



Meeting Agenda

**Council,
Lowther Pavilion, Lytham
Monday 1st March 2010, 5:00pm**



COUNCIL MEETING

LOWTHER PAVILION, LYTHAM
on
MONDAY 1 MARCH 2010 at 5:00pm

The Mayor – Councillor P Rigby
Deputy Mayor – Councillor P.A. Fieldhouse

Councillors

- B.M. Ackers
- B. Aitken
- C. E. Akeroyd
- 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
- T. Ford JP
- R.A Fulford-Brown

Councillors

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

Philip Woodward – Chief Executive



Our Vision

To establish Fylde Borough Council as a high performing local authority

Our Corporate Objectives

To improve the economic, social and environmental well-being of our communities through:

- The promotion and enhancement of the natural built environment
- Increasing the availability and access to good quality housing for all
- Maintaining healthy and safe communities to reduce the fear of crime
- Supporting and sustaining a strong and diverse Fylde coast economy to further enhance employment prospects

We will achieve this by:

Focusing on customer requirements
Clear community and organisational leadership
Delivering high quality, cost-effective services
Partnership 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
2. CONFIRMATION OF MINUTES	7
INFORMATION ITEMS	
3. MAYOR'S ANNOUNCEMENTS	7
4. CHIEF EXECUTIVE'S COMMUNICATIONS	7
ITEMS FOR DECISION	
5. MEDIUM TERM FINANCIAL STRATEGY (INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY MANAGEMENT) 2009/10 TO 2013/14	8

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 meeting held on 25 January 2010. (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 prior and subsequent to sending out this agenda.

COMMITTEE MEMBERSHIP

Development Control Committee – Councillor Kiran Mulholland to replace Councillor Janine Owen as a permanent member.

Policy Development Scrutiny Committee - Councillor Leonard Davies to replace Councillor Angela Jacques

REPORT

REPORT OF	MEETING	DATE	ITEM NO.
MANAGEMENT TEAM	COUNCIL	1 ST MARCH 2010	5
MEDIUM TERM FINANCIAL STRATEGY UPDATE, INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY MANAGEMENT FOR 2009/10 – 2013/14			

Public item

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

Summary

1.1 This report, which is published in its full format incorporates the paperwork and recommendations from the Cabinet meeting on 17th February which are available via the following web-link:-

<http://www.fylde.gov.uk/meetings/details/724/>

1.2 The report also makes reference to the following documents:

i) **Draft Budget 2010/11**, which is also available via the following web-link:-

<http://www.fylde.gov.uk/council-and-democracy/finance/draft-budget-book-2010-11/>

ii) **Draft Fees and Charges Schedule 2010/11**

To follow

- 1.3 Attached is the Council's Medium Term Medium Term Financial Strategy (MTFS) which sets out the Council's Strategy for the five years 2009/10 to 2013/14. The report is in a new format which is designed to provide greater linkage between the Medium Term Financial Strategy and the achievements of the Council's corporate policy priorities.
- 1.4 This report covers the Council's Revenue Budget and Forecast, Capital Programme and the Treasury Management Strategy.

Recommendations

At its meeting of the 17th February 2010 Cabinet recommend Council to approve:-

- i) Approve the Capital Programme for the years 2009/10 to 2013/14 as set out in Appendix F;
- ii) The Revised Estimates for 2009/10 and the General Fund Budget for 2010/11, including the Draft Fees & Charges Schedule for 2010/11; and
- iii) An increase of Council Tax of 4.99% with an average Band D of £186.29 for Council Tax 2010/11 excluding Parish Precepts as summarised in Appendix C.

Decision Required

Treasury Management

- i) Approve the Prudential Indicators and Limits contained within Appendix G of the report;
- ii) Approve the Minimum Revenue Provision (MRP) Statement which sets out the Council's policy on MRP within Appendix G;
- iii) Approve the Treasury Management Strategy, including the investment strategy and Treasury Prudential Indicators, contained within Appendix H; and
- iv) Adopt the revised CIPFA (Chartered Institute of Public Finance & Accountancy) Treasury Management Code of Practice and approve the update of the treasury management procedures within the Council's Financial Procedure Rules Appendix I

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 Roger Small



MEDIUM TERM FINANCIAL STRATEGY 2009/10 - 2013/14

1 FOREWORD

- 1.1 In March 2009, the Council was informed of the continuing external risks to the Council's budget position and the problems associated with its low reserves position. 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. Like many tourist destinations Fylde is dealing with significant and escalating costs as well as reductions in many income streams given the current economic downturn.
- 1.2 The Council has delivered a significant planned 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 will yield 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 has demonstrated its intent to address the issues identified in the Medium Term Financial Strategy and has taken difficult decisions in recent years to keep Council Tax at 4.99% and adopt the Cabinet savings proposals in order to balance the budget and create a more stable financial position for the Council. 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 Overall the Strategy recognised that certain areas of the financial forecasts as at March 2009 were volatile in the context of the economic downturn.
- 1.5 However, the current economic climate and the speed with which this has escalated means the Council's main focus for 2009/10 and beyond will be to identify further efficiencies, maximise income and look to create more capacity within the Council 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 more paced achievement of improvement in our priority areas.
- 1.6 The next four year period is likely to be very challenging for the public sector generally and specifically for the Council. To maintain quality services we must manage well and target our resources wisely. The Council has become smaller as an organisation and we have recognised that as we move forward our priorities must be clearly focused. To deliver our ambitious plans we must collaborate with our key partners and stakeholders in the Borough and target our resources

wisely. Our ability to raise income through fees and Council Tax is limited and to maintain our services we must sharpen our priorities, find efficiencies and maximise external funding opportunities.

2	CONTENTS	Page No.
	Section 3 Purpose of the MTFS	7
	Section 4 Vision for the Borough	8
	Section 5 Strategic Planning	11
	Section 6 Developing the MTFS	16
	Section 7 Capital Strategy & Asset Management Plan	17
	Section 8 MTFS in Summary	18
	Section 9 Developing the Budget Forecast	19
	Section 10 Background to the Forecast	20
	Section 11 The General Fund Revenue Forecast	22
	Section 12 New Spending Pressures	23
	Section 13 Savings & Growth Proposals	28
	Section 14 General Fund Reserves	29
	Section 15 Comprehensive Spending Review	30
	Section 16 Collection Fund	31
	Section 17 Key Areas of Financial Risk (Revenue)	32
	Section 18 Conclusions General Fund (Revenue)	37
	Section 19 The Capital Programme	39
	Section 20 Key Areas of Financial Risk (Capital)	42
	Section 21 Conclusions Capital Programme	44
	Section 22 Treasury Management Strategy	45
	Section 23 Treasury Management Risks	46
	Section 24 Conclusions	47
	Appendix A Original General Fund Forecast (Council March 09)	49
	Appendix B Unavoidable Forecast Changes	50
	Appendix C Latest General Fund Forecast position (Cabinet Proposal)	52
	Appendix D Savings Options	53
	Appendix E Growth Options	54
	Appendix F Capital Programme	55
	Appendix G Prudential Indicators	58
	Appendix H Treasury Management Strategy	62
	Appendix I New Treasury Management Procedures	70
	Fees & Charges	Separate Document

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 our strategic plans;
- (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 things we need to do.

3.3 We have adopted a pro-active approach to financial management and 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. Whilst we recognise the real challenges ahead we have put in place arrangements to ensure we travel in the right direction.

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

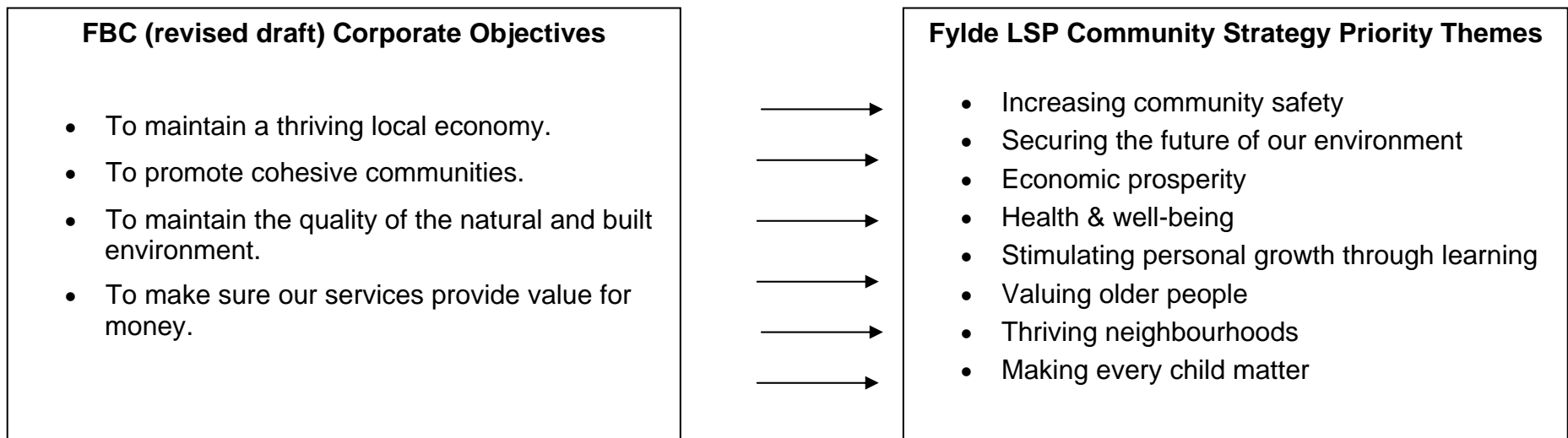
- National priorities for service investment and improvement;
- Government Efficiency targets;
- Corporate priorities reflect local circumstances and are in tune with the Local Area Agreement (LAA) and the priorities of partner organisations, including Health, Police, local businesses, voluntary and community organisations; and,
- Public consultation and feed back has taken place.

3.5 We are also aware of the forthcoming pressure upon public spending and there will be a General Election no later than June 2010. Whilst the precise detail of grant allocation to Local Government has not been determined all commentators agree funding will fall in real terms. This has been taken into account in formulating this Strategy and at the same time it is recognised that dependent upon the scale of the grant reduction it will need to be revised within 2010/11.

4.0 VISION FOR THE BOROUGH

- 4.1 The Council commenced a consultation exercise in November 2009 on a review of its vision and corporate objectives. The outcome of this consultation exercise will be incorporated into the final version of the Council's key strategic documents but the current draft position is reflected in this iteration of the MTFS.
- 4.2 The Council's (proposed revised) Vision 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 Sustainable Community Strategy and will be finalized in the Council's Corporate Plan following the current consultation exercise.
- 4.3 The Fylde Sustainable Community Strategy has been aligned to Ambition Lancashire (the Lancashire wide Sustainable Community Strategy), the delivery of which is set out in the Lancashire LAA with many targets expressed at a district area level. The LAA creates the balance between local and national priorities and establishes commitment to 'narrowing the gap' for communities across Lancashire. 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.

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



- 4.4 The Sustainable Community Strategy (SCS) is agreed by all local partners in the public and third sector and each agency contributes toward its achievement. A review of the SCS was undertaken in late 2008. This strengthens the focus of the themes in the SCS, aligning them more specifically with the LAA including key partnership themes such as Health, Children and Older People. Account has been taken of this review in formulating our Medium Term Financial Strategy which is adapted as our strategic plans are reviewed.
- 4.5 The Council’s Corporate Plan is closely aligned to the SCS (see Fig. 1) and sets out the priority areas in which the Council is looking to make real a difference. Under each theme individual projects are targeted to deliver the change or improvement we set out to achieve. As far as possible, allowing for spend in core service areas, our expenditure is targeted towards these priorities (see Fig 2. and 3 below). In our Annual Report for 2009 we outlined our continuing priorities, our key achievements and key challenges together with data on the financial allocations made to the priority services.

Fig. 2

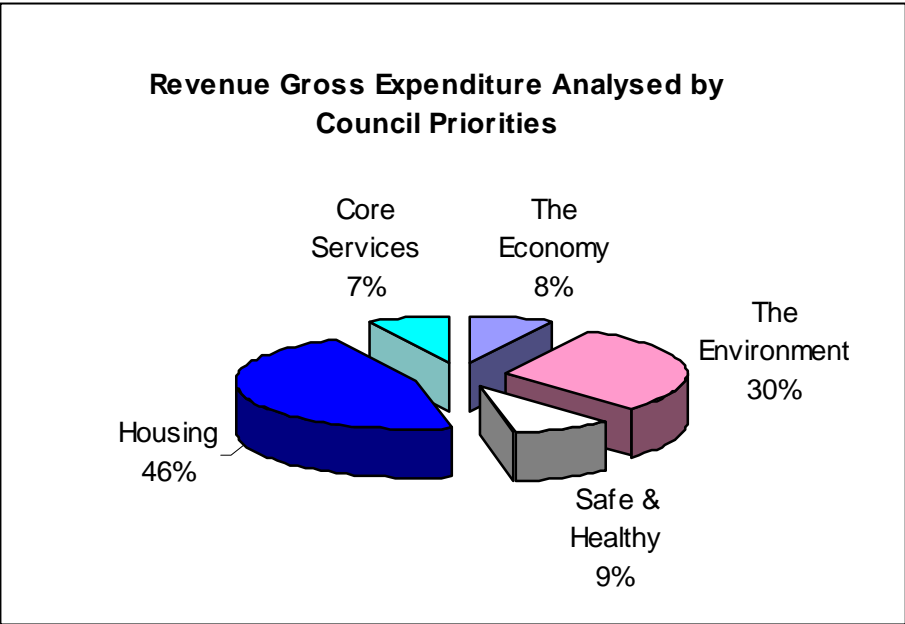
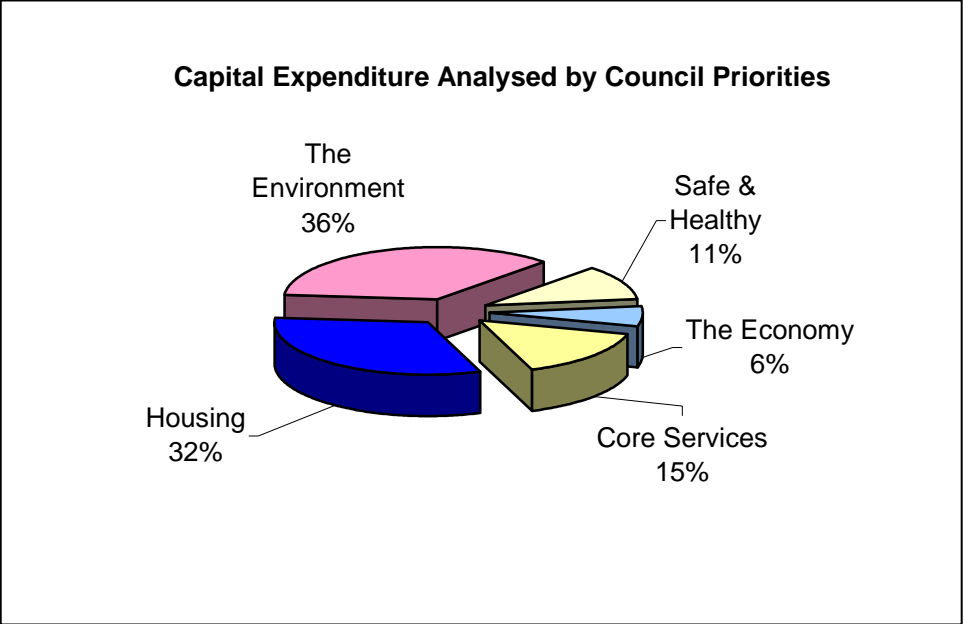


Fig. 3



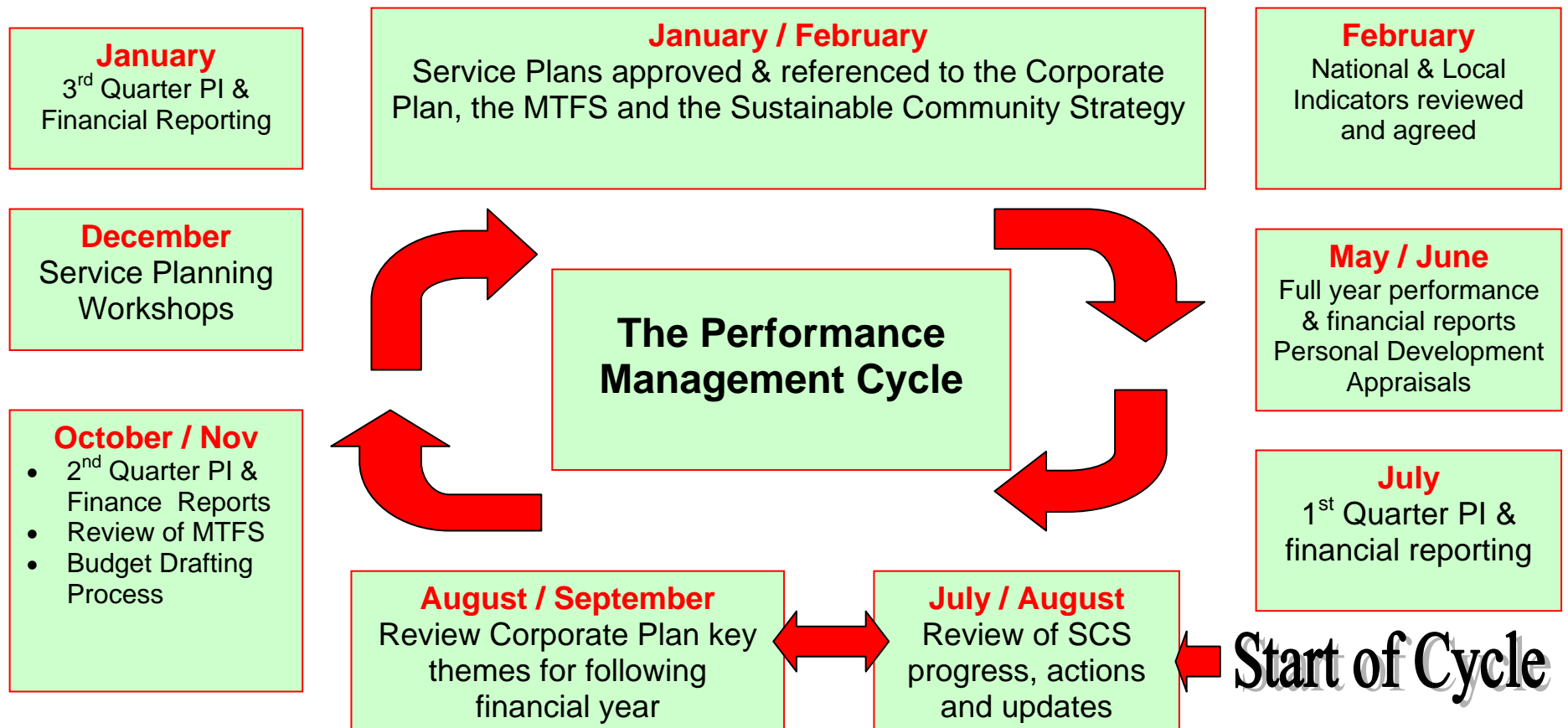
Consultation and Evidence base

- 4.6 Both the SCS and the Corporate Plan are developed following analysis of the information we have available about Fylde communities including economic, demographic and other statistical data. They also take account of information from surveys and consultations with the public on borough-wide and specific issues. 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. The panel is representative in terms of age, gender, ethnicity and location so the results can be considered to be statistically reliable and representative of people's views. We are also developing further consultation initiatives to build a dialogue with communities to better understand their needs.
- 4.7 In late 2009, we commenced a stakeholder consultation exercise to assess the definition and prioritisation of the Council's corporate objectives and priorities with a view to ensuring that our expenditure is targeted on services which are a priority for local communities. The outcomes of this consultation will be taken into account as the Council finalises its corporate priorities and spending plans for 2010/11 and beyond. A part of this wider consultation and engagement process activity was undertaken with the Fylde Peoples Panel, the None Domestic Ratepayers Group and the District-Parish Liaison Group.
- 4.8 The initial results from the Fylde Peoples Panel indicate that some degree of increase in council tax is accepted, although there is a general view that a 4.99% increase throughout the life of the MTFS is excessive. Panel members were aware that a shortfall in a council tax increase would require action to bridge this gap to fund Council Services. Residents felt that this increase could be met by increasing fees and charges or cutting services but the largest proportion were either unsure as to how this would be achieved or provided no response.

5 STRATEGIC PLANNING

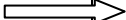
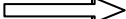
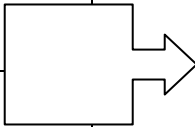
- 5.1 The Council has a strategic planning and performance management framework with a three year timeframe but reflecting an annual cycle which ensures we refresh the Council's important plans and strategies on a routine basis (see Fig. 4). These plans are developed following consultation with staff and councillors, our partners in other public services, the community and voluntary sector, the local business community and local residents.

Fig. 4 – The Strategic Planning Cycle



- 5.2 On an annual basis we review our progress against our longer term plans including a consideration of the MTFS. This year we recognise that despite action taken during the last two financial years, the predictions of a worsening public sector budget position and the associated pressure on limited reserves, the Council will need to maintain its drive for further economies and efficiencies. Against this backdrop, our progress towards the achievement of our planned priority improvements may be delayed.
- 5.3 It is likely that our corporate objectives from 2009 will show a change of emphasis as we move into 2010/11 as a result of the current consultation. The revised priorities will be reflected in service plans, which at the time of writing this MTFS were in draft form. Some will only proceed as the resources needed to take them forward are confirmed. Figure 5 indicates the anticipated transformation of the current corporate objectives into the 2010/11 priorities and the subsequent tables outline some of the key activities and programmes which will support those objectives and the funding streams which these will call upon.

Fig. 5

2009/10 Objective		2010/11 Objective	
The Economy		Maintaining a Thriving Economy	
The Environment		Maintaining the Quality of the Natural and Built Environment	
Safe and Healthy Communities		Promoting Cohesive Communities	
Housing			
		Ensuring that our Services Provide Value for Money	

5.4 Maintaining a Thriving Economy

Key Delivery Issues	Funding Issues and Assumptions
To deliver the programme of regeneration projects in the Lytham St. Annes 2020 Vision.	That Revenue funding continues to be available. External funding support – NWDA, LBTB. Fylde Coast MAA.
To promote and oversee a programme of events which increase our visitor & tourist economy.	That Revenue funding continues to be available. External funding support – NWDA, LBTB. Fylde Coast MAA.
To produce a regeneration framework which guides future investment in public infrastructure.	That Revenue funding continues to be available. External funding support – NWDA, LBTB.
To develop our approach and support to market town & rural economy renaissance.	That Revenue funding continues to be available. External funding support – NWDA, LBTB. Fylde Coast MAA.
To support the interests of major local employers & diversification of the employment base.	That Revenue funding continues to be available. External funding support – NWDA, LCDL, LBTB. Fylde Coast MAA.

5.5 Maintaining the Quality of the Natural & Built Environment

Key Delivery Issues	Funding Issues and Assumptions
To develop the Council's response to climate change.	That Revenue funding continues to be available. Contingent on external partnership funding.
Completion of the Ashton Gardens restoration project	That Revenue and capital funding continues to be available Contingent on external HLF funding.
To progress the Coastal Defence Workstream 2 for Fairhaven Lake	That Revenue and capital funding continues to be available. Contingent on external funding (DEFRA)
To implement the beach and dunes management action plans	That Revenue funding continues to be available. Contingent on external funding support.

5.6 Promoting Cohesive Communities

Key Delivery Issues	Funding Issues and Assumptions
Develop the Fylde Housing Action and Homelessness Plans in support of the Fylde Coast Housing Strategy	That Revenue and capital funding continues to be available.
Delivery of 50 additional affordable housing units.	Planning gain. Work with Fylde RSL Partnership
Help to reduce mortality and morbidity rates associated with alcohol consumption and other substance misuse.	Partnership working through the Fylde LSP
To increase the public perception of personal safety in the community during the day and at night.	That Revenue funding continues to be available. Allocation of Community Safety Partnership funding.
Help to develop the supporting network for the Fylde Children's Trust.	Partnership working through the Fylde LSP.
Review the arrangements for dog control activities	That Revenue funding continues to be available.
Develop the Fylde Coast Cultural Strategy and Fylde Action Plan.	That Revenue funding continues to be available.
Develop a sport and leisure facilities improvement plan.	That Revenue funding continues to be available.

5.7 In addition to the above service delivery themes we will **Ensure that our Services Provide Value for Money**

Key Delivery Issues	Funding Issues and Assumptions
ICT & communications rationalisation.	That Revenue funding continues to be available.
Further integration of back-office systems with front-line customer contact systems.	That Revenue funding continues to be available. External funding support – RIEP.
Implement the Operational Services Modernisation Plan.	That Revenue funding continues to be available and future shared-service arrangements are clarified.
All services in better than average quartiles for VFM.	That Revenue funding continues to be available.
All key national performance measures in above average quartiles.	That Revenue funding continues to be available.
To improve the Councils Use of Resources assessment.	That Revenue funding continues to be available.

Feedback

- 5.9 Having taken stock of our progress we will feed this back to the community via a number of routes including *Fylde in Focus*, via the new quarterly electronic newsletter for residents (*Fylde Matters*) via website information, via our Annual Report and within the information sent to all residents with Council Tax bills.

Links to other Enabling Strategies

- 5.10 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.
- 5.11 In the MTFS we have taken account of the Council's resources needed to deliver these plans and strategies. Where resources are limited our overall objectives will be the same but the pace of achievement will need to be adjusted. This factor will become more significant in future years if assumptions about reductions in public sector spending prove to be correct.

External funding

- 5.12 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.
- 5.13 The Council has now developed expertise in bidding, securing, managing and delivering externally funded projects. Progress against the priorities relies significantly on the continuation of such funding.
- 5.14 During 2009/10 the Council, together with Lancashire County Council, Blackpool Council and Wyre Borough Council opened discussions with Government to create a Multi Area Agreement. This was concluded in October 2009 and will provide a vehicle through which some of the major strategic economic issues affecting the Borough will be addressed in future.

6 DEVELOPING THE MTFS

- 6.1 Over the last two years we have developed the MTFS to ensure it is in line with and facilitating the delivery of what the Council is trying to achieve. The MTFS is a rolling strategy which takes 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 In the future we propose to move to a system of Directorate cash limits designed to drive the efficiency agenda. We will develop this approach to focus on what is required to deliver core services and identifying those things which are areas of 'choice'. This area will remain a key challenge for the Council against the current and future economic climate.
- 6.3 The Council's service planning and performance management framework is designed to ensure the continuous drive for improvement and ensuring Value for Money is achieved. This work will also help to inform future decisions on how and what we deliver in house or commission from other sources
- 6.4 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 performs well in almost all service categories. Some of this is reflected in our Annual Report.
- 6.5 The MTFS is a rolling strategy which is designed to enable the delivery of the Council's strategic plans. Within it are the revenue budget cash limits and capital programme. As the underpinning financial strategy it impacts on all users recipients of Council services and functions and Council employees. It has been compiled therefore with full consideration of the impact it may have across all equality strands and within the principles of the Equality Framework for Local Government. Where it is considered appropriate, specific issues of equality are covered within the text of the document but where necessary for any specific proposal a separate Equality Impact Assessment (EIA) will be completed.
- 6.6 In 2008 the Central Government Budget Report stated that Local Government must prepare Budgets and Annual Accounts in line with new International Financial Reporting Standards (IFRS) from 2010/11 onwards. Detailed guidance on IFRS was only received from CIPFA (Chartered Institute of Public Finance Accountants) in December 2009. Work is well under way to reflect these changes in the Council's accounts which will be effective from April 2010. The intention therefore, is the budget setting for 2011/12 and Revised Estimates for 2010/11 will have to be produced in the new IFRS format.

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 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 constant review in order that timely decisions can be made on the disposal of poor performing assets to maximise income generation.
- 7.3 We have an Asset Management Plan and have undertaken stock condition surveys to establish the rolling programme of repair and maintenance. This takes account of the need for efficiency and environmental impact.
- 7.4 The Council's access to capital resources is diminishing and the pressure on our revenue budget limits our capacity to borrow. Therefore we propose to conduct a review to ensure that 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. The current economic climate will make it more difficult to dispose of assets and careful judgement will be needed to ensure we realise a good return. A key consideration in this debate is the Council's new accommodation project. Planning permission has been obtained and a list of assets for disposal identified to provide the capital funds for the new build. However, the project has been temporarily deferred as a consequence of the decline in the property market during 2009. The Council's future intentions on this matter will need to be resolved during 2010.

8 MTFS IN SUMMARY.

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

- The spending pressures efficiency targets and reduced resources in the medium term;
- Setting the Council Tax keeping increases to a minimum whilst protecting investment in key services priorities for the people of Fylde ;
- Developing higher levels of customer satisfaction, efficiency, value for money, strategic partnerships, service commissioning, and enterprise;
- Maintaining the Council's continuous drive for greater levels of efficiency; and,
- The need to maintain existing assets to a quality standard.

8.2 The MTFS looks ahead over the coming three 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 priorities as set out in the Corporate Plan;
- Be responsive to an ever changing and uncertain financial climate in which existing funding streams cease and new opportunities arise; and,
- It demonstrates 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.

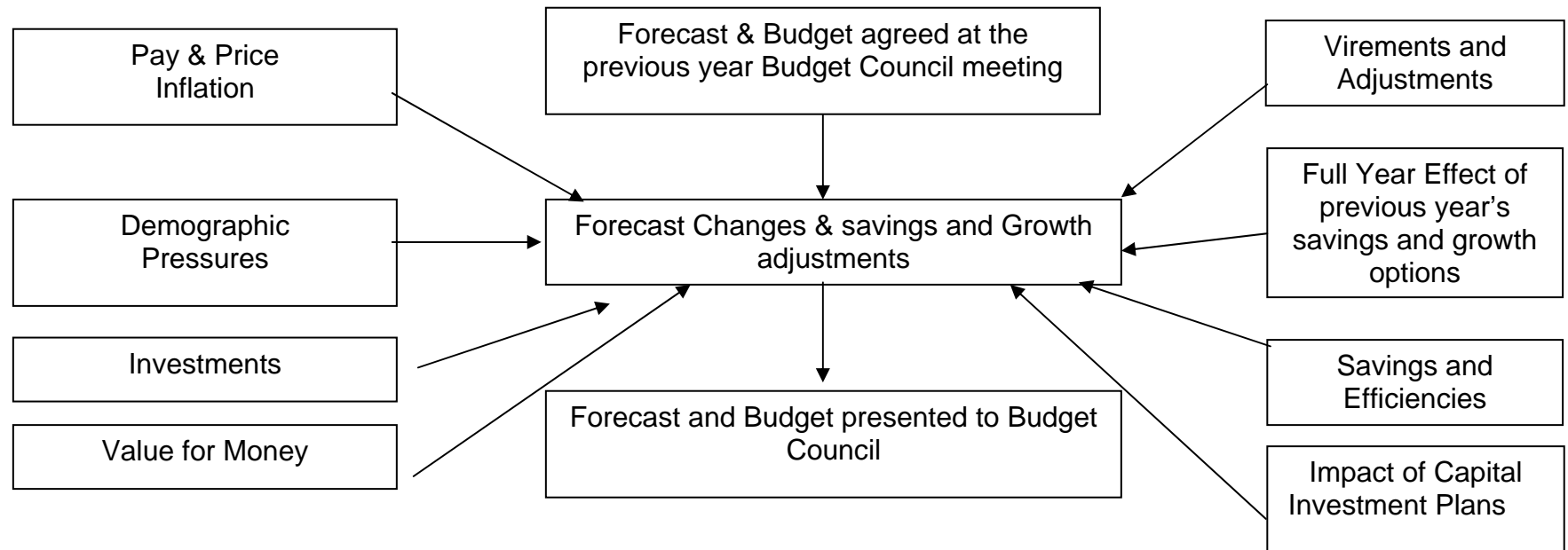
8.3 The MTFS and forecast are supported by a number of monitoring procedures. These are as follows:

- 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.

9. DEVELOPING THE COUNCIL'S BUDGET FORECAST IN THE CONTEXT OF THE MEDIUM TERM FINANCIAL STRATEGY

- 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. Any changes to the Government's Comprehensive Spending Review 2008/11 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 new spending in the form of Growth Options are considered and a savings target is assessed in the light of available resources. The process followed is set out in **Figure 6** below:-

Fig. 6 The Council's Budget Process



10. BACKGROUND TO THE FORECAST

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

(i) Original Budget 2009/10

At the Council meeting on the 3rd March 2009 the Budget was agreed and a total net budget requirement of £11.114m was set for 2009/10. A savings target of £1.176m and growth items of £115k were agreed. Future reserve balances at that time were forecast at the end of 2011/12 to be £2.395m. In agreeing the original budget for 2009/10 a number of key financial risks were highlighted. A number of these risks have receded but the following are still current:-

- a. fuel and utility costs;
- b. staffing restructure costs;
- c. the uncertainty of income streams in the light of the recession;
- d. the Concessionary Fares expenditure; and,
- e. future pension actuarial valuations.

(ii) General Fund – Outturn Position 2008/09

The general fund outturn position for 2008/09 reported an under spend of £826k. The main reason for the outturn position was an amount approved by the Department of Communities and Local Government (DCLG) in respect of Capitalisation, which was £530k more than was included in the budget.

In approving the outturn position Cabinet agreed that, in the light of the under spend a number of reserves should be established. After these adjustments were made the closing General Fund Balance at 31st March 2009 was £1.348m.

(iii) Capital – Outturn Position 2008/09

The Capital Outturn for 2008/09 was a net overspend in year of £1k against the last reported estimate after taking £167k slippage in to account. As a result surplus resources in the Programme were marginally reduced.

(iv) General Fund (GF) Quarterly Budget Monitoring 2008/09

The second quarterly GF monitoring report to the end of September 2009 for 2009/10 presented to Portfolio Holder (Finance & Resources) identified a number of areas of concern. As a result a number of changes have already been included in the forecast e.g. planning fees, sandwinning etc.

11. THE GENERAL FUND REVENUE FORECAST

11.1 Appendix A sets out the Original Base Budget forecast, agreed at Budget Council on 3rd March 2009.

11.2 In rolling forward the forecast a number of assumptions and changes have been made. These are as follows:

General Assumptions

- General price and income Inflation (excluding fuel, utility and statutory fee income inflation) has been set at 2.5% per annum;
- Pay Award 1% per annum from 2009/10 onwards;
- Slippage of £120k from 2008/09 has been included;
- Council tax increase – 4.99% per annum;
- Provision has been made for borrowing for the schemes identified within the revised Capital Programme; and,
- The Council will receive authorisation from DCLG for further Capitalisation of qualifying expenditure (debt repayment costs only have been included in the forecast).

12. NEW SPENDING PRESSURES

12.1 In addition the following items have been adjusted in this latest forecast as a result of updated financial information.

(i) Concessionary Fares

a) Current Scheme

The current monitoring information based on usage figures supplied by Lancashire County Council (LCC) suggests that the cost of Concessionary Fares is expected to be in line with budget.

The Government has now confirmed that the future administration of the scheme will transfer nationally, with full responsibility passing to Lancashire County Council in 2011/12. No announcement has been made regarding the finding transfer.

Negotiations with bus operators have reached a stalemate regarding the reimbursement of cost. Lancashire authorities have offered a reimbursement rate of 50% plus 2.5% for additional costs. The operators are claiming a reimbursement rate of 63%. The operators have indicated that they wish to pursue their claim to a Tribunal hearing and will make a case for a substantial increase for additional costs in the light of a 50% reimbursement rate. Given that no agreement has been reached with operators it is considered prudent to adjust the estimates on the basis that the anticipated savings of £100k in 2009/10 and 2010/11 will not be achievable.

LCC continues to administer the pooling arrangements for the scheme.

b) One off Grant Payment in 2010/11

The Council received notification from the Department for Transport in relation to a proposed one-off Special Grant for Concessionary Fares payable in 2010/11 only. Despite the increase in grant the Council is still not fully compensated for the expenditure on the Concessionary Fares Scheme.

(ii) Fuel Costs

Fuel Costs have been reduced in the current year a result of unit price reductions.

(iii) Utility Costs (Other Energy Costs)

The Council procures energy annually through arrangements with the Office of Government Commerce (OGC). Under this arrangement the procurement window for energy purchases closes at the end of September annually. An actual costs position has been undertaken to compare to budgets to the end of November 2009 for gas, electricity, water, and National Non Domestic Rates. Having also reflected the impact of price changes through existing contractual arrangements this has identified additional savings being achieved for 2009/10, and the forecast has been adjusted accordingly. No additional savings or increases have been included in future years until new prices are secured from April 2010.

(iv) Income

There continues to be a downturn in income due to the recession. Based on advice from our Treasury advisers, (Butlers) it is expected that the recession will continue through into 2011/12 with minimum growth expected during this time with a return to “normal” levels from 2012/13. Income forecasts have therefore been adjusted to reflect this position.

(v) Debt Management Costs and Interest

The Treasury Management position has been reviewed. The changes now reflected in the forecast are the net result of:-

- i) the latest borrowing requirements in order to finance the Capital Programme;
- ii) updated revenue cash flow forecasts;
- ii) an estimate of the cost of borrowing to undertake the essential site improvements work at the CVMU. (There may be revenue savings in future years from this work but these are not yet reflected in this forecast) and the replacement of the Revenues and Benefits software system: and ,
- iii) an estimate for the additional borrowing requirements on the successful Capitalisation submission for 2009/10.

(vi) VAT Refund

Work has been undertaken by finance staff and consultants as a result of changes to EU VAT law in respect of VAT during the period 1990 to 1996. Consequently the Council in the current year has received a one off VAT refund.

(vii) Community Safety

Historically the budget for the community safety service has been incorrectly shown to generate a surplus for the Council. What actually happens is that the Council receives grant annually and uses this grant to fund expenditure to the same value. The forecast has therefore been updated to correct this budget error.

(viii) Additional Area Based Grant (ABG)

The Council has been awarded an additional £6k of Area Based Grant in 2009/10 only. The estimate in the current forecast was £22k with the actual grant received of £28k.

(ix) Pay Award

Based on the latest inflation estimates from our external Treasury Advisers (Butlers), pay inflation has been reduced to 1% per annum over this current forecast.

(x) Pension Triennial Review

The review of the Local Government Pension Fund takes place during 2010/11 with the results being implemented from 01/04/2011. The last review three years ago increased employers contributions to the scheme by 2% points and also led to increased staff contributions. Given that a major factor in the review is the value of investments, if the current economic climate persists a significant increase in cost can be expected. Having consulted further with Lancashire County Council (LCC), who administer the County Pension Scheme, the forecast has been amended to include an increase of 1% per annum by the end of 2012/13.

(xi) Planning Appeals

Provision of £100k has been included in 2009/10 and £50k in 2010/11, on the basis of the best current estimates of outstanding appeal costs.

(xii) Housing & Planning Delivery Grant

The Council has been awarded an additional grant of £10k in 2009/10 only.

(xiii) Economic Wellbeing Reserve

This forecast reflects the approval at Council on 23rd November 2009 to create a Reserve of £50k in 2009/10 to aid economic promotion and recovery in the borough.

(xiv) Civil Parking Enforcement (CPE)

As a part of the transfer of responsibilities from Districts to LCC in September 2009 a thorough review of the detailed budget has been undertaken. This has identified a budget shortfall which has been corrected in this latest forecast.

(xv) Housing Benefit/Council Tax Benefit Administration Grant

The previous forecast included a 2.5% annual increase on this grant. The Council has received notification from Dept for Work & Pensions (DWP) that this grant will be cut by a further 5% with effect from 1st April 2010.

(xvi) Core Strategy – Local Development Framework

The Council agreed the Local Development Framework (part of which is the Core Strategy) with Government Office North West in 2006. The delivery of the Local Development Framework is a statutory requirement. Estimated costs of completing the Core Strategy have therefore have been included in this latest financial update.

(xvii) Revenue & Benefits System Replacement

The Council has been advised that the computer software system used to deliver the Council's revenues and benefits service will not be supported by the relevant software house beyond 2010. Procurement arrangements are therefore being put in place to secure a replacement system. This is being carried out in partnership with other service providers in order to secure the best value possible for the Council and an adjustment has been made in the revenue forecast on the basis of the best information currently available.

(xviii) Elections

Additional costs are included in 2011/12 to cover the Borough Council local elections. The costs associated with a General Election will be covered by central government grant.

(xix) Vehicle leasing costs

Savings have been achieved as a result of the early termination of some leases, the extension of some leases under more favourable terms and delays in the procurement of new vehicles under lease arrangements.

- 12.2 The waste contract with Wyre BC ends on 31/03/12. Early indications from Wyre BC are that no extension of this contract will be undertaken. The forecast assumes that Fylde retain the contract in a competitive tender situation. However, this may or may not be on the same contractual terms and conditions. Therefore, at this stage it is felt prudent that a reserve be established for the inevitable restructuring and residual costs and /or reduction in surplus contribution from the contract that may occur. Members should note that this reserve may not be adequate and any shortfall will need to be found from the General Fund. The situation will be monitored as the financial year progresses.
- 12.3 The forecasted financial impact of these and other changes are summarised at Appendix B and their impact has been included in the updated current forecast shown at Appendix C.

13. SAVINGS & GROWTH PROPOSALS

- 13.1 On the basis of the savings target achieved as part of the ongoing programme of savings agreed in the previous two Annual Budgets, the Cabinet has carefully considered whether any additional savings were required. Given that substantial savings have already been achieved the Cabinet is recommending only minimal additional savings to be included in the Medium Term Financial Strategy.
- 13.2 Cabinet has considered a number of growth options to improve the achievement of corporate priorities. However as a result of the financial restrictions on the authority it has only been possible to recommend a limited number to Council. The major recommendation for growth is £98k per annum towards the re-opening of St. Annes Pool during 2010/11. A full list of these proposals is included in Appendices D & E.

14. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS

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

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

14.2 The Council's total General Fund Reserve at 31st March 2009 was £1.348m.

15. COMPREHENSIVE SPENDING REVIEW (CSR)

15.1 The anticipated government grant (Revenue Support Grant and NNDR) included in the forecast is as follows:-

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Formula Grant	5,741	5,859	5,859	5,859

16. COLLECTION FUND

- 16.1 The Council is required to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non Domestic Rates (NNDR). The Collection Fund accumulated deficit balance as at 31st March 2009 was £559k. This deficit will be shared in accordance with regulations and will form part of the 2010/11 Council Tax calculation. The Council's share of the deficit is £74k. Appropriate adjustments will be made in 2010/11 to remedy this deficit.

17. KEY AREAS OF FINANCIAL RISK (REVENUE)

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

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

High Level Risk

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

Medium Level Risk

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

Low Level Risk

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

i) **Concessionary Fares**

The new national scheme was introduced from April 2008. Current figures suggest that the usage trend is in line with budget. However it is still early in life of the scheme to be absolutely certain.

A settlement with the bus operators has still not been achieved. After taking into account current usage estimates (to the end of October 2009) the estimated saving could be up to £205k in 2009/10 and £188k in 2010/11. At this stage, until a final settlement is reached no adjustment has been made to the forecast.

The Council cannot be absolute regarding the savings predicated on the transfer of the concessionary fares function to the County Council at this point in time. For clarity the savings built into the forecast in respect of this issue is £800k per annum from 2011/12 and thereafter.

This is a high level risk.

ii) Pension Review

The review of the pension fund takes place during 2010/11 with the results being implemented from 1/4/2011. The last review increased staffing costs by 2%. Given that a major factor in the review is the value of investments, if the current economic climate persists a significant increase in cost can be expected. Having consulted Lancashire County Council, who administer the Pension Scheme, the forecast has been amended to include an increase of 1% per annum from 2011/12.

This is a high level risk.

iii) Pay Inflation

The pay award agreed for 2009/10 is 1% which is also forecast into future years.
This is a low level risk

iv) Fuel and Energy Costs

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

This is a low level risk.

v) Land Charges

Income from Land Charges is volatile and is therefore at present hard to predict. Additionally, if current consultative proposals are approved future income may not be received as property data would have to be provided free of charge.

This is a low level risk.

vi) Government Grant Support

The current three year grant settlement runs to the end of financial year 2010/11. Given recent economic events many commentators are forecasting that in the 2012 Comprehensive Spending Review (CSR), grant support to local government will be reduced significantly. Forecasts vary between 5% and 20%. As an indication a 20% cut

would reduce grant by £1m per annum for Fylde. The forecast reflects the known grant settlement up to 2010/11 and no reduction in grant has been made for future years.

This is a high level risk.

vii) Wyre Waste Contract & Other Income Streams

The contract with Wyre Borough Council ends on 31st March 2012. At this stage, Wyre BC have indicated that no extension of this contract will be undertaken. At this point in time it is the Council's intention to bid for a renewal of the contract if a procurement exercise takes place. If the Council is unsuccessful the financial impact would be a loss of the contract surplus, restructuring costs, reduced contribution to central and management overheads and potential residual lease vehicle costs. Whilst the Council will be making a provision over the last years of the contract it is highly unlikely that this reserve would be able to cover these costs and shortfall in costs would result in additional financial burden on the General Fund. For Members information preliminary discussions have taken place regarding the possibilities of a Shared Service arrangement at the end of the existing contract term.

Income streams in general are under pressure as the recession continues; notable examples are sand winning and planning applications. In addition some property rental streams may be reduced.

This is a medium level risk.

viii) Capitalisation

The forecast assumes that the costs of the necessary staffing restructures such as redundancy and statutory pension strain costs will be met by Capitalisation. The rules state that the costs of Capitalisation of Pension Strain must be met from capital receipts and DCLG have approved the Capitalisation of Pension Strain subject to the condition that these costs be met from capital receipts received by the Council in 2009/10.

This is a medium level risk.

ix) VAT partial exemption

The Council currently benefits from its partial exemption in respect of "non-business" VAT relief. The three year blanket exemption given to local authorities ended on 01/04/2009, consequently new exemption calculations are

required to be undertaken. If the Council exceeds its limit it will lose the ability to reclaim VAT on all “non-business” expenditure (both in respect of revenue and capital expenditure).

This is a medium level risk.

x) Housing & Council Tax Benefit Payments

Due to the current economic climate there has been a significant increase in the number of Housing Benefit claimants and a corresponding increase in the value of payments made. The finance team are therefore currently undertaking a review of 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 risk.

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

A new emerging risk is the MMI Scheme of Arrangement; in 1992 MMI the principal insurer of local government avoided insolvency by entering a Scheme of Arrangement. The “arrangement” with creditors enabled MMI to pay outstanding claims on the basis that should there be insufficient assets, 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 BC along with 728 other authorities participated in the scheme. MMI Directors still believe the scheme will be solvent, however a legal ruling is awaited which may significantly increase MMI liabilities and trigger the “claw back”. In the case of Fylde BC the “claw back” is a maximum of £94k.

This is a low level risk.

xii) 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 in doubt due to the recent incorporation of New Fylde Housing into the structure of Progress Housing Group.

This is a low level risk.

xiii) Shortfall in savings targets

At time of writing this mid year review the 2nd Quarter Budget Monitoring & Savings reports were in preparation. Given the significant level of target savings required it may be necessary to revisit these in a later forecast update.

This is a low level risk.

xiv) Changes in Council Tax Capping Regulations

The forecast includes 2.5% Council Tax rises from 2011/12 onwards. It is possible that a future government could limit Council Tax increases at a level lower than the current 5% limit.

This is a low level risk.

18 CONCLUSIONS – GENERAL FUND REVENUE FORECAST

- 18.1 On the face of it Appendix C shows the Council with an apparently good and improving position in respect of its General Fund Balance. However it must be regarded with a great deal of caution.
- 18.2 The Council is facing the most turbulent future for sometime with a great degree of financial uncertainty and a forecast with a significant amount of risk which is largely outside its control.
- 18.3 These risks are significant and a number have a high probability factor. Concessionary Fares, future Capping regulations and an unsuccessful capitalisation application are major concerns in their own right. However the probable reduction in Government Grant from 2011 brings with it the greatest concern. The Chancellor's Pre Budget Announcement did little to allay these concerns, indeed some of the announcements created an increased concern in respect of increased commitment to other public services e.g. Education and Health Sector.
- 18.4 The forecast currently includes reduced expenditure of £800k from 2011/12 which was predicated on the transfer of the Concessionary Fares function to Lancashire County Council (LCC) from April 2011. If this transfer does not take place then this will significantly reduce the Council's available balances.
- 18.5 Public sector analysts are predicting a wide range in the size of the grant reduction. A recent joint paper by CIPFA and SOLACE (Society of Local Authority Chief Executives) indicate that cuts in the order of 15% can be anticipated. For illustrative purposes Table 1 below sets out the impact of a significant grant cut on the Council's General Fund Balances.

Table 1

Impact on General Fund Year End Balances Of % Cut in Government Grant		
	2011/12 £000	2012/13 £000
Current Forecast Balance	1,428	2,152
5% cut	1,135	1,566
10% cut	842	980
15% cut	549	394
20% cut	256	-192

It is clear from Table 1 that any cuts of this size would have serious implications for the Council.

- 18.6 It is not difficult to envisage a scenario involving a significant cut back in government grant coupled with an adverse decision on Concessionary Fares to leave the Council with little or no balances.
- 18.7 The Council has in recent years struggled to maintain a healthy balances position and in light of financial pressures faced by the Council in 2008/09 additional in year budget cuts had to be urgently made. This Council clearly understands the consequences that the absence of balances has in that it takes away the ability to financially manage issues over a period of time. As Members are fully aware reactive rather than planned measures are significantly more expensive e.g. immediate redundancies as opposed to staff reduction via natural wastage. Consequently in this year it is important that the Council carefully considers its level of future revenue balances in light of the risks it is now facing.

19. THE CAPITAL PROGRAMME

- 19.1 Capital Expenditure is defined as expenditure on the acquisition of a fixed asset and/or expenditure which adds value to (not merely maintains), 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.
- 19.2 The Capital Programme for the years 2009/10 to 2013/14 is updated continually for agreed changes and reported to the Portfolio Holder (Finance & Resources) during the financial year on a quarterly basis. A copy of the latest Capital Programme is attached at Appendix F.
- 19.3 The latest updated Capital Programme Summary is set out in Table 2. This has been updated for agreed changes to the end of December 2009. 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.
- 19.4 Members are asked to note that the Programme includes:-
- i) The agreed cost of the improvement works at the Central Vehicle Maintenance Unit (CVMU). A report setting out the details of this scheme was submitted to Cabinet in January 2010
 - ii) Estimated costs towards the replacement of the computer software system (Pericles) used to deliver the Council's Revenues and Benefits Services. A report setting out the details of this scheme was submitted to Cabinet in February 2010 and is detailed separately on this agenda)
 - iii) The Capital Investment required to reopen St. Annes Pool during 2010/11
- Estimated debt charges have been reflected in the revenue budget.

Table 2

UPDATED 5 YEAR CAPITAL PROGRAMME 2009/10 TO 2013/14

APPROVED SCHEMES / CAPITALISATION	Approved Budget 2009/10 £000	Updated Estimate 2009/10 £000	Estimate 2010/11 £000	Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £001
Community Services	2,660	3,084	2,307	810	810	810
Strategic Development	3,377	245	6,145	30	30	30
Governance & Partnerships	0	60	250	0	0	0
Customer & Operational Service	0	0	229	0	0	0
Capitalisation	0	604	0	0	0	0
Total Expenditure	6,037	3,993	8,931	840	840	840
RESOURCES:						
Capital Receipts - General Asset Sales	50	402	50	50	50	50
Capital Receipts - Right to Buy Receipts	50	72	25	25	25	25
Capital Receipts (Town Hall Accommodation)	3,209	0	5,817			
Leasing	0	0	797	0	0	0
Disabled Facilities Grant	366	366	366	366	366	366
Housing & Planning Delivery Grant	0	0	0	0	0	0
Section 106 Monies	0	25	0	0	0	0
Capital Grant	200	579	200	200	200	200
Capital Grant - Repayments	0	0	0	0	0	0
Other External Finance	1,444	1,427	232	0	0	0
Direct Revenue Finance	0	21	0	0	0	0
Prudential Borrowing	730	1,101	1,444	199	199	199
Total Financing	6,049	3,993	8,931	840	840	840
Total surplus (-) / shortfall in year	12	0	0	0	0	0
Cumulative surplus (-) / shortfall	12	0	0	0	0	0

19.5 Capital schemes are directly linked with the Council's Corporate Objectives and Priorities and are delivered through a series of key projects and programmes and via detailed Service Delivery Plans. Major items of enhancement or renewal are identified via the Council's Asset Management Plan.

19.6 Financing the Capital Programme

Having determined its priorities, the Council finances the Capital Programme from a variety of sources. These include:-

- (i) Government Capital Grant Allocations (such as housing renewal support);
- (ii) Disabled Facilities Grant Subsidy;
- (iii) Capital Receipts;
- (iv) External Funding (such as Heritage Lottery Funding);
- (v) Prudential Borrowing/Leasing; and,
- (vi) Revenue Funding.

20. KEY AREAS OF FINANCIAL RISK (CAPITAL)

20.1 There are a number of financial risk areas on the Capital Programme to be aware of:-

(i) Capital Receipts.

Capital receipts are a best estimate. Actual sales are dependent on market conditions and cannot be predicted with certainty. This results in an inherent risk in the forecast level of programmed resources particularly in the latter years of the programme. Members are reminded of the primary requirement to repay the cost of capitalisation of pension strain costs from in-year capital receipts.

This is a medium level risk.

(ii) Capital Grants.

The amount of Capital Housing Grant allocation and Disabled Facilities Grant subsidy (60%) will always depend on future government decisions. The grant settlements from 2010/11 to 2013/14 are currently estimates and are only confirmed in the year they are due. Any reduction in government grants will have a direct impact on the level of Capital Programme work that can be undertaken on these functions.

This is a medium level risk.

(iii) Housing Capital Grant Consultation

The Council recently received a consultation document regarding the Housing Capital Grant Settlement for 2010/11. It is proposed that this grant is reduced by up to 50% which would see a decrease on capital grant received from £579k in 2009/10 to £205k in 2010/11. A large proportion of housing capital spend is determined by the level of grant it receives and clearly a cut in grant will have an overall impact on the pace of delivery of Housing capital schemes.

This is a medium level risk

(iv) VAT Partial Exemption

The Council currently benefits from its partial exemption in respect of “exempt” VAT relief. The two year blanket exemption given to local authorities ended on 1/4/2009, consequently new exemption calculations are required to be undertaken. If the Council exceeds its limit it will lose the ability to reclaim VAT on all “exempt” expenditure (both in respect of revenue and capital expenditure).

This is a medium level risk

21. CONCLUSIONS – CAPITAL PROGRAMME

- 21.1 There continues to be a need to closely monitor the capital expenditure position given the ongoing financial risks as set out in this report.

22. TREASURY MANAGEMENT STRATEGY (Inc. PRUDENTIAL INDICATORS)

- 22.1 Treasury Management is defined as the management of cash flow, banking monies, money market and capital market transactions and the control of the risks associated with these activities. Prudential Indicators provide the framework within which these transactions should be monitored.
- 22.2 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.
- 22.3 The Prudential Code required the Council to approve, revise and monitor a number of mandatory Prudential Indicators covering the forthcoming three years. These are detailed in Appendix G.
- 22.4 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.
- 22.5 Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were produced in November 2009. The Financial Procedure Rules are being updated to reflect this (see Appendix I).
- 22.6 The department of Communities & Local Government (CLG) is currently consulting on changes to the Investment Guidance. This guidance is still out for consultation but based on the advice from the Council's treasury advisers, Butlers, the draft investment guide has been incorporated within this report.
- 22.7 Treasury Management is defined as the management of cash flow, banking monies, money market and capital market transactions and the control of the risks associated with these activities.
- 22.8 The Prudential Indicators follow the reporting mechanism as proposed by our treasury advisers (Butlers). This reporting format also complies with the requirements of CIPFA.

23. RISK AREAS TO THE MEDIUM TERM FINANCIAL STRATEGY AS A RESULT OF TREASURY MANAGEMENT ACTIVITIES.

23.1 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 rates and rates used in the forecast; and,
- (iii) Security of monies invested with counterparties.

24. CONCLUSIONS

- 24.1 Pressures outside the Council's control which are being experienced by all other local authorities, e.g. utility cost increases, rising concessionary fare costs and income reductions as a result of the recession.
- 24.2 Concessionary fare costs in particular need careful monitoring both in respect of usage variations and the bus operator negotiations. The magnitude of potential variations compared to the assumptions made in the budget make this an area of concern. In addition the assumption regarding the transfer of Concessionary Fares to the County Council in 2011/12 needs to be monitored as proposals develop.
- 24.3 The current economic situation brings with it a great deal of uncertainty. These include not only inflation and interest rate volatility, but also pressure on income budgets as consumer spending reduces. In addition pressure is being placed on Advice and Benefits services as the employment market contracts.
- 24.4 Some sources of external funding have ended and some new opportunities have arisen. Competition for these resources is expected to be greater in view of the expected overall reductions in availability. The Council is highly dependent on additional external funding sources for some projects and levels of service.
- 24.5 The Council's service transformation project will ensure continued improvements to the Council's efficiency and Value for Money aspirations. The backcloth of reducing resources makes this initiative more important to achieve but at the same time is likely to be overshadowed by the overall financial situation.
- 24.6 The Council's priorities for improvement remains. Cabinet continuously monitors the Council's current strategy addressing emerging budget pressures to ensure a sustainable position in the medium term. In addition, it will need to match any new funding to existing initiatives delivering against LAA targets.
- 24.7 Overall the Council holds reserves above the minimum recommended. However, the level of risk within the MTFS and its financial forecast is high, both in terms of its significance and probability. At the levels forecast the reserves provide only minimum comfort to the Council. With this in mind, a longer term commitment to reopen St. Annes Pool will inevitably restrict the Council's options, should one or more of the significant risks identified materialise in future years. If this were to happen remedial action would be required by the Council.

- 24.8 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 and the level of forecast reserves are adequate;
 - I can confirm the recommendations contained in this report provide the Council with a robust financial position over the life of the forecast on the basis of the assumptions set out in this report. However, should one or more of the high level risks materialise the overall financial forecast may not remain robust; and,
 - In making any final recommendations both Cabinet and Council must carefully consider and monitor the risks set out in Section 17 of this report.

General Fund Budget Forecast Position 2008/09 to 2011/12

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Net Budget Requirement as per March 2008 Council Meeting	10,900	10,694	10,932	10,932
2008/09 In-Year Savings identified	- 377			
Forecast changes as per appendix B	576	1,473	1,418	1,614
Capitalisation	- 120	8	8	8
Proposed Savings		- 1,176	- 1,377	- 2,077
Proposed Growth Items		115	22	22
	10,979	11,114	11,003	10,499
Financed by:				
Government Grant	5,751	5,741	5,859	6,000
Council Tax (incl annual Tax Base Increases & Collection Fund Deficit)	5,026	5,266	5,598	5,878
	10,777	11,007	11,457	11,878
Call on Reserves	202	107	- 454	- 1,379
General Fund Reserves				
Balance of General Fund Reserves (as at 31 March 2008)	863	669	562	1,016
In Year Use of Ringfenced & Other Earmarked Reserves	8			
Less Transfer to Revenue in Year	- 202	- 107	454	1,379
Year End Balance	669	562	1,016	2,395
Band D Council Tax (Excl Parish Precepts)	£169.01	£177.44	£186.29	£195.59
Council Tax Increase	4.99%	4.99%	4.99%	4.99%

Schedule of Unavoidable Forecast Changes

	Additional Forecast Impact				ADVERSE / FAVOURABLE
	09/10 £000	10/11 £000	11/12 £000	12/13 £000	
Slippage from 2008/09	120	0	0	0	ADVERSE
Unfunded budget increases approved by Council since 03/03/09:					
- FBC contribution to CCTV scheme enhancements	0	0	0	33	ADVERSE
- Replacement of cremators - mercury abatement	0	70	81	79	ADVERSE
- Kirkham Pool - costs as a result of delay in transfer to YMCA	10	0	0	0	ADVERSE
Other Unavoidable Forecast Changes:					
(i) CONCESSIONARY FARES:					
Concessionary Fares - one-off grant windfall in 2010/11	0	-360	0	0	FAVOURABLE
Reversal of concessionary fares re-imbursement saving assumptions	100	100	0	0	ADVERSE
(ii) Fuel cost saving	-35	0	0	0	FAVOURABLE
(iii) Utility costs	-110	0	0	0	FAVOURABLE
(iv) INCOME REDUCTIONS:					
Rental income reduction	17	17	17	17	ADVERSE
Sandwinning income reduction	40	40	20	0	ADVERSE
Licensing income reduction	0	4	4	4	ADVERSE
Planning application fee income reduction	200	200	100	0	ADVERSE
Expiry of property leases	36	0	0	0	ADVERSE
Reduction in inflationary factor applied to income budgets (from 3.5% to 2.5%)	30	62	95	0	ADVERSE
(v) Interest / Debt management	2	83	166	129	ADVERSE
Revenue impact of Capitalisation - borrowing costs	10	43	57	57	ADVERSE
(vi) VAT refund	-347	0	0	0	FAVOURABLE
(vii) Community safety	20	20	20	20	ADVERSE
(viii) Additional Area Based Grant	-6	0	0	0	FAVOURABLE
(ix) STAFFING COSTS:					
Deletion of Authority wide review of staffing target, to be replaced by:	300	300	300	300	ADVERSE
- Impact of reduced 2009/10 pay award settlement from 2.5% to 1%	-150	-150	-150	-150	FAVOURABLE
- revised staffing savings target	-150	-150	-150	-150	FAVOURABLE
Change in pay award from 2.5% per annum to 1% per annum from 2010/11	0	-154	-312	-476	FAVOURABLE
Additional in year staff turnover savings	-100	0	0	0	FAVOURABLE

Schedule of Unavoidable Forecast Changes

Additional Forecast Impact					
	09/10 £000	10/11 £000	11/12 £000	12/13 £000	ADVERSE / FAVOURABLE
(x) Pension review	0	0	73	148	ADVERSE
(xi) Planning appeals costs	100	50	0	0	ADVERSE
(xii) Additional Housing and Planning Delivery Grant	-10	0	0	0	FAVOURABLE
(xiii) Economic promotion and recovery reserve - approved at Council 23/11/2009	50	0	0	0	ADVERSE
(xiv) Civil Parking Enforcement	66	61	61	61	ADVERSE
(xv) Housing Benefit / Council Tax benefit admin grant	20	53	53	53	ADVERSE
(xvi) Core strategy costs	0	76	107	0	ADVERSE
(xvii) Revs & bens shared services - new system implementation	0	39	39	39	ADVERSE
(xviii) Election costs	4	0	80	0	ADVERSE
(xix) Vehicle leasing costs - saving 09/10	-50	0	0	0	FAVOURABLE
Insurances - saving on re-tender	-32	-31	-28	-7	FAVOURABLE
Equal pay policy changes	-28	-42	-55	-55	FAVOURABLE
Business Rates - adjustment to reflect rateable value change wef 2010/11	-36	22	22	22	ADVERSE
Vacancy Savings to fund FLoWE post - approved July 2008	-24	-24	-24	-24	FAVOURABLE
Other minor budget amendments	32	32	32	32	ADVERSE
Total	79	361	608	132	ADVERSE

Latest General Fund Budget Forecast Position 2009/10 to 2012/13 - Cabinet Proposals

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	Adv (A)/ Fav (F)
Base Budget	11,114	11,003	10,499	10,761	
Unavoidable changes - per Appendix B	79	361	608	132	(A)
Savings - per Appendix D		- 71	- 46	- 46	(F)
Growth Options - per Appendix E		156	215	215	(A)
	11,193	11,449	11,276	11,062	
Financed by:					
Government Grant	5,741	5,859	5,859	5,859	
Council Tax (incl annual Tax Base Increases & Collection Fund Deficit)	5,266	5,507	5,764	5,952	
	11,007	11,366	11,623	11,811	
Call on Reserves	186	83	- 347	- 749	
General Fund Reserves					
Balance of General Fund Reserves b/f	1,348	1,162	1,079	1,426	
In Year Use of Ringfenced & Other Earmarked Reserves					
Less transfer to/from(-) reserves in year	- 186	- 83	347	749	
Forecast Reserves at Year End	1,162	1,079	1,426	2,175	
Band D Council Tax (Excl Parish Precepts)	£177.44	£186.29	£190.95	£195.72	
Council Tax Increase	4.99%	4.99%	2.50%	2.50%	

Savings Options

Savings Options	2010/11 £000	2011/12 £000	2012/13 £000	Ongoing £000	ADV / FAV
Retain member allowances at 09/10 levels	-10	-10	-10	-10	(F)
Discontinue Green Partnership Contribution	-2	-2	-2	-2	(F)
Reduce provision for planning appeals	-30	0	0	0	(F)
Removal of Weed Control on Highway areas	-19	-19	-19	-19	(F)
North Beach Car Park Charging	-10	-15	-15	-15	(F)
Total Savings Options	-71	-46	-46	-46	(F)

Growth Options

Growth Options	2010/11 £000	2011/12 £000	2012/13 £000	Ongoing £000	ADV / FAV
Car parking - Christmas pricing policy	7	7	7	7	(A)
Resources for managing activity on the beach	30	30	30	30	(A)
Open Golf 2012	35	35	0	0	(A)
Events & Tourism Support Reserve	30	30	30	30	(A)
Additional Resources for Legal & Standards Board (net of PRG Grant)	15	15	50	50	(A)
Re opening of St Annes Pool - ongoing additional revenue costs	39	98	98	98	(A)
TOTAL	156	215	215	215	(A)

UPDATED 5 YEAR CAPITAL PROGRAMME 2009/10 TO 2013/14

APPROVED SCHEMES / CAPITALISATION	Approved Budget 2009/10 £000	Updated Estimate 2009/10 £000	Estimate 2010/11 £000	Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £001
Community Services	2,660	3,084	2,307	810	810	810
Strategic Development	3,377	245	6,145	30	30	30
Governance & Partnerships	0	60	250	0	0	0
Customer & Operational Service	0	0	229	0	0	0
Capitalisation	0	604	0	0	0	0
Total Expenditure	6,037	3,993	8,931	840	840	840
RESOURCES:						
Capital Receipts - General Asset Sales	50	402	50	50	50	50
Capital Receipts - Right to Buy Receipts	50	72	25	25	25	25
Capital Receipts (Town Hall Accommodation)	3,209	0	5,817			
Leasing	0	0	797	0	0	0
Disabled Facilities Grant	366	366	366	366	366	366
Housing & Planning Delivery Grant	0	0	0	0	0	0
Section 106 Monies	0	25	0	0	0	0
Capital Grant	200	579	200	200	200	200
Capital Grant - Repayments	0	0	0	0	0	0
Other External Finance	1,444	1,427	232	0	0	0
Direct Revenue Finance	0	21	0	0	0	0
Prudential Borrowing	730	1,101	1,444	199	199	199
Total Financing	6,049	3,993	8,931	840	840	840
Total surplus (-) / shortfall in year	12	0	0	0	0	0
Cumulative surplus (-) / shortfall	12	0	0	0	0	0

UPDATED 5 YEAR CAPITAL PROGRAMME 2009/10 TO 2013/14

CAPITAL FINANCING	Approved Budget 2009/10 £000	Updated Estimate 2009/10 £000	Estimate 2010/11 £000	Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000
RESOURCES:						
Capital Receipts - General Asset Sales	50	402	50	50	50	50
Capital Receipts - Right to Buy Receipts	50	72	25	25	25	25
Capital Receipts (Town Hall Accommodation)	3,209	0	5,817	0	0	0
Leasing	0	0	797	0	0	0
Disabled Facilities Grant	366	366	366	366	366	366
Housing & Planning Delivery Grant	0	0	0	0	0	0
Section 106 Monies - Morningson Road	0	25	0	0	0	0
Capital Grant	200	579	200	200	200	200
Capital Grant - Repayments	0	0	0	0	0	0
Other External Finance (see analysis below)	1,444	1,427	232	0	0	0
Direct Revenue Finance	0	21	0	0	0	0
Prudential Borrowing	730	1,101	1,444	199	199	199
Total Financing	6,049	3,993	8,931	840	840	840
 Total surplus (-) / shortfall in year	 12	 0	 0	 0	 0	 0
Cumulative surplus (-) / shortfall	12	0	0	0	0	0
 Other External Finance: Analysis						
Tourist Board	10	10	0	0	0	0
Value & Income Trust Plc.	0	2	0	0	0	0
Lancashire Environment Fund - King George V	0	25	0	0	0	0
Community Spaces - King George V	0	50	0	0	0	0
Remade Small Sites - King George V	0	20	0	0	0	0
Lancashire County Council - King George V	0	25	0	0	0	0
Lancashire County Developments Ltd. (Conservation)	0	0	0	0	0	0
Lancashire County Developments Ltd. (Kirkham)	75	26	72	0	0	0
Heritage Lottery Fund - Ashton Gardens @ 79.77%	1,224	1,076	160	0	0	0
Low Carbon Building Programme - Ashton Gardens	0	15	0	0	0	0
Lancashire Environment Fund - Ashton Gardens	0	15	0	0	0	0
Department for Culture, Media and Sport - Swimming Grant	0	23	0	0	0	0
Community Safety Contribution	0	5	0	0	0	0
Big Lottery (Play Equipment)	135	135	0	0	0	0
	1,444	1,427	232	0	0	0

Appendix F (page 3 of 3)

UPDATED 5 YEAR CAPITAL PROGRAMME 2009/10 TO 2013/14

APPROVED SCHEMES / CAPITALISATION	Approved Budget 2009/10 £000	Updated Estimate 2009/10 £000	Estimate 2010/11 £000	Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000
COMMUNITY SERVICES						
Z010 Disabled Facilities Programme	610	618	610	610	610	610
Z024 Pvlte Sector Hsng Renewal Grants	268	652	200	200	200	200
Z068 Crematorium Project - Cremators	0	0	797	0	0	0
Z030 Ashton Gardens Heritage Restoration	1,545	1,439	200	0	0	0
Z052 Chimes	27	22	0	0	0	0
Z053 Youth Facilities	15	0	0	0	0	0
Z065 Play Equipment	135	138	0	0	0	0
Z071 King George V Playing Fields - Play Area & Landscape	0	132	0	0	0	0
Z070 Kirkham Baths	60	83	0	0	0	0
NEW St Annes Pool	0	0	475	0	0	0
NEW Mornington Road	0	0	25	0	0	0
Sub total	2,660	3,084	2,307	810	810	810
STRATEGIC DEVELOPMENT						
Z001 St Annes Square Regeneration	54	30	23	0	0	0
Z027 Town Hall accommodation	2,942	25	5,817	0	0	0
Z036 Cons'n Area Rest'n Scheme St Annes	0	6	2	0	0	0
Z045 St Annes Town Centre	79	1	72	0	0	0
Z062 Tourist Board Project - Public Realm Streetworks	110	65	45	0	0	0
Z047 Footway Lighting Schemes	12	0	12	0	0	0
Z051 Kirkham Building Refurbishment	150	52	144	0	0	0
Z049 Car Park Improvements	30	41	30	30	30	30
Z072 Tourist Information Centre (Purchase)	0	25	0	0	0	0
Sub total	3,377	245	6,145	30	30	30
GOVERNANCE & PARTNERSHIPS						
Z046 CCTV Community Safety	0	49	0	0	0	0
Z073 Election Management and Electoral Registration System	0	11	0	0	0	0
NEW Replacement Software System - Pericles	0	0	250	0	0	0
Sub total	0	60	250	0	0	0
CUSTOMER & OPERATIONAL SERVICES						
NEW Fleet Management Services Depot Re-Location	0	0	229	0	0	0
Sub total	0	0	229	0	0	0
CAPITALISATION						
NEW Capitalisation Directive - Statutory Redundancy	0	130	0	0	0	0
NEW Capitalisation Directive - Pension Fund Costs	0	474	0	0	0	0
Sub total	0	604	0	0	0	0
Total Expenditure	6,037	3,993	8,931	840	840	840

The Prudential Indicators 2009/10 to 2012/13

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 indicators for 2012/13. Each indicator either summarises the expected capital activity or introduces limits upon the activity.
- 1.2 Within the overall prudential framework, there are indicators to assist with monitoring the treasury management activity. As a consequence, the treasury management strategy for 2010/11 to 2012/13 is included as Appendix H to complement the indicators, and this appendix includes the prudential indicators relating to the treasury activity.

2. Capital Expenditure Plans

- 2.1 The Council's capital expenditure plans are summarised in Appendix F (Capital Programme Quarter 3 Update 2009/10) and this forms the first of the prudential indicators.
- 2.2 The key risks to the plans are that the level of Government grant 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 the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources.
- 3.2 The Council is required to repay off an element of the accumulated capital spend each year through a charge to the Revenue Budget known as the Minimum Revenue Provision (MRP). Communities & Local Government (CLG) Regulations require Council to approve an MRP statement in advance of each year. The Council is recommended to approve the following MRP statement:
 - i) For capital expenditure incurred before 1 April 2008 or which in the future will be supported capital expenditure (eg. funded by grant, capital receipt, etc) – Existing practice outlined in the former CLG legislation based on the adjusted CFR.
 - 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)

	2009/10 Revised £M	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
Total CFR	3.6	5.7	5.6	5.6

The CFR reduces due to the Minimum Revenue Provision (MRP) and increases by Prudential Borrowing as approved in the Capital Programme.

- 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 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

	2009/10 Revised £M	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
Gross Borrowing	4.1	4.8	4.8	4.3
Investments	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
Net borrowing	<u>4.1</u>	<u>4.8</u>	<u>4.8</u>	<u>4.3</u>
CFR	3.6	5.7	5.6	5.6
Difference (ie. headroom within CFR)	-0.5	0.9	0.8	1.3

Notes to Table 2:

The actual borrowing is £3.5m which is below the CFR. Borrowing was done in advance, based on advice from our treasury advisors, Butlers to take advantage of the low interest rates at that time (rates have since risen). In future years under borrowing is forecast so this position will be corrected.

- 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

	2009/10 Revised £M	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
CFR	3.6	5.7	5.6	5.6
Expected under borrowing (note 1)	0.5	(0.9)	(0.8)	(1.3)
Short term borrowing (note 2)	1.5	1.5	1.5	1.5
Gross Borrowing	5.6	6.3	6.3	5.8
Other Long Term Liabilities	0.2	0.2	0.2	0.2
Operational Boundary (note 3)	5.8	6.5	6.5	6.0
Contingency (note 4)	4.3	4.5	4.5	4.6
Authorised Limit (note 5)	10.1	11.0	11.0	10.6

Note 1: Expected under borrowing – The Council will be under borrowed in the short term and this is reviewed periodically in conjunction with the Council's treasury advisors, Butlers.

Note 2: Short term borrowing – the Council's in-house cash balances are usually at their lowest at the end of the financial year as the majority of income from Council Tax and Business Rates is received between April and January. As a result it is expected that the Council will have a short term requirement to borrow to meet cash flow demands until cash levels increase in the new financial year.

Note 3: Operational Boundary for External Debt - is based on the expected maximum external debt during the course of the year. It is not a limit.

Note 4: Headroom for unexpected cash movements or debt rescheduling.

Note 5: 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

	2009/10 Revised	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Ratio	-1%	2%	3%	2%

- 5.3 Financing costs appear low in 2009/10 as the ratio includes interest of £206k received from HM Customs in respect of VAT claims. It is expected that financing costs will reduce to 2% in 2012/13 as investment returns are forecast to increase in this year in line with interest rate forecasts whilst the cost of the Council's debt remains at a fixed rate.
- 5.4 Table 5 sets out the 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. The Capital Programme 3rd Quarter Update Report 2009/10 was noted by the Portfolio Holder (Finance & Resources) in February 2010. This report includes the cremator replacement and Mercury Abatement scheme, the Revenue & Benefits replacement software system ("Pericles") scheme and Capitalisation, 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 2010/11 £	Estimate 2011/12 £	Estimate 2012/13 £
Current cost of borrowing for Capital Programme	4.04	4.04	4.04
Change to Council Tax as a result of new prudential borrowing approved as at Quarter 3 2009/10	6.67	6.72	6.78
Council Tax Band D total cost of borrowing	10.70	10.76	10.82

Treasury Management Strategy 2010/11 – 2012/13

- 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 01/12/03, and members are requested to adopt the revised Code. The Council also adopted a Treasury Management Policy Statement on 01/12/03. The revised Code recommends new clauses to be formally adopted and these are included in 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 Butlers as its treasury management advisers. 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

In line with the CIPFA Code of Practice the final decision on treasury matters continues to remain with the Council. Due to the complexity of treasury management activities, the Council continues to engage the services of treasury advisers (Butlers).

2. Debt and Investment Projections 2009/10 – 2012/13

- 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 short-term cash balances are depleted.

Table 1 Forecast Treasury Position

	2009/10 Estimate £M	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
Debt at 31 March	5.6	6.3	6.3	5.8
Investments at 31 March	0	0	0	0

- 2.2 The related impact of the movements in Table 1 on the revenue budget are shown in Table 2. Investment income is higher in 2009/10 due to the interest received from HM Customs (see Appendix G section 5.3)

Table 2 Forecast Interest

Revenue Budget	2009/10 Estimate £M	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
Interest payable on Borrowing	0.07	0.14	0.19	0.19
Investment Income	0.23	0.06	0.09	0.16

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

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

Table 3 Butlers Interest Rate Forecast

Annual Average	Bank Rate	Investment Rates		Borrowing Rates (PWLB)		
		3 month	1 year	5 year	20 year	50 year
2009/10	0.5	0.8	1.4	3.2	4.4	4.6
2010/11	1.0	1.5	2.3	4.0	5.0	5.2
2011/12	2.0	2.5	3.3	4.3	5.3	5.3
2012/13	4.5	4.8	5.3	5.3	5.5	5.3

- 3.2 The above rates are provided by the Council's Treasury Advisors, Butlers. Short-term rates are expected to remain low for some time. Longer term rates are expected to be more volatile.

4. Borrowing Strategy

- 4.1 As recommended by the Council's Treasury advisers, the Council borrowed £2.5M of new long-term debt in December 2009. The £2.5M borrowed is in line with the Council's five year capital financing forecast.
- 4.2 New borrowing will be considered and undertaken in line with the Council's forecasts on borrowing requirements. It is anticipated that new borrowing in the form of a finance lease may be undertaken in 2010/11 to finance the Cremator Replacement and Mercury Abatement at the crematorium. The type of financing required for this capital scheme is likely to be a finance lease as repaying the lease in instalments will assist the Council to remain below the VAT partial exemption threshold. Leasing Consultants will provide advice on the optimum timing, taking into account interest rate movements.
- 4.3 The Council may consider debt repayment or rescheduling depending on the prevailing interest rates. The Council has some flexibility to borrow in advance of need if there was a sharp rise in interest rates forecasted, and so borrowing early at fixed interest rates will be economically beneficial. Borrowing in advance of need will only be undertaken where there is a clear business case for doing so.

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 additional instructions below will remain in place until the banking sector has stabilised:-
- investments limited to £2M per transaction (except for investments to HM Treasury and other Local Authorities)
 - investments are 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 that invest in Government debt. 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. The Council's treasury advisers Butlers have proposed the following 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 Portfolio Holder (Finance & Resources):-

- Security – the Council is required to introduce a maximum security risk benchmark. Butlers have proposed that this is a percentage based on the historic risk of default of counterparties. This benchmark 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 0.03% of the amount invested (eg. For a £1M investment the average loss would be £300)
- Liquidity – the Council will limit short term borrowing to £1.5m, and will maintain short term liquid deposits of at least £1m available within a week's notice.
- 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 on Activity

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 limits on variable interest rate exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing at the same time, and are required for upper and lower limits.
- Total principal funds invested for greater than 364 days – These limits are set to reduce the need for an early sale of an investment, and are based on the availability of funds.

6.2 The Council is asked to approve the Prudential Indicators in Tables 4 and 5.

Table 4 Interest Rate Exposures & Maximum Principal Sums invested >364 days

	2009/10 £M	2010/11 £M	2011/12 £M
Limits on fixed interest rates based on debt	5.6	6.3	6.3
Limits on variable interest rates based on debt (50% of debt)	2.8	3.2	3.2
Principal sums invested > 364 days (50% of long-term investments)	0	0	0

Table 5 Maturity Structure of Fixed Interest Rate Borrowing 2010/11

	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months to 2 years	100%	0%
2 years to 5 years	100%	0%
5 years to 10 years	100%	0%
10 years and above	100%	0%

7. Investment Counterparty and Liquidity Framework

7.1 The primary principle governing the Council's investment criteria 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 three credit rating agencies.
- Additional requirements under the revised Code of Practice now require the Council to use additional market information (market data, information on government support for banks, rating watches/outlooks) on counterparties in conjunction with credit ratings. This market information will be used to compare the relative security of differing counterparties.
- 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 criteria and limits are set out in Tables 6, 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 DMADF)
- 2) Supranational bonds of less than one year's duration (with the European Investment Bank)
- 3) A local authority, parish council or community council
- 4) Pooled investment vehicles (eg. money market fund) rated AAA by Standard and Poor's, Moody's or Fitch rating agencies
- 5) 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) Supranational Bonds greater than 1 year to maturity (with the European Investment Bank)
- 2) Gilt edged securities
- 3) 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.
- 4) 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 short-term and long-term ratings in Table 6.

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, Building Societies and wholly owned subsidiaries	F1+	AA-	C	3	P-1	Aa3	C	A-1+	AA-
Other UK Banks, Building Societies and wholly owned subsidiaries	F1	A	C	3	P-1	A2	C	A-1	A
EC Member State Banks and Building Societies	F1	A+	C	3	P-1	A1	C	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 line with the revised Code of Practice on Treasury Management and advice from the Council's treasury advisers, the Council will adhere to the following new criteria:-

- i) The Council will primarily use UK institutions for investing. If non-UK institutions are used, then they must be within the EU and have minimum sovereign long term rating of AAA by all three rating agencies
- ii) No more than 20% of inhouse investments will be placed with any one non-UK country at any time.
- iii) If the Council's own bank were to fall below the criteria for Specified and Non Specified investments then the bank will continue to be used for transactional purposes, but balances will be minimised in terms of size and time.

Table 7 Counterparty Criteria – Specified Investments

Counterparty Criteria Specified Investments	Maximum Exposure £M	Group Exposure £M	Time Limit Months
UK Banks, Building Societies and wholly owned subsidiaries	2	2	12
Other UK Banks, Building Societies 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	6
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
Supranational Bonds	1	n/a	2	
Gilt Edged Securities	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.

New Treasury Management Procedures to be Adopted within Financial Procedure Rules

1. 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.
2. 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.
3. The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Portfolio Holder (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.
4. The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies (see Note 1).

Note 1

Due to time constraints and the lateness of the publication of CIPFA revised guidance, it has not been possible to submit the Prudential Indicators and Treasury Strategy to Audit Committee for scrutiny before submission to Council. In future years officers will submit the report to Audit Committee for scrutiny.

Council Meeting



Date	25 January 2010
Venue	Lowther Pavilion, Lytham
Members	Mayor (Councillor Paul Rigby) Deputy Mayor (Councillor Patricia Fieldhouse) Brenda Ackers, Ben Aitken, Christine Akeroyd, Tim Ashton, Keith Beckett, John Bennett, Karen Buckley, David Chedd, Maxine Chew, Elizabeth Clarkson, John Coombes, Michael Cornah, Fabian Craig-Wilson, Leonard Davies, John Davies, Barbara Douglas, Kevin Eastham, David Eaves, Susan Fazackerley, Tony Ford, Richard Fulford-Brown, Craig Halewood, Peter Hardy, Kathleen Harper, Paul Hayhurst, Howard Henshaw, Ken Hopwood, Keith Hyde, Angela Jacques, Cheryl Little, Kiran Mulholland, Linda Nulty, Elizabeth Oades, Janine Owen, Barbara Pagett, Albert Pounder, Dawn Prestwich, Simon Renwick, Louis Rigby, Elaine Silverwood, John Singleton, Roger Small, Heather Speak, Thomas Threlfall.
Officers	Phil Woodward, Tracy Scholes, Bernard Hayes, Clare Platt, Chris Hambly, Hazel Wood, Allan Blundell, Andy Cain, Bernard Judge.
Others	Mr DDE Birchall, Reverend M Hartley

68. Declarations of interest

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

69. Confirmation of Minutes

RESOLVED: To approve the minutes of the Council meeting held on 23rd November 2009 as a correct record for signature by the Mayor.

70. Mayor's announcements

- The Mayor asked all members to help support the newly launched Trinity Hospice Lottery, raffle tickets are £1 and leaflets are available from the Town Hall.

Council meeting - 25th January 2010

- The Mayor invited all members to a Musical Evening to be held on Thursday 11 February at Carr Hill High School, tickets available from the Mayors secretary.
- The Mayor informed members that the Town Hall Challenge with Fylde and Blackpool Councils is to take place on 18th February 2010.
- The Mayor invited all members to the Deputy Mayor's cookery demonstration evening on 25th February 2010 at King Edward School, tickets available from the Mayor's secretary.
- The Mayor invited members to take part in Fylde's Got Talent organised by Councillor Janine Owen. Auditions will be held on 7th, 13th and 14th February and the Final to be held on 20th February at Lowther Pavilion. Details are on the Council website.
- The Mayor expressed his thanks to everyone attending the funeral of the late Alderman Colin Walton.
- The Mayor congratulated and welcomed new Councillor Leonard Davies.

71. Chief Executive's Communications

The Chief Executive reported that a query had recently been raised with regard to the deadline for receipt of Notice of Motion reports for Council. He informed members that he would clarify the details from the Constitution in his members' newsletter later this week.

The Chief Executive also advised the Council of the reason for the absence of Ian Curtis (Monitoring Officer) who had become a father again in the last few days.

72. Questions from Members of the Council

The following question had been submitted by Councillor John Singleton:

"We viewed the latest Hot Spot report at the last Community Focus Committee meeting on Thursday 7/01/10. Question I would like to ask the Portfolio holder for Environmental matters:

If he can advise if there are any changes necessary to the waste collection service in the Borough when the new LCC disposal facilities at Thornton opens later this year and if the Council has put aside enough resources to meet the service changes in relation to costs?"

The Portfolio Holder for Environmental Wellbeing, Councillor David Eaves responded as follows.

"That a number of changes were due to be made to meet the requirements of LCC (the waste disposal authority) including from April 2010, cardboard is to be placed within the paper collection and to be collected separately. In October 2010 residents will be able to put food waste in their green bins. All waste collected will be taken to one of two transfer stations at either SITA in Blackpool or Riversway in Preston. An additional £50,000 has been included in the Medium Term Financial Strategy to provide the funding necessary to implement these changes."

The following question had been submitted by Councillor Fabian Craig-Wilson:

"Since the signing of the MAA in October 2009 there appears to have been little forward momentum? Could the Leader or Chief Executive please update the Council on the current position of the MAA and about the new Economic Development Company that is being formed, and when he feels that the MAA breakthroughs will start being discussed, developed and scrutinised?"

The Leader of the Council, Councillor John Coombes responded as follows:

"A number of meetings of Leaders have taken place and a new chairman has recently been appointed to the proposed EDC which it is hoped would become operational from 1st April. It is possible that the senior management of the EDC would be commenced on an interim basis until permanent arrangements were agreed. Further work on the seven key 'Breakthroughs' highlighted in the MAA had not progressed far since the signing of the agreement but should be taken forwards after 1st April when a business plan for the EDC will be produced"

Councillor Craig-Wilson asked a supplementary question why the EDC was necessary and whether the Leader thought this would lead to its activity becoming 'Blackpool centric'

Councillor Coombes responded: *"The business plan of the EDC would need to address Fylde Coast economic issues and this would form the basis of bids for external funding streams from regional bodies such as the NWDA and HCA. The investment would need to reflect the MAA Breakthroughs. We are currently working on how we go forward with the constitution and all statutory documents need to be put forward for the company. In respect of voting, the shadow board is made up of four Chief Executive and four Leaders from Fylde, Blackpool, Wyre and Lancashire County Council and is based on equal shares and equal voting within the draft constitution."*

The following question had been submitted by Councillor Elizabeth Clarkson:

"Does the portfolio holder for the environment know anything that he can share with the Council about the review of household waste disposal centres currently being carried out by the Council and could this affect either the St Annes or Lytham sites?"

The Portfolio Holder for Environmental Wellbeing, Councillor David Eaves responded as follows:

"Lancashire County Council are responsible for the two household waste sites in Fylde and are currently reviewing the provision of such sites across the County. Work is currently being undertaken by LCC through a task and finish group reporting to their Sustainable development scrutiny committee. A report was produced in December with raised the option of closing the Everest Rd site in St Annes. No decision has yet been made regarding the future of both sites in Fylde and as portfolio holder I will be speaking to LCC with a view to safeguarding the busy and well used sites open in Fylde for local residents."

The following question had been submitted by Councillor Christine Akeroyd:

"Would the portfolio holder for social wellbeing provide a report on how the investment in CCTV equipment in the two towns (Kirkham and St Annes) has resulted in the detection and prosecution of crimes which would have otherwise have remained undetected and therefore unsolved?"

The Portfolio Holder for Social Wellbeing, Councillor Cheryl Little responded as follows:

"The background of the CCTV scheme in Fylde was developed as a direct response to the wishes of local residents. It was the culmination of a lot of work by a number of people to achieve a common goal and give reassurance to the public. The cameras had been used on 24 occasions so far in the detection of local crime. Cllr Little went on to give further details of results in Kirkham and St Annes as a result of the new CCTV scheme. The police were confident that the cameras were playing a huge part in crime prevention and reassurance to the public. The cameras also assist the police in prioritising their staff deployment during the weekend and late nights. I'm confident that the ongoing work is to the benefit of local residents and is helping to make Fylde one of the safest boroughs in the Country."

73. Questions from members of the Public

There were no questions.

74. Notice of Motion

The Mayor reported that a Notice of Motion had been received from Councillor Elizabeth Oades and read as follows:-

That, in future, any Member appointed to the D.C. Committee and Public Protection Committees, be fully trained in procedures and rules pertaining to the role. The training should be agreed by the Chief Executive Officer, the Directors and Chief Officers responsible for D.C. and Public Protection. Any Member who is not suitably trained should not be allowed to take part in any meeting relating to D.C. or Public Protection.

Councillor Elizabeth Oades moved the motion and Councillor Kevin Eastham seconded it, the Mayor indicated that council procedure 11.1.3.1 would apply and the motion would be automatically referred to the Member Development Steering Group in consultation with Members of the Development Control and Public Protection Committees.

75. Invitation to Accept Appointment as Mayor 2010/2011

It was moved by Councillor Elaine Silverwood and seconded by Councillor Paul Hayhurst and:

RESOLVED - That Councillor Elizabeth Oades be invited to accept election by the Council at the 2010 Annual Meeting as Mayor of the Borough of Fylde for the ensuing municipal year.

76. Resources available to the Standards Committee

The Chief Executive presented the report on the resources available to the Standards Committee. Mr Woodward explained that the Chairman of the Council's Standards Committee had raised his concerns with Mr Woodward over the seemingly protracted time period taken for complaints to be concluded.

Mr Woodward explained that the report provided a summary of the current procedure for complaint receipt, assessment, investigation, review and determination and of the number of complaints handled by the Council and their outcome.

The report also provided an outline of the current level of resources that are provided to support the work of the Standards Committee and the other demands that are placed on this resource.

Following discussion the Council RESOLVED:

That the Council reviews the level of resources allocated to support the work of the Standards Committee and other legal work during the consideration of its budget for 2010/11.

77. Fylde Borough Councils Schedule of Meetings

The Chief Executive presented the report that highlighted the proposed Committees meeting dates for the forthcoming municipal year. With the following two amendments:

- An additional meeting of Audit Committee on 30 March 2010.
- The 28 April 2011 date is changed to 31 March 2011.

Following discussion the Council RESOLVED:

To approve the schedule of meetings for 2010/11 and the revised 2009/10 schedule together with all amendments.

78. Delegations to the Public Protection Committee - Designated Public Places Orders

Councillor Cheryl Little (Portfolio Holder for Social Wellbeing) introduced the report on the principles of Designated Public Places Orders and sought approval for such Orders to be delegated to the Public Protection Committee.

Following discussion the Council RESOLVED:

To note the content of the report and delegate the consideration and approval of Designated Public Places Orders to the Public Protection Committee.

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