



# Minutes

## FINANCE AND DEMOCRACY COMMITTEE

<b>Date:</b>	Monday, 25 January 2016
<b>Venue:</b>	Town Hall, St Annes.
<b>Committee Members:</b>	Councillor Karen Buckley (Chairman) Councillor Roger Small (Vice Chairman)  Councillors David Donaldson, Tony Ford, Angela Jacques, Linda Nulty, Richard Redcliffe, Vince Settle, Elaine Silverwood and Richard Taylor.
<b>Other Councillors Present:</b>	Councillors Brickles, P Collins and Fazackerley
<b>Officers Present:</b>	Allan Oldfield, Paul O'Donoghue, Ian Curtis, Katharine McDonnell.
<b>Other Attendees:</b>	One member of the public

### Public Platform

There were no speakers under the public platform provision.

#### 1. Declarations of interest

Members were reminded that any disclosable pecuniary interests should be declared as required by the Localism Act 2011 and any personal or prejudicial interests should be declared as required by the Council's Code of Conduct for Members.

There were no declarations of interest on this occasion.

#### 2. Confirmation of minutes

RESOLVED: To approve the minutes of the Finance and Democracy committee meeting held on 30 November 2015 as a correct record for signature by the Chairman.

#### 3. Substitute members

There were no substitutions on this occasion.

### Decision Items

#### 4. Proposed Compulsory Purchase of Property to Deliver Affordable Housing

Ian Curtis, Head of Governance, advised that at the meeting on the 5 January 2016 the Environment, Health and Housing committee had resolved that the general vesting order be made, and for the onward transfer of the property to the registered social housing association. However the decision to approve the fully funded addition to the capital programme and to release the funding for the purchase was for the Finance and Democracy committee.

Mr Curtis advised that the funding for the purchase was a fully funded addition to the budget from the Section 106 monies, specifically from development of the Queen Mary's site. He explained that the Section 106 monies were used for provision of affordable housing in the borough. He advised

the purchase of this property would not only improve the appearance of it, but bring the property back into use and provide 2 or 3 units of affordable housing.

In response to questions from the committee, Mr Curtis advised that this release of funding was for the purchase of the property

The Committee RESOLVED to approve a fully funded addition of £105,000 to the Council's 2015/16 Capital Programme for the compulsory purchase of 93 St Albans Road to be met from a Section 106 contribution (agreement ref:03/0157 – Queen Mary Development) held by the Council paid under planning obligations for affordable housing of the same amount.

5. Lytham Hall Progress Report – Coastal Revival Fund

Allan Oldfield, Chief Executive advised that the Tourism and Leisure committee, at the meeting held on 7 January 2016, had recommended that that Finance and Democracy committee approve a fully funded addition to the 2015/16 Capital Programme towards the restoration of Lytham Hall, including the creation of a joinery workshop. He advised that the joinery workshop would teach trainees traditional joinery craft skills.

The committee RESOLVED

1. To approve a fully funded addition of £47,000 to the Council's 2015/16 Capital Programme towards the restoration of Lytham Hall to be met from a grant from the Coastal Revival Fund of the same amount;
2. To approve a single payment of the grant upon the receipt of supporting invoices from Lytham Hall (Heritage Trust North West); and
3. To note that the delivery of the project is to be achieved through the engagement of consultants/contractors and suppliers to deliver the various elements of the project in line with the Council's financial regulations and contract rules and procedures.

6. Financial Forecast Update (Position as at January 2016)

Paul O'Donoghue, Chief Financial Officer, presented an update of the Council's financial forecast including the impact of the Local Government Finance Settlement. He advised that a key proposal was for an optional four year settlement accompanied by a significant reduction in the estimated level of central government funding in future years, and that the scale and rate of the reductions was greater than had been anticipated. He further advised that a four year settlement would allow for longer term budget planning, however it was conditional on councils' publishing an efficiency plan although the detail regarding these had not been released.

Mr O'Donoghue advised that additional funding would be allocated for those councils who provide services such as social care and a corresponding reduction for those councils who do not, of which Fylde was one such council.

Exemplifications provided in the settlement indicated that Fylde would receive £4.918m government funding in 2015/16 which would reduce to £2.753m by 2019/20; a reduction of £2.165m or 44%. Mr O'Donoghue advised that within the funding were a number of income streams and that the report set out individually the forecast level of income to the Council from each source. The Revenue Support Grant (RSG) was one such stream and the committee were informed that RSG was forecast to reduce from £1.443m in 2016/17 to nil by 2019/20.

He further advised that there were significant changes proposed to the New Homes Bonus with a preferred option to achieve savings of £800m by 2020. A consultation included proposals to reduce the bonus to 4 years from the current 6 years; proposals to withhold the bonus in those areas where no local plan had been produced; and reducing payments for those homes built on appeal. The deadline for the consultation was 10 March 2016.

In regards to Council Tax the settlement had once again set the referendum principal at 1.99%, it was also silent on the council tax freeze grant. Exemplifications within the settlement assumed a council tax increase of 1.75% from each authority. He advised that there were no proposals to change current retention of business rates but that there were plans to consult on the 100% retention of business rates in summer 2016.

Mr O'Donoghue advised that since the settlement had been announced, officers had reviewed some the assumptions in the financial forecast and challenged some of the income assumptions through meeting with budget holders. He advised that as a result income assumptions had been increased, the vacancy saving target had been increased, and borrowing and interest rate forecasts had been revised.

He drew the committee's attention to Appendix E which outlined the updated summary financial forecast for the council. He advised that the forecast was currently showing budgeted surpluses until 2017/18, followed by significant budgeted deficits in 2018/19 and 2019/20 as a result of the combined impact of the settlement and the LCC decision to cease cost-sharing payments for waste from 2018/19.

He advised that that the current figures included an estimate based on the baseline level of business rates from 2016/17 onwards, assumptions regarding new homes bonus and council tax increases year on year of 1.99%. On those assumptions there would still be reserves of £3.1m at the end of the five year period.

He concluded advising the committee that the finances remained robust at the present with reserves which allowed some breathing space to allow for the council to continue reducing costs and maximizing income where possible.

In responses to questions, Mr O'Donoghue advised that the Council collected around £23m of business rates annually but retained only £1.7m. The government applied tariffs to the income from business rates and as a way of achieving the reduction in funding by 2019/20 the baseline level tariff had been adjusted by the government.

In regards to local government retaining 100% business rates by the end of the life of the Parliament, Mr O'Donoghue advised that the government's intention was that local government as a whole would retain 100% of the business rates, not individual councils, and that the additional retention of income by the sector would come with additional, as yet unidentified, responsibilities.

Mr O'Donoghue further advised that the Council did not currently charge for debit and credit card payments to the council but this option could be explored.

He advised that the council made a contribution to the Lowther Gardens Trust, which was in the baseline budget for next two years, beyond 2016/17 the council would need to consider its position.

Mr O'Donoghue advised that there was no guidance issued by government regarding levels of reserves, however CIPFA (Chartered Institute of Public Finance and Accountancy) recommended that minimum levels of reserves should be 5% of the net budget requirement which for Fylde equated to approximately £500,000. A number of years ago the council made a decision to set the minimum level at £750,000. The minimum level was reviewed every year and there were no plans on changing that recommendation.

It was RESOLVED to note the implications of the updated financial forecast and further it was noted that the financial forecast would be considered at Council on 8 February 2016.

7. Budget Setting 2016/17 Consideration of Capital Bids by Programme Committees

Paul O'Donoghue, Chief Financial Officer, advised that the report provided a summary of the recommendations of each of the programme committees in respect of the capital bids for 2016/17. The Finance and Democracy committee were requested to consider those recommendations and recommend that the capital bids go forward to Council for consideration in March 2016.

The Chairman advised that Councillor Brickles had put forward a request that the capital bid from Warton with Westby Parish Council for a play area, which had been rejected by the Tourism and Leisure committee in November 2015, be reconsidered. The request to reconsider was on the basis that the information presented to the Tourism and Leisure committee was incorrect.

Councillor Taylor supported Councillor Brickles's request adding that it would be prudent when reconsidering the bid to do so with a full report from officers.

In response to questions from committee, the Chief Executive advised that the committee system was designed to involve and engage the committees in the budget process, but that the committees would only ever to make recommendations to Council. He further advised that as the final decision regarding capital bids were only made by Council, if further information was to come forward following a recommendation regarding a capital bid, it could be reconsidered. The Chairman stated that it would be preferable for the relevant programme committee to do so, but due to the budget cycle only Finance and Democracy committee were due to meet again before budget Council.

Members of the committee raised concerns regarding the sharing of facts and information by councillors at committee, cautioning that this should be done carefully and perhaps supported with further training for members. The Chairman urged members to attend meetings where there were matters concerning their wards, even if they were not members of the committee.

It was argued that the integrity of the committees' decision making should be respected but on this occasion that during the learning process of the new governance system, it seemed prudent to have the decision reconsidered by the Finance and Democratic committee.

After a full discussion, it was RESOLVED

1. To note the recommendations of the Council's programme committees in respect of the capital bids for 2016/17; and
2. That the capital bid from Warton with Westby Parish Council be re-considered at the next meeting of the Finance and Democracy meeting, with full presentation.

8. Budget Setting – Fees and Charges 2016/17

Paul O'Donoghue, Chief Financial Officer, advised the Committee as part of the budget setting process that the schedule of fees and charges needed to be considered for those activities within the remit of the committee.

In regards to court costs relating to Council Tax recovery, Mr O'Donoghue advised that the Council could only recover costs.

The committee RESOLVED

1. To recommend to Council a proposed schedule of fees and charges applicable for 2016/17;
2. To bring a report to a future meeting regarding debit and credit card charges; and
3. To note that the final fees and charges for 2016/17 would be approved by the budget Council in March 2016.

Information Items

The following information items were received by the committee.

9. General Fund Revenue Budget Monitoring Report – Position as at 30 November 2015

The committee were provided with an update of the Council's General Fund Revenue Budget as at 30 November 2015, specifically those areas under the committee's remit.

10. Capital Programme Monitoring Report 2015/16 – Position as at 30 November 2015

The committee were provided with an update of the Council's approved Capital Programme as at 30 November 2015, specifically those schemes under the committee's remit.

The committee requested that further details regarding the Fairhaven Boats, specifically any revenue lost and arrangements put in place for the coming season.

11. Disabled Facilities Grants

The committee received information regarding the establishment of a working group by the Environment, Health and Housing committee to look at the Council's processes and procedures in dealing with Disabled Facilities Grant. It was NOTED that the Environment, Health and Housing committee had appointed Councillor Buckley as a member of the working group.

12. Mid Year Performance 2015/16

The committee received the mid-year performance exception reports.

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