



Agenda

Finance and Democracy Committee

Date:	Monday, 20 November 2017 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor Karen Buckley (Chairman) Councillor Roger Small (Vice-Chairman)</p> <p>Councillors David Donaldson, Tony Ford JP, Neil Harvey, Angela Jacques, Kiran Mulholland, Linda Nulty, Liz Oades, Richard Redcliffe, Vince Settle, Elaine Silverwood.</p>

Public Platform

To hear representations from members of the public in accordance with council procedure rule 11.

To register to speak under Public Platform: see [Public Speaking at Council Meetings](#).

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 25 September 2017 as a correct record.	1
3	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 24(c).	1
	DECISION ITEMS:	
4	New Homes Bonus: Proposed Policy on the Provision of Grants to Town and Parish Councils	3 – 13
5	Financial Forecast Update (Including Revenue, Capital & Treasury Management) 2017/18 to 2021/22	14 – 36
6	Council Tax Reduction Scheme 2018/19	37 – 48
7	Fleet Replacement - Direct Purchase of Previously Hired Vehicles	49 – 52
8	Proposal to Dissolve the Blackpool, Fylde and Wyre Economic Development Company and Form an Economic Prosperity Board	53 – 62

Contact: Katharine McDonnell - Telephone: (01253) 658423 – Email: democracy@fylde.gov.uk

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<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	FINANCE AND DEMOCRACY COMMITTEE	20 NOVEMBER 2017	4
NEW HOMES BONUS: PROPOSED POLICY ON THE PROVISION OF GRANTS TO TOWN AND PARISH COUNCILS			

PUBLIC ITEM

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

SUMMARY

This report summarises the proposed policy on the provision of grants to town and parish councils, to be funded from a portion of the New Homes Bonus, which is appended to this report. The purpose of this new policy is to provide the framework for a system of grant support to town and parish areas which have experienced above-average growth in housing numbers.

RECOMMENDATIONS

The Committee are recommended to:

1. Recommend to Council the adoption of a new policy on the provision of grants to town and parish councils which is appended to this report.

SUMMARY OF PREVIOUS DECISIONS

The grants to be paid to town and parish councils in respect of the Council Tax Reduction Scheme 2017/18 were approved at the Council meeting of 5th December 2016. This report arises out of an undertaking that was given during the debate on that item to consider further grants to town and parish councils to be funded from a portion of the New Homes Bonus.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1. Background

- 1.1 At the Council meeting of 5th December 2016, during debate on the item 'Council Tax Reduction Scheme – Grants to Town & Parish Councils 2017/18' Councillor Oades proposed an amendment to the recommendations, that:

"A modest amount be set aside from the New Homes Bonus to replace this grant so the Town and Parish Councils, particularly those taking excessive amounts of development will benefit from the funding as was envisaged when the funding was first put in place." Councillor Silverwood seconded the amendment.

Although the amendment was lost following a debate, Councillor Buckley acknowledged the concerns raised by Councillor Oades and undertook to discuss the issue at a future meeting of the Budget Working Group.

2. The Proposed Policy on the provision of grants to town and parish councils.

- 2.1 Those discussion have now taken place and have resulted in a proposed scheme for the distribution of a portion of New Homes Bonus to those town and parish councils which had experienced the highest growth in housing numbers.
- 2.2 The scheme is intended to support new projects where there is a demonstrable need to assist in the provision of community amenities that are necessary because of growth in property numbers, and consequently an increase in the demand for local services, and that have tangible benefits for the community.
- 2.3 Grants will only be available to town and parish areas that have experienced property growth for the past year above a baseline of 0.4% (of the prior year total property numbers). This is to match the government threshold of 'expected annual growth' as represented in the revised New Homes Bonus 'baseline' that applies to Fylde Council and all other recipients of New Homes Bonus funding.
- 2.4 The total sum to be distributed to town and parish areas that have experienced growth above the 0.4% baseline level will be divided amongst those qualifying areas by reference to the absolute numbers of additional property numbers in excess of the 'baseline' level for each area in the preceding year.
- 2.5 It is proposed that the scheme will commence with effect from the 2018/19 financial year.
- 2.6 For 2018/19 the total grant funding to be distributed will be a figure equivalent to 5% of the latest estimate of the total New Homes Bonus income receivable by Fylde council for that year i.e. a sum of £65,500.
- 2.7 The operation of the scheme for subsequent years will be determined by a review of the effectiveness of the arrangements in delivering the intended outcomes. That review will be undertaken during 2018/19 and will be reported to this Committee during that year.
- 2.8 The proposed policy is shown in full at Appendix A.
- 2.9 Subject to the agreement of this committee, adoption of the policy will be sought at the Council meeting of 4th December 2017.

IMPLICATIONS	
Finance	Financial implications are contained within the body of the report.
Legal	None arising from this report
Community Safety	None
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	October 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
n/a	n/a	n/a

Attached documents

Appendix A - Policy on the provision of grants to town and parish councils



**NEW HOMES BONUS:
POLICY ON THE PROVISION OF GRANTS
TO TOWN AND PARISH COUNCILS**

1. What is the New Homes Bonus?

- 1.1 The New Homes Bonus (NHB) is a national initiative, introduced in 2011/12, which provides funding to principal councils (i.e. Unitary, County and District councils) in proportion to the increase in the number of homes in their area year on year. These may be newly built, conversions or empty homes being returned to use.
- 1.2 For every new home that is created in the Fylde borough the government gives the council a level of grant based on the national average Council Tax charge each year for a number of years (originally for six years but now reduced to five and then four years with effect from 2018/19).
- 1.3 Under the current national scheme the grant in Fylde's area is shared between the district council (Fylde Council) and the upper-tier authority (Lancashire County Council), with Fylde Council receiving 80% of the grant and the County Council 20%.
- 1.4 Local councils decide how to spend NHB. The grant is a non-ring-fenced revenue grant, which means it can be used for a variety of different projects or to support general expenditure.
- 1.5 New Homes Bonus is not new money. The government has reduced other funding (particularly the Revenue Support Grant) to local councils in order to create the necessary funding for the NHB scheme. Consequently it has been necessary for Fylde Council and many others to direct income from New Homes Bonus to compensate for and to balance out other cuts in government funding for Council services.

2. Purpose of this policy

- 2.1 Fylde Council is proposing to introduce a new initiative in which funding is allocated to town and parish councils to help alleviate the impacts of housing growth on local communities.
- 2.2 The initiative is to be funded from a portion of the New Homes Bonus income that is received by Fylde Council.
- 2.3 The purpose of this new policy document is to provide the framework for the proposed system of grant support to town and parish areas which have experienced above-average growth in housing numbers.

3. Commencement of the scheme and funding levels

- 3.1 The scheme will commence with effect from the 2018/19 financial year.
- 3.2 The operation of the scheme for subsequent years will be determined by a review of the effectiveness of the arrangements in delivering the intended outcomes. That review will be undertaken during 2018/19.
- 3.3 For 2018/19 the total grant funding to be distributed will be a figure equivalent to 5% of the latest estimate of the total New Homes Bonus income receivable by Fylde council for that year i.e. a sum of £65,500.

4. The aims and objectives of this initiative

4.1 The scheme is intended to support new projects where there is a demonstrable need to assist in the provision of community amenities that are necessary because of growth in property numbers, and consequently an increase in the demand for local services, and that have tangible benefits for the community.

4.2 The broad objective of the policy can be summarised as:

“to provide grant support to town and parish areas which have experienced above-average growth in housing numbers.”

4.3 Specifically projects to be funded under this initiative should meet one of the following criteria:

- Schemes that develop community facilities;
- Schemes that address particular issues associated with housing growth;
- Parks and green space development schemes;
- Schemes to improve travel, public transport or car parks.

5. How grant amounts will be calculated

- 5.1 The grant distribution methodology will reflect relative growth in total property numbers in each town and parish area.
- 5.2 For the purpose of this initiative, the Valuation Office property data that is provided as at September each year for the purposes of calculating the New Homes Bonus amount for the following year, shall be the basis of defining property numbers, and thereby also property growth for the past year, for each area.
- 5.3 Grants will only be available to town and parish areas that have experienced property growth for the past year above a baseline of 0.4% (of the prior year total property numbers). This is to match the government threshold of 'expected annual growth' as represented in the revised New Homes Bonus 'baseline' that applies to Fylde Council and all other recipients of New Homes Bonus funding.
- 5.4 The total sum to be distributed to town and parish areas that have experienced growth above the 0.4% baseline level will be divided amongst those qualifying areas by reference to the absolute numbers of additional property numbers in excess of the 'baseline' level for each area in the preceding year.
- 5.5 Not all town and parish areas will experience growth in property numbers in every year. Some that do experience growth in property numbers may not exceed the 0.4% baseline threshold. As a consequence of the methodology for calculating entitlement to grants as set out above, not all town and parish councils will be eligible to receive a grant under this initiative in every year.
- 5.6 Using this methodology the town and parish council grant allocations for 2018/19, resulting from the distribution of the total sum of £65,500, are shown at Appendix A.

6. Grant notification and reporting

- 6.1 The sums to be distributed to town and parish areas for the next financial year will be scheduled for consideration and approval at a Council meeting such that the amounts to be provided to each qualifying town and parish council will be notified prior to completion of the budget-setting process.
- 6.2 In the case of individual grant awards in excess of £1,000, grant recipients are required to confirm how the grant is to be used in the form of a written statement in compliance with the approved scheme requirements (as set out in paragraph 4.3) prior to the release of funding.
- 6.3 Additionally in respect of grants in excess of £1,000, grant recipients are required to complete a mid-year statement to confirm how the grant has been (or will be) used. This information will be used to assess the success of the scheme relative to the stated intentions of the initiative and will be used to inform the decision as to whether the scheme will continue beyond the first year.
- 6.4 For Town and parish councils that may receive modest annual grant allocations as part of this initiative the annual allocations may be accumulated over a period of no more than 3 years in order to provide sufficient funding for a larger scheme to be undertaken than would be achievable using a single year funding allocation.
- 6.5 Grant funding from this initiative may be used as match-funding for other grant applications.

7. Governance and decision-making

- 7.1 Adoption of the scheme for the distribution of grants to town and parish councils to reflect housing growth shall be confirmed at a meeting of the full council.
- 7.2 A review of the operation of the scheme and the appropriate funding resource to be allocated to the scheme will be undertaken during 2018/19 by the Finance and Democracy Committee.

Appendix A

Town and Parish Councils New Homes Bonus Grant Allocations 2018/19

Town/Parish Council	Property numbers as at Nov 2016	Property numbers as at Sept 2017	Property numbers - change Nov 16 to Sept 2017	Baseline level - 0.4% of taxbase	Property growth above baseline level	Grant Allocation to reflect property growth above baseline £
St.Annes	14,124	14,234	110	56.5	54	14,035
Westby-with-Plumpton	703	754	51	2.8	48	12,476
Bryning-with-Warton	1,798	1,853	55	7.2	48	12,476
Kirkham	3,132	3,179	47	12.5	34	8,837
Medlar-with-Wesham	1,751	1,787	36	7.0	29	7,538
Ribby-with Wrea	698	726	28	2.8	25	6,498
Staining	1,064	1,074	10	4.3	6	1,560
Little Eccleston-with-Larbreck	223	228	5	0.9	4	1,040
Greenhalgh-with-Thistleton	183	187	4	0.7	3	780
Weeton-with-Preese	362	364	2	1.4	1	260
Sub-total - property growth excl. reductions					252	65,500
Singleton	460	462	2	1.8	0	Nil
Elswick	461	462	1	1.8	-1	Nil
Treales, Roseacre & Wharles	194	194	0	0.8	-1	Nil
Newton-with-Clifton	1,136	1,135	-1	4.5	-6	Nil
Freckleton	2,749	2,755	6	11.0	-5	Nil
Unparished areas - Lytham	8,886	8,883	-3	35.5	-39	Nil
						Nil
Total	37,924	38,277	353	152	200	65,500



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	FINANCE AND DEMOCRACY COMMITTEE	20 NOVEMBER 2017	5
FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2017/18 TO 2021/22			

PUBLIC ITEM

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

SUMMARY

The report provides Members with an update of the financial forecast for the Council for the five years 2017/18 to 2021/22. It includes changes arising since the Budget was set by Council in March 2017.

RECOMMENDATIONS

The Committee is recommended:

1. To note the implications of this updated financial forecast, and to also note that this report will be presented to the Council meeting on 4th December 2017;
2. To note the revised forecast revenue surpluses for 2017/18 and 2018/19 of £779k and £435k respectively as detailed at Appendix E; and
3. To recommend to Council the release of the balance of the Collection Fund Deficit Reserve in the sum of £381k and the transfer of this amount into the Capital Investment Reserve in 2017/18.

SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2017/18 at its meeting of 2nd March 2017. This report provides Members with an update of the financial position of the Council, including changes since that date.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

- 1.1 This report is the mid-year and preliminary forecast of the Council's financial position and takes account of latest reserve balances, revenue and capital spending forecasts and treasury management issues. It also identifies and updates the financial risks and challenges facing the Council. The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information becomes available.
- 1.2 This latest financial forecast update is designed to:
- Present an updated five-year financial forecast for revenue and capital spending based upon the best information available at the time;
 - Review and update the currently identified risks and opportunities;
 - Alert Members to any new specific risks and opportunities;
 - Inform Members of any changes required to budgets due to external factors outside the Council's control; and,
 - Provide a basis on which Members can begin to make future spending decisions.

2. BACKGROUND TO THE FORECAST

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

(i) Original Budget 2017/18

At the Council meeting on the 2nd March 2017 the budget for 2017/18 and the medium term financial forecast were agreed. The resolution included a 2.62% increase in the average Council Tax amounts and a total net budget requirement of £8.980m for 2017/18. The General Fund balance at that time was forecast at the end of 2020/21 to be £2.976m. In agreeing the Original Budget for 2017/18 a number of key high level financial risks and assumptions were highlighted.

(ii) General Fund Revenue Outturn Position 2016/17

The revenue outturn position for 2016/17 was reported to Members in June 2017. The impact of the outturn position, including transfers to earmarked reserves and slippage items in the total sum of £0.446m, has been reflected in this updated forecast.

The favourable outturn position for revenue allowed for a further contribution to be made to the Accommodation Project Reserve in the sum of £0.135m, to provide for completion of the project to Phase 7 of the scheme, and a further transfer to the M55 Link Road Reserve of £0.244m. This has the effect of reducing the amount remaining to be transferred to the M55 Link Road Reserve in 2017/18 to £0.041m (thus providing a total contribution by Fylde Council of £1m to the Link Road scheme).

A further consequential impact of the favourable outturn position, and the reduced requirement to support the M55 Link Road Reserve in 2017/18, has been to increase the scale of the budgeted transfer into the Capital investment Reserve for that year. Appendix E includes the latest estimate in this regard.

(iii) Budget Right-sizing Exercise

During the autumn each year officers undertake a budget right-sizing exercise to identify any in-year budget variances and any future budget adjustments that might be made. The exercise includes an analysis of underspends which have occurred over the last 3 financial years in order to identify structural variances and trends in income and expenditure levels. This has become part of the annual budget process. As a result a number of budget adjustments are included within Appendix C of this report under the heading 'Budget Rightsizing'. The efficiencies and savings captured by the right-sizing exercise are a combination of one-year-only and recurring savings. It is anticipated that in future years the level of efficiencies and savings that are achievable through the right-sizing exercise will be more limited.

(iv) Capital Outturn Position 2016/17

The latest approved expenditure budget in the capital programme for 2016/17 was £4.952m. After adjusting for slippage of £1.382m, the overall outturn position for 2016/17 was an in-year favourable variance of £0.027m against the latest updated estimate.

(v) General Fund Revenue Quarterly Budget Monitoring 2017/18

Revenue budget monitoring reports for the period to 31st July 2017 have been presented to each of the Programme Committees during the September cycle of meetings. These reports identified a number of budget areas for further consideration. As a result a number of changes have already been included in this latest forecast. These include revised fee income estimates, updated employee cost assumptions, and the latest estimate of employee costs.

3. THE GENERAL FUND REVENUE FORECAST

- 3.1 Appendix A of this report sets out the original revenue budget forecast as agreed at the Budget Council meeting on 2nd March 2017.
- 3.2 Appendix B shows the general assumptions underpinning the base forecast, whilst Appendix C shows the financial impact of changes to general assumptions and the impact of other significant changes that have been identified since the budget was approved, including the impact of outturn 2016/17 and the budget right-sizing exercise. Appendix D sets out the narrative which explain the significant changes made to the forecast.
- 3.3 The impact of all these changes are summarised in Appendix E which details the latest updated forecast. The forecast needs to be considered carefully in the light of the identified

risks which cannot be fully quantified at this time but may have an impact on the forecast at some future point.

The following decisions have also been made since the Budget Council meeting on 2nd March 2017:

3.4 Business Rates: Membership of a Business Rates Pool and Future Year Income Estimates

The Financial Strategy that was approved by Council in March 2017 assumed continued membership of the business rates pool, including the beneficial financial consequences, throughout the life of the forecast.

However, the most recent government consultation on 100% Business Rate Retention, announced during the spring of 2017 (and therefore prior to the June 2017 general election) included, inter alia, proposals to update the way that business rate pools operate. If implemented as described in the consultation document the proposals would mean that the arrangements for the Lancashire-wide Business Rate pool may cease to be appropriate and relevant for 2019/20 and beyond.

Unexpectedly the legislation required to implement these changes was absent from the programme of proposed government legislation for the current parliament within the June 2017 Queen's Speech, calling into question whether these proposals will now be put in to place.

At the meeting of 25th September 2017 the Finance and Democracy Committee considered the continued membership of Fylde Council in the Lancashire Business Rate Pool for 2018/19. The Committee:

1. Approved the continuation of Fylde Council participation in the Lancashire Business Rates Pool for 2018/19 on the assumption that the pool remains in existence;
2. Noted that the next update to the Financial Forecast of the Council will be amended to reflect the latest information and expectations in respect of future levels of business rate income to the Council; and
3. Agreed that participation in the Lancashire Business Rate Pool for future years beyond 2018/19 should be kept under review and should be the subject of a report to the committee for consideration during next financial year.

At the present time it is unclear whether the earlier proposals on 100% Business Rate Retention, and the accompanying impact on the viability of business rate pools, will now be implemented as planned. Given the timescale required for implementing revised pooling arrangements and the lack of any formal government response to date to the consultation exercise, it is considered reasonable to assume that the current pooling arrangements will continue for 2018/19.

Conversely it would not be regarded as prudent to anticipate the continuation of the Lancashire Business Rate Pool in its current form, and delivering the same degree of financial benefit, beyond 2018/19.

As was referenced within the September report to the Finance and Democracy Committee the Financial Forecast as shown as Appendix E has been amended to reflect this latest position in that no pooling benefit has been assumed within the Forecast beyond 2018/19.

When the position becomes more certain any further changes will also be reflected within the Financial Forecast and will be reported within the Financial Forecast Update report at the appropriate time.

3.5 The Budget Right-sizing Exercise and further Transfers to Ear-marked Reserves

The Council meeting of 2nd March 2017 approved transfers to the Capital Investment Reserve in 2017/18 and 2018/19 equivalent to the balance of the revenue surplus for those years (after allowing for all approved transfers to other reserves), estimated at that time to be £441k for 2017/18 and £286k for 2018/19.

Following a favourable outturn position for 2016/17 and a review of the budget position for 2017/18 as part of the preparation of this Financial Forecast update, including the identification of fortuitous additional income for the year, costs-savings and the outcome of the budget right-sizing exercise, the revised forecast revenue surplus for 2017/18, currently stands at £779k as detailed at Appendix E. The revised forecast revenue surplus for 2018/19, also shown in Appendix E, is currently £435k.

Therefore the latest estimate of the scale of the transfers of revenue surpluses to the Capital Investment Reserve for both years 2017/18 and 2018/19 is a total of £1.214m.

3.6 The Collection Fund Deficit Reserve

This reserve was created in 2013/14 in response to the revised business rate regime which was introduced at that time, and the increased financial risk to local authorities inherent in the new business rates system. Since that time mechanisms to monitor fluctuations in business rate income have been developed and have improved the ability to manage the transactions within the collection fund. Currently there is no deficit on the Council's collection fund.

For 2017/18 the Council is a member of the Lancashire-wide Business Rate Pool. When the decision to join the Lancashire pool was taken by the Finance and Democracy Committee in October 2016 it was agreed that sufficient resources would be retained within a specific reserve for the duration of the Council's inclusion in the pool in order to mitigate against the possibility of losses as a result of the removal of safety-net protection. This would take the form of the creation of a "local safety net" to provide replacement funding in the event that the actual level of income received failed to meet the baseline level. This was to be funded from the initial gains from membership of the pool (in terms of business rate income retained over and above the baseline level). Consequently, the financial forecast that was approved by Council in March 2017 included a transfer of £2m from retained business rates income in 2017/18 to the Funding Volatility Reserve to achieve this purpose.

As a consequence it is now considered unnecessary to retain a separate Collection Fund Deficit Reserve, given the incorporation of a business rate support mechanism within the Funding Volatility Reserve.

It is proposed that the Committee recommend to Council the release of the balance of the Collection Fund Deficit Reserve in the sum of £381k and the transfer of this amount into the Capital Investment Reserve in 2017/18.

4. Central Government Funding and the Four-Year Settlement Offer

4.1 The Local Government Finance Settlement for 2016/17 also included indicative funding levels for years 2017/18 to 2019/20 thus providing, for the first time, an 'illustrative' four-year funding settlement offer.

The funding sources that form part of the total central government illustrative settlement offer comprise:

- Revenue Support Grant
- New Homes Bonus
- Business Rate Retention
- Transition Grant

Full details of the illustrative funding levels for each of these income sources was included within the March 2017 Medium Term Financial Strategy (MTFS) report to Council. No further details or amended figures in this regard have been received since the initial publication of the data in January 2017, and consequently those indicative funding levels are shown within Appendix E of this update report. The Government will announce its next Budget proposals on Wednesday 22nd November 2017. This may contain further information which could impact on assumed government funding levels for future years.

- 4.2 In September 2017 the Department for Communities and Local Government (DCLG) published a consultation on the 2018/19 Local Government Finance Settlement. This included a number of proposals which would, if implemented, affect the level of grant funding that would be receivable by local authorities.

Of primary interest to Fylde Council is the proposed further reform of the mechanism by which New Homes Bonus is calculated. The proposal is for a reduction in the number of qualifying new homes (for the purposes of the calculation) by the linkage of New Homes Bonus allocations to the ratio of successful appeals approved by the planning inspectorate to residential planning decisions (major and minor) over an annual period. Effectively the initial calculation of New Homes Bonus receivable by a local authority under the current methodology would be reduced by a proportion equivalent to the number of planning applications that are overturned on appeal, expressed as a percentage of all planning applications received.

A further proposal is for a review of the 0.4% baseline level above which New Homes Bonus commences to be 'earned'.

These proposals are inconsistent with the stated intention of central government when announcing the four-year funding settlement i.e. to provide certainty with regard to future government funding allocations.

Fylde Council has provided a response to the consultation document which rejects the proposals to further reform the New Homes Bonus calculation methodology, as has the District Councils' Network (DCN) on behalf of all district councils.

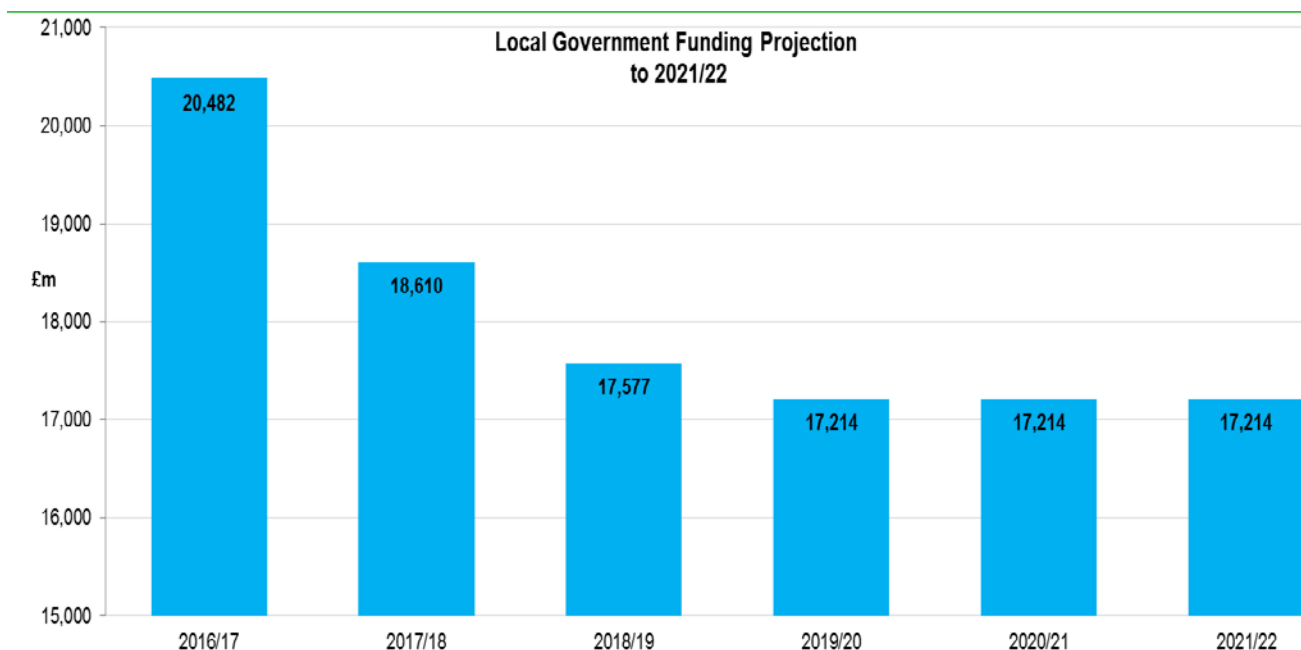
The Government may include a response to the consultation and any future reform to New Homes Bonus as part of the Budget proposals on Wednesday 22nd November.

- 4.3 It should be noted that the figures for central government funding as contained within the General Fund forecast at Appendix E have been amended since the March 2017 Forecast Update to reflect an updated estimate of New Homes Bonus income for 2018/19 onwards that is based upon estimated housing completions in the year to October 2017, one of the determinants of future levels of New Homes Bonus income.

Any amendments to the levels of central government funding levels within the Financial Forecast will be made as and when any revised allocations are provided and will be reflected in future updates to the Financial Forecast.

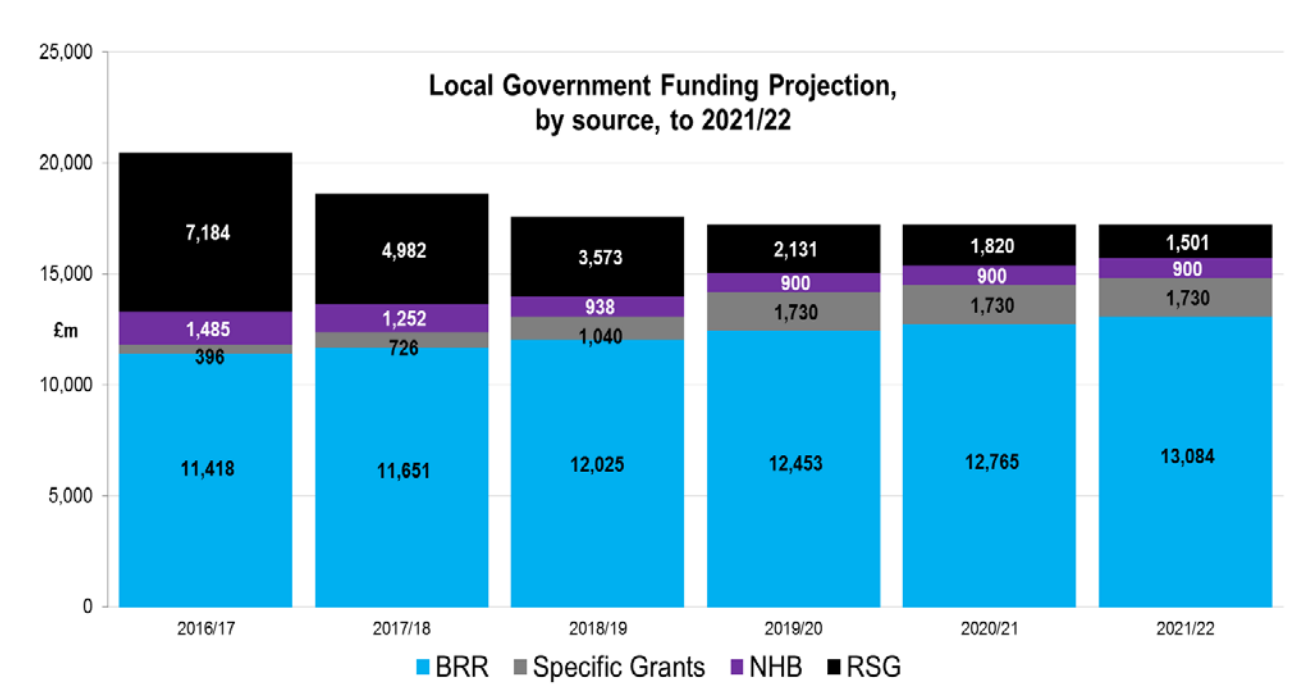
- 4.4 To provide a general outlook for the financial position of the public sector the scale of the overall projected reduction in central government funding to local authorities, and the change in the composition of that funding, is demonstrated in the following charts. The first

chart shows the reduction in **total** local government funding levels over the period from 2016/17 to 2021/22:



The next table illustrates the change in the composition of total local government funding over the same period. It shows the projected changes from 2016/17 that being a continuation of the phasing-out of Revenue Support Grant (RSG), the reduction in levels of New Homes Bonus and the increasing proportion of funding that is from Retained Business Rates.

Composition of Total Local Government Funding 2016/17 to 2021/22:



5. KEY AREAS OF FINANCIAL RISK TO THE GENERAL FUND REVENUE BUDGET FORECAST.

5.1 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 Financial Impact Risk

- Potentially a significant sum, with the potential for impact over a number of years
- Relatively little mitigation available to spread or defer the impact
- The possibility of a significant financial impact on the council if the risk materialises
- Probable need for change to the forecast if it materialises

Medium Level Financial Impact Risk

- Potentially a large sum, with the potential for impact over a number of years
- Some mitigation may be possible to spread or defer the impact
- The possibility of a sizeable financial impact on the council if the risk materialises
- Possible need for change to the forecast if it materialises

Low Level Financial Impact Risk

- Potentially a less significant sum
- Some mitigation may be possible to spread or defer the impact
- Impact should be capable of being absorbed without major forecast changes

5.2 High Level Financial Impact Risks

(i) Future Central Government Funding

As detailed in Section 4 above the central government funding figures currently shown within the General Fund Forecast at Appendix E comprise the funding allocations as contained within the 'illustrative' four-year funding settlement offer that was provided as part of the 2017/18 Local Government Finance Settlement, as amended for known changes in respect of retained Business Rates (including the impact of Fylde remaining a member of the Lancashire Business Rate Pool for 2018/19) and New Homes Bonus for 2018/19 based on revised projections of housing numbers.

There is a clear risk that the actual levels of central government funding beyond the current year (i.e. for 2018/19 and 2019/20) may differ from the illustrative amounts for those years that are reflected within this update.

Furthermore, in respect of 2020/21 the government has not provided even 'illustrative' funding levels and appears intent on continuing to amend how the major drivers of government funding operate.

Meanwhile, we await a response from central government to the September 2017 consultation on the 2018/19 Local Government Finance Settlement which included a number of proposals in relation to New Homes Bonus which would, if implemented, affect the level of grant funding that would be receivable by local authorities as detailed in section 4.2 above.

To add further to the uncertainty, the government have previously announced the introduction of a revised business rate retention scheme from 2020/21 which, although

referred to as a '100% Business Rate Retention Scheme', will undoubtedly retain a balancing mechanism between authorities (similar to the present 'tariff and top-up' adjustments) which will not in fact result in Fylde Council retaining 100% of its proportionate share of all business rates that are collected. Further details in respect of the Business Rate Retention Scheme are included in section (ii) below.

It is anticipated that the Government's Autumn Budget may contain further information which will impact on assumed government funding levels for future years within the four-year settlement period to 2019/20. There is also uncertainty about the level and makeup of central government funding beyond 2019/20.

Any amendments to the levels of central government funding levels within the Financial Forecast will be made as and when any revised allocations are provided and will be reflected in future updates to the Financial Forecast.

(ii) Retained Business Rates

The decision to continue membership of the Lancashire Business Rates Pool for 2018/19 on the assumptions as detailed in Section 3.4 of this report entails the continuing absence of the protection of a 'Safety Net' payment in the event of a significant reduction in Business Rate income below a defined level.

As part of the decision to join a Business Rate pool for 2017/18 it was also determined that this risk would be mitigated by the setting-aside of the initial gains from membership of the pool in terms of business rate income retained over and above the baseline level. Consequently the current Financial Forecast includes a contribution to the Funding Volatility Reserve in 2017/18 of £2m in order to effectively create a 'local safety net' to provide replacement funding in the event that actual income received fails to meet the baseline level.

As described in section 3.4 above, there is a high degree of certainty regarding the continuation of the current business rate pooling arrangements for 2018/19, whilst the setting-aside of monies to provide a local safety-net would be sufficient to protect the finances of Council in the event of a reduction in income to an extent that such losses can be reasonably expected to occur.

Until the Government consider the responses to the Autumn 2017 consultation on the future of business rates and provides details of a revised scheme, there remains uncertainty regarding the levels of income from Business Rates that the Council can expect to retain for 2019/20 and beyond.

5.3 Medium Level Financial Impact Risks

(i) Annual Pay Award Assumptions

The Medium Term Financial Forecast that was approved at the Budget Council meeting on the 2nd March 2017 assumed pay awards for 2017/18 and each future year of 1% per annum. This was in line with the government restriction to pay awards at this level which has been in place for a number of years. As a result of growing pressure from Trades Union and others for an end to the public sector pay cap (not least as a result of Consumer Price Inflation (CPI) running at around 3%) and a number of recent public sector pay awards in excess of the 1% level, the forecast has been amended to include pay awards for 2018/19 and future years of 1.5% per annum. This will be kept under review and futures updates to the forecast will be amended to reflect the latest information on future pay award expectations.

(ii) Borrowing Cost Assumptions

In light of the current level of reserves and balances held by the Council the forecast assumes that additional external borrowing will not be required during the life of the Financial Forecast and that internal cash balances will be utilised to fund capital expenditure. This means that the base forecast does not contain any budget cover for external borrowing beyond the level currently held by the Council, on the assumption that the Council's underlying need to borrow will be funded through the life of the current forecast from internal borrowing.

There is a risk therefore that if circumstances change over the forecast period and it is necessary to take out further external borrowing to fund existing capital commitments, there is no budget cover for such an eventuality. It is not currently envisaged that such circumstances will occur during the life of the forecast, and the position will be monitored carefully on an ongoing basis.

(iii) Reduction in Housing Benefit Administration Grant

The Council receives an annual grant to support the cost of the administration of Housing Benefit and Council Tax. The grant that the Council receives for these purposes has reduced in recent years, particularly in respect of the Housing Benefit element, as the government moves away from a system of Housing Benefit payments and towards a Universal Credit Scheme. This financial forecast reflects the latest estimates of reduced grant levels for 2017/18 and for subsequent years.

As updated grant notifications are received in respect of future years it may be necessary to update the forecast accordingly.

(iv) Universal Credit

The Government has commenced the consolidation of a number of welfare benefit allowances into a revised Universal Credit Scheme. One of these is Housing Benefit which is currently administered by the Council through the shared service with Blackpool Council. The intention is that the new Universal Credit Scheme will be provided on-line and will be administered by Department of Work and Pensions. The roll-out of the new arrangements are gradual and began in Fylde in respect of a small number of the less-complex cases in November 2014. The timing and financial implications of future developments of the scheme remain uncertain.

(v) Grounds Maintenance – External Contracts

Throughout the future life of the forecast a number of grounds maintenance contracts with external parties will come to an end or will be due for renewal/re-tender. At the same time other opportunities will arise for additional contract work and these will be actively pursued as appropriate. Income from contracts supports the work of the Parks and Leisure Service teams by way of a contribution to management costs and corporate overheads. Officers will endeavour to seek extensions to contracts as they become due for renewal/expiry and will continue to seek suitable alternative new work. Should this not be possible there may be an adverse impact on the forecast.

5.4 **Low Level Financial Impact Risks**

(i) The Living Wage

In March 2015 the Council agreed a policy to adopt the Living Wage Foundation pay rates for all employees, excluding apprentices, with effect from 2015/16, such that the Council became a 'Living Wage Employer' from that point forward. Additionally, in the autumn of

2015, the government announced the introduction of a statutory National Living Wage to apply from April 2016 for all employees over the age of 25.

The revenue estimates include annual amounts for the estimated impact of the annual increases in the hourly rates for the Foundation Living Wage and the National Living Wage. In the event that actual future year increases are higher than the estimated levels such that the increases cannot be contained within the approved budgets future adjustments to the Financial Forecast may be necessary.

(ii) Community Infrastructure Levy (CIL)

The Community Infrastructure Levy (CIL) which came into operation nationally 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 within the borough the Local Plan will need to be in place. Officers will be exploring infrastructure requirements as part of the work on the Local Plan with the aim of producing, for public consultation, an Infrastructure Delivery Plan which will help inform a CIL charging schedule. At this moment in time the financial implications

(iii) Lytham Library – Cost-sharing arrangement with Lancashire County Council

For a number of years Fylde Council has been party to a cost-sharing agreement with Lancashire County Council (LCC) in respect of the Lytham Library building to reflect the joint occupation of the building. Although the building is owned by Fylde Council, a covenant permits usage of a part of the building for the delivery of services by LCC. Following a review of the provision of library services across the county by LCC the service offered within the building has now ceased. Currently we are awaiting a decision by LCC as to their intentions with regard to the area of the building which they formerly occupied. There is a risk that LCC will no longer require usage of that part of the building and that the whole of the cost of maintaining and operating the building will fall on Fylde Council as a consequence.

6. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS

6.1 The Council carries a General Fund Reserve (often referred to as General Reserves) and a number of other earmarked reserves and provisions. These are held for a number of purposes:

- As a working balance to help cushion the impact of uneven cash flows and avoid the need for temporary borrowing;
- As monies specifically set aside for future events or liabilities (known as earmarked reserves and provisions); and
- As a contingency to cushion the impact of unexpected events or emergencies.

6.2 The Council's General Fund Reserve Balance at 31st March 2017 was £3.548m.

6.3 The Council has a Useable Reserves and Balances Policy in place, which is reviewed and approved annually as part of the budget setting process. If any reserves can be released, proposals will be presented in a future financial forecast update.

7. CONCLUSIONS – GENERAL FUND REVENUE FORECAST

7.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, is an improvement in the short-term since Budget Council in March 2017. The current position is for increased surpluses in the current year and in 2018/19, with deficits

in 2019/20 and beyond. The improved financial forecast position for 2017/18 is due to a number of factors including the favourable outturn position for 2016/17 as detailed within section 2.1 of this report.

- 7.2 In light of the potential for future reductions in central government funding and uncertainties around 100% business rate retention from 2020/21 onwards, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contribute to reserves over recent years. Through continued focus on the importance of financial stability the Council has delivered a significant savings programme since 2007 and has continued to reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain high quality frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to the increased challenges.
- 7.3 The assumptions that are contained within the Forecast Update are the latest best estimates and will be updated as and when further information is available. External pressures outside the Council's control are being experienced by many local authorities, and instructions remain in place that budget-holders should remain prudent and not commit to any unnecessary expenditure. This approach saves money and may result in an under-spend for the 2017/18 financial year.
- 7.4 Budget planning work for 2018/19 is well underway and further updates of the financial forecast will be brought before Members in due course.

8. COLLECTION FUND

- 8.1 As a Council Tax and National Non-Domestic Rates (NNDR) Billing Authority, the Council is required by legislation to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and NNDR, and to calculate the surplus or deficit for each financial year on the Collection Fund. Prior to 2013/14 the requirement was to maintain this for Council Tax only, however, as part of the Local Government Finance Act 2012 the Government implemented a Business Rates Retention Scheme from April 2013, whereby the collection and distribution of NNDR is also collected and distributed via the Collection Fund (the distribution of NNDR had previously been managed nationally).
- 8.2 For Council Tax only, there was a cumulative surplus on the fund as at 31st March 2017 of £302k. This will be shared between the Borough Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2017/18 & 2018/19. Fylde Council's share of the surplus is £40k.
- 8.3 For Non-Domestic Rates only, there was a surplus on the fund as at 31st March 2017 of £3.505m. This will be shared between Central Government, the Borough Council, the County Council and the Fire & Rescue Authority in 2017/18 & 2018/19. Fylde Council's share of the surplus is £1.402m which is reflected within the Business rate income forecasts within Appendix E.

9. THE CAPITAL PROGRAMME

- 9.1 The Capital Programme is updated continually for agreed changes and reported to Members during the financial year on a periodic basis.
- 9.2 The latest updated Capital Programme Summary for the years 2017/18 to 2021/22 is set out in Table 1 below. The Programme has been updated for changes to the end of October 2017. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is reasonable certainty that they will be received.

TABLE 1 - SUMMARY CAPITAL PROGRAMME

	Estimate 2017/18 £000	Estimate 2018/19 £000	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000
Committee:					
Finance & Democracy Committee	500	0	0	0	0
Tourism & Leisure Committee	525	303	40	40	40
Operational Management Committee	4,269	13,292	5,501	577	107
Environment, Health & Housing Committee	2,651	2,438	929	929	929
Planning Committee	374	197	0	0	0
Total Capital Payments	8,319	16,230	6,470	1,546	1,076
Financing:					
Availability of Resources	8,319	16,230	6,470	1,546	1,076
Total surplus (-) / shortfall in year	0	0	0	0	0
Cumulative surplus (-) / shortfall	0	0	0	0	0

- 9.3 Capital schemes are directly linked with the Council's priorities. Major items of enhancement or renewal are identified via the Council's Asset Management Plan and work is underway to review and update this. The planned spend over the life of the programme is continuously reviewed. If any scheme profiling amendments are required these will be reflected in future periodic update reports.
- 9.4 The Capital Programme has been updated to reflect the removal of a scheme relating to external works around St Annes Pool as these will now form part of a wider consideration of the environment of The Island site. A contribution from Fylde Council of £30k, funded from the Capital Investment Reserve, had been previously included within the Capital Programme with further funding assumed in the form of a grant from the Arts Council.
- 9.5 **Financing the Capital Programme**
The Council finances the Capital Programme from a variety of sources. These include:-
- (i) Specific Capital Grant Allocations;
 - (ii) Disabled Facilities Grant;
 - (iii) Capital Receipts;
 - (iv) External Funding (such as Heritage Lottery Funding and the Environment Agency);

- (v) Prudential Borrowing/Leasing;
- (vi) Revenue Funding; and
- (vii) Capital Investment Reserve

9.6 Members are asked to note the current balanced position on the Capital Programme.

10. VEHICLE PURCHASES

10.1 The Council has adopted a Service Modernisation Strategy for Operational Services which includes a rolling programme of vehicle replacement that assumes the replacement of vehicles on a like-for-like basis at the end of their useful economic life. The approved capital programme includes significant capital expenditure for scheduled operational vehicle replacements during the life of the forecast. This expenditure has been reviewed and re-phased to reflect the currently expected profile of vehicle replacements.

11. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME

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

11.1 Medium Level Financial Impact Risks

(i) Coast Protection Scheme

The Strategic Appraisal Report for the Fylde Shoreline Strategy was approved by the Environment Agency's Large Project Review Group (LRPG) in January 2014 and included the replacement of sea defences at Fairhaven and Church Scar. Following this approval further funding was released by DEFRA for a Coastal Headland Study Project Appraisal Report (PAR) in the sum of £175k with a further £95k being awarded in August 2016 for preliminary work relating to the scheme. The PAR report was submitted for approval by the Environment Agency's LRPG on the 6th August 2015. Following a number of queries and points of clarification the PAR was approved in August 2016.

Procurement of enabling studies then followed, including preliminary design of the Scheme, this being in order to obtain the relevant licenses and consents as the final step to draw down the Central Government funding of £19.4m. In conjunction with this, a supplier for the detailed design and construction of the Scheme was also successively procured under the Environment Agency's national Water and Environmental Management Framework. This led to the execution of a deed between the Council and VBA Joint Venture Ltd (VBA) on the 20th October 2017. VBA's obligations are to develop and deliver the Scheme as authorised at the Operational Management committee meeting of the 12th September 2017, at a contract price of £17.6m. This is alongside a risk/contingency budget of £1.7m and a budget for fees of £0.5m, both to be retained initially by the Council, taking the total projected scheme cost to £19.8m, comprising the Central Government funding of £19.4m and the approved contribution from Fylde Council of £0.4m.

Due to the significant value of scheme it is classified as a medium level financial risk

(ii) Vehicle Replacement Programme

The estimated vehicle replacement profile, to replace existing fleet at the end of its useful economic life from 2017/18 to 2021/22 within the Capital Programme totals £3.7m.

It is important to note that purchase prices will fluctuate with new models and technological/legislative changes and it is therefore necessary to reality check the costs associated with new vehicles on an annual basis and make any necessary adjustments to the

capital programme to ensure that ongoing fleet replacement is accurately budgeted for in future years.

Due to the significant value of the vehicle replacement programme and the potential for changes in vehicle specifications and emissions regulations this scheme has been highlighted as a potential future risk.

11.2 Low Level Financial Impact Risks

(i) Project Slippage

It is important that the Council monitors capital scheme slippage to ensure that no loss of external grant is imposed due to conditions associated within specified timescales.

(ii) Other Capital Receipts

The approved programme for 2018/19 onwards assumes “Right to Buy” receipts of £25k per annum and “General Asset Sales” of £45k 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.

(iii) Capital Investment in St. Annes Pool

As part of the arrangement with the YMCA for the operation of the pool, the Council undertook to provide Capital support in the event of major works, repair or breakdown and a provision of £153k was included in the programme for this eventuality. There is now a remaining capital resource of £93k in 2018/19. There is a risk that this remaining resource is insufficient to meet future capital expenditure needs for the facility.

(iv) Better Care Fund (Formerly Disabled Facilities Grants)

As the local housing authority, the Council has a statutory duty to provide disabled adaptations within the Borough. In order to fund these works the Council receives grant support which previously was provided by the Department for Communities and Local Government (DCLG). From 2015/16 the Government established the ‘Better Care Fund’, and under these new arrangements the funding for Disabled Facilities Grants transferred to the Department of Health, with funding being distributed to all Councils via the upper-tier authority for that area. As such, in Lancashire the fund is administered by Lancashire County Council. Each upper-tier authority then allocates the funding to their respective housing authorities (i.e. district councils within their area) to enable them to continue to meet this statutory responsibility.

The level of government funding has increased significantly under the ‘Better Care Fund’ arrangements and the updated budget for 2017/18 (including slippage from 2016/17) of £1.159m provides for the delivery of more disabled adaptations than has previously been possible. A report to the Environment, Health and Housing Committee in June 2017 provided an update with regard to this scheme and included a number of variations to the operation of the programme to reflect the significant increase in available funding. It is anticipated that for 2017/18 all identified need for disabled adaptations can be met from the existing resource.

12. CONCLUSIONS – CAPITAL PROGRAMME

12.1 The current Capital Programme as updated is showing a balanced position for 2017/18 onwards.

- 12.2 The capital programme and the associated financing will be subject to discussion with Members during the coming months as part of the annual budget setting process for 2018/19.
- 12.3 Any additional expenditure which is not fully funded by external finance would normally require the generation of capital receipts or further borrowing (the latter placing further pressure on the Revenue Budget from the consequent repayment costs). However Budget Council on 4th March 2013 approved the creation of a Capital Investment Reserve to finance future capital expenditure. The current projected uncommitted balance of this reserve at 31st March 2019 is £1.244m prior to a further transfer from the Collection Fund Deficit Reserve as detailed in section 3.6 of this report. If approved that further transfer would leave a forecast unallocated balance on the Capital Investment Reserve at 31st March 2019 of £1.625m

13. TREASURY MANAGEMENT

- 13.1 The Treasury Management Strategy and Prudential Indicators were approved by Council on 2nd March 2017.
- 13.2 The regulatory framework for treasury management requires Councils to receive a mid-year Treasury Review report. This report will be presented to the Audit and Standards Committee for scrutiny on 16th November 2017 and subsequently will be presented to Council on 4th December 2017.

14. KEY AREAS OF FINANCIAL RISKS FOR TREASURY MANAGEMENT

- 14.1 There are a number of potential areas of significant risk associated with Treasury Management activities, the most significant of which are:
- (i) Unexpected movements in cash flow;
 - (ii) Differences between the actual interest rate and interest rates used in the forecast; and,
 - (iii) The security of monies invested with counterparties

15. CONCLUSIONS - TREASURY

- 15.1 Investment rates available in the market continue to be at historically low levels. As a consequence of the voters' decision to exit the European Union ('Brexit') both bank base rate and investment return rates are expected to remain low for some time. A further consequence of the 'Brexit' vote has been an increased uncertainty in economic forecasts and financial markets. The Council will continue to aim to achieve the optimum return on investments commensurate with proper levels of security and liquidity that have been approved by Members.

16. OVERALL CONCLUSIONS ON THE LATEST FINANCIAL FIVE YEAR FORECAST UPDATE

- 16.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, is an improvement since Budget Council in March 2017 for the current year and 2018/19, with increased deficits in 2019/20 and beyond. The increase in the level of forecast deficits from 2019/20 is largely a consequence of the removal from 2019/20 onwards of the forecast benefit in business rate income that results from membership of

the Lancashire Business Rate Pool. As detailed in section 3.4 of this report this is considered a prudent position given the current uncertainty surrounding the future of business rate pools. The position will be kept under review and any developments in government policy in this regard will be reflected in future updates to the financial forecast.

- 16.2 In light of the budget challenges that will need to be addressed in the later years of the forecast, the Council needs to continue with the approach to delivering savings and efficiencies and maximising income which have helped deliver balanced budgets and contribute to reserves over recent years. Through continued focus on the importance of financial stability the Council has delivered a significant savings programme since 2007 and has continued to reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to 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 over that period.
- 16.3 Although it is clear that further challenges lie ahead in the later years of the current update to the financial forecast, the finances remain generally stable and the reserves and balances are at healthy levels as compared to earlier periods. Furthermore Fylde Council has a past record of taking actions in order to meet and overcome those challenges; the introduction of a chargeable green waste collection service in the current year being a recent and a prime example of such action, as was the decision to join a Business Rates pool from 2017/18. Fylde Council will continue to seek other such opportunities to maintain a robust financial position in the face of a challenging and changing financial environment. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis and is able to deliver the priorities set out in the Corporate Plan.
- 16.4 The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information becomes available. External pressures outside the Council's control are being experienced by all local authorities, and instructions remain in place that Officers should not commit to any unnecessary expenditure
- 16.5 **The financial position of the Council remains robust. Members should, however, continue to be cognisant of the risks that are detailed within this report and note that the gap between in-year income and expenditure in later years of the forecast will need to be addressed in order to achieve a sustainable financial outlook.**

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

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658566	November 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2016/17 – 2020/210	Budget Council meeting 2nd March 2017	www.fylde.gov.uk
MTFS – Outturn Position For 2016/17 (Including General Fund, Capital Programme & Treasury Management)	Finance and Democracy Committee meeting 19th June 2017	www.fylde.gov.uk
Revenue Budget Monitoring Report 2017/18 – to 31 st July 2017	Finance and Democracy Committee meeting 25 th September 2017	www.fylde.gov.uk
Capital Programme Monitoring Report 2017/18 – to 31 st July 2017	Finance and Democracy Committee meeting 25 th September 2017	www.fylde.gov.uk

Attached Documents:

1. Appendix A – Forecast approved at Council on 2nd March 2017
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendix C – Schedule of changes to the forecast
4. Appendix D – Explanation of changes to the forecast
5. Appendix E – Updated latest forecast position

General Fund Budget Forecast 2016/17 to 2020/21 - Approved at Budget Council March 2017

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Adverse / Favourable
Forecast approved at Council on 2nd March 2016	9,371	9,397	10,387	10,825	10,825	
Forecast Changes - per Appendix C of March 2017 MTFS report	- 322	- 474	- 713	- 780	- 601	Favourable
Budget Proposals - per Appendix F of March 2017 MTFS report	0	57	32	32	32	Adverse
Forecast Budget Requirement	9,049	8,980	9,706	10,077	10,256	
Financed by:						
<u>Council Tax Funding:</u>						
Council Tax - Precept	5,484	5,733	5,954	6,181	6,413	
Council Tax - Share of Previous Years Surplus/(Deficit)	70	50				
Sub Total - Council Tax Funding	5,554	5,783	5,954	6,181	6,413	
<u>Business Rates Funding:</u>						
Retained Rates (including pooling benefit & contbtn from CF deficit reserve)	1,771	3,879	2,819	2,611	2,633	
Approved Contribution to Funding Volatility Reserve		- 2,000				
Sub Total - Business Rates net of reserve transfers	1,771	1,879	2,819	2,611	2,633	
<u>Other Funding:</u>						
New Homes Bonus	1,863	1,661	1,176	994	996	
Revenue Support Grant	861	354	47			
Transition Grant	56	56				
Less - Parish Element of Council Tax Support Funding	- 66	- 27	- 4			
Sub Total - Other Funding	2,714	2,044	1,219	994	996	
Forecast Financing	10,039	9,706	9,992	9,786	10,042	
Forecast surplus(-)/deficit for year	- 990	- 726	- 286	291	214	
<u>Reserves</u>						
Forecast surplus/deficit(-) for year from above:	990	726	286	- 291	- 214	
Less: Approved Contribution to Accommodation Project Reserve	- 151					
Less: Approved Contribution to Accommodation Project Reserve	- 320					
Less: Approved Contribution to M55 Link Road Reserve	- 519	- 285				
Less: Proposed Transfer to Capital Investment Reserve		- 441	- 286			
Balance of surplus/deficit(-) remaining:	0	0	0	- 291	- 214	
Balance of General Fund Reserves b/f	3,481	3,481	3,481	3,481	3,190	
Less transfer to/from(-) General Fund Reserves in year				- 291	- 214	
Forecast Reserves at Year End	3,481	3,481	3,481	3,190	2,976	
Band D Council Tax (Excl Parish Precepts)	£190.77	£195.76	£200.75	£205.74	£210.73	
Band D Average Council Tax Increase	£4.98	£4.99	£4.99	£4.99	£4.99	
Band D Average Council Tax Increase	2.68%	2.62%	2.55%	2.49%	2.43%	

General Base Budget 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;
- Slippage - underspend items from 2016/17 agreed by the Finance and Democracy Committee in June 2017 have been slipped into 2017/18;
- Pay award - assumed to be 1% per annum for 2017/18 and thereafter 1.5% per annum;
- Employers Pension Contributions – the Council's contribution to the Lancashire pension fund scheme is set in accordance with the estimated outcome of the 2016 Triennial Pension Review at 15.2% plus 9% deficit recovery lump sum payment for the period to 2019/20; any amendments resulting from the final review will be reflected in later updates to the Financial Forecast;
- Employer's National Insurance contributions – the forecast reflects the statutory contribution rates currently in place, including a reduced contribution rate as a result of the Council being part of the pension scheme;
- Council tax increases – £4.99 increase per annum from 2017/18 onwards in line with latest government announcement on the threshold for referendums;
- Government Grant Support – the forecast assumes central government funding is as notified in the illustrative four-year funding settlement announced in January 2017, amended for known changes in respect of retained Business Rates and New Homes Bonus for 2017/18 onwards;
- Fees and Charges – The forecast takes account of the 5% increase in car parking fees from April 2017 and of the planned increases in cemetery and crematorium fees. In respect of other services budget-holders have reviewed fee levels as appropriate and any proposed changes to fees & charges will be considered at the Budget Council in March 2018 following consideration by the appropriate programme committee;
- Vacancy Savings – the forecast assumes vacancy savings of £200k per annum from 2017/18 onwards;
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no cost to the Council from 2017/18 onwards following a decision on the 2017/18 scheme that was agreed at the Council meeting in December 2016.

Appendix C

Forecast changes since Budget Council March 2017

	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>ADVERSE /</u> <u>FAVOURABLE /</u> <u>NEUTRAL</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
1 <u>CHANGES AS A RESULT OF MEMBER APPROVALS:</u>						
F&D Committee - 20/06/17 - Slippage	67	0	0	0	0	ADVERSE
2 <u>BUDGET RIGHTSIZING EXERCISE:</u>						
Revenue impact of budget right-sizing across all budget areas of the Council	-29	-75	-106	-105	-146	FAVOURABLE
3 <u>UPDATED ESTIMATES OF INCOME BUDGETS:</u>						
Updated estimate of income from green waste charges	-131	-77	-17	-17	-17	FAVOURABLE
4 <u>STAFFING COSTS:</u>						
Pay Award - Increase from assumed 1% to 1.5% for 2018/19	0	50	50	50	50	ADVERSE
Pay Award - Increase from assumed 1% to 1.5% for 2019/20	0	0	50	50	50	ADVERSE
Pay Award - Increase from assumed 1% to 1.5% for 2020/21	0	0	0	50	50	ADVERSE
Pay Award for 2021/22 - assumed at 1.5%	0	0	0	0	150	ADVERSE
5 <u>OTHER FORECAST CHANGES</u>						
Public Offices - Costs re-instated	20	40	0	0	0	ADVERSE
Interest Charges - Receivable	-26	-7	0	0	0	FAVOURABLE
TOTAL	-99	-69	-23	28	137	FAVOURABLE

Explanations of Forecast Changes set out in Appendix C

Appendix D

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

(1) Changes as a Result of Member Approvals

The forecast that was approved at the Council meeting in March 2017 has been updated to reflect the financial impact of Member decisions made since then. The significant decisions in financial terms of their effect are detailed within the body of the report.

(2) Impact of budget-right-sizing exercise across all budget areas of the Council

Each year officers carry-out a budget right-sizing exercise focussing on a review of underspends across all budget areas. This exercise has, as always, yielded in a significant level of favourable adjustments which have been reflected in the revised forecast.

(3) Updated income forecasts

The forecast has been updated to reflect additional income resulting in a higher rate of subscription for the chargeable green waste collection service in 2017/18 than was originally anticipated. The income forecasts for future years have also been amended to reflect the sooner than expected achievement of projected subscription levels in the early years of the service as well as a general increase in the anticipated maximum subscription level for the service.

(4) Staffing Costs – Pay Awards

As a result of growing pressure from Trades Union and others for an end to the public sector pay cap (not least as a result of Consumer Price Inflation (CPI) running at around 3%) and a number of recent public sector pay awards in excess of the 1% level, the forecast has been amended to include pay awards for 2018/19 and future years of 1.5% per annum. This will be kept under review and futures updates to the forecast will be amended to reflect the latest information on future pay award expectations.

(5) Other Forecast Changes:

Reinstatement of costs for the Public Offices

The original forecast for 2017/18 assumed that the Council would retain responsibility for the costs associated with continued ownership of the public offices building for the first half of that year only. However at present the Council is still responsible for the building and all associated costs. The budgets for 2017/18 and 2018/19 have been amended and now provide for those costs for all of 2017/18 and 2018/19.

Revised interest rate forecasts

The forecast has been updated to reflect the latest estimate of investment interest received on cash balances and reserves which the Council invests as part of daily treasury management activities. Interest earnings have increased as a result of the retention of higher cash balances than was anticipated.

Latest General Fund Budget Forecast 2017/18 to 2021/22

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Adverse / Favourable
Forecast approved at Council on 2nd March 2017	8,980	9,706	10,077	10,256	10,256	Favourable
Forecast Changes - per Appendix C	- 99	- 69	- 23	28	137	
Forecast Budget Requirement	8,881	9,637	10,054	10,284	10,393	
Financed by:						
Council Tax Funding:						
Council Tax - Precept	5,733	5,969	6,200	6,434	6,673	
Council Tax - Share of Previous Years Surplus/(Deficit)	40					
Sub Total - Council Tax Funding	5,773	5,969	6,200	6,434	6,673	
Business Rates Funding:						
Retained Rates (including pooling benefit & contbtn to/from CF deficit reserve)	3,880	2,816	2,195	2,195	2,195	
Approved Contribution to Funding Volatility Reserve	- 2,000					
Sub Total - Business Rates net of reserve transfers	1,880	2,816	2,195	2,195	2,195	
Other Funding:						
New Homes Bonus	1,665	1,310	1,145	1,240	1,026	
Less - NHB distribution to Town & Parish Councils		- 66				
Revenue Support Grant	354	47				
Transition Grant	56					
Less - Parish Element of Council Tax Support Funding	- 27	- 4				
Sub Total - Other Funding	2,048	1,287	1,145	1,240	1,026	
Forecast Financing	9,701	10,072	9,540	9,869	9,894	
Forecast surplus(-)/deficit for year	- 820	- 435	514	415	499	
Reserves						
Forecast surplus/deficit (-) for year from above:	820	435	- 514	- 415	- 499	
Less: Approved Contribution to M55 Link Road Reserve	- 41					
Less: Proposed Transfer to Capital Investment Reserve	- 779	- 435				
Balance of surplus/deficit(-) remaining:	0	0	- 514	- 415	- 499	
Balance of General Fund Reserves b/f	3,548	3,548	3,548	3,034	2,619	
Less transfer to/from(-) General Fund Reserves in year			- 514	- 415	- 499	
Forecast Reserves at Year End	3,548	3,548	3,034	2,619	2,120	
Band D Council Tax (Excl Parish Precepts)	£195.76	£200.75	£205.74	£210.73	£215.72	
Band D Average Council Tax Increase	£4.99	£4.99	£4.99	£4.99	£4.99	
Band D Average Council Tax Increase	2.62%	2.55%	2.49%	2.43%	2.37%	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	FINANCE AND DEMOCRACY COMMITTEE	20 NOVEMBER 2017	6
COUNCIL TAX REDUCTION SCHEME 2018/19			

PUBLIC ITEM

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

SUMMARY

From April 2013 the local Council Tax Reduction Scheme (CTRS) replaced the previous national scheme of Council Tax Benefit. The purpose of the scheme is to define the entitlement to support that eligible households receive. That support, through the CTRS, reduces the level of Council Tax that is payable by low income households.

The scheme that operates within Fylde borough for 2017/18 was approved by this Council in December 2016 for 2017/18 only.

This report provides the background to the change from Council Tax Benefit to CTRS in 2013/14; the approval of the CTRS for 2017/18; describes the experience to date of the operation of the local CTRS; and sets out the proposals in respect of the scheme for 2018/19. At the 4th December 2017 Council meeting Members will be requested to agree the details of a CTRS for 2018/19.

The Council's Revenue Budget and Financial forecast for 2018/19 onwards has been prepared on the assumption that the CTRS will be fully self-funding as it is for 2017/18. That is, that the net cost of the scheme to Fylde Borough Council (assuming that central government funding for the scheme is at a similar level as in previous years) will be met by applying reduced levels of support to claimants. The Council decision in December 2017 will be in respect of the scheme for 2018/19 only.

RECOMMENDATIONS

Having due regard to the Equality Analysis as detailed in section 3.6 of this report the Committee is requested to:

1. Recommend to Council the continuation of the existing CTRS scheme for 2018/19 as set out in section 3 of this report;
2. Recommend to Council the continuation of Discretionary Hardship Relief for 2018/19 to provide additional support for claimants in exceptional circumstances and the Council's Discretionary Discount Policy which details discounts and reliefs in respect of Council Tax and Business Rates;
3. Recommend that Council approve, as necessary, that the financial implications are reflected in the Council's Revenue Budget and Financial forecast for 2018/19 onwards; and
4. Authorise the Director of Resources to make any necessary final amendments to the scheme arising from changes in the Department for Communities and Local Government's guidance or elsewhere and to bring any such changes to the Council meeting on the 4th December 2017 for approval.

SUMMARY OF PREVIOUS DECISIONS

The Council Tax Reduction Scheme in operation for 2017/18 was approved at the Council meeting of 5th December 2016. The full scheme is available on the Fylde Borough Council website at:

<http://www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax/>

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1. Background to the CTRS Introduction and the adopted schemes for 2013/14 to 2017/18

- 1.1 As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and individual local authorities were instead required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 1st April 2013.
- 1.2 Each local Council Tax Reduction Scheme must incorporate the national scheme for pension-age claimants. This ensures that pensioners' support will continue at the previous level (i.e. as they were under the Council Tax Benefit regime).
- 1.3 Previously the cost of Council Tax Benefit was met in full by the Department for Work and Pensions (DWP). Under the revised arrangements Councils receive funding for their CTRS as part of the total funding settlement. For 2013/14 this was a separate element within the funding settlement and was identifiable as an amount of 90% of the cost of the Council Tax Benefit regime. From 2014/15 onwards funding for the CTRS has not been a separate identifiable element of the overall funding settlement.
- 1.4 In December 2016 the Council approved a scheme for 2017/18 which aimed to have a neutral financial impact on this Council and the major preceptors, as had been the case in prior years, assuming that central government funding for the scheme remains constant. For working-age claimants (i.e. those not protected by the national scheme for pension-age claimants) there would be a means-tested assessment to establish entitlement and a maximum percentage reduction in the level of support at the end of that assessment of 22.7%. This is the same maximum percentage reduction in the level of support as operated for 2014/15 to 2016/17.

2. Key points arising from implementation of the local CTRS to date

- 2.1 There has been no evidence which has emerged since the inception of the scheme to suggest that it is fundamentally in need of revision. The scheme has embedded well with no formal legal challenge to the principle of the scheme.
- 2.2 Experience to date indicates that 22.7% maximum reduction in the level of support is the correct level at which the scheme becomes self-funding.
- 2.3 For 2017/18 as at 30th September 2017 a total of 3 hardship awards have been made in a total sum of £138.

3. Proposed CTRS for 2018/19

- 3.1 The Council's Revenue Budget and Financial forecast for 2018/19 onwards currently assumes that the CTRS will be fully self-funding, that is that the assumed net cost of the scheme to Fylde Borough Council will be met by applying reduced levels of support to claimants.
- 3.2 It is proposed that the 22.7% maximum reduction in the level of support is retained for the 2018/19 CTRS.
- 3.3 It is further proposed that the scheme for 2018/19 will continue to provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

The full details of the proposed scheme for 2018/19 is available on the Fylde Borough Council website at:

www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax/

- 3.5 A consultation paper was distributed to the Major Preceptors - Lancashire County Council, Lancashire Fire and Rescue Service and the Lancashire Police and Crime Commissioner in October 2017 seeking their views on the proposed scheme for 2018/19. The consultation and a summary of the responses of each are set out in the appendices to this report. In summary, all of the major preceptors are supportive of the proposals for the 2018/19 CTRS set out in this report.
- 3.6 Although there are no changes to the scheme proposed for 2018/19, the Equality Analysis that has been carried out in previous years for the CTRS scheme has been reviewed. This aims to mitigate the impact on protected groups. **As part of their consideration of the CTRS scheme for 2018/19 Members must read the Equality Analysis which is available on the Fylde Borough Council website at:**

www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax/

4 Hardship Relief

- 4.1 The provision of Discretionary Hardship Relief to provide support for claimants in exceptional circumstances, and who are unable to increase their income from other means, is a key element of the operation of the scheme. Section 76 of the Local Government Act 2003 in respect of Council Tax (as amended by section 13A of the Local Government Finance Act 2012) empowers a billing authority to reduce the amount of Council Tax as it thinks fit. Funding for such reductions must be provided by the Council and major preceptors as necessary.
- 4.2 In order to mitigate part of the impact of the CTRS on the most vulnerable households, the Council has adopted a Discretionary Discount Policy under the above powers. Strict criteria are used to determine if any additional relief is appropriate and the level of any such award. Awards are made only in exceptional circumstances to those unable to increase their income. The Council's Discretionary Discount Policy is available on the Fylde Borough Council website at:
<http://www.fylde.gov.uk/resident/council-tax/>
- 4.3 It is proposed that for 2018/19 the Council Tax Reduction Scheme will continue to provide for additional discretionary awards which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
- 4.4 The Major Preceptor consultation described at 3.5 above also provided the opportunity to comment on the proposals with regard to Hardship Relief. A summary of the responses on this matter is contained within Appendix A to this report.

5. Review of the CTRS

- 5.1 A review of the Scheme must be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. The Council will be required to approve the scheme each year.

6. Equality Analysis

- 6.1 The Government Equalities Analysis was published in January 2012. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.
- 6.2 The Council has carried out a much more detailed and robust Equality Analysis which is available on the Council's website as described in paragraph 3.6. The impact of CTRS has been considered on people based on the following characteristics:
- Age
 - Disability
 - Sex and sexual orientation
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief

The analysis also contains a detailed action plan showing how the issues identified will be addressed and the monitoring arrangements that have been put in place.

7. Linkages to Wider Welfare Reform

- 7.1 The Welfare Reform Act 2012 provides for a major overhaul of the current benefits system. The abolition of Council Tax Benefit was implemented ahead of the commencement of Universal Credit.
- 7.2 Since its introduction in April 2013 the Council Tax Reduction Scheme has run alongside Housing Benefit. Housing Benefit administration will gradually diminish over the coming years. Wider changes to existing benefits over the last few years means customers on benefits have less money available to pay their Council Tax liability.

8. Conclusion

- 8.1 At the meeting of 4th December 2017 the Council will be requested to agree a local Council Tax Reduction Scheme for 2018/19 which (as is the case for the scheme currently in operation) will incorporate a reduction in awards to working age claimants.
- 8.2 The Council will be presented with the proposals for the 2018/19 scheme as described in this report, subject to any required changes in the intervening period as a consequence of new government regulations or other announcements. For 2018/19 it is proposed that the percentage reduction made at the end of the assessment for working age claimants shall remain as for previous years at 22.7%, the percentage reduction such that the full costs of the Council Tax Reduction Scheme are recovered from the working-age recipients of support.

- 8.3 Schedule 6 of the Council Tax Reduction Scheme will detail the percentage reduction in support to working age claimants once the scheme design has been determined by Council and following any final minor adjustments to the calculation of costs for 2018/19. That Schedule forms part of the adopted scheme.
- 8.4 A review of the Scheme (including the percentage reduction in support detailed within Schedule 6 of the Scheme) should be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. Therefore any decision with regard to changes to the CTRS will be in respect of 2018/19 only.

IMPLICATIONS	
Finance	Financial implications are contained within the body of the report.
Legal	As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished after 2012/13, with individual local authorities instead being required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 2013/14 and subsequent years.
Community Safety	None
Human Rights and Equalities	An Equality Analysis has been carried out and is available on the Council's website as detailed in the report.
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	The elements of the working age scheme will need to be reviewed annually to avoid increased financial risk to the Council.

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	October 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
n/a	n/a	n/a

Attached documents

Appendix A - Consultation and responses from major preceptors

Preceptor Consultation Letter – sent to LCC, Police and Fire Authorities - October 2017

Dear Sirs

Fylde Borough Council - Council Tax Reduction Scheme 2018/19 – Consultation with major preceptors on the design of the local scheme.

Summary:

This paper sets out the proposed Council Tax Reduction Scheme (CTRS) that will operate in Fylde borough for the year 2018/19.

Introduction:

The scheme that currently operates within Fylde borough was approved by this Council in December 2016.

That Scheme, in summary, is one which:

- maintains most of the previous council tax benefit rules but reduces the award by a standard percentage at the end of the calculation for working age claimants such that the CTRS is self-funding ie. That the scheme does not result in the loss of Council Tax income to Fylde Council or the major preceptors. The claimant has to pay this amount to the Council as their contribution to Council Tax.
- in 2016/17 the maximum percentage reduction in support in respect of working-age claimants is 22.7%.
- includes the national scheme which protects claimants of pensionable age from any reductions.
- provides a Discretionary Hardship Fund to support claimants in exceptional circumstances who are unable to increase their income from other means.

The full Scheme is available on the Fylde Borough Council website at

www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax.

The proposed 2018/19 Scheme:

It is proposed that for 2018/19 the scheme be one which maintains most of the previous council tax benefit rules but reduces the level of the award by a standard percentage at the end of the calculation for working age claimants. Each of the adopted local schemes since 2013/14 have been in accordance with this principle. It is not intended to change this element of the design in respect of 2018/19.

Council Members will be asked to agree a scheme of Council Tax Support in December 2017. The principles for the 2018/19 scheme will remain that it needs to:

- be affordable in terms of grant received, revenue loss and costs to operate
- be as fair as possible and a detailed 'map' of those affected is required; a detailed Equality Analysis is required

- be transparent, understandable to customers and practical to operate
- be feasible to implement within the constraints of the timescales and available software
- be simple in design avoiding unnecessary complexity
- avoid the costs and risks associated with collecting additional data

Changes to the Scheme for 2018/19

It is proposed that the 2018/19 scheme will have the same design principles as that currently in operation and no changes are proposed.

It is proposed that the scheme for 2018/19 will:

- Maintain the current council tax support rules and reduce the level of support by a specified percentage level at the end of the calculation (bottom slice) such that the CTRS is self-funding. It is estimated that for working-age recipients the maximum reduction in the level of support will be between 20% - 25%.
- Provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
- Include the national scheme for pension age claimants for whom there is no reduction in the level of support.

Hardship Fund

The existence of a Discretionary Hardship Fund to provide support for claimants in exceptional circumstances who are unable to increase their income from other means is a key element of the operation of the scheme.

It is proposed that for 2018/19 the Council Tax Reduction Scheme will provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

Consultation Questions

1. Do you agree or disagree that the 2018/19 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25% for 2017/18? (note: the maximum reduction in the level of support under the scheme for 2017/18 is 22.7%).
2. Do you agree or disagree that the 2018/19 Fylde Council Tax Reduction Scheme should be remain the same as the scheme in operation for 2017/18?
3. Do you have any suggested changes to the 2018/19 Fylde Council Tax Reduction Scheme?
4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants.

5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
6. Do you have any other comments to make about the proposed 2018/19 Fylde Council Tax Reduction Scheme?

The Council appreciates the potential impact of the final scheme on its own finances and those of other preceptors. However, at the same time it needs to balance this against the impact it will have in respect of low income Council Tax payers of the Borough. The Council recognises that other preceptors may have strong opinions in respect of the final scheme that is adopted. It is important therefore that the opinion of all interested parties is reported and forms part of the consideration by the elected members in making a final decision.

Responses

Please provide your responses by e-mail / hard copy at the contact points shown above by **31st October 2017**.

Yours sincerely

A handwritten signature in black ink, appearing to read 'PO'Donoghue', with a stylized flourish at the end.

Paul O'Donoghue

Chief Financial Officer

Summary of Responses from Major Preceptors

A. Neil Kissock, Director of Financial Services, Lancashire County Council (31st October 2017)



Mr P O'Donoghue
Chief Financial Officer
Fylde Borough Council
Town Hall
Lytham St Annes
Lancashire

Phone: (01772) 536154
Email: neil.kissock@lancashire.gov.uk

Your ref P O'Donoghue
Our ref NK/JR
Date: 31st October, 2017

Dear Paul

COUNCIL TAX REDUCTION SCHEME CONSULTATION 2018/19

Thank you for your letter of 5th October 2017 consulting Lancashire County Council on the approach that Fylde Borough Council intends to adopt in continuing its scheme for Council Tax Support. We very much welcome the opportunity to provide our views on the proposals.

It remains the strong view of Lancashire County Council that the proposed scheme for Council Tax Support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to administer within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

In response to your questions I would submit the following:

1. Do you agree or disagree that the 2018/19 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25% for 2018/19? (note: the maximum reduction in the level of support under the scheme for 2017/18 is 22.7%).

The County Council agrees that the existing rules should continue and that the maximum reduction in support should remain between 20%-25%

2. Do you agree or disagree that the 2018/19 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2017/18?

Neil Kissock
Director of Financial Resources
County Hall, PO Box 100, Preston, Lancashire PR1 0LD
DX 710928 PRESTON COUNTY HALL



The County Council agrees that the 2018/19 scheme should remain the same as the current 2017/18 scheme.

3. Do you have any other suggested changes to the 2018/19 Fylde Council Tax Reduction Scheme?

None

4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants.

The County Council agrees with the continued operation of the Hardship Fund to provide support in exceptional circumstances.

5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.


The County Council does not object to the additional discretionary award. However it feels that it is fair and appropriate that Fylde Borough Council maintains a cost neutral scheme. At a time when resources are extremely limited and will be reduced significantly in 2018/19 and future years, it is vital that the operation of the scheme does not pass on additional costs to precepting authorities.

6. Do you have any other comments to make about the proposed 2018/19 Fylde Council Tax Reduction Scheme?

The County Council has no further comments to make about the proposed scheme.

We thank you for the opportunity to take part in the consultation and are happy to discuss our response with you further should you wish.

Yours sincerely

pp 

Neil Kissock
Director of Financial Resources

B. Steve Freeman, Chief Finance Officer, Police and Crime Commissioner for Lancashire (30th October 2017)



Fylde Borough Council - Council Tax Reduction Scheme 2018/19 – Consultation with major preceptors on the design of the local scheme.

Thank you for your letter consulting the Police and Crime Commissioner for Lancashire on the approach that Fylde Borough Council intends to adopt in continuing its scheme for Council Tax Support from April next year. We very much welcome the opportunity to provide our views on the proposals.

It remains the strong view of the Commissioner that the proposed scheme for council tax support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to administer within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

In respect of your scheme for 2018/19 the Commissioner agrees that the proposed approach is appropriate as it offers protection to the most vulnerable individuals as identified within the existing Council Tax system and offers no additional costs to the Billing and Precepting authorities.

At a time when resources are extremely limited and will continue to reduce in future years it is vital that the operation of the scheme does not pass on additional costs to precepting authorities.

In response to your specific consultation questions please see the following:

1. Do you agree or disagree that the 2018/19 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25% for 2018/19? (note: the maximum reduction in the level of support under the scheme for 2017/18 is 22.7%).

Agree

2. Do you agree or disagree that the 2018/19 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2017/18?

Agree

3. Do you have any other suggested changes to the 2018/19 Fylde Council Tax Reduction Scheme?

None

4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants.

We agree this arrangement should remain in place

5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

We agree this should be in place provided decision making on such awards is the responsibility of elected members

6. Do you have any other comments to make about the proposed 2018/19 Fylde Council Tax Reduction Scheme?

None

We thank you for the opportunity to take part in the consultation and are happy to discuss any of the responses we have provided with you further.

Yours sincerely

Steve Freeman
Chief Finance Officer
The Office of the Police and Crime Commissioner for Lancashire

**C. Keith Mattinson, Director of Corporate Services, Lancashire Fire & Rescue Service
(by e-mail 9th October 2017)**

Responses to Consultation Questions:

1. Yes, we support continuing on the same principles as the current scheme
2. Yes
3. No
4. Yes, we support continuing on the same principles as the current fund
5. Yes, we support continuing on the same principles as the current fund
6. No

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	20 NOVEMBER 2017	7
FLEET REPLACEMENT - DIRECT PURCHASE OF PREVIOUSLY HIRED VEHICLES			

PUBLIC ITEM

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

SUMMARY

This report requests approval to a fully-funded capital budget increase for Vehicle Purchases of £136,024 in 2018/19, fully-funded from virements from the revenue budgets for vehicle hire costs in 2018/19 and future years as detailed within the report.

This item is to be considered at the meeting of the Operational Management Committee on 14th November 2017.

The proposed purchase is of two Transit Tipper vehicles and three triple mowers as described in this report to replace similar vehicles which are currently on hire arrangements. The vehicles are used by the parks services in respect of the Blackpool Coastal Housing (BCH) contract for which a new 5 year contract (plus a 2 year extension option) was agreed in April 2017. It is timely and appropriate to now consider the options available for the provision of vehicles in respect of this contract. This report proposes that these vehicles are now purchased outright, in line with current fleet procurement practices, the cost of which would be met from revenue savings on the hire costs.

RECOMMENDATIONS

The Committee is requested:

1. To note the recommendation of the Operational Management Committee of 14th November 2017 with regard to the proposed vehicle purchases as described within this report; and
2. Subject to the recommendation of the Operational Management Committee of 14th November 2017 to approve a fully-funded capital budget increase for Vehicle Purchases of £136,024 in 2018/19, fully-funded from virements from the revenue budgets for vehicle hire costs in 2018/19 and future years.

SUMMARY OF PREVIOUS DECISIONS

No previous decisions have been taken on this issue.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

1. BACKGROUND

- 1.1 The Fylde Council Parks Service have previously carried out the Grounds Maintenance function on behalf of Blackpool Coastal Housing (BCH) on a short term contract subject to annual renewal at the end of each period. Consequently, the vehicles employed on this contract have been procured through short-term hire agreements with the result that older, less reliable equipment being provided. In April 2017 the Parks Service was successful in its bid for a 5 year contract (with a 2 year extension option) for this work. Now that a longer term agreement is in place, therefore, it is prudent to consider alternative means of vehicle provision. It is therefore proposed that these vehicles are now purchased in line with current fleet procurement practices, to be fully-funded through revenue savings in the vehicle hire costs.

2. SCHEME DETAILS

- 2.1 Despite the move away from short term hire and lease agreements for most recent vehicle procurements, these particular vehicles and machines above have not been included in the core fleet procurement framework due to the short period of known future work, the arrangement being subject to single year contract extensions. This has contributed to ever-increasing hire costs and unreliable, outdated equipment.
- 2.2 The security of a long term contract for the BCH grounds maintenance work has now provided an opportunity to consider other options. It is recommended that the Council purchase the required vehicles outright. This would not only result in cost-savings but would also ensure that the council obtains better equipment to deliver the contract.
- 2.3 The capital costs of the vehicles to be purchased is shown in the table below:

Vehicle	Cost - £
Transit Tipper	24,932
Transit Tipper	24,932
Triple mower	28,720
Triple mower	28,720
Triple mower	28,720
Total Capital Costs	136,024

3. FINANCIAL IMPLICATIONS

- 3.1 The financing options detailed in Appendix A shows the relevant budgets for the current position and the corresponding budgets for the proposed option displaying the full financing of the proposal. This solution includes the provision of an annual budget for the required maintenance of the acquired vehicles to ensure their useful life is maintained and extended where possible. The proposal results in revenue savings of approximately £5,000 per annum, equating a total of £30,000 over the remaining 6 years of the contract period. In addition the disposal of the vehicles at the end of their predicted useful life is expected to generate sale proceeds of approximately £13,000.

- 3.2 Although the proposed addition to the Capital Programme will increase the Council's underlying need to borrow, expressed as the Capital Financing Requirement (CFR), no actual borrowing is anticipated as the expectation remains that the unfunded element of the Capital Programme can be financed by internal borrowing i.e. use of the Council's reserves, balances and cash flow. This strategy is prudent from a treasury management perspective as investment returns are low and counterparty risk remains relatively high, whilst the financing and maintenance costs for the vehicles are lower than the costs of hiring the vehicles resulting in a revenue saving to the Council.
- 3.3 If approved the financial implications of the proposal will be reflected in future updates to the financial forecast. The proposal detailed in the report essentially involves using existing revenue budgets allocated for vehicle hire to meet the revenue cost of borrowing to purchase additional vehicles for grounds maintenance contract work.

4. CONCLUSION

- 4.1 The proposal is to purchase the vehicles as specified in this report, to reduce hire costs as a long term agreement is now in place for the Blackpool Coastal Housing contract. Direct purchase of these vehicles is recommended in line with current fleet procurement practices, to be fully funded through budgeted hire costs.

IMPLICATIONS	
Finance	The Committee is requested to approve a fully-funded capital budget increase for Vehicle Purchases of £136,024 in 2018/19 fully-funded from various Revenue Budget virements from 2018/19 and future years as detailed within the report. If approved the financial implications of the proposal will be reflected in future updates to the financial forecast. The proposal detailed in the report essentially involves using existing revenue budgets allocated for vehicle hire to meet the revenue cost of borrowing to purchase additional vehicles for grounds maintenance contract work.
Legal	None unless contract not met
Community Safety	New machines will meet current health and safety requirements and the latest emissions.
Human Rights and Equalities	None
Sustainability and Environmental Impact	New machines will meet the current emissions standards, machines will be maintained in-house to high standards.
Health & Safety and Risk Management	New machines will have the latest health and safety standards (inc Chapter Eight livery) which will reduce risk both staff and public. In house maintenance to high standards

LEAD AUTHOR	CONTACT DETAILS	DATE
STEVE FULTON	steve.fulton@fylde.gov.uk & Tel 01253 658659	01/11/17

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Appendix A – Financing Costs

Appendix A: Financing Costs of Proposed Vehicle Purchases

Current Position: Assumed Remaining Contract Period 6 years

Revenue Budgets:

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
Hire Costs							
Transit Tipper	6,500	6,500	6,500	6,500	6,500	6,500	
Transit Tipper	6,500	6,500	6,500	6,500	6,500	6,500	
Triple Mower	8,050	8,050	8,050	8,050	8,050	8,050	
Triple Mower	8,050	8,050	8,050	8,050	8,050	8,050	
Triple Mower	8,050	8,050	8,050	8,050	8,050	8,050	
TOTAL NET REVENUE BUDGET	37,150	37,150	37,150	37,150	37,150	37,150	222,900

Proposed Option: Assumed Remaining Contract Period 6 years

Revenue Budgets:

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
Maintenance Costs	5,100	5,100	5,100	5,100	5,100	5,100	
Borrowing cost for vehicle purchases	27,000	27,000	27,000	27,000	27,000	27,000	
TOTAL NET REVENUE BUDGET	32,100	32,100	32,100	32,100	32,100	32,100	192,600

Revenue Saving: Assumed Remaining Contract Period 6 years

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
TOTAL NET REVENUE BUDGET	5,050	5,050	5,050	5,050	5,050	5,050	30,300

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MONITORING OFFICER	FINANCE AND DEMOCRACY COMMITTEE	20 NOVEMBER 2017	8
PROPOSAL TO DISSOLVE THE BLACKPOOL, FYLDE AND WYRE ECONOMIC DEVELOPMENT COMPANY AND FORM AN ECONOMIC PROSPERITY BOARD			

PUBLIC ITEM

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

SUMMARY

To consider a more efficient and effective way of managing the governance of the economic development agenda across the Fylde Coast.

RECOMMENDATIONS

1. To recommend Council to authorise the Leader of the Council, in her role as 'member' of the Blackpool, Fylde and Wyre Economic Development Company (EDC) to dissolve the aforementioned company. (This will require a special resolution of the 'members' of the company. In effect this will be the three Leaders of the three Councils signing a resolution to disestablish the company);
2. Subject to 1 above, to establish a Blackpool, Fylde and Wyre Economic Prosperity Board (EPB) in the form of a Joint Committee and approve the Procedure Rules for that Board as appended at Appendix 1;
3. Subject to 1 above, to recommend to Council that the Leader of the Council be nominated as the Authority's representative on the EPB and that the Leader of the Council be authorised, in accordance with the Procedure Rules of the EPB, to appoint a substitute member to attend in her absence, should the need arise;
4. Subject to 1 above, that the servicing of the EPB be undertaken on a rotational basis between the constituent authorities and the EPB at its first meeting agree which Authority will commence with that role and also which Authority will be the 'Lead Authority' in terms of carrying out the economic development functions delegated to the EPB;
5. Subject to 1 above, that at its first meeting the EPB be asked to consider which Authority will be 'Lead Authority' in terms of carrying out the economic development functions delegated to the EPB; and
6. Subject to 1 above, to invite Lancashire County Council to be a member of the EPB on the basis as set out in the Procedure Rules as set out at Appendix 1.

SUMMARY OF PREVIOUS DECISIONS

Individual Cabinet Member Decision (2010/008) April 2010 – Agreed for Fylde Council to become a member of the Fylde Coast Economic Development Company.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	√
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	√
Promoting Fylde as a great destination to visit (A Great Place to Visit)	√

REPORT

1. In June 2016 a revised set of articles of association for the Blackpool, Fylde and Wyre Economic Development Company was agreed by the Board and subsequently approved by the 'members' (the Leaders of the three Councils). These revised articles were intended to bring the articles up to date and reflect changes such as the departure of Lancashire County Council from the company.
2. As part of that process, a governance review was undertaken with a view to changing the articles to reflect the responsibility for programme managing delivery of the Enterprise Zones amongst other things.
3. Part of the review also involved the examination of examples of similar arrangements elsewhere across the country. Views were sought and feedback received from the Local Government Association (LGA), who encouraged partners to consider a series of options, some of which represented new ideas beyond the original remit of the review.
4. Based on this review of the EDC's current purpose and function and the scope of strategic economic development on the Fylde Coast, it was acknowledged that consideration should be given to alternative models of delivering the kind of governance required. For example, in many areas local partners and clusters of Local Authorities in functional economic areas deliver what is required through an 'Economic Prosperity Committee'. In the context of the Fylde coast, such a committee would comprise of the three councils, with partners (co-opted members), as opposed to the existing company structure. Such an arrangement would deliver effective oversight on the work being undertaken in the Enterprise Zones, political interface and accountability on strategic policy areas for the Fylde coast and the link with the Lancashire Enterprise Partnership.
5. The review has indicated that a company by its nature is a 'clunky' and inefficient way of delivering joined up working on economic development. A company does not naturally have an oversight role with councils whose representatives make up its Board (i.e. the Chief Executives) and also there are a number of overheads with a company that are not necessary for the duties required such as the production of accounts (whether trading or not), producing an annual confirmation statement, filing returns/ associated fees and paying for insurances for Directors. There is also no direct political accountability, in the current set up.
6. In considering the formation of a Joint Committee, a number of areas of good practice were reviewed and the attached at Appendix 1 is a draft set Procedure Rules.
7. Although legally it will be a joint committee, it is recommended that it be known as an Economic Prosperity Board, with in addition to the three Leaders of the Council, there be three co-opted members as formal members of the Board, to reflect the important role and view point that private sector representatives have had on the Economic Development Company (EDC).
8. The EDC has proved a good vehicle for officer collaboration, however the three Chief Executives now meet on a regular basis and will act as principal advisers to the new Board. In terms of formally supporting the Board, it is recommended that the servicing of the Board on a constitutional basis be done by rotation (unless otherwise agreed by the Board) and that one of the constituent Authorities acts as the 'Lead Authority' in terms of undertaking the economic duties delegated to the Board by the constituent authorities.

IMPLICATIONS	
Finance	Any costs can be subsumed by the relevant host council, or where appropriate shared across the constituent authorities. Any additional costs to Fylde Council will be contained within existing approved budgets.
Legal	A Joint Committee can be formed pursuant to powers under the Local Government Acts 1972 and 2000 and under the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	The support for the Joint Committee could be provided through the constituent councils, as set out in the draft Procedure Rules.
Health & Safety and Risk Management	A joint committee approach will ensure Fylde coast involvement from members and officers.

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Morrison	Email tracy.morrison@fylde.gov.uk Tel 01253 658521	10 October 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

Appendix A – Proposed Procedure Rules for the EPB.

The Blackpool, Fylde and Wyre Economic Prosperity Board – Procedure Rules

1.0 Purpose

- 1.1 The purpose of the Economic Prosperity Board ('EPB') will be to bring together local authority partners in a robust, formally constituted arrangement which will help shape and drive economic development across the Fylde Coast. This will be undertaken by collaboration and mutual co-operation. The fact that some functions will be discharged jointly by way of these procedure rules does not prohibit any of the constituent authorities from promoting economic well-being in their own areas, independent of the Board.

2.0 Governance

- 2.1 The EPB will act as a Joint Committee pursuant to powers under the Local Government Acts 1972 and 2000 and under the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.
- 2.2 The EPB will comprise of Blackpool Borough Council, Fylde Borough Council and Wyre Borough Council ("constituent authorities") and three co-opted members, one each from each constituent area. Any reference to 'executive', 'executive arrangements', 'executive function' or 'committee system' has the meaning given by Part 1A of the Local Government Act 2000.
- 2.3 The EPB is not a self-standing legal entity but is part of its constituent authorities. Any legal commitment entered into pursuant of a decision of the EPB must be made by all constituent authorities.
- 2.4 Political Proportionality rules will not apply to the EPB as so constituted.
- 2.5 The EPB may establish sub-committees or advisory groups, to undertake elements of its work, if required.
- 2.6 The EPB has powers delegated to it by the constituent authorities in the following areas:
- a) to review future governance requirements and delivery arrangements and how these can be best achieved on the Fylde Coast;
 - b) to have direct oversight of key economic growth focussed projects and initiatives that the EPB has influence over the funding of;
 - c) to have strategic oversight of other key growth focussed projects and initiatives across the Fylde Coast.
 - d) to lobby and carry out other activities that help achieve the promotion or improvement of the economic wellbeing on the Fylde coast.

The EPB will not hold funds or monies on behalf of the constituent authorities.

- 2.7 Each constituent Authority operating executive arrangements will be responsible for considering whether it is necessary [in order to comply with Access to Information legislation regarding the publication of agendas including Forward Plan requirements] to treat prospective decisions as 'key decisions' and/ or have them included in the Forward Plan. A constituent Authority operating a committee system will apply its own local statutory procedures.

3.0 Remit

3.1 The remit of the EPB will be to provide political and democratic accountability and in doing so:

- a) act as the key strategic forum for economic development issues on the Fylde coast and to make recommendations to the Lancashire Enterprise Partnership (LEP) and other bodies on economic development investments and other priorities;
- b) have insight and the opportunity to review the LEP Board's activities and consider any further measures necessary to strengthen the relationship with the LEP Board.
- c) co-ordinate and monitor investment plans of the constituent authorities pertaining to economic growth at the discretion of the individual authorities;
- d) act as the Programme Board for Hillhouse and Blackpool Airport Enterprise Zones (EZ's) and report into the LEP and its EZ Governance Committee as appropriate;
- e) seek to ensure that adequate resources are made available to enable the delivery of Hillhouse and Blackpool Airport EZs and other key Fylde coast economic development priorities and projects;
- f) actively engage with a range of businesses on the Fylde coast in relation to economic development decision making and to engage with other stakeholders where appropriate;
- g) consider and advise on the appropriateness and viability of alternative, successor economic governance arrangements;
- h) co-ordinate and agree wider place-making policy within the Fylde coast economic footprint, wherever possible.

4.0 Membership

4.1 One member from each constituent authority. Such member to be the Leader of the Council or other executive member, in an authority operating executive arrangements or Leader of the Council or committee chairman, or vice chairman from a council operating committee system arrangements) and for the purposes of these procedure rules, this member will be known as the 'principal member'.

4.2 Each principal member to have a named substitute member who must be an executive member where the authority operates executive arrangements. Where governance in a constituent authority is by a committee system form of governance, that alternate member shall be as per that authority's rules of substitution. All constituent authorities must provide no less than twenty four hours' notice to the Secretary where a substitute member will be attending in place of the principal member. Regardless of any such notification, where both the principal member and the substitute member attends a meeting of the EPB, the principal member shall be deemed as representing their authority.

4.3 In the event of any principal member of the EPB ceasing to be a member of the constituent authority which appointed him/her, the relevant constituent authority shall as soon as reasonably practicable appoint another principal member in his/her place.

4.4 Each constituent authority may remove its principal member or substitute member and appoint a different member or substitute as per that authority's rules of substitution and by providing twenty-four hours' notice to the Secretary.

- 4.5 There will be co-opted members appointed to the Board, with the number of co-opted members being the same as the number of constituent authorities. Each co-opted member will represent their relevant constituent area and the appointment and term of office of these co-opted members will be determined by formal decision of the Board. There are no substitute arrangements for co-opted members.
- 4.6 Each constituent authority may individually terminate its membership of the EPB by providing six months written notice of its intent to leave the EPB to the Secretary. At the end of these six months, but not before, the Authority will be deemed to no longer be a member of the EPB.
- 4.7 Where an Authority has previously terminated its membership of the EPB it may re-join the EPB with immediate effect on the same terms as existed prior to its departure, where the EPB agrees to that Authority re-joining via a majority vote.
- 4.8 Any other qualifying Authority seeking to be a constituent member, may join the Board with immediate effect on the terms set out in these procedure rules, where the EPB agrees to that authority joining via a majority vote.

5.0 Quorum

- 5.1 The quorum shall be two constituent authority members and one co-opted member. No business will be transacted at a meeting unless a quorum exists at the beginning of a meeting. If at the beginning of any meeting, the Chairman or Secretary after counting the members present declares that a quorum is not present, the meeting shall stand adjourned.

6.0 Chairman and Vice Chairman

- 6.1 The chairmanship of the EPC will rotate annually between each of the principal members. The Chairman or in his/her absence the Vice-Chairman (if one is appointed) or in his/her absence the member of the EPB elected for this purpose, shall preside at any meeting of the EPB.
- 6.2 Appointments will be made for a maximum period not extending beyond each principal member's remaining term of office as a councillor.
- 6.3 Where, at any meeting or part of a meeting of the EPB both the Chairman and Vice Chairman (if appointed) are either absent or unable to act as Chairman or Vice Chairman, the EPB shall elect one of the principal members of the EPB present at the meeting to preside for the balance of that meeting or part of the meeting, as appropriate. For the avoidance of doubt, the role of Chairman and Vice- Chairman (if appointed) vests in the principal member concerned and in their absence the role of Chairman or Vice-Chairman (if appointed) will not automatically fall to the relevant constituent Authority's substitute member.

7.0 Voting

- 7.1 The EPB's decision making will operate on the basis of mutual co-operation and consent and will take into account the views of the co-opted members. It is expected that decisions will be taken on a consensual basis wherever possible. Where a formal vote is required it shall be one vote for each constituent authority, made by the principal member, or in their absence, their nominated substitute. Co-opted members are not be permitted to have a vote.

- 7.2 All questions shall be decided by a majority of the votes of the members present, the Chairman having the casting vote in addition to his/her vote as a member of the Committee. Voting at meetings shall be by show of hands.
- 7.3 Where immediately after a vote is taken at a meeting, if any member so requests, there shall be recorded in the minutes of the proceedings of that meeting whether the person cast his/ her vote for or against the matter or whether he/ she abstained from voting.

8.0 Hosting, Administration and Lead Authority

- 8.1 The EPB will be hosted by each constituent Authority in turn, with the rota determined by a formal decision of the Board and the host Authority shall be Secretary to the Board ('the Secretary'). The Host Authority will also identify representatives to provide relevant financial, governance and legal advice to the EPB. For the avoidance of doubt, the Monitoring Officer of the host authority shall be 'Proper Officer' for the purposes of publishing the agendas, background papers and recording decisions. The historic official records of the EPB will pass to each host authority. The administrative costs of supporting the Board will be met equally by the constituent authorities, with each Authority being responsible for receiving and paying any travel or subsistence claims from its own members, or co-opted members representing that area.
- 8.2 A 'Lead Authority' will be appointed by a formal decision of the EPB to deliver the economic development functions delegated to the Board. This Lead Authority, may be the same as the Host Authority, or may be another constituent authority.
- 8.3 The functions of the Secretary shall be:
- a) to maintain a record of membership of the EPB and any sub-committees or advisory groups appointed;
 - b) to summon meetings of the EPB or any sub-committees or advisory groups;
 - c) to prepare and send out the agenda for meetings of the EPB or any subcommittees or advisory groups; in consultation with the Chairman and the Vice Chairman of the Board (or sub-committee/ advisory group);
 - d) to keep a record of the proceedings of the EPB or any sub-committees or advisory groups, including those in attendance, declarations of interests and to publish the minutes;
 - e) to take such administrative action as may be necessary to give effect to decisions of the EPB or any sub-committees or advisory groups;
 - f) to perform such other functions as may be determined by the EPB from time to time.

9.0 Meetings

- 9.1 The EPB will meet no less than quarterly, unless the EPB formally decides otherwise.
- 9.2 Meetings will be held at such times, dates and places as may be notified to the members of the EPB by the Secretary, being such time, place and location as the EPB shall from time to time resolve. Meeting papers will be circulated five clear working days in advance of any meeting.

- 9.3 The Chairman may choose to accept or reject urgent items that are circulated in a shorter timescale or tabled at any meeting. Any such urgent items will be by reason of 'special circumstances' and will be specified in the minutes, as to the reason the chairman is of the opinion that the item should be considered as a matter of urgency.
- 9.4 'Special circumstances' justifying an item being considered as a matter of urgency will relate to both why the decision could not be made at a meeting allowing proper time for inspection by the public as well as why the item or report could not have been available five clear days before the meeting.
- 9.5 Additional ad hoc meetings may be called by the Secretary, after consultation, where practicable, with the Chairman and Vice Chairman of the Committee (if one is appointed), in response to receipt of a request in writing, which request sets out an urgent item of business within the functions of the EPB, addressed to the Secretary:
- (a) from and signed by two members of the EPB, or
 - (b) from the Chief Executive of any of the constituent authorities.
- 9.6 The Secretary shall settle the agenda for any meeting of the EPB after consulting, where practicable, the Chairman or in their absence the Vice Chairman (if one is appointed); and shall incorporate in the agenda any items of business and any reports submitted by:
- (a) the Chief Executive of any of the constituent authorities;
 - (b) the officers responsible for legal, governance, finance and economic development at any of the constituent authorities;
 - (c) any Member of the EPB.
- 9.7 The EPB shall, unless the person presiding at the meeting or the EPB determines otherwise in respect of that meeting, conduct its business in accordance with these procedure rules.

10.0 Access to Information

- 10.1 Meetings of the EPB will be held in public except where confidential or exempt information, as defined in the Local Government Act 1972, is being discussed. Only members of the EPB and relevant advising officers from the constituent authorities and any person referred to in paragraph 11.2 below, will be permitted to be present for such items.
- 10.2 These rules do not affect any more specific rights to information contained elsewhere under the law.
- 10.3 The Secretary will ensure that the relevant legislation relating to access to information is complied with. Each constituent authority is to co-operate with the Secretary in fulfilling any requirements.
- 10.4 Any Freedom of Information Act requests received by the EPB should be directed to the relevant constituent authority(s) for that authority to deal with in the usual way, taking account of the relevant legislation. Where the request relates to information held by two or more constituent authorities, they will liaise with each other before replying to the request.

11.0 Attendance at meetings

- 11.1 The Chairman may invite any person, whether a member or officer of one of the constituent authorities or a third party, to attend the meeting and speak on any matter before the EPB.
- 11.2 Where agenda items require independent experts or speakers, the Officer or authority proposing the agenda item should indicate this to the Secretary and provide the Secretary with details of who is required to attend and in what capacity. The participation of independent experts or speakers in EPB meetings will be subject to the discretion of the Chairman.

12.0 Order of Business

- 12.1 Subject to paragraph 12.2, the order of business at each meeting of the EPB will be:
- i. Apologies for absence
 - ii. Declarations of interests
 - iii. Approve as a correct record and sign the minutes of the last meeting
 - iv. Matters set out in the agenda for the meeting which will clearly indicate which are key decisions and which are not and which items are subject to 'call in', in accordance with procedure rule 18.1.
 - v. Matters on the agenda for the meeting which, in the opinion of the Secretary are likely to be considered in the absence of the press and public.
- 12.2 The person presiding at the meeting may vary the order of business at the meeting.

13.0 Codes of Conduct and Disclosable Pecuniary Interests

- 13.1 Principal members of the EPB (and their substitute members) are governed by the provisions of their own Council's Codes and Protocols including the code of conduct for members and the rules on Disclosable Pecuniary Interests. Co-opted members are governed by the code of conduct for members of the 'Lead Authority'.

14.0 Minutes

- 14.1 There will be no discussion or motion made in respect of the minutes other except as to their accuracy. If no such question is raised or if it is raised then as soon as it has been disposed of, the Chairman shall sign the minutes.

15.0 Role of the Chairman

- 15.1 A Member wishing to speak shall address the Chairman and direct their comments to the question being discussed. The Chairman shall decide the order in which to take representations from members wishing to speak and shall decide all questions of order. His/her ruling upon all such questions or upon matters arising in debate shall be final and shall not be open to discussion.
- 15.2 The Chairman shall have the discretion to regulate the behaviour of all individuals present at the meeting in the interests of the efficient conduct of the meeting, including excluding members of the press and public in the event of a disturbance.

16.0 Motions / Amendments

16.1 A motion or amendment shall not be discussed unless it has been proposed and seconded. When a motion is under debate no other motion shall be moved except the following:

- i. To amend the motion
- ii. To adjourn the meeting
- iii. To adjourn the debate or consideration of the item
- iv. To proceed to the next business
- v. That the question now be put
- vi. That a member be not further heard or do leave the meeting
- vii. To exclude the press and public under Section 100A of the Local Government Act 1972.

17.0 Application to Sub-Committees

17.1 These procedure rules shall apply to meetings of any sub-committees of the EPB.

18.0 Scrutiny of decisions

18.1 Decisions of the EPB which relate to the executive functions of a constituent authority will be subject to scrutiny and 'call-in' arrangements (or any other arrangements equivalent to 'call-in' that any constituent authority operating a committee system, may have). This would only apply where the decision is one which could have been made locally by that constituent Authority acting alone. No decision in this circumstance shall be implemented until the call-in period has either expired or if 'called-in' the matter concluded, in accordance with the call-in procedures of the relevant constituent Authority.

19.0 Winding up of the EPB

19.1 The EPB may be wound up immediately by a unanimous vote of all constituent authorities.

20.0 Amendment of these Procedure Rules.

20.1 These Procedure Rules can only be amended by unanimous resolution of the EPB, following the consideration of advice from the Monitoring Officers of each of the constituent authorities.