



Meeting Agenda

**Council,
Lowther Pavilion, Lytham
Wednesday 2 March 2011, 5:00pm**



COUNCIL MEETING

LOWTHER PAVILION, LYTHAM
on
WEDNESDAY 2 MARCH 2011 at 5:00pm

The Mayor – Councillor E.A. Oades
Deputy Mayor – Councillor L.J Nulty

Councillors

- B.M. Ackers
- B. Aitken
- C. E. Akeroyd
- F.R. Andrews
- T. Ashton
- K. Beckett
- J. B. Bennett
- K. Buckley
- G. Caldwell
- D.M. Chedd
- M. Chew
- E. Clarkson
- P. Collins
- J. L. Coombes
- M.S. Cornah
- F.C Wilson
- J.R Davies
- L. Davies
- B. Douglas
- R. K. Eastham
- D. Eaves JP
- S.M Fazackerley
- Dr T.J Fiddler
- P.A. Fieldhouse

Councillors

- T. Ford JP
- R.A Fulford-Brown
- C. Halewood
- P. Hardy
- K. Harper
- P.J Hayhurst
- K. Henshaw JP
- H. Henshaw, A.D.K (Malaysia)
- K. Hopwood
- K. Hyde
- A. Jacques
- C. Little
- J.K Mulholland
- J.C Owen
- B. Pagett
- A.G. Pounder
- D.S Prestwich
- S. P Renwick
- L. Rigby
- P Rigby
- E.M Silverwood
- J.R Singleton
- R. S Small
- H.A Speak
- T. Threlfall

Philip Woodward – Chief Executive

Contact: Annie Womack (01253) 658423 Email: anniew@fylde.gov.uk



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

| PROCEDURAL ITEMS | |
|--|---|
| 1. DECLARATIONS OF INTEREST - <i>If a member requires advice on declarations of interest he/she is advised to contact the legal services executive manager in advance of the meeting. (For the assistance of members an extract from the Council's Code of Conduct is attached).</i> | 7 |
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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. DECLARATIONS OF INTEREST

Members are 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.

2. CONFIRMATION OF MINUTES

To confirm as a correct record the minutes of the Council meetings held on 24 January 2011. (Appended at the back of the agenda)

3. MAYOR'S ANNOUNCEMENTS

4. CHIEF EXECUTIVE'S COMMUNICATIONS

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

5. QUESTIONS FROM MEMBERS OF THE COUNCIL

6. QUESTIONS FROM MEMBERS OF THE PUBLIC

REPORT

| REPORT OF | MEETING | DATE | ITEM NO. |
|--|---------|----------------------------|----------|
| CABINET PROPOSALS | COUNCIL | 2 ND MARCH 2011 | 7 |
| MEDIUM TERM FINANCIAL STRATEGY UPDATE, INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY MANAGEMENT FOR 2010/11 – 2014/15 | | | |

Public item

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

Summary

1.1 This report sets out the recommendations of the Cabinet meeting on 16th February regarding the Council's revenue and capital budgets from 2011/12 to 2014/15 and incorporates the Treasury Management Strategy in support of these recommendations.

1.2 The report makes reference to the following documents which follow as a consequence of the Cabinet recommendations:

i) **Draft Budget 2011/12, and**

ii) **Draft Fees and Charges Schedule 2011/12**

Please note: the report from Cabinet meeting on 16th February and the minutes of the Community Focus Scrutiny Committee form part of the background to this report, the detail of which is not repeated in this report – those reports, together with the Draft Budget and Fees & Charges Schedule, are available via the following links to the relevant papers on the Council's website:-

Link to MTFS report at Cabinet Meeting on 16th Feb plus amendment to report
<http://www.fylde.gov.uk/meetings/details/906/>

Link to Draft Budget 2011/12 –
<http://www.fylde.gov.uk/council-and-democracy/finance/>

Link to Draft Fees and Charges Schedule 2011/12 -
<http://www.fylde.gov.uk/benefits-and-payments/customer-services/fees-charges/?scmOverrideRecord=2210uD1jx8k>

1.3 Attached is the Council's Medium Term Financial Strategy (MTFS) which sets out the Council's Strategy for the five years 2010/11 to 2014/15 and is designed to provide the linkage between the Medium Term Financial Strategy and the achievements of the Council's corporate policy priorities. It gives all the supporting information to enable Members to set a General Revenue budget for 2011/12; a Capital Programme for the years 2011/12-2014/15, Treasury Management Strategy and the average Band D Council Tax level.

Recommendations

Council is recommended to consider the proposals of the Cabinet and approve:-

- i) The Capital Programme for the years 2010/11 to 2014/15 as set out in Appendix F;
- ii) The Revised Estimates for 2010/11 and the General Fund Budget for 2011/12 as set out in Appendix D, including Fees & Charges (see above mentioned link);
- iii) No increase in average Council Tax with an average Band D charge remaining at £186.29 in 2011/12 excluding Parish Precepts;
- iv) To endorse the recommendations put forward by the Community Focus Scrutiny Committee with the exception of the proposal relating to the filming and webcasting of meetings;.
- v) The Prudential Indicators and Minimum Revenue Provision Statement contained in Appendix G of the report; and
- vi) The Treasury Management Strategy and Policy and Updated Financial Procedure Rule contained in Appendices H and I of the report..

Reasons for Recommendation

To ensure that the Council is able to develop a sustainable budget strategy for the future.

Alternative options considered and rejected. Not applicable – alternative implications are addressed in the body of the report.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Finance & Resources - Councillor Karen Buckley



MEDIUM TERM FINANCIAL STRATEGY 2010/11 - 2014/15

Section 1 FOREWORD

- 1.1 The Council's Medium Term Financial Strategy shows a continuing tight budget position during the period of the forecast with several areas of uncertainty from external factors which could adversely affect the Council's financial position. The General Election in May 2010 saw the formation of a Coalition Government followed in June by an Emergency Budget which included both immediate and planned spending reductions in Public Services, which were further detailed in the Comprehensive Spending Review in October. Like many councils Fylde is also dealing with significant and escalating costs as well as reductions in many income streams as a result of the general economic downturn.
- 1.2 The Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs. Ongoing work includes the implementation of a service transformation and business improvement package that will make Council services more efficient, save money and improve services to customers. The programme has yielded ongoing savings to help improve the overall financial position. We continue to examine the balance between our charges and tax levels looking closely at new opportunities for income generation, although the latter is challenging against the backcloth of recession.
- 1.3 The Council began scenario planning in the early summer in preparation for the anticipated funding reductions. Members of the Council and management team have carried out extensive work to address the challenge posed by the reduction in government grant funding. Ongoing work includes a progressive approach to shared services and the implementation of service transformation and business process improvement techniques that will make Council services more efficient save money and improve services to customers. This programme will yield efficiency improvements to help improve the overall financial position.
- 1.4 On 13th December 2010 the Government announced the financial settlement for Local Government which reduced the grant funding for Fylde Borough Council from £5.8m in 2010 to £4.3m in 2011 – a reduction of 25%. Alongside this public spending deficit reduction tool, the Government has embarked on an extensive legislative programme in health, crime and disorder and across a range of issues which envisages different relationships between public services and the Citizen. The scale of the funding reductions and the new policy direction of the Coalition Government represent a radical challenge to all Councils and the way that services will be delivered in the future.
- 1.5 The speed with which the deficit reduction has been implemented means that the Council will need to identify further efficiencies, maximise income and look to create more capacity in order to deliver a balanced and sustainable budget in the medium term. Inevitably this may lead to a further scaling down of service provision in some areas and a slower achievement of improvement in our priority areas.

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Section 3 THE PURPOSE OF MTFS

3.1 The purpose of the Medium Term Financial Strategy (MTFS) is to:

- (i) Enable the Council to deliver the aspirations within the available financial resources;
- (ii) Ensure the Council delivers the highest quality affordable services by the economic, efficient and effective use of its financial resources;
- (iii) Demonstrate commitment to transparency in our financial affairs by setting out what we are trying to achieve in an accessible format; and,
- (iv) Ensure our financial position is robust and sustainable.

3.2 The MTFS is one of the Council's key enabling strategies in that it helps us to achieve the objectives the Council has determined as its priorities.

3.3 We have adopted a pro-active approach to financial management and a commitment to sound corporate governance, safeguarding public monies and ensuring accountability. Over recent years the Council has been recognised as making good progress with ongoing achievements and successes in priority service areas. We have continued to improve and have award winning services in many areas. We recognise that there are real challenges ahead and we believe we have put in place arrangements to ensure that our ambitions are supported by a robust financial framework.

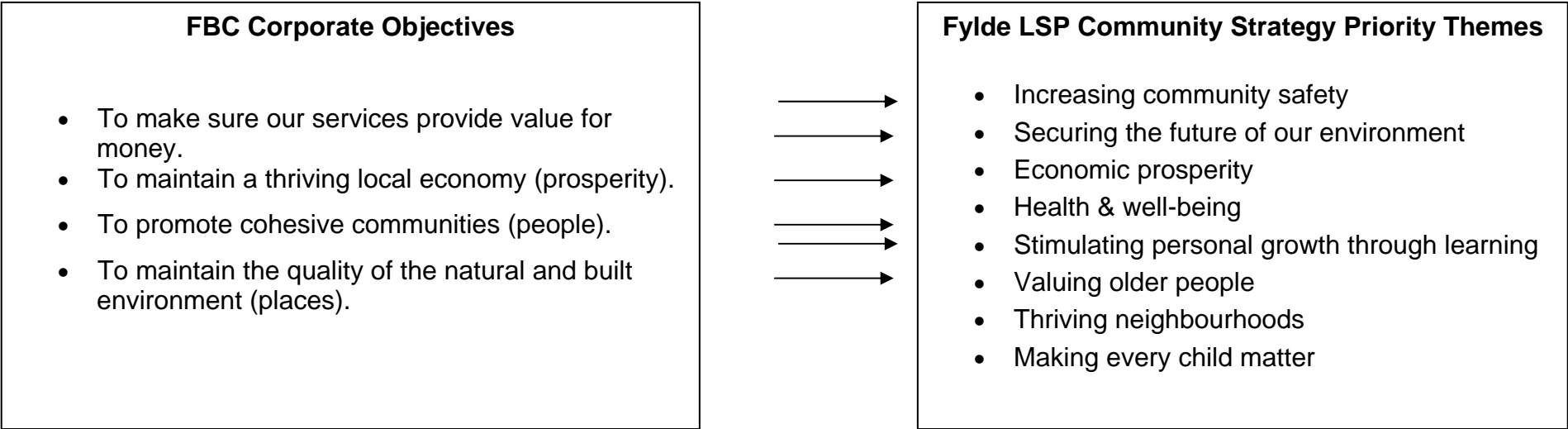
3.4 In formulating this Strategy the Cabinet has ensured that, within the resources available, it has taken account of:-

- National priorities for public service investment and delivery;
- Government efficiency targets and the priority given to deficit reduction;
- Corporate priorities that reflect local circumstances and are in tune with the priorities of partner organisations, including Health, Police, local businesses, voluntary and community organisations; and,
- Public consultation and feed back that has taken place.

Section 4 VISION FOR THE BOROUGH

- 4.1 The Council undertook a fundamental review of its vision and objectives during 2009 following a public consultation exercise. In 2010 this was revisited in light of the national emergency budget, the Comprehensive Spending Review and the expressed need for ‘public spending deficit reduction’.
- 4.2 In light of these circumstances the Council has resolved to maintain its current Vision, which is “*to work with partners to maintain a welcoming place with energetic, high-skilled, healthy people in flourishing communities*”. This is a reflection of the Fylde Sustainable Community Strategy in support of our partner organisations also delivering public services in the local community. This has influenced the 2011 revision of the Council’s Corporate Plan, which carries forward the vision and objectives from 2009/10 and defines the key priority projects for 2011/12 based on a realistic projection of the financial resources available to the Council.
- 4.3 In turn the Council’s Corporate Plan shows how our priorities contribute to Fylde Vision (the Fylde Local Strategic Partnership), set out in the Sustainable Community Strategy. The emphasis of the Corporate Plan from 2011 will be the theme of ‘value for money’ – overarching the three operational priorities relating to people, places and prosperity.

Fig 1. Alignments of the Corporate Plan to Fylde Local Strategic Partnership Community Strategy



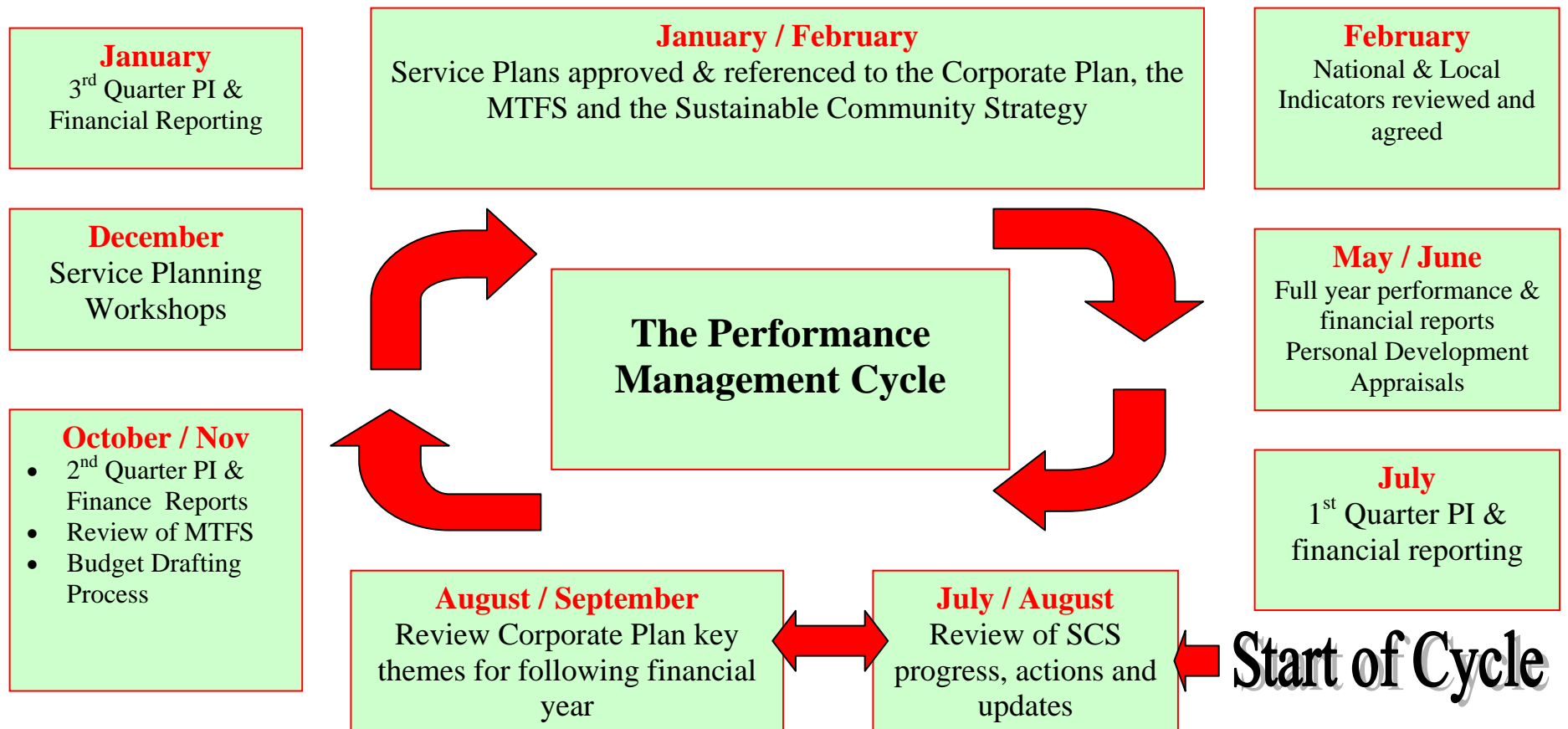
Consultation and Evidence base

- 4.4 Both the SCS and the Corporate Plan have been developed following analysis of information we have available about Fylde communities including economic, demographic and other statistical data. They also take account of information from surveys and consultations undertaken with the public on borough-wide and specific issues during the last two years. We continue to update and refine the information we gather in partnership with others. The Council is the lead agency for the Fylde LSP's Peoples Panel; a body of over 1,100 residents who have agreed to take part in surveys during the year. We continue to develop our consultation initiatives to maintain a dialogue with communities and better understand their needs.
- 4.5 During December 2010 and January 2011 the Council undertook a public consultation exercise via its community newspaper – *Fylde Matters* - and via its website and other social media including twitter and facebook. Although the level of response does not generate any statistically significant results it is an important qualitative method of engaging with the community on service priorities and potential budget savings. A summary of the feedback from this consultation was included at Appendix H in the Medium Term Financial Strategy report presented to Cabinet on 16th February 2011.
- 4.6 The Cabinet has also held two consultation events for NNDR payers and has considered feedback from these events as the proposals in this forecast have been developed.

Section 5 STRATEGIC PLANNING

5.1 The Council has an adopted corporate planning and performance management framework with a rolling three year timeframe, which reflects an annual cycle to ensure that we refresh the Council's important plans and strategies on a routine basis (see Fig. 2). These plans have been developed following consultation with staff and councillors, our partners in other public services, the community and voluntary sector, the local business community and local residents.

Fig. 2 – The Strategic Planning Cycle



- 5.2 On an annual basis we review our progress against our longer term plans and regularly review the MTFS. This year we recognise that, despite robust action taken during the last two financial years to ensure we have a stable and sustainable financial position, it is now clear that reducing the resources available to the public sector means that the Council needs to continue its drive for further economies and efficiencies. Against this backdrop, our progress towards the achievement of our planned priority improvements is likely to be delayed. The Council's Corporate Action Plan for 2011/12 onwards will be finally defined after the confirmation of budget allocations from the Council budget meeting on 2nd March.

Links to other Enabling Strategies

- 5.3 The Medium Term Financial Strategy is one of the Council's enabling strategies. These strategies are aimed at improving our transparency and accountability and ultimately the way we deliver services and functions. Each one of these enabling strategies is reviewed annually within the planning cycle. Taken together these plans drive innovation and efficiency in the Council to help us continue to improve services. The other enabling strategies are:
- Procurement;
 - ICT;
 - Asset Management & Capital Strategy ;
 - Communication and Consultation Strategy, and
 - People and Workforce Development Strategy.
- 5.4 In the MTFS we have taken account of the resources the Council requires to deliver these plans and strategies. Where resources are limited our overall objectives will be the same but the pace of achievement will be adjusted. This factor will become more significant as reductions in public sector spending take effect.

External funding

- 5.5 The borough has benefited from a number of investment streams from external funds e.g. Heritage Lottery Grants, Lancashire and Blackpool Tourist Board, Lancashire County Developments Ltd and the North West Development Agency.
- 5.6 The Council has now developed expertise in bidding, managing and delivering externally funded projects. Progress against some of our corporate priorities is reliant on the continuing availability of such funding. However, the abolition of RDA's and the future restrictions on capital funding will now compromise our ability to deliver such community infrastructure improvements. This is likely to have a downward impact on the Council's future capital programmes.

Section 6 - DEVELOPING THE MTFS

- 6.1 Over the last two years we have developed the MTFS to ensure it is in line with and facilitates the delivery of what the Council is trying to achieve. The MTFS is a rolling strategy which is able to take account of immediate in-year challenges but also looks beyond that and aligns to our corporate planning cycle. It is built upon our strategic planning framework. We have made improvements to the format of the document to demonstrate the links between the MTFS and our other key strategic planning activities.
- 6.2 The Council's service planning and performance management framework is designed to ensure the continuous drive for improvement and ensure Value for Money is achieved. A performance matrix is being devised during 2011 to correlate service costs and performance through a VFM comparator tool. This work will help to inform future decisions on how and what we deliver in house or commission from other sources
- 6.3 The Council overall is a low spending council when compared to the Audit Commission family group. We have analysed the Audit Commission family groups which show that the Council perform well in almost all service categories. Some of this is reflected in our Annual Report.
- 6.4 In formulating this MTFS we have taken account of the Emergency Budget announcements in June 2010 which identified that there would be a significant reduction in future public expenditure and that local government would be expected to share in that reduction.
- 6.5 It was recognised that spending reductions of the scale anticipated would require a fundamental review of purpose and service delivery. Cabinet members were engaged in this process from the outset. A forecast based on the announcement in the Emergency Budget was used as a working model for Cabinet members. Budget workshops were held between Cabinet and Management Team to begin to formulate a budget and HR advice was provided on staffing implications that could arise from budget savings that might be proposed.
- 6.6 Running parallel to this, officers of the Council began an exercise to establish the "Must Do", "Should Do" & "Could Do" of service provision across the Council. This exercise was to ensure that the fullest information was available to Cabinet members.
- 6.7 The Cabinet invited input from the Community Focus Scrutiny Committee on assisting with budget proposals. They were briefed on services by Directors and Heads of Service who have formulated a number of budget proposals for Cabinet to consider.

- 6.8 The Council has now received the final grant settlement. This shows a 5.69% reduction in 'spending power' in 2011/12 and 6% reduction in 2012/13 the detail of which is analysed later in this report. Cabinet has proposed reductions in expenditure to achieve a balanced budget over the next three year period. Savings of £465k are still to be identified in 2014/15.

Achieving the reductions

- 6.9 The Council is primarily a service provider and employee costs are one of its greatest expenses. There are no planned salary increases in year. For our most senior staff this represents the third year of a nil increase. In future years, provision has been for only marginal increases well below the current level of inflation for all employees.
- 6.10 The Revenue Budget forecast makes some provision for redundancy payments with actual costs expected in 2010/11 of £15k and estimated costs in future years of up to £80k per annum.
- 6.11 A process of engagement with employees and Trades Unions is in place. Routine Trade union consultation occurs on a bi-monthly basis and is more regular and specific with any staff that may be potentially at greater risk of redundancy. The Chief Executive provides regular staff updates on the budget situation through an internal staff newsletter. In addition, there has been several large staff briefings open to all staff groups.
- 6.12 Support and advice for employees who may be at risk of redundancy is in place.

Section 7 CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

- 7.1 The Council owns a number of operational properties and assets and has developed a Capital Strategy and Asset Management Plan. Operational properties include office accommodation, depots, yards and venues such as the Town Hall and other offices, the Crematorium, Open Space Facilities, various car parks. The Council has a five-year rolling programme of maintenance for its assets which is factored in to the Medium Term Financial Strategy.
- 7.2 We have a minimal investment property portfolio managed to generate income to support our revenue budget and maximise any opportunities for regeneration. This situation is kept under review in order that income can be maximised and timely decisions can be made on the disposal of poor performing assets.
- 7.3 We have an Asset Management Plan and have undertaken stock condition surveys to establish the rolling programme of repair and maintenance, which takes account of the need for efficiency and environmental impact.
- 7.4 The Council's access to capital resources is diminishing and increasing pressure on our revenue budget will limit our capacity to borrow. Therefore, we propose to conduct a review to ensure we can match our capital programme to the funds available. In reality this may mean we have to divest ourselves of some assets to ensure we can maintain the remaining estate to the desired standard. A key consideration in this debate is the Council's new accommodation project. Planning permission has been obtained and a marketing exercise of surplus assets is underway to provide the capital funds for the refurbishment.

Section 8 - MTFS IN SUMMARY

8.1 The MTFS sets out the Council's revenue allocations, the programme for capital investment, efficiency targets and forecasts for the period covered by the Strategy. It builds on the robust and sound platform of the previous Strategy. The key influences on this strategy are:

- The reductions in grant as a result of the Government's Comprehensive Spending Review (CSR) announcement;
- The consequent spending reductions and efficiency targets as a result of reduced resources in the medium term;
- The Council is intending to take advantage of the Government's Council Tax Freeze Grant to minimise increases, whilst protecting investment in key service priorities for the people of Fylde;
- Ensuring a "robust" and sustainable budget through the prudent use of reserves and balances and ensuring externally funded projects are facilitated;
- Developing new ways of delivering services using service transformation techniques to achieve higher levels of customer satisfaction, efficiency, value for money, strategic partnerships, service commissioning, and enterprise;
- The need to maintain existing assets to a quality standard.

8.2 The MTFS looks ahead over the coming four years to identify the resources likely to be required by the Council to finance our service priorities and to meet spending pressures. It aims to:

- Ensure the sustainability of the Council's budget;
- Facilitate pro-active strategic management of the budget to ensure service investments and dis-investments flow from the Council's corporate and service planning;
- Be responsive to a changing and uncertain financial climate in which existing funding streams cease and new opportunities arise; and,
- Demonstrate clearly to stakeholders both internal and external what the Council's plans are for the use of its resources.

The need for a longer term view of the Council's financial position has always been important but as the financial climate tightens this is increasingly so.

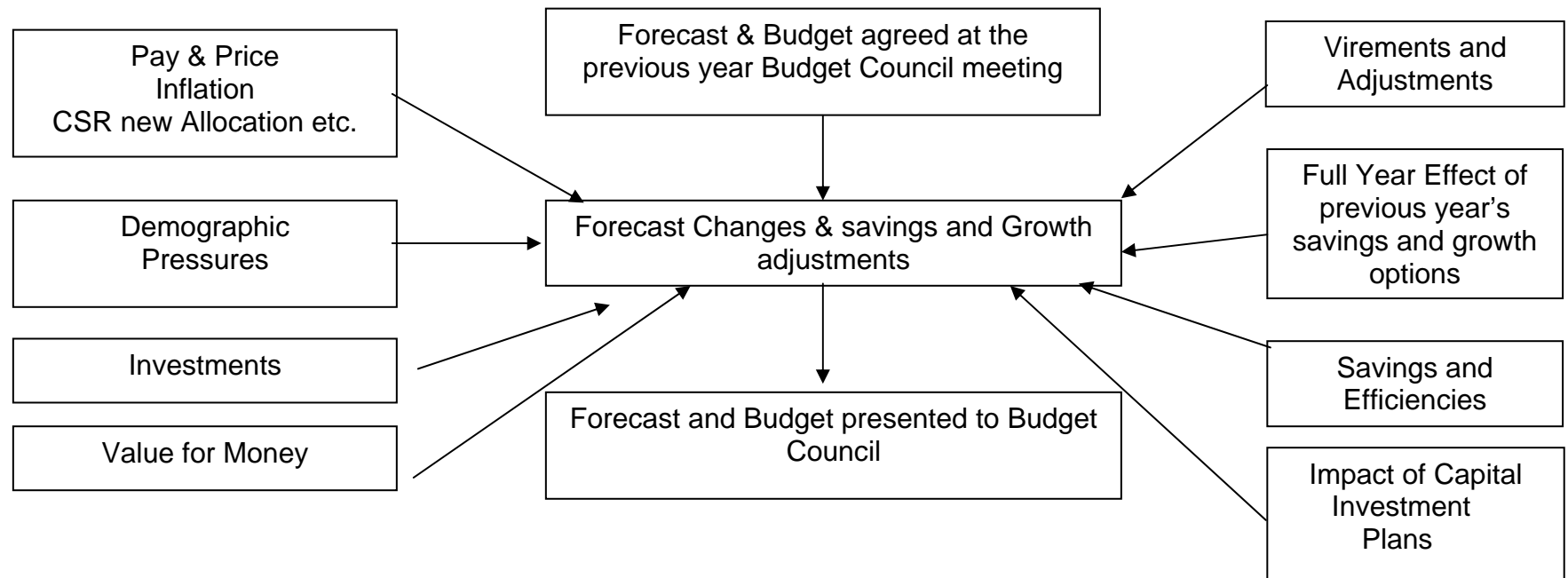
8.3 The MTFS and forecast are supported by a number of monitoring procedures. These are as follows:

- General Fund Quarterly Budget Monitoring;
- Capital Programme Quarterly Monitoring;
- Treasury Management Quarterly Monitoring together with specialist external advice; and,
- Annual Outturn reports for Capital, General Fund and Treasury Management.

Section 9 DEVELOPING THE BUDGET FORECAST

- 9.1 The starting point is the forecast which was agreed by Council at its last Annual Budget setting meeting. The forecast is reviewed in the light of the previous year's outturn information. Changes based on latest information such as the Government's Comprehensive Spending Review 2011 are incorporated. Original assumptions are reviewed, new spending pressures are assessed and evaluated and any in-year budget decisions are taken into account. The need for spending and savings is assessed in the light of available resources. The process followed is set out in the following diagram (Fig.3):

Fig. 3 The Council's Budget Process



Throughout the process, all risks are analysed, assessed and reported as necessary and appropriate.

Section 10 BACKGROUND TO THE FORECAST

10.1 In order to 'scene set' the current financial position of the Council is summarised as follows:

(i) Original Budget 2010/11

At the Council meeting on the 1st March 2010 the MTFS and budget was agreed. It included an average increase in Council Tax of 4.99% and a total net budget requirement of £11.449m for 2010/11. Future reserve balances at that time were forecast at the end of 2012/13 to be £2.175m. In agreeing the Original Budget for 2010/11 a number of key high level financial risks and assumptions were highlighted at that time.

(ii) General Fund – Outturn Position 2009/10

The outturn position for 2009/10 reported in-year efficiencies of £521k. In light of financial uncertainties and risks facing the Council, as reported in previous MTFS reports, it was felt prudent that this fund be set aside in a Comprehensive Spending Review (CSR) earmarked Reserve.

(iii) Capital Outturn

The Capital Outturn for 2009/10 was a net under spend in year of £41k after taking £482k slippage into account. As a result surplus resources in the Programme were marginally increased.

(iv) General Fund (GF) Quarterly Budget Monitoring 2010/11

The third quarterly GF monitoring report to the end of December 2010 presented to the Portfolio Holder (Finance & Resources) in February 2010 identified a number of changes, which have already been included in this latest forecast, e.g. In Year under spends on staffing costs and other expenditure and in year utility savings.

Section 11 THE GENERAL FUND REVENUE FORECAST & NEW FORECAST CHANGES

- 11.1 Appendix A sets out the Original Base Budget forecast for 2010/11 which was approved in March 2010. In rolling forward the forecast a number of revised risks, assumptions and unavoidable changes have been made which are set out in Appendix B. Detailed explanations of the changes are set out in Appendix C.

Section 12 SAVINGS PROPOSALS

12.1 As a result of the Council's significantly reduced grant allocation, significant budget savings need to be identified. In identifying the savings now proposed (detailed in Appendix E), the Cabinet, has considered the following criteria:-

- The impact on the Council's Corporate priorities;
- The impact on front line service provision to residents;
- The sustainability of proposed savings;
- Value for Money and efficiency implications; and,
- The potential for further reductions in back office costs, in particular, to be achieved via a mix of more shared services, partnering and management review

12.2 The proposals have been the subject of an equality impact assessment. Any reduction in Council expenditure that leads to a reduction in services will inevitably have an impact on the wider community served. In carrying out a high level equality impact assessment on savings options it is necessary to look at two specific issues:

- The effect on people within all the equality strands in relation to the wider community; and,
- If and how one group is disproportionately disadvantaged by the cuts in relation to other groups.

Overall, it is judged that, while there would be some negative impact on all equality strands, mainly due to the proposed cut in grants, there would be little disproportionately negative effect on any single equality strand. However, it will be necessary to continue to monitor this via the Council's own equality impact assessment process.

12.3 The Cabinet has consulted with the general public and local business rate payers on spending reduction scenarios. In addition, input and recommendations from the Community Focus Scrutiny Committee have been made to and considered by Cabinet.

Section 13 RESERVES AND BALANCES PROVISION

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

- To maintain 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 fund balances'; and,
- A contingency to cushion the impact of unexpected events or emergencies.

13.2 The Council's total General Fund Reserve at 31st March 2010 was £1.5m

13.3 An updated Reserves and Balances Policy is appended at Appendix G and approval of this updated policy is sought as part of this report. In line with the policy the current level of Balance Sheet provisions and earmarked reserves have been reviewed. In total earmarked reserves of £753k are proposed to be made available for release, over the life of this forecast.

The following earmarked reserves will be released into the forecast over its life:-

| | £000 |
|-------------------------------|------------|
| Comprehensive Spending Review | 520 |
| Concessionary Fares (part) | 130 |
| Parks & Open Spaces | 39 |
| Business Improvement Grant | 34 |
| Economic Promotion & Recovery | <u>30</u> |
| | <u>753</u> |

Appendix E sets out Cabinet's additional release of reserves

Appendix D summarises the phased release of these reserves over the life of this forecast.

On this basis of the settlement of a legal challenge with all bus operators except Stagecoach, the part release (£130k) of the concessionary fares earmarked reserve (established as part of the outturn for 2009/10) has been made and is included in this budget forecast.

Section 14 COMPREHENSIVE SPENDING REVIEW (CSR)

- 14.1 December 2010 saw the announcement of the Government's Provisional financial settlement for local government and the final announcement has now been made. Extensive representations were made by the Council, other Local Authorities and organisations such as the Local Government Association (LGA) in relation to the severity of the settlement & its impact on services. On the basis of this final announcement government grant has been included in the forecast as follows:

| | 2010/11 £000 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Formula Grant and NNDR | 5,859 | 4,359 | 3,756 | 3,474 | 3,213 |
| Year on year reduction | - | 25% | 14% | 7.5% | 7.5% |

- 14.2 The impact of this announcement is a reduction of approximately £8.6m of government grant over the life of the forecast.

- 14.3 The reasons for the reduction in overall grant are:-

- i) As part of the settlement, adjustments have been made to transfer the Concessionary Fares function to upper tier authorities. All funding for Concessionary Fares (including funding for Community Transport schemes) has been removed from District Councils and transferred to County Councils.

The Council has made representations to the Government that the adjustments made are neither equitable nor transparent.

- 14.4 As part of the announcement the Government has given notice that it intends to review the methodology for the funding of local government during the next two years. Therefore, no commitment has been given as to allocations beyond 2012/13. The Council has made preliminary representations regarding the announcement of this review and will make a full submission on any detailed proposal. At this stage it is too early to say how future levels of Government funding will be

changed. For forecasting purposes a further 7.5% per annum Government grant reduction has been assumed in 2013/14 and 2014/15.

Section 15 COLLECTION FUND

- 15.1 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 accumulated deficit balance on the Collection Fund as at 31st March 2010 was £275k. This deficit will be shared in accordance with regulations and will form part of the 2011/12 Council Tax calculation. The Borough Council's share of the deficit is £35k. Appropriate adjustments will be made in 2011/12 to remedy this deficit.

Section 16 KEY AREAS OF FINANCIAL RISK (REVENUE)

- 16.1 In considering this updated forecast Members should be aware that there are still a number of significant risks which are set out below. In addition the current economic circumstances will mean that the changes in this forecast are likely to be more volatile than in previous years.

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

High Risk

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

Medium Risk

A potentially large sum, with medium probability of occurrence and some mitigations available to spread or defer the impact. Forecast change will be required.

Low Risk

A large sum with low probability of occurrence and potential for mitigation. Impact should be capable of being dealt with without major forecast changes.

i) Concessionary Fares

A settlement of the legal challenge with Stagecoach has still not been achieved. If the operator accepts the Lancashire Leaders final offer the reserve could be released into the forecast. However, it is possible that if the case goes before a tribunal the cost to the Council could be higher than the reserve. At this stage, until a final settlement is reached no adjustment has been made to the forecast.

This is a low level risk.

ii) Pension Review

The Triennial review of the pension fund took place during 2010/11 and the results will be implemented from 1/4/11. The review has increased staffing costs by 1.4% per annum over the next three years. Consequently, the short term risk has diminished but, in the long term, pension fund costs continue to be a significant risk. The Hutton Review will report during the summer 2011 regarding the future of public sector pensions and the impact of the recommendations 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**.

iii) Pay Inflation

No pay award has been agreed for 2010/11. No provision has been made for any pay award for the next two years.

This is a low level risk.

iv) Fuel and Energy Costs

Changes in fuel costs have been reflected in the forecast. However, the volatility in the price of crude oil in the world market makes this an area of ongoing risk in the forecast.

The Council procures energy annually through arrangements with the Office of Government Commerce (OGC). Under this arrangement energy purchases are made at advantageous rates. A detailed project has been undertaken during 2010 to confirm current utility liabilities which will result in recurring savings in future years and a one-off refund of overpayments in the current year.

This is a medium level risk.

v) Waste Management Contract

The current contractual arrangements with Wyre Borough Council for the delivery of waste management services will end in March 2012. Although Fylde Borough Council has expressed an interest in bidding for the work from 2012 (which will exclude amenity cleansing) the outcome of the tendering exercise clearly remains uncertain at this point in time.

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 if the bid is not successful and the forecast has been prepared on a prudent basis i.e. contract end date of March 2012. The potential financial risks were set in the September 2010 report to Cabinet. Whilst some of the financial risks will be mitigated via a TUPE transfer of staff to any new service provider there is still a high level of uncertainty to the future of this contract.

This is a medium level risk.

vi) 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 teams 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.

vii) Government Grant Support

As part of the Comprehensive Spending Review (CSR) announcement the Government committed to only two years on the basis that the local government funding system would be reviewed. For the purposes of the forecast and based on the correspondence from DCLG we have assumed a 7.5% annual reduction from the 2012/13 grant settlement figure. However, given that the Government is committed to reducing public expenditure, it would be unrealistic to rule out greater reductions.

This is a high level risk.

viii) Income Streams

Income streams in general remain under pressure as the recession continues. Notable examples are planning applications and building control income. The Council has already increased its general levels of fees & charges and has implemented the additional 2.5% VAT where appropriate.

This is a medium level risk.

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

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 that 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 with full payment of agreed claims can be achieved. This is dependant upon a positive legal ruling over policy cover, which if not achieved 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

x) 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 with New Fylde Housing, initially agreed for a term of three years which has now expired and which is currently renewed on an annual basis. The future of this contract may be uncertain 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 this or other external contract will have a financial and operational impact on the Council.

This is a low level risk.

xi) Changes in Council Tax Capping Regulations

The forecast does not include any Council Tax rise in 2011/12. A 2.5% increase has been included from 2012/13 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 wishing to set an increase above a ceiling defined by the Secretary of State and approved by the House of Commons will trigger a referendum in the area. The Government believe this will make local authorities more transparent and more accountable to local people. If Councils want to increase council tax by an “excessive” amount they will have to prove the case to the 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 medium level risk.

xii) Housing & Council Tax Benefit Subsidy Administration Grant

The Council has had only a one-year confirmation of this grant, which is £455k for 2011/12. The Government has stated that the grant position for 2012/13 will not be available until autumn 2011. For forecasting purposes the grant has therefore been retained in the Council’s base budget for future years until details of changes to the benefit system are known.

This is a medium risk to the Council.

xiii) Payroll Efficiencies

The payroll efficiencies built into the forecast require consultation and negotiation with the workforce of the Council and with potential shared-service partners. This is a highly complex area given the socio-economic and legislative background. Given the size of the savings required this is seen as an area of high risk.

This is a high level risk.

xiv) New Homes Bonus

As part of the Comprehensive Spending Review the Government announced its intention to create a New Homes Bonus payment to local authorities based on the level of new residential development within their areas. Indications are that this will be paid at a level equivalent to the annual Council Tax rating of each approved dwelling and will be paid for a period of six years. Further indications are that the payment in two-tier local Government areas will be split in a ratio of 80:20 between district and County Councils.

The forecast includes an assumption, based on latest planning information, trends and consultation information, that the Council will receive this new income stream from 2011/12. The outcome of the consultation will not be known until the end of March after the Council sets its Budget for 2011/12. There is uncertainty that the final outcome of the model will be consistent with that consulted upon. Some academics have suggested that the payments may be subject to a national cap hence the forecast has been capped from 2013.

This is a high level risk.

xv) Planning Appeals

An average provision is made for these in the base budget on the basis of the best estimates of recent appeal costs. 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.

xvi) Redundancy Provision

Because of the potential uncertainty in future budgets and the assumptions built into the forecast relating to management reviews, shared service arrangements and the possible loss of the Wyre Waste Contract, it is prudent to include a contingency in the forecast to cater for any potential redundancy costs that may arise.

This is a medium level risk.

Section 17 CONCLUSIONS – GENERAL FUND REVENUE FORECAST

- 17.1 Local government is facing a turbulent future. The Council anticipated a significant reduction in revenue funding from the Government and has been able to make some preparations for this. However, the scale of the reduction, together with the late announcement of the provisional settlement, have all exacerbated the difficulties in preparing the Council's Strategy over the medium term.
- 17.2 In recent years the Council has maintained, with some difficulty, a minimum level of balances. As a consequence of this experience the Council's policy on the minimum level of balances was revised in 2009 resulting in a policy to maintain a minimum balance position of £750k. In only holding a minimum level of balances the consequence is that any pressures on budgeted resources present significant challenges to the Council in the short to medium term. Any change in resources will almost certainly necessitate immediate expenditure reductions which usually result in additional one off unplanned costs e.g. redundancies.
- 17.3 A positive change is that the number of the high risk concerns of the last Strategy, such as the pension review and concessionary fares have abated in the medium to short term.
- 17.4 An ongoing concern is that the latter years of the forecast base expenditure reduces from £10.5m to £10.0m whilst income from Council Tax and Government Grant reduces from £10m to £9.9m, leaving an average resource gap of £500k per annum, which will need to be addressed in the short to medium term.
- 17.5 The savings proposed by the Cabinet ensure the Council has a balanced budget for the next three financial years. However the basis of the current forecast still requires further ongoing savings of £465k to be identified in 2014/15. Work will need to continue during 2011/12 to identify these savings in future years.

Section 18 THE CAPITAL PROGRAMME

- 18.1 Capital Expenditure is defined as expenditure on the acquisition of a fixed asset and/or expenditure which adds value (not merely maintains) to the value of an existing fixed asset. Examples of fixed assets are; land, building, plant and vehicles. Capital expenditure also includes the making of an advance, grant or other finance assistance towards expenditure which would, if incurred by the Council, be classed as capital expenditure.
- 18.2 The Capital Programme for the years 2010/11 to 2014/15 is updated continually for agreed changes and reported to the Portfolio Holder (Finance & Resources) during the financial year on a quarterly basis.
- 18.3 The latest updated Capital Programme is shown at Appendix F. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is relative certainty that they will be received.
- 18.4 In proposing the Capital Programme changes in relation to cost increases in respect of vehicle fleet modernisation and lease rationalisation have been incorporated.
- 18.5 Financing the Capital Programme
- Having determined its priorities, the Council finances the Capital Programme from a variety of sources. These include:-
- (i) Capital Grant Allocation;
 - (ii) Disabled Facilities Grants;
 - (iii) Capital Receipts;
 - (iv) External Funding;
 - (v) Prudential Borrowing / Leasing; and,
 - (vi) Revenue Funding.
- 18.6 Members should note the current balanced position on the Capital Programme.
- 18.7 The Revenue Budget includes provision for total borrowing repayments based on the borrowing requirement shown in the Capital Programme.
- 18.8 Given the current financial uncertainty and challenges, including interest rate volatility, it may be necessary to change the financing of the programme to ensure that it is financed in the most cost effective manner. Members are reminded

that delegations already exist for the Section 151 Officer to determine the most effective way of financing the programme.

- 18.9 In constructing the Capital Programme a capital receipt is expected from the disposal of the Clifton (Lytham) Housing Association Ltd during 2011. However, the date of contract exchange has not been determined and no assumptions are therefore made in the forecast on this matter.

Section 19 KEY AREAS OF FINANCIAL RISK (CAPITAL)

19.1 There are a number of financial risk areas on the Capital Programme for Members to be aware of:

(i) External Grant Funded Schemes

The new government's in-year reductions of certain capital grant funds create a risk to some current schemes which could require further borrowing. This would have a resultant impact on the Council's Revenue Budget in the form of debt repayment costs which may subsequently lead to a review of the financial viability and continuation of the scheme.

This is a low level risk.

(ii) 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.

(iii) Capital Grants - Housing

The amount of Capital Grant allocation for housing renewal and Disabled Facilities Grant will always depend on future government decisions. The grant settlements from 2011/12 to 2014/15 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 Housing Capital Grant allocation has been reduced to nil from 2011/12 onwards based on the indications contained in the Comprehensive Spending Review announcement.

This is a medium level risk.

(iv) VAT Partial Exemption

The Council currently benefits from its partial exemption in respect of the “exempt” VAT relief. New exemption calculations are required to be undertaken each year. If the Council exceeds its limit it will lose the ability to reclaim VAT on all “exempt” expenditure (both in respect of revenues and capital expenditure).

Should a Local Authority exceed the 5% limit, all of the VAT incurred in the provision of exempt supplies becomes irrecoverable i.e. not only the VAT in excess of the 5% limit. For Fylde Borough Council the value of this potentially irrecoverable VAT is approximately £76k which would be a revenue cost.

This is a high level risk

(v) Capital Investment - St. Annes Pool

As part of the arrangement with the YMCA, the Council undertook to guarantee certain Capital expenditure in the event of a major works, repair or breakdown. The Council approved a capital estimate of £153k to cover 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

Section 20 CONCLUSIONS – CAPITAL PROGRAMME

- 20.1 The current Capital Programme as updated is fully funded. Due to the financial position currently faced by the Council, capital financing needs to continue to be closely monitored to ensure that adequate funding is available and to ensure that the cost of this is kept within the current revenue budget provision where the expenditure is not funded by external financing or capital receipts.

The Council is the sole shareholder in Clifton (Lytham) Housing Association Ltd, the Board of which is currently negotiating the disposal of this asset. This is not reflected in this Capital Forecast.

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.

It is good practice to maintain a surplus in capital resource to mitigate the risks to the programme.

Section 21 TREASURY MANAGEMENT STRATEGY (INCLUDING PRUDENTIAL INDICATORS)

- 21.1 The objective of the Prudential Code for Capital Finance in Local Authorities (the Code) is to provide a framework to ensure that the Council's Capital and Revenue Budget Plans are affordable, prudent and sustainable.
- 21.2 The Prudential Code requires the Council to approve, revise and monitor a number of mandatory Prudential Indicators covering the forthcoming three years. These are detailed in Appendix G.
- 21.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management requires the Council to review and approve a Treasury Management Strategy. This strategy covers the operation of the treasury function, its expected activities for the forthcoming year and also includes a number of Prudential Indicators. This Strategy is set out in Appendix H.
- 21.4 The Prudential Indicators follow the reporting mechanism as proposed by our Treasury Consultants (Sector). This reporting format also complies with the requirements of CIPFA.

Section 22 TREASURY MANAGEMENT RISKS

22.1 There are a number of potential areas of significant risk associated with Treasury Management activities.

The main risks to the Medium Term Financial Strategy as a result of Treasury Management activity are:

- (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.

Section 23 OVERALL CONCLUSIONS

- 23.1 Pressures which lie outside the Council's control are being experienced by all local authorities, largely as a result of the CSR announcement but also as a result of the economic climate.
- 23.2 The transfer of concessionary fare costs has removed a major cost burden, risk and uncertainty from the Council.
- 23.3 The current economic situation continues to bring with it a great deal of uncertainty. Inflation and interest rate volatility and pressure on income budgets as consumer spending reduces all have an impact.
- 23.4 Some sources of external funding have ended and some limited opportunities have arisen. Competition for these resources is greater in view of the overall reductions in resource availability. The Council cannot therefore rely on additional external funding sources for projects and enhanced levels of service.
- 23.5 The Council's priorities for improvement remain. Members regularly monitor the Council's current Strategy addressing emerging budget pressures to ensure a sustainable position in the medium term.
- 23.6 Overall the Council is forecasting to hold available reserves at the minimum recommended. If the current assumptions regarding resources remain, the Council will need to identify further significant savings for 2014/15. In addition there is also a level of risk within the MTFS regarding some of the assumptions made, particularly Government grant from 2013/14 onwards. Should one or more of the significant identified risks materialise remedial action will be required - see Section 16 of this report.

Section 24 OPINION OF THE SECTION 151 OFFICER

24.1 As the Council's Section 151 Officer under the Local Government Act 2003 I am required to comment on the "robustness" of the Council's financial position.

- I have considered the major items of expenditure and income and their sensitivity to change, together with the savings and growth proposals and the impact on the Council's future forecasts and level of reserves;
- It is my opinion that the estimates have been prepared and reviewed utilising the most up to date and accurate information available;
- I can confirm the recommendations contained in this report provide the Council with a robust financial position for the first three years of the forecast on the basis of the assumptions set out in this report. I am of the view that the Council has the processes and procedures in place to:
 - continue to develop further savings proposals to balance the final year of the current forecast; and,
 - monitor the Strategy and its risks in order to take effective remedial action should the need arise.
- In forming this view on the Council's financial position I would remind Members of the risks outlined in Section 16 of the report and, in particular, the scale of the income / savings assumed from new homes bonus (based on consultation information etc.) and the payroll efficiencies budget proposals. I have highlighted the current uncertainties surrounding both of these assumptions and I shall monitor these items closely and advise Members accordingly over the coming months
- In making any final recommendations both Cabinet and Council must carefully consider and monitor the risks set out in Section 16 of this report.

Forecast approved at Council 1st March 2010

General Fund Budget Forecast Position 2010/11 to 2012/13, +2yrs

| | 2010/11 £000 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Adv (A)/ Fav (F) |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Base Budget | 11,003 | 10,499 | 10,761 | 10,761 | 10,761 | |
| Unavoidable changes | 361 | 608 | 132 | 132 | 132 | (A) |
| Savings | - 71 | - 46 | - 46 | - 46 | - 46 | (F) |
| Growth Options | 156 | 215 | 215 | 215 | 215 | (A) |
| | 11,449 | 11,276 | 11,062 | 11,062 | 11,062 | |
| Financed by: | | | | | | |
| Government Grant | 5,859 | 5,859 | 5,859 | 5,859 | 5,859 | |
| Council Tax (incl annual Tax Base Increases & Collection Fund Deficit) | 5,507 | 5,764 | 5,952 | 6,147 | 6,348 | |
| | 11,366 | 11,623 | 11,811 | 12,006 | 12,207 | |
| Call on Reserves | 83 | - 347 | - 749 | - 944 | - 1,145 | |
| General Fund Reserves | | | | | | |
| Balance of General Fund Reserves b/f | 1,162 | 1,079 | 1,426 | 2,175 | 3,118 | |
| Less transfer to/from(-) reserves in year | - 83 | 347 | 749 | 944 | 1,145 | |
| Forecast Reserves at Year End | 1,079 | 1,426 | 2,175 | 3,118 | 4,263 | |
| Band D Council Tax (Excl Parish Precepts) | £186.29 | £190.95 | £195.72 | £200.61 | £205.63 | |
| Council Tax Increase | 4.99% | 2.50% | 2.50% | 2.50% | 2.50% | |

Schedule of Unavoidable Forecast Changes

Additional Forecast Impact

| | 10/11 £000 | 11/12 £000 | 12/13 £000 | 13/14 £000 | 14/15 £000 | ADVERSE / FAVOURABLE |
|--|---------------|---------------|---------------|---------------|---------------|-------------------------|
| 1 SLIPPAGE: | | | | | | |
| Slippage from 2009/10 - approved at Cabinet 28th June 2010 | 339 | 0 | 0 | 0 | 0 | ADVERSE |
| Less slippage items subsequently removed from the budget: | | | | | | |
| - Payroll | -2 | 0 | 0 | 0 | 0 | FAVOURABLE |
| - Coast Protection | -50 | 0 | 0 | 0 | 0 | FAVOURABLE |
| - St Annes Sq Maintenance | -10 | 0 | 0 | 0 | 0 | FAVOURABLE |
| - Homelessness | -13 | 0 | 0 | 0 | 0 | FAVOURABLE |
| 2 Unfunded budget increases approved by Council since 1st March 2010: | | | | | | |
| - Cost of Planning Appeal approved at Council on 27th September 2010 | 75 | 0 | 0 | 0 | 0 | ADVERSE |
| 3 STAFFING COSTS: | | | | | | |
| Impact of revised assumptions re pay awards | -102 | -229 | -274 | -231 | -144 | FAVOURABLE |
| Additional staff vacancy saving from "Gatekeeping" of all new recruitment | -320 | 0 | 0 | 0 | 0 | FAVOURABLE |
| Impact of pensions triennial review - employers contributions | 0 | 28 | 56 | 147 | 210 | ADVERSE |
| 4 CONCESSIONARY FARES: | | | | | | |
| Impact of reversal of previous assumptions, transfer of responsibility to LCC, and outturn for 10/11 | -220 | -394 | -394 | -394 | -394 | FAVOURABLE |
| 5 WASTE CONTRACT: | | | | | | |
| Removal of assumed profit (post contract) | 0 | 0 | 455 | 455 | 455 | ADVERSE |
| Estimated exit and restructuring costs | 73 | 543 | 250 | 150 | 50 | ADVERSE |
| Waste Contract - additional income | -91 | -44 | 0 | 0 | 0 | FAVOURABLE |
| Waste Contract - cost of bidding for new contract | 15 | 15 | 0 | 0 | 0 | ADVERSE |
| INCOME STREAMS: | | | | | | |
| 6 Waste Management - additional LCC cost sharing income | -40 | 0 | 0 | 0 | 0 | FAVOURABLE |
| 7 Land Charges fees - inability to charge for personal searches | 35 | 35 | 35 | 35 | 35 | ADVERSE |
| 8 Land Charges fees - inability to charge fee income | 0 | 47 | 47 | 47 | 47 | ADVERSE |
| 9 Planning Application Fees - projected reduction in income due to economic conditions | 20 | 120 | 170 | 70 | 70 | ADVERSE |
| 10 Building Control Fees - projected reduction in income due to economic conditions | 90 | 50 | 50 | 50 | 50 | ADVERSE |
| 11 Off Street Car Parking Enforcement - projected reduction in income due to economic conditions | 8 | 8 | 8 | 8 | 8 | ADVERSE |
| 12 Games Sites Fees - projected reduction in income due to economic conditions | 40 | 29 | 29 | 29 | 29 | ADVERSE |
| 13 Sand extraction - projected reduction in income due to economic conditions | 0 | 20 | 20 | 10 | 10 | ADVERSE |
| 14 Impact of changes to other Fees and Charges (Report to Council Nov 2010) | -13 | -55 | 19 | -2 | -23 | FAVOURABLE |
| 15 Additional rental income from property portfolio, including concessions, new lettings and rent reviews | -62 | -62 | -62 | -62 | -62 | FAVOURABLE |

Appendix B Cont/d

| | 10/11 £000 | 11/12 £000 | 12/13 £000 | 13/14 £000 | 14/15 £000 | ADVERSE / FAVOURABLE |
|--|---------------|---------------|---------------|---------------|---------------|-------------------------|
| 16 Income from proms event 11/12 and beyond | 0 | -10 | -12 | -15 | 0 | FAVOURABLE |
| 17 Disabled Facilities Grant - projected additional fee income | -15 | -15 | -15 | -15 | -15 | FAVOURABLE |
| 18 Pollution Control permitted processes - projected reduction in income | 3 | 3 | 3 | 3 | 3 | ADVERSE |
| 19 Environmental Health Income - projected reduction in income | 5 | 5 | 5 | 5 | 5 | ADVERSE |
| 20 Home Repair Grant Fees - projected reduction in income | 17 | 17 | 17 | 17 | 17 | ADVERSE |
| 21 Revenue impact of cut in capital home repair grant receivable from 2011/12 onwards | 0 | 13 | 13 | 13 | 13 | ADVERSE |
| 22 Additional Housing Benefit Administration Grant | 0 | -25 | 0 | 0 | 0 | FAVOURABLE |
| 23 Additional Housing Benefit Subsidy Income | -14 | 0 | 0 | 0 | 0 | FAVOURABLE |
| 24 Additional Homelessness Grant | 0 | -19 | -19 | 0 | 0 | FAVOURABLE |
| 25 Additional in-year VAT refunds | -71 | 0 | 0 | 0 | 0 | FAVOURABLE |
| 26 Children's trust - income from LCC | -19 | 0 | 0 | 0 | 0 | FAVOURABLE |
| OTHER UNAVOIDABLE FORECAST CHANGES: | | | | | | |
| 27 Impact of Management Team freeze on non-essential expenditure | -172 | -58 | -54 | -54 | -54 | FAVOURABLE |
| 28 Projected utility budget savings | -133 | -77 | -92 | -92 | -92 | FAVOURABLE |
| 29 LGA Subscriptions | 0 | 8 | 8 | 8 | 8 | ADVERSE |
| 30 Recruitment Advertising Budget Reduction | 0 | -7 | -7 | -7 | -7 | FAVOURABLE |
| 31 Forecast saving as a result of rationalisation of depots | 0 | -60 | -60 | -60 | -60 | FAVOURABLE |
| 32 Insurances - inflationary increase lower than originally forecast | -24 | -24 | -24 | -24 | -24 | FAVOURABLE |
| 33 Government Connect - costs from 2011/12 | 0 | 15 | 15 | 15 | 15 | ADVERSE |
| 34 Fuel cost increases | 21 | 49 | 49 | 49 | 49 | ADVERSE |
| 35 Clifton drainage scheme - November Cabinet - revenue salaries chargeable to capital | -10 | -5 | 0 | 0 | 0 | FAVOURABLE |
| 36 Financial ledger system - maintenance costs | 18 | 5 | 5 | 5 | 5 | ADVERSE |
| 37 By-election costs - additional budget requirement | 6 | 6 | 6 | 6 | 6 | ADVERSE |
| 38 Capital Financing costs - borrowing costs and reduced income from investment | 35 | 133 | 130 | 95 | 81 | ADVERSE |
| 39 Revenues and benefits - renegotiated client advice contract | -4 | -4 | -4 | -4 | -4 | FAVOURABLE |
| 40 Revenues and benefits service - savings from replacement IT system | -48 | -26 | -26 | -26 | -26 | FAVOURABLE |
| 41 Reduction in Retirement Benefit costs | -7 | 0 | 0 | 0 | 0 | FAVOURABLE |
| 42 Additional NNDR costs re Public Conveniences | 13 | 13 | 13 | 13 | 13 | ADVERSE |
| 43 Saving in running costs re new elections system - new capital scheme - revenue saving | -8 | -8 | -8 | -8 | -8 | FAVOURABLE |
| 44 Fylde Low Energy Initiative - reduction in grant | 8 | 8 | 8 | 8 | 8 | ADVERSE |
| 45 Lytham Windmill - one-off excess cost re storm damage | 15 | 0 | 0 | 0 | 0 | ADVERSE |
| 46 External Audit Fees - one-off saving in 2010/11 | -14 | 0 | 0 | 0 | 0 | FAVOURABLE |
| Total | -626 | 48 | 360 | 244 | 274 | |

The following notes relate to the specific adjustments made to the Forecast as set out in Appendix B:

1. Slippage from 09/10 into 10/11

Cabinet approved slippage from 2009/10 into 2010/11 totalling £339k as part of the outturn report approved on 28th June 2010. Subsequently as a result of the freeze on non essential spend implemented by Management Team in October 2010, the items listed in appendix B were identified as savings achievable in 2010/11 and the forecast has been adjusted accordingly.

2. Unfunded budget increase

On 27th September 2010 Council approved an unfunded budget increase of £75k in respect of planning appeal costs, and the forecast has been updated accordingly.

3. Staffing Costs

The forecast has been updated to reflect the following changes in respect of staffing costs:

- Estimated pay awards of 0% for 2010/11 and 2011/12, an estimated £250 increase to employees earning less than £21k per annum in 2012/13 in keeping with government comments on public sector pay, 0.5% in 2013/14, and 1% in 2014/15;
- Estimated savings as a result Management Team's gate keeping on all recruitments
- Estimated impact of the Triennial Pension Review

4. Concessionary Fares

The forecast has been adjusted to take account of the impact of the transfer of responsibility for concessionary fares from Fylde Borough Council to LCC from 1st April 2011, the projected underspend against the 2010/11 budget, and the release of a proportion of the concessionary fares reserve set aside to deal with the potential settlement in relation to the ongoing dispute with Stagecoach.

5. Waste Management Contract

The current contractual arrangements with Wyre Borough Council for the delivery of waste management services will come to an end in March 2012. Whilst the Council is actively considering the option of bidding for the new waste contract, the forecast has been updated to reflect the end of the current arrangements, exit and re-structuring costs, the anticipated cost of re-tendering for the new contract, and additional income forecast to be generated until the existing contract ends. Timescales for the re-tendering are:-

- OJEC Notice published December 2010
- Pre Qualification Questionnaire (PQQ) submitted 4th February 2011

▪ Tender documentation issued March/April 2011
The ultimate outcome of the re-tender will not be known until autumn 2011.

6. Waste Management - additional LCC cost sharing income

Additional LCC cost sharing income (contribution to the waste collection costs) due to being able to claim for an additional 2,500 properties that now meet the LCC cost sharing criteria.

7. Land Charges Fees – Personal searches

The Government has ruled that charging for a personal search of the local land charges register is incompatible with the Environmental Information Regulations 2004 and has revoked the £22 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, which is not known at time of writing.

8. Land Charges Income - Inability to charge fee income

Further to the revocation of the ability to charge personal search fee referred to 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

We have put in place access to unrefined data for those customers who do not wish to pay for the refined data in the Councils quality CON29 document. The demand for this service at present is low however, these arrangements may need to be further reviewed should demand increase or we receive further legal challenges. The forecast reflects this change.

9. Planning Application Fee Income

Previous forecasts have assumed economic recovery in 2011/12 and income levels increasing back up to historic levels by 2013/14. However, the economic outlook has changed and income is expected to remain flat until 2013/14 with slow recovery into 2014/15.

10. Building Control Fee Income

On the 1st October 2010 the DCLG introduced a new Local Authority Building Control (LABC) charging regime which required Local Authorities to set fixed charges to achieve full cost recovery and that the user should pay for the actual service that they receive. Local Authorities are also required to review their charges at the end of each financial year for the purpose of achieving the overall objective. When setting the charges for a particular financial year, Local Authorities must take account of surpluses and deficits made in earlier years. They are required to offset these against income received for that year and subsequent years and projected future costs thereby resulting in reduced or increased charges, as appropriate, so that over a

reasonable period income matches costs. The shortfall in income is related to a continued fall in business as part of the economic conditions. Costs have been saved through the reduction in staffing costs allocated to this function.

11. Off-Street Car Parking Enforcement Income

Income forecasts have been reviewed as part of the separation of off street and on street enforcement arrangements from 2009. As a result of current and projected enforcement activity it is necessary to reduce the income projection.

12. Games Sites Income

Game sites income in St Anne's is significantly below target for 2010/11. This is thought most likely to be due to the general economic climate. It is recommended that the target be reduced for 2010/11 from £78k to £38k. The income at 2009/10 outturn was approximately £50k; hence it is recommended that this is used as a guide for the ongoing income target from 2011/12 onwards.

13. Sand Extraction Income

Income projections have been reduced in light of continuing economic factors. Income is expected to remain flat until 2013/14 with slow recovery into 2014/15.

14. Fees and charges - impact of November Council report

The estimated additional income following the approval of the increased fees and charges report by Council in November 2010 has been reflected in this forecast.

15. Additional rental income from property portfolio, including concessions, new lettings and rent reviews

The forecast has been updated to reflect the ongoing work of the Director of Strategic Development Services in reviewing the terms of existing and new income streams from the Council's property portfolio in order to maximise income. This work is ongoing and further adjustments may be built into the forecast.

16. Income from future 'Proms' events

The forecast has been updated to reflect additional income now anticipated as result of the Lytham Proms events.

17. Disabled Facilities Grant Fee Income

The Council make a revenue charge for administering and delivering the disabled facilities grants service. The grant agency income is currently understated, assuming an ongoing DFG capital programme of £610k per annum.

18. Pollution Control Income

This is in relation to income from polluting activities that are managed by environmental health staff through a 'permits' system. A change in legislation provides for lower fees according to the level of risk posed. The processes the Council authorise generally fall into lower risk categories, and hence the fee income reduces for those processes. The fee levels are set by statute.

19. Environmental Health Licensing Income

This is in relation to income from Public Health training courses. The Council has worked with Myerscough College for a number of years to deliver training courses for Local Authority officers. Historically we recruited to the courses and administered them, with Myerscough providing the trainers and premises. Due to the reduction in staff capacity, Myerscough has taken over the recruitment and administration.

20. Home Repair Grant Fees

The Council make a revenue charge for administering and delivering the home repair grants service. The reduced capital allocation of £205k for 2010/11 is less than half of that for 2009/10. Hence a reduced capital allocation results in reduced grant agency revenue.

21. Revenue impact of cut in capital home repair grant receivable from 2011/12 onwards

The CSR settlement included a statement that there would be no allocation of capital home repair grant to Councils from 2011/12 onwards. The next quarterly update of the capital programme will reflect this loss of capital grant and the current forecast has been updated to reflect the revenue impact.

22. Additional Housing Benefit Administration Grant

This forecast change reflects the information provided by DCLG as part of the grant settlement for 2011-12 and 2012-13 following the Comprehensive Spending Review.

23. Additional Housing Benefit Subsidy Income

This forecast change reflects the latest information in respect of the expected housing benefit subsidy income receivable by the Council.

24. Additional Homelessness Grant

This forecast change reflects the information provided by DCLG as part of the grant settlement for 2011-12 and 2012-13 following the Comprehensive Spending Review.

25. Additional VAT Refund

Work has been undertaken by finance staff and Consultants as a result of changes to EU law in respect of VAT during the period 1990 to 1996. This is the settlement for the final claims outstanding. In total the Council has received £407k to date in windfall VAT refunds.

26. Children's trust administration costs

Additional income received from LCC for taking over the responsibility for the administration of Fylde Children's Trust.

27. Management Team freeze on non-essential expenditure

At it's meeting on 27th October 2010, Management Team agreed to freeze all "none essential" expenditure in light of the anticipated reduction in funding from central government. The forecast has been updated to reflect the estimated savings from this exercise.

28. Utility Budgets

In recent months an intensive piece of work has been carried out to rationalise all of the Council's utility bills and meters. The forecast has been updated to reflect the revised estimated utility costs as a result of this exercise.

29. LGA Subscriptions

This has been included in future years on the basis that the Council would want to retain membership of this support and advisory body which provides significant source of advice and guidance to individual councils and is able to represent the collective interests of local authorities at the national level.

30. Recruitment Advertising Budget

Changing and procuring the service differently from another provider will generate budget savings.

31. Rationalisation of Depots

The accommodation proposals recently agreed by Cabinet will require the rationalisation of some operational depot usage. Parks/Leisure/Technical Services are currently occupying St. David's Road depot on a temporary basis following the start of the approved improvement works at Snowden Road depot. There will be the need to find a permanent base for these operations as a result of the proposed sale of the site. The miscellaneous operational uses at Derby Road, Wesham and the Public Office St Annes will also need to be relocated as part of the more detailed accommodation proposals yet to be finalised; the forecast assumes that the ancillary costs referred to will be contained within existing budgetary provision.

32. Insurances

The inflationary increase applied to insurance premiums paid by the Council is lower than was provided for in the budget, resulting in a favourable variance.

33. Government Connect

The Council will be required to take over the payment towards the national secure network for the Government Connect programme from April 2011 at a cost of £15,000 per annum.

34. Fuel

Fuel Costs have been increased as a result of the rise in unit prices.

35. Clifton drainage scheme

At Cabinet in November, Members approved a fully funded capital scheme to deal with drainage issues at Clifton. The scheme cost included £15k as a contribution to staff time chargeable to the capital scheme. This adjustment updates the forecast accordingly.

36. Financial Ledger System Maintenance Costs

The Council has been in negotiations with the provider of the corporate financial ledger system over annual maintenance and license costs since the system was implemented in 2006/07. These negotiations were finalised earlier this year and resulted in the Council achieving a saving of £30k against market rates for maintenance and license costs. Despite this favourable settlement the final price resulted in a shortfall against the budget provision for these system costs.

37. By-Election Costs

There have been 2 By-Elections during the current year at a cost of £6k. There is no budget for this for the current year or for future years.

38. Capital Financing Costs & Interest Returns on Investments

The forecast has been updated to reflect the latest forecast borrowing required to fund expenditure approved within the capital programme. The Council's interest earned on investments has been reduced due to low interest rates being in place longer than originally anticipated.

39. Revenues and benefits - renegotiated client advice contract

The Director of Governance and Partnerships has re-negotiated the existing contract with Preston City Council for the provision of client advice for the revenues and benefits service, and the forecast has been updated to reflect the savings achieved as a result of this exercise.

40. Revenues and benefits service - impact of new system

Following the successful implementation of a new revenues and benefits IT system during the year, the forecast has been updated to reflect the recurring savings achieved as a result of reduced licence fees compared with the old system.

41. Reduction in Retirement Benefit costs

This budget relates to previous years early retirement costs. The outturn position is expected to be lower than budget so results in a favourable variance.

42. Additional NNDR costs re Public Conveniences

The forecast change reflects the additional charges now payable by the Council as a result of recent revaluations by The Valuation Agency following upgrades to public conveniences in the Borough.

43. Saving in running costs re new Elections System

This reflects the new elections system payback scheme. A report was presented to Cabinet in December 2010.

44. Fylde Low Energy Initiative - reduction in grant

When Fylde Low Waste and Energy (FLoWE) budgets were estimated in 2008-2009, it was expected, after provisional agreement with the Environment Agency, that grants would be received up to the end of 2011/12 to cover the shortfall in project costs. However, with the change in economic conditions this offer of grant funding was removed as a cost-saving measure by the Environment Agency. With all other public sector and grant-awarding bodies seeking to reduce costs it has not been possible to find alternatives to this. As a result FLoWE has cut back on all activities that incur additional costs in 2010/11 and 2011/12 thereby generating savings to limit the impact of these cuts.

45. Lytham Windmill - one-off excess cost re storm damage

This is to reflect an uninsured excess in relation to the recent storm damage.

46. External Audit Fees

The forecast reflects the latest available information in respect of external audit fees payable in 2010/11.

Latest General Fund Budget Forecast Position 2010/11 to 2014/15 - Cabinet Proposals

| | 2010/11 £000 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Adv (A)/ Fav (F) |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Forecast Approved at Council 1st March 2010 | 11,449 | 11,276 | 11,062 | 11,062 | 11,062 | |
| Unavoidable changes - per Appendix B | - 626 | 48 | 360 | 244 | 274 | (F) |
| Cabinet Savings Proposals - per Appendix E | - 58 | - 338 | - 675 | - 730 | - 790 | (F) |
| Savings target - still to be identified in 14/15 | | | | | - 465 | (F) |
| Forecast Budget Requirement | 10,765 | 10,986 | 10,747 | 10,576 | 10,081 | |
| Financed by: | | | | | | |
| Government Grant - NNDR | 5,116 | 3,330 | } | 3,756 | } | 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 | |
| Forecast Financing | 11,366 | 10,424 | 10,115 | 10,023 | 9,957 | |
| Call on Reserves | - 601 | 562 | 632 | 553 | 124 | |
| General Fund Reserves | | | | | | |
| 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 | |
| Forecast Reserves at Year End | 2,101 | 1,539 | 907 | 874 | 750 | |
| Band D Council Tax (Excl Parish Precepts) | £186.29 | £186.29 | £190.95 | £195.72 | £200.61 | |
| Council Tax Increase | 4.99% | 0.00% | 2.50% | 2.50% | 2.50% | |

| | 2010/11 £000 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | How the proposed saving will be achieved |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---|
| Accommodation review - buildings & staffing costs | 0 | 10 | 67 | 110 | 110 | Savings in buildings and associated staffing costs assuming: Wesham site disposal in Oct 2011 St Davids Road site disposal in Oct 2011, and Public Offices disposal in Oct 2012. A delay in disposing these sites will affect achievement of these savings. |
| Suspend growth items from 2010 (beach patrol / legal / sport development) | 0 | 67 | 102 | 107 | 107 | Vacant coastal ranger, sports development, and legal officer posts removed from the establishment. |
| Income generation (pest control / grounds maintenance) | 0 | 20 | 20 | 20 | 20 | Income generation from successful award of new contracts. |
| LSP - sharing of costs, contributions to FBC etc | 60 | 25 | 0 | 0 | 0 | Negotiation with the LSP to cover the Council's on-costs in hosting the LSP. The contribution in 2010/11 is higher due to payment to the Council for being the administrative body for overseeing the management of the performance reward grant funding. |
| Revs & Bens - contract service efficiencies | 0 | 29 | 29 | 29 | 29 | Fylde Borough Council's share of savings from the restructure of the benefits service within the Blackpool and Fylde Revenues and Benefits Shared Service. |
| Concessionary fares - cease discretionary payments | 0 | 27 | 27 | 27 | 27 | The responsibility for concessionary travel transfers to the County Council on the 1st April. It will therefore be the role of LCC to determine the standard of service it wishes to provide within its resources. |
| FLoWE & energy advice | 0 | 27 | 27 | 27 | 27 | Ceasing work on the FLoWE initiative and focusing the remaining resource on internal energy efficiency work. |
| Depot rationalisation to St Annes | 0 | 36 | 36 | 36 | 36 | The removal of a supervisory post and the reduction of administration resource required at St Annes Depot from April 2011. |
| Grants to external organisations | 0 | 4 | 4 | 4 | 4 | Renegotiation of service level agreement. |
| Mayoralty - policy revision | 0 | 3 | 3 | 3 | 3 | Uniform budget reduced, printing undertaken in-house and staffing adjustments. |
| Economic Development - subscriptions | 13 | 10 | 10 | 10 | 10 | Removing the remaining budget formally used to fund the subscription to the Lancashire Economic Partnership. |
| Internalise property maintenance function | 0 | 0 | 7 | 7 | 7 | Ceasing the arrangements with the external provider and internalising the role. |
| External audit fees | 0 | 10 | 10 | 10 | 10 | Analysis of likely trajectory of external audit fees indicates a saving in future years.. |
| Payroll efficiencies (Staff terms & conditions / partnering / mgmt review / trading company) | 0 | 150 | 300 | 400 | 400 | A combination of proposals will be implemented to deliver the required savings over the required period. Negotiations have commenced with unions to secure a range of minor changes to the terms & conditions of employment, an internal review of management costs and an 'in-principle' agreement on a shared service partnership with Preston Council were agreed at the January council meeting and a proposal will be brought forward to generate additional income through trading in grounds maintenance and operational services. |
| Release of earmarked reserves | 0 | 0 | 103 | 0 | 0 | Release of earmarked reserves previously set aside in respect of parks and open spaces (£39k), business improvement grant (£34K), and economic promotion and recovery (£30k). |
| SUB-TOTAL | 73 | 418 | 745 | 790 | 790 | |
| LESS - Service change costs (e.g. redundancies & other severance costs) | 15 | 80 | 70 | 60 | 0 | The review of some service changes may result in the Council incurring some 'up-front' costs before recurring savings can be secured. It is prudent to make some provision for these costs. |
| TOTAL NET SAVING PROPOSALS | 58 | 338 | 675 | 730 | 790 | |

UPDATED 5 YEAR CAPITAL PROGRAMME 2010/11 TO 2014/15

| APPROVED SCHEMES | Approved Budget | Updated | | | | |
|---|-----------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2010/11 £000 | Estimate 2010/11 £000 | Estimate 2011/12 £000 | Estimate 2012/13 £000 | Estimate 2013/14 £000 | Estimate 2014/15 £000 |
| Community Services | 1,832 | 2,656 | 801 | 610 | 610 | 610 |
| Strategic Development | 6,620 | 645 | 3,397 | 30 | 30 | 30 |
| Governance & Partnerships | 250 | 213 | 0 | 0 | 0 | 0 |
| Customer & Operational Services | 229 | 2,141 | 551 | 0 | 0 | 0 |
| Total Expenditure | 8,931 | 5,655 | 4,749 | 640 | 640 | 640 |
| RESOURCES: | | | | | | |
| Capital Receipts - General Asset Sales / Ground Rents | 50 | 6 | 50 | 50 | 50 | 50 |
| Capital Receipts - Clifton Housing | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Receipts - Right to Buy Receipts | 25 | 0 | 25 | 25 | 25 | 25 |
| Capital Receipts - (Town Hall Accommodation) | 5,817 | 0 | 3,000 | 0 | 0 | 0 |
| Capital Receipts - Vehicle Sales | 0 | 14 | 0 | 0 | 0 | 0 |
| Leasing | 797 | 0 | 0 | 0 | 0 | 0 |
| Disabled Facilities Grant | 366 | 368 | 366 | 366 | 366 | 366 |
| Housing & Planning Delivery Grant | 0 | 0 | 0 | 0 | 0 | 0 |
| Section 106 Monies - Mornington Road | 0 | 0 | 25 | 0 | 0 | 0 |
| Section 106 Monies - Waddington Playing Field | 0 | 55 | 0 | 0 | 0 | 0 |
| Capital Grant | 200 | 346 | 0 | 0 | 0 | 0 |
| Capital Grant - Repayments | 0 | 11 | 0 | 0 | 0 | 0 |
| Other External Finance (see analysis below) | 232 | 1,025 | 145 | 0 | 0 | 0 |
| Direct Revenue Finance | 0 | 425 | 543 | 0 | 0 | 0 |
| Prudential Borrowing | 1,444 | 3,405 | 595 | 199 | 199 | 199 |
| Total Financing | 8,931 | 5,655 | 4,749 | 640 | 640 | 640 |
| Total surplus (-) / shortfall in year | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumulative surplus (-) / shortfall | 0 | 0 | 0 | 0 | 0 | 0 |

UPDATED 5 YEAR CAPITAL PROGRAMME 2010/11 TO 2014/15

| CAPITAL FINANCING | Approved Budget 2010/11 £000 | Updated Estimate 2010/11 £000 | Estimate 2011/12 £000 | Estimate 2012/13 £000 | Estimate 2013/14 £000 | Estimate 2014/15 £000 |
|---|---|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Capital Receipts - General Asset Sales / Ground Rents | 50 | 6 | 50 | 50 | 50 | 50 |
| Capital Receipts - Clifton Housing | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Receipts - Right to Buy Receipts | 25 | 0 | 25 | 25 | 25 | 25 |
| Capital Receipts - (Town Hall Accommodation) | 5,817 | 0 | 3,000 | 0 | 0 | 0 |
| Capital Receipts - Vehicle Sales | 0 | 14 | 0 | 0 | 0 | 0 |
| Leasing | 797 | 0 | 0 | 0 | 0 | 0 |
| Disabled Facilities Grant | 366 | 368 | 366 | 366 | 366 | 366 |
| Housing & Planning Delivery Grant | 0 | 0 | 0 | 0 | 0 | 0 |
| Section 106 Monies - Mornington Road | 0 | 0 | 25 | 0 | 0 | 0 |
| Section 106 Monies - Waddington Playing Field | 0 | 55 | 0 | 0 | 0 | 0 |
| Capital Grant | 200 | 346 | 0 | 0 | 0 | 0 |
| Capital Grant - Repayments | 0 | 11 | 0 | 0 | 0 | 0 |
| Other External Finance (see analysis below) | 232 | 1,025 | 145 | 0 | 0 | 0 |
| Direct Revenue Finance | 0 | 425 | 543 | 0 | 0 | 0 |
| Prudential Borrowing | 1,444 | 3,405 | 595 | 199 | 199 | 199 |
| Total Financing | 8,931 | 5,655 | 4,749 | 640 | 640 | 640 |

| | | | | | | |
|--|---|---|---|---|---|---|
| Total surplus (-) / shortfall in year | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumulative surplus (-) / shortfall | 0 | 0 | 0 | 0 | 0 | 0 |

See note below for external funding available to finance the above schemes:

Other External Finance: Analysis

| | | | | | | |
|---|-----|-------|-----|---|---|---|
| Tourist Board | | 8 | | | | |
| Lancashire County Developments Ltd. (Kirkham) | 72 | 51 | 30 | | | |
| Heritage Lottery Fund - Ashton Gardens @ 79.77% | 160 | 321 | | | | |
| Low Carbon Building Programme - Ashton Gardens | | 5 | | | | |
| Community Spaces - Lottery - Waddington Playing Fields | | 50 | | | | |
| Lancashire Environment Fund - Waddington Playing Fields | | 30 | | | | |
| Lancashire County Council - Waddington Playing Fields | | 30 | | | | |
| Local Strategic Partnership - Waddington Playing Fields | | 12 | | | | |
| Fylde Community Grant - Waddington Playing Fields | | 2 | | | | |
| North West Efficiency & Improvement Partnership Grant | | 200 | | | | |
| Big Lottery (Play Equipment) | | 60 | | | | |
| Playbuilder - Ashton Gardens | | 47 | | | | |
| Local Strategic Partnership - Ashton Gardens | | 12 | | | | |
| Playbuilder - Kirkham Memorial Gardens | | 47 | | | | |
| Aiming High Disability Fund - Kirkham Memorial Gardens | | 30 | | | | |
| Youth Capital - Kirkham Memorial Gardens | | 0 | 14 | | | |
| Lancashire County Council - Kirkham Memorial Gardens | | 0 | 20 | | | |
| Lancashire Environment Fund - Kirkham Memorial Gardens | | 0 | 30 | | | |
| Community Spaces - Lottery - Kirkham Memorial Gardens | | 0 | 50 | | | |
| Friends of Kirkham Parks - Kirkham Memorial Gardens | | 0 | 1 | | | |
| Local Strategic Partnership - Kirkham Memorial Gardens | | 8 | | | | |
| Environment Agency - Clifton Flood Alleviation Scheme | | 85 | | | | |
| Wyre Borough Council | | 2 | | | | |
| Friends of Lowther | | 25 | | | | |
| | 232 | 1,025 | 145 | 0 | 0 | 0 |

UPDATED 5 YEAR CAPITAL PROGRAMME 2010/11 TO 2014/15

| APPROVED SCHEMES | | Approved Budget 2010/11 £000 | Updated Estimate 2010/11 £000 | Estimate 2011/12 £000 | Estimate 2012/13 £000 | Estimate 2013/14 £000 | Estimate 2014/15 £000 |
|--|---|------------------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| COMMUNITY SERVICES | | | | | | | |
| Z010 | Disabled Facilities Programme | 610 | 611 | 610 | 610 | 610 | 610 |
| Z024 | Pvte Sector Hsng Renewal Grants | 200 | 291 | 66 | 0 | 0 | 0 |
| Z068 | Crematorium Project - Cremators | 797 | 730 | | | | |
| Z077 | Crematorium Project - Refurbishment | 0 | 167 | | | | |
| Z030 | Ashton Gardens Heritage Restoration | 200 | 489 | | | | |
| Z065 | Play Equipment | 0 | 64 | | | | |
| Z078 | Mornington Road | 25 | 0 | 25 | | | |
| Z079 | Waddington Playing Field | | 179 | | | | |
| Z083 | Kirkham Memorial Gardens | | 100 | 100 | | | |
| Z081 | Lowther Sound System | | 25 | | | | |
| | Sub total | 1,832 | 2,656 | 801 | 610 | 610 | 610 |
| STRATEGIC DEVELOPMENT | | | | | | | |
| Z001 | St Annes Square Regeneration | 23 | 23 | | | | |
| Z027 | Town Hall accommodation | 5,817 | 35 | 3,000 | | | |
| Z076 | St Annes Pool | 475 | 322 | 153 | | | |
| Z036 | Cons'n Area Rest'n Scheme St Annes | 2 | 1 | | | | |
| Z045 | St Annes Town Centre | 72 | 0 | 72 | | | |
| Z062 | Tourist Board Project - Public Realm Streetworks | 45 | 0 | 77 | | | |
| Z047 | Footway Lighting Schemes | 12 | 12 | | | | |
| Z051 | Kirkham Building Refurbishment | 144 | 103 | 60 | | | |
| Z084 | Clifton Flood Alleviation Scheme | 0 | 80 | 5 | | | |
| Z085 | Acolaid / Acolate Replacement Systems | 0 | 39 | | | | |
| Z049 | Car Park Improvements | 30 | 30 | 30 | 30 | 30 | 30 |
| | Sub total | 6,620 | 645 | 3,397 | 30 | 30 | 30 |
| GOVERNANCE & PARTNERSHIPS | | | | | | | |
| Z074 | Replacement Software System - Pericles | 250 | 192 | 0 | | | |
| Z073 | Election Management and Electoral Registration System | 0 | 21 | | | | |
| | Sub total | 250 | 213 | 0 | 0 | 0 | 0 |
| CUSTOMER & OPERATIONAL SERVICES | | | | | | | |
| Z075 | Fleet Management Services Depot Re-Location | 229 | 337 | | | | |
| Z048 | Public Conveniences - Danfo | | 131 | | | | |
| Z080 | Installation of Cab Technologies | | 197 | 8 | | | |
| Z038 | Replacement Vehicles (Fylde Waste Fleet) | | 1,406 | | | | |
| Z082 | Wyre Waste Fleet | | 70 | 543 | | | |
| | Sub total | 229 | 2,141 | 551 | 0 | 0 | 0 |
| Total Expenditure | | 8,931 | 5,655 | 4,749 | 640 | 640 | 640 |

The Prudential Indicators 2010/11 to 2013/14

1. Introduction

- 1.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce Prudential Indicators. This report updates existing approved indicators and introduces new indicators for 2013/14. Each indicator either summarises the expected capital activity or introduces limits upon the activity.
- 1.2 Within the overall prudential framework, there is an impact on the treasury management activity. As a consequence, the treasury management strategy for 2011/12 to 2013/14 is included as Appendix H to complement the indicators, and this appendix includes the prudential indicators relating to the treasury activity.
- 1.3 The Audit Committee has scrutinised the Council's current Treasury Strategy and Prudential Indicators. Audit Committee will scrutinise the Treasury Strategy and Prudential Indicators contained within this report when the Mid Year Prudential Indicators and Treasury Management Monitoring Report is taken to the Audit Committee in December 2011.

2. Capital Expenditure Plans

- 2.1 The Council's capital expenditure plans are summarised in Appendix F (Capital Programme Quarter 3 2010/11, Updated to reflect Cabinet's budget proposals) and this forms the first of the prudential indicators.
- 2.2 The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly, some of the estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.

3. The Council's Borrowing Need (the Capital Financing Requirement)

- 3.1 The second prudential indicator shown in Table 1 is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It indicates how much the Council needs to borrow.
- 3.2 The Local Government and Public Involvement in Health Act 2007 require Council to approve an MRP policy in advance of each year. This policy sets out how much the Council will set aside from revenue each year in order to fund capital expenditure. The Council is recommended to approve the following MRP statement:
 - i) For capital expenditure incurred before 1 April 2008 existing practice outlined in the former CLG legislation based on the adjusted CFR (ie. 4% of CFR) applies.

- ii) From 1 April 2008 the MRP policy for all unsupported borrowing (ie. Prudential borrowing) will be based on the estimated asset life in accordance with the Regulations.

Table 1 Capital Financing Requirement (CFR)

| | 2010/11 Revised £M | 2011/12 Estimate £M | 2012/13 Estimate £M | 2013/14 Estimate £M |
|-----------|--------------------------|---------------------------|---------------------------|---------------------------|
| Total CFR | 6.8 | 7.0 | 6.8 | 6.5 |

The CFR has increased in 2010/11 and 2011/12 due to the addition of Prudential Borrowing for Fylde Waste fleet vehicles, and increases in 2012/13 onwards due to the Council's 40% contribution towards the Disabled Facilities Grant. Both are detailed in the Capital Programme (Appendix F) The CFR reduces in the following years due to the Minimum Revenue Provision (MRP).

- 3.3 To facilitate the prudent financing of the capital programme, it is expected that capital receipts will be used to finance the Capital Programme as a priority before Prudential Borrowing is used. This ensures that the Council's interest payments and Minimum Revenue Provision (MRP) are kept to a minimum. Hence, the Prudential Borrowing as reported in the Capital Programme Appendix F may differ from the actual financing which is determined at each financial year end when all sources of capital income have been received and applied as financing.

4. Limits to Borrowing Activity

- 4.1 The Council needs to ensure that its total capital borrowing net of any investments does not exceed the CFR. Table 2 below shows that the Council will be able to comply with this requirement.

Table 2 Net External Borrowing

| | 2010/11 Revised £M | 2011/12 Estimate £M | 2012/13 Estimate £M | 2013/14 Estimate £M |
|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Gross Borrowing | 8.3 | 8.5 | 8.3 | 8.0 |
| Borrowing (Revenue) | <u>(1.5)</u> | <u>(1.5)</u> | <u>(1.5)</u> | <u>(1.5)</u> |
| Gross Borrowing (Capital) | 6.8 | 7.0 | 6.8 | 6.5 |
| Investments | <u>(0)</u> | <u>(0)</u> | <u>(0)</u> | <u>(0)</u> |
| Net Capital Borrowing | <u>6.8</u> | <u>7.0</u> | <u>6.8</u> | <u>6.5</u> |
| CFR | 6.8 | 7.0 | 6.8 | 6.5 |

4.2 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 Council is asked to approve the following Authorised Limit and Operational Boundary in Table 3.

Table 3 Operational Boundary & Authorised Limit for External Debt

| | 2010/11 Revised £M | 2011/12 Estimate £M | 2012/13 Estimate £M | 2013/14 Estimate £M |
|--------------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| CFR | 6.8 | 7.0 | 6.8 | 6.5 |
| Short term borrowing (note 1) | 1.5 | 1.5 | 1.5 | 1.5 |
| Gross Borrowing | 8.3 | 8.5 | 8.3 | 8.0 |
| Other Long Term Liabilities | 0 | 0 | 0 | 0 |
| Operational Boundary (note 2) | 8.3 | 8.5 | 8.3 | 8.0 |
| Contingency (note 3) | 4.4 | 4.3 | 4.4 | 4.6 |
| Authorised Limit (note 4) | 12.7 | 12.8 | 12.7 | 12.6 |

Note 1: Short term borrowing – this is required for short periods in line with fluctuations in the day to day cash flow of the Council.

Note 2: Operational Boundary for External Debt – this is based on the expected maximum external debt during the course of the year. It is not a limit.

Note 3: Contingency for unexpected cash movements, service delivery failure or debt rescheduling.

Note 4: The Authorised Limit for External Debt represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Council. It reflects the level of borrowing 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.

5. Affordability Prudential Indicators

5.1 Prudential Indicators are also required to assess the affordability of capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's finances. The Council is asked to approve the following indicators.

- 5.2 Actual and estimates of the Ratio of Financing Costs to Net Revenue Stream – This indicator identifies the trend in the cost of capital (borrowing costs net of investment income) against the net revenue stream, as shown in Table 4.

Table 4 Ratio of Financing Costs to Net Revenue Stream

| | 2010/11 Revised | 2011/12 Estimate | 2012/13 Estimate | 2013/14 Estimate |
|-------|--------------------|---------------------|---------------------|---------------------|
| Ratio | 1.8% | 5.5% | 5.4% | 5.2% |

- 5.3 Financing costs are lower in 2010/11 as the ratio includes interest of £40K from HM Customs in respect of VAT claims. As the amount of Prudential Borrowing in the Capital Programme increases, eg. Cremator Replacement and Mercury Abatement Scheme, Ashton Gardens Heritage Restoration and Replacement Vehicles, then the amount of MRP that the Council is required to make (see Section 3.2) also increases.
- 5.4 The ratio reflects the existing approved budget for interest paid and the ratio will increase if new borrowing is undertaken
- 5.5 Estimates of the incremental impact of capital investment decisions on the Council Tax – This indicator identifies the revenue costs and income associated with new schemes (i.e. which require Prudential Borrowing) introduced to the capital programme since the last approved version. Table 5 below includes the Cremator Replacement and Mercury Abatement Scheme, Ashton Gardens Heritage Restoration and Replacement Vehicles all of which require Prudential Borrowing and therefore will have an impact on Council Tax.

Table 5 Incremental Impact of additional Capital Investment borrowing decisions on the Band D Council Tax

| | Estimate 2011/12 £ | Estimate 2012/13 £ | Estimate 2013/14 £ |
|---|--------------------------|--------------------------|--------------------------|
| Current cost of borrowing for Capital Expenditure | 7.66 | 7.66 | 7.66 |
| Change to Council Tax as a result of new prudential borrowing as at Quarter 3 2010/11 | 13.30 | 13.84 | 14.38 |
| Council Tax Band D total cost of borrowing | 20.96 | 21.50 | 22.04 |

Treasury Management Strategy 2011/12 – 2013/14

- 1.1 The Treasury Management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Appendix G consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury function considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets the balanced budget requirement. There are specific treasury prudential indicators included in this strategy which require approval.
- 1.2 The Council's treasury activities are regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management – Revised November 2009). This Council adopted the Code of Practice on Treasury Management on 10/04/02, and adopted the revised Code on 25/02/10. The Council also adopted a Treasury Management Policy Statement on 10/04/02. The Treasury Management Policy Statement has been updated to reflect best practice and should be formally adopted, this is attached at Appendix I
- 1.3 A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury function. A further treasury report is produced after the year end to report on actual activity for the year.
- 1.4 This strategy covers:
 - The Council's debt and investment projections
 - The expected movement in interest rates
 - The Council's borrowing and investment strategies
 - Treasury prudential indicators
 - Specific limits on treasury activities
- 1.5 The Council uses Sector as its treasury management consultants. The company provides the following services:
 - Economic and interest rate analysis
 - Debt services
 - Technical support on treasury and capital finance issues
 - Investment advice
 - Credit ratings/market information service

Whilst the advisers provide support to the treasury function, under the CIPFA Code of Practice the final decision on treasury matters remains with the Council.

2. Debt and Investment Projections 2010/11 – 2013/14

- 2.1 Table 1 below shows the expected change in debt and investment balances over the next three years. The figure for debt at 31st March includes £1.5M for short-term

borrowing that is normally required at the end of the year when the Council's cash balances are depleted.

Table 1 Forecast Treasury Position

| | 2010/11 Estimate £M | 2011/12 Estimate £M | 2012/13 Estimate £M | 2013/14 Estimate £M |
|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Debt at 31 March | 8.3 | 8.5 | 8.3 | 8.0 |
| Investments at 31 March | 0 | 0 | 0 | 0 |

- 2.2 Table 2 shows the existing approved budget for interest. The budget for the cost of borrowing (ie. interest payable) for the replacement vehicles is provided for in the overall revenue budget. Interest payable on borrowing is at fixed interest rates. Investment income increases from 2012/13 as investment returns are forecast to gradually improve.

Table 2 Forecast Interest

| Revenue Budget | 2010/11 Estimate £M | 2011/12 Estimate £M | 2012/13 Estimate £M | 2013/14 Estimate £M |
|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Interest payable on Borrowing | 0.1 | 0.2 | 0.2 | 0.2 |
| Investment Income | 0.07 | 0.04 | 0.08 | 0.12 |

3. Expected Movement in Interest Rates (Advice by Sector)

- 3.1 The expected movement in interest rates is shown in Table 3

Table 3 Sector Interest Rate Forecast

| Annual Average | Bank Rate | Investment Rates | | Borrowing Rates (PWLB*) | | |
|----------------|-----------|------------------|--------|-------------------------|---------|---------|
| | | 3 month | 1 year | 5 year | 20 year | 50 year |
| 2010/11 | 0.5 | 0.7 | 1.5 | 2.6 | 4.6 | 4.7 |
| 2011/12 | 0.7 | 0.9 | 1.8 | 3.5 | 5.3 | 5.3 |
| 2012/13 | 1.7 | 1.9 | 2.8 | 4.0 | 5.4 | 5.4 |
| 2013/14 | 3.1 | 3.3 | 3.8 | 4.8 | 5.6 | 5.6 |

* PWLB – Public Work Loans Board

- 3.2 The above rates are provided by the Council's Treasury Advisors, Sector. There is significant uncertainty with economic forecasts. Whilst short-term rates are expected to remain on hold through most of 2011, inflationary concerns are increasing which may lead to an earlier than expected rise in bank rate.

4. Borrowing Strategy

- 4.1 The borrowing strategy is to postpone new borrowing and instead to run down investment balances and borrow short term. This reduces counterparty risk and may be a cheaper option for the Council based on the interest rate forecasts in Table 3.
- 4.2 The Council has a £1M loan that will expire in March 2011. The Loan is likely to be replaced with an equivalent loan in order to finance the historical capital spend of the Council. The advice from Treasury Consultants is to defer the borrowing for as long as possible because the interest rates for borrowing are much higher than the interest rate for investments. Therefore, the timing of new borrowing will depend on the cash position of the Council.
- 4.3 The Council has a requirement to finance £3.4M for capital prudential scheme in 2011/12. Officers are currently reviewing the most appropriate options for financing the prudential borrowing and considering borrowing in context to capital receipts.
- 4.4 Following the Comprehensive Spending Review, the PWLB increased borrowing interest rates by approximately 1%, without changing the debt redemption interest rates. This will make debt rescheduling more problematic in the future.
- 4.5 The Council may consider debt repayment or rescheduling depending on the prevailing interest rates.

5. Investment Strategy

- 5.1 The primary objective of the investment strategy is to safeguard the principal and interest of the Council's investments. A secondary consideration is to ensure adequate liquidity, and the investment return is the third objective. The current investment climate has a risk of counterparty failure. Therefore, the Section 151 Officer has implemented additional treasury instructions which tighten the controls already in place and are over and above the approved investment strategy. The current additional instructions which are in place are detailed below but these may be revised by the Section 151 Officer as and when economic and market conditions change:-
- investments limited to £2M per transaction (except for investments to HM Treasury and other Local Authorities)
 - investments restricted to two weeks
 - all investments are personally authorised by the Section 151 Officer or the Deputy Section 151 Officer

- 5.2 A counterparty list is maintained in compliance with the counterparty criteria and limits and is set out in Tables 6, 7 and 8. Included within the counterparty criteria are sterling Money Market Funds. These aim to offer a high level of security but there is an inevitable trade off with a lower yield. They provide instant access and the investment can be redeemed immediately.
- 5.3 The revised Code of Practice has introduced benchmarks for security, liquidity, and yield benchmarks. These benchmarks are targets and not limits so may be breached depending on the movement in interest rates. The following benchmarks will be monitored and reported quarterly to the Cabinet Member for Finance & Resources:-
- Security – the Council is introducing a maximum security risk benchmark. This is a percentage based on the historic risk of default of counterparties, and is set at 0.03% based on the Council's minimum long term rating criteria which is a rating of 'A'. This means that the average expectation of default for a one year investment with a counterparty rated 'A' would be 0.08% of the amount invested (eg. For a £1M investment the average loss would be £800).
 - Liquidity – the Council will maintain short term liquid deposits of at least £1m available within a weeks notice and short term borrowing is available on the Money Market as required.
 - Yield – the benchmark for returns on investments is the 7 day LIBID (London InterBank Bid Rate). Actual investment returns are monitored against budget.

6. Treasury Management Prudential Indicators and Limits

- 6.1 There are four treasury prudential indicators. The purpose of these prudential indicators is to manage risk and reduce the impact of an adverse movement in interest rates. The indicators are:
- Upper limit on fixed rate debt (Table 4) – this limit reflects the fact that the Council may wish to have all its borrowings at fixed rates
 - Upper limit on variable rate debt (Table 4) – This limit reflects the potential need to take some variable rate debt if interest rates rise to a point where fixed rate borrowing is not attractive.
 - Limit for Investments over 364 days (Table 4) – These limits are set to reduce the need for an early sale of an investment, and are based on the availability of funds
 - Maturity structure of debt (Table 5) – these are limits to control how much of the Council's debt will mature within a certain time period.
- 6.2 The Council is asked to approve the Prudential Indicators in Tables 4 and 5.

Table 4 Limits on Debt & Investments over 364 days

| | 2011/12 £M | 2012/13 £M | 2013/14 £M |
|--|---------------|---------------|---------------|
| Limits on fixed rate debt | 8.5 | 8.3 | 8.0 |
| Limits on variable rate debt (50% of total debt) | 4.2 | 4.1 | 4.0 |
| Limit for investments over 364 days (50% of long-term investments) | 0 | 0 | 0 |

Table 5 Maturity Structure of Debt 2011/12

| | Upper Limit | Lower Limit |
|----------------------|-------------|-------------|
| Under 12 months | 70% | 0% |
| 12 months to 2 years | 100% | 0% |
| 2 years to 5 years | 100% | 0% |
| 5 years to 10 years | 100% | 0% |
| 10 years to 20 years | 100% | 0% |
| 20 years to 30 years | 100% | 0% |
| 30 years to 40 years | 100% | 0% |
| 40 years to 50 years | 100% | 0% |
| 50 years and above | 100% | 0% |

As the strategy is to borrow short term the limit for debt under 12 months has been increased to 70%. This will give Council scope to borrow short term and achieve favourable interest rates.

No lower limit is set in order to allow flexibility when managing the debt portfolio in the current volatile economic conditions.

7. Investment Policy

7.1 The primary principle governing the Council's investment policy is the security of its investments, although the return on the investment is also a key consideration. The Council will also ensure:

- A counterparty list is maintained in compliance with the counterparty criteria and limits and is set out in Table 6. The Council receives credit rating advice from its Treasury advisors as and when ratings change and the Council's list of counterparties is updated immediately. The rating criteria will be applied by using the lowest common denominator method of selecting counterparties and applying limits. This means that the Council will apply the minimum criteria available from across all the rating agencies.

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below and the limits are set out in Tables 7 and 8.
- It has sufficient liquidity in its investments. It will determine the maximum periods for which funds may be prudently committed.

7.2 Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- 1) The UK Government (such as the Debt Management Office)
- 2) A local authority, parish council or community council
- 3) Pooled investment vehicles (eg. money market fund) rated AAA by Standard and Poor's, Moody's or Fitch rating agencies
- 4) A body that has been awarded a high credit rating by a credit rating agency (eg. bank or building society).

The criteria and limits for investing with Specified Investments are set out in Table 7.

7.3 Non-Specified Investments – These investments are any other type of investment not defined as specified above, and investments for a period greater than one year. These include:

- 1) Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security.
- 2) A body which has been provided with an EU government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria until such time as the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.
- 3) A body which is an Eligible Institution for the HM Treasury Credit Guarantee Scheme announced on 13 October 2008 (eg. Royal Bank of Scotland) and with the necessary ratings in Table 6.
- 4) The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible

Table 6 Counterparty Criteria

| Fitch Ratings | | | | Moody's Ratings | | | Standard & Poor's Ratings | |
|---------------|-----------|------------|---------|-----------------|-----------|----------|---------------------------|-----------|
| Short Term | Long Term | Individual | Support | Short Term | Long Term | Strength | Short Term | Long Term |

| | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|------|-----|
| UK Banks and wholly owned subsidiaries | F1+ | AA- | C | 3 | P-1 | Aa3 | C | A-1+ | AA- |
| Other UK Banks and wholly owned subsidiaries | F1 | A | C | 3 | n/a | n/a | n/a | A-1 | A |
| EC Member State Banks and Building Societies | F1 | A+ | C | 3 | n/a | n/a | n/a | A1 | A+ |
| UK Eligible Institutions | F1 | A | n/a | n/a | P-1 | A2 | n/a | A1 | A |
| Other Local Authorities | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Debt Management Office (AAA rating) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Money Market Funds (AAA rating) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Note – In addition, the Council also adheres to the following criteria:-

The Council will only use UK banks or non-UK (EU) banks domiciled in a country which has a minimum sovereign long term rating of AAA.

No more than 20% of inhouse investments will be placed with any one non-UK country at any time.

The placing of residual overnight deposits with the Council's own bank will not count against the above individual limits as there is instant access to these funds.

Table 7 Counterparty Criteria – Specified Investments

| Counterparty Criteria Specified Investments | Maximum Exposure £M | Group Exposure £M | Time Limit Months |
|--|------------------------------------|----------------------------------|----------------------------------|
| UK Banks and wholly owned subsidiaries | 2 | 2 | 12 |
| Other UK Banks and wholly owned subsidiaries | 1.5 | 2.0 | 12 |
| EU Member State Banks and Building Societies | 1.5 | 2.0 | 12 |
| Other Local Authorities | 5 | n/a | 12 |
| Debt Management Office (AAA rating) | 5 | n/a | 12 |
| Money Market Funds (AAA rating) | 5 | n/a | n/a (instant access) |

Table 8 Counterparty Criteria – Non Specified Investments

| Counterparty Criteria Non Specified Investments | Maximum Exposure £M | Group Exposure £M | Time Limit Years | Note |
|--|------------------------------------|----------------------------------|---------------------------------|-------------|
| UK Government Gilts & Treasury Bills | 1 | n/a | 2 | |
| Body with Government Issued Guarantee (EU only) | 2 | 2.5 | 1 | 1 |
| Body which is an Eligible Institution | 2 | 2.5 | 1 | 2 |

- 1) Monies will only be deposited within the timeframe of the Government guarantee, and the sovereign rating of the country providing the guarantee must be rated 'AAA' by Fitch, Moody's, and Standard & Poor's rating agencies.
- 2) A body which is eligible for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short-term and long-term ratings as required in Table 6.

TREASURY MANAGEMENT POLICY STATEMENT

Background Information:-

1. Fylde Borough Council adopted the following Treasury Management Policy Statement on 01/12/03:-

Fylde Borough Council defines its treasury management activities as:

“The management of the Council’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

2. The Council adopted the following new procedures on 01/03/10:-

“The Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- Suitable treasury management practices, setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year and an annual report after the close of the financial year. The Portfolio Holder (Finance & Resources) will receive quarterly reports on the performance and activities of the treasury management function.

The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Portfolio Holder for Finance & Resources, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and treasury management practices and CIPFA's Standard of Professional Practice on Treasury Management.

The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Approval required

Council is now requested to include the following additional narrative within the Financial Procedure Rules:-

The Council will receive a mid year review report on its treasury management policies, practices and activities.

Council Meeting



| | |
|-----------------------|---|
| Date | 24 January 2011 |
| Venue | Lowther Pavilion, Lytham |
| Members | Mayor (Councillor Elizabeth Oades) Deputy Mayor (Councillor Linda Nulty) Ben Aitken, Christine Akeroyd, Frank Andrews, Tim Ashton, Keith Beckett, John Bennett, Karen Buckley, Maxine Chew, Elizabeth Clarkson, Peter Collins, John Coombes, Fabian Craig-Wilson, Leonard Davies, John Davies, R Eastham, David Eaves, Susan Fazackerley, T Fiddler, Patricia Fieldhouse, Tony Ford, Richard Fulford Brown, Peter Hardy, Kathleen Harper, Paul Hayhurst, Howard Henshaw, Karen Henshaw, Ken Hopwood, Keith Hyde, Angela Jacques, Cheryl Little, Kiran Mulholland, Janine Owen, Barbara Pagett, Albert Pounder, Dawn Prestwich, Simon Renwick, Louis Rigby, Paul Rigby, Elaine Silverwood, John Singleton, Roger Small, Heather Speak, Thomas Threlfall. |
| Officers | Phillip Woodward, Tracy Scholes, Ian Curtis, Joanna Scott, Paul Rogers, Andy Cain |
| Others | |
| Members of the Public | Members of the public were in attendance |

Prayers

Prayers were offered by Ian Curtis.

52. 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.

53. Confirmation of Minutes

RESOLVED: To approve the minutes of the Council meeting held on 22 November 2010 as a correct record for signature by the Mayor.

54. Mayor's Announcements

- On behalf of the Council, the Mayor thanked all Council staff for their hard work through the recent cold weather, with particular thanks to the cleansing staff.
- The Mayor expressed her concern that there had been no consultation on the proposed closure of the Wesham Rehabilitation Centre. The Mayor proposed that this concern be brought to the attention of the Acute Trust and this was seconded by the Deputy Mayor. It was RESOLVED that the Acute Trust be made aware of this Council's concern at the lack of consultation with regard to the proposal to close Wesham Rehabilitation Centre

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

55. Chief Executive's Communications

Mr Woodward reported that he had received a communication from the Local Government Boundary Commission for England and that a report on the matter appeared at item 10 on the agenda.

Mr Woodward referred to Councillor Caldwell's hospitalisation through illness and that as a consequence, his non attendance at Council meetings was close to the 6 months legal cut off period whereby he would cease to be a member of the Council. He requested that the Council accepts Councillor Caldwell's absence at meetings of the Council through illness and hospitalisation thereby allowing him to continue as a Councillor until the elections in May. It was RESOLVED that the Council accepts Councillor Caldwell's absence through illness and agrees to his continuance as a Councillor until the elections in May.

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

56. Questions from Members of the Council

The following question was submitted by Councillor Kevin Eastham:

'Is it appropriate for Fylde Borough Councillors to first learn of Council Proposals by reading a local newspaper? This is a matter I first raised in connection with a proposal to appoint a manager for Town Centres (members question November 2009)

More recently issues of Beach Huts, accommodating holiday motor caravans on Council Car Parks and the decision to defer the transfer of park assets to Town Councils have followed this inappropriate trail.

Would the Leader agree that informal Cabinet Meetings, useful as they may be for examining management issues, are not and should not be decision making forums?

When appointed, our Council Leader gave assurance that he intended to move towards a more open, democratic, inclusive Council. With this in mind, I respectfully ask that Councillors are given assurance that –

1 all matters of policy and importance are dealt with by the appropriate Committee, Cabinet or Council

2 decisions considered both urgent and appropriate for delegation to Cabinet Members are circulated by e-mail to all Councillors for their opinion and consideration, giving at least 2 weeks' notice before decision and press release

3 all Councillors, and especially those in a leadership position, should make it clear when approached by the press that the views they give are either personal, on behalf of a political group or the formal views of Fylde Borough Council.'

The Leader, Councillor David Eaves responded. He referred to the issues of beach huts, overnight parking on Council car parks and the transfer of open space assets to Town Councils and stated that these issues had been in the public domain and had been subject to consideration over a number of years at various member meetings.

He emphasised that no decisions had been made by the portfolio holder or by informal Cabinet meetings as has been suggested. He reminded Council that the return of beach huts in St Annes had been promoted by Councillor Richard Fulford Brown as early as 2007. Also that overnight parking had first been raised in the review of Fylde Borough Council's car parking strategy in 2008 and that the potential transfer of open spaces to town and parish councils had been in consideration since 2007.

He emphasised that Cabinet members and Committee Chairman by the nature of their responsibilities are often approached directly by the press for views and opinions on matters and however careful and guarded their responses might be these were not always printed accurately. He informed members that he intended for Council to move forward and work openly and inclusively with regard to the budget process. In this respect and in an effort to involve non Cabinet members, he had requested the Community Focus Committee to consider the way forward on budget issues and the Medium Term Financial Strategy. He had also initiated a cross party working group with the agreement of the leader of the main opposition party to consider the Cabinet system in the light of the Localism Bill. He stated that the main opposition party leader had an open invitation to attend his weekly meetings with the Chief Executive and that other opposition party members received briefings from the Finance Director similar to those received by the portfolio holders.

Councillor Eastham responded and referred to residents in his ward questioning what is happening on various issues. He gave an example of the decision to sell properties in Melton Grove, Lytham St Annes without a committee decision. He further asked whether the Leader would change the Cabinet system given the opportunity.

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Councillor Eaves stated that he would discuss with members of the Cross Party Working Party the way forward on the future governance of the Council. The Board of Clifton (Lytham) Housing Ltd had been in contact with the residents at Melton Grove on the current situation. In relation to the beach huts and the car parking issue, consultation was in progress and no decisions had yet been made.

57. Questions from members of the Public

There were no questions from members of the public.

58. Executive Arrangements : Consultation Feedback

Ian Curtis (Head of Governance) presented a report on Executive Arrangements: Consultation Feedback.

In September 2010, the Council had considered a report on options for governance arrangements that it would be required to adopt from May 2011. It expressed a preference for the Leader and Cabinet (England) Model, which was substantially the same as its current arrangements.

Consultation since September on the preferred model had not produced any responses. The Council was therefore recommended to maintain the existing arrangements, which satisfied the legislative requirements for the Leader and Cabinet (England) Executive model under the Local Government Act 2000 (as amended) and were set out in paragraph 2 of the report.

Replying to a member's question, Mr Curtis advised that the present drafting of the Localism Bill, appeared to preclude the introduction of a committee system until the next local elections in 2015 unless there was a local referendum. Regulations should clarify the issue.

Councillor Karen Buckley responded to questions about the consultation with regard to the proposed models as set out in paragraph 2 of the report which had been in line with Central Government guidance and that when the Localism Bill was enacted there would be full consultation on possible changes to the Council's decision making arrangements.

Councillor Karen Buckley proposed the recommendation in the report with an amendment that the arrangements should be regarded as being interim until a full review of decision-making structures could be made after the enactment of the Localism Bill. This was seconded by Councillor Trevor Fiddler.

After further debate it was RESOLVED to adopt (i.e. maintain the existing) Leader and Cabinet (England) model as set out in the Local Government Act 2000 (as amended) as the Council's executive arrangements from 9 May 2011 until a full review of decision-making structures could be made after the enactment of the Localism Bill.

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(The Mayor indicated that she 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.)

NB. During the course of the debate, the following amendment (to be added to the end of the recommendation in the report) was moved by Councillor Maxine Chew and seconded by Councillor Barbara Pagett:

Until such time that it is possible to return to the Committee system of governance.

The amendment was lost.

(The Mayor indicated that she 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.)

59. Invitation to Accept Appointment as Mayor 2011/2012

It was moved by Councillor Tony Ford and seconded by Councillor David Eaves and RESOLVED: That Councillor Howard Henshaw be invited to accept election by the Council at the 2011 Annual Meeting as Mayor of the Borough of Fylde for the ensuing municipal year.

(The Mayor indicated that she 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.)

60. Shared Service Partnership

The Leader Councillor David Eaves presented a report on Shared Service Partnership. The effect of the recent Comprehensive Spending Review was that Fylde Borough Council would need to deliver the equivalent of £4.5m budget savings over the next four years from a total net annual budget of approximately £11m.

There were different means of achieving that level of savings including a review of the management capacity and resources the Council needed or the sharing of management, corporate support and service delivery overheads with neighbouring Councils.

The report presented a number of proposals for assessing those options including a proposal for entering into a long-term shared-service partnership with Preston City Council to secure some of the budgetary savings the Council would need to make during the next four years.

Councillor Eaves informed Council that he had requested the Chief Executive to produce a Management Team plan for the Council with a view to being in a position to evaluate the plan with the options with Preston City Council. He emphasised that any arrangements should not hinder or limit the examination of

joint working arrangements in a Strategic Partnership with Lancashire County Council or any other opportunities where savings could be made.

Councillor Eaves proposed the recommendations in the report subject to the following amendments and was seconded by Councillor Susan Fazackerley:

- (a) that the proposed Sub Committee include members of the opposition.
- (b) that any arrangements should not hinder or limit the examination of joint working arrangements with Lancashire County Council or other potential partner where savings could be made.

After debate it was RESOLVED:

1. That the advice and support of the North West Employers Organisation be sought in:-

- evaluating the efficacy of the Council's current management
- arrangements; and
- developing arrangements and protocols for the partnership proposed in the report.

2. That the Council agrees in principle to the establishment of a preferred shared-service partnership arrangement with Preston City Council and that a Sub-Committee be established to coordinate further progress on this matter.

3. That the Sub Committee include members of the opposition.

4. That any arrangements should not hinder or limit the examination of joint working arrangements with Lancashire County Council or other potential partner where savings could be made.

(The Mayor indicated that she 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.)

61. Local Government Boundary Commission - Future Electoral Reform Programme

The Chief Executive presented a report on correspondence received from the Local Government Boundary Commission for England on their Future Electoral Review Programme. .

In the correspondence, Councils were asked to consider and indicate whether they wished to invite the Commission to undertake an electoral review of their Authority.

The Leader Councillor David Eaves proposed that the issues contained in the report be deferred to a future Council meeting to enable discussion by all political groups prior to any decision being made and was seconded by Councillor Susan Fazackerley.

Following discussion it was RESOLVED: that Council defers the matter to a future Council meeting.

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(The Mayor indicated that she 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.)

62. Mid Year Prudential Indicators and Treasury Management Monitoring Report 2010/11

Councillor John Singleton presented a report on the Mid Year prudential indicators and treasury management monitoring report 2010/11. The Council was invited to approve the contents of the report in line with the recommendations of the revised CIPFA (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management.

Councillor Karen Buckley, portfolio holder for Finance and Resources, informed members that in a bench marking exercise with other Councils, Fylde Borough Council had one of the lowest borrowing requirements.

Councillor Singleton proposed the recommendations contained within the report and was seconded by Councillor Karen Buckley.

After debate it was RESOLVED: To approve the following:-

- i) the revised Prudential Indicators and Limits; and
- ii) the revised investment criteria as set out in paragraph 4.4 of the report.

(The Mayor indicated that she 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.)

63. Fylde Borough Council Schedule of Meetings

Councillor Karen Buckley the cabinet portfolio holder for Finance and Resources presented a report on Fylde Borough Council schedule of meetings. The Schedule of Meetings document highlighted the proposed council, cabinet and committee meeting dates for the forthcoming municipal year 2011/12.

The Mayor, Councillor Elizabeth Oades informed members that she and the Deputy Mayor, Councillor Linda Nulty would be unable to attend the Annual meeting as scheduled for the 18 May 2011 and requested that this date be changed.

Councillor Buckley proposed that subject to amendment, of the date of the annual council meeting the proposed timetable be approved. The proposal was seconded by Councillor Eaves.

It was RESOLVED, subject to amendment of the date of the Annual Meeting, to approve the proposed schedule of meetings for 2011/12.

(The Mayor indicated that she 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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