements	3	3	The Trust and the Council are aware of their responsibilities under the legislation. Clause in SLA to highlight. HR support to Council. Legal advice available to Trust.	6	Darren Bell / Trustees
The Council and the Trust do not work together effectively to	3	3	Regular budget management meetings. Agreement to manage expenditure effectively.	6	Darren Bell / Trustees

Continued....

manage the 2011/12  
pavilion budget

Risk Likelihood  
6 = Very High  
5 = High  
4 = Significant  
3 = Low  
2 = Very Low  
1 = Almost impossible

Risk Impact  
1 = Negligible  
2 = Marginal  
3 = Critical  
4 = Catastrophic

Multiply the likelihood by the impact and if the score is above 12 then mitigating action should be undertaken to reduce the risk. This action should be recorder and monitored in either a directorate or corporate risk register.

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
COMMUNITY FOCUS SCRUTINY COMMITTEE	COUNCIL	28 NOVEMBER 2011	8

## SCRUTINY REVIEW OF PROCESSES LEADING TO THE SALE OF CLIFTON (LYTHAM) HOUSING ASSOCIATION LIMITED

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

### Summary

At the Council meeting held on 18 July, a Notice of Motion was proposed and approved to review the processes leading to the disposal of the Clifton (Lytham) Housing Association Limited by a scrutiny committee.

A Task and Finish Group of the Community Focus Scrutiny Committee was established. Its final report (attached) was considered by the Committee at its meeting on 8 November 2011. Its recommendations are also attached.

### Recommendation

1. The Community Focus Scrutiny Committee commends its attached recommendations to the Council

### Cabinet Portfolio

The item falls within the following Cabinet Portfolios

Planning and Development – Councillor Trevor Fiddler  
Finance & Resources - Councillor Karen Buckley

Implications	
Finance	Funding will be required to bring in expertise to advice on governance and constitutional issues. It is anticipated that this budget will be met from existing resources
Legal	Officer and potentially external advice will be necessary to advise members on any implications arising from the



	implementation of the recommendations
Community Safety	None arising from the report.
Human Rights and Equalities	None arising from the report.
Sustainability	None arising from this report
Health & Safety and Risk Management	None arising from this report

Report Author	Tel	Date	Doc ID
Community Focus Scrutiny Committee	(01253) 658521	9 November 2011	

List of Background Papers		
Name of document	Date	Where available for inspection
Report	Nov. 2011	Attached

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
MELTON GROVE TASK & FINISH GROUP	COMMUNITY FOCUS SCRUTINY COMMITTEE	08 NOVEMBER 2011	-

## **TASK & FINISH GROUP REVIEW OF THE PROCESSES LEADING TO THE SALE OF CLIFTON (LYTHAM) HOUSING ASSOCIATION**

### **Public Item**

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

### **Summary**

At the Council meeting held on 18 July 2011, a Notice of Motion which requested a review of the processes leading to the disposal of the Clifton (Lytham) Housing Association, by a scrutiny committee, was approved. A subsequent meeting of the Scrutiny Management Board on 20 July 2011 elected the Community Focus Scrutiny Committee as the committee to undertake the review. The findings and recommendations of that review, undertaken by a Task & Finish Group of the committee, are contained within this report.

### **Recommendations**

1. That competencies and a skills-set should be established for councillors who will represent the council as Board members on outside bodies, or arms-length organisations; and that councillors should be required to demonstrate how they meet those competencies and skills-set before they can be appointed.
2. That in future scrutiny should be involved at all stages of any similar sale or acquisition, especially one that falls outside of the existing land transaction procedure rules.
3. That in future, any public consultation should fit with the requirements of the Community Engagement Strategy, which ensures that any affected body or person is fully aware of the issues affecting them; and that they should have a realistic

Continued....

timeframe in which to respond; and that the consulting body, whether it is the council or an organisation with which the council is closely associated, is clearly shown to have taken those views into account in reaching a decision.

4. That major decisions taken by decision-making bodies of the council, or of bodies with councillors as voting Board members, should reveal within the minutes of their meetings the rationale for the decision.
5. That any councillor or Cabinet Member appointed to the Board of an outside body or arms-length organisation should have regard to their dual role and maintain a separation of interest where appropriate; that they should report in the first place not to Cabinet or the ruling group, but to scrutiny.
6. There exists a clearly stated obligation, agreed by council, for councillors appointed to outside bodies for reporting back; the T&F Group recommends:
  - (a) that this should be strengthened to ensure reporting back within clearly defined guidelines and timeframes to an appropriate scrutiny committee;
  - (b) that relevant minutes should be attached to the report;
  - (c) that where there is an official of the council taking minutes there should be a minimum required standard and format; and
  - (d) that the Head of Governance should have responsibility for making sure the above requirements are delivered.
7. That there should be a change to the Constitution which gives the council's Monitoring Officer a primary and proactive role in advising the mayor at council meetings on constitutional issues; and that the Monitoring Officer should assume a more proactive role in advising all councillors in their rights and responsibilities relative to the governance of the council.
8. That the council strengthens its decision-making process to ensure that to ensure that councillors of all political persuasions have parity in terms of access to information and officer advice, and that an external agency be invited to facilitate it, at the earliest opportunity.
9. That Portfolio Holders should take all reasonable steps to ensure that they are in full possession of all relevant facts, before taking individual Portfolio Holder Decisions; that adequate timescales are in place to allow Portfolio Holders to research their topic, discuss with officers or other suitably experienced persons, and have time to reach a decision.
10. When the council or any arms-length organisation associated closely with the council is engaging outside consultants, their role must be clearly defined stating the criteria and objectives of the engagement to remove any ambiguity or potential for misunderstanding of the task.

## Portfolio Holder

The remit of this review potentially cuts across several of the portfolios but would primarily be:

Finance and Resources  
Planning and Development

Cllr Karen Buckley  
Cllr Trevor Fiddler

## Report

### Background to the Review

1. In August 2007, the then Policy and Service Review Scrutiny Committee (PSRSC) made recommendations to Cabinet on the future of several council assets, including Melton Grove. The recommendation was *"that if the Directors of Clifton (Lytham) Housing Association choose not to dispose of the association to a Registered Social Landlord that the council no longer supports the administration costs of the of the Association"*. The recommendation was based on the work of a Task and Finish (T&F) Group. Reference to the asset review schedule of the T&F Group shows clearly the intention. It says ***"Recommendation of the working group to the Directors of Clifton Housing Association Ltd - Dispose to a registered social landlord in order to regularise management of the properties and to provide additional affordable/rented housing."***
2. Cabinet, at its next meeting in September 2007 agreed the recommendation of the PSRSC.
3. There was no further documented activity until in November 2008 the Board of Clifton (Lytham) Housing Association (CLHA) met and considered a report "Shaping The Future" which explored ideas for the future direction of the company.
4. During 2009 and 2010 there were further meetings at which the Board considered options, voted to purchase the freehold, appointed a consultant to carry out an options appraisal, agreed to an asset sale, and eventually decided to a transfer the directors' shares to the council, and then to sell those shares (effecting the sale of CLHA and the properties belonging to it) to Windmill Oaks, a private developer.
5. *(At Appendix 1 there is a chronology of the proceedings leading up to the sale. No commentary is offered in the Appendix; it is a brief and factual narrative of key events, which provided the framework for the members of the Task and Finish Group to develop their interview planning and questioning.)*
6. During 2010 and 2011, there was concern amongst some councillors that the procedures and decision-making leading up to the sale of the shares had not been fully transparent and open, and had not allowed for full debate by all councillors. Accordingly, at a meeting of Council on 18 July 2011, the following Notice of Motion was proposed by Cllr Elaine Silverwood and seconded by Cllr David Chedd.  
*"We feel that the disposal of Melton Grove should be debated by the full council to ensure that the right decision is made in the interests of the residents of the Borough."*

7. Cllr Elizabeth Oades proposed an amendment to the motion, seconded by Cllr Linda Nulty which was:  
*"To fulfil Fylde Borough Council's intention to encourage a culture of openness and transparency we feel that the processes used in the disposal of the Clifton Lytham Housing Association and the Melton Grove properties, should be scrutinised by the Overview and Scrutiny Committee to ensure that the correct procedures have been followed in the interests of the residents of the Borough. The scrutiny process should take between one and two months, and, if necessary, the Chairman of the committee should be allowed to draw on professional help from outside the council."*
8. The Scrutiny Management Board (SMB) met on 20 July 2011 and decided that the review would be dealt with by the Community Focus Scrutiny Committee, and in view of the time constraints agreed by council that it should be brought before the committee at the earliest opportunity. They recommended that the matter would best be dealt with in the first instance by a time-limited Task and Finish Group. The Chairman of the Community Focus Scrutiny Committee took that recommendation to the next meeting of his committee, Thursday 28 July 2011, as a late item and the T&F Group was appointed.

#### The Task and Finish Group Members

9. The councillors appointed to the Task and Finish Group were:  
  
Kiran Mulholland (Chairman)  
Christine Akeroyd  
Tim Armit  
Maxine Chew  
Ken Hopwood  
John Singleton  
Peter Wood
10. On some occasions Cllr Chew was unable to attend meetings / interviews, and the Chairman permitted Cllr Linda Nulty to act as a substitute for her. Cllr Armit was unable to attend any of the group meetings or interviews because of other commitments, but was kept in touch with the activities of the group and corresponded with them by e-mail, and received the same documentary evidence as the other Group members.
11. The Task & Finish Group met on the following occasions:  
  
For discussion and review planning:      4 August 2011  
   11 August 2011  
   18 August 2011  
   13 September 2011  
   5 October 2011  
   12 October 2011  
  
For interviews:                                      17 August 2011  
   24 August 2011  
   31 August 2011

15 September 2011

16 September 2011

### The Scope of the Review

11. The T&F Group decided at the initial meeting that the scope of the review should broadly align with the amended Notice of Motion approved by council, though should not be limited by that should their review throw up other issues of concern - so that in the first instance it should have to do with:
- the procedures and processes used in the disposal and pre-disposal;
  - governance arrangements and whether there was openness and clarity in the decision-making process; and
  - that the review should concentrate on highlighting any deficiencies found in the processes and attempting to find recommendations for their resolution but, in the event of deficiencies being uncovered, it was not the purpose of the review to attach blame to any individual.
12. The Group resolved that their preferred approach would be
- first to decide upon their witnesses
  - then to obtain evidentiary documentation and electronic correspondence from those witnesses
  - from the information obtained to plan their lines of enquiry and interview those witnesses.

Their witnesses were selected and were:

- Representatives of the Board of the CLHA (not all were interviewed)
- Chief Officers and other officers involved in the various transactions, and / or in the governance, including the Chief Executive and Monitoring Officer
- Cabinet members involved either on the Board or in decision-making
- Peter Whitehead of Windmill Oaks
- Barry Dean, consultant

The Group agreed with the Chairman's suggestion that it was unreasonable for all members to interview all witnesses. It was agreed to divide the Group into smaller units for the purpose of interviews. The only persons who would be present at all interviews, for consistency and continuity, would be the Chairman, and the clerk to the T&F Group. The membership of the interview groups varied according to councillor commitments, but at all interviews there were representatives from conservative and opposition parties.

The Chairman of the Task & Finish Group would like to extend his thanks to all of those people who made themselves available for interview to the Group and who provided documentation and correspondence for the Group's use.

### Lines of Enquiry

13. Bearing in mind the scope of the review, the T&F Group decided that their primary lines of enquiry should be as follows:
- Having instructed Morris Dean to sell to a Registered Social Landlord (RSL) from a range of Options for disposal put before them, how had the Board then reached a contradictory decision not to sell to an RSL?
  - How had Windmill Group, a private developer, become aware of the sale of Melton Grove?
  - Why had Barry Dean (representative of the company Morris Dean, appointed by the Board) eventually recommended their bid to the Board?
  - Was the bidding RSL invited to make a final bid based on comparable criteria before the Windmill Oaks offer was accepted?
  - What was the involvement of Cabinet and the ruling group in the process?
  - What was the involvement of officers in the process?
  - Why was the consultation exercise with residents so brief?
  - For what reasons had scrutiny been excluded from the process?
  - For what reasons had there been a failure to communicate progress and issues to all councillors?

Other questions arose as the interviews progressed, and they are referred to in the commentary below.

#### Synopsis of relevant information obtained from witnesses and available documents

14. During 2008 and 2009 the Board of CLHA received reports about “Shaping the Future” which provided a discussion point about the options available and the relative merits of disposing of, or retaining in some way, the company.
15. The Board eventually decided that disposal was their preferred option. They wished to appoint a consultant to advise them about disposal options. Officers advised them that there were two classes of consultant who would broadly be able to assist them – either Housing Consultants or Surveying Practices. The former specialize in giving guidance and support to RSLs and the scope of their work includes (but is not restricted to) housing policy, tenant and community support, and stock condition appraisals. The latter have appropriate experience of asset management and development, and the consultants nominated for the Board to choose from all had experience in undertaking valuations and providing advice to Housing Associations. The Board preferred a Surveying Practice for two reasons – the first being that, should a disposal option be selected by the Board, the consultant would be able to take the process through to final sale; the second that it was felt that the main expertise of Housing Consultants may lie outside of the very specific development options appraisal needs of CLHA. Accordingly, the Board appointed Morris Dean of Rochdale as their consultant surveying practice, and Mr Barry Dean was that company’s appointee to provide the appraisal for the Board.
16. Barry Dean was initially given two main drivers to bear in mind for the preparation of an options appraisal – (1) to retain Melton Grove for social housing; and (2) to

enable the council to maximise a return out of its land and property asset which was currently contributing little to revenues. At his interview, Mr Dean insisted that he was never instructed only to sell to an RSL, although this would seem to be contradicted by the Option that the Board chose.

17. He presented a wide range of options to the Board, and they selected Option 3, which was to sell to a Housing Association, but with opportunities for a certain specified level of sale and/or redevelopment. It was hoped that in this way the capital receipt could be maximised.
18. However, in some way that the T&F Group was unable to establish to their satisfaction, not only was the offer to bid extended to Windmill Group, but the Board did not dismiss the offer made, as coming from a non-RSL organisation. Mr Whitehead, of Windmill Group, advised the T&F Group that he had been advised of the opportunity by a member of staff, but was not able to say with certainty who that may have been. The council's Principal Estates Surveyor and the Director of Strategic Development Services both acknowledged that they may have mentioned it in passing, although they did not consider that was improper. Barry Dean appeared to have thought at this early stage that this was an approach by another RSL.
19. Although the T&F Group were concerned that a private developer had been advised of an opportunity that he may not otherwise have heard about, in effect it was still within the remit of officers to advise the Board against accepting that offer, and within the power of the Board to confirm their decision only to sell to an RSL. In the view of the T&F Group, none of the persons questioned could offer an adequate explanation as to why those things had not happened.
20. Additionally, advice had been given to Chief Officers and the Board that should this bid be allowed to go forward for consideration, then the scope of the invitation to bid should be widened to include other interested parties apart from RSLs. This advice was not acted on, although no clear reason was given; however Mr Dean advised the T&F Group that he had made some tentative approaches to larger builders and developers, but there had been no interest because of small size of the estate, the restrictions which the Board had placed on the properties after sale, i.e. that the tenants rights should be preserved and that the rents should be maintained at social rent levels, and the lack of overall development opportunity. It was his opinion that no other developer would be likely to be interested because of those issues.
21. Unfortunately, there is no detailed record of the Board's discussions or decision-making at this time (2010/11), so the T&F Group was not able to establish with any degree of certainty why the bid received from the RSL was rejected, and the bid from Windmill Oaks was accepted. Officers stated that, as an independent company limited by shares, CLHA was not bound by the same rules of governance as the council and could choose how much detail should be in their minutes.
22. As the council was to become the sole beneficiary of the sale, the T&F Group did not accept that as a good reason for the lack of clarity and accountability and made plain their dissatisfaction to officers. This lack of written record was particularly a concern as the proposed sale progressed and there were requests for more information from some councillors, which were unmet.



23. However, what is recorded is that there were effectively two contesting bids. One from an RSL, and one from Windmill. In total, at that stage, there was not much difference between the two bids. The main consideration for the Board appeared to be that the initial receipt from the RSL would be under £1m with extra capital coming in over a period of around 4 or 5 years when sale and/or development opportunities were taken up; the initial receipt from Windmill would be £1.375m, with smaller sums of up to £125k overage potentially being generated at a later date, dependent upon planning consent, and so not a guaranteed extra receipt. The RSL bid overall was said in the report to be worth a minimum of £1.42m
24. Barry Dean had prepared a discussion paper for a meeting of the Board scheduled to take place in September 2010. At that stage, Windmill's offer was based on 9 properties being transferred to an RSL; 6 to a charitable organisation; (all 15 to be retained as "social rented accommodation") and five for sale on the open market. In that paper he recommended that should the Board be minded to make a decision now, they should proceed with the RSL offer. This meeting was postponed because the Board wished to report to and take instruction from the ruling group. (This was a time when the T&F Group considered there should have been full disclosure from the Board to all councillors, preferably through scrutiny, so that, with no bid as yet accepted, there was a chance to re-examine the issues in an open manner. This would also have presented an ideal opportunity for the council's Head of Housing Services, who had never been approached regarding the effectiveness of the proposed arrangements, to have an input.)
25. The meeting was reconvened in November and by this time, Windmill had increased their offer to include the overage of £125k if it should receive planning permission for 6 detached open market homes for sale through demolition of 5 vacated bungalows. The recommendations from Barry Dean had been altered slightly. The RSL bid is still preferred, but now there is an addendum which says that as the Windmill offer is likely to show an earlier return, consideration might be given favouring that bid. At that meeting, there was also a presentation from PriceWaterhouseCooper relating to the differing complexities and tax implications of sale to the two interested parties. The minute of that meeting shows that Barry Dean "after emphasising the financial and timescale implications of the three options, recommended that subject to tax planning measures, Option 2 – sale to Windmill Group – would be the preferred option. " Board members resolved to instruct Mr Dean to continue negotiations with Windmill ... preferably on the basis of a share transfer.
26. Effectively, this was the end of talks with any other bidder. But during subsequent negotiations with Windmill the Heads of Terms were amended and it became apparent the Windmill would not be transferring 9 of the properties to an RSL for management; and that 6 properties made available for supported housing for special needs groups were not obliged to be let at a social rent.
27. No member of the Board, or Mr Dean, or any officer could give an explanation why, before the Heads of Terms had been finalised, this new arrangement had not been advised to the original RSL bidder to determine whether they would like to revise their offer. Although there are no specific documents to support any assumptions made by the T&F Group, the answers received from interviewees from each

category reinforced the opinion that once the decision had been made, the priority was to get to completion and obtain the capital receipt with the least possible delay

28. On being asked, Board members agreed that they had relied upon the advice given to them by officers and by the consultant. However, each of them showed a lack of knowledge or understanding of the final arrangements as agreed in the Heads of Terms, and said that they had simply accepted assurances that the appropriate protections were in place for the existing tenants.
29. Conversely, officers were of the opinion that they had done what was required of them in order to help the Board facilitate the sale, which had been the wish of Cabinet and the ruling group. The only issue on which everyone agreed was that there was not an adequate consultation with the residents.
30. As the sale progressed, there were increasingly examples of poor communication and a casual approach that were of concern to the T& F Group. The Portfolio Holder approved an Individual Portfolio Holder decision which enabled the transfer of the shares to council, and the subsequent selling on of those shares, but said that he felt uneasy and was not certain he had been in full possession of the all of the facts. Instructions were made by e-mail outside of the arena of Board meetings. It appeared that the Board, having made the decision to sell to Windmill, were then content to allow the detailed arrangements to proceed without insisting on frequent Board meetings for their active input. Some e-mail communications between the council's officers, the consultant and the purchaser lacked a professional air. It seemed to T&F that the purchaser's opinions as to the share sale and Heads of Terms was given a disproportionate weight, in order to speed things along. The T&F Group were also disquieted by the fact that Windmill was given the keys to two empty properties on the estate weeks before the sale had been finalised.
31. The T&F Group considered that the consultation with residents had been woefully neglected, and are strongly in favour of a more formulaic approach in the future, to guarantee that those who wish to be heard and have their opinions taken into account, can do so easily.
32. It was discovered that a press release which praised the new landlord's social rented housing credentials had used as its basis the opinion of the charitable organisation with which Windmill Oaks planned to let 6 of the bungalows as supported housing. It is true that this organisation is well regarded by LCC, who fund them to provide supported housing, and it does good work in the area - but the T&F Group felt that reliance on a single source of reference for such a major issue was ill-advised and did not necessarily provide an accurate reflection of Windmill's portfolio of properties.
33. Repeated enquiries of all witnesses could not definitively establish why scrutiny was excluded from the process and procedures of the sale, nor why the same information was not made available to all members, particularly since the Mayor himself had requested a council meeting before the sale agreement was signed. (The request for a meeting was eventually agreed, but before it could then go ahead the sale had been completed.) The fact that CLHA was an arms-length company was mentioned and that it had no responsibility to report to council, but this was not accepted by the T&F Group, since the Board had clearly found that it was acceptable to report informally to Cabinet and the ruling group. It was also

variously stated that there was sensitive information involved, that there was a wish to complete and obtain receipt of the capital as speedily as possible and even that Cabinet did not want a repeat of the outcome at Heeley Road. None of these reasons appeared to the Group to be adequate justification for the lack of accessibility offered to members.

34. The Group was requested by some of its members also to look at the composition of the Board at various stages, and the legalities of the transfer of the shares to council and subsequent sale. There were no issues of concern arising to report, other than those already raised in the narrative above.
35. Because of questions directed to the T&F Group, it is also relevant to report that, whilst it is an issue outside the remit of this T&F Group, a then councillor who had business links with Mr Whitehead did not declare a prejudicial interest when an important council vote was taken on whether to proceed with the sale, and the motion was carried by only one vote. The business link and failure to declare it was discovered after the close of the council meeting, and the vote stood. The Group has made enquiries and found that since the proposed abolishment of Standards Board for England in December, there is no other avenue for pursuing a remedy, particularly since this individual is no longer a member of the council. It should be noted that this comment in no way reflects badly upon Mr Whitehead or Windmill Oaks who were unaware of the councillor's lapse of judgment.
36. Overall, the T & F Group felt that there was a lack of a detailed audit trail of decision-making that would not be permitted in the day-to-day conduct of usual council business, and that governance arrangements particularly relating to the availability and distribution of information to all members, and of the working relationship between Chief Officers and the Cabinet and their responsibility to be accountable to, and to be inclusive to members outside of the ruling group, would benefit from a review from an external agent experienced in such issues.

## Conclusions

37. The Task and Finish Group are of the opinion that the process and procedures used in the sale of the shares of Clifton (Lytham) Housing Association, and of the consequent transfer of ownership of the land and bungalows at Melton Grove were not sufficiently transparent and the decision-making was not accessible to council members overall.
38. The relevant minutes of the meetings of the Board of Clifton (Lytham) Housing Association were minimal and did not properly set out the rationale behind the decisions taken. Indeed, some decisions appear to have been made by a process of e-mailing the Board members for their opinions.
39. Neither the Board nor the officers involved in the sale appear to have been clear about the subtle differences in wording relating to the housing issues at Melton Grove. The terms affordable housing, supported housing, social rent, and social housing were used interchangeably, as though there was no difference between

them, and without a precise understanding of the potential consequences to residents.

40. The advice of the council's Head of Housing Services was not sought by anyone involved in the sale. This would have provided some valuable insight into the issues and may have guided Board members in their decision-making. The T&F Group found that in general the Board appeared to have been lax in keeping itself informed on relevant issues, apparently taking the advice of the consultant and of officers at face value.
41. There was a clear attempt by the Board to preserve the rights of residents within the Heads of Terms, which places some restrictions on the new landlord and any subsequent landlord should Windmill Oaks decide to sell. However, no cognisance was given to the fact that because Windmill Oaks is not an RSL it is not bound by the regulations which control the actions of RSLs - there is no formal body to oversee activities and set boundaries, and to whom the residents might complain, should they feel that their rights become compromised. For example, although existing tenants' rights to a social rent are preserved, there is no regulatory control over the rate of increase of the rents to the social rent level, nor over any letting policy that the landlord may decide to adopt. This may be evidenced by the fact that Mr Whitehead himself now lives in one of the bungalows, despite the fact that they were intended for those, particularly the elderly, who are unable to afford alternative housing.
42. As a consequence of the above factors, the council did not achieve the end result which it had expressed a wish for, which was a sale to a Registered Social Landlord. And although the Board of the Clifton (Lytham) Housing Association had sought to preserve 15 of the properties at a social rent level, and believed that they had done so, this has not happened either. Instead, of the original 20 bungalows, only 9 are to be preserved at a social rent. 6 properties will be let as supported housing at full market rent. Whilst the provision of supported housing may well be a necessary and worthwhile service, it was not the intention at the start of the process to have vulnerable adults occupying the bungalows at an unregulated rent through an unregulated landlord.
43. The T&F Group found that the lines of responsibility of the directors, between their positions as Board members and as councillors and in some cases as Cabinet members, had become blurred and had led to hasty, poorly recorded and ill-advised decision-making. Board members had apparently reported back to Cabinet and sought guidance from the ruling group, without considering making regular, full reports to council and / or scrutiny to allow for a more detailed debate.
44. Officers could and should have sought to maintain a better oversight of the matter. However, they failed to seek the advice of the Head of Housing Services; and they appear to have been persuaded by Windmill Oaks on several issues including suggestions relating to the reframing of the Heads of Terms. They did not consider whether RSLs should have been invited to re-bid, when it became apparent that the eventual winning offer was based on a different premise than the one contained in the original invitation to bid (i.e. that six of the properties would be available for supported housing at market rent). They took at face value the statement that Windmill Oaks was a respected and experienced social landlord, when in fact prior to the purchase of Clifton (Lytham) Housing Association, they had only one social

rented property in their portfolio. Officers also failed to influence the Board to provide detailed records of their decision-making, did not recommend that briefings came to scrutiny and apparently did not urge either the Board or Cabinet to make their deliberations accessible to all councillors, even though according to statements made to the T&F Group the matter was discussed in at least one of the all-day briefings which take place between Cabinet members and management team. Chief officers were acting in an advisory capacity both to the Board, and to Cabinet. The two functions were potentially at odds and perhaps clouded objectivity.

45. The Group found that in this case, the Cabinet system was not conducive to open debate about a subject which was of great concern to many councillors. The Board reported only to Cabinet and took its instruction from them, via the ruling group. Cabinet did not find it necessary to regularly brief all councillors or permit a full debate when specifically requested by the Mayor. Although the matter had previously gone to council, subsequent to a call-in, there was insufficient detail made available at the time to permit full consideration of the issues. The Group also found that the Portfolio Holder, in making an individual decision to transfer the shares of CLHA to the council to facilitate the selling on of them to Windmill Oaks, was overly reliant on limited information. Cabinet and ruling group recommendations to the Board and the lack of communication appear to have been governed by a desire to accelerate a capital receipt.
46. The T&F Group was not unanimous in all of its conclusions, though the statements above reflect the majority view; however there was a clear consensus that the processes and procedures used to secure the sale of the shares were not transparent and should have been accessible to all members, but were not. There was a lack of accountable governance during the process, which some excused by the fact that CLHA was indeed an arms-length company; but this may be said to be a disingenuous view in that it held the beneficial interest of Clifton Lytham HA on behalf of the council; and all of the directors were councillors; and the council was the sole beneficiary of the sale.
47. The Group also found unanimously that the consultation exercise was totally inadequate and did not fairly enable residents to present their views or have them taken into account.
48. The T&F Group asks that the Community Focus Scrutiny Committee will consider carefully the recommendations it has formulated in order to remedy the perceived failings in the process and procedures of the sale of Clifton (Lytham) Housing Association.

IMPLICATIONS	
Finance	None arising directly from this report
Legal	None arising directly from this report
Community Safety	None arising directly from this report

Human Rights and Equalities	None arising directly from this report
Sustainability and Environmental Impact	None arising directly from this report
Health & Safety and Risk Management	None arising directly from this report

Report Author	Tel	Date	Doc ID
T&F Group		26 October 2011	T&F Group Review – Melton Grove

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

#### **Attached documents**

Appendix 1

## Chronology of key events leading to the sale of Clifton (Lytham) Housing Association Ltd.

N.B. The term “the company” refers to the Clifton (Lytham) Housing Association Ltd, “the board” refers to the board of directors of the company, “RSL” means registered social landlord and “LR” means Councillor Louis Rigby.

Event no.	Date	Event
1	23 Aug 2007	Policy & Service Review Scrutiny Committee make recommendations to cabinet on the future of council assets, including Melton Grove. The recommendation was - <i>That if the Directors of Clifton Lytham Housing choose not to dispose of the Association to a registered social landlord that the Council no longer supports the administrative costs to the Association.</i>
2	12 Sep 2007	Cabinet agree the recommendations of the Policy & Service Review Committee on the future of council assets.
3	7 Nov 2007	Board meeting arranged to consider a report on the future direction of the company (called “Shaping the Future”). Meeting postponed.
4	24 Nov 2008	Annual meeting considers revised version of “Shaping the Future” and calls for a further report exploring in depth two of the options presented (Option 2 - cease operation, i.e. to sell; and Option 3 - work more closely on a more formal arrangement with Fylde Borough Council).
5	16 Mar 2009	Board considers a follow-up report to “Shaping the Future”. Decides to defer consideration pending an independent consultant’s report to be commissioned. Delegates all matters of detail until next meeting to chairman.
6	21 Apr 2009	Chairman reports to board that four consultants identified who may be interested in the work. Board decides to ask for a specification to be drawn up.
7	23 Sep 2009	Board receives verbal update from Chief Executive on “Shaping the Future”. Board agrees to purchase freehold and pursue options appraisal.
8	23 Nov 2009	Board approve invitation to quote for options appraisal and list of practices to be invited to quote. Agree to write to tenants. Letter advises tenants that the Board is looking to identify best options for future management of the bungalows, and invites comments.
9	Late Dec 2009	Directors agree by email to the appointment of Morris Dean to carry out the options appraisal.
10	8 Feb 2010	Board receives Barry Dean (representing Morris Dean)’s report, agree to pursue an asset sale and to seek expressions of interest from RSLs. Board instructs Morris Dean to provide a fee quote and marketing plan.
11	18 March 2010	Fee quote and marketing plan received from Morris Dean
12	30 April 2010	Morris Dean instructed to commence marketing.
13	27 August 2010	Morris Dean provide brief report detailing offers received from two housing associations and Windmill Group. Board meeting provisionally arranged for 16 September 2010 to discuss the offers,

		but postponed to give time to take advice on the tax implications.
14	3 Nov 2010	Board receives presentations and reports from Barry Dean and from Michael Hope and Jonathon Main (PricewaterhouseCoopers). Agreed to continue negotiations with Windmill
15	6 Dec 2010	Board consider revised heads of terms for sale and suggest changes. Propose special resolution to amend articles to allow the sale to proceed.
16	9 Dec 2010	Heads of terms agreed.
17	5 Jan 2011	Special resolution passed under written procedure (see event 14)
18	25 Jan- 10 Feb 2011	Directors agree by correspondence to (1) increase fee payable to Morris Dean and (2) structure transaction so shares pass to the council and then to Windmill.
19	7 Feb 2011	Residents invited to meeting to be held on 23 Feb
20	16 Mar 2011	Board re-allocate the share previously held by Councillor Thompson to Councillor Fieldhouse.
21	28 Mar 2011	Council endorse decision of portfolio-holder on the structure of the transaction.
22	12 May 2011	Board propose a special resolution to delete paragraphs 1, 2, 3, 5 and 6 of the memorandum of the company. Resolution subsequently passed under written procedure.
23	19 May 2011	Meeting with LR establishes that he will under no circumstances transfer his share.
24	23 Jun 2011	Board propose a special resolution to amend articles to allow for the removal of shareholders and directors by the council.
25	27 Jun 2011	Special resolution passed under written procedure (see event 23)
26	8 Jul 2011	Notice served on LR under amended articles giving five days to transfer share
27	12 Jul 2011	Company receives notice under amended articles removing LR as director.
28	14 Jul 2011	Share of LR transferred under amended articles.
29	15 Jul 2011	Transaction completed by transfer of directors' shares to council and then to Windmill.



## Special Community Focus Scrutiny Committee

Date	Tuesday 8 November 2011
Venue	Town Hall, St Annes
Committee members	Councillor Kiran Mulholland (Chairman) Councillor Christine Akeroyd (Vice-Chairman)  Councillors Tim Armit, Susan Ashton, Maxine Chew, Tony Ford JP, Nigel Goodrich, Kathleen Harper, Paul Hayhurst, Ken Hopwood, Angela Jacques, Linda Nulty, Liz Oades, Dawn Prestwich, Richard Redcliffe, Viv Willder
Officers	Allan Oldfield, Tracy Scholes, Annie Womack
Other members	Cllrs David Eaves, Susan Fazackerley, Cheryl Little, Albert Pounder, Charlie Duffy, Len Davies, Alan Clayton, Peter Collins, Fabian Wilson
Others	Members of the public were in attendance

### 1. Declarations of Interest

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

### 2. Substitute members

The following substitutions were reported under council procedure rule 22.3:

Councillor Angela Jacques for Councillor Gail Goodman

Councillor Paul Hayhurst for Councillor Maxine Chew

Councillor Susan Ashton for Councillor Susanne Cunningham

Councillor Elizabeth Oades for Councillor Paul Hodgson

Councillor Richard Redcliffe for Councillor John Singleton

3. Task & Finish Group Review of the Processes Leading to the Sale of Clifton (Lytham Housing Association)

Annie Womack (Principal Democratic Services Officer) gave a brief introduction to the report, outlining the work of the T&F Group and referring the Group's conclusions and recommendations for the committee members' consideration.

The Chairman then invited comments and questions from the members, and advised that at a later stage he would be willing to take questions from any other councillors attending the meeting. Cllr Duffy took advantage of that opportunity later in the meeting, after declaring a personal interest, in that relatives of his were residents in Melton Grove.

A number of matters were broached by members. Amongst them were questions about -

- how it was decided who the consultants should be
- how Windmill had been afforded the opportunity to bid
- what explanation had been given for the decision not to sell to an RSL
- the role of officers in moving the sale forward
- the authorisation of changes to the Heads of Terms
- why the RSL was not invited to rebid
- why other private developers had not bid
- the lack of consultation
- whether the council's land transaction protocols should have been invoked
- the processes used to transfer Cllr Rigby's share of CLHA
- whether the procedure to change the Articles of Association of CLHA should have been authorised by full council
- whether the decision to sell was linked to the council's contribution to Lytham Hall

These were not the only queries, but all of the issues raised had either been covered by the review undertaken by the Task & Finish Group, or they had been felt by the Group to have been outside the remit of the review. The Chairman addressed all of the questions and answered them according to the evidence or witness statements obtained by the Group, or explained why an issue was outside the remit of the review.

It was suggested that spending from the capital receipt should be tracked, and the Chairman felt that this could be achieved through the usual budget monitoring provided to scrutiny by the Section 151 Officer.

A common theme of the comments made by members was the lack of information made available to them, and the governance arrangements. They were agreed that lessons should be learned to ensure that future transactions should be more transparent and accountable. Members also agreed that the

effects of this particular transaction on the residents of Melton Grove should not be overlooked.

The committee went on to debate each of the Task & Finish Group's recommendations in turn.

After the debate, they RESOLVED to recommend:

1. That competencies and a skills-set should be established for councillors who will represent the council as Board members on outside bodies, or arms-length organisations; and that councillors should be required to demonstrate how they meet those competencies and skills-set before they can be appointed.
  - (a) to consider also setting competencies for councillors who hold positions within the council which attract responsibility payments; this matter to be considered and facilitated by the member development steering group
2. That in future scrutiny should be involved at all stages of any similar sale or acquisition, especially one that falls outside of the existing land transaction procedure rules.
3. That in future, any public consultation should fit with the requirements of the Community Engagement Strategy, which ensures that any affected body or person is fully aware of the issues affecting them; and that they should have a realistic timeframe in which to respond; and that the consulting body, whether it is the council or an organisation with which the council is closely associated, is clearly shown to have taken those views into account in reaching a decision.
4. That major decisions taken by decision-making bodies of the council, or of bodies with councillors as voting Board members, should reveal within the minutes of their meetings the rationale for the decision.
5. That any councillor appointed to the Board of an outside body or arms-length organisation should have regard to their dual role and maintain a separation of interest where appropriate; that they should report in the first place not to Cabinet or the ruling group, but to scrutiny.
6. There exists a clearly stated obligation, agreed by council, for councillors appointed to outside bodies for reporting back; the T&F Group recommends:
  - (a) that this should be strengthened to ensure reporting back within clearly defined guidelines and timeframes to an appropriate scrutiny committee;
  - (b) that relevant minutes should be attached to the report;

- (c) that where there is an official of the council taking minutes there should be a minimum required standard and format; and
  - (d) that the Head of Governance should have responsibility for making sure the above requirements are delivered.
7. That there should be a change to the Constitution which gives the council's Monitoring Officer a primary and proactive role in advising the mayor at council meetings on constitutional issues; and that the Monitoring Officer should assume a more proactive role in advising all councillors in their rights and responsibilities relative to the governance of the council.
  8. That the council strengthens its decision-making process to ensure that councillors of all political persuasions have parity in terms of access to information and officer advice, and that an external agency be invited to facilitate it, at the earliest opportunity.
  9. That Portfolio Holders should take all reasonable steps to ensure that they are in full possession of all relevant facts, before taking individual Portfolio Holder Decisions; that adequate timescales are in place to allow Portfolio Holders to research their topic, discuss with officers or other suitably experienced persons, and have time to reach a decision.
  10. When the council or any arms-length organisation associated closely with the council is engaging outside consultants, their role must be clearly defined stating the criteria and objectives of the engagement to remove any ambiguity or potential for misunderstanding of the task.

With the exception of Recommendation No 8 above, for which there was a recorded vote, all recommendations were voted for unanimously by members.

*Recommendation 8: Votes for (14): Cllrs Mulholland; Akeroyd; Hayhurst; Ashton; Ford; Goodrich; Harper; Oades; Hopwood; Nulty; Prestwich; Redcliffe; Willder; Wood*

*Votes against (2): Cllrs Armit and Jacques*

Subsequent to the recommendations being approved by the committee, the Chairman asked members to decide whether they approved the Task and Finish Group preference for the matter to be referred to full council for their consideration, before going to Cabinet. After the debate and following a recorded vote it was RESOLVED:

To refer the matter to council for consideration

*Votes for (11): Cllrs Mulholland; Akeroyd; Hayhurst; Ford; Goodrich; Harper; Oades; Hopwood; Nulty; Prestwich; Wood*

*Votes against (5): Cllrs Armit; Ashton; Jacques; Redcliffe; Willder*

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
GOVERNANCE AND PARTNERSHIPS	COUNCIL	28 NOVEMBER 2011	9

## NOTICE OF MOTION

### Public item

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

### Summary

The council is requested to consider the Notice of motion received on 22 October 2011.

### Recommendation

To consider the Notice of Motion.

### Report

#### The Motion

1. The following notice of motion has been received:  
*"That this Council continue to look at alternative Governance options with a view to adopting more democratic processes, as and when the Localism Bill becomes law.  
That regular cross party T & F meetings take place, as soon as possible, to investigate the most suitable and successful systems and report back to Council when this work is complete."*
2. Councillor Oades has proposed the motion and Councillor Chew seconds it.

#### Standing Orders

3. An extract from the Council Procedure Rules on Notices of Motion include the following (summarised) provisions:

##### 11.1.3 At the Council Meeting

*11.1.3.1 A motion under this rule must be formally moved and seconded at the council meeting. It will then stand referred without discussion to the cabinet or the relevant committee(s) of the Council for consideration unless, while moving the motion, its proposer asks the council to consider it immediately.*

Continued....

11.1.3.2 *If the proposer asks the council to consider the motion immediately, the council must, without discussion, vote on whether or not to do so.*

11.1.3.3 *If the council votes to consider the motion immediately, it will be dealt with at the council meeting under the normal rules for debate and voting. If the council votes not to consider the motion immediately, it will stand referred as set out below.*

**Referred motions**

11.1.3.4 *It is up to the Cabinet or committee concerned to programme discussion of any motion referred to it.*

IMPLICATIONS	
Finance	None arising directly from the report.
Legal	There are no direct legal implications arising from this report.
Community Safety	None arising directly from the report.
Human Rights and Equalities	There are no direct human rights and equalities implications arising from this report.
Sustainability and Environmental	There are no direct sustainability implications arising from this report.
Health & Safety and Risk Management	There are no direct health & safety and/or risk management implications arising from this report.

Report Author	Tel	Date	Doc ID
Governance Team	(01253) 658423	November 2011	

List of Background Papers		
Name of document	Date	Where available for inspection
Notice of motion	November 2011	Town Hall or <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
DIRECTOR OF GOVERNANCE AND PARTNERSHIPS	COUNCIL	28 <sup>TH</sup> NOVEMBER 2011	10

## NOMINATIONS TO OUTSIDE BODIES

### Public Item

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

### Summary

The council makes a number of appointments to outside bodies, which are confirmed in July each year by the council.

Since the annual confirmation of appointments this year two additional outside bodies have come into existence which the Council is now invited to fill.

### Recommendations

1. That the council nominates representatives to the vacancies as requested.
2. That the two partnerships referred to in the report be regarded as priority partnerships and the appointed members be requested to complete a summary of activity bi annually to be placed in the members room with an annual summary made to the Council prior to its annual nomination to outside bodies in July 2012.

**Cabinet Portfolio - N/A**

### Report

1. Each year in July the council appoints a number of elected members to outside bodies. Two new outside bodies have been created in the intervening period and the Council is invited to fill these vacancies.

### Fylde Three Tier Forum

2. The Three Tier Forum has been initiated by Lancashire County Council and was reported on in detail in the report to Cabinet in September. A

copy of the Cabinet report is attached at Appendix A and it was resolved (inter alia) as follows:-

- a) *To agree to participate in the Three Tier Forum for Fylde and seek the appointment of six Borough representatives from the whole membership of the Council (including members who are also members of Town and Parish council) at the next appropriate Council meeting;*
3. Six nominations are therefore now sought for this outside body. As discussed at Cabinet, nominated members can be both Borough and Parish members, although political balance does not apply.

#### **Lancashire Health and Wellbeing Board**

4. The Lancashire Health and Wellbeing Board has been established in shadow form to oversee the transitional changes to the NHS commissioning framework during the process of abolition of PCT's, the creation of Clinical Commissioning Groups, the creation of 'Healthwatch' and the transfer of public health functions to upper tier local authorities. The Shadow Board will take on an increasing role in coordinating these activities during 2012 until it "goes live" in April 2013.
5. The structure of the Board in two-tier local government areas is expected to recognise the contribution of district councils to the health and wellbeing agenda and to ensure that there is sufficient opportunity for district councils to influence commissioning plans and public health service investment in their local area.
6. The development of the Shadow Health and Wellbeing Board in Lancashire has been undertaken in recent months through a number of stakeholder workshops and its initial structure has been agreed as detailed in Appendix B (paragraph 4).
7. The three District Council elected member representatives on the board are expected to represent the different geographic regions of the County and, on the Fylde coast, one nomination is being sought to represent the Fylde and Wyre districts. It has been agreed between the Leaders of the two districts that this representative should come from Fylde Borough Council.
8. A nomination is therefore now sought for this outside body.

<b>IMPLICATIONS</b>	
Finance	No issues arising directly from the report
Legal	No issues arising directly from the report
Community Safety	No issues arising directly from the report
Human Rights and Equalities	No issues arising directly from the report



Sustainability	No issues arising directly from the report
Health & Safety and Risk Management	No issues arising directly from the report

Report Author	Tel	Date	Doc ID
Tracy Scholes	(01253) 658521	9 November 2011	

List of Background Papers		
Name of document	Date	Where available for inspection
Attached as appendices		Attached

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
GOVERNANCE AND PARTNERSHIPS	CABINET	21 SEPTEMBER 2011	7

## THREE TIER FORUM

### Public Item

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

**Summary** The Council has been invited to participate in a three tier forum for Fylde by the Lancashire County Council. . This would be a vehicle for the six County Councillors, matched by six Borough councillors, and one Town/Parish representative (John Rowe with Barbara McKenzie as Deputy) to come together to develop a shared sense of direction and priorities within the District.

This provides the opportunity to evaluate how the Borough Council liaises not only with the County Council but also its fifteen Town and Parish Councils. It is proposed that in future liaison takes place via the Fylde Branch of the Lancashire Association of Local Councils.

### Recommendations

1. To agree to participate in the Three Tier Forum for Fylde and seek the appointment of six Borough representatives at the Council meeting
2. To continue the Borough Council's commitment to partnership working with the Town and Parish Councils and suggest that this takes place via the Fylde LALC to ensure that a more targeted three tier dialogue is entered into and to consult with the Fylde LALC thereon
3. To review the effectiveness of the Three Tier Forum after a 12 month period to ensure that value is being achieved through membership thereof

### Reasons for recommendation

To derive benefits from all three levels of local government working collectively together for the benefit of Fylde residents

#### **Alternative options considered and rejected**

To not participate in the Three Tier Forum. This is rejected as the Council would be unable to benefit from partnership working with the County Council and Town and Parish Council in its truest sense. In addition, a review of the arrangements is recommended at a 12 month period to ensure that tangible benefits are accruing.

#### **Cabinet Portfolio**

The item falls within the following Cabinet portfolio:

Portfolio Title: Environment and Partnerships

Councillor Thomas Threlfall

#### **Report**

1. The Council has been invited to participate in a three tier forum for Fylde by the Lancashire County Council. . This would be a vehicle for the six County Councillors, matched by six Borough councillors, and one Town/Parish representative (John Rowe with Barbara McKenzie as Deputy) to come together to develop a shared sense of direction and priorities within the District.

2. Initial discussions with the County Council identified a number of potential areas where the three tier forum could add value. These are set out below. The Forum could also be used as a vehicle for discussing other important issues such as the future allocation of second homes council tax funding provided from the County Council to the Fylde Local Strategic Partnership.

*Back office synergies and savings*

*Public realm*

*Tourism/cultural offer*

*Lytham Library building*

*Open Golf Championship*

*Development of local youth offer*

3. Six Borough representatives would be sought - it is up to the Borough Council to determine the selection of the representatives, although it is recommended that they do not hold dual positions i.e. Borough and Parish representatives

4. The County Council intends to liaise with the Town and Parish Councils within the areas through the Fylde Branch of the Lancashire Association of Local Councils (LALC), in addition to the representative on the three tier forum. Although not all Town and Parish Councils are represented on the Fylde Branch of LALC there has been a commitment by LALC to ensure that there will be a mechanism for those Town and Parish Councils who are not members to be engaged in the three tier process.

At present, the Borough Council has a separate mechanism to the County Council for its engagement with Town and Parish Councils through its District-Parish Liaison Committee. This is captured within the District-Parish Charter as follows:

*The Borough Council will host 6 District-Parish Liaison meetings with all the Parish Councils to discuss corporate aims and other matters of mutual concern*

In order to ensure that the maximum benefit is derived through joint working with respect to the three tier forum it would be pragmatic for the Borough Council's engagement with Town and Parish Councils to be the same as that of the County Council. In this way, Borough officers and members as appropriate, could attend the meetings of the Fylde Branch LALC alongside County Council colleagues to discuss corporate aims and other matters of mutual concern, but from a three way dialogue perspective, thereby building on the sense of shared direction and priorities envisaged by three tier working.

There is to be an open forum at the beginning of each Fylde LALC meeting to allow those Parishes who are not members to engage. At present Kirkham, Elswick, Singleton, Treales, Roseacre and Wharles and Medlar-With-Wesham Councils are not members of LALC. Although, the District-Parish Liaison Committee has attracted a broad spectrum of members over the years, as with the Fylde LALC, it has not had a complete membership. As the Fylde LALC also meets six times a year, the Borough's commitment to partnership working with its Town and Parish Councils would be maintained, albeit through a more targeted three tier dialogue.

Report Author	Tel	Date	Doc ID
Tracy Scholes	(01253) 658521	Date of report	1 September 2011

List of Background Papers		
Name of document	Date	Where available for inspection
Document name		Council office or website address

IMPLICATIONS	
Finance	No direct implications
Legal	No direct implications
Community Safety	No direct implications
Human Rights and Equalities	No direct implications
Sustainability and Environmental Impact	No direct implications
Health & Safety and Risk Management	No direct implications

# Lancashire

## Shadow Health and Wellbeing Board

### 1. Purpose

The Lancashire County (HWB) will be the key partnership for improving and promoting the health and wellbeing of residents. Its focus will be on securing the best possible health outcomes for all people.

During this initial shadow phase of the HWB, we will be guided by the following principles:

### 2. Principles

We recognise that it is important to establish how the Board will operate when bringing together representatives from organisations with different cultures and ways of working. To work effectively together, we agree to work and operate to the following:

- There is a shared commitment to make the Health and Wellbeing Board effective and work for the people in Lancashire.
- Board members will have respect for each other's organisational culture, and relationships will be based on trust.
- Members will be clear at the outset about what can and cannot be agreed.
- Members will be tolerant in relation to respective governance structures.
- Members will endeavour to ensure that organisational boundaries are not a hindrance.
- The Board will be flexible in relation to the need to work at differing levels, from the very local to sub regional as appropriate.
- Due regard will be given to existing local structures that are effective and challenge those which do not provide value to the health system of Lancashire
- All decisions will be based on best available evidence.
- Data sharing will be the norm not the exception,
- Reports to the Board will be succinct and outcomes from each Board meeting will be explicit.
- There is recognition that the role and functioning of the Board is evolving and will be subject to regular review.
- To work in partnership and collaborate with other non health related strategic partnerships in Lancashire

### 3. Role

Recognising that a shared understanding of what the Board is, and what it is not, will lead to more efficient working, we agree that the role of the shadow Health and Wellbeing Board is:

- To co-ordinate the development of the Joint Strategic Needs Assessment (JSNA) to understand the health and wellbeing needs of the people of Lancashire.
- To determine the priorities for, and prepare, the Joint Health and Wellbeing Strategy for Lancashire, that spans the NHS, social care, public health, and wider health determinants. The Strategy will be based on the JSNA and will focus on priority outcomes which address the health inequalities in Lancashire.
- To promote integration and partnership across areas (organisational/geographical), including through promoting joined up commissioning plans across the NHS, social care and public health
- To ensure that, regardless of provider, commissioning decisions for health and wellbeing are in line with the joint Health and Wellbeing Strategy and take due notice of the JSNA, and any structures underneath the Lancashire Health & Wellbeing board are fit for purpose and align with commission plans.

- To co-ordinate effort to make the public monies invested in health and wellbeing work effectively to address the health inequalities to deliver the priorities in the Health and Wellbeing Strategy.
- Hold to account those responsible for the delivery of the outcomes set out in the Strategy.
- Lobby and represent the views of health agencies in Lancashire to regional and national policy makers

The Board will not discharge the functions of any of the Partners and nor will the power to do so be delegated.

The Board is not:

- A delivery vehicle
- Overview and Scrutiny

#### **4. Membership**

The membership is made up of the key partners involved in the promotion of public health together with the commissioners of health and wellbeing services in the county, including relevant Elected Members and representatives of wider stakeholders. The overall size should be kept at a level which is manageable and able to support efficient and effective decision making.:

- Cabinet Member for Health & Wellbeing LCC (Chairman)
- Cabinet Member for Children's Safeguarding (Cabinet Member for Children & Young People)
- Cabinet Member for Adult Social Care
- Director of Adult Social Care, LCC
- Director of Public Health, LCC/NHS Lancashire
- Director of Children's Services, LCC
- 3 CCG Network Members
- Chair of Lancashire PCT Cluster Board
- Chief Executive of Lancashire PCT Cluster.
- NHS Commissioning Board, once established, may be an occasional member as the agenda requires.
- 2 District Council Leaders
- 1 District Chief Executive
- Chairperson of Healthwatch (when appointed)
- Provider (Clinical Senate)

#### **5. Meeting Arrangements**

##### ***Meeting Frequency***

- The Board will meet bi-monthly, or less frequently if it so decides. The Chair shall be responsible for agreeing meeting dates.
- The Board will meet initially in private with the expressed commitment to move to public meetings, and publicly available papers, as soon as possible.

##### ***Chairperson***

- The Cabinet Member for Health & Wellbeing LCC

##### ***Papers***

- The Board takes responsibility for its own agenda-setting
- The Chairperson shall be responsible for agreeing meeting agendas
- Once the Board agrees that meetings are to be held in public, the meeting papers will be published on the internet and therefore will be publicly accessible.

### **Access**

- Every effort will be made by Board members to attend meetings. Substitutes will not be acceptable in the development stages of the board
- Otherwise, the Chairman is responsible for agreeing attendance by any one who is not a member of the Board.

### **Secretariat Support**

- The County Council shall provide support to the Chairperson in setting dates for the meeting, preparing the agenda, and minute taking.

## **3. Governance and Accountability**

- The Board will be accountable for its actions to its individual member organisations and to the people of Lancashire.
- Representatives will be accountable through their own organisation's decision making processes for the decisions they take. It is expected that Members of the Board will have delegated authority from their organisations to take decisions within the terms of reference.
- Decisions within the terms of reference will be taken at meetings and will not normally be subject to ratification or a formal decision process by partner organisations (provided that at least 10 days notice of forthcoming decisions had been given). However, where decisions are not within the delegated authority of the Board members, these will be subject to ratification by constituent bodies.
- It is expected that decisions will be reached by consensus.
- The terms of reference will be regularly reviewed, with the first review proposed in April 2012. This will incorporate consideration of issues such as voting rights, quorum etc as appropriate.
- The Board will produce an annual report and hold a Health & Wellbeing Assembly with invitation to wider stakeholders at least one a year.

## **4. Resolving Disagreement**

- The starting point for the Board is one of assumed collaboration.

Regular reviews of the terms of reference during the shadow phase will address any areas for further development identified by the Board.

### **Health & Wellbeing Board 6- 8 Months Action Plan**

First Shadow board meeting - Clarify and agree, purpose and roles - Development plan for shadow board	Early October 2011
Understanding & influencing the health landscape in Lancashire	October 2011 / November 2011
Understanding the needs of the population via the JSNA, with a particular focus on those triggers which will have a biggest impact on Health Inequalities in Lancashire	October / December 2011
Identifying priorities for Health & Wellbeing Strategy	November 2011 / January 2012
Public engagement and consultation on priorities and	



strategy	January 2012 / February 2012
Finalise and launch Strategy	March 2012 / April 2012

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	COUNCIL	28 <sup>TH</sup> NOVEMBER 2011	11

## FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2011/12 TO 2015/16

### Public Item

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

### Summary

The report provides Members with an update of the financial forecast for the five years 2011/12 to 2015/16. It includes changes arising since the Budget was set by Council in March 2011.

### Recommendations

1. That Council note the implications of this updated forecast.

### Reasons for recommendation

A robust Medium Term Financial Forecast helps to ensure the proper administration and management of the Council's financial affairs, and helps enable the Council to achieve its Corporate Priorities and Programmes.

### Alternative options considered and rejected

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

### Cabinet Portfolio

The item falls within the following Cabinet portfolio:  
Finance & Resources                      Councillor Karen Buckley

## **Report**

### **1. PURPOSE OF THE FINANCIAL FORECAST UPDATE**

- 1.1 This report is the mid year and preliminary forecast of the Council's future financial position and takes account of latest reserve balances, revenue and capital spending forecasts and treasury management issues. It also identifies and updates the financial risks and challenges facing the Council. It is however a forecast which continues to be against a backcloth of future financial uncertainty in public finance. The Coalition Government has announced a Local Government Grant Settlement for the two years to March 2013 and is currently consulting on new arrangements for Local Government financing beyond this date. The outcome and impact of this will not be known for some time. The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information is made available
- 1.2 This latest financial forecast update is designed to:
- Present an updated five-year financial forecast for revenue and capital spending on the best information available at the time;
  - Review and update the currently identified risks;
  - Alert Members to any new specific risks;
  - Inform Members of any changes required to budgets due to external factors outside the Council's control; and,
  - Provide a basis on which Members can make future spending decisions.

### **2. BACKGROUND TO THE FORECAST**

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

(i) Original Budget 2011/12

At the Council meeting on the 2<sup>nd</sup> March 2011 the budget for 2011/12 and the medium term financial forecast were agreed. The resolution included a freeze in Council Tax and a total net budget requirement of £10.986m for 2011/12. Future reserve balances at that time were forecast at the end of 2014/15 to be £750k with ongoing savings of £465k still to be identified from 2014/15 onwards. In agreeing the Original Budget for 2011/12 a number of key high level financial risks and assumptions were highlighted.

(ii) General Fund – Outturn Position 2010/11

The outturn position for 2010/11 was reported to Members in June 2011. Taking account of slippage of £297k the underlying underspend for the year was £592k.

(iii) Capital Outturn

The Capital Outturn for 2010/11 was a net under spend in year of £3k after taking £147k slippage into account.

(iv) General Fund (GF) Quarterly Budget Monitoring 2011/12

The first quarterly GF monitoring report to the end of June 2011 was presented to the Portfolio Holder (Finance & Resources) in August 2011 and scrutinised by Policy & Development Scrutiny Committee in September 2011. The report identified a number of budget areas for further attention/concern. As a result a number of changes have already been included in this latest forecast, e.g. Core Strategy re-profiling and Planning Application Income and Planning Appeal Costs.

### **3. THE GENERAL FUND REVENUE FORECAST**

- 3.1 Appendix A sets out the original base budget forecast, agreed at the Budget Council meeting on 2<sup>nd</sup> March 2011.
- 3.2 Appendix B shows the general assumptions underpinning the base forecast, Appendix C shows the financial impact of changes to general assumptions and the impact of other significant changes that have been identified since the budget was approved. Appendix D sets out the narrative of the significant changes made to the forecast. Included in the changes are a number of items arising from the Capital Programme which are explained in the capital section of this report. The impact of all these changes are summarised at Appendix E which details the latest forecast. The forecast needs to be considered carefully in the light of the identified risks which cannot be quantified at this time but may have considerable impact on the forecast at some future point.

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

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

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

#### High Level Risk

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

#### Medium Level Risk

A potentially large sum; with medium probability of occurrence with some mitigation available to spread or defer the impact. Possible need for a change to the forecast if this occurs.

### Low Level Risk

Potentially a substantial sum; with a low probability of occurrence, although some mitigation possible to spread or defer the impact. Impact should be capable of being dealt with without major forecast changes.

#### i) Pension Review

The triennial review of the Pension Fund took place during 2010/11 with the results being implemented from 1<sup>st</sup> April 2011. The review has increased employer contributions by 3.8% over the next three years (rising to a total contribution rate of 22% by 2013/14). Consequently, the short term risk has diminished, but in the long term pension fund costs continue to be a significant risk. National negotiations are underway following the recommendations of the Hutton Review regarding the future of public sector pensions. Although this is likely to impact more significantly on employee contributions the impact of any recommendations on employer contributions will need to be further assessed during 2011/12.

**This is a low risk in the short term but a high level risk in the medium to long term.**

#### ii) Pay Inflation

Negotiations have yet to start so the pay award for 2011/12 has not yet been agreed. The forecast includes no provision for pay award for 2011/12 and a £250 minimum increase payment for employees earning less than £21k for 2012/13. A 0.5% increase is reflected in 2013/14 and 1% increase per annum thereafter. In the event of a higher pay settlement in these years there will be additional costs to the Council.

This is a medium level risk

#### iii) Fuel and Energy Costs

The current economic climate and volatility of prices remain a cause of concern.

This is a low level risk.

#### iv) Waste Management Contract

The current contractual arrangements with Wyre Borough Council for the delivery of waste management services will end in March 2012.

The contract has returned a surplus to the Council and has made a contribution to corporate overheads. This income stream will be lost to the Council and the forecast has been prepared on a prudent basis. The potential financial risks were set out in the September 2010 report to Cabinet. Some of the financial risks will be mitigated via a TUPE transfer of

staff to any new service provider and the service management and support service costs associated with the contract are being reviewed.

The Comprehensive Spending Reserve (CSR) was established at the end of 2009/10. Members agreed to call on this reserve to support any restructuring costs following the exit from the contract which cannot be mitigated by any other means. Based on latest overall financial position for the Council, this CSR reserve is due to be released into General Fund balances in 2013/14 (see Appendix E).

Wyre Council has recently issued a variation to the contract as a result of the significantly reduced commercial customer base. This was an anticipated variation after discussions with the officers at Wyre and as a result the financial impact has been budgeted for. The variation reduced the contract payments by £75,000 from September 1<sup>st</sup> to the end of the contract. Corresponding reductions in service delivery cost has mitigated the impact of the contract payment reduction.

Variations to the contract can be issued at any point and it is uncertain whether Wyre will issue any further variations to the contract in the final six months as they make changes in preparation for the new service provider. If any further variations are issued there could be a further reduction on the contract payments.

**This is a high level risk and will reduce as the contract termination date draws closer**

v) Housing & Council Tax Benefit Payments

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

This is a medium level risk.

vi) Government Formula Grant Support

As part of the Comprehensive Spending Review (CSR) the Coalition Government committed to only two years formula grant support (2011/12 and 2012/13) on the basis that the grant allocation system would be reviewed as part of a "Local Government Resource Review" with a new regime in place by April 2013. The Government have made it clear that it continues to be committed to reducing public expenditure. Therefore, there is significant uncertainty on how Local Authorities will be financed by Central Government grant from April 2013. In line with the headline indications of grant settlements announced in the CSR, the forecast assumes a 7.5% annual grant reduction in 2013/14 and 2014/15 and then remains at the 2014/15 level of £3.213m for 2015/16.

**This is a high level risk.**

vii) Business Rate Retention

As part of the Local Government Resource Review referred to in vi) above, the Government recently issued a consultation document on proposals to fundamentally review the current regime of Central Government grant support (currently known as “formula” grant) to Local Authorities. Under these proposals Local Authorities would retain a significant proportion of business rates linked to local economic growth instead of a reliance on Central Government grant. The consultation paper sets out a wide range of potential funding options and it is currently not possible to determine how the new scheme may affect individual authorities.

**This is a high level risk.**

viii) Consultation Paper – Localising Support for Council Tax

The Government also recently issued a consultation document on proposals to localise Council Tax Benefit eligibility criteria, developed as part of its ongoing plans for welfare reform. Under these proposals responsibility for determining a scheme of “Support for Council Tax” will be transferred to Local Authorities. This is stated to be part of the “Localism” agenda. However, the consultation paper also states that the government is reducing the funding for this scheme by 10%. The new local schemes are intended to give Councils a greater stake in the economic future of the local area, allowing them to balance local priorities and their own financial circumstances.

The Council currently pays out Council Tax Benefit totalling £5m per annum. If the proposed change was to take place, the Council could therefore see a reduction in Council Tax Benefit Grant of approximately £500k per annum from 2013/14. For the purposes of the forecast no adjustment has been made until there is more certainty on the future arrangements

**This is a high level risk**

ix) Housing Benefit and Council Tax Benefit Administration Grant

Blackpool Council delivers the revenues and benefits service to Fylde residents as part of a shared administrative arrangement, with Fylde paying Blackpool for this service on a monthly basis. Fylde then receives a combined Housing Benefit and Council Tax Benefit Administration grant of approximately £450k per annum (payable by the Department of Work & Pensions (DWP)) as a contribution towards the costs of administering Housing Benefit and Council Tax Benefit.

The shared administrative agreement with Blackpool Council notes that additional grants should be passed to the shared service where they are for service improvement or the implementation of new legislation. An

additional grant has been received and negotiations are taking place with Blackpool Council regarding this. If the additional grant is passported through to the shared service, this could result in reductions in the income assumed in the forecast of £44k in 2011/12 and £40k per annum from 2012/13 onwards.

Furthermore it is expected that this grant will reduce as it is under review as part of the Localising Support for Council Tax Consultation process.

For the purposes of the forecast no adjustment has been made until there is more certainty on the future arrangements

This is a medium level risk

x) Consultation Paper – Single Fraud Investigation Service (SFIS)

An options paper has recently been issued on the Government's new strategy for tackling fraud and error in welfare benefits, which contained a commitment to establish a Single Fraud Investigation Service (SFIS) from 2013 to investigate fraud, benefits and tax credits. The new SFIS will be formed by consolidating the benefit / tax credit fraud investigation teams across DWP, HMRC and local authorities. Consultation runs until 14 October 2011.

Preston City Council currently provides this service to FBC as part of the overall Benefit Fraud Contract. For the purposes of the forecast no adjustments have been made as it is currently uncertain as to how this contract will be delivered in the future.

This is a low level risk

xi) Income Streams

Income streams in general are under pressure as the recession and public spending cuts continue. A notable example being sandwinning. This forecast has been updated to reflect these changes.

This is a low level risk

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

A new emerging risk is the MMI Scheme of Arrangement. In 1992 MMI the principal insurer of local government avoided insolvency by entering a Scheme of Arrangement. The "arrangement" with creditors enabled MMI to pay outstanding claims on the basis that should there be insufficient assets to satisfy all claims then participating creditors would be subject to "claw back" of previously paid claims. On the basis of potential £30m share of surplus funds at the time Fylde Borough Council along with 728 other authorities participated in the scheme.

MMI Directors are committed to continue to manage the run-off efficiently and effectively and are of the view that a solvent run-off with full payment of



agreed claims can be achieved. This is dependant upon a positive legal ruling over policy cover which if not achieved MMI Directors still believe the scheme will be solvent, however a legal ruling is awaited which may significantly increase MMI liabilities and trigger the “claw back”. In the case of Fylde Borough Council the “claw back” is a maximum of £95k. No budget provision has been made for this possibility.

This is a medium level risk.

xiii) Grounds Maintenance External Contracts

The Council has a number of contracts with external clients for the provision of grounds maintenance services over varying terms. The most significant contract is now with Blackpool Coastal Housing initially agreed for a term of three years from 2011. The contract with New Fylde Housing is renewed on an annual basis. The future of this contract may be in doubt due to the incorporation of New Fylde Housing into the structure of Progress Housing Group. Officers are in discussions with New Fylde Housing about the future of this contract. Any loss of these contracts, other external contracts or other internal work, including the potential impact of the transfer of open space assets to Parish and Town Councils, will result in a reduction in income and/or operating costs, but with the possibility of residual costs remaining with the Council, unless they can be offset by other trading opportunities.

This is a medium level risk.

xiv) Changes in Council Tax Capping Regulations

Budget Council agreed a 0% Council Tax increase in 2011/12. In line with the current administration's policy and recent announcements a 0% increase (with corresponding compensating grant) has also been assumed in the forecast for 2012/13 only, with a 2.5% increase included from 2013/14 onwards. The Government has, within its Localism Bill, announced that the public will be given the power to veto excessive Council Tax rises. Any local authority (including police and fire authorities) and larger parishes setting an increase above a ceiling set by the Secretary of State and approved by the House of Commons will trigger a referendum of all registered electors in their area. The Government believe this will make local authorities much more transparent and much more accountable to local people. If Councils want to increase Council Tax beyond the specified level in any given year, they will have to make the case to the local electorate.

The impact on the Council will depend on the ceiling set by the Secretary of State compared to any future proposed Council Tax rises.

This is a low level risk.

xv) Community Infrastructure Levy (CIL)

The Community Infrastructure Levy (CIL) which came into operation in April 2011 is intended to assume the role of the traditional Section 106 Agreement. However Section 106 Agreements will continue to have a role to play on site specific development proposals. For the CIL to become operational the Core Strategy will need to be in place. Officers will be exploring infrastructure requirements as part of the work on the Local Development Framework and Core Strategy with the aim of producing, for public consultation during 2012/13, an Infrastructure Delivery Schedule and a Charging Schedule.

At this moment in time the financial implications are unknown.

This is a low level risk

xvi) Planning Appeals

There is currently no provision in the base budget for planning appeal costs and there is currently a significant degree of uncertainty in the planning system as a consequence of legal challenges against the announcements of the Secretary of State. The budgetary provision will need to be kept under review so that the Council is able to respond to any local manifestation of the ongoing legal challenges. This remains an area of uncertainty in the forecast.

This is a medium level risk.

xvii) Land Charges Fees – Personal searches

The Government has revoked the £22 personal search fee with effect from 17 August 2010. This inability to charge has an adverse effect on the Land Charges income position. There is a possibility that there could be some eligible refunds, the value of which is not known at the time of writing.

This is a medium level risk.

xviii) Land Charges Income - Inability to charge fee income

Further to item xvii) above, the charging regime has been further changed following a legal challenge to allow for access to unrefined data under the Environmental Information Regulations 2004. The demand for this service at present is low. However these arrangements may need to be further reviewed should demand increase.

The majority of local authorities are involved with this issue and a cost sharing arrangement has been established which has the advantage of enabling each authority to seek advice on its overall potential exposure, potentially limit the amount it may ultimately have to pay to the Claimants and increase the amount of any contribution from central Government,

whilst paying only a small percentage of the legal costs they would otherwise incur with separate representation.

This is a medium level risk

xix) Payroll Efficiencies

The current budget forecast which was approved by Budget Council in March 2011 assumes a saving from 'payroll efficiencies' of £150,000 in 2011/12, £300,000 in 2012/13 and £400,000 by 2013/14. Management Team have been closely monitoring this savings target, and based on information at the time of writing, the staff salary sacrifice scheme, the senior management restructure and a number of flexible retirements will deliver recurring 'payroll efficiencies' that will achieve the required savings for 2011/12 and 2012/13.

However, the commitment to review the staff salary sacrifice scheme by March 2013 and the need to achieve further savings to meet the target figure for 2013/14 will be addressed through a review of the management structures across the Council. The review will be completed with the objective to implement new managerial arrangements from April 1<sup>st</sup> 2012. The latest estimates reported to Management Team, which assume that the salary sacrifice scheme ends in March 2013, estimate that £220,000 of further payroll efficiency savings will need to be delivered from 2013/14 onwards in order to achieve the budgeted target in full. The review of management structures across the Council will include current vacancies, agency, fixed term and contracted resources.

This is a medium level risk.

xx) Lowther Gardens Trust

Further to the Cabinet meeting of 28th June 2011, a £30k subsidy has been agreed for award to the trustees of Lowther Gardens Trust (subject to conditions). There is currently no budgetary provision approval for any further subsidy above the £30k already agreed and negotiations continue with the Trustees in relation to reaching a subsidy settlement, which may be higher than the approved budget provision. As some of the conditions specified in the cabinet report remain unsatisfied there remains a risk that the proposed transfer of responsibility to the Trustees will be delayed.

This is a low level risk

## **5. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS**

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

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

5.2 The Council's General Fund Reserve Balance at 31<sup>st</sup> March 2011 was £2.991m. The first call on these balances in 2011/12 is the approved slippage from 2010/11 of £297k, which brings the underlying General Fund balances position to £2.694m.

5.3 The Council has a Reserves and Balances Policy in place, which requires an annual review and approval by the Portfolio Holder (Finance & Resources). This review will take place in the coming months. If any reserves can be released they will be presented in a future financial forecast update.

## **6 CONCLUSIONS – GENERAL FUND REVENUE FORECAST**

6.1 The Council faces a number of uncertainties in the future in respect of its finances, particularly from April 2013. The current forecast has a number of high risk financial assumptions which are outside the Council's control.

6.2 A number of risks are significant with a high probability, in particular the future of Central Government Grant Funding Consultations and localising support for Council Tax. It is not clear when the outcome of the consultations will be known but changes could be in place from April 2013. If the Localisation of Support for Council Tax consultation comes to pass then the Council could see a reduction in grant income of £500k from April 2013.

6.3 The financial situation the Council faces continues to be challenging and uncertain from 2013/14 onwards, and the gap between in year income and expenditure will need to be addressed by Members.

6.4 Cabinet and Management Team have started budget planning work and Members will face some challenging decisions to achieve a robust revenue budget in future years.

## **7. COLLECTION FUND**

7.1 The Council is required to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non Domestic Rates (NNDR). The Collection Fund accumulated surplus balance as at 31<sup>st</sup> March 2011 was £662k. This surplus will be shared in accordance with regulations and will form part of the 2012/13 Council Tax calculation. The Council's share of the surplus is £89k. Appropriate adjustments will be made in 2012/13 to remedy this surplus.

## **8. THE CAPITAL PROGRAMME**

8.1 The Capital Programme for the years 2011/12 to 2015/16 is updated continually for agreed changes and reported in quarterly monitoring reports to the Portfolio Holder (Finance & Resources).

- 8.2 The latest updated Capital Programme Summary is set out in Table 1. The Programme shows a surplus of financing of £1.057m. This has been updated for changes to the end of September 2011. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is reasonable certainty that they will be received.

**TABLE 1 - SUMMARY CAPITAL PROGRAMME**

	Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	Estimate 2015/16 £000
<b>Estimated Expenditure:</b>					
Community Services	1,104	610	610	610	610
Strategic Development	824	3,030	30	30	30
Governance & Partnerships	43	0	0	0	0
Customer & Operational Services	1,273	0	0	0	0
Total Capital Payments	<b>3,244</b>	<b>3,640</b>	<b>640</b>	<b>640</b>	<b>640</b>
Availability of Resources	<b>4,301</b>	<b>3,640</b>	<b>640</b>	<b>640</b>	<b>640</b>
<b>Total surplus (-) / shortfall in year</b>	-1,057	0	0	0	0
<b>Cumulative surplus (-) / shortfall</b>	-1,057	-1,057	-1,057	-1,057	-1,057

- 8.3 Capital schemes are directly linked with the Council's priorities as delivered through a series of key Programmes and via detailed Service Delivery Plans. Major items of enhancement or renewal are identified via the Council's Asset Management Plan and work is underway to review and update this.
- 8.4 The Council submitted a capitalisation bid in 2011/12 for Statutory Redundancy Costs and approval has been granted by the Government up to the value of £250k. This gives the Council the option to capitalise redundancy costs which would otherwise fall on the Revenue Budget. A capitalisation bid in 2011/12 for Pension Strain cost was not approved, so any pension strain costs arising will fall on the Revenue Budget. In capitalising redundancy costs there will be an impact on the revenue budget by spreading the impact over the twenty year loan period. Utilising this option would be subject to a business case review and would require Member approval. It is expected that a maximum of £150k would be required.

## 8.5 Financing the Capital Programme

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

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

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

## **9. VEHICLE PURCHASES**

- 9.1 The Council has an agreed Service Modernisation Strategy for Operational Services in place which includes a vehicle replacement programme. This programme includes replacement costs in this current year up to the total value of approximately £650k.
- 9.2 It is within the delegations of the Section 151 Officer to determine how this replacement programme is best financed and a financial business case will be prepared. At the time of writing it is highly likely that it will be cheaper for the Council to borrow rather than lease replacement vehicles which are being reviewed as part of the Modernisation Strategy. The cost of the borrowing will be fully financed from existing revenue budgets (as current vehicles are leased the base revenue budget is already approved and in place). If the borrowing requirement exceeds the approved Prudential Indicator levels approved by the Council in March 2011, then a further report will need to be brought to Council.

## **10. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME**

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

### **10.1 (i) Accommodation**

The accommodation project is currently included in the programme with the scheme being self-financing from capital receipts from the sale of 3 sites (St David's Road Depot, Derby Road, Wesham site and The Public Offices). If either the estimated cost of the refurbishment, the capital receipts achieved or the phasing of this scheme changes, there could be revenue implications i.e. costs of displacing staff / vehicles and equipment which would be reported to Members and reflected in future revenue budget forecasts accordingly. Actual asset sales and receipts are dependent on market conditions and cannot be predicted with certainty. This results in an inherent risk in the forecast level of programmed resources particularly in the current year of the programme. An update report on this project will be provided to members in November 2011.

**This is a high level risk**

### **(ii) Project Slippage**

Any areas of slippage in the Capital Programme must be addressed in future years to ensure that there is no loss of external grant arising due to conditions associated with specific grant awards within specified timescales.

This is a medium level risk.

(iii) Other Capital Receipts

The approved programme for 2011/12 onwards assumes “Right to Buy” receipts of £25k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future quarterly monitoring reports, along with the impact this may have on the financing of the programme.

This is a medium level risk.

(iv) Government Grants

The only grant expenditure contained in the current capital programme forecast beyond the current year relates to Disabled Facilities Grants (DFG). The receipt of this grant will always depend on future government decisions. The grant settlements stated from 2011/12 to 2015/16 are currently estimates and are only confirmed in the year they are due. Any fluctuation in government grants will have a direct impact on the level of Capital Programme work that can be undertaken. The Council currently finances DFG schemes with a 40% capital investment which has been reflected in this capital programme forecast.

This is a medium level risk.

(v) Capital Investment in St. Annes Pool

As part of the arrangement with the YMCA for the operation of the pool, the Council undertook to provide Capital support in the event of major works, repair or breakdown and a provision of £153k is included in the programme for this eventuality. This estimate is based on the currently known condition of the premises, plant and equipment and remains an ongoing risk.

This is a medium level risk

(vi) Sale of Clifton (Lytham) Housing Association Ltd

At the time of writing the report the final accounts for Clifton (Lytham) Housing Association Ltd are currently being finalised and agreed. The £1.357m capital receipt may need to be adjusted to reflect outstanding repair and maintenance liabilities in progress at the time of the sale and the final cash position for the company at the time of the sale.

This is a low level risk

## **11. CONCLUSIONS – CAPITAL PROGRAMME**

- 11.1 The current Capital Programme as updated is showing a surplus of £1.057m, (which includes a level of approved Prudential borrowing) which is mainly due to the capital receipt arising from the recent sale of the Council’s interest in Clifton (Lytham) Housing Association Ltd. The programme contains limited capital investment beyond 2011/12.

- 11.2 There are a number of priority areas beginning to emerge across the Council's property asset portfolio that may require further investment in the medium term. Members will have a choice in considering the Capital Programme going forward and options to consider could be to add in new capital schemes up to the surplus position at no additional revenue cost or to reduce to overall level of borrowing, which would result in a reduction in spend in the overall Revenue Budget.
- 11.3 Cabinet and Management Team are currently examining in detail the options available. The future capital programme and the associated financing will be subject to discussion with Members during the coming months in the lead up to the annual budget setting process for 2012/13. Meanwhile the capital expenditure position will be closely monitored.
- 11.4 Any additional expenditure which is not fully funded by external finance would require the generation of capital receipts or further borrowing. The latter would place further pressure on the Revenue Budget from the consequent repayment costs.
- 11.5 It is good practice to maintain a surplus in capital resource to mitigate the risks to the programme.

## **12. TREASURY MANAGEMENT**

- 12.1 The Treasury Management Strategy and Prudential Indicators were approved by Council on 2<sup>nd</sup> March 2011.
- 12.2 The treasury activities and Prudential Indicators are monitored closely and are reported on a quarterly basis to the Portfolio Holder for Finance & Resources.
- 12.3 Revisions to the regulatory framework of treasury management during 2009 introduced a requirement for Councils to receive a mid year treasury review report. This report will be scrutinised by Audit Committee on 10<sup>th</sup> November 2011 and presented to Council on 28<sup>th</sup> November 2011.

## **13. KEY AREAS OF FINANCIAL RISKS FOR TREASURY MANAGEMENT**

- 13.1 There are a number of potential areas of significant risk associated with Treasury Management activities.
- (i) Unexpected movement in cash flow;
  - (ii) Difference between actual interest rate and rates used in the forecast; and,
  - (iii) Security of monies invested with counterparties

## **14. CONCLUSIONS - TREASURY**

- 14.1 Investment rates available in the market have continued at historically low levels and are expected to remain low for some time. The Council will continue to aim to achieve the optimum return on investments commensurate with proper levels of security and liquidity that have been approved by Members.



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

- 15.1 External pressures outside the Council's control are being experienced by all local authorities. Instructions remain in place that Officers should not commit to any unnecessary expenditure and this may result in an under spend this year.
- 15.2 Given the significant uncertainty and turbulence of the current economic climate and potential Government spending cuts in future years further revisions to the figures and assumptions in this update will be necessary over the coming months.
- 15.3 At this point the finances of the Council are robust to the end of 2012/13 but in light of the recent Consultation Papers, significant savings may again be needed from future budget cycles.
- 15.4 The Council's priorities for improvement remain. However, for the time being at least the Council needs to be prudent and continue with the overall strategy, making any minor changes it feels are relevant, but be cognisant of current uncertainties.

Report Author	Tel	Date	Doc ID
Joanna Scott, Section 151 Officer	(01772) 906059	November 2011	

List of Background Papers		
Medium Term Financial Strategy Update, Including General Fund, Capital Programme and Treasury Management for 2010/11 – 2014/15	Budget Council meeting 2 <sup>nd</sup> March 2011	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Medium Term Financial Strategy (MTFS) – Outturn Position For 2010/11 (Including General Fund, Capital Programme & Treasury Management)	Cabinet meeting 28 <sup>th</sup> June 2011	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Capital Programme 1 <sup>st</sup> Quarter Update Report	Portfolio Holder (Finance & Resources) Meeting 17 <sup>th</sup> August 2011	
General Fund Budget Monitoring Report, 1 <sup>st</sup> Quarter	Portfolio Holder (Finance & Resources) Meeting 17 <sup>th</sup> August 2011	

### Attached documents

1. Appendix A – Forecast approved at Council on 2<sup>nd</sup> March 2011
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendix C – Schedule of unavoidable changes to the forecast
4. Appendix D – Narrative on unavoidable changes to the forecast and specific assumptions to support Appendix C
5. Appendix E – Updated latest forecast position

IMPLICATIONS	
Finance	The financial implications are set out in the body of the report.
Legal	None arising directly from the report.
Community Safety	None arising directly from the report.
Human Rights and Equalities	None arising directly from the report.
Sustainability and Environmental Impact	None arising directly from the report.
Health & Safety and Risk Management	None arising directly from the report.

General Fund Budget Forecast Position 2010/11 to 2014/15						
	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Adv (A)/ Fav (F)
<b>Forecast Approved at Council 1st March 2010</b>	<b>11,449</b>	<b>11,276</b>	<b>11,062</b>	<b>11,062</b>	<b>11,062</b>	
Unavoidable changes	- 626	48	360	244	274	(F)
Savings	- 58	- 338	- 675	- 730	- 790	(F)
Savings target - still to be identified in 14/15					- 465	(F)
<b>Forecast Budget Requirement</b>	<b>10,765</b>	<b>10,986</b>	<b>10,747</b>	<b>10,576</b>	<b>10,081</b>	
<b>Financed by:</b>						
Government Grant - NNDR	5,116	3,330	} 3,756	} 3,474	} 3,213	
Government Grant - RSG	743	1,029				
Sub Total - Government Grant	5,859	4,359	3,756	3,474	3,213	
Council Tax (incl annual Tax Base Increases & Collection Fund Surplus/Deficit)	5,507	5,647	5,803	5,993	6,188	
Indicative Council Tax Freeze grant		139	139	139	139	
New Homes Bonus - Cabinet forecast		279	417	417	417	
<b>Forecast Financing</b>	<b>11,366</b>	<b>10,424</b>	<b>10,115</b>	<b>10,023</b>	<b>9,957</b>	
<b>Call on Reserves</b>	<b>- 601</b>	<b>562</b>	<b>632</b>	<b>553</b>	<b>124</b>	
<b>General Fund Reserves</b>						
Balance of General Fund Reserves b/f	1,500	2,101	1,539	907	874	
In Year Use of Ringfenced & Other Earmarked Reserves:						
- CSR reserve released to maintain minimum balances				520		
Less transfer to/from(-) reserves in year	601	- 562	- 632	- 553	- 124	
<b>Forecast Reserves at Year End</b>	<b>2,101</b>	<b>1,539</b>	<b>907</b>	<b>874</b>	<b>750</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£186.29</b>	<b>£186.29</b>	<b>£190.95</b>	<b>£195.72</b>	<b>£200.61</b>	
<b>Council Tax Increase</b>	<b>4.99%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>	

**General Assumptions**

The forecast has been prepared on the basis of the following assumptions:

- General Prices Inflation – a freeze or cash limiting of all general revenue expenditure budgets with the exception of pay, fuel & utility budgets;
- No provision for pay award for 2011/12 and a £250 minimum increase payment for employees earning less than £21k for 2012/13. A 0.5% increase is reflected in 2013/14 and 1% increase per annum thereafter;
- Employers Pension Contribution increases by 3.8% over next three years, rising to 22% by end of 13/14 in line with the Triennial Pension Review;
- Council tax increase - 0% in 2011/12 in line with Budget Council of March 2011, 0% in 2012/13, 2.5% increase per annum thereafter;
- Council Tax Compensation Grant – assumes continuation of £139k per annum in 2011/12 to 2015/16 and additional grant of £139k in 2012/13 only;
- Government Grant Support – two year grant settlement for 2011/12 and 2012/13 reflected, then assumes 7.5% annual grant reduction in 2013/14 and 2014/15 and then remains at the 2014/15 level of £3.213m for 2015/16;
- New Homes Bonus – assumes grant for six years in line with current legislation. Based on latest information the forecast reflects £279k in 2011/12 rising to £549k for all future years;

- Fees and Charges – 0% increase in all years, budget holders to review in line with policy and any changes to fees & charges to be agreed with relevant Portfolio Holder by end of November 2011; and
- Concessionary Fares – responsibility transferred to Lancashire County Council from 01/04/11 therefore no financial impact on the Council.

## Appendix C

### Schedule of Unavoidable Forecast Changes

		Additional Forecast Impact						
		11/12 £000	12/13 £000	13/14 £000	14/15 £000	15/16 £000	ADVERSE / FAVOURABLE / NEUTRAL	
(i)	<b>SLIPPAGE:</b>							
	Slippage from 2010/11 - approved at Cabinet 28th June 2011	297	0	0	0	0	ADVERSE	
(ii)	<b>OTHER ITEMS APPROVED BY MEMBERS SINCE THE COUNCIL MEETING 2ND MARCH 2011:</b>							
	Budget for Planning Applications for Town & Parish Councils - recommended by Cabinet - 20th July 2011	3	3	3	3	3	ADVERSE	
	Disband the role of Member Champions - recommended by Cabinet - 20th July 2011	-2	-3	-3	-3	-3	FAVOURABLE	
	Re-phasing of core strategy budget - approved by Cabinet 21st September 2011	-182	68	35	79	0	NEUTRAL	
	Rent of Fairhaven Cottage - approved by Cabinet 21st September 2011	0	-7	-7	-7	-7	FAVOURABLE	
	<b>STAFFING COSTS:</b>							
(iii)	Assumed 1% pay award in respect of 2015/16	0	0	0	0	89	ADVERSE	
(iv)	Additional budget requirement re in-year redundancy and pension strain costs	88	0	0	0	0	ADVERSE	
	<b>OTHER UNAVOIDABLE FORECAST CHANGES:</b>							
(v)	Accommodation review - impact of delay in previously assumed asset disposal timescales	21	24	0	0	0	ADVERSE	
(vi)	Investment income - interest receivable from investment of cash balances and reserves	10	63	85	53	53	ADVERSE	
(vii)	Borrowing costs in relation to approved capital expenditure	-135	11	21	9	-17	FAVOURABLE	
(viii)	Additional cost re elector enquiry re pool tendering exercise	9	0	0	0	0	ADVERSE	
(ix)	Paper shredding - new approach to dealing with confidential waste	0	-2	-2	-2	-2	FAVOURABLE	
(x)	Proms event - additional income	-5	-3	0	0	0	FAVOURABLE	
(xi)	Vehicle fuel useage savings from review of waste collection routes/rounds	0	-25	-25	-25	-25	FAVOURABLE	
(xii)	Government Connect subscription	0	-15	-15	-15	-15	FAVOURABLE	
(xiii)	Removal of accommodation booking fee income budget (no income collected)	3	3	3	3	3	ADVERSE	
(xiv)	Litterbins - additional one-off cost	9	0	0	0	0	ADVERSE	
(xv)	Changes to electoral registration service (incl postal vote refresh and personal registration)	10	10	10	10	10	ADVERSE	
(xvi)	Legal Services - budget requirement re annual subscriptions to online legal resources	8	8	8	8	8	ADVERSE	
(xvii)	Top slice from Performance Reward Grant	-8	0	0	0	0	FAVOURABLE	
(xviii)	Legal fees - Pontins case	10	0	0	0	0	ADVERSE	
(xix)	Windmill - accelerated spend due to storm damage	15	-15	0	0	0	NEUTRAL	
(xx)	<b>INCOME STREAMS:</b>							
	Income from sandwinning	-10	0	13	13	13	ADVERSE	
	Additional VAT refund	-9	0	0	0	0	FAVOURABLE	
	Additional income from cremations	-20	-30	-30	-30	-30	FAVOURABLE	
		<b>Total</b>	<b>112</b>	<b>90</b>	<b>96</b>	<b>96</b>	<b>80</b>	<b>ADVERSE</b>

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

(i) Slippage

Slippage of budgets totalling £297k relating to underspends in 2010/11 approved by Cabinet at June's meeting.

(ii) Items approved by members since Budget Council of 2<sup>nd</sup> March 2011

The forecast has been updated to reflect the items listed in point (ii) of Appendix C which have been recommended or approved by members since the forecast was approved at Council in March.

(iii) Pay Award 2015/16

The forecast has been updated to reflect an estimated 1% pay award in respect of 2015/16.

(iv) Redundancy and Pension Strain Costs

The previously approved forecast included provision for £50k per annum from 2011/12 to 2013/14 inclusive in respect of redundancy and other severance costs. The forecast has been updated to reflect the additional costs estimated to be incurred in 2011/12 in respect of early retirements and voluntary redundancies approved in order to generate recurring "payroll efficiencies", including the one-off costs in respect of the management team restructure recently approved by Council.

(v) Accommodation Review

The previously approved forecast assumed savings would be achieved during 2011/12 from the rationalisation of the Council's accommodation. The forecast included a note that any delay in disposing of sites earmarked for sale would affect the achievement of the savings. Negotiations in respect of asset disposals are ongoing and the forecast has been updated to reflect the delay in achieving the savings.

(vi) Investment Income on Cash Balances and Deterioration in Base Rate Forecast

The forecast has been updated to reflect the reduced level of investment interest estimated to be received on cash balances and reserves which the Council invests as part of daily treasury management activities. The main reason for the reduction is the deterioration in the bank base rate forecast over the life of the forecast.

(vii) Borrowing Costs

The forecast has been updated to reflect the latest estimated cost of borrowing required in order to fund expenditure approved within the capital programme. The one-off saving in 2011/12 is as a result of the decision to delay borrowing in the short term and to use internal cash balances to fund capital expenditure.

(viii) Additional Cost re Elector Enquiry

The forecast has been updated to reflect the costs incurred and paid to the Council's external auditors KPMG in responding to an enquiry into the tendering process adopted in re-opening and operating St Annes Swimming Pool.

(ix) Paper Shredding

The forecast has been updated to reflect the savings achieved by adopting a new approach to dealing with confidential waste.

(x) Proms Event

The forecast has been updated to reflect the latest estimated income receivable in respect of the Lytham Proms event.

(xi) Vehicle Fuel savings

The forecast has been updated to reflect the estimated fuel savings which will be achieved as a result of a review of existing waste collection routes.

(xii) Government Connect

The cost of this subscription can be met from existing revenue budgets.



(xiii) Accommodation Booking Fee Income

The forecast has been updated to reflect the fact that no income is generated from accommodation booking fees.

(xiv) Litterbins

The forecast has been updated to reflect the one-off additional cost of litter bins incurred during 2011/12.

(xv) Changes to the electoral registration service

The forecast has been updated to reflect the estimated additional cost of the first statutory review of postal vote registration and the personal registration.

(xvi) Legal services – online subscriptions

This budget covers the cost of online subscriptions to legal resources which ensure that Council's legal service can access appropriate information and function effectively. The forecast change is to properly reflect the cost of these subscriptions. The budget in previous years has not done this, and money has had to be vired from elsewhere.

(xvii) Performance reward grant

The forecast has been updated to reflect the additional income receivable in 2011/12 from performance reward grant.

(xviii) Legal fees

The forecast has been updated to reflect the cost of a prosecution in respect of a fatality arising from Legionnaires Disease at the former Pontins Holiday Centre. The cost of successful prosecutions is usually ordered to be paid by the defendant. However, the defendant company is in liquidation and would not be ordered to pay costs.

(xix) Windmill

The forecast has been updated to reflect the accelerated spend from 2012/13 into 2011/12 in respect of repairing the windmill sails damaged by storms during autumn 2011.

(xx) Adjustments to income forecasts:

- Income from sandwinning – additional income is forecast in 2011/12, whilst estimates for future years remain flat.
- Vat refund – the Council has received an additional VAT refund in claims being pursued with HMRC
- Income from cremations – additional income forecasts in respect of a combination of increased activity and increased fees and charges.

**Appendix E**

### Latest General Fund Budget Forecast 2011/12 to 2015/16

	2011/12	2012/13	2013/14	2014/15	2015/16	Adverse / Favourable
	£000	£000	£000	£000	£000	
<b>Forecast approved March 2011</b>	<b>10,986</b>	<b>10,747</b>	<b>10,576</b>	<b>10,081</b>	<b>10,081</b>	
Reversal of "Unidentified savings" included in previous forecast				465	465	Adverse
Unavoidable forecast changes - per Appendix C	112	90	96	96	80	Adverse
<b>Forecast Budget Requirement</b>	<b>11,098</b>	<b>10,837</b>	<b>10,672</b>	<b>10,642</b>	<b>10,626</b>	
<b>Financed by:</b>						
Government Grant - NNDR	3,330	} 3,756	} 3,474	} 3,213	} 3,213	
Government Grant - RSG	1,029					
Sub Total - Government Grant	4,359	3,756	3,474	3,213	3,213	
Council Tax (incl annual Tax Base Increases & Collection Fund Surplus/Deficit)	5,647	5,661	5,847	6,038	6,235	
<b>Other grants</b>						
Council Tax Freeze grant	139	278	139	139	139	
New Homes Bonus - forecast	279	549	549	549	549	
<b>Forecast Financing</b>	<b>10,424</b>	<b>10,244</b>	<b>10,009</b>	<b>9,939</b>	<b>10,136</b>	
<b>Call on Reserves</b>	<b>674</b>	<b>593</b>	<b>663</b>	<b>703</b>	<b>490</b>	
<b>General Fund Reserves</b>						
Balance of General Fund Reserves b/f	2,991	2,317	1,724	1,581	878	
In Year Use of Ringfenced & Other Earmarked Reserves:						
- CSR reserve released to maintain minimum balances			520			
<b>Savings still to be identified</b>					<b>362</b>	
Less transfer to/from(-) reserves in year	- 674	- 593	- 663	- 703	- 490	
<b>Forecast Reserves at Year End</b>	<b>2,317</b>	<b>1,724</b>	<b>1,581</b>	<b>878</b>	<b>750</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£186.29</b>	<b>£186.29</b>	<b>£190.95</b>	<b>£195.72</b>	<b>£200.61</b>	
<b>Council Tax Increase</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>	

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	COUNCIL	28TH NOVEMBER 2011	12

## MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2011/12

### Public Item

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

### Summary

This report is a mid year review of Treasury Strategy and Prudential Indicators for Audit Committee to scrutinize in line with the recommendations of the revised CIPFA (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management.

### Recommendation

#### Recommendations

1. As agreed at the meeting of the 10<sup>th</sup> November 2011 Audit Committee recommend Council to approve the following:-

- i) Approve the revised Prudential Indicators and Limits

#### Reasons for recommendation

The revised Code of Practice requires Members to receive a Mid Year Treasury Review report and scrutinize the strategy and Prudential Indicators. As changes arise during the year some of the Prudential Indicators and Limits need to be revised.

#### Alternative options considered and rejected

No alternative options exist.

## **Cabinet Portfolio**

The item falls within the following Cabinet portfolio: Finance & Resources – Councillor Karen Buckley.

### **Report**

#### **1. Introduction**

Revisions to the regulatory framework of Treasury Management during 2009 introduced a requirement for the Council to receive a Mid Year Treasury Review, in addition to the forward looking Annual Treasury Strategy and backward looking Annual Treasury Report.

The underlying purpose of the new report is in line with the recommendations of the revised CIPFA Code of Practice on Treasury Management. The revised Code of Practice requires Members to receive reports and scrutinize the Treasury Management service.

In order to assist with the terminology and explanations included within the report, Appendix A sets out a number of Treasury Management & Prudential Indicators Frequently Asked Questions.

Audit Committee scrutinised this report at their meeting on 10<sup>th</sup> November 2011.

#### **2. Economic Update**

##### **2.1 Global Economy**

The Euro zone sovereign debt crisis continued with Spain, and particularly Italy, being the focus of renewed market concerns that they may soon join with Greece, Ireland and Portugal in needing assistance

##### **2.2 UK Economy**

Following zero growth in the final half of 2010/11 the UK economy grew by a weaker than expected 0.1% in the first quarter of 2011/12. Growth prospects will be governed by UK consumer sentiment, which is currently subdued due to falling disposable income. The announcement by the MPC on 6 October of a second round of quantitative easing of £75bn emphasised how seriously the MPC now views recession as being a much bigger concern than inflation.

##### **2.3 Interest Rate Forecast**

There are huge uncertainties in the economic forecasts. It is expected that low growth in the UK will continue with a low Bank Rate for at least 24 months, with a possible further extension of quantitative easing. This will keep investment returns depressed.

The expected longer term trend for PWLB borrowing rates is for them to rise. However, the current safe haven status of the UK may continue for some time, postponing any increases in borrowing rates until 2012.

**Table 1 Interest Rate Forecast**

Annual Average	Bank Rate	Investment Rates		Borrowing Rates (PWLB)		
		3 month	1 year	5 year	25 year	50 year
NOW	0.5	0.75	1.5	2.3	4.2	4.3
March 2012	0.5	0.70	1.5	2.3	4.2	4.3
March 2013	0.5	0.75	1.7	2.5	4.4	4.5
March 2014	1.25	1.4	2.4	2.9	4.8	4.9
March 2015	2.5	2.6	3.3	3.7	5.2	5.3

### **3. Treasury Management Strategy Statement**

The Treasury Management Strategy Statement for 2011/12 was approved by the Council on 02/03/11. There are no policy changes to the Treasury Management Strategy Statement, the details in this report update the position in light of the updated capital programme, budget changes, and economic position.

### **4. Key Prudential Indicators**

The Prudential Indicators were originally approved by Council on 2nd March 2011. As changes arise during the year some of the Prudential Indicators and Limits need to be revised. The Prudential Indicators in this report will be taken to Council for approval on 28<sup>th</sup> November 2011. The current position for figures in the report reflects the treasury activity up to 30<sup>th</sup> September 2011.

#### **4.1 Capital Expenditure**

Table 2 shows the revised forecast capital expenditure as reported in the Financial Forecast Update (Including Revenue, Capital and Treasury Management) 2011/12 to 2015/16 to Council on 28<sup>th</sup> November 2011 as compared to the capital expenditure originally approved by Council.

**Table 2 Forecast Capital Expenditure**

Forecast Capital Expenditure	2011/12 Original Indicator £M	2011/12 Latest Estimate £M
Total	4.7	3.2

The above table shows the forecast capital expenditure on new projects. The Town Hall Accommodation Project has been slipped to 2012/13 and as a result the amount of forecast capital expenditure has reduced.

## 4.2 Capital Financing Requirement (CFR)

Table 3 shows the CFR which is the total of all of the Council's capital assets (existing and planned) less all of the Councils' capital reserves. This is the amount of capital expenditure that the Council has still to finance. The CFR is normally financed by external borrowing. The Council has borrowed £2.5M (see section 5.1), and there is a requirement to finance a further £5.1M.

**Table 3 Capital Financing Requirement (CFR)**

	2011/12 Original Indicator £M	2011/12 Revised Indicator £M
Total CFR	7.0	7.6

The CFR has been increased by £0.6M to include the addition of replacement vehicles to the Capital Programme that are funded by Prudential Borrowing. These vehicles were formerly leased but it is now more cost effective to purchase the vehicles and finance them with Prudential Borrowing. The revenue budget provision already exists to finance the debt repayment so no overall impact on the Council's revenue budget position. These vehicles are being replaced as part of the Council's Modernisation Strategy.

## 4.3 Operational Boundary & Authorised Limit

A further two Prudential Indicators control the overall level of borrowing. These are:

- The Authorised Limit for External Debt
- The Operational Boundary for External Debt

The Authorised Limit for External Debt is a further key Prudential Indicator that controls the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

The expected maximum debt position during each year represents the Operational Boundary Prudential Indicator, and so may be different from the year end position.

The changes to these limits are shown in Table 4.

**Table 4 Operational Boundary & Authorised Limit for External Debt**

	2011/12 Original Indicator £M	2011/12 Revised Indicator £M	Note
Existing Capital Borrowing	2.5	2.5	refer section 5.1
Additional Capital Borrowing Requirement	4.5	5.1	1
Gross Borrowing (Capital)	7.0	7.6	refer Table 3
Short Term Revenue Borrowing	1.5	2.5	2
Total Gross Borrowing	8.5	10.1	
<b>Operational Boundary</b>	<b>8.5</b>	<b>10.1</b>	
Contingency	4.3	4.3	3
<b>Authorised Limit</b>	<b>12.8</b>	<b>14.4</b>	

**Note**

1. The Gross Borrowing (capital) has been increased by £0.6M due to the addition of replacement vehicles to the Capital Programme that are funded by Prudential Borrowing.

2. The short term borrowing (revenue) has been increased from £1.5m to £2.5m to ensure that the Council can meet its short term cash flow and working capital fluctuations. The latest General Fund Budget Forecast to Cabinet indicates that the Council's reserves will deplete further over the next four years which will mean the Council's cash balances are lower overall. Previously, the Council's cash levels have been artificially higher due to the receipt of Section 106 and other capital receipts. As these receipts are committed to future projects then the Council's cash levels will be lower which may give rise to more fluctuations and short term borrowing. The short term borrowing is only expected to be for very short periods of a few days at a time. Hence, the Gross Borrowing limit will only be fully utilised occasionally.

3. The Authorised Limit includes £4.3M for 'contingency' which is an amount that has been estimated to provide scope to undertake short-term borrowing in the event of a service delivery failure or emergency, eg. failure to collect council tax income.

The Operational Boundary and Authorised Limit have been revised in line with the increases to the Gross Borrowing outlined above.

#### 4.4 Net Borrowing

The CFR determines the amount that the Council needs to borrow for a capital purpose. The term Net borrowing is borrowings less investments. Net borrowing should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2011/12 and next two financial years. This gives the Council some headroom to borrow early for a capital purpose in order to secure low interest rates.



There are no difficulties anticipated in keeping the long term capital borrowing below the CFR. Revenue borrowing will be incurred for short periods in line with cash flow requirements.

**Table 5 Net Borrowing**

	2011/12 Original Indicator £M	2011/12 Revised Indicator £M
Gross Borrowing	8.5	10.1
Short Term Borrowing (Revenue)	<u>(1.5)</u>	<u>(2.5)</u>
Gross Borrowing (Capital)	7.0	7.6
Investments	<u>(0)</u>	<u>(0)</u>
Net Capital Borrowing	<u>7.0</u>	<u>7.6</u>
Capital Financing Requirement	7.0	7.6

## **5. Treasury Strategy 2011/12**

### **5.1 Borrowing Strategy Update 2011/12**

The Council currently has long-term debt of £2.5M at an average rate of 3.27%.

No new long term borrowing has been undertaken as yet in 2011/12.

The Council also has a new borrowing requirement in 2011/12 of £5.1M (£7.6M CFR less £2.5M) based on Prudential Borrowing that has been approved as part of the Capital Programme. The CFR of £7.6M (See Table 2) includes this Prudential borrowing, and the cost of borrowing has already been included within the approved revenue budgets.

The Council's treasury advisors Sector will advise on the timing and type of borrowing. The treasury advisors have recommended that in the short term the Council uses its available cash balances in lieu of borrowing as this is a prudent and cost effective approach in the current economic climate.

### **5.2 Investment Strategy Update 2011/12**

The investment strategy for 2011/12 was approved by Council on 2<sup>nd</sup> March 2011. There are no policy changes to the investment strategy. There were no breaches of the approved limits within the Investment Strategy during the first six months of 2011/12.

In accordance with the Code of Practice on Treasury Management, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. It is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low. The continuing Euro zone sovereign debt crisis, and its potential impact on banks, prompts a low risk and short term investment strategy. Given this risk environment, investment returns are likely to remain low.

On 2<sup>nd</sup> March 2011 the Council approved the investment counterparty criteria which is based upon counterparties having minimum credit ratings. Many UK banks have been downgraded by the ratings agencies. Any further downgrades could lead to the majority of UK banks being removed from the Council's lending list. Advice received from the Council's treasury advisers indicates that there would then be only a small number of options for investments, eg. other Local Authorities, Money Market Funds (AAA credit rating), and Debt Management Office. The returns on these investments are low and this would impact adversely on the Council's overall revenue budget position.

The Council's budgeted investment return for 2011/12 is £0.03m, and performance for the first half of the year is in line with the budget.

## 6. Treasury Indicators

### 6.1 Limits on Rate Exposure

There are treasury Prudential Indicators whose purpose is to manage risk and reduce the impact of an adverse movement in interest rates. The indicators are:

- Upper limits on fixed interest rate exposure – This indicator identifies a maximum limit for fixed interest rates based upon the debt position.
- Upper limits on variable interest rate exposure – Similar to the previous indicator this covers a maximum limit on variable interest rates.

The indicators relating to debt have been revised in Table 6 in line with the changes to the Operational Boundary detailed in Section 4.3.

**Table 6 Interest Rate Exposures & Maximum Principal Sums invested >364 days**

	2011/12 Original Indicator £M	2011/12 Revised Indicator £M
Limits on fixed interest rates based on debt	8.5	10.1
Limits on variable interest rates based on debt (50% of debt)	4.2	5

### 6.2 Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the financing cost (interest payable less interest receivable) as a percentage of the net revenue stream as shown in Table 7.

**Table 7 Ratio of Financing Costs to Net Revenue Stream**

	2011/12 Original Indicator	2011/12 Revised Indicator
Ratio	5.5%	6.3%

The ratio of financing costs has increased. This is due to the cost of financing the approved capital projects outlined in Section 4.2, and a reduction in the net revenue stream in line with budget forecasts.

## **7. Impact Statement**

7.1 Sound financial advice and assistance is vital to deliver the Council's priorities.

## **8. Risk Assessment**

8.1 If the revised Prudential Indicators and Limits are not scrutinised and recommended by Audit Committee to Council, the Council will be at risk of default if it is unable to effectively manage its cash flows, investments and borrowing activities.

8.2 Also, the Council will not be complying with the Council's approved treasury management practices as detailed in the Council Constitution or CIPFA's Standard of Professional Practice on Treasury Management.

## **9. Conclusion**

There remains huge uncertainty in economic forecasts and investment returns are expected to remain low for some time. Borrowing rates are not expected to increase until September 2012 so the Council will continue to monitor rates closely and will undertake new external borrowing in line with cash flow requirements and the interest rate forecast.

Report Author	Tel	Date	Doc ID
Joanna Scott (Section 151 Officer)	(01253) 658528	November 2011	

List of Background Papers		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy Including General Fund, Capital Programme & Treasury Management report	02.03.11	Minutes of Council Meeting 02/03/11
Capital Programme 2nd Quarter Update 2011/12	30.09.11	Accountancy Services Town Hall
Sector Interest Forecasts	October 2011	Accountancy Services Town Hall

## Attached documents

### Appendix A – Treasury Management & Prudential Indicators Frequently Asked Questions

IMPLICATIONS	
Finance	Contained within the body of the report
Legal	N/A
Community Safety	N/A
Human Rights and Equalities	N/A
Sustainability and Environmental Impact	N/A
Health & Safety and Risk Management	N/A

## **Treasury Management & Prudential Indicators Frequently Asked Questions**

1. What is the difference between capital expenditure and capital financing requirement?

The Capital Expenditure is the forecast expenditure on new capital projects in line with the Capital Programme. It excludes all of the Council's existing capital assets, eg. Land, buildings, vehicles, etc.

The Capital Financing Requirement (CFR) is the Council's capital assets (existing and planned) less all of the Councils' capital and revenue resources which have been applied to pay for it. This is the amount of capital expenditure that the Council has to charge to revenue or to finance through other resources. The CFR is normally funded by external borrowing.

2. What does the term 'financing' mean?

The term 'financing' does not refer to the payment of cash but the resources that will be applied to ensure that the capital payment amounts is dealt with over the longer term. A number of financing options are available to Councils:-

- capital receipts (eg. sale of land or buildings)
- contribution from revenue expenditure
- capital grant
- contribution from a third party
- borrowing

3. Does the Council link long term loans to particular capital assets/projects?

The Council does not associate loans with particular capital assets/projects, as it is not best practice. The Council will, at any point in time, have a number of cashflows both positive and negative and will be managing its position in terms of its borrowings and investments in accordance with its treasury management strategy and practices. This is best practice in line with the CIPFA Prudential Code.

4. What does the term 'net borrowing should not exceed the total of the CFR' mean?

The CFR determines the amount that the Council needs to borrow for a capital purpose. Net borrowing will remain below the CFR to ensure that the Council is only borrowing for a capital purpose. The Council is permitted to borrow in advance for a capital purpose over the medium term. The term 'total of the CFR' is the CFR of the current year plus increases in the CFR of the previous financial year and next two financial years. In other words, the total of the Council's existing assets plus additions to assets resulting from the forecast Capital Programme, eg. vehicles, upgrades to the Crematorium burners. This gives the Council some headroom to borrow early for a capital purpose in order to secure low interest rates.

5. Is the cash that is being managed inhouse revenue or capital?

The short term surplus cash that is managed during the year in house may be revenue or capital, eg. the Council receives a capital receipt in April but capital expenditure is incurred throughout the year giving rise to increased cash balances in the early part of the financial year which is invested short term in house. The Council receives Council Tax which is classed as revenue income. This is typically received in the months of April to January as Council Tax payers make 10 instalments. Therefore, the Council has less cash in the months of February and March and may need to borrow cash short-term in line with the cash flow forecast.

6. What does the Council invest in?

The Council is restricted in where it can invest its surplus funds. The restrictions are prescribed by statute (Local Government Act 2003 section 15(1)(a)). Councils are also required to have regard to supplementary investment guidance provided by the Communities and Local Government.

The Council's investments are typically short term, ie. less than a year, and are made in sterling with institutions with high credit ratings.

7. What is the role of internal and external auditors in respect of treasury management?

The focus of external auditors work is a Council's annual accounts and the financial management systems and processes that underpin them. The external audit will enquire as to whether the Treasury Management Code has been adopted and whether its principles and recommendations have been implemented and adhered to. External auditors cannot comment or advise on authority's treasury management strategy or policies

Through a process of review, the role of Internal Audit is to provide an opinion of the adequacy, application and reliability of the key internal controls put in place by management to ensure that the identified risks are sufficiently mitigated. This will assist Treasury Management in meeting its desired objectives and help to ensure that the risk of fraud and/or error is minimised. Internal Audit will also look to identify other areas of potential risk which could usefully be included as well as any inefficiencies in existing processes and procedures where improvements can be made.

8. What are the qualifications of Council staff involved in treasury management practices?

Staff are either working towards or have achieved professional accountancy qualifications from CIPFA (Chartered Institute of Public Finance Accountants), ACCA (Association of Chartered Certified Accountants) or CIMA (Chartered Institute of Management Accountants). Staff work closely with Treasury Management Advisors and attend treasury training and updates provided by the Treasury Management Advisors.

# REPORT

REPORT OF	MEETING	DATE	ITEM NO
STRATEGIC DEVELOPMENT SERVICES	COUNCIL	28 <sup>TH</sup> NOVEMBER 2011	13

## WOOD STREET PUBLIC REALM IMPROVEMENT SCHEME

### Public Item

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

### Summary

This report presents the details of a proposed public realm improvement scheme for land to the north and south of Wood Street, St Annes. This draft scheme was included in a report to Cabinet on 23<sup>rd</sup> March 2011, and has been viewed as a priority project in the context of the hosting of the Open in 2012 (Lytham St. Annes 2020 Vision document). The objective of the scheme is one of improving an area that will be in a high profile location in the context of the hosting of the event. It is located in between areas that have been regenerated or are scheduled to be so by July 2012.

In March 2011, no external funding sources had been identified. The Cabinet resolved that should additional resources be identified then an additional report should be submitted to it for consideration. This report asks if Members wish to fund, by way of an addition to the capital programme, the scheme as set out in the report, to be delivered early in 2012.

Given that this is a new and presently unfunded scheme the Council's Constitution requires that this item be reported to full Council for approval as opposed to Cabinet.

### Recommendations

The Council is asked to:

- i) approve an addition to the Capital Programme in respect of the new scheme as set out in the report of up to £180,585
- ii) approve that the new scheme is fully funded from the surplus in resources currently showing on the capital programme, as set out in section 4 of the report.

### **Alternative options considered and rejected**

Not to proceed with the improvement scheme, resulting in a probable negative impact upon the perception of the area whilst hosting the Open Golf Championship in July 2012.

### **Cabinet Portfolio**

The item falls within the following Cabinet portfolio:

Planning and Development                      Councillor Dr. Trevor Fiddler

### **Report**

#### **1. Background**

1.1 On 23<sup>rd</sup> March 2011 the Cabinet approved the item '2020 Regeneration Vision and the 2012 Open Golf Action Plan'. This item gave a detailed report of the consultation process undertaken before the publication of the 'Lytham St Annes 2020 Vision'. This document outlined several public realm projects for the short and medium term that would benefit the visitor economy. In addition this item also gave an overview of the '2012 Open Golf Outline Action Plan' a jointly published plan with Lancashire County Council.

1.2 Within this action plan eleven projects affecting the public realm were identified with the recommendation that when further details were available, and prior to any expenditure, a fully detailed report on each scheme would be presented to Cabinet.

1.3 The Wood Street Public Realm Improvement Scheme was originally identified in the proposals submitted to the Northwest Development Agency (NWDA) and was given priority within that submission. With the abolition of the Regional Development Agencies, funding for this scheme was withdrawn. Due to a lack of available funding the scheme was not included in the '2012 Open Golf Action Plan'. The Cabinet report of 23<sup>rd</sup> March identified the Wood Street Public Realm Scheme as the priority project that could be delivered if additional capital funding were to become available.

1.4 This report presents the details and costs of the Wood Street Public Realm Scheme for consideration by Council on the basis that if Members agreed a supplementary capital budget the scheme could be delivered in time for July 2012.

#### **2. The Wood Street Public Realm Improvement Scheme**

2.1 This project relates to the areas of public realm at the west end of Wood Street between Clifton Drive South and Orchard Road. This area is comprised of several land



holdings, notably Lancashire County Council, Fylde Borough Council and several private sector interests.

2.2 This project continues the improvement of the built environment in a style and design consistent with that already undertaken throughout St Annes town centre. This approach is consistent with the need to respect the special characteristics of the Conservation Area whilst seeking to enhance the economic vibrancy of the Borough's largest town centre.

2.3 This area is predominantly surfaced in tarmac and is generally in a poor condition. This has a negative impact upon the visual amenity of the area, which is further compounded by the use of the area for the parking of vehicles, often in a manner which compromises the safety of pedestrians. These issues are likely to become even more apparent to residents and visitors once the £2.5m redevelopment of the 'Travelodge' site, the Orchard Road Public Realm Improvement scheme and the Clifton Drive Public Realm scheme are completed. This scheme will make use of attractive materials and landscaping, including areas of lawn to the southerly side. Discussions are taking place with the owner of the restaurant to the southerly side of the street to discuss the potential for the creation of a landscaped patio area funded through a contribution from the operator of the restaurant.

2.4 In accordance with section 6 of the Cabinet report of 23<sup>rd</sup> March costing, procurement and implementation of the project has and will be done in partnership with Lancashire County Council. Detailed drawings, produced jointly with Lancashire County Council but designed by the Regeneration Section, are attached at appendix items 1, 2 and 3.

### **3. A Cost Breakdown of the Scheme**

3.1 An estimate for the works has been provided by Lancashire County Council, in addition to these costs other items such as overheads including design and supervision, legal and other professional fees and planning application fees have been included below;

#### **3.1.1 Wood Street North**

Capital Works	£85,950
Overheads, Design & Supervision (@ 10%)	£8,595
Legal Fees/Land Acquisition	£1,000
Planning Application Fees	£170
<b>Total</b>	<b>£95,715</b>

#### **3.1.2 Wood Street South**

Capital Works	£76,850
Overheads, Design & Supervision (@ 10%)	£7,685
Legal Fees/Land Acquisition	£0
Planning Application Fees	£335
<b>Total</b>	<b>£84,870</b>
<b>Grand Total</b>	<b>£180,585</b>

### **4. The Method and Cost of Financing the Scheme**

- 4.1 The approved capital programme currently has a surplus in resources of £1.057m, as reported to the portfolio holder in August 2011. This surplus has arisen as a result of a capital receipt of £1.357m received in July 2011. The surplus has been adjusted to reflect the £300k capital grant to Lytham Hall approved by members earlier in this financial year.
- 4.2 The Council's approved revenue budget includes debt repayment costs, sufficient to finance the current level of forecast borrowing which was approved prior to the Council receiving the capital receipt.
- 4.3 If the Council were to borrow for this scheme the debt repayment costs, for which there is currently no revenue budget provision, would be approximately £16,400 per annum over the next 20 years.
- 4.4 Taking into account the financial position as set out above, the most prudent and cost effective way to finance this scheme is from the surplus in resources currently in the capital programme, at no additional revenue cost to the Council.
- 4.5 It should also be noted that there are alternative options available to the Council in relation to the utilisation of £181k of the surplus resource position on the capital programme. These are:-
- Repayment of debt, which would reduce the Council's overall borrowing requirement which would result in a revenue budget saving
  - A capital investment in a Council fully owed asset
- 4.6 Notwithstanding 4.5 above, it is considered that given the economic importance of hosting the 2012 Open Golf Championship and the profile of this location, the use of these resources for this purpose is justified. The costs presented would also offer value for money as the scheme would be delivered by utilising the partnership arrangement with Lancashire County Council, which reduces the costs of such schemes. This method of delivery was agreed by Cabinet and is being used to deliver the approved public realm schemes in the context of 2012.

## **5. The Future Revenue Budget Impact**

5.1 The proposed method of land acquisition outlined at section 7 will mean that this scheme would have a minimal impact upon the future revenue budgets of Fylde Borough Council; given the scale of public realm currently maintained. The improved areas require small amounts of maintenance and the Head of Leisure Services considers the additional costs be 'de minimus' in the context of general maintenance of soft landscaping. In addition, the area to the south of Wood Street, in Council ownership, requires attention as the surface is generally in a poor condition. The new scheme would address that problem. However, in the medium term this may need to be re-considered as the existing annual maintenance budget of £13,000 for the whole of St Annes town centre has a number of demands and requirements upon it.

## **6. Relevant Value for Money Issues**

6.1 The works have been specified by using accepted public realm materials within the budget available and is being procured through the commissioning framework at

Lancashire County Council. Issues relating to the cost effectiveness of this procurement path were considered in the Cabinet report of 23<sup>rd</sup> March. This partnership approach with Lancashire County Council has thus far proven to be excellent value for money and enabled the delivery of projects that may not have been possible without the partnership.

## **7. Risk Assessment**

7.1 There are various land holdings within the area, and the preferred route will be for the Council to reach an agreement with each land owner which would be held on the Land Charges Register. This is considered to be the most cost effective approach balancing the need to protect the Council's investment whilst also being an arrangement that is acceptable to the land owners. Recent discussions have taken place with land owners and tenants and have resulted in a consensus being reached. Each agreement will need to be completed if this project is approved by the Council.

7.2 To ensure the delivery of this public realm improvement scheme before the Open Golf Championship in July 2012 it is necessary to get the approval of the Council at the present time. This should allow sufficient time to complete all land acquisition agreements and also agree a programme of works with Lancashire County Council given the level of demand for their service.

7.3 Capital works cost overrun – this scenario would occur should the outturn costs of the scheme far exceed those amounts referred to in this report. This risk would be managed by reducing the scope of the project by a proportionate amount to cover cost overruns during delivery. This issue would usually be mitigated by the inclusion of a contingency, however it is not proposed to include a contingency within the scope of this project.

## **8. Viable Alternative**

8.1 In developing this scheme the Council has undertaken public and partnership consultation. The proposed scheme also has the support of the Destination Presentation sub-group. No objections to the proposals have been received nor have any alternatives been put forward. In the absence of this scheme the public realm in this area would remain unimproved.

## **9. Details of the Procurement Path**

9.1 Procurement will be as detailed in the Cabinet report of 23<sup>rd</sup> March 2011; a partnership arrangement with Lancashire County Council.

## **10. Objectives, Outputs and Outcomes**

10.1 The objectives, outputs and outcomes of the project have been detailed in the Council's Regeneration Framework, the Lytham St Annes 2020 Vision and the Open Golf Outline Action Plan.

## **11. Drawings and Plans**

11.1 Relevant drawings and plans are attached to this report, these drawings represent the desired outcome for the scheme. Public realm projects are usually subject to a degree of change, often considered minimal, it is intended that where changes do not fundamentally affect the objectives of this scheme these would be implemented without the need to report further to Council or Cabinet.

11.2 Drawings have been attached to show the works to Wood Street North and two options for Wood Street South have been attached.

Report Author	Tel	Date	Doc ID
Paul Drinnan	(01253) 658434	9 <sup>th</sup> November 2011	

List of Background Papers		
Name of document	Date	Where available for inspection
Report to Cabinet: Item 15 – 2020 Regeneration Vision and the 2012 Open Golf Action Plan	23/03/2011	<a href="http://www.fylde.gov.uk/meetings/details/907/">http://www.fylde.gov.uk/meetings/details/907/</a>

#### **Attached documents**

1. Wood Street North
2. Wood Street South
3. Wood Street South

IMPLICATIONS	
Finance	Detailed financial implications are contained in the body of the report.
Legal	There are no implications
Community Safety	There are no implications
Human Rights and Equalities	There are no implications
Sustainability and Environmental Impact	There are no implications
Health & Safety and Risk Management	Identified risks are dealt with in the report










# **SCHEME 1 – WOOD STREET NORTH SIDE**



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Lancashire County Council. Licence No LA100023320.

## **Key**

-  Existing surfacing to be removed  
Yorkstone flags  
50mm sand bed
-  80mm thick Tegula paving in  
Brindle to match existing  
50mm sand bed  
150mm thick ST2 concrete sub-base
-  80mm thick Tegula paving in  
Harvest to match existing  
50mm sand bed  
150mm thick ST2 concrete sub-base
-  Topsoiling 150mm thick
-  Existing tree to be removed
-  New tree

NO.	DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY
<b>REVISIONS</b>				
		<b>Environment Directorate</b>		
<b>Environmental Services - Area AREA</b>				
<b>PROJECT TITLE</b>		Wood Street (2), Lytham St Annes Footway Improvements		
<b>DRAWING TITLE</b>		General Arrangement		
<b>DRAWN BY</b>		<b>PROJECT No.</b>		GA  Sheet 1 of 1
<b>CHECKED BY</b>		<b>DRAWING No.</b>		
<b>DATE</b>				
<b>SCALE</b>				
<b>CLIENT No.</b>				



SCHEME 2 – WOOD STREET SOUTH SIDE



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Key

- Existing surfacing to be removed
- Yorkstone flags  
50mm sand bed
- Topsoiling 150mm thick
- Resin based coloured surface treatment
- Existing tree to be removed
- New tree
- Existing tree to remain


No.	DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY
REVISIONS				
		Environment Directorate		
Environmental Services - Area AREA				
PROJECT TITLE Wood Street, Lytham St Annes Footway Improvements				
DRAWING TITLE General Arrangement				
DRAWN BY VLT		PROJECT No.		
CHECKED BY WKL		DRAWING No.		
DATE July 2011		GA		
SCALE 1:500		SHEET No.		
CLIENT No.		Sheet 1 of 1		




# SCHEME 3 – WOOD STREET SOUTH SIDE

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## Key

-  Existing surfacing to be removed  
Yorkstone flags  
50mm sand bed
-  Topsoiling 150mm thick
-  Resin based coloured surface treatment
-  Existing tree to be removed
-  New tree
-  Existing tree to remain



No.	DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY
REVISIONS				
<b>Lancashire</b> County Council 			Environment Directorate	
Environmental Services - Area AREA				
PROJECT TITLE			Wood Street, Lytham St Annes Footway Improvements	
DRAWING TITLE			General Arrangement	
DRAWN BY		VL	PROJECT No.	
CHECKED BY		WKL	DRAWING No.	
DATE		July 2011	GA	
SCALE		1:500	SHEET No.	
CLIENT No.			Sheet 1 of 1	

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
ELECTORAL SERVICES	COUNCIL	28 NOVEMBER 2011	14

## REVIEW OF POLLING DISTRICTS AND POLLING PLACES 2011

### Public Item

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

### Summary

To consider the Returning Officers proposals arising from the review of polling districts and polling stations within the Borough of Fylde.

### Recommendation

1. That the Returning Officers recommendations attached in the appendix of the report be confirmed.

**Portfolio Holder: Finance and Resources - Councillor Karen Buckley**

### Report

#### Background

1. Under the Representation of the People Act 1983, the Council has a duty to divide the Borough into polling districts and to designate polling places for each district. It also has to keep these arrangements under review.
2. In compliance with Review of Polling Districts and Polling Places (Parliamentary Elections) Regulations 2006, every Council in England and Wales must undertake and complete a review of all the polling places in its area every four years. The last full review in the Borough was undertaken in 2007.
3. The arrangements made for parliamentary elections are also used at other elections.

Continued....



4. The Council has powers to change polling places and polling district boundaries but not Ward or Parish boundaries. These are defined as follows:

**A Polling District** is the geographical sub division of an electoral ward. The Council is responsible for dividing its area into polling districts for UK Parliamentary elections and for keeping polling districts under review.

When designating polling districts, the Council must:

- seek to ensure that all electors have such reasonable facilities for voting as are practicable in the circumstances;
- seek to ensure that, so far as is reasonable and practicable, every polling place is accessible to electors who have disabilities.

In drawing up proposals consideration should also be given to:

- ideally a polling place should be within its own polling district
- ideally there should be 2000-2500 electors per polling district
- where possible natural boundaries should be used
- no polling place should be used for two wards
- polling places should be logical; that is electors should not have to pass another polling place to get to their own.

**A polling place** is the building in which a polling station is located.

**A polling station** is the actual area where the process of voting takes place, and must be located in the polling place designated for the particular polling district.

### **Details of Consultation Undertaken**

6. The Council is required to publish notice of the holding of a polling district review. This was done by way of press release which was published in the St Annes Express and Blackpool Evening Gazette, notices posted at the Town Hall, parish and town council notice boards, at public libraries and on the council web site.

7. The consultation process had a number of stages:-

#### Stage 1 (22 August 2011 to 30 September 2011)

The Returning Officer published a report detailing the current polling districts and polling places within the Borough.

#### Stage 2 (30 September 2011 to 31 October 2011)

The Returning officer published proposals for polling districts and polling places within the Borough. The report contained details of existing arrangements, proposals and comments received through consultation and details of proposed arrangements and reasons for those decisions.

8. All Ward Councillors, County Councillors, Mark Menzies MP, Town and Parish Councils were consulted on the proposals for their areas and the council also consulted with various disability groups.

## Findings

9. During elections in 2011 an audit checklist for each of the existing polling stations was completed by Presiding Officers and polling station inspectors.
10. In the course of the review process officers have considered the continuing suitability of all existing polling places. Consideration has also been given to public safety, the availability of buildings, accessibility, location in relation to the centres of population in the polling district, transport links and overall suitability. Where 'no change' has been recommended, the existing polling place is deemed to be the best currently available means of meeting these criteria and, given all circumstances, the best available polling place for the polling district concerned.
11. Following the conclusion of stage 2 of the review it was clear that the majority of polling places were fit for purpose and only 3 wards (Ashton, Heyhouses, St Leonards) were identified as being subject to further scrutiny. The Returning Officers recommendations are contained in the schedule of polling places appended.

## Conclusion

12. On completion of the Review, the Council is required to publish details of the actual designations of polling districts and polling places agreed as a result of the review and details of where the results of the review have been published. This will be done by way of press release, circulated to the stakeholders detailed in paragraph 8 and details of the agreed proposals will be available at the Town Hall and published on the Council's website.
13. On the assumption that the Council agree the recommendations, the new electoral register containing the polling districts will be published on 1 December 2011. Polling Districts and polling places will become effective at all elections held after this date.

Report Author	Tel	Date	Doc ID
Sandra Hardy	(01253) 658502	November 2011	

List of Background Papers		
Name of document	Date	Where available for inspection
Polling District Review Proposals	August 2011	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

## Attached documents

1. Appendix A - Polling District Review Recommendations

IMPLICATIONS	
Finance	None arising directly form the report
Legal	These are outlined in the report
Community Safety	None arising directly form the report
Human Rights and Equalities	None arising directly form the report
Sustainability and Environmental Impact	None arising directly form the report
Health & Safety and Risk Management	None arising directly form the report

# Review of Polling Districts And Polling Places

November 2011



# POLLING DISTRICT REVIEW 2011

## Ansdell Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
A	2794	528	Ansdell County Primary School Lansdowne Road Ansdell	Yes
AA	803	186	Lytham Hall Park County Primary School (side entrance) South Park Lytham	Yes

### Polling District – A

The polling place is wheelchair accessible. It is conveniently situated within the polling district and is well known to electors. The number of registered electors is higher than the ideal, however the number of electors voting at the polling station is reduced to within the guideline figures due to the number of those electors opting to vote by post.

The Head teacher of Ansdell County Primary School has suggested that Ansdell Library be used as an alternative polling place.

### Polling District – AA

The polling place is wheelchair accessible. It is situated just inside the adjoining polling district D in Clifton ward and is well known to electors. It has not been possible to locate an alternative suitable building within the polling district.

### Recommendations

Polling district	Proposals
A	Consideration has been given to using Ansdell library, however the building is not suitable as it is not large enough to accommodate a double polling station therefore <b>no change</b> is recommended to existing arrangements.
AA	<b>No change</b>

## POLLING DISTRICT REVIEW 2011

### Ashton Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
B	2022	375	St Annes United Reformed Church Hall St Georges Road St Annes	Yes
BA	1735	270	Parish Rooms Headroomgate Road St Annes	Yes – Ramp available

#### Polling District – B

The polling place is wheelchair accessible. Although the polling place is not centrally situated within the district it has car parking facilities and is well known to electors.

Cllr Tony Ford and Cllr John Davies submitted comments that Mayfield School and the Parish Church of St Margarets enjoy easier access than the Parish Rooms and are conveniently located in Ashton Ward.

#### Polling District – BA

The polling place can be made wheelchair accessible by means of temporary ramps. Although situated just inside the adjoining polling district CA in Central ward, it is easily accessible and well known to electors.

Cllr Tony Ford and Cllr John Davies submitted comments that the United Reform Church is at the southern extremity of the Ward and that Mayfield School and the Parish Church of St Margerets sit almost in the middle of Ashton Ward.

#### Recommendations

Polling district	Proposals
B	<p>The Parish Church of St Margaret's is more centrally located within polling district B than the current polling place. An assessment will be made on its suitability prior to the next scheduled elections.</p> <p>Mayfield School is currently designated as a polling place for St Leonards Ward and is located at the boundary of polling district BA. An assessment will be made on its suitability prior to the next scheduled elections.</p> <p><b>No change is recommended at the current time</b></p>

## POLLING DISTRICT REVIEW 2011

BA	<p>Mayfield School is within polling district BA. An assessment will be made on its suitability for use as a polling place for district BA prior to the next scheduled elections.</p> <p>The Parish Church of St Margarets is a possible alternative polling place will be reviewed prior to the next scheduled election.</p> <p><b>No change is recommended at the current time.</b></p>
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## POLLING DISTRICT REVIEW 2011

### Central Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
C	1707	303	The Drive Methodist School Room Clifton Drive South St Annes	Yes
CA	1874	289	Church Road Methodist Hall Church Road St Annes	Yes

### Polling District – C

The polling place is wheelchair accessible. It is situated within the polling district and is well known to electors.

### Polling District – CA

The polling place is wheelchair accessible. It is centrally situated within the polling district and is well known to electors.

### Recommendations

Polling district	Proposals
C	No change
CA	No change



# POLLING DISTRICT REVIEW 2011

## Clifton Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
D	1249	235	Lytham Hall Park County School (main entrance) South Park Lytham	Yes
DA	2195	415	Lytham Methodist Church Hall Westby Street Lytham	Yes

### Polling District – D

The polling place is wheelchair accessible. It is situated within the polling district, has car parking facilities, is easily accessible and is well known to electors.

### Polling District – DA

The polling place is wheelchair accessible. It is in a central position in the polling district; is easily accessible and is well known to electors.

### Recommendations

Polling district	Proposals
D	No change
DA	No change

# POLLING DISTRICT REVIEW 2011

## Elswick & Little Eccleston Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
EEL	926	156	Elswick Village Hall Elswick	Yes
ELE	368	57	Mobile Unit West Junction Garstang Road East & Blackpool Road East Little Eccleston	Yes

### Polling District – EEL

The polling place is wheelchair accessible. It is situated within the polling district, has car parking facilities, and is well known to electors.

### Polling District – ELE

The polling place is made wheelchair accessible by means of temporary ramps. It is not centrally situated within the polling district but is conveniently located for electors in Little Eccleston. No suitable alternative buildings have been identified within this part of the polling district and there does not seem to be an alternative to the use of a mobile unit.

## Recommendations

Polling district	Proposals
EEL	No change
ELE	No change

# POLLING DISTRICT REVIEW 2011

## Fairhaven Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
F	1216	266	King Edward School King Edward Avenue entrance Fairhaven	Yes
FP	2537	459	King Edward School, King Edward Avenue entrance Fairhaven	Yes

### Polling District – F

The polling place is wheelchair accessible. It is centrally located within the ward and although the polling place falls within FP polling district; it is easily accessible and is well known to electors.

### Polling District – FP

The polling place is wheelchair accessible. It is situated within the polling district, it easily accessible and is well known to electors.

### Recommendations

Polling district	Proposals
F	No change
FP	No change

# POLLING DISTRICT REVIEW 2011

## Freckleton East Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
GFE	2537	433	Freckleton Community Centre, School Lane Freckleton	Yes

## Polling District – GFE

The polling place is wheelchair accessible. It is located within the polling district, is easily accessible and well known to electors.

## Recommendations

Polling district	Proposals
GFE	No change

# POLLING DISTRICT REVIEW 2011

## Freckleton West Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
HFW	2335	378	Freckleton Community Centre School Lane Freckleton	Yes

## Polling District – HFW

The polling place is wheelchair accessible. Although it is located within the adjacent polling district GFE, Freckleton East ward, it is easily accessible and well known to electors. No suitable alternatives within the Polling District have been identified.

## Recommendations

Polling district	Proposals
HFW	No change

## POLLING DISTRICT REVIEW 2011

### Heyhouses Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
J	2199	422	Hope Street Bowls Pavillion	No – small step
JA	1576	318	St Thomas CE School St Thomas Road St Annes	Yes

#### Polling District – J

The polling place has limited access for people with disabilities and is located within the polling district.

Mrs Horsfall, Piling Avenue has suggested using Clifton Primary School as an alternative polling place; Clifton Primary School is located in polling district QP in Park Ward and is currently the polling place for polling districts Q and QP.

#### Polling District – JA

The polling place is wheelchair accessible. It is located within the polling district and is well known to electors.

#### Recommendations

Polling district	Proposals
J	To investigate an alternative building and consider placement of a mobile unit in the polling district if plans to refurbish the Pavillion are undertaken during election period. Clifton Primary School is outside of the polling district, but further consideration to use these premises as an alternative polling place will be given if no other suitable polling place can be identified.
JA	<b>No change</b>

# POLLING DISTRICT REVIEW 2011

## Kilnhouse Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
K	1775	249	St Albans Church Hall Kilnhouse Lane St Annes	Yes
KA	1616	314	Heyhouses CE Junior School Clarendon Road North St Annes	Yes

### Polling District – K

The polling place is wheelchair accessible. It is located within the polling district, it has car parking facilities, is easily accessible and well known to electors.

### Polling District – KA

The polling place is wheelchair accessible. Although situated just inside the adjoining polling district CA in Central ward, it is easily accessible and well known to electors.

### Recommendations

Polling district	Proposals
K	<b>No change</b>
KA	<b>No change</b>

# POLLING DISTRICT REVIEW 2011

## Kirkham North Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
LKN	3261	700	St Michaels Primary School School Lane Kirkham	Yes

## Polling District – LKN

The polling place is wheelchair accessible. It is situated within the polling district and is well known by the electors. The number of registered electors is higher than the ideal, however the number of electors voting at the polling station is reduced due to the number of those electors opting to vote by post.

## Recommendations

Polling district	Proposals
LKN	<b>No change to polling place, however, the number of electors will be kept under review.</b>



# POLLING DISTRICT REVIEW 2011

## Kirkham South Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
MKS	2189	348	Kirkham Community Centre Mill Street Kirkham	Yes

## Polling District – MKS

The polling place is wheelchair accessible. Although situated just inside the adjoining polling district LKN in Kirkham North ward, it has car parking facilities, is easily accessible and well known to electors.

## Recommendations

Polling district	Proposals
MKS	No change

## POLLING DISTRICT REVIEW 2011

### Medlar with Wesham Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
NMW	2812	421	Community Centre Church Road Wesham	Yes

### Polling District – NMW

The polling place is wheelchair accessible. It is not located within the main centre of population in the polling district and is easily accessible for the majority of electors. The number of registered electors is higher than the ideal, however the number of electors voting at the polling station is reduced to within the guideline figures due to the number of those electors opting to vote by post.

Medlar-with-Wesham Parish Council submitted a letter of support for no changes to be made to the current arrangements.

### Recommendations

Polling district	Proposals
NMW	<b>No change to polling place, however, the number of electors on the register will be kept under review.</b>

# POLLING DISTRICT REVIEW 2011

## Newton with Treales Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
PCW	833	151	Lund Church Hall Clifton Preston	Yes
PNW	1351	266	Newton Bluecoat School School Lane Newton Preston	Yes
PTR	401	54	Treales CE School Church Road Treales	Yes

### Polling District – PCW

The polling place is wheelchair accessible. It is in a central location within the polling district and is well known to electors.

### Polling District – PNW

The polling place is wheelchair accessible. It is in a central location within the polling district and is well known to electors.

### Polling District – PTR

The polling place is wheelchair accessible. It is in a central location within the polling district and is well known to electors.

Newton-with-Clifton Parish Council has submitted a letter of support for no changes to any of the current arrangements.

### Recommendations

Polling district	Proposals
PCW	No change
PNW	No change
PTR	No change

## POLLING DISTRICT REVIEW 2011

### Park Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
Q	2755	592	Clifton Primary School Clitheroe Road St Annes	Yes
QP	1546	309	Clifton Primary School Clitheroe Road St Annes	Yes

### Polling District – Q

The polling place is wheelchair accessible. Although it is situated within the polling district of QP in Park ward, it is easily accessible within the Ward and is well known to electors. The number of registered electors is higher than the ideal but this is reduced to within the guideline figures due to the number of those electors opting to vote by post.

### Polling District – QP

The polling place is wheelchair accessible. It is situated within the polling district, it is easily accessible and is well known to electors.

### Recommendations

Polling district	Proposals
Q	<b>No change to polling place, however, the number of electors on the register will be kept under review.</b>
QP	<b>No change</b>

# POLLING DISTRICT REVIEW 2011

## Ribby with Wrea Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
RRW	1189	193	Ribby with Wrea CE School Dubside Wrea Green	Yes

## Polling District – RRW

The polling place is wheelchair accessible. It is in a central location within the polling district and is well known to electors.

Ribby-with-Wrea Parish Council submitted a recommendation for no change to existing arrangements.

## Recommendations

Polling district	Proposals
RRW	No change

## POLLING DISTRICT REVIEW 2011

### Singleton and Greenhalgh Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
SG	375	76	Mobile Unit Medlar Lane Greenhalgh	Yes
SS	785	170	Singleton Village Hall The Village Singleton	Yes

#### Polling District – SG

The polling place is made wheelchair accessible by means of temporary ramps. No suitable buildings have been identified within the polling district and there is no current alternative to the use of the mobile unit.

#### Polling District - SS

The polling place is wheelchair accessible. It is situated in the centre of the polling district, is easily accessible and well known to electors.

#### Recommendations

Polling district	Proposals
SG	<b>No change</b>
SS	<b>No change</b>

# POLLING DISTRICT REVIEW 2011

## St Johns Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
T	1763	260	Lytham Christian Centre Preston Road Lytham	Yes
TA	1831	405	Lytham CE Primary School	Yes

### Polling District – T

The polling place is wheelchair accessible. It is situated in the polling district and is well known to electors.

### Polling District – TA

The polling place is wheelchair accessible. Although situated just inside the adjoining polling district D in Clifton ward, it is easily accessible and well known to electors.

### Recommendations

Polling district	Proposals
T	No change
TA	No change

# POLLING DISTRICT REVIEW 2011

## St Leonards Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
U	551	124	Mobile Unit Westgate Road St Annes	Yes
UA	2945	523	Mayfield County Primary School St Leonards Road St Annes	Yes

### Polling District – U

The polling place is made wheelchair accessible by means of temporary ramps. No suitable buildings have been identified in this polling district and there is no current alternative to the use of a mobile unit.

### Polling District – UA

The polling place is wheelchair accessible. Although situated just inside the adjoining polling district BA in Ashton ward, it is easily accessible and well known to electors. The number of registered electors is higher than the ideal, however this is reduced to within the guideline figures due to the number of those electors opting to vote by post.

The Chair of Governors of Mayfield School has suggested the use of the Parish Church of St Margarets, St Leonards Road as an alternative polling place.

Cllr Karen Buckley and Cllr Angela Jacques support the continued use of Mayfield County Primary School.

### Recommendations

Polling district	Proposals
U	<b>No change</b>
UA	The use of the Parish Church of St Margaret's has been investigated. This is a suitable building to be used as a polling place however it is located further away from and outside of the UA polling district. Future alternatives will be kept under review in light of the proposed redevelopment of the old Pontins site. The number of electors on the register will also be kept under review. <b>No changes are proposed by the current review.</b>



## POLLING DISTRICT REVIEW 2011

### Staining and Weeton Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
VS	1911	402	Staining Village Hall Chain Lane Staining	Yes
VW	489	90	Weeton Village Hall Weeton	Yes

#### Polling District – VS

The polling place is wheelchair accessible. It is situated within the polling district, has dedicated car parking facilities and is well known to electors.

Staining Parish Council has notified the Returning Officer that they have no comments or suggestions on the current arrangements.

#### Polling District - VW

The polling place is wheelchair accessible. It is situated within the polling district, has dedicated car parking facilities and is well known to electors.

#### Recommendations

Polling district	Proposals
VS	<b>No change</b>
VW	<b>No change</b>

## POLLING DISTRICT REVIEW 2011

### Warton and Westby Ward

Existing Arrangements				
Polling district	No of Electors	No of Postal Voters	Polling Station Address	Provision for people with disabilities
WWA	2883	429	Warton Village Hall Church Road Warton	Yes
WWE	1058	302	Former Ballam School West Moss Lane Ballam	By temporary adaptation

#### Polling District – WWA

The polling place is wheelchair accessible. It is centrally located within the polling district and is well known to electors. The number of registered electors is higher than the ideal but this is reduced to within the guideline figures due to the number of those electors opting to vote by post.

#### Polling District – WWE

The polling place is made wheelchair accessible by means of temporary ramps. It is situated on the western side of the polling district but is well known to electors.

#### Recommendations

Polling district	Proposals
WWA	<b>No change to polling place, however, the number of electors on the register will remain under review.</b>
WWE	<b>No change</b>

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	COUNCIL	28 NOV 2011	15

## APPOINTMENT OF RETURNING OFFICER AND REGISTRATION OFFICER

### Public/Exempt item

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

### Summary

To report that in the view of the change in management arrangements it is necessary to update the Council's existing appointments in respect of elections of Councillors and the registration of electors

### Recommendation/s

It is recommended that Tracy Scholes (Director of Resources) be appointed as follows:

- (i) Under the provisions of Section 35(1) of the Representation of the People Act 1983, as the Returning Officer for the elections of Councillors of the Borough and for the elections of Parish Councillors;
- (ii) Under the provisions of Sections 83 and 84 of the Local Government Act 1972, as the Proper officer of the District Council, to receive Declarations of Acceptance of Office of Mayor, Deputy Mayor or Councillor, and any notice of resignation from those offices;
- (iii) Under the provisions of Section 89(1) of the Local Government Act 1972, as the Proper Officer of the Borough Council to receive notice of a casual vacancy in the office of Councillor;

(iv) That Tracy Scholes (Director of Resources) be appointed under the provisions of Section 8(2)(a) of the Representation of the People Act 1983 to be registration officer for the part of the Fylde Parliamentary Constituency contained in the District of Fylde

## **Portfolio Holder: Finance and Resources - Councillor Karen Buckley**

### **Report**

In order to comply with Electoral and Election legislation the Council is required to appoint a designated officer to undertake the Councils statutory responsibilities. This officer is usually at a senior management level within the authority. In view of the experience held by the Director of Resources in managing this area it is recommended that she fulfil this role. The intention is that the incoming Chief Executive will become involved in this area of activity and the designations may be subject to review in the future.

<b>IMPLICATIONS</b>	
Finance	None arising
Legal	There is a need to formally appoint to these positions under legislation
Community Safety	None arising
Human Rights and Equalities	None arising
Sustainability	None arising
Health & Safety and Risk Management	None arising

REPORT AUTHOR	TEL	DATE	DOC ID
Head of Governance	(01253) 658506	10 November 2011	

<b>LIST OF BACKGROUND PAPERS</b>		
NAME OF DOCUMENT	DATE	WHERE AVAILABLE FOR INSPECTION
None	-	-

### **Attached documents**

Nil

## Council Meeting



Date	26 September 2011
Venue	Lowther Pavilion, Lytham
Members	Mayor (Councillor Howard Henshaw ADK (MALAYSIA)) Deputy Mayor (Councillor Kevin Eastham) Brenda Ackers, Ben Aitken, Christine Akeroyd, Frank Andrews, Tim Armit, Tim Ashton, Keith Beckett, Julie Brickles, Karen Buckley, David Chedd, Maxine Chew, Alan Clayton, Peter Collins, Simon Cox, Fabian Craig-Wilson, Susanne Cunningham, John Davies, Leonard Davies, David Donaldson, Charlie Duffy, Susan Fazackerley, Trevor Fiddler, Tony Ford JP, Gail Goodman JP, Nigel Goodrich, Kathleen Harper, Paul Hayhurst, Karen Henshaw JP, Ken Hopwood, Paul Hodgson, Angela Jacques, Cheryl Little, Edward Nash, Linda Nulty, Elizabeth Oades, Albert Pounder, Dawn Prestwich, Richard Redcliffe, Louis Rigby, John Singleton JP, Thomas Threlfall, Viv Willder, Peter Wood.
Officers	Phil Woodward, Joanna Scott, Tracy Scholes, Allan Oldfield, Carmel McKeogh, Ian Curtis, Annie Womack, Andy Cain, Alan Blundell, Bernard Judge.
Members of the Public	Members of the public were in attendance

### Prayers

Prayers were offered by the Mayor's Chaplain, Reverend Antony Hodgson.

### Declarations of interest

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

### 25. Confirmation of Minutes

RESOLVED: To approve the minutes of the council meetings held on 18<sup>th</sup> and 25<sup>th</sup> July 2011 as a correct record for signature by the Mayor.

26. Mayor's Announcements

The Mayor advised Council of various events that he had attended, including the very successful Proms weekend and Battle of Britain weekend on Lytham Green.

In the next few weeks he will be attending a Preston Judges service at the Minster and will attend a reception for the Archbishop of York at Blackburn Football Club.

There would be a presentation evening for the new Honorary Aldermen in the Town Hall on the 11<sup>th</sup> October and he expressed the hope that all councillors would attend.

The Mayor informed councillors that Freckleton and Elswick had received silver gilt in the Britain in Bloom awards and invited them to join him in extending congratulations on this wonderful achievement.

He also said that the Group photograph was available to order should any councillor wish to do so.

The Mayor asked that a minute's silence be observed in respect for the recent death of Honorary Alderman George Bamber.

27. Chief Executive's Communications

Mr Woodward reported that he had no communications for the Council.

28. Questions from Members of the Council

The following question had been submitted by Cllr Kevin Eastham:

*"Three or four years ago, a decision was made by the relevant portfolio holder to allow free weekend all day car parking for Lytham and St Annes Town Centre car parks during December.*

*Since then, a similar decision has been made each year at an estimated loss to Council income of £8,000 per annum.*

*I understand no evaluation has been made as to whether this exercise is worthwhile. Indeed, it could be argued that it results in less turnover of vehicles and actually encourages staff and shop workers to use the spaces for all day parking.*

*May I please have an explanation as to why we continue in this rather casual manner, without survey or research to justify our actions?*

*I further suggest that we discontinue the practice until such time as we have evidence of the cost effectiveness of the scheme."*

The Portfolio Holder for Customer and Operational Services, Cllr Pounder, responded. He felt that the cost did provide value for money, and said that the decision to endorse the scheme had not been taken casually, but was a positive decision each year, and that local traders actively requested it and supported it. He advised Cllr Eastham that a Task and Finish Group was to be appointed by the Policy Development Scrutiny Committee, to review the Council's Car Parking Strategy. This Group would consider all aspects of the strategy, including free parking in December. He suggested that Cllr Eastham might seek to have some input through this means.

#### 29. Questions from members of the Public

There were no questions from members of the public.

#### 30. Notice of Motion

Following notice given under rule 11 of the Council Procedure Rules, the following Motion was proposed by Cllr Elizabeth Oades and seconded by Cllr Linda Nulty.

*"Would this Council agree that the Government's Draft Planning Policy Framework for Growth is abhorrent in its approach to future housing development and the impact it will have on our open countryside and will the Council agree to write to the Government voicing its strong concern about this Policy?"*

Cllr Oades requested that the motion be dealt with at this meeting, and her request was carried by a show of hands.

Cllr Aitken suggested that an amendment to the motion should be made, which was to replace the word "abhorrent" with the words "of major concern", and that if Cllr Oades was willing to make such an amendment he would give the motion his full support.

Cllr Fiddler also supported the motion and suggested that just writing a letter did not go far enough, but that the council should also send a delegation to Westminster.

The mayor invited Cllr Oades to reread her Notice of Motion, to include the amendments proposed by Cllrs Aitken and Fiddler and she did so, the new amended motion now being:

*"Would this Council agree that the Government's Draft Planning Policy Framework for Growth is of major concern in its approach to future housing development and the impact it will have on our open countryside and will the Council agree to write to the Government voicing its strong concern about this Policy and also send a delegation to Westminster to put forward the case on behalf of the Fylde."*

Council meeting - 26 September 2011

After the debate a vote was taken and the amended motion was carried unanimously.

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

### 31. Constitution

Councillor John Singleton (Chairman of Audit Committee) explained that the council's constitution needed to be re-adopted by the council each year. The report to the Council in July this year contained some proposed amendments to the constitution that had not yet been considered by the Audit Committee. The Council referred some of those proposals back to the Audit Committee who had now considered them; and they had also considered some further proposed changes.

This report set out the proposed changes as endorsed by the Audit Committee and invited the Council to make the appropriate changes to the constitution.

Cllr Singleton moved the proposals which were seconded by Cllr Karen Buckley.

Two of the changes proposed were to the powers delegated to the Director of Strategic Development Services. This would now include an express power to agree the terms of section 106 agreements (also called planning obligations) on behalf of the council as local planning authority as well as the power to agree to requests to vary or modify agreements. The change inserts the following as delegations to the Director of Strategic Development Services:

*5.28 Approving the terms of planning obligations under section 106 of the Town and Country Planning Act 1990*

*5.29 Agreeing the modification or discharge of planning obligations under section 106A of the Town and Country Planning Act 1990*

Cllr Eastham recommended that this should be changed to be a delegation to the Director of Strategic Development Services in consultation with the Head of Governance and Cllr Singleton had no objection to that change.

After discussion the Council RESOLVED:

To agree to such of the changes to the constitution set out in the report as have been endorsed by the Audit Committee, to include the amended wording as proposed by Cllr Eastham.

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

### 32. Updated Statement of Community Involvement



Fylde Borough Council's Statement of Community Involvement (SCI) was adopted by the Council in July 2007. The SCI is out of date because there have been changes to planning legislation. These altered the consultation arrangements which had been set out in the Town and Country Planning (Local Development) (England) Regulations 2004. Since the July 2007 SCI sets out how the Council will meet the requirements of the 2004 Regulations, it is therefore out of date.

The SCI is also being amended to meet the Government's emerging localism agenda.

As outlined in the report, a scoping consultation had already been carried out in October 2010 asking the 985 members of the public and bodies on the Register of Consultees what should be included in an updated SCI. The 27 responses were used along with comments from the Development Management section to draft an updated SCI.

A further consultation on the draft updated SCI consultation had also been carried out. In April 2011 the 1,117 members of the public and bodies on the Register of Consultees were asked to comment on the final draft before it was finalised and adopted by the Council. The 16 responses have been considered in finalising the updated SCI.

The document was endorsed by the Local Development Framework Steering Group at its meeting on 1<sup>st</sup> August 2011. The Portfolio Holder, on the 18<sup>th</sup> August 2011 endorsed the document for adoption by full council and approved the preparation of a more user friendly summary of the updated SCI to assist people at the individual consultation events.

Cllr Fiddler moved the proposals, which were seconded by Cllr Ben Aitken.

After debate it was RESOLVED:

1. To adopt the Updated Statement of Community Involvement as per the Constitution agreed by the Council on 26<sup>th</sup> September 2011.
2. To note the intention to prepare in due course, a more user friendly summary of the Updated Statement of Community Involvement 2011, to assist people at the individual consultation events.

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

### 33. Exclusion of the Public

Members were invited to consider passing a resolution concerning the exclusion of the public from the meeting in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972 on the grounds that the business to be discussed is exempt information as defined in paragraph 1 and 2 of Schedule 12A of the Act.

Council meeting - 26 September 2011

The Mayor also proposed the exclusion of all staff from the meeting for consideration of the next item. This was seconded by the Deputy Mayor.

An amendment was moved by Councillor Fazackerley (seconded by Councillor Buckley) to also exclude staff except for the Council's Strategic Human Resources Advisor, the Monitoring Officer and the Section 151 Officer.

A further amendment was moved by Councillor Oades (seconded by Councillor Nulty) to also exclude the members of staff referred to in Councillor Fazackerley's amendment after the item had been introduced but before the Member debate commenced.

The amendments were voted on in turn by a show of hands. The amendment proposed by Councillor Fazackerley was carried and became the substantive motion.

The Council RESOLVED:

To exclude members of the public.

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

#### 34. Appointment of Chief Executive

Members considered the recommendation from the Payroll Efficiencies Panel regarding the termination of the contract of the existing Chief Executive on the grounds of redundancy on the 31<sup>st</sup> December 2011 and the appointment of a new Head of Paid Service on the 1<sup>st</sup> January 2012. The officers except the Monitoring Officer, the Chief Finance Officer and the Strategic HR Advisor withdrew from the meeting during consideration of the item.

Councillors sought and received clarification from the remaining officers on a number of matters arising out of the report and subsequently RESOLVED:

1. To endorse the cabinet resolution to move from five to four senior managers of the corporate management team in order to make significant and on-going payroll efficiencies;
2. To endorse the assessment process undertaken on 8 September 2011 by the Payroll Efficiencies Panel which scored all candidates across a range of selection activities and produced conclusive results;
3. To appoint Allan Oldfield as Chief Executive and Head of Paid service from 1 January 2012;
4. To recommend that the current Chief Executive appoint Tracy Scholes as Director of Resources, Clare Platt as Director of Community Services and Paul Walker as Director of Strategic Development Services from 1 January 2012;

5. That the basic annual salary scale (before employer's National Insurance and pension contributions) for the Chief Executive is amended from the range of £88,818 to £98,739 to a range of £83,394 to £93, 699 to reflect the current economic climate and consequent reduction in market salaries;
6. To accept the recommendation of the Payroll Efficiencies Panel to terminate the contract of the existing Chief Executive on the grounds of voluntary redundancy in order to allow the actions in the remainder of the resolution to take place;
7. To note that the redundancy payment to the outgoing Chief Executive will be calculated in accordance with the council's redundancy policy available to all staff in the authority.

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

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