



Meeting Agenda

**Special Policy Development Scrutiny
Committee,
Town Hall, Lytham St. Annes
Wednesday 22 February 2012, 6:30pm**

The main doors to the Town Hall will be open to the public at 6:00pm
The maximum capacity for this meeting room is 60 persons –
once this limit is reached no other person can be admitted.

POLICY DEVELOPMENT SCRUTINY COMMITTEE MEMBERSHIP

CHAIRMAN	Fabian Craig-Wilson
VICE-CHAIRMAN	Leonard Davies

Councillors

Ben Aitken	Frank Andrews
Susan Ashton	Julie Brickles
David Chedd	Simon Cox
John Davies	David Donaldson
Charlie Duffy	Karen Henshaw JP
Edward Nash	Richard Redcliffe
Elizabeth Oades	Elaine Silverwood

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Our Vision

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

Our Corporate Objectives

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

The Principles we will adopt in delivering our objectives are:

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



AGENDA

PUBLIC PLATFORM

*To hear representations from members of the public in accordance with
Committee procedure rules*

ITEM	PAGE
1. DECLARATIONS OF INTEREST: If a member requires advice on Declarations of Interest he/she is advised to contact the Monitoring Officer in advance of the meeting. (For the assistance of Members an extract from the Councils Code of Conduct is attached).	4
2. CONFIRMATION OF MINUTES: To confirm as a correct record the minutes of the Policy Development Scrutiny Committee held on 12 January 2012. As attached at the end of the agenda.	4
3. SUBSTITUTE MEMBERS: Details of any substitute members notified in accordance with council procedure rule 26.3.	4
4. MEDIUM TERM FINANCIAL STRATEGY UPDATE, INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY MANAGEMENT FOR 2011/12 – 2015/16	7

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.

REPORT

MANAGEMENT TEAM	POLICY DEVELOPMENT SCRUTINY COMMITTEE	22 February 2012	4
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MEDIUM TERM FINANCIAL STRATEGY UPDATE, INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY MANAGEMENT FOR 2011/12 – 2015/16

Public Item

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

Summary

- 1.1 Attached is the Council's Medium Term Financial Strategy (MTFS) for the five years 2011/12 to 2015/16. The MTFS is designed to provide a strategic link between available financial resources and the Council's corporate policy priorities, and to ensure that the Council sets a budget which is robust and sustainable in order that it can deliver the aspirations in line with its strategic objectives.
- 1.2 The report details the estimated financial resources available to the Council and identifies how they will be utilised to support the achievement of Council priorities. The report also identifies the key financial risks facing the Council over the life of the forecast. The Council's Revenue Budget expenditure and Forecast, Capital Programme and Treasury Management Strategy are also set out in the report.
- 1.3 The document will be updated as a result of the decisions made by Cabinet and will be presented to the Budget Council meeting on 1st March 2012.

Recommendations

Policy Development Scrutiny Committee are asked to note the contents of the Medium Term Financial Strategy and are invited to make any comments on the budget proposals contained within the report. Any views expressed by Scrutiny Committee will be considered as part of the Council budget setting meeting.

Reasons for recommendation

To provide Policy and Development Scrutiny Committee with the opportunity to provide comment and feedback on the Medium Term Financial Strategy and the budget proposals contained within the report.

Alternative options considered and rejected.

Alternative implications are addressed in the body of the report.

Cabinet Portfolio

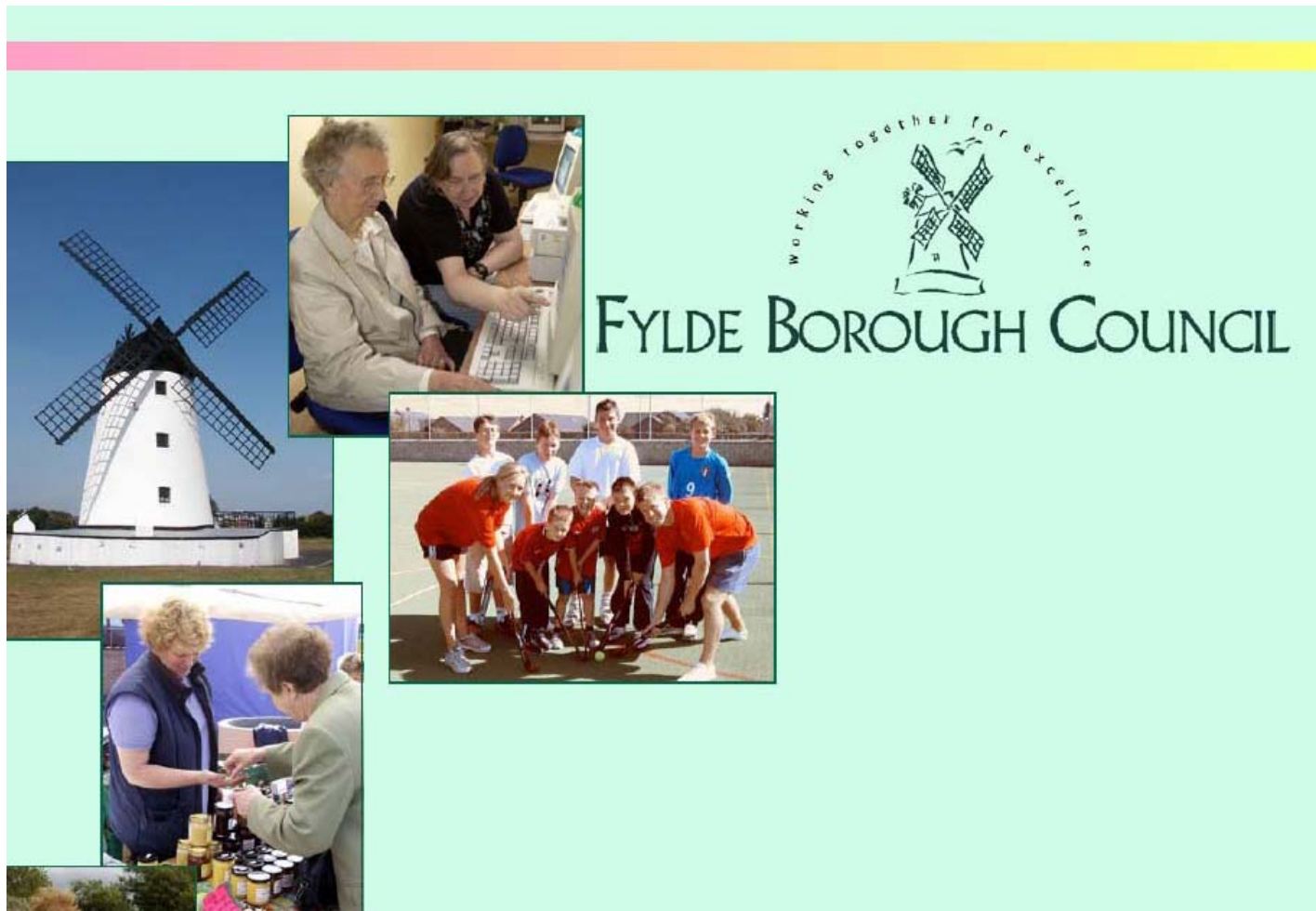
The item falls within the following Cabinet portfolio:

Finance & Resources

Councillor Karen Buckley

Report

The detailed content of the report is contained in the attached Medium Term Financial Strategy.



MEDIUM TERM FINANCIAL STRATEGY 2011/12 - 2015/16

Section 1: FOREWORD

- 1.1 The Council's Medium Term Financial Strategy shows a continuing uncertain budget position during the period of the forecast as a result of external factors which could adversely affect the Council's financial position. The implementation of the Public Sector Deficit Reduction measures promoted by central Government includes both immediate and medium term spending reductions on public services by the Borough Council. Like many councils Fylde is also dealing with significant and escalating costs as well as reductions in income streams as a result of the general economic downturn.
- 1.2 The Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will make Council services more efficient, save money and maintain frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position. The Council continues to examine the balance between charges and tax levels looking closely at new opportunities for income generation, although the latter is challenging against the backcloth of the current recession.
- 1.3 The Council began scenario planning during the summer of 2011 in preparation for the ongoing funding reductions anticipated in future years. Members and Management Team have carried out work to address the challenge posed by the reduction in Government grant funding and work continues to investigate shared service options and the implementation of modernisation and business process improvement that will make Council services more cost effective. This programme will yield efficiency improvements to help improve the Council's overall financial position.
- 1.4 In 2010 the Government announced a two year grant settlement for local government. The settlement included support for those councils (such as Fylde) who froze Council Tax but ultimately saw the Council's funding from Central Government reduce by 25% in 2011/12 and a further 14% in 2012/13. The settlement provided certainty of funding for two years but the future from April 2013 is subject to the impact of a fundamental review of local government funding by Central Government. Following the May 2011 local elections the Council's priorities were reviewed to ensure that community outcomes were being delivered. This has formed the basis for 2012/13 budget planning.
- 1.5 Priorities and plans will be reviewed again during 2012 when the future of local government funding becomes clearer. There is no doubt that proposed changes to funding, along with the need to find future savings based on last years Medium Term Financial Strategy, will have a significant financial impact for the Council.
- 1.6 Despite concerns that budget challenges might seriously limit the Council's ability to deliver against our priorities, good progress has been made with many corporate initiatives.

- 1.7 The speed with which the deficit reduction has been applied to local government means that the Council will need to continually identify further efficiencies, maximise income and look to create more capacity in order to deliver a balanced and sustainable budget in the medium term. Inevitably this may lead to a scaling down of service provision in some areas and a slower achievement of improvement in priority areas.
- 1.8 There will be further changes that will lead to difficult decisions throughout 2012 and beyond as the Council meets the challenge of reducing public sector funding. All of this will happen against a back drop of a weak economy, wide ranging changes in the way local government is funded from 2013 and the need to make further significant savings.

Section 2: CONTENTS

		Page No.
Section 3	Purpose of the MTFS	7
Section 4	Vision for the Borough	8
Section 5	Strategic Planning	10
Section 6	Developing the MTFS	12
Section 7	Capital Strategy & Asset Management Plan	14
Section 8	MTFS in Summary	15
Section 9	Developing the Budget Forecast	17
Section 10	Background to the Forecast	18
Section 11	The General Fund Revenue Forecast & New Forecast Changes	19
Section 12	Savings and Growth Proposals	20
Section 13	Reserves & Balances Provision	21
Section 14	Comprehensive Spending Review	23
Section 15	Collection Fund	25
Section 16	Key Areas of Financial Risk (Revenue)	26
Section 17	Conclusions - General Fund Revenue Forecast	34
Section 18	The Capital Programme	35
Section 19	Key Areas of Financial Risk (Capital)	37
Section 20	Conclusions Capital Programme	39
Section 21	Treasury Management Strategy	40
Section 22	Treasury Management Risks	41
Section 23	Overall Conclusions	42
Appendix A	Original General Fund Forecast	44
Appendix B	General Base Budget Assumptions	45
Appendix C	Unavoidable Forecast Changes	46
Appendix D	Detailed Explanation to Support Appendix C	48
Appendix E	Latest General Fund Forecast Position – Incl Cabinet Proposals	54
Appendix F	Cabinet Savings and Growth Proposals	55
Appendix G	Updated Five Year Capital Programme	56
Appendix H	Updated Reserves & Balances Policy	59
Appendix I	Business Rate Payer Consultation	65

Section 3: THE PURPOSE OF THE MEDIUM TERM FINANCIAL STRATEGY

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

- (i) Deliver a budget which is robust and sustainable;
- (ii) Enable the Council to deliver the aspirations within its strategic plans;
- (iii) Ensure the Council delivers essential services by the efficient and effective use of its financial resources; and,
- (iv) Demonstrate commitment to transparency in its financial affairs by setting out what the Council is trying to achieve in an understandable format.

3.2 The MTFS is one of the Council's key enabling strategies which sets out how the Council intends to manage its finances to help achieve the agreed objectives and priorities.

3.3 The Council has adopted a pro-active approach to financial management and a commitment to sound corporate governance, safeguarding public monies and ensuring accountability. Over recent years the Council has been recognised by its external auditors as making good progress with ongoing achievements and successes in priority service areas. It is recognised that whilst there are significant challenges ahead arrangements have been put in place to ensure that service and community ambitions are supported by a robust financial framework.

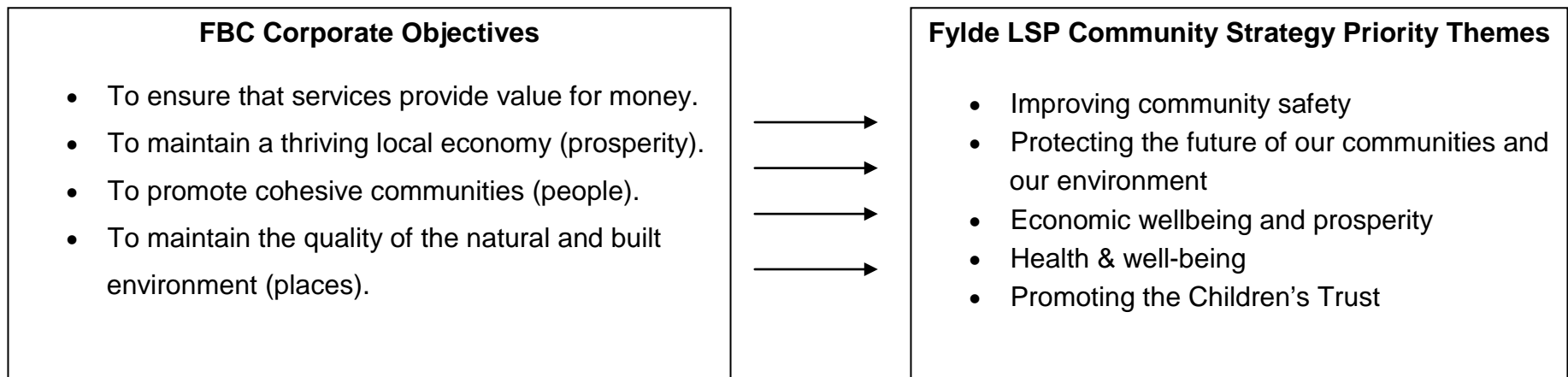
3.4 In formulating this strategy the Council has ensured that, within the resources available, it has taken account of:-

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

Section 4: VISION FOR THE BOROUGH

- 4.1 The Council reviews its priorities and objectives on an annual basis in consultation with the public and key stakeholders as part of the performance management framework. In light of the Comprehensive Spending Review the emphasis is now placed on public spending deficit reduction.
- 4.2 The Council's vision is: *"Fylde will be a welcoming place with energetic, high-skilled, healthy people in flourishing communities"*. This is consistent with the Fylde Sustainable Community Strategy which has influenced the revision of the Council's Corporate Plan. The Corporate Plan carries forward the vision and objectives from 2011/12 and defines the key priority projects for 2012/13 based on a realistic projection of the financial resources available to the Council.
- 4.3 The Council's Corporate Plan outlines how the Council's priorities contribute to Fylde Vision (the Fylde Local Strategic Partnership), in the Sustainable Community Strategy (SCS). The underlying theme of the Corporate Plan from 2012 is 'value for money' – overarching the three operational priorities relating to people, places and prosperity.

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



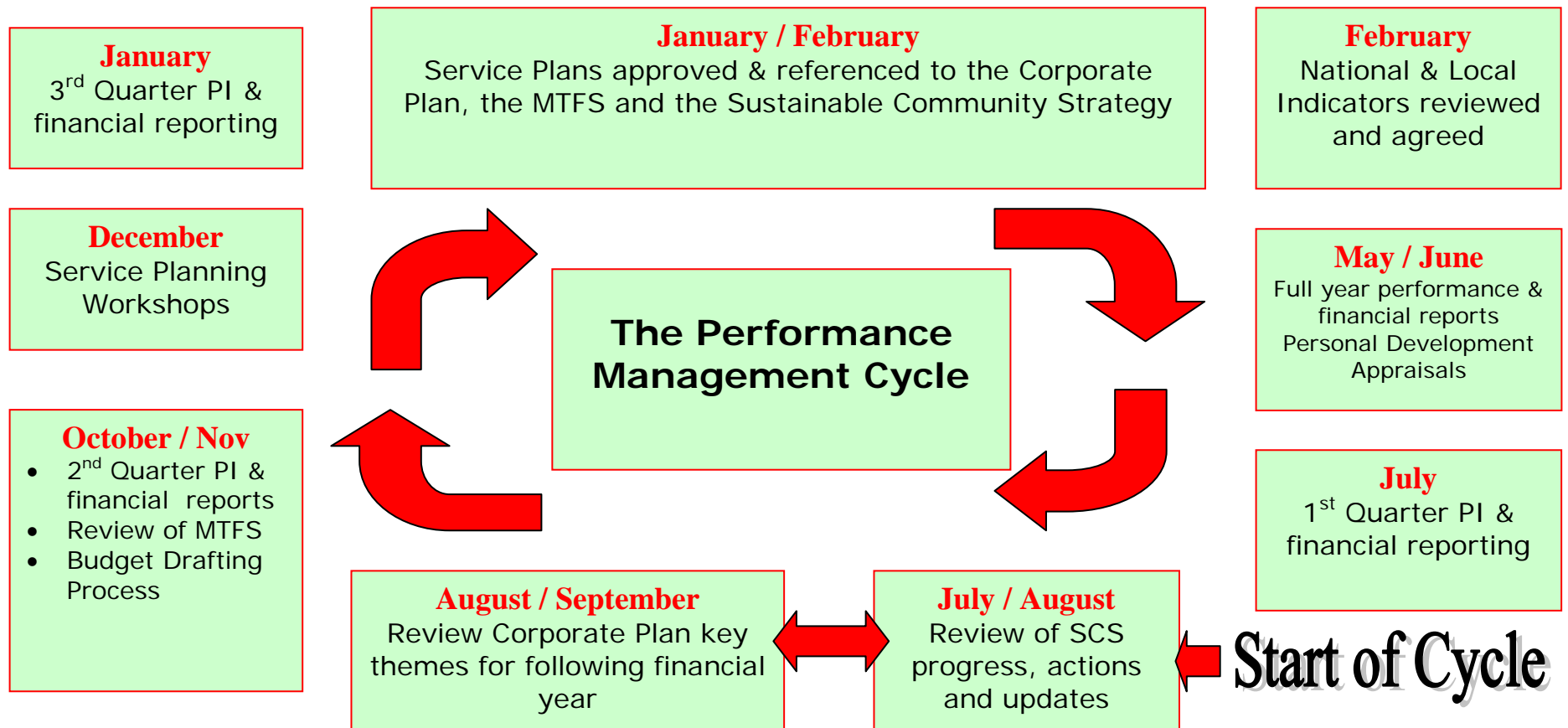
Consultation and Evidence base

- 4.4 Both the SCS and the Corporate Plan have been developed following analysis of information available about Fylde communities including economic, demographic and other statistical data. They also take account of information from surveys and consultations undertaken with the public on borough-wide and service specific issues during the last two years. The information is continually refined and updated in partnership with others.
- 4.5 Each year the Council undertakes a consultation exercise in the community newspaper – *Fylde Matters* - and through the website and other social media including twitter and facebook to gather views on service performance and priorities and on spending. Although the level of response does not generate any statistically significant results it is an important qualitative method of engaging with the community on service priorities and potential budget savings.
- 4.6 The Council also holds consultation events with business rate payers and has considered feedback from these events as the proposals in this forecast have been developed.

Section 5: STRATEGIC PLANNING

- 5.1 The Council has in place a corporate planning and performance management framework that includes an annual cycle to ensure that plans and strategies are refreshed on a routine annual basis (see Fig. 2). These plans are reviewed on the basis of consultation with staff and councillors, partners in other public services, the community and voluntary sector, the local business community and local residents.

Fig. 2 – The Strategic Planning Cycle



- 5.2 The Council regularly reviews progress against longer term plans and Members receive regular updates of the MTFS. It is recognised that despite robust action during the last two financial years to produce a stable and sustainable financial position, the reducing resources available to the public sector in the future mean that the Council needs to continue to achieve further economies and efficiencies. This may constrain the Council's capacity to deliver service developments or improvements. The Council's Corporate Action Plan for 2012/13 onwards will be developed after confirmation of the Council budget in March 2012.

Links to other Enabling Strategies

- 5.3 The Medium Term Financial Strategy is one of the Council's enabling strategies aimed at improving transparency and accountability in the way the Council delivers services and functions. Each enabling strategy is reviewed annually as part of the planning cycle and taken together drive innovation and efficiency to achieve continuous improvement. The other enabling strategies are:
- Procurement;
 - Asset Management & Capital Strategy ;
 - Communication and Consultation Strategy, and
 - People and Workforce Development Strategy.
- 5.4 The MTFS takes account of the resources the Council requires to deliver the strategies. Where resources are limited the Council's overall objectives will be the same but the pace of achievement may be adjusted. This factor will become more significant as reductions in public sector spending take greater effect.

External funding

- 5.5 The borough has benefited in the past from a number of investment streams from external funds including Heritage Lottery Fund Grants, Lancashire and Blackpool Tourist Board, section 106 planning monies, Lancashire County Developments Ltd and the North West Development Agency.
- 5.6 Progress against some corporate priorities is reliant on the continuing availability of external funding. However, the abolition of Regional Development Agencies and the future restrictions on capital funding will compromise the ability to deliver some community infrastructure improvements and will require more collaborative working with partners through bodies such as the newly formed Lancashire Enterprise Partnership and the Enterprise Zone. This is likely to have a downward impact on the Council's future capital programmes.

Section 6: DEVELOPING THE MEDIUM TERM FINANCIAL STRATEGY

- 6.1 Over the last four years the Council has adopted a structured approach to financial management and corporate governance, safeguarding public monies and ensuring accountability. In 2011 the Council's external auditors KPMG audited the Council and again gave an "unqualified opinion", which demonstrates satisfaction with the Council's financial and governance arrangements.
- 6.2 In formulating this MTFS the Council continues to be acutely aware that the Local Government Finance Reform plans from 2013/14 could bring a significant reduction in local government spending levels.
- 6.3 Any further spending reductions will require a further review of priorities and service delivery arrangements. Members are engaged in this process as part of the planning framework through budget planning workshops to formulate budget options and proposals refined through stakeholder consultation activities with input from the Council's Scrutiny Committee during January/February each year.
- 6.4 The Council received details of the 2012/13 grant settlement in December 2011 and the MTFS has been structured on the basis of this settlement. The detail of the grant settlement from 2013/14 onwards remains uncertain and the Council is taking a prudent approach to manage this uncertainty. The Cabinet will recommend balancing the Council's expenditure over the life of the MTFS in order to maintain a balanced budget over the next four year period.
- 6.5 In formulating the budget proposals, Members have been cognisant of the national economic context and the financial risks and uncertainty facing the Council. The Cabinet's budget proposals are detailed in appendices to this report.
- 6.6 The Council's service planning and performance management framework is designed to ensure the continuous drive for improvement and ensure Value for Money is achieved.
- 6.7 The Council is a low spending council when compared with the Audit Commission family group, which show that the Council performs well in almost all service categories. Some of this analysis is reflected in our Annual Report.

Balancing the MTFS

- 6.8 The Council is primarily a service provider and employee costs are one of its largest areas of expenditure. There are no planned salary increases in year. In future years, provision has been made for only marginal increases which are well below the current level of inflation for all employees. Furthermore, since November 2011 all staff have been subject to a

salary sacrifice equivalent to a pay reduction of approximately 2.5%, whilst chief officers have been subject to a salary sacrifice since April 2011 equivalent to a pay reduction of approximately 5%.

- 6.9 The forecast includes payroll efficiency targets approved as part of the budget setting process in 2011 which will lead to further reductions in the workforce. These targets will be achieved through a corporate restructure which also deals with reviews of external contract relationships and currently vacant posts. The Council has a duty to implement all measures possible to minimise compulsory redundancies.
- 6.10 As a consequence of the continuing pressure for public spending reductions and the likely impact on staffing levels, the revenue budget forecast makes some provision for redundancy costs within the life of the MTFS.
- 6.11 Engagement and consultation take place on a bi-monthly basis with Union representatives and is more regular and specific with staff identified as being potentially at greater risk of redundancy. The Chief Executive provides regular staff updates on the budget situation through an internal staff newsletter, team brief attendance and periodic staff briefings.
- 6.12 Support and advice for employees who may be at risk of redundancy is in place.

Section 7: CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN

- 7.1 The Council owns a number of operational properties and assets and has developed a Capital Strategy and Asset Management Plan. Operational properties include office accommodation, depots, yards and venues such as the Town Hall and other offices, the Crematorium, Open Space Facilities, and various car parks. The Council has a five-year rolling programme of maintenance for its assets which is factored into the Medium Term Financial Strategy.
- 7.2 A small investment property portfolio is managed to generate income to support the revenue budget and maximise any opportunities for regeneration. This position is reviewed annually by the Asset Management Group in order that income can be maximised and timely decisions made on the disposal of poorly performing or surplus assets.
- 7.3 The Asset Management Plan includes a stock condition survey to establish the rolling programme of repair and maintenance, which takes account of the need for efficiency and environmental impact.
- 7.4 The increasing pressure on the revenue budget impacts on the capacity of the Council to borrow. Asset holdings are therefore reviewed as part of the annual planning cycle to ensure the capital programme is matched with the funds available. This could lead to the disposal of some assets to maintain the remaining estate to the desired standard. A key factor at present is the Council's new accommodation project. Planning permission has been obtained and the marketing of surplus assets has been undertaken to provide the capital funds for the essential refurbishment of the Town Hall. Currently sites at Derby Road and St David's Road are being disposed of to developers and the Public Offices site is under negotiation with interested parties.

Section 8: THE MEDIUM TERM FINANCIAL STRATEGY IN SUMMARY

8.1 The MTFS sets out the Council's revenue allocations, the programme for capital investment, efficiency targets and forecasts for the period covered by the Strategy. The key influences on this strategy include:

- The reductions in grant as a result of the 2010 Comprehensive Spending Review announcement and an assumed further 7.5% reduction in grant from 2013/14 and 2014/15 and then remaining at the 2014/15 level thereafter;
- The consequent spending reductions and efficiency targets as a result of reduced resources in the medium term;
- The Council is intending to take advantage of the Government's Council Tax Freeze Grant to minimise increases, whilst protecting investment in key service priorities for the people of Fylde;
- Ensuring a robust and sustainable budget through the prudent use of reserves and balances and ensuring externally funded projects are facilitated;
- Developing new ways of delivering services using modernisation techniques to achieve higher levels of customer satisfaction, efficiency, value for money, strategic partnerships, service commissioning, and enterprise;
- The need to maintain existing assets to a quality standard.

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

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

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

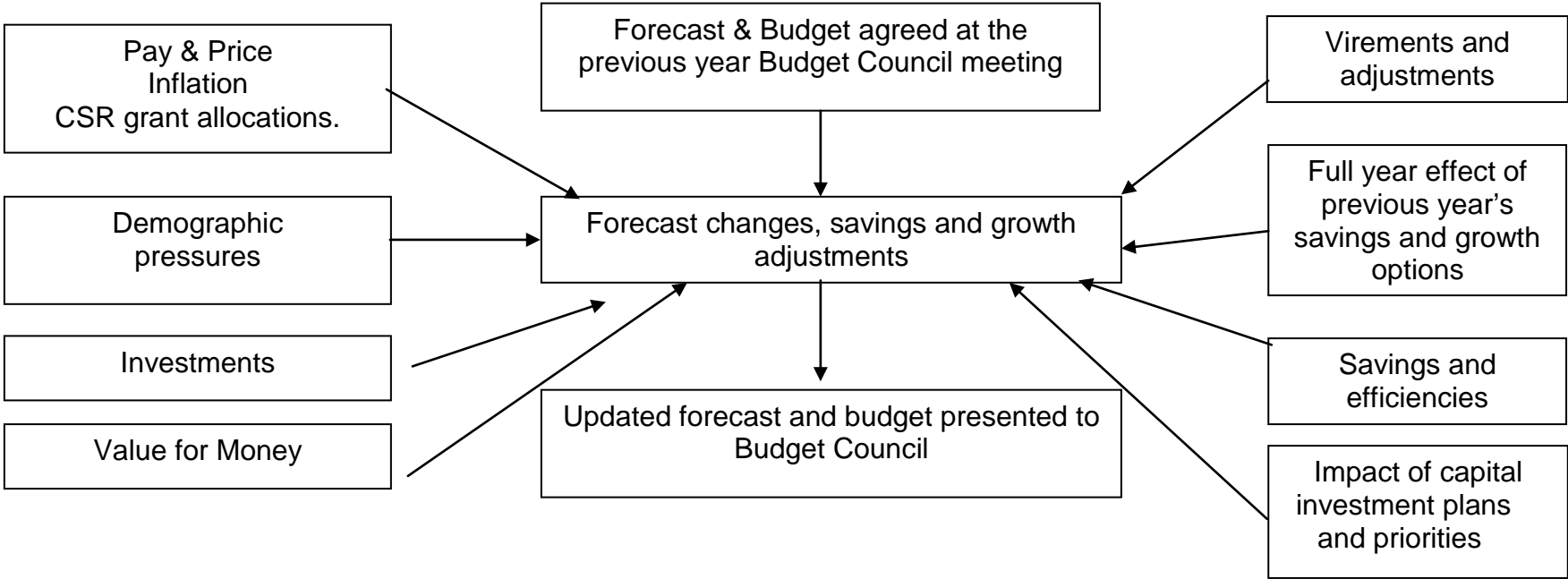
8.3 The MTFS and forecast are supported by a number of monitoring procedures. These are as follows:

- General Fund Revenue Quarterly Budget Monitoring;
- Capital Programme Quarterly Monitoring;
- Treasury Management Quarterly Monitoring and Mid Year Strategy Review, together with specialist external advice; and,
- Annual Outturn reports on Capital, General Fund and Treasury Management.

Section 9: DEVELOPING THE BUDGET FORECAST

9.1 The starting point is the forecast agreed by Full Council at the last Annual Budget setting meeting. The forecast is reviewed in the light of the previous year’s outturn information. Changes and risks based on latest information such as the statutory annual Council Tax Base calculations and the latest information on the Local Government Resource Review are incorporated. Original assumptions are reviewed; new spending pressures are assessed and evaluated with any in year budget decisions being taken into account. The need for spending and savings is assessed in the light of available resources. The process is set out in the following diagram:

Fig. 3: The Council’s Budget Process



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

Section 10: BACKGROUND TO THE FORECAST

10.1 To 'scene set', the current financial position of the Council is summarised as follows:

(i) Original Budget 2011/12: (Appendix A)

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

(ii) General Fund – Outturn Position 2010/11

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

(iii) Capital Outturn

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

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

The second quarterly GF monitoring report to the end of September 2011 was presented to the Portfolio Holder (Finance & Resources) in November 2011 and scrutinised by Policy & Development Scrutiny Committee in December 2011. The report identified a number of budget areas for further attention/concern. As a result a number of changes have already been included in this updated forecast, for example Core Strategy re-profiling, planning application fee income, savings in utility costs and planning appeal costs.

Section 11: THE GENERAL FUND REVENUE FORECAST & NEW FORECAST CHANGES

- 11.1 Appendix A sets out the Original Base Budget forecast, agreed at Budget Council in March 2011. In rolling forward the forecast general assumptions included in the Base Budget are set out in Appendix B, with detailed changes since the last approved budget was set detailed in Appendix C. Explanations in support of these changes are set out in Appendix D.
- 11.2 A summary of these latest changes, including Cabinet's Budget Proposals are set out in Appendix E.

Section 12: SAVINGS & GROWTH PROPOSALS

- 12.1 In order to plan for financial uncertainties from 2013/14 a number of savings and growth proposals have been identified and the Council continues to look for further efficiencies. In identifying the savings and growth now proposed (detailed in Appendix F) the following criteria has been considered:-
- The impact on the Council's Corporate priorities;
 - The impact on front line service provision to residents;
 - The sustainability of proposed savings;
 - Value for Money and efficiency implications; and,
 - The potential for further cost reductions both in back-office and service delivery costs, in particular, to be achieved via a mix of more shared services, partnering and management review.
- 12.2 The impact of all proposed budget reductions is assessed by way of an equality impact assessment. Any reduction in Council expenditure that leads to a reduction in services will inevitably have an impact on the wider community served. However, in carrying out a high level equality impact assessment on savings options it is necessary to look at two specific issues:
- The effect on persons who share a protected characteristic in relation to the wider community; and,
 - If and how one group is disproportionately disadvantaged by the cuts in relation to other groups.
- 12.3 The Cabinet has consulted with local business rate payers on budget scenarios, and feedback is summarised in Appendix I. In addition, Cabinet will consult with the general public, partners, other local authorities and the Policy Development Scrutiny Committee and feedback will be taken into account in the final recommendations to budget Council.
- 12.4 In putting together the budget proposals consideration is given to the consultation and feedback which is collated on an ongoing basis through the various service providers as well as bespoke research aimed at specific initiatives. This includes customer satisfaction surveys, suggested service delivery improvements obtained through feedback and an analysis of the complaint and service failure data collated by the Council each month.

Section 13: RESERVES AND BALANCES PROVISION

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

- To maintain a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. This forms part of what is commonly referred to as ‘general fund balances’;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds to meet known or predicted liabilities - commonly referred to as “earmarked reserves”.

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

13.3 Within the existing statutory and regulatory framework, it is also the responsibility of the Chief Financial Officer to advise local authorities about the level of reserves that they should hold and to ensure clear protocols for their establishment and use.

13.4 Accordingly an updated Useable Reserves and Balances Policy is appended at Appendix H and approval of this updated policy is sought as part of this report. In line with the policy the current level of useable reserves and balances has been reviewed.

13.5 As a reminder, in line with the Policy the following earmarked reserves were reviewed as part of the 2011/12 budget setting process and approved at Budget Council on 2nd March 2011 for release over the life of the forecast:

	£000
Parks & Open Spaces reserve	39
Business Improvement Grant (NNDR) reserve	34
Economic Promotion & Recovery reserve	30
Comprehensive spending review reserve	<u>520</u>
	<u>623</u>

13.6 Having reviewed the current useable reserves and balances position, Cabinet’s budget proposals include the following additional reserve to be released in 2012/13:

	£000
Events and tourism promotion reserve	<u>40</u>
	<u>40</u>

Appendix E reflects the phased release of these reserves over the life of this forecast.

13.7 During the current economic downturn Council balances have been maintained. However, the Council’s financial position continues to be forecast against future financial uncertainty and significant risks.

13.8 To maintain a future stable financial environment for the Council and in light of the current economic climate and risks, a minimum level of general fund reserves of £750k remains the recommendation of the Chief Financial Officer.

Section 14: COMPREHENSIVE SPENDING REVIEW (CSR) 2010

- 14.1 The announcement of the Government's financial two year grant settlement for Local Government for 2011/12 and 2012/13 was made in 2010. A reminder of the grant reductions and grant assumptions included in the forecast from 2013/14 onwards are detailed as follows:-

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

- 14.2 The impact of this announcement led to a significant reduction in Government grant over the life of the forecast.
- 14.3 The Government gave all authorities a grant to compensate for not increasing Council Tax in 2011/12. For Fylde the grant received was £139k. The forecast assumes the grant continues to 2014/15.
- 14.4 The grant settlement for 2011/12 offers one-off funding for a Council Tax freeze in 2012/13. This would equate to an additional £139k for 2012/13 for this Council.
- 14.5 As part of the Comprehensive Spending Review (CSR) announcements in December 2010 the Government gave notice of its intention to review the grant allocation system (known as the Local Government Resource Review) and implement a new regime from April 2013.
- 14.6 During Autumn 2011 the Government consulted on a Business Rate Retention Scheme to replace the current grant funding regime and published its initial response on 19th December 2011.

- 14.7 The Local Government Bill, which will enact this reform, was presented to Parliament and scrutiny of this new legislation began in the House of Commons on 10th January 2012. The financial implications and likely impact on the Council can only be quantified when full details of this reform are known.
- 14.8 The absence of any detail or exemplifications makes it impossible to predict with any confidence the grant levels after 2014/15. Consequently no further changes have been reflected in the forecast at this stage. The Government appears to be committed to reducing levels of public expenditure in future years.

Section 15: COLLECTION FUND

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

Section 16: KEY AREAS OF FINANCIAL RISK (REVENUE)

16.1 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

- Potentially a significant sum
- A high probability of occurrence
- Relatively little mitigation available to spread or defer the impact
- Probable need for major change to forecast if occurs

Medium Level Risk

- Potentially a large sum with a medium probability of occurrence
- Some mitigation possible to spread or defer the impact
- Possible need for change to forecast if occurs

Low Level Risk

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

i) Pension Review

The triennial review of the Pension Fund took place during 2010/11 with the results being implemented from 1st April 2011. The review has increased employer contributions by 3.8% over the next three years (rising to a total contribution rate of 22% by 2013/14). Consequently, the short term risk has diminished, but in the long term pension fund costs continue to be a significant risk. National negotiations are underway following the recommendations of the Hutton Review regarding the future of public sector pensions and the impact of any proposed changes to the rate of employer contributions will need to be further assessed during 2012.

THIS IS A LOW LEVEL RISK IN THE SHORT TERM BUT A HIGH LEVEL RISK IN THE MEDIUM TO LONG TERM

ii) Pay Inflation

No pay increase was awarded for 2011/12 and negotiations for 2012/13 have begun but will not be concluded before April 2012. The forecast includes no provision for pay award for 2012/13 apart from a £250 minimum increase payment for employees earning less than £21k per annum. A 0.5% increase is reflected in 2013/14 and 1% increase per annum thereafter. In the event of a higher pay settlement in these years there will be additional costs to the Council.

THIS IS A MEDIUM LEVEL RISK

iii) Fuel and Energy Costs

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

THIS IS A LOW LEVEL RISK

iv) Waste Management Contract

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

The contract has returned a surplus to the Council and has made a contribution to corporate overheads and service management costs. This income stream will be lost to the Council and the forecast has been prepared on a prudent basis. The potential financial risks were set out in the September 2010 report to Cabinet. A significant part of the financial risk is mitigated by the TUPE transfer of staff and the management of vehicles, plant and equipment that has been completed in 2011. Support service and management costs associated with the contract have been reviewed and reduced during 2011 with the remainder being addressed as part of the corporate management restructure dealing with the payroll efficiencies target.

Wyre Council has issued a number of variations to the contract in 2011 and challenged several other elements of the contract. This approach was anticipated and the financial impact has been budgeted for and mitigated, with some elements of the contract changes leading to a financial benefit for the Council.

Variations to the contract can be issued at any point and it is uncertain whether Wyre will issue any further variations in the final two months as changes are made in preparation for the new service provider. Any further

variations issued could lead to a reduction on the contract payments but the fact that the contract is close to the termination date reduces this risk.

THIS IS A MEDIUM LEVEL RISK AND WILL REDUCE AS THE CONTRACT TERMINATION DATE DRAWS CLOSER

v) Housing & Council Tax Benefit Payments

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

THIS IS A MEDIUM LEVEL RISK

vi) Government Formula Grant Support

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

THIS IS A HIGH LEVEL RISK

vii) Business Rate Retention

As part of the Local Government Resource Review the Government has issued a consultation document on proposals to fundamentally review the current regime of Central Government grant support (currently known as “formula” grant) to Local Authorities. Under these proposals Local Authorities would retain a proportion of business rates linked to local economic growth instead of a reliance on Central Government grant. Due to the current distribution system and the lack of detail and exemplifications in the consultation paper it is impossible to forecast the impact for the Council.

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

THIS IS A HIGH LEVEL RISK

viii) Consultation Paper – Localising Support for Council Tax

Following a consultation paper the Government is committed to proposals to localise Council Tax Benefit, developed as part of its ongoing plans for welfare reform. Under these proposals responsibility for determining the scheme of “Support for Council Tax” will be transferred to Local Authorities. The Government believes that Councils will then have a significant degree of control over how a 10 per cent proposed reduction in grant to fund expenditure on Council Tax Benefit is achieved. The proposals will also “cash limit” the grant and the Council will need to deal with any shortfall from its own resources.

If this change was to take place, this Council could see a reduction in Council Tax Grant of approximately £0.5m per annum from 2013/14 based on annual Council Tax Benefit payments of £5m. For the purposes of the forecast no adjustment has been made until there is more certainty on the future arrangements

THIS IS A HIGH LEVEL RISK

ix) Housing Benefit and Council Tax Benefit Administration Grant

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

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

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

THIS IS A MEDIUM LEVEL RISK

x) Income Streams

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

THIS IS A LOW LEVEL RISK

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

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

MMI Directors are committed to continue to manage the run-off efficiently and effectively, and are of the view that a solvent run-off with full payment of agreed claims can be achieved. This is dependant upon a legal ruling over policy cover which if not achieved MMI Directors still believe the scheme will be solvent, however a legal ruling is awaited which may significantly increase MMI liabilities and trigger the “claw back”. In the case of Fylde Borough Council the “claw back” is a maximum of £95k. No budget provision has been made for this possibility.

THIS IS A MEDIUM LEVEL RISK

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

THIS IS A MEDIUM LEVEL RISK

xiii) Community Infrastructure Levy (CIL)

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

At this moment in time the financial implications are unknown.

THIS IS A LOW LEVEL RISK

xiv) Planning Appeals

When the forecast was approved by Council in March 2011, the ongoing base annual budget contained no provision for the cost of planning appeals. During 2011/12 Cabinet approved an £80k funded budget increase from additional planning application fee income generated in year to cover the estimated cost of planning appeals in 2011/12. There remains a significant degree of uncertainty in the planning system as a consequence of legal challenges against the announcements of the Secretary of State. The ongoing planning issues in relation to the Travellers site at Hardhorn combined with uncertainty over the number and scope of future and ongoing appeals, means that this remains an area of risk and uncertainty in the MTFS.

Cabinet's budget proposals contain a growth option to create a base budget for planning appeal costs in order to help mitigate this risk.

THIS IS A MEDIUM LEVEL RISK

xv) Land Charges Fees – Personal searches

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

payment of £34k to each authority in recognition of the claims involved which is held in reserves pending settlement of claims

THIS IS A MEDIUM LEVEL RISK

xvi) Land Charges Income - Inability to charge fee income

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

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

THIS IS A MEDIUM LEVEL RISK

xvii) Payroll Efficiencies

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

However, in order to be able to review, and remove, the staff salary sacrifice scheme by March 2013 it will be necessary to achieve all the payroll efficiency savings in advance. This will be addressed by the corporate management review that is currently underway with the objective to implement new arrangements from early in 2012/13. The review will address current vacancies, agency, fixed term and contracted resources.

THIS IS A MEDIUM LEVEL RISK

xviii) Lowther Gardens Trust

Further to the Cabinet meeting of 28th June 2011, a £30k subsidy for 2011/12 was agreed and awarded to the Trustees of Lowther Gardens Trust (subject to conditions). There is currently no budgetary provision approval for any further subsidy above the £30k already agreed and negotiations continue with the Trustees in relation to reaching a subsidy settlement, which may be higher than the approved budget provision. As some of the conditions specified in the Cabinet report have not been met there remains a risk that the proposed transfer of responsibility to the Trustees will be delayed.

Cabinet's budget proposals include further subsidy payments to the Trust for the operation of Lowther Pavilion from 2012/13 onwards, in order to meet the Trust's ongoing deficit as projected in the business plan which is subject to future approval by Cabinet.

THIS IS A LOW LEVEL RISK

xix) Trade Waste – Disposal Charges

Along with other authorities who provide a trade waste service, the Council currently has an arrangement with Lancashire County Council (LCC) for the disposal of trade waste collected. LCC are currently reviewing the charges for this service and have been in dialogue with the authorities affected. The current budget for disposal charges is £180k per annum. The latest indications are that it is likely that LCC will significantly increase the charges at some point in the future which may compromise the viability of Fylde Borough Council offering a trade waste service. However, the latest information would suggest that there will be no significant increase in the disposal charge in 2012/13.

Officers are currently exploring the opportunities and costs associated with alternative service providers to LCC.

THIS IS A MEDIUM LEVEL RISK

Section 17: CONCLUSIONS – GENERAL FUND REVENUE FORECAST

- 17.1 The Council faces a number of uncertainties in the future in respect of its finances, particularly from April 2013. The current forecast has a number of high risk financial assumptions which are outside the Council's control.
- 17.2 A number of risks are significant with a high probability, in particular the future of Central Government Grant Funding as a result of the ongoing Local Government Finance Resource Review and Localising Support for Council Tax. It is not clear when the outcome of the consultations will be known but changes could be in place from April 2013. If the Localisation of Support for Council Tax consultation comes to pass then the Council could see a reduction in grant income of £500k from April 2013.
- 17.3 The Council continues to face an increasingly uncertain financial future from 2013/14. The gap between in-year income and expenditure will need to be addressed, but if balances at the current level were to be maintained in future years then the level of risk on this position reduces. Cabinet will be continuously monitoring all areas of concern and will work to ensure that the Council's Revenue Budget is sustainable. It is expected that Members will have more difficult decisions to make to enable the approval of a robust revenue budget in future years.
- 17.4 The savings and growth proposed by the Cabinet ensure the Council has a balanced budget for the next four financial years.

Section 18: THE CAPITAL PROGRAMME

- 18.1 Capital Expenditure is defined as expenditure on the acquisition of a fixed asset and/or expenditure which adds value (not merely maintains) to the value of an existing fixed asset. Examples of fixed assets are; land, building, plant and vehicles. Capital expenditure also includes the making of an advance, grant or other financial assistance towards expenditure which would, if incurred by the Council, be classed as capital expenditure.
- 18.2 The Capital Programme for the years 2011/12 to 2015/16 is updated continually for agreed changes and reported in quarterly monitoring reports to the Portfolio Holder (Finance & Resources), and the programme is scrutinised by Policy Development Scrutiny Committee on a quarterly basis.
- 18.3 The latest updated Capital Programme is shown at Appendix G. This has been updated to reflect the latest position including Cabinet's budget proposals. 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. Cost efficiencies achieved in respect of vehicle fleet modernisation, waste collection service development and lease rationalisation have been incorporated.
- 18.4 Capital schemes are directly linked with the Council's priorities and delivered through a series of key programmes through detailed Service Delivery Plans. Major items of enhancement or renewal are identified through the Council's Asset Management Plan.
- 18.5 In proposing the Capital Programme, Cabinet have requested a limited number of additional schemes and adjustments to existing schemes within the programme. These are summarised as follows and are reflected in Appendix G:
- Disabled Facilities Grants (DFG's) - limiting expenditure to the level of central Government grant received annually rather than topping up the grant. The impact of this has been subject to an appropriate Equality Impact Assessment that identified several mitigating actions which include transferring the remaining Private Sector Housing Renewal Grant budget to support the DFG budget and to maximise the use of ongoing financial support to the programme received from New Fylde Housing. A key outcome from the impact assessment is to closely monitor and report on the length of time and the number of applications on the various categories of waiting lists for DFG's.
 - Creation of a Town Centre Regeneration scheme – Ansdell
 - Creation of a Coastal Footpaths scheme for a programme of maintenance and repair

18.6 The consequence of Cabinet's proposals to limit capital scheme growth is a reduced requirement to borrow. This will generate ongoing revenue savings against previously assumed revenue costs in relation to borrowing for approved capital schemes. These revenue savings have been reflected in the savings proposals shown in Appendix F.

18.7 Financing the Capital Programme

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

- (i) Capital Grant Allocations;
- (ii) Disabled Facilities Grants;
- (iii) Capital Receipts;
- (iv) External Funding;
- (v) Prudential Borrowing / Leasing; and,
- (vi) Revenue Funding.

18.8 The Revenue Budget includes provision for total borrowing repayments based on the borrowing requirement shown in the updated Capital Programme.

18.9 In updating the Capital Programme a number of items of slippage have been identified. The recent change in the financing rules more closely linking loan periods to expected asset life has resulted in a reduction in the loan principal requirements which fall to be made within the life forecast and an adjustment has been made accordingly (see Appendix C).

18.10 Given the current financial uncertainty and challenges and the volatility of financial markets it is necessary for the Chief Financial Officer to select the most appropriate mechanism for ensuring that the programme is financed in the most cost effective manner. Members are reminded that delegations already exist for the Chief Financial Officer to determine the most effective way of financing the programme.

Section 19: KEY AREAS OF FINANCIAL RISK (CAPITAL)

19.1 Members should be aware that the following financial risk areas remain relevant on the Capital Programme:

19.2 (i) Accommodation

The accommodation project is currently included in the programme with the scheme being self-financing from capital receipts from the sale of three sites (St David's Road Depot, Derby Road, Wesham and The Public Offices in St Annes). If either the estimated cost of the refurbishment, the capital receipts achieved or the phasing of this scheme changes, there could be revenue implications i.e. costs of displacing staff / vehicles and equipment which would be reported to Members and reflected in future revenue budget forecasts accordingly. Actual asset sales and receipts are dependent on market conditions and cannot be predicted with certainty. Furthermore there remains uncertainty over operational depot requirements following the asset disposals identified above. These issues result in an inherent risk in the forecast level of programmed resources in respect of this scheme.

Cabinet's budget proposals contain a revenue growth option to create a budget for the cost of displacing staff during the refurbishment in order to help mitigate this risk, and the Accommodation working group continue to meet on a regular basis to manage the delivery of this scheme.

THIS IS A HIGH LEVEL RISK

(ii) Project Slippage

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

THIS IS A MEDIUM LEVEL RISK

(iii) Other Capital Receipts

The approved programme for 2012/13 onwards assumes "Right to Buy" receipts of £25k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future quarterly monitoring reports, along with the impact this may have on the financing of the programme.

THIS IS A MEDIUM LEVEL RISK

(iv) Government Grants

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

THIS IS A MEDIUM LEVEL RISK

(v) Capital Investment in St. Annes Pool

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

THIS IS A MEDIUM LEVEL RISK

Section 20: CONCLUSIONS – CAPITAL PROGRAMME

- 20.1 The current Capital Programme as updated is fully funded. The consequence of Cabinet's proposals to limit capital scheme growth is a reduced overall requirement to borrow. This will generate ongoing revenue savings against previously assumed revenue costs in relation to borrowing for approved capital schemes.
- 20.2 Due to the ongoing risks faced by the Council, the Programme will continue to be closely monitored and reviewed on a regular basis during forthcoming budget cycle. A review of the Council's Asset Management Strategy including a review of accommodation needs, programme of capital works and identification of surplus assets is currently underway. This may result in additional expenditure on assets being required but could result in surplus assets being identified that would provide funding for the Programme.
- 20.3 Any additional expenditure which is not funded by external finance would require the generation of capital receipts or additional borrowing. The latter would place further pressure on the revenue budget from the consequent repayment costs.

Section 21: TREASURY MANAGEMENT STRATEGY

- 21.1 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.
- 21.2 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.
- 21.3 The Prudential Code requires the Council to approve, revise and monitor a number of mandatory Prudential Indicators covering the forthcoming three years. These will be included in the final report to Council.
- 21.4 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. Again this will be included in the final report to Council.

Section 22: TREASURY MANAGEMENT RISKS

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

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

- (i) Unexpected movement in cash flow;
- (ii) Difference between actual interest rates and rates used in the forecast; and
- (iii) The security of monies invested with counterparties.

Section 23: OVERALL CONCLUSIONS

- 23.1 External pressures outside the Council's control are impacting on all local authorities. Instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies. This approach has a downward impact on costs incurred by the Council and may result in an under spend against budget this year.
- 23.2 Given the significant uncertainty and turbulence of the current economic climate and potential Government spending cuts in future years, further revisions to the figures and assumptions in this update will be necessary over the coming months.
- 23.3 The current economic situation continues to bring with it a great deal of uncertainty. Inflation and interest rate volatility, together with pressure on income streams as consumer spending reduces all have an impact of the Council's financial position.
- 23.4 At this point the finances of the Council are robust but in light of the recent consultation papers in respect of the Local Government Resource Review savings requirements may again be a feature of future budget cycles.
- 23.5 Some sources of external funding have ended and some limited opportunities have arisen. Competition for these resources is greater in view of the overall reductions in availability. The Council cannot therefore rely on additional external funding sources for projects and enhanced levels of service.
- 23.6 The Council's modernisation work continues to make improvements to the Council's efficiency and deliver increased Value for Money for residents. The backcloth of reducing resources makes this initiative more important than ever.
- 23.7 The Council's priorities for improvement remain. Members continuously monitor the Council's current Medium Term Financial Strategy, addressing emerging budget pressures to ensure a sustainable position in the medium term.
- 23.8 In the medium term the Council is forecast to hold available reserves at above the minimum recommended. If the current assumptions regarding resources and current savings targets set in 2011/12 remain on track, particularly in respect of the payroll efficiencies targets, the Council will not need to identify further significant savings proposals for implementation throughout the life of this forecast. There is however, a high level of risk within the

MTFS regarding some of the assumptions made, particularly Government grant from 2013/14 onwards. Should one or more of the significant risks identified materialise remedial action will almost certainly be required.

23.9 The Council's Chief Financial Officer under section 151 of the Local Government Act 2003 is required to comment on the robustness of the Council's financial position.

It is the Chief Financial Officer's opinion, having considered the major items of expenditure and income and their sensitivity to change, together with the savings and growth proposals and their impact on the Council's future forecasts and level of reserves:

- that the estimates have been prepared and reviewed utilising the most up to date and accurate information available;
- that the recommendations contained in this report provide the Council with a robust financial position for the life of this forecast on the basis of the assumptions set out in this report, and is of the view that the Council has the processes and procedures in place:
 - To continue to develop further savings proposals as necessary to ensure that the minimum revenue balances are maintained over the medium term in light of the significant financial uncertainty regarding the plans to reform Local Government Finance from 2013/14; and,
 - To monitor the strategy and its risks in order to take effective remedial action should the need arise.

In forming this view on the Council's financial position the Chief Financial Officer would remind Members of the risks outlined in sections 16 and 19 of the report and, in particular, the current uncertainties surrounding the assumptions upon which the forecast is based. These will be monitored closely and advice provided to Members accordingly over the coming months.

In making any final recommendations both Cabinet and Council must carefully consider and monitor the risks set out in sections 16 and 19 of this report.

Appendix A

Forecast Agreed at March 2011 Council

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

General Assumptions

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

- General Prices Inflation – a freeze or cash limiting of all general revenue expenditure budgets with the exception of pay, fuel & utility budgets;
- No provision for pay award for 2011/12 or 2012/13 with a £250 minimum increase payment for employees earning less than £21k for 2012/13. A 0.5% increase is reflected in 2013/14 and 1% increase per annum thereafter;
- Employers Pension Contribution increases by 3.8% over next three years, rising to 22% by end of 13/14 in line with the Triennial Pension Review;
- Council Tax Increase - 0% in 2011/12 in line with Budget Council of March 2011, 0% in 2012/13, 2.5% increase per annum thereafter;
- Council Tax Compensation Grant – assumes continuation of £139k per annum in 2011/12 to 2014/15 in line with the CSR announcement and additional grant of £139k in 2012/13 only;
- Government Grant Support – two year grant settlement for 2011/12 and 2012/13 reflected, then assumes 7.5% annual grant reduction in 2013/14 and 2014/15 and then remains at the 2014/15 level of £3.213m for 2015/16;
- New Homes Bonus – assumes grant for six years in line with current legislation. Based on latest information the forecast reflects £279k in 2011/12 rising to £585k for all future years;
- Fees and Charges – fees and charges have been reviewed and the impact of any changes has been reflected in the forecast; and
- Concessionary Fares – responsibility transferred to Lancashire County Council from 01/04/11 therefore no financial impact on the Council.

Appendix C

Forecast changes since approved budget March 2011

Forecast changes since approved budget March 2011		Additional Forecast Impact					
		11/12 £000	12/13 £000	13/14 £000	14/15 £000	15/16 £000	ADVERSE / FAVOURABLE / NEUTRAL
1	SLIPPAGE:						
	Slippage from 2010/11 - approved at Cabinet 28th June 2011	297	0	0	0	0	ADVERSE
2	ITEMS APPROVED BY MEMBERS SINCE THE COUNCIL MEETING 2ND MARCH 2011:						
	Budget for Planning Applications for Town & Parish Councils - Cabinet - 20th July 2011	3	3	3	3	3	ADVERSE
	Disband the role of Member Champions - Cabinet - 20th July 2011	-2	-3	-3	-3	-3	FAVOURABLE
	Re-phasing of core strategy budget - approved by Cabinet - 21st September 2011	-221	97	39	85	0	NEUTRAL
	Boxes to bins scheme - approved by Council - 28th November 2011	0	-11	-20	-82	-82	FAVOURABLE
	Transfer of assets to Kirkham Town Council - approved by Council - 23rd January 2012	0	-20	-85	-85	-85	FAVOURABLE
3	STAFFING COSTS:						
	Assumed 1% pay award in respect of 2015/16	0	0	0	0	89	ADVERSE
	Additional budget requirement re in-year redundancy and pension strain costs	88	0	0	0	0	ADVERSE
	Additional in-year vacancy savings from "Gatekeeping" on all recruitment	-300	0	0	0	0	FAVOURABLE
	Re-phasing of potential severance costs into 2011/12 from future years	100	-50	-50	0	0	NEUTRAL
	ADJUSTMENTS TO INCOME STREAMS:						
4	Sandwinning Income	-10	0	13	13	13	ADVERSE
5	Additional VAT refunds	-16	0	0	0	0	FAVOURABLE
6	Additional income from cremations	-20	-30	-30	-30	-30	FAVOURABLE
7	Additional income - Operational Services	-11	0	0	0	0	FAVOURABLE
8	Additional income - Lytham Proms event	-5	-3	0	0	0	FAVOURABLE
	OTHER UNAVOIDABLE FORECAST CHANGES:						
9	Reversal of "unidentified savings" target in previous forecast no longer required	0	0	0	465	465	ADVERSE
10	Accommodation review - impact of delay in previously assumed asset disposal timescales	21	24	0	0	0	ADVERSE
11	Investment income - interest receivable from investment of cash balances and reserves	10	63	85	53	53	ADVERSE
12	Net saving from revised borrowing timing assumptions re approved capital expenditure	-238	-9	53	43	30	FAVOURABLE
13	Additional cost re elector enquiry re pool tendering exercise	9	0	0	0	0	ADVERSE

Appendix C (continued)

	11/12 £000	12/13 £000	13/14 £000	14/15 £000	15/16 £000	ADVERSE / FAVOURABLE / NEUTRAL
14 Legal Services - budget requirement re annual subscriptions to online legal resources	8	8	8	8	8	ADVERSE
15 Legal fees - Pontins case	10	0	0	0	0	ADVERSE
16 Changes to electoral registration service (incl postal vote refresh and personal registration)	10	10	10	10	10	ADVERSE
17 Election Costs - Borough Elections in 2015/16	0	0	0	0	130	ADVERSE
18 Paper shredding - new approach to dealing with confidential waste	0	-2	-2	-2	-2	FAVOURABLE
19 Franking machine contract - savings on new contract	0	-4	-4	-4	-4	FAVOURABLE
20 Government Connect subscription	0	-15	-15	-15	-15	FAVOURABLE
21 Top slice from Performance Reward Grant	-8	0	0	0	0	FAVOURABLE
22 Removal of accommodation booking fee income budget (no income collected)	3	3	3	3	3	ADVERSE
23 Windmill - accelerated spend due to storm damage	15	-15	0	0	0	NEUTRAL
24 Litterbins - additional one-off cost	9	0	0	0	0	ADVERSE
25 Public conveniences - inflationary contract uplifts	0	8	12	16	20	ADVERSE
26 Trade Waste - LCC Landfill Levy / Tipping Charges	-40	0	0	0	0	FAVOURABLE
27 Interim depot costs	0	20	0	0	0	ADVERSE
28 Operational Vehicle Fleet - fuel savings	-20	-25	-25	-25	-25	FAVOURABLE
29 Operational Vehicle Fleet - revenue leasing costs	-80	0	0	0	0	FAVOURABLE
30 Operational Vehicle Fleet - hire costs	-40	0	0	0	0	FAVOURABLE
31 Utilities - in year saving	-67	0	0	0	0	FAVOURABLE
Total	-495	49	-8	453	578	ADVERSE

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

1. Slippage

Cabinet approved slippage from 2010/11 into 2011/12 totalling £297k as part of the outturn report approved in June 2011.

2. Items approved by members since Budget Council of 2nd March 2011

The forecast has been updated to reflect the following items which have been recommended or approved by members since the forecast was approved at Council in March:

- Budget for Planning Applications for Town & Parish Councils - recommended by Cabinet - 20th July 2011
- Disband the role of Member Champions - recommended by Cabinet - 20th July 2011
- Re-phasing of core strategy budget - approved by Cabinet 21st September 2011
- Savings from boxes to bins scheme - approved by Council on 28th November 2011
- Transfer of assets to Kirkham Town Council - approved at Council 23rd Jan 2012

3. Staffing Costs

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

- Assumed 1% pay award in respect of 2015/16

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

- Additional budget requirement and re-phasing of potential severance costs

The previously approved forecast included provision for £50k per annum from 2011/12 to 2013/14 inclusive in respect of redundancy and other severance costs. The forecast has been updated to reflect the anticipated re-phasing of these costs in line with the Corporate Restructure report currently being implemented. The 2012 corporate restructure will bring forward all required payroll efficiency savings throughout the life of the current forecast. Therefore, the costs set aside for redundancy related to payroll efficiency work have been brought forward to the current year. The forecast has also been updated to reflect the additional costs estimated to be incurred in 2011/12 in respect of early retirements and voluntary redundancies approved in order to generate recurring “payroll efficiencies”, including the one-off costs in respect of the Management Team restructure approved by Council.

- Additional in-year vacancy savings from "Gate-keeping" on all recruitment

The forecast has been updated to reflect the anticipated savings accruing in the current year as a result of in-year vacancies within the Council due to the significant reduction in sickness absence and recruitment gate-keeping which continues to be carried out by Management Team. Any current vacant posts will be addressed through the corporate restructure reducing the capacity of in year vacancy savings and establishing an accurate base budget for staffing costs..

4. Income from sandwinning

Income from sandwinning: additional income is forecast in 2011/12 whilst it is estimated that income in future years will reduce.

5. Refunds of VAT

Work continues to be carried out by finance staff to evaluate the treatment of VAT applicable to fees and charges applied by the Council across a number of service areas. This latest forecast adjustment reflects additional refunds of £16k received in 2011/12 as a result of this ongoing work.

6. Additional income from Cremations

Income from cremations – additional income forecasts in respect of a combination of increased activity and increased fees and charges.

7. Additional Income – Operational Services

The forecast has been updated to reflect additional income generated by Operational Services through the fleet management team undertaking additional work and the MOT service that has been developed.

8. Additional Income – Lytham Proms Event

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

9. Reversal of "unidentified savings" target in previous forecast

The forecast budget requirement for 2014/15 approved by Budget Council in March 2011 had been adjusted by £465k to reflect an "unidentified savings" target of this value. This had the impact of reducing the forecast budget requirement for 2014/15 by £465k to £10.081m. This is shown in Appendix A of this report.

The figure of £10.081m is the brought forward starting point for the 2014/15 and 2015/16 budget forecasts as shown in Appendix E. It is therefore necessary to adjust the brought forward figures for these years by reversing the £465k "unidentified savings" target in order to identify the latest forecast budget requirement.

10. Accommodation Review

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

11. Investment Income on Cash Balances and Deterioration in Base Rate Forecast

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

12. Borrowing Costs

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

13. Additional Cost re Elector Enquiry

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

14. Legal services – online subscriptions

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

15. Legal fees – Pontins case

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

16. Changes to the electoral registration service

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

17. Election Costs – Borough Elections 2015/16

The forecast has been updated to reflect the expected costs of the next Borough Elections which are scheduled to take place in 2015/16.

18. Paper Shredding

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

19. Franking Machine Contract

Savings have been generated from the re-negotiation of the Council's franking machine contract and the forecast has been updated to reflect this change.

20. Government Connect Subscription

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

21. Performance reward grant

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

22. Accommodation Booking Fee Income

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

23. Windmill

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

24. Litterbins

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

25. Public Conveniences

The forecast has been updated to reflect the inflationary contract price increases from 2012/13 onwards.

26. Trade Waste

The forecast has been updated to reflect the reduction in LCC Landfill Levy / Tipping charges in 2011/12 as a result of reduced volume of trade waste disposal in 2011/12.

27. Interim Depot Costs

The forecast has been updated to reflect anticipated depot costs as a result of the accommodation review.

28. Vehicle Fuel savings

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

29. Operational Services Fleet – Revenue Leasing Costs

The forecast has been updated to reflect the reduction in revenue leasing costs in respect of Operational Services vehicles in 2011/12.

30. Operational Services Fleet – Hire costs

The forecast has been updated to reflect the reduction in vehicle hire costs in respect of Operational Services vehicles in 2011/12.

31. Utilities – in year saving

Work is ongoing in rationalising all of the Council's utility bills and meters. The forecast has been updated to reflect the revised estimated utility costs as a result of this exercise.

Latest General Fund Budget Forecast 2011/12 to 2015/16 - Cabinet Proposals

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Adverse / Favourable
Forecast approved at Council 2nd March 2011	10,986	10,747	10,576	10,081	10,081	
Unavoidable forecast changes - per Appendix C	- 495	49	- 8	453	578	Adverse
Cabinet growth proposals		198	196	81	69	Adverse
Cabinet savings proposals	- 103	- 92	- 94	- 106	- 119	Favourable
Forecast Budget Requirement	10,388	10,902	10,670	10,509	10,609	
Financed by:						
Government Grant - NNDR	3,330	3,756	3,474	3,213	3,213	
Government Grant - RSG	1,029					
Sub Total - Government Grant	4,359	3,756	3,474	3,213	3,213	
Council Tax (incl annual Tax Base changes & Collection Fund Surplus/Deficit)	5,647	5,753	5,817	5,989	6,166	
Other grants						
Council Tax Freeze grant	139	278	139	139		
New Homes Bonus - forecast	279	585	585	585	585	
Forecast Financing	10,424	10,372	10,015	9,926	9,964	
Call on Reserves	- 36	530	655	583	645	
General Fund Reserves						
Balance of General Fund Reserves b/f	2,991	3,027	2,537	1,882	1,299	
Use of Ringfenced & Other Earmarked Reserves:						
- CSR reserve					520	
- Tourism & events promotion reserve		40				
Less transfer to/from(-) reserves in year	36	- 530	- 655	- 583	- 645	
Forecast Reserves at Year End	3,027	2,537	1,882	1,299	1,174	
Band D Council Tax (Excl Parish Precepts)	£186.29	£186.29	£190.95	£195.72	£200.61	
Council Tax Increase	0.00%	0.00%	2.50%	2.50%	2.50%	

CABINET BUDGET SAVINGS AND GROWTH PROPOSALS

REVENUE GROWTH PROPOSALS - REFLECTED IN APPENDIX E

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Description
Freezing of car parking charges	0	5	5	5	5	There will be no increase in car parking fees for 2012/13.
Planning appeal costs - annual budget provision	0	50	50	25	25	The establishment of a base budget for planning appeal costs. It is anticipated that the budget requirement in earlier years may be higher until the Local Plan is adopted.
Contribution to Lowther Trust	0	51	49	51	39	Contribution to Lowther Trust to support ongoing funding of the pavillion as identified in the Trust Business Plan - award of funding contingent upon a further report to Cabinet.
Town Hall Accommodation project - cost of renting alternative temporary accommodation during refurb works	0	92	92	0	0	In order to minimise the duration of the Town Hall refurbishment scheme, the preferred option is for Town Hall staff to vacate the building during the works. Regulations state that the cost of renting alternative temporary accommodation during refurb works cannot be charged to capital and as such must fall on the revenue budget - hence this growth option.
TOTAL OF GROWTH PROPOSALS	0	198	196	81	69	

REVENUE SAVINGS PROPOSALS - REFLECTED IN APPENDIX E

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Description
Net revenue saving from limiting of capital programme expenditure and using surplus on capital programme to minimise borrowing costs	-103	-92	-94	-106	-119	Net revenue saving as a result of using the surplus on the capital programme to minimise borrowing costs, combined with the revenue impact of the changes to the capital programme listed below.
TOTAL OF SAVINGS PROPOSALS	-103	-92	-94	-106	-119	

CHANGES TO CAPITAL PROGRAMME - REFLECTED IN APPENDIX G

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Description
Promenade footways	0	40	40	40	40	Creation of a rolling annual budget for the repair and maintenance of promenade footways.
Town Centre Regeneration - Ansdell	0	200	0	0	0	Creation of a capital scheme for regeneration in Ansdell.
Limiting of Disabled Facilities Grant (DFG) budget	0	-134	-244	-244	-244	Limiting DFG expenditure to the level of central Government grant received annually.
Transfer of Private Sector Hsg Renewal grant to support the Disabled Facilities Grant budget	0	-110	0	0	0	It is proposed to mitigate the impact of limiting the DFG budget by transferring the remaining Private Sector Housing Renewal Grant budget to support the disabled facilities grant budget.
TOTAL NET REDUCTION IN CAPITAL PROGRAMME	0	-4	-204	-204	-204	

UPDATED 5 YEAR CAPITAL PROGRAMME 2011/12 TO 2015/16 - SUMMARY

	Approved Budget 2011/12 £000	Updated Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	Estimate 2015/16 £000
Community Services	1,352	2,585	2,632	366	366	366
Development Services	3,397	964	3,423	70	70	70
Resources	0	35	0	0	0	0
Total Expenditure	4,749	3,584	6,055	436	436	436
FINANCING:						
Capital Receipts - General Asset Sales / Ground Rents	50	38	50	45	45	45
Capital Receipts - Clifton Lytham Housing Association Ltd	0	1,357	0	0	0	0
Capital Receipts - Right to Buy Receipts	25	0	25	25	25	25
Capital Receipts - (Town Hall Accommodation)	3,000	0	3,000	0	0	0
Capital Receipts - Vehicle Sales	0	12	0	0	0	0
Disabled Facilities Grant	366	414	366	366	366	366
Section 106 Monies - Mornington Road	25	25	0	0	0	0
Section 106 Monies - Park View Ampitheatre	0	9	0	0	0	0
Section 106 Monies - Hope Street Park - St Annes	0	16	0	0	0	0
Section 106 Monies - Fleetwood Road Playing Field	0	85	0	0	0	0
Capital Grant	0	31	0	0	0	0
Capital Grant - Repayments	0	13	0	0	0	0
Other External Finance (see analysis below)	145	689	0	0	0	0
Direct Revenue Finance	543	662	150	0	0	0
Prudential Borrowing	595	233	2,464	0	0	0
Total Financing	4,749	3,584	6,055	436	436	436
Total surplus (-) / shortfall in year	0	0	0	0	0	0
Cumulative surplus (-) / shortfall	0	0	0	0	0	0

UPDATED 5 YEAR CAPITAL PROGRAMME 2011/12 TO 2015/16 - DETAIL

SCHEMES	Approved Budget 2011/12 £000	Updated Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	Estimate 2015/16 £000
COMMUNITY SERVICES						
Disabled Facilities Programme	610	658	476	366	366	366
Pvte Sector Hsng Renewal Grants	66	0	0	0	0	0
Ashton Gardens Heritage Restoration	0	67				
Mornington Road Playing Field	25	194				
Kirkham Memorial Gardens	100	100				
Hope Street Park - St Annes	0	123				
Fleetwood Road Playing Field - Wesham	0	115				
Park View Ampitheatre	0	55				
Installation of Cab Technologies	8	8				
Routesmart	0	27				
Boxes to Bins Project - Bin Purchases	0	0	1,323			
Replacement Vehicles	0	645	723			
Leased Vehicles Purchased	543	543				
Leased Wheeled Bins Purchased	0	50				
Grant to Kirkham Town Council re: Assets Transferred	0	0	110			
Sub total	1,352	2,585	2,632	366	366	366
DEVELOPMENT SERVICES						
Lytham Hall	0	300				
Town Hall accommodation	3,000	20	3,000			
St Annes Pool	153	0	153			
Cons'n Area Rest'n Scheme St Annes	0	0				
St Annes Town Centre	72	0				
Tourist Board Project - Public Realm Streetworks	77	0				
Footway Lighting Schemes	0	3				
St Annes 2012	0	384				
Lytham 2012	0	59				
Ansdell 2012	0	20				
Kirkham Building Refurbishment	60	116				
Clifton Flood Alleviation Scheme	5	5				
Acolaid / Acolate Replacement Systems	0	20				
Car Park Improvements	30	37	30	30	30	30
Town Centre Regeneration - Ansdell	0	0	200			
Promenade Footways	0	0	40	40	40	40
Sub total	3,397	964	3,423	70	70	70
RESOURCES						
Replacement CCTV Vans	0	35	0			
Sub total	0	35	0	0	0	0
Total Expenditure	4,749	3,584	6,055	436	436	436

UPDATED 5 YEAR CAPITAL PROGRAMME 2011/12 TO 2015/16 - FINANCING

CAPITAL FINANCING	Approved Budget 2011/12 £000	Updated Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	Estimate 2015/16 £000
FINANCING:						
Capital Receipts - General Asset Sales / Ground Rents	50	38	50	45	45	45
Capital Receipts - Clifton Lytham Housing Association Ltd	0	1,357	0	0	0	0
Capital Receipts - Right to Buy Receipts	25	0	25	25	25	25
Capital Receipts - (Town Hall Accommodation)	3,000	0	3,000	0	0	0
Capital Receipts - Vehicle Sales	0	12	0	0	0	0
Disabled Facilities Grant	366	414	366	366	366	366
Section 106 Monies - Mornington Road	25	25	0	0	0	0
Section 106 Monies - Park View Ampitheatre	0	9	0	0	0	0
Section 106 Monies - Hope Street Park - St Annes	0	16	0	0	0	0
Section 106 Monies - Fleetwood Road Playing Field	0	85	0	0	0	0
Capital Grant	0	31	0	0	0	0
Capital Grant - Repayments	0	13	0	0	0	0
Other External Finance (see analysis below)	145	689	0	0	0	0
Direct Revenue Finance	543	662	150	0	0	0
Prudential Borrowing	595	233	2,464	0	0	0
Total Financing	4,749	3,584	6,055	436	436	436
Total surplus (-) / shortfall in year	0	0	0	0	0	0
Cumulative surplus (-) / shortfall	0	0	0	0	0	0
Other External Finance: Analysis						
Lancashire County Developments Ltd. (Kirkham)	30	63				
Local Strategic Partnership - CCTV Vehicles	0	35				
Local Strategic Partnership - St Annes 2012	0	70				
Local Strategic Partnership - Ansdell 2012	0	10				
Local Strategic Partnership - Lytham 2012	0	15				
Lancashire County Council - Lytham 2012	0	20				
Contribution from Private Sector - St Annes 2012	0	2				
Community Spaces - Lottery - Park View Ampitheatre	0	46				
Community Spaces - Lottery - Mornington Road Playing Field	0	50				
Lancashire Environment Fund - Mornington Road Playing Field	0	30				
Lancashire County Council - Mornington Road Playing Field	0	27				
Veolia Environment Trust - Mornington Road Playing Field	0	32				
New Fylde Housing - Mornington Road Playing Field	0	30				
Youth Capital - Kirkham Memorial Gardens	14	0				
Lancashire County Council - Kirkham Memorial Gardens	20	0				
Lancashire Environment Fund - Kirkham Memorial Gardens	30	30				
Community Spaces - Lottery - Kirkham Memorial Gardens	50	50				
Friends of Kirkham Parks - Kirkham Memorial Gardens	1	1				
Rural Development Programme - Kirkham Memorial Gardens	0	22				
Community Spaces - Lottery - Hope Street Park - St Annes	0	50				
Lancashire Environment Fund - Hope Street Park - St Annes	0	30				
Lancashire County Council - Hope Street Park - St Annes	0	20				
Hope Street Community Group	0	7				
Lancashire Environment Fund - Fleetwood Road Playing Field	0	30				
Contribution from St Annes Parish Church	0	4				
Lancashire County Council - Station Improvement Scheme	0	5				
St Annes Town Council - Station Improvement Scheme	0	5				
South Fylde Community Rail Partnership - Station Improvement Scheme	0	5				
	145	689	0	0	0	0

Fylde Borough Council

Useable Reserves and Balances Policy

Policy on Useable Reserves and Balances

1 The Useable Reserves and Balances Policy

- 1.1 Setting the level of useable reserves and balances is just one of several related decisions in the formulation of the Council's Medium Term Financial Strategy.
- 1.2 In establishing and approving the Medium Term Financial Strategy, "the Council will ensure that it maintains a prudent level of reserves in line with best practice and relevant guidelines".
- 1.3 Any surplus balances will be considered in the light of the budget forecast and the risks associated with that forecast. Any changes to this Policy will require approval by Members.

2 Integrated Financial Planning

- 2.1 Under section 114 of the Local Government Finance Act 1988 the Chief Financial Officer is required to report to all Councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

There are no statutory minimum levels of general reserves but in line with best practice and Audit Commission advice it is suggested that 5% of the average total net budget requirement is set as the minimum for the reserve balances. For Fylde this equates to £550k based on £10.9m net requirement for 12/13.

However, during 2008/09, due to the downturn in the economy, the Council had to take urgent in year action to make further service cuts in order to maintain minimum balances at that time. In order to remain financially robust over the medium term, Budget Council in February 2009, based on Chief Financial Officer advice agreed to increase the minimum level of balances to £750k. This recommendation remains in place in order for the Council to maintain a future stable financial environment for the Council in light of the current economic climate and risks.

In making a recommendation as to the level of balances which should be maintained, the Chief Financial Officer will pay particular attention to:-

- The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates, etc.)
- The authority's track record in budget and financial management including the robustness of the Council's Medium Term Financial Strategy
- The authority's capacity to manage in-year budget pressures
- The strength of the financial information and reporting arrangements
- The authority's virement and end of year procedures in relation to revised budget and cash limit under/over spends at authority and departmental level
- The adequacy of the authority's insurance arrangements to cover major unforeseen risks.

- 2.2 The Council will not hold significant balances above those required by the Medium Term Financial Strategy.
- 2.3 The level of earmarked reserves will be reviewed in the preparation of the Medium Term Financial Strategy and again as part of the Closure of Accounts process. The creation of any new Earmarked Reserves will be subject to Member approval.
- 2.4 The Council's General Fund balances at 31st March 2011 were £2.991m. The first call on these balances in 2011/12 is the approved slippage of £297k, which brings the underlying General Fund balances position to £2.694m.

3 Reporting Framework

- 3.1 Any recommended changes to the level of useable reserves held will be reported within the Medium Term Financial Strategy or in the consideration of the Annual Accounts and will take account of the strategic, operational and financial risks facing the authority at that time.
- 3.2 In making any recommendation the Chief Financial Officer will provide Members, (in line with the requirements of the Local Government Act 2003) with an opinion on the robustness of the budget estimates and on the adequacy of the Council's useable reserves.

4 Earmarked General Fund Reserves

- 4.1 Earmarked general fund reserves are a means of voluntary and prudently building up funds to meet known future or predicted liabilities. When establishing reserves the Council must adhere to the International Financial Reporting Standards (IFRS) and in particular the need to distinguish between reserves (set aside for future liabilities) and provisions (mandatory set asides for actual liabilities existing).

In approving any new Earmarked Reserves the Council needs to identify the purpose of the Reserve, the protocol for its use and the procedures for its management and control. The Earmarked Reserves as at 31st March 2011 and expected as at 31st March 2012 are set out in a note at the end of this report. The note details the earmarked reserves that can be released to Revenue if required.

- 4.2 As a reminder, in line with this Policy the following earmarked reserves were reviewed as part of the 2011/12 budget setting process and approved at Budget Council on 2nd March 2011 for release over the life of the forecast:

	£000
Parks & Open Spaces reserve	39
Business Improvement Grant (NNDR) reserve	34
Economic Promotion & Recovery reserve	30
Comprehensive spending review reserve	<u>520</u>
	<u>623</u>

The impact of the release of these reserves has been reflected in the updated forecast.

5 Presentation of the Reserves & Balances

5.1 These have been presented in a way which is hopefully in an easy to follow and useful summary format. These Reserves & Balances are also fully detailed in the Annual Statement of Accounts, but are presented in a more technical format to ensure that the Council comply with the new International Financial Reporting Standards (IFRS).

6 Release of Reserves – Proposals for 2012/13

6.1 Having reviewed the current useable reserves and balances it is now proposed that the following additional reserve be released in 2012/13:

	£000
Events and tourism promotion reserve	<u>40</u>
	<u>40</u>

Fylde Borough Council - Useable Reserves and Balances Position

1. Earmarked Reserves

Reserve	Purpose	How and When Used	Balance as at 01/04/11 £000	Estimated Use in Year £000	Estimated Balance 31/03/12 £000	Possible Release to Revenue?
Building Control Regulations Reserve	Surpluses generated on Building Control services set aside to support continuing delivery of these services in subsequent years.	To reinvest surpluses back into the Building Control Service	0	0	0	No balance currently and not available from release as a statutory requirement and needs to be reinvested (where there are in year surplus balances) into Building Control
Land Charges - New Burdens Reserve	Created in 2010/11, this is a voluntary set-aside of grant received in 2010/11 towards potential third party claims in relation to historic Land Charge enquiries.	Reserve to be maintained until the ongoing legal cases are resolved.	34	0	34	Not available for release - required to meet any potential future claims. No claims submitted yet. Suggest may need further "topping-up" from any additional in-year revenue income in this area.
Parks & Open Spaces	Developers' who seek the adoption of areas of open space by the council are required to deposit a commuted sum.	It is used to support additional grounds maintenance expenditure incurred by the Council following adoption.	39	0	39	Approved by Budget Council in March 2011 to release into General Reserves in 2012/13.
Vehicle Maintenance	Voluntary set aside created in 2008/09 to contribute towards the cost of vehicle maintenance repairs.	To support any additional vehicle maintenance repairs.	27	0	27	No - suggest leaving intact with potential further "top-up" in 2011/12 pending full transition to new fleet arrangements after exit from Wyre contract is complete.
Business Improvement Grant (NNDR)	Created in 2005/06. The Council was awarded additional monies to support Economic Development activities on a case by case basis that have been earmarked or general use to support Economic Development wherever possible.	Used to support Economic Development activities on a case by case basis	34	0	34	Approved by Budget Council in March 2011 to release into General Reserves in 2012/13.
Events and Tourism Support Reserve	Initially created in 2009/10 as a one off Economic Promotion & Recovery. As part of 2010/11 budget setting this reserve was set up to add in £30k per annum from 2010/11 onwards as an Events and Tourism Support Reserve.	To support local economic initiatives on a case by case basis.	60	-11	71	Proposal to release £40k from this reserve as a revenue contribution to capital to fund the first year of the the promenade footways scheme.
Replacement Systems Reserve	Voluntary set aside for the funding of new IT initiatives and development of IT systems.	In current climate for essential ICT replacements only.	57	23	34	Estimated requirement 2011/12 of £23k - balance to be retained for any future IT requirements.
Performance Reward Grant reserve	Created in 2009/10, this is a voluntary set aside of performance reward grant (PRG). Although Fylde Borough Council is the Accountable Body for the Fylde PRG, The Fylde Local Strategic Partnership (LSP) are the appointed decision making body in relation to the allocation of the PRG.	Used to set aside Performance Reward Grant funding in order to support Preston Strategic project bids.	563	337	226	Not available for release as this is LSP money, not the Council's.

Reserve	Purpose	How and When Used	Balance as at 01/04/11 £000	Estimated Use in Year £000	Estimated Balance 31/03/12 £000	Possible Release to Revenue?
Comprehensive Spending Review Reserve	Created in 2009/10, this is a voluntary set aside established to prepare the Council for future financial pressures in a planned and cost effective way.	As required to prepare the Council for future financial pressures in a planned and cost effective way.	521	0	521	Currently scheduled to be released into General Reserves in 2015/16.
Vehicle Replacement Financing Reserve	Created in 2010/11. This is a voluntary set aside established to meet the cost of future debt repayments in respect of the replacement & purchase of vehicles	Used to meet the cost of future debt repayments in respect of the replacement & purchase of vehicles	212	0	212	Not currently available for release as additional borrowing would be required to fund any future shortfall in the capital financing of the capital programme.
Core Strategy Financing Reserve	Created in 2010/11. This is a set aside to finance expenditure incurred on delivery the Council's Core Strategy	Used to finance expenditure incurred on delivery the Council's Core Strategy	76	76	0	Not available for release as to be fully utilised in 2011/12 as the first call to fund expenditure on the Core Strategy.
Direct Revenue Financing (DRF) Reserve	Created in 2010/11. This is approved revenue budget contributions to help finance capital projects	Used in accordance with approved planned spend of the capital programme	25	25	0	Not available for release as to be fully utilised in 2011/12 to fund approved capital schemes.
Total Earmarked Reserves			1,648	450	1,198	

2. Capital Reserves

Capital reserves are not available for revenue purposes and some can only be used for specific statutory purposes.

Capital Project Fund (Ansdell Bus Money) Reserve	Set aside from the revenue receipts on the sale of the Bus Company allocated to each area of the Authority	Balance to be expended in Ansdell on schemes to be identified.	22	0	22	This is earmarked for a capital scheme.
Total Useable Capital Reserve			22	0	22	

3. General Fund Reserve

General Fund	An unallocated general working balance reserve fund to help cushion the impact of uneven costs of running council day to day services or the impact of unexpected events or emergencies	In line with the annual budget and medium term forecast as approved by Council, taking in to account strategic, operational and financial risks facing the council over the medium term	2,991	-36	3,027	This is the position in line with the Council's current financial forecast.
Total General Fund Reserves			2,991	-36	3,027	

Total

4,661	414	4,247
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BUSINESS RATE PAYER CONSULTATION

The following organisations were consulted during November and December 2011:

BAE Systems; Beaverbrooks; Ribby Hall; Blackpool Airport; UNIVERSAL; Blackpool, Wyre and Fylde Economic Development Company; Local Enterprise Partnership; Lancashire County Developments Ltd; Local Strategic Partnership; Blackpool and Lancashire Tourist Board; Blackpool and Fylde College; Federation of Small Businesses; North and Western Lancashire Chamber of Commerce; ORVIA; AEGON; and Smith Electricals Group

Each was asked the following question:

Question

‘Given that the Council’s government grant has reduced by over 25%, and there may be further pressures on our income in the future, from a business perspective are there any of our existing services that you see as being less important than others.’

A summary of the responses is as follows:

1. Economic development is the most important fundamental service. Ensuring the Borough is kept tidy is fine but it did not create jobs.
2. There is a need for attractive good quality housing in Fylde, good schools and good leisure activities which will provide the necessary environment for new employees.
3. Waste Management is a key service.
4. Housing deprivation should be investigated.
5. Public realm work is important e.g. the Wood street, St Annes. Such work improves the look and feel of an area.
6. Protection of employment land is important

Policy Development Scrutiny Committee

Date	12 Jan 2012
Venue	Town Hall, St Annes
Committee members	Councillor Fabian Craig-Wilson (Chairman) Councillor Leonard Davies (Vice-Chairman) Ben Aitken, Frank Andrews, Susan Ashton, Peter Collins, Simon Cox, David Donaldson, Charlie Duffy, Nigel Goodrich, Kath Harper, Kiran Mulholland, Edward Nash, Elizabeth Oades, Elaine Silverwood
Other Councillors	Tony Ford
Officers	Paul Drinnan, Steve Smith, Annie Womack

Public Platform

There were no requests to speak.

1. Declarations of interest

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

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Policy Development Scrutiny Committee meeting held on 8 December 2011 as a correct record for signature by the chairman.

3. Substitute members

There were no substitutes.

4. Economic Development Strategy Review – Town Centres

Paul Drinnan, Head of Regeneration and Tourism, introduced this report to members.

On 20 July 2011, Cabinet had requested that Policy and Development Scrutiny Committee (PDSC) review the Fylde Borough Economic Strategy, following its consideration of the draft Fylde Coast Economic Development Strategy produced by the EDC. This would have the benefit of enabling this Council to identify its priorities, but also notify the EDC in these matters to ensure the priorities are reflected in the Fylde Coast (EDC) strategy. To assist in this work, PDSC appointed a Task and Finish Group to undertake a thorough review of economic development issues across the Borough.

He said that the work of the group had included an in depth review of economic issues including very extensive dialogue with public and private sector organisations and it was hoped that recommendations would be presented to Cabinet in the near future in this regard.

Part of the work was around a review of Town centre policy to advise on future direction for the Council in this regard, including a thorough review of policy and practice to date, the impact of government policy, and extensive dialogue with business groups and other organisations. Account had also been taken of the associated work of the Development Management Committee/Core Strategy Group which has been considering retail planning issues and in effect seeks to introduce more detailed proposals that go beyond general planning policies.

An extensive report had been presented on behalf of the Task and Finish Group to the PDSC committee at its meeting on 12 January 2012. The report presented a series of key recommendations that were debated, with the suggestions and additions of Committee now integrated fully into the actual recommendations.

A presentation followed, to give committee members some context, covering such issues as the history of the town centre regeneration programme followed by current, recent and planned activities. Town centre management was also covered, including public realm investments, dealing with absentee landlords, and creating a welcoming impression to the Fylde's town centres.

Mr Drinnan summarised and said that the management of town centres was an ongoing process and the recommendations presented to committee represented key principles that can be developed over time in the form of a single strategy with specific priorities, set within a framework that is achievable and realistic, showing a commitment to support of the economy of town centres as well as smaller centres.

Members had some questions and comments to make, and in particular reference was made to the proliferation of charity shops within town centres, which was not viewed as helpful to town centre economy. There were also observations made about the conflict between support for out of town planning applications, and the protection of town centres. The effectiveness of the Business Improvement Districts (BID) scheme was also challenged.

Members reviewed each of the recommendations contained within the report in turn, and either approved them or made some minor amendments. In addition they proposed 2 further recommendations (R18 & R19).

The recommendations are set out below:

- R1 That the Council supports the principle of holding a forum with key stakeholders to discuss the outcome of the work of the TFG and the ideas and recommendations within it. It would also be appropriate to consider the findings of the Portas report, and the potential response of Government will be available in the spring.
- R2 That the Council endorses the continued support for the regeneration/improvement/enhancement of its town centres as a major strand of its remit
- R3 That the Council considers drawing together a single strategy that would relate to town centres. This would include master plans for each of the areas identifying key projects that would be delivered over time. Each location would have a vision and plan and a series of short, medium and longer term priorities and actions based on a realistic assessment of issues and a realistic assessment of delivery. These plans would include community engagement. The town centres could be themed e.g.: Kirkham Market Town; St. Annes - Classic Resort; Lytham - Victorian Town on the Coast.
- R4 That the Council identifies priorities for the completion of each of the town centre master plan areas in order (although much of the 'planning' work relating to St. Annes is complete).
- R5 That the Council continues to support capital investment within its town and other centres and in doing so identifies the level of funding and its priorities for funding such interventions
- R6 That officers identify opportunities for external funding sources to support regeneration activity and advise the Council accordingly.
- R7 That the issue of town centre funding be fully embraced in the development of the LDF/CIL process, and that these locations be identified as key locations for investment

- R8 That where appropriate, officers continue to negotiate Section 106 agreements to benefit town centre/neighbourhood centre improvements. In this regard the Regeneration Framework should be completed in detail.
- R9 That the Council supports local communities where possible to bring about improvements to neighbourhood/local centres.
- R10 That the Council seeks to improve its 'intelligence base' relating to information about the relative health of the town centres so as to help prioritise actions.
- R11 That the Council supports in principle partnership working, and assists in the formation of a forum for each of the town centres where appropriate. Partnerships would include major stakeholders with an interest in the town centre, and the establishment of potential Business Improvement Districts (BID) could be considered by the partnership to support the economy of the town centre. The potential establishment of a core fund to maximize the use of available resources from partner organisations should be given further consideration.
- R12 That the Council supports in principle the development of Business Plans for the town centres, and as a potential partner, and will assist in the development of such partnership business plans. It will support and assist in the delivery of the plans commensurate with its own responsibilities and priorities. Issues for consideration within business plans could include design, management, potential BIDs, events, marketing, landlord and tenant issues, parking and accessibility.
- R13 That the Council takes a joined up approach to its management role within town centres in terms of its own service delivery and activity and identifies its role and responsibilities within the management plan. It would be for other organisations to do likewise.
- R14 That the Council protects and enhances the vitality and viability of its town and other centres in its consideration of planning applications and other proposals.
- R15 That the Council pursues design excellence, through the planning process, with regard to planning proposals and in relation to its own initiatives. Conservation Area appraisals/management plans and design codes/specifications should be applied to town centres/conservation areas.
- R16 That the Council through partnership seeks to provide business support in town centres to help and sustain business formation, survival and sustainability.

- R17 That the Council continues to support the events programme in support of town centres and continues to work closely with partners in respect of marketing, promotion and management.
- R18 That the Council supports the development of policy, powers and abilities, at the national level, to control the proliferation of charity shops with particular emphasis on the use of business rates, and that the council will lobby government to that end.
- R19 That the Council will seek to include any powers, policy and abilities to control the proliferation of charity shops in its future strategy mix relating to town centres.

The committee RESOLVED:

To approve each of the recommendations and to commend them to Cabinet for approval.

There was no recorded vote as the Chairman decided that the matter was not controversial.

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