

# Agenda



## Policy Development Scrutiny Committee

Date	Thursday 28 February 2013 at 6:15 pm
Venue	Town Hall, St Annes
Committee members	<p>Councillor Fabian Craig-Wilson (Chairman) Councillor Leonard Davies (Vice-Chairman)</p> <p>Councillors Ben Aitken, Frank Andrews, Susan Ashton, David Chedd, Maxine Chew, Simon Cox, John Davies, David Donaldson, Charlie Duffy, Karen Henshaw JP, Edward Nash, Richard Redcliffe, Elizabeth Oades, Elaine Silverwood</p>

**Public Platform** To hear representations from members of the public

Item		Page
1	<b>Declarations of Interest:</b> Any member needing advice on Declarations of Interest should contact the Monitoring Officer before the meeting.	1
2	<b>Confirmation of Minutes:</b> To confirm the minutes of the previous meetings held on 10 January 2013 as a correct record. As attached at the end of the agenda.	1
3	<b>Substitute Members:</b> Details of any substitute members notified in accordance with council procedure rule 24.3.	1
4	<b>Task &amp; Finish Group Review of Swimming Pools Performance</b>	3 – 43
5	<b>Final Report of Task and Finish Group to Consider Consultation on Assets Let at Below Market Value</b>	44 – 50
6	<b>Medium Term Financial Strategy Update, Including General Fund, Capital Programme and Treasury Management for 2012/13 to 2016/17</b>	51 – 112

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# REPORT



REPORT OF	MEETING	DATE	ITEM NO
DEMOCRATIC SERVICES, FOR THE CHAIRMAN OF THE TASK & FINISH GROUP	POLICY DEVELOPMENT SCRUTINY COMMITTEE	28 FEBRUARY 2013	4

## TASK & FINISH GROUP REVIEW OF SWIMMING POOLS PERFORMANCE

### Public Item

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

### Summary

Following a report to the Policy Development Scrutiny Committee on Swimming Pools Performance on 12 July 2012, a Task and Finish Group was appointed to review the matter. This report outlines the Task and Finish Group's review into the financial and operational performance of Kirkham Swimming Pool, which was transferred to the ownership of Fylde Coast YMCA in 2011; and the financial and operational performance of St Anne's Swimming pool which is currently operated by the YMCA on behalf of Fylde Borough Council under a formal contract.

### Recommendations

1. That the Committee recommends that Cabinet consider an extension to the existing SLA with the YMCA in respect of Kirkham swimming pool and recommend to Council an unfunded addition to the Council's Revenue Budget in respect of the subsidy in the sum of £35k per annum (plus an inflationary increase) from 2014/15 for a period of 5 years.
2. That the Committee recommends to Cabinet that the needs analysis of swimming capacity in the Borough provided by the Amateur Swimming Association should be used to inform development of the local plan.
3. That the comments from the schools and swimming clubs should be brought to the attention of the YMCA through Rural Splash in Kirkham and the quarterly performance meetings at St Anne's swimming pool.

Continued....

## **Background**

1. A report was provided to the Policy Development Scrutiny Committee at its meeting on 12 July 2012, which is attached for information.
2. The report outlined the status of Kirkham and St Annes swimming pools, in terms of ownership / management by the YMCA, the scheme costs, budget commitments and subsidy paid by Fylde Borough Council, and any other grants received.
3. It was noted within the report that Kirkham Pool must be revalued annually as this value is used as a measure of sustainability when compared with the pool's revenue outturn. A reduction in the estimated valuation from £400,000 to £375,000 was reported in March 2012. Additionally, Fylde Borough Council retains ongoing asset management responsibilities for the St Anne's Pool as the landlord.
4. Information submitted by the YMCA was also provided for both pools, including end of year accounts, financial performance, service outcomes, investments, achievements, and operational concerns.
5. However it was felt that there was a degree of ambiguity regarding the reported performance of the pools and their ongoing financial sustainability, and Scrutiny was requested to consider investigating further.
6. The committee agreed with that assessment and a Task and Finish Group was appointed. Its members were Councillors Oades, Donaldson, Cox, Harper, Chedd, Willder, Akeroyd and Brickles.
7. In September 2012, the Council submitted an expression of interest to Sport England's Improvement Fund for delivery of improvements to the changing facilities, entrance, reception and spectator areas of St Annes pool. The Council's Approved Capital Programme currently identifies £153k for capital works at St Annes pool. On 3<sup>rd</sup> December 2012 Council approved the allocation of £12k of this sum for preliminary works for the proposed scheme to be developed further. A decision on the bid is expected to be received by 31 March 2013.

## **Report**

8. The Task and Finish Group met on three occasions. Their first meeting was to establish a scope for the review and to specify the witnesses / experts that they would like to hear from. They also received an update from Paul Swindells, the Council's Deputy Section 151 Officer on the financial position of each pool.
9. Members decided that their primary remit was to establish the ongoing viability and sustainability of the pools, including strategic future swimming provision, and estimates of ongoing funding requirements.
10. Representatives of the YMCA (John Cronin), Lancashire Sport (Adrian Leather) and the Amateur Swimming Association (Matt McFahn) were invited to the following meeting. Prior to that meeting, members were provided with more detailed financial information to assist them in their review.

11. Mr Cronin spoke to the T&F members about the differences in the management arrangements and the financial standing of both pools. In response to a question he agreed that for Kirkham Pool there were no longer any reserves available to spend on supporting revenue costs and capital items, and that the existing funding of £35k, should it continue, would not allow any capital expenditure but would allow the pool to continue to operate. Financially, St Annes pool was sustainable, but Kirkham Pool was currently running at a loss.
12. The YMCA's strategy would be to keep the pools operational whilst waiting for other funding to become available, which was essential for investment in the infrastructure. Mr Cronin confirmed that adding a gym had made the pools more viable.
13. Mr Leather of Lancashire Sport spoke about the potential streams of funding which might become available in the near future, such as Lottery capital investment. He was hopeful that the overall level of investment would grow, post-Olympics. The key to Sport England strategy was for improvement, not rebuilding.
14. Funding generally came around on a bi-annual basis. Sport England, as the awarding body, in making an investment would look for a guarantee of community access to that facility for 21 years; a match-funding element of around 20-25%; and also the funding rounds would be for specific functions, as in the current case which is for the refurbishment of swimming changing facilities. St Annes Pool had recently bid for that funding.
15. Members considered that moving forward they might want to suggest to Cabinet an element of match funding to be included in the budget towards a future capital bid.
16. For clarification, Darren Bell (Cultural Services Manager) explained that St Annes Pool (in the ownership of Fylde Borough Council) had £153k set aside for major repairs, but Kirkham Pool (in the ownership of the YMCA) had no reserves.
17. Mr McFahn of the Amateur Swimming Association (ASA) said that a pool audit could be produced by ASA. This would look at all of the pools in the area, the age of the stock, the depth, what kind of activities the facilities can offer. It also looks at the demographics to establish whether there is enough water space, and states whether the area is over- or under-provided for in terms of swimming capacity.
18. Members asked for an audit of the Fylde and Mr McFahn agreed to provide it as quickly as possible. The information was made available for the Group before the third meeting, and is attached to this report. It showed that there is an under-provision in the Fylde.
19. The Task and Finish Group invited witnesses from the user groups to their last meeting. Not all could attend, but gave instead an electronic response to provide members with relevant information relating to their experience of Kirkham and / or St Annes baths. Attending the meeting was Helen Jenkins as representative of Fylde Sharks, using both pools; Richard Nulty as representative of Rural Splash; and Cllr Harper spoke on behalf of the Otters club. Rhiannon Jones, the Head of Kirkham and Wesham School; and Jan Potter the Head of Ribby-with-Wrea and Sharon Barnett the Head of The Willows all gave written responses. Chris Holland, the manager of St Annes pool was also briefly interviewed by telephone.
20. Those schools who submitted information via e-mail made a number of comments,

amongst them:

- Kirkham Pool was invaluable. The children would not be able to swim without having a pool locally; St Annes was just too far away for many of the rural community. Parents were often unable to travel in order to take their children swimming. Ribby Hall has a good pool but is considered too expensive.
- For schools to fulfil their statutory requirements to teach pupils to swim by the end of Primary School, swimming facilities are essential in a location where the time and cost of transport is not prohibitive.
- The pools were good value; the inflatable sessions were great and the children loved them.
- The staff were friendly and helpful.
- Some liked the option to “buy” a lifeguard – others thought it should be included in the overall cost.
- The changing area at Kirkham is not ideal, and the changing rooms sometimes require cleaning, but the new showers were much better – it would be nice if the premises could be smartened up a little. Pool and poolside are generally clean.
- The operation and management of the Kirkham Pool had improved under the YMCA and Rural Splash, and the integration of the gym had been managed well.

21. Mrs Jones, from Kirkham and Wesham School also asked the children for their comments (on Kirkham Pool) which included:

- Inflatable sessions are great - but they were too busy sometimes. Perhaps the sessions could be open to certain ages at certain times.
- There was a request for longer lane swimming in the morning
- Diving blocks for swimming club would be good.

22. Mr Holland advised that all the primary schools in the area use the St Annes Pool, and it is used by some senior schools as well. On average there are around 180 children of primary school age using the pool each week. In terms of children achieving Key Stage 2 in swimming, St Annes Pool is the most successful of all pools run by the YMCA.

23. Ms Jenkins of Fylde Sharks raised some issues with St Annes Pool in relation to its use by disabled people. A particular problem was that wheelchair users could not access the changing facilities. The floor is also slippery. At Kirkham Pool the floor is also a problem for their disabled users.

24. However, she said that in general they were very pleased that the pools were still available; that the pools and premises were mostly clean, they represented good value for money and that staffing levels were good, although there tended to be younger staff at St Annes pools who may benefit from an improved awareness of

disability issues. She said that the pools were very important - there was a great demand for the swimming lessons, and swimming was very good for disabled people. She said that updating the hoists would be a great benefit for her group. There were 40 – 50 children using the pools, around 25 per session (fortnightly at each pool).

25. Councillor Harper (on behalf of the Otters) agreed with the opinions expressed by Ms Jenkins, and also stated that she believed that disability user groups should have times set apart from other users. This was primarily because the St Annes Pool premises were poorly laid out and in particular the changing facilities were not good, as anyone using the gym would have to walk through the changing area. There were also issues with the heating, which was not a uniform temperature.
26. Mr Nulty explained that Rural Splash represents users, but re also part of the management group with YMCA. The arrangement worked well, and the pool was relatively economic to run, but it relies on funding and subsidy in order to survive. He said that a gym had been developed alongside the pool which helped with the income stream, but if subsidy was discontinued, the books could not balance. He also urged the YMCA (and was supported by the Group), to bid for Lottery funding for Kirkham pool, and if any of the plant on site was to fail, it would be very difficult to replace.
27. He told the members of the group that utilisation of the pool was good, with 16 schools using it and providing 400 children with basic, but essential swimming lessons. Its main focus was on tuition and it was a vital resource in giving a child the ability to swim.
28. Fund-raising was an important part of Rural Splash activities, and they received £12k from parish councils and £5k from other funding streams, in addition to the £35k from FBC. He explained that none of the recently awarded Sport England grant would be coming to Kirkham Pool, but he maintained that there must be two pools in the Fylde. The funding was therefore essential. In the original SLA between the YMCA and FBC, it was agreed that if losses from the pool exceeded half the value of the site, then the pool could be disposed of. He therefore asked for a new SLA to be agreed to sustain or even increase the funding from the council.
29. In response to questions from the Group, Darren Bell explained that the current SLA for St Annes Pool was in place to 2022 and would continue as it is. However, the SLA for Kirkham Pool would end in March 2014. Without a continuation of funding from FBC, it was his estimate that losses could reach half of the asset value in 2018, triggering the clause in the SLA which would permit the YMCA to dispose of the premises.
30. However, if the present subsidy was to be continued, it was estimated that the pool would be at a break-even level and therefore financially viable.
31. In their summing up of all the information they had received, members agreed that the council had a strategic responsibility for the provision of swimming in the Fylde, and in the future would probably need to look at modernising or replacing facilities. The audit of swimming capacity in the Fylde was a useful document and the information contained within it could be fed into the Local Plan to enable planning for future needs in terms of swimming and the facilities to provide for it.
32. They also agreed that useful information had been provided by the user groups

which should be passed on by officers to the YMCA to assist in their improvement and development of swimming provision.

## Conclusion

33. For Kirkham Pool, new income streams are being developed although casual pay and swim numbers have reduced. However, it is clear that if the funding stream from Fylde Borough Council (in the sum of £35,000 per annum) was to end in 2014, the pool would be operating at a loss and at risk of closure. Since the Group felt that the swimming provision is of the utmost importance to the community, to school children and user groups, the council should extend the SLA and the funding to protect it.
34. St Annes Pool is performing to expectations and the T&F Group found no particular issues to raise, other than the comments from the user groups, but required that the financial and operational performance be reviewed on an ongoing basis, particularly in light of the submission for funding to Sport England.

Report Author	Tel	Date	Doc ID
Annie Womack	01253 658423	10 <sup>th</sup> February 2012	T&F Report on Pools Performance

List of Background Papers		
Name of document	Date	Where available for inspection

IMPLICATIONS	
Finance	The report recommends that Cabinet consider an extension to the existing SLA with the YMCA in respect of Kirkham swimming pool and recommend to Council an unfunded addition to the Council's Revenue Budget in respect of the subsidy in the sum of £35k per annum (plus an inflationary increase) from 2014/15 for a period of five years.
Legal	None arising directly from this report
Community Safety	None arising directly from this report
Human Rights and Equalities	None arising directly from this report
Sustainability	None arising directly from this report



Health & Safety and Risk Management	None arising directly from this report
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### **Attached Documents**

- 1 Pools Audit
- 2 Original report to PDSC

## Sub Regional/Regional/Local Authority Swimming Pool Facility Review

The Region/Sub-Region/Local Authority area under review is: **Fylde District Council**

### A1. Current Status of Region

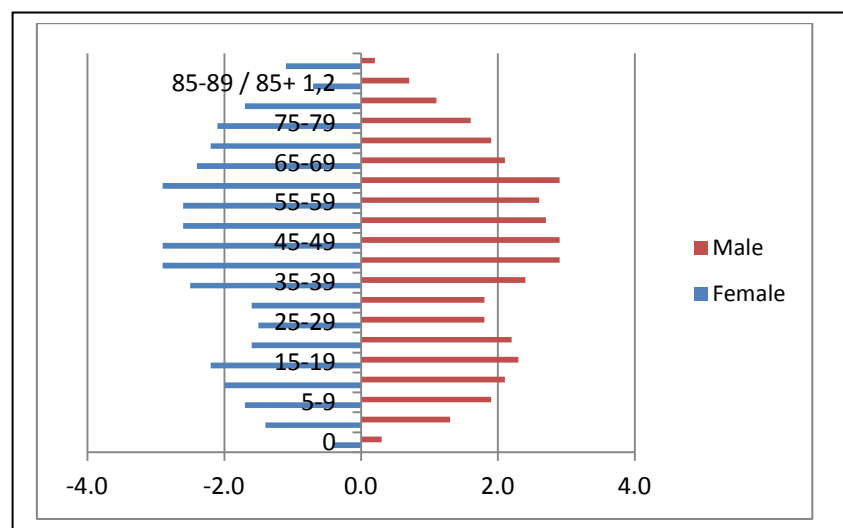
#### Summary Report on All Swimming Pools in Fylde

Main/General	6 open / 1 closed
Leisure Pools	0
Learner/Teaching/Training	1 closed
Diving	0
Lido	0
Swimming Pools - Total	6

#### Population of North West Region by County

North West Region Counties	Population
Lancashire (including Blackburn & Blackpool)	1,451,600
Cheshire (including Halton & Warrington)	1,006,100
Greater Manchester	2,573,500
Merseyside	1,347,900
Cumbria	496,600
Total Population	6,875,700

Age profile of population of Fylde Sub-Region.



Fylde Headline Information	
Population	76,500
Total Water Space	1,328.
Water space that swimming clubs, schools and low-income users have access	624m <sup>2</sup>
Estimated water requirement of accessible water space	842m <sup>2</sup>
Estimated deficit in accessible water space	218m <sup>2</sup>

Statistics from Office of National Statistics 2010  
Estimates

**FYLDE**

There is an estimated **218m<sup>2</sup>** (25%) deficit between the water space that swimming clubs, schools and low-income users have access and the ASA's recommended level.

*A detailed analysis of swimming pool water area in the North West Region that is 'fit for purpose' rather than just all water space regardless of 'user quality' shows that contrary to previous reports indicating that 183% demand is met; supply is probably insufficient to meet demand and that although there may be availability to increase un-programmed use, other sessions such as swimming lessons, swimming club use and other hire session, cannot meet demand; indicating that there is an un-quantified 'latent demand'.*

The North West Region is the third largest in terms of population and third largest in terms of geographical area (111km<sup>2</sup>).

The Region has five County Sports Partnerships that are required to consult with the NGB's when formulating their regional strategies in general and in their relationship with the Building Schools for the Future programme. These are:

Greater Manchester Sports Partnership  
Cheshire Sports Trust  
Merseyside Sport  
Cumbria Sport  
**Lancashire Sport**

**A2. Sport England's Sports Facility Calculator**

*(This is based on nominal usage rates at peak times and does not take into account 'latent demand'. The number of swimming pool lanes and the number of swimming pools refers to a notional 25m x 8.5m four-lane facility)*

The Sport England Sports Facility Calculator was devised to assist local planners identify the sports facility requirements in 'new development' scenarios and was not intended as an indicator of total area provision either 'minimum' or 'maximum'. The local facility requirement can only be ascertained taking into account local demographic variations and overlaying them onto the general guidance provided within the Active Power tools resource.

**A3. Local Strategic Planning**

Sport England has provided the Active Places database resource as an aide to planning local facility strategy. The database provides the total amount of swimming pool water space available in a given area. However it is important when planning a local strategy to be aware that the water space identified cannot always be accessed by certain significant swimming pool users, e.g. schools, swimming clubs and economically disadvantaged users.

The sub-divisions provided within the database do not necessarily reflect the types of pool that certain users can access.

Active Places Sub-divisions of providers are:

- a. Community use, all ownership types
- b. Community use, commercial ownership
- c. Community use, except commercial ownership
- d. Community use, local authority ownership

For example:

- ❖ Commercial health club swimming pools accommodate general ‘pay and play’ swimming for their membership but schools and swimming clubs rarely can gain access to this type of facility because of their ethos of use. Additionally some commercial health clubs have relatively exclusive membership criteria that tend to exclude lower socio-economic groups by price.
- ❖ Some pools are so small that the ability to learn to swim a significant distance is negated rendering their water area not ‘fit for purpose’ (see county anomalies).
- ❖ Some swimming pools are so designed that large areas of the water area are cosmetic and again ‘unfit for purpose’ e.g. the shallow beach areas of a leisure pool (see county anomalies).
- ❖ Some swimming pools are open-air pools (lidos) and are open for relatively short periods each year.

Additionally Sport England’s Active Places Database identifies swimming pools into five types of swimming pool.

**Main/General** – this term can be applied to any pool of any dimension as the list of pools demonstrates, it should be therefore referred to with caution.

**Learner/Teaching/Training** – Although a learner and teaching pool can be the same thing, a training pool is usually not a learner/teaching pool unless it has a moveable floor. The relevance of Learner and Teaching pools usually relate to their depth and dimensions suitable to the swimmer being taught; whereas training pools require sufficient depth for swimming in training mode, which is usually deeper than the depth required for teaching the largest percentage of learner i.e. children.

**Leisure** – From the data it is clear that the term leisure pool means different things to different pool operators. Hotels and Health Clubs think in terms of small shallow free form pools of less than 100m<sup>2</sup>; whereas operators such as Butlins and Centre Parcs and some local authorities see leisure pools in terms of giant free form pools in excess of 1,000m<sup>2</sup>.

**Diving** – Although the term diving pool denotes a sufficient depth for diving there is nothing in the data set to identify the configuration

of any boards in situ, which is surely the point of the pool.

**Lido** – although it is clear that a lido is an outdoor pool the definition does not identify what use the pool can be put to and whether it is heated and permits longer opening hours than the usual summer season attributed to an unheated pool.

**Taking these variables into account the ASA's consider, as a minimum requirement, 11m<sup>2</sup> of 'fit for purpose' pool water area per 1,000 head of population that the majority of users (general swimmers, schools, swimming clubs etc.) can access.**

This minimum requirement is ascertained by applying 'weightings' to pool water areas in swimming pools where community access is limited in the following manner.

Public swimming pools (managed by local authorities, commercial management or trusts)	= 100%
Leisure Pools	= 80%
School Pools	= 80%
Commercially Owned Pools	= 15%
Lido's	= 5%
Others (MOD, Hotels, Sports Clubs etc)	= 15%

Although Active Places indicates whether or not there is spectator seating it provides no indication regarding the number and positioning of the seats therefore there is insufficient data to determine if a venue is suitable to hold competitive spectator events. Generally the majority of commercial facilities have insufficient spectator seating to accommodate main swimming club activities.

However points and objectives to consider are;

- ❖ *Within the regional strategies where appropriate local authorities should be encouraged to enter into cross border partnerships to provide community 50-metre swimming pools thereby reducing the overall burden of provision whilst increasing the opportunity for users.*
- ❖ *The use of moveable floors and bulkheads provides a more flexible use pool that increases revenue and enhances the use profile.*
- ❖ *Encouraging the upgrading of facilities to provide more 25m by 8 lane pools plus a learner pool*
- ❖ *Increasing the number of venues suitable for competition and training*
- ❖ *Increasing the number of international and regional standard diving venues*
- ❖ *Ensuring that all schools that aspire to Sports Academy status provide swimming training to lifeguard qualification standard, which would require access to a swimming pool of variable depth with some deep water and be of a sufficient size to enable swimming competencies to be achieved.*

Although Active Places indicates whether or not there is spectator seating it provides no indication regarding the number and positioning of the seats therefore there is insufficient data to determine if a venue is suitable to hold competitive spectator events. Generally the majority of commercial facilities have insufficient spectator seating to accommodate main swimming club activities.

*Examples of anomalies of water area provision that are indigenous to all regions and counties:*

- ❖ *The majority of commercial pool provision does not provide conventional divisions of a 100m length and their use is therefore diminished for club training even if access is achieved. Additionally many commercial pools are too small for meaningful training. With the exception of Ribby Hall which would be suitable for length fitness swimming, but the potential cost of hiring the facility and the membership arrangement would mean that this is a very unlikely scenario*
- ❖ *Commercial health and fitness clubs prefer constant depth pools varying between 1.2m and 1.4m deep, which is acceptable for fitness swimming but is restrictive for the teaching of swimming to children, which normally requires shallower depths between 0.5m and 1m.*
- ❖ *Some leisure pools have as much as 30% of water area provision that is unsuitable for any form of swimming because of their 'beach' access, where the water is only at paddling depth.*

#### **A5. Shortfall provision options:**

- ❖ *A 25m x 8.5m - 4 x 2m lane swimming pool provides 212.5m<sup>2</sup> of water space*
- ❖ *A 25m x 12.5m – 6 x 2m lane swimming pool provides 312.5m<sup>2</sup> of water space*
- ❖ *A 25m x 12.5m – 6 x 2m lane swimming pool plus learner pool 8m x 12.5m provides 412.5m<sup>2</sup> of water space.*
- ❖ *A 25m x 16.5 – 8 x 2m lane swimming pool provides 412.5m<sup>2</sup> of water space*
- ❖ *A 25m x 16.5 – 8 x 2m lane swimming pool plus learner pool 16.5m x 10m provides 577.5m<sup>2</sup> of water space.*
- ❖ *A 25m x 20.5m – 10 x 2m lane swimming pool provides 512.5m<sup>2</sup> of water space*
- ❖ *A 25m x 20.5m – 10 x 2m lane swimming pool plus learner pool 20.5m x 10m provides 717.5m<sup>2</sup> of water space.*
- ❖ *A 50m x 17m – 8 x 2m lane swimming pool provides 850m<sup>2</sup> of water space*
- ❖ *A 50m x 17m – 8 x 2m lane swimming pool plus learner pool 17m x 10m provides 1,020m<sup>2</sup> of water space*

*(The option that is chosen should best reflect the needs of the general community it is to serve and consider the age and estimated life of existing facilities and the demographics and travel and transport issues of the area. As indicated above the use of moveable floors and booms can increase flexibility of use and may reduce water area accordingly. 50-metre pools designed for major and international competition would require 2.5-metre lanes)*

## FYLDE

### B1. Existing Swimming Pools (all types) in Fylde

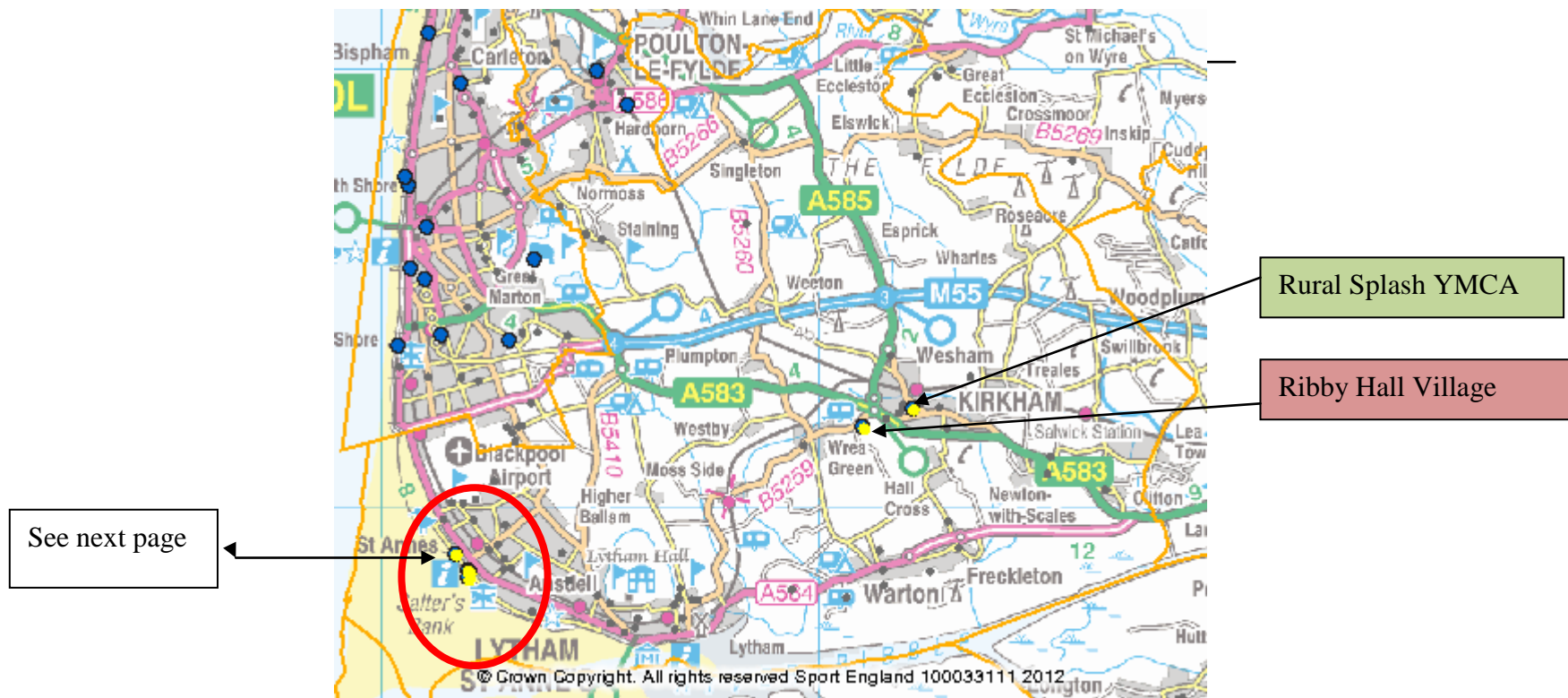
#### Detailed Report on All Swimming Pools in Fylde

Site Name	Facility Sub Type	Ownership	Management Type	Access Type	Facility Status Description	Year Built	Year Refurbished	Length	Width	Min Depth	Max Depth	Area
KIRKHAM RURAL SPLASH YMCA	Learner/Teaching/Training	Local Authority		Pay and Play	Closed	1984		12	8	0.7	0.7	96
NIVENS HEALTH CLUB	Main/General	Commercial	Commercial Management	Registered Membership use	Operational	1994		20	15	1.1	2	300
SPORT AND LEISURE - RIBBY HALL VILLAGE	Main/General	Commercial	Commercial Management	Pay and Play	Operational	1995	2004	25	10	1.2	1.5	250
<b>KIRKHAM RURAL SPLASH YMCA</b>	<b>Main/General</b>	<b>Local Authority</b>	<b>Other</b>	<b>Pay and Play</b>	<b>Operational</b>	<b>1914</b>		<b>22.8</b>	<b>8.24</b>	<b>1</b>	<b>1.75</b>	<b>187.87</b>
SPORT AND LEISURE - RIBBY HALL VILLAGE	Main/General	Commercial	Commercial Management	Registered Membership use	Operational	2003		25	6.5	1.5	1.5	162.5
GLENDOWER HOTEL LEISURE CLUB	Main/General	Commercial		Registered Membership use	Closed	1991	2003	15	10	0.6	1.6	150
DALMENY HOTEL AND LEISURE	Main/General	Commercial	Commercial Management	Registered Membership use	Operational	1995	2005	20	5.8	1.2	2.4	116
<b>YMCA St Annes</b>	<b>Main General</b>	<b>Local Authority</b>	<b>Other</b>	<b>Pay and Play</b>	<b>Operational</b>			<b>25</b>	<b>12.5</b>	<b>0.9</b>	<b>2.1</b>	<b>312</b>

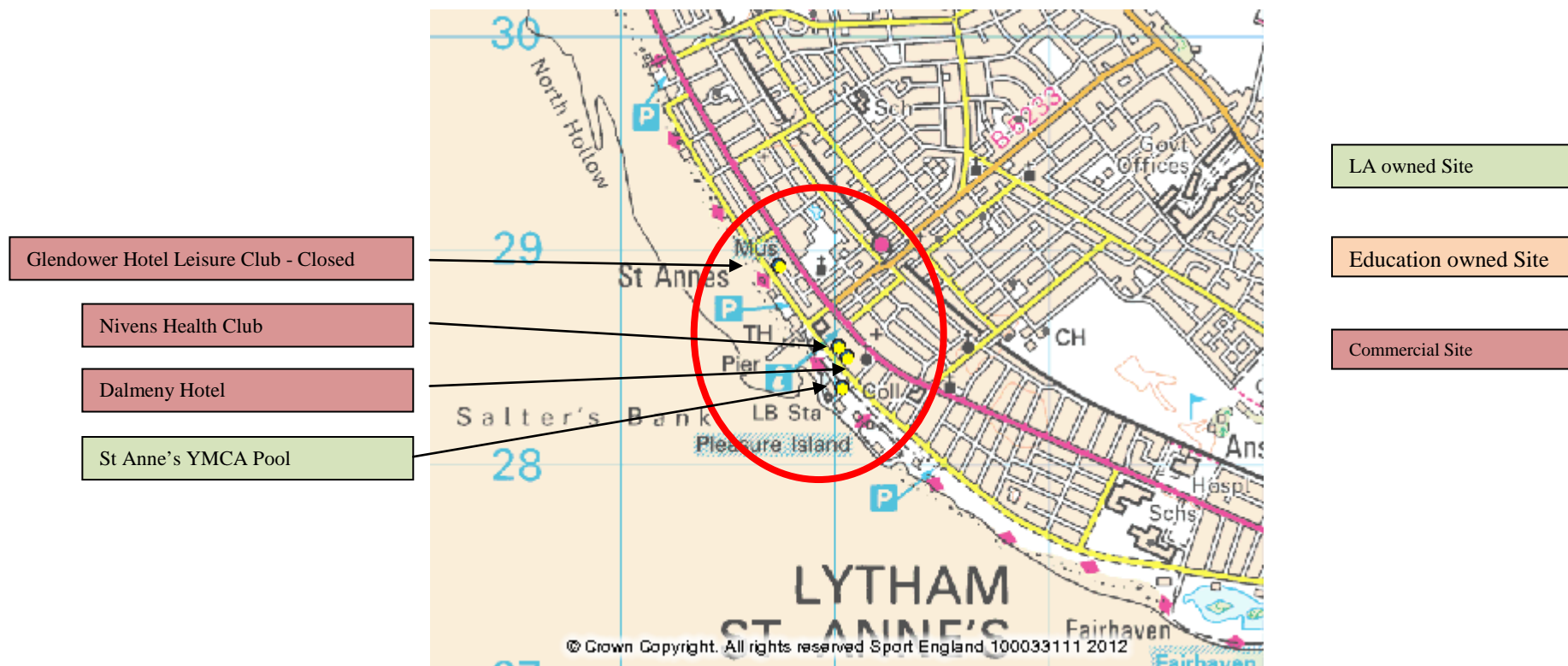
\* Sites in italics are those sites the ASA considers are suitable and 'fit for purpose' for use by swimming clubs, schools, the general public and especially the low-income earners have access.

Total area of swimming pool water space available = **1,328.37m<sup>2</sup>** in **6** swimming pools on **6** sites.

Total area of swimming pool water space available that swimming clubs, schools, the general public and especially the low-income earners have access = **624m<sup>2</sup>**.







## B2. Identified variation

Applying the ASA guidelines to Fylde for the current population of 76,500 indicates a requirement **of 842.m<sup>2</sup> of** accessible water space.

There is an estimated **218m<sup>2</sup> (25%)** deficit between the water space that swimming clubs, schools and low-income users have access and the ASA's recommended level.

The above estimate does not take into account:

- ❖ Any anticipated future population variations in the area
- ❖ Any anticipated variations to the future school places demand in the area
- ❖ Government initiatives to increase sports participation
- ❖ Population increases since 2010 ONS population Census

Taken as a whole these variables will tend to increase shortfalls and decrease surpluses.

## B3. Age and attractiveness of swimming pool stock

One of the current swimming pools is over 40 years old. As Kirkham Rural Splash was built in 1914 considerable consideration on investment strategies for major modernisation should currently be taking place.

**66%** of the swimming pool provision is provided by commercial organisations, which normally prohibit access to swimming clubs and school use.

There is 3 x 25-metre short course length swimming pool in Fylde that two of which are available for pay and play access.  
There are **no** 50-metre community swimming pools in Fylde

## B4. Education Sites

Swimming and education have a strong link, with swimming being the only compulsory sport on the national curriculum and education sites with swimming pools are important to both the delivery of learn to swim and Key Stage 2 attainment targets. School pools offer restricted access to the wider public and the attainment of increasing adult active participation due to the curriculum commitments, however they are very important the overall water space and when managed in such a way they can contribute a great deal in terms of swimming pool programming.

There are no education authorities controlled or partially controlled schools in Fylde that has a swimming pool on site.

## **B5. Aquatic disciplines**

### **Diving –**

There are **3** swimming pools with a water depth sufficient for poolside flat competitive and plunge dives can be taught safely. However two of these pools are commercial run pools.

There are **no** swimming pool with diving boards and springboards where more advanced diving can be taught.

### **Synchronised Swimming –**

The teaching and practice of the most basic introductory water skills may be carried out in pools which have areas of water of 1.0m or more in depth.

There are **5** swimming pools that have sufficient depth for more advanced synchronised swimming training to be undertaken

There are **no** swimming pools with sufficient depth and area for synchronised swimming competition to be undertaken.

### **Water Polo –**

Ideally Water Polo should be played in pitches with a minimum depth of 1.8m however low-level training and competition can take place in conventional 25m x 10m x 0.9m to 1.8m depth main pools.

There is **1** swimming pools that have sufficient water space and depth for low-level water polo competition to take place.

There are no swimming pool that has sufficient water space and depth for a major competition to take place.

### **Swimming Clubs –**

There are several swimming clubs in the district however only one is registered with the ASA and has 129 members operating in the two public swimming pools in the district.

The information below shows the number of swimming clubs and which pools accommodate them at present.

#### **Operating out of Rural Splash**

Kirkham & Wesham Swimming Club - 2 sessions a week

Kirkham Lifesaving Club –1 session a week

The splashes disabled group– 1 session a week

#### **Operating out of St Anne's Pool**

St Anne's Swimming Club – 2 sessions a week

St Anne's Junior swimming Club – 2 sessions a week.

Fylde Otters Disability club – 1 sessions a week

## **B6. Travel times and other geographical issues**

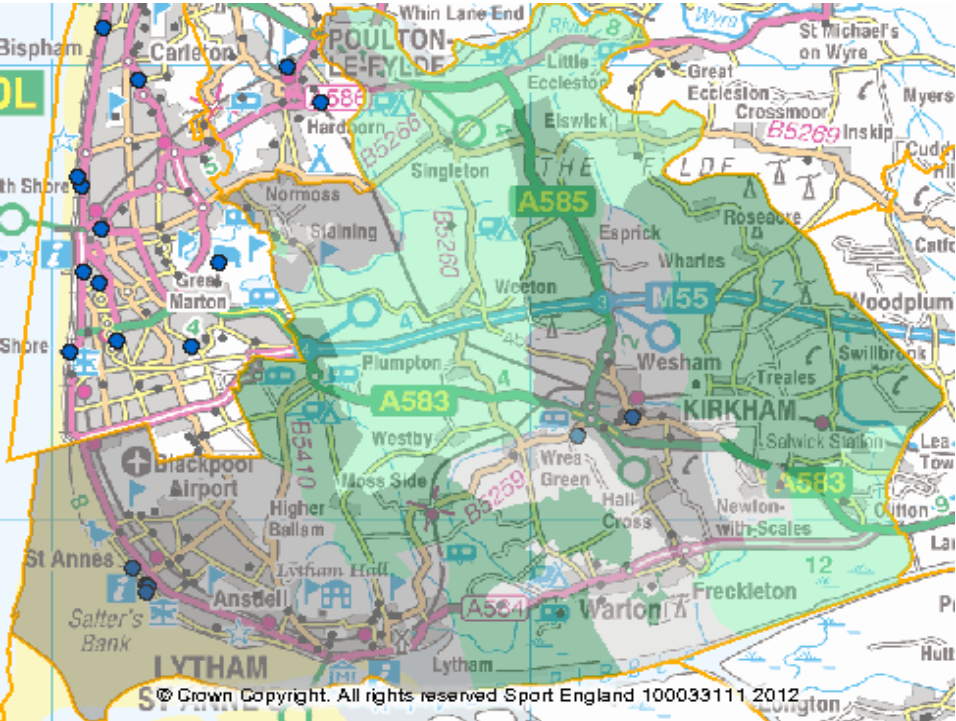
Fylde has good travel links for the main arterial roads, and the M55 and A585 allow easy access to other main cities in the region. However the coastal nature of four of the pools suggests that travel to the sites could encounter some congestion in peak season due to the rural nature of the infrastructure. The M55 motorway provides good links to Blackpool seafront and several major A roads, Fylde finds itself nestled between Preston to the East, Blackpool to the North West and Wyre to the North East. Fylde Residents have higher than average car ownership with just  $\frac{1}{5}$  having no access to cars and more than 30% having two cars. This suggests that the majority of journeys to leisure facilities is made by car.

The Fylde District Council area consists of the major conurbations of Lytham, St Anne's-on-Sea, Kirkham and Freckleton along with the rural countryside and small villages. The rural area of Fylde provides a contrasting tourism experience offering countryside pursuits such as walking, cycling, horse riding and boating.

Fylde is easily accessible by road, rail and air. Stretching from Starr Gate, at the boundary with Blackpool, to the Ribble Estuary at Lytham in the south.

It is not surprising that nearly all the swimming pool stock is concentrated around the coastal area as this is the area of greatest population density, and the majority of these pools are provided by the commercial sector in hotels along the beach front. The two swimming pools provided by the public or third sector are the most accessible pools in the district, and offer “pay and play”. Geographically they are some distance apart therefore provide catchments that cover a considerable proportion of the district.

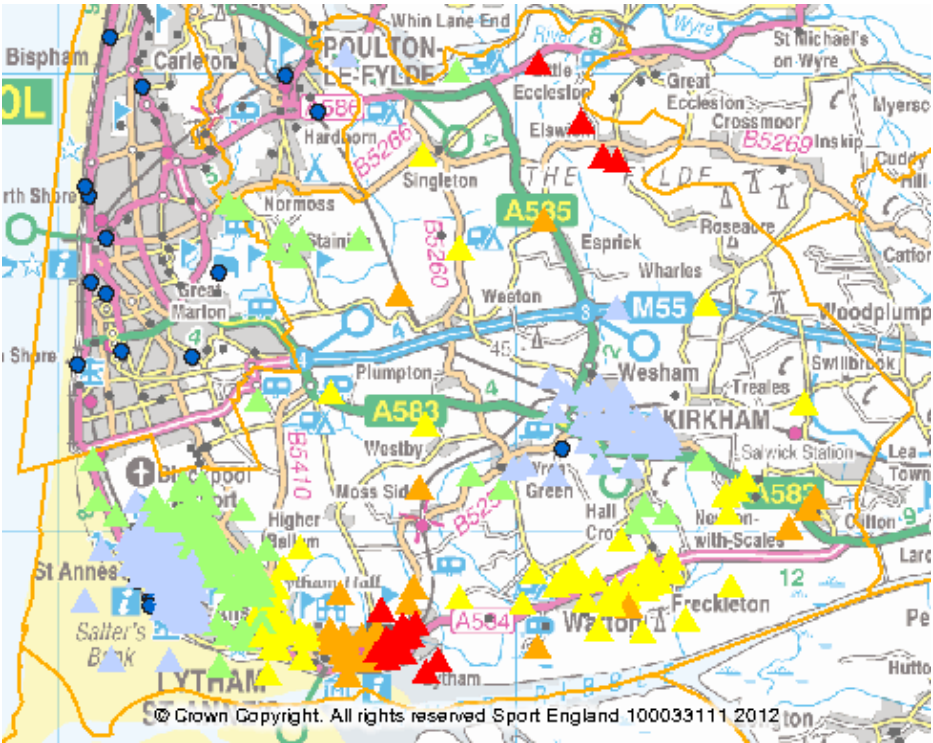
The thematic diagrams below demonstrate that the travel time to swimming pools are approximately within the 20 minute recommended time span for the vast majority of residents. However it does not distinguish the accessibility of the sites.



Time to the Nearest site

Facility type: Swimming Pool  
Sub Facility Type: All  
Local Authority: Fylde District  
Travel Type: Travel Time  
Mode of Travel: By Public Transport

Symbol	Range (minutes)	Site count
	5.7 - 9.794	60
	9.795 - 13.888	55
	13.889 - 17.982	56
	17.983 - 22.076	55
	22.077 - 26.17	33



Time to the Nearest site

Facility type: Swimming Pool  
Sub Facility Type: All  
Local Authority: Fylde District  
Travel Type: Travel Time  
Mode of Travel: By Car

Symbol	Range (minutes)	Site count
	2.85 - 4.896	60
	4.897 - 6.942	55
	6.943 - 8.988	56
	8.989 - 11.034	55
	11.035 - 13.08	33

	All households	Percentage of households with number of cars or vans	All cars and vans				
		0		1	2	3	4+
<b>Fylde</b>	<b>32,369</b>	<b>20.1</b>	<b>48.4</b>	<b>25.7</b>	<b>4.4</b>	<b>1.4</b>	<b>38,542</b>
<b>Lancashire (12 districts)</b>	<b>468,868</b>	<b>25.1</b>	<b>45.4</b>	<b>24.0</b>	<b>4.3</b>	<b>1.3</b>	<b>524,865</b>
North West	2,812,789	30.2	43.5	21.5	3.7	1.0	2,874,991
England and Wales	21,660,475	26.8	43.8	23.5	4.5	1.4	23,936,250

By utilising the good travel links of the M55 passing through the district, residents of the sub regional area from Freckleton, Wyre, Cleveleys, and Garstang can access the pools within a relatively short space of time. The Pools in these areas are also accessible by the residents of Fylde when considering level of exporting usage into neighbouring facilities. Beyond this the nearest major pools are in Preston, Blackpool, Fleetwood and Southport. Therefore ensuring the swimming facilities in the district are of a level for both recreational and education use is important.

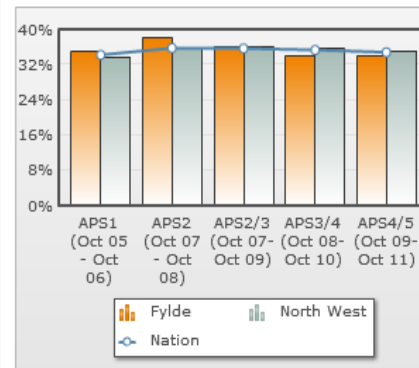
Fylde currently has a population of 76,500 and is expected to have a population of 88,700 by 2035 rising by 15.39% with an increasingly mature population. Any rise in population will increase any identified deficit and reduce any identified surplus of water space in a given area. The borough is affluent, ranking 235<sup>th</sup> least deprived out of 354 English authorities, based on the government's indices of multiple deprivation placing it in the 3rd least deprived areas in the country.

## B7. Participation Levels of Fylde District

The level of active participation within the community of Fylde, according to the Sport England Active People Survey is slightly below the national average for three different sessions of moderate exercise per week lasting a minimum of 30 minutes.

### Active People - more details

Adult (16+) participation in at least 30 mins three times per week



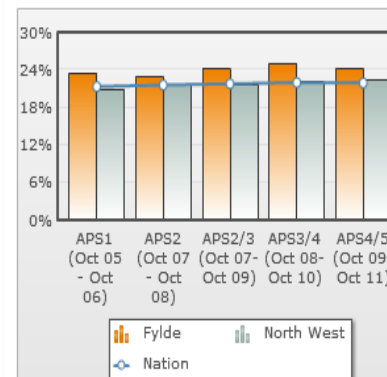
Adult (16+) participation in at least 30 minutes and moderate intensity sport (at least 3 sessions a week) by year (formerly NI8)

Survey	Fylde Percent	North West Percent	Nation Percent
APS1 (Oct 2005-Oct 2006)	23.5	20.8	21.25
APS2 (Oct 2007-Oct 2008)	22.9	21.58	21.62
APS2/3 (Oct 2007-Oct 2009)	24.1	21.7	21.79
APS3/4 (Oct 2008- Oct 2010)	25	22.2	21.97
APS4/5 (Oct 2009 - Oct 2011)	24.1	22.5	21.9

Adult (16+) participation in at least 30 minutes and moderate intensity sport (at least 1 session a week) by year

Survey	Fylde		North West		Nation	
	Percent	Base	Percent	Base	Percent	Base
APS1 (Oct 2005-Oct 2006)	35	1030	33.7	43898	34.2	363724
APS2 (Oct 2007-Oct 2008)	38	506	35.7	24633	35.8	191325
APS3 (Oct 2008-Oct 2009)	36.2	503	36	26325	35.7	193947
APS4 (Oct 2009-Oct 2010)	33.9	504	35.7	26338	35.3	188354
APS5 (Oct 2010 - Oct 2011)	33.9	501	35.2	22060	34.8	166805

Adult (16+) participation in at least 30 mins once per week



However when looking at one time per week, shown in the table above, it can be seen that the district is above the national average with 35.2% of the population participating regularly. This shows there is a high demand for the sports facilities in the district, and swimming remains the most popular participation sport in the country, indicating a demand for modern well equipped and accessible swimming pools.

## B7. Options

The ASA wish to see the level of accessible water space in Fylde District increased in line with the national average to a level where families, schools, swimming clubs and the general community are well provided for. There is a defined deficit in water space which equates a 25m 4 lane pool, however as consideration should be given to the current stock, its condition and what this means for future provision. Detailed assessment of the district's facilities, including condition surveys, should be undertaken to determine the level of investment required. This can then inform the strategy for development and investment.

For example you could redevelop an existing pool with a larger swimming pool capacity to cater for the future population growth to service the community to meet their participation, education and club needs. The water provision is made up of mainly commercial pools which offer limited access for usage for the recreational, school and family on low income user.



**Footnote:**

Most of the data in this review has been extracted from Sport England's Active Places database. Although it is undoubtedly the most comprehensive database of sports and recreational facilities and in particular swimming pools nevertheless there are significant errors and omissions. When working on the database it becomes apparent that a significant number of school swimming pools have yet to be added, maybe as many as 20%. There are also a significant number of facilities still on the database that are identified as closed or as planned.

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# REPORT



REPORT OF	MEETING	DATE	ITEM NO
DIRECTOR COMMUNITY SERVICES	POLICY DEVELOPMENT SCRUTINY COMMITTEE	12 <sup>TH</sup> JULY 2012	5

## SWIMMING POOLS PERFORMANCE

### Public Item

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

### Summary

The report outlines the financial and operational performance of St Anne's Swimming pool which is currently operated by the YMCA on behalf of Fylde Borough Council under a formal contract.

The report also discusses the financial and operational performance of Kirkham Swimming Pool which was transferred to the ownership of Fylde Coast YMCA in 2011.

### Cabinet Portfolio

The item falls within the following Portfolio:

Leisure & Culture - Councillor Susan Fazackerley

### **Recommendations**

1. That the Committee consider further scrutiny of the financial position of Kirkham Pool with a view to establishing the long term sustainability of the facility and future relationship with Fylde Borough Council.
2. That the committee note the current financial and operational performance of the St Anne's Pool which is currently two years into the formal contract between Fylde Coast YMCA and Fylde Borough Council.

### **Reasons for Recommendation**

1. It is timely to assess the ongoing financial viability of Kirkham Pool and the Council needs to form a view about the pools long term sustainability and future relationship with Fylde Borough Council.
2. Members need to be aware of the financial and operational performance of St Annes Swimming Pool on an annual basis as part of the formal agreement with The Fylde Coast YMCA.

### **Alternative options considered and rejected**

1. None.

### **Background**

1. Historically Fylde Borough Council has owned and operated two swimming pools at St Anne's and Kirkham. Both swimming pools are now operated by the Fylde Coast YMCA under differing arrangements.
2. The Kirkham Pool (Kirkham Rural Splash YMCA) has been operated by The Fylde Coast YMCA since July 2009. Initially on a two year lease from Fylde Borough Council. In 2011 Fylde Borough Council transferred the asset into the ownership of Fylde Coast YMCA which now manages and operates the facility under its own portfolio of leisure services independent of Fylde Borough Council.
3. The Service Level Agreement (SLA) dated 1<sup>st</sup> July 2009 provides full details of the Council's and the YMCA'S legal obligations in the operation of Kirkham Pool whilst it receives Borough Council support.
4. St Annes Pool has been operated by Fylde Coast YMCA under a lease and formal performance contract since 1<sup>st</sup> September 2010, expiring on 31<sup>st</sup> August 2022. The overall contract is monitored by a liaison group made up of two officers of Fylde Borough Council and two representatives from The Fylde Coast YMCA.

## APPENDIX 2

5. The lease and formal contract between the Council and the Fylde Coast YMCA detail the obligations of both parties in the management and maintenance of St Annes Pool.

### Current situation

#### **Kirkham Swimming Pool**

6. The payments made to 31/03/12 and current budget commitments until 2013/14 from Fylde Borough Council to the YMCA are detailed in the table below.

	Payments			Budget Commitment		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 Onwards
Fylde Revenue Grant	£51,843	£35,000	£35,000	£35,000	£35,000	£0
DCMS Revenue Grant	£52,072	£23,885	-	-	-	
One-off Fylde Capital Grant	£60,000	-	-	-	-	
DCMS Capital Grant	£22,927	-	-	-	-	
<b>Total</b>	<b>£186,842</b>	<b>£58,885</b>	<b>£35,000</b>	<b>£35,000</b>	<b>£35,000</b>	<b>£0</b>

#### **St Anne's Swimming Pool**

7. In April 2010 Cabinet considered options for the re-opening of St Annes pool and the consequent financial implications. The initial capital requirement to get the pool operational was estimated at £322,000, including an element of set-up costs by the YMCA. Previously the approved total scheme costs as at March 2010 had been agreed in the sum of £475,000.

The balance of £153,000 from the capital programme was earmarked and retained towards the cost for future capital replacement/refurbishment needs in respect of the pool. The future capital costs were not known at that stage and this figure has remained as an estimate of future costs. To date this sum has remained within the approved capital programme. The table below summarises the Capital funding requirements for the pool as at April 2010:

## APPENDIX 2

<b>Capital Budget Position</b>	<b>2010/11</b>
<b>Budget</b>	
Per growth item MTFS March 2010	£475,000
<b>Costs</b>	
Refurb cost estimate	£307,000
YMCA capital set up cost	£15,000
Total cost	£322,000
<b>Budget Remaining</b>	<b>£153,000</b>

8. The revenue contributions made up to 31/03/12 and the current budget commitments until 31/08/22 from Fylde Borough Council to the YMCA are detailed in the table below.

	<b>Payments</b>		<b>Budget Commitment</b>		
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15 Onwards</b>
One-off Revenue Contribution	£67,000				
Management Fee	£72,160	£123,696	£127,549	£129,560	£129,560

9. The Council has received the 2011/12 end of year accounts for both pools. These require further discussion with the YMCA before a conclusion about the current financial sustainability of the pools can be established with more certainty.

10. The YMCA has also submitted a report which details financial performance, service outcomes, current achievements and operational concerns for both pools. (Appendix1). The report identifies that Kirkham Pool continues to offer a full programme of activities including a new 35 station gym. Membership numbers have been increased with the opening of the new fitness studio. Swimming lessons are oversubscribed and extra lessons have been programmed. However non- member swims have reduced significantly. Similarly St Anne's pool has been operating for nearly two years under these arrangements and during this time a full 7 day per week programme of activities has been developed. Attendance figures have increased considerably in all areas of the programme. Financially it is estimated that the pool will break even in the 2012/13 financial year given the anticipated contract payment.

However there is a degree of ambiguity regarding the reported performance of the pools and their ongoing financial sustainability that Scrutiny is requested to consider investigating further.

### Asset Management

11. The SLA with the YMCA in relation to Kirkham Pool requires an annual valuation of the asset although it is no longer owned by the Council. This is used as a measure of the sustainability of the pool when compared with the pool's revenue outturn, as per the legal implications identified below. The most recent (March 2012) estimated valuation

## APPENDIX 2

of the freehold interest in Kirkham Pool is £375,000; a reduction from £400,000 in the previous year, entirely due to a suppressed market for potential development sites.

Fylde Borough Council retains ongoing asset management responsibilities for the St Anne's Pool as the landlord.

### Financial Implications

12. The Council's capital and revenue budget position for both pools is as set out in paragraphs 7 to 9 above. The Council has recently received the YMCA's latest financial accounts in respect of the pools. Officers are seeking to meet with the Fylde Coast YMCA to further understand the current financial position from the YMCA's point of view and how previous revenue and capital grants from the Council have been used.

### Risk

13. Scrutiny of the ongoing financial viability of the pools is at an early stage, and as such there are currently no relevant risks identified.

### Conclusion

14. Fylde Coast YMCA is continuing to invest in Kirkham Pool with the development of a new fitness studio. New income streams are being developed although casual pay and swim numbers have reduced. This could be a consequence of more people taking up memberships, however this requires further investigation.

15. St Annes Pool is performing to expectations however it is important to review the financial and operational performance on an ongoing basis.

Report Author	Tel	Date	Doc ID
Darren Bell	01253 658465	19 <sup>th</sup> June 2012	

List of Background Papers		
Name of document	Date	Where available for inspection
Council Agenda and Minutes	11 <sup>th</sup> February 2009	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Council Agenda and Minutes	29 <sup>th</sup> June 2009	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

## APPENDIX 2

Council Agenda and Minutes	15 <sup>th</sup> July 2009	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>
Council Agenda and Minutes	28 <sup>th</sup> April 2010	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

IMPLICATIONS	
Finance	Financial implications and the Councils approved budget provision in relation to the pools are detailed in the body of the report.
Legal	The operation of both pools is covered by different formal agreements. The SLA identifies that Rural Splash YMCA can consider closing Kirkham Pool if the total cumulative operational deficit incurred by the YMCA in operating the premises since the transfer to them exceeds 50% of the value of the asset, that is to say, exceeds £187,500 (at the latest valuation). There is a lease and contract in place with regard to St Anne's pool.
Community Safety	No community safety implications
Human Rights and Equalities	None arising from this report
Sustainability	Further scrutiny is required to establish the ongoing sustainability implications for both pools.
Health & Safety and Risk Management	Scrutiny of the ongoing financial viability of the pools is at an early stage, and as such there are currently no relevant risks identified.

### Attached Documents

Appendix 1

YMCA Performance Report - St Annes and Kirkham Pools

### Appendix 1

**Report of:** Chris Holland  
**Centre:** St Annes YMCA Pool and Gym  
**Meeting:** Fylde Borough Council Scrutiny Committee  
**Date:** March 2012

This report intends to give the committee an overview on various aspects of the performance of St Annes YMCA Pool and Gym within the financial year 2011/12. The report will outline areas of financial performance, programming outcomes, current successes and current concerns.

St Annes YMCA Pool and Gym has now been operated by Fylde Coast YMCA since 1<sup>st</sup> September 2010. The final quarter of 2010/11 gave Fylde Coast YMCA an indication of expected income and expenditure by providing a base to produce an estimated annual budget for the next financial year of 2011/12. The 2011/12 annual budget indicated a deficit of £6,603. Current actual figures up to the end of February 2012 show a deficit of £3342 against an estimated budget deficit of £5,859. In operational terms this is showing a surplus of £2,517. St Annes YMCA Pool and Gym is in a strong position with the business still growing and is expected to achieve a break even position going into the next financial year. The financial performances of the centre for the purpose of this report are based on management figures from financial year 2011/12 up to and including 29<sup>th</sup> February 2012.

#### **1. Financial Performance**

**1.1** St Annes YMCA Pool and Gym is showing greater than expected income due to various means of income streams, more notably from membership sales. This has counteracted streams with less than expected income such as general swimming admissions and swimming lessons. Fitness studio income is close to break even. This has contributed to the centre showing a better than expected income level to a surplus of £28,000 in comparison to budget.

**1.2** Operating costs have contributed to an estimated total overspend on expenditure of approximately £25,000. The rise in income can be constituted to a higher degree of footfall; this can also be attributed to the increase in membership streams. An increased in footfall can inevitably mean that equipment becomes increasingly saturated due to usage. Hence, the replacement of faulty equipment has seen spending figures rise. Maintenance costs have also increased this year as plant and



boiler costs continue to receive high degrees of usage through enhanced attendances in swimming. Overheads inclusive of salaries are close to break even.

### **2. Programming**

**2.1** St Annes YMCA Swimming Pool and Gym is open seven days a week to the general public:

Monday to Friday 7.00am to 7.30pm and;  
Saturday and Sunday 8.00am to 3.30pm.

The pool is closed to the general public to allow school swimming to take place two mornings a week during term time.

Various swimming clubs and organisations also use the pool outside of these hours. Fylde Otters (Disability Swimming Club) utilise the pool with a session on Monday evenings from 7.30pm to 8.30pm. YMCA Swimming Club has a session on a Tuesday and Thursday from 7.30pm to 8.30pm and Fylde Sharks (Junior Disability Swimming Club) alternate sessions on Saturdays between the hours of 3.30pm and 5.30pm.

**2.2** The demand for swimming lessons has seen us move from a four day operation to a seven day operation. An increment in hours and an increased capacity of staff has seen this operation move forward successfully from an initial outlay of three instructors four days a week, to an operation of four instructors seven days a week delivering lessons Monday to Sunday between the hours of 4pm-6pm Monday to Friday and 9am-12pm Saturday and Sunday. Lessons are only taught for 39 weeks of the year to mirror school term time. We are looking to expand this to 50 weeks a year from September 2012.

### **3. Successes- Current**

**3.1** The YMCA Swimming Club set up at the centre is aimed at those children who wish to continue swimming after normal swimming lessons and their normal school swimming sessions. All St Annes YMCA Pool and Gym swimming lessons follow the Amateur Swimming Association (ASA) National Plan to level 6. The Swimming Club teaches up to level 10. The aim is to register with the ASA and start to compete in 2013.

**3.2** The fitness studio has undoubtedly added an extra dimension to centre operations and has contributed greatly to income streams and increases in the membership quota of the site. Having just recently employed a full time level three fitness instructor, the aim is to increase trade further in this area. Through this employment the centre will take great steps in achieving higher levels of customer satisfaction through increased interaction as well as creating a safer, more coherent environment. The effect that this

## **APPENDIX 2**

has had can quite clearly be seen in the attendance figure comparisons attached at appendix one.

**3.3** St Annes YMCA Pool and Gym has proved extremely popular with primary schools in the Fylde area. Many schools attended school based lessons at other swimming sites throughout the Fylde Coast during the time of the closure of the pool. The schools have since returned. A study has shown that King Edward and Queen Mary School are attending their second year. They attend for a one hour session over a twelve week period during the spring and summer terms. The study has shown that last year 74% of pupils attending achieved their Key stage 2 targets. This was one of the highest percentages on the Fylde Coast.

**3.4** The spread sheet, attached at appendix one, indicates attendance figures for St Annes YMCA Pool and Gym as a comparison between the dates of 1<sup>st</sup> September 2010 (opening day) -31<sup>st</sup> March 2011 and 1<sup>st</sup> April 2011 31<sup>st</sup> March 2012. The figures offer pleasing reading, however we always stride for improvement and we aim to see these figures rise further over the coming months. We can see that the figures are normally high within the first year of operation and a novelty factor comes into affect. The challenge is keep the attendances high entering the second year of operation.

**3.5** Fylde Coast YMCA has installed a £140,000 refurbishment of their IT systems across all sites. This will not only increase our leverage against our competitors, but has contributed to a much more professional monitoring system and equally efficient admission reception protocols.

**3.6** St Annes YMCA Pool and Gym has also received a grant from Aiming High. Aiming High forms part of Lancashire County Council and offers grants to charities and not for profit organisations to improve their facilities for disabled access. St Annes Pool and Gym received £10,000 and have utilised the funds to convert the pool side store into a state of the art disabled changing area equipped with an electric hoist.

## **4. Concerns- Current**

**4.1** One of the main areas for concern was that of the replacement of the heating circulation pump. This had to be repaired and had a profound effect financially on expenditure.

**4.2** The pool cover has also had to be replaced to due to its longevity and constant usage. This also had a detriment on expenditure costings.

**4.3** Another consistent concern that was creating an unpleasant atmosphere within the centre was that of a residual odour in changing rooms. This had been ongoing for a period of time, as the odour could not be located and cleaning was having little effect. A drainage issue was found to be the cause of concern. Fylde Borough Council has now resolved the issue.

## APPENDIX 2

**Appendix One:** A table to show attendance figures at St Annes YMCA Pool and Gym from 1<sup>st</sup> September 2010 (Opening Day) to 31<sup>st</sup> March 2011 and from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

	<b>1st September 2010- 31<sup>st</sup> March 2011</b>	<b>1<sup>st</sup> April 2011- 31<sup>st</sup> March 2012</b>
<b><i>Aqua</i></b>	129	257
<b><i>Circuit Training</i></b>	17	212
<b><i>Adult Gym</i></b>	150	420
<b><i>Junior Gym</i></b>	90	213
<b><i>Swim and Gym</i></b>	80	822
<b><i>Pool Party</i></b>	15	54
<b><i>Members Swim</i></b>	11771	29036
<b><i>Members Gym</i></b>	1538	7289
<b><i>School</i></b>	-	198
<b><i>Adult General Swim</i></b>	5192	7196
<b><i>Junior General Swim</i></b>	5487	7301
<b><i>Under 5 Swim</i></b>	190	1784
<b><i>Adult Swimming Lessons</i></b>	5	74
<b><i>Junior Swimming Lessons</i></b>	6432	12370
<b><i>Family Swim</i></b>	2120	2727
<b><i>Swimming Club Swimmers</i></b>	-	2378
<b><i>Members</i></b>	873	1238

**Report of:** Lee Appleton  
**Centre:** Kirkham Rural Splash YMCA  
**Meeting:** Fylde Borough Council Scrutiny Committee  
**Date:** March 2012

This report intends to give the committee an overview on various aspects of the performance of Kirkham Rural Splash YMCA within the financial year 2011/12. The report will outline areas of financial performance, current successes, current concerns and future opportunities.

Kirkham Rural Splash YMCA has now been operated by Fylde Coast YMCA since July 2009 on an initial two year contract in partnership with Fylde Borough Council. Since 2011, Kirkham Rural Splash YMCA has transferred its assets to Fylde Coast YMCA whom now manages and operates the facility under its own portfolio of leisure services. The final quarter of 2010/11 gave Fylde Coast YMCA an indication of expected income and expenditure by providing a base to produce an estimated annual budget for the next financial year of 2011/12. The 2011/12 annual budget indicated a break even figure. Current actual figures up to the end of February 2012 show a deficit of £29,445 against an estimated budget deficit of £28,980. In operational terms this is showing a deficit of £465.

Management account figures for March show a budget target for £28,981. These figures are based on the previous year's attained outcomes and set in accordance with improved performance year on year. Kirkham Rural Splash YMCA is in a sound position with the business still growing and is expected to achieve a break even position going into the next financial year. A new fully air conditioned, 35 station fitness studio was installed in September 2011 to add an extra dimension to the centre. The total cost of this project was £70,000. Investment in this area has seen an increase in cost centre income that is outlined in this report. The financial performances of the centre for the purpose of this report are based on management figures from financial year 2011/12 up to and including 29<sup>th</sup> February 2012.

### 1. Financial Performance

**1.1** Memberships targets have been achieved and surpassed within the first six months of the installation and opening of the new fitness studio in September 2011. Kirkham Rural Splash YMCA sold 326 memberships in the first five months and easily surpassed initial management account forecasts in this area. On a financial accrual basis, this will result in a positive, profound effect on the forthcoming financial year. With the increase of usage within this area and by offering a more sustainable package than local competitors, it is envisaged usage and income will increase in other areas of the centre. In the first six months estimations indicate that with the inclusion of direct debit membership options, Kirkham YMCA Rural Splash are scheduled to total £70,000

in membership income. This would then recover the initial investment of the installation of the fitness studio.

**1.2** Personal swimming lessons are now oversubscribed (please see appendix one, two and four). Kirkham Rural Splash YMCA have proportioned extra lessons to cope with demand and are also looking at extending lessons to run for 50 weeks of the year rather than 39 weeks that they operate at present. It is envisaged that this will incorporate an extra income of £6000 per year. Personal lessons are now running from 9am until 2pm every Saturday. To accommodate this we have extending our opening times on Saturdays and now offer lane swimming at 8.30am.

## **2. Successes – Current**

**2.1** Kirkham Rural Splash YMCA staff coupled with plenty of outreach work in orchestrating delivering leaflets and press adverts, has seen the fitness studio go from strength to strength. Daily attendance rates in the fitness studio are now averaging 60 per day, Monday to Friday and weekend days averaging around 40 per day (please see the table attached at appendix one for more information). The employment of a full time fitness instructor has added an extra dimension to the fitness studio and the centre can offer a more personal touch to its members as well as empowering the foundation of Fylde Coast YMCA's customer charter.

**2.2** The centre has secured the services of Kirkham Grammar. The service will allow the entry of 20 boarding students to access swimming facilities during the week.

**2.3** December saw Kirkham Rural Splash YMCA also secure the services for the soldiers at Weeton Barracks. The service allows the soldiers to access the swimming amenities at the centre and is worth £650 per annum for the building. The soldiers have previously used Kirkham for their swimming base in the past, but moved over to Fleetwood YMCA when the future of the baths was unsecure. The centre is very pleased that the soldiers have decided to return.

**2.4** Monthly gym games for the members are being devised to encourage retention and interaction amongst users and staff. Current challenges include, 'Challenge the Staff', 'Row the Length of Lake Windermere' and 'Climb the Highest Tower.' All are proving very popular. The centre is currently looking into starting a new set of customer challenges in the coming year.

## **3. Concerns- Current**

**3.1** The ceiling tiles in the changing rooms, foyer and spectators area have caused a concern in recent months, as they have been looking worn and tired. The tiles have now been painted.

**3.2** The state of the lockers in the female changing area is also an area for concern. The age of the lockers has meant the function has deteriorated quite rapidly over recent years. New lockers for the female changing areas have been ordered and are due to be fitted in the short term future.

**3.3** The loss of the free swims in 2011/12 has had an affect on some attendance figures within this cost centre (see appendix one) compared to the same stage in 2010/11. This was an important commodity for Kirkham Rural Splash YMCA as the increased footfall through the door created a 'domino' effect on other activities within the centre.

## **4. Future Opportunities**

**4.1** As mentioned previously, demand for personal swimming lessons is in high demand (please refer to appendix two also). The new incentive of 'Swim Fit for Kids' has also followed this trait and is proving a huge success and is also in high demand (appendix two and five). The centre is looking at identifying slots during the week that may accommodate demand. The centre envisages that this will take place on Tuesday evenings and the process of diminishing the waiting list numbers has already commenced.

**4.2** Kirkham Rural Splash YMCA are looking to start a new circuit class to further add value to the centre, community and income stream. The circuit class will utilise the fitness studio equipment and take place on Tuesday evenings. This will also build upon the well established aqua based classes that the centre provides. Numbers in these specialist classes has also increased (appendix three). The new fitness studio will have established awareness of other activities that happen within the centre. The increased footfall and membership sales will see other programmed attendance figures rise.

**4.3** Kirkham Rural Splash YMCA are looking into the possibility of the employment of a part time gym instructor to cover the times of the day that the fitness studio is not manned. This will help with the current high demand in the fitness studio.

**4.4** Carr Hill high School will be looking to hold their Olympic Triathlon Challenge at Kirkham Rural Splash YMCA in May. This will mean a large proportion of local community schools and organisations are accessing the centre's amenities on a more frequent basis. This has obviously been helped by the establishment of the new fitness studio, but also indicates that the centre is reaching out to its more wider and populated community groups.

## APPENDIX 2

**Appendix One:** A table to show attendance figures at Kirkham Rural Splash YMCA from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 and from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

	<b>1<sup>st</sup> April 2010- 31<sup>st</sup> March 2011</b>	<b>1<sup>st</sup> April 2011- 31<sup>st</sup> March 2012</b>
<b><i>Aqua Special</i></b>	192	125
<b><i>Monday Aqua</i></b>	330	158
<b><i>Thursday Aqua</i></b>	319	156
<b><i>Fitness Inductions</i></b>	-	171
<b><i>Personal Training</i></b>	-	428
<b><i>Adult Gym</i></b>	-	5963
<b><i>Junior Gym</i></b>	-	76
<b><i>Adult Non Member Swim</i></b>	2346	1357
<b><i>Adult Member Swim</i></b>	8407	9149
<b><i>Family Swim</i></b>	924	520
<b><i>Junior Non Member Swim</i></b>	4074	2886
<b><i>Junior Member Swim</i></b>	505	408
<b><i>Free 60+ Swim</i></b>	897	0
<b><i>Free Junior Swim</i></b>	1032	0
<b><i>Adult Lessons</i></b>	135	107
<b><i>Junior Lessons</i></b>	15602	10779
<b><i>Personal Swim Lessons</i></b>	-	50
<b><i>School</i></b>	63	82
<b><i>Pool Party</i></b>	44	31
<b><i>Inflatable Sessions</i></b>	519	827

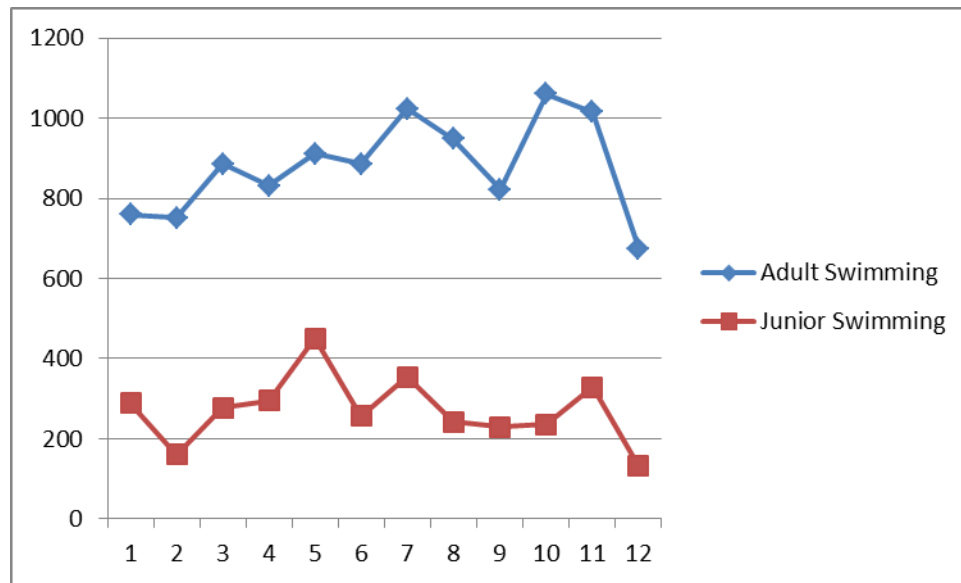
**APPENDIX 2**

<b><i>Members</i></b>	486	827
<b><i>Under 5s</i></b>	126	225



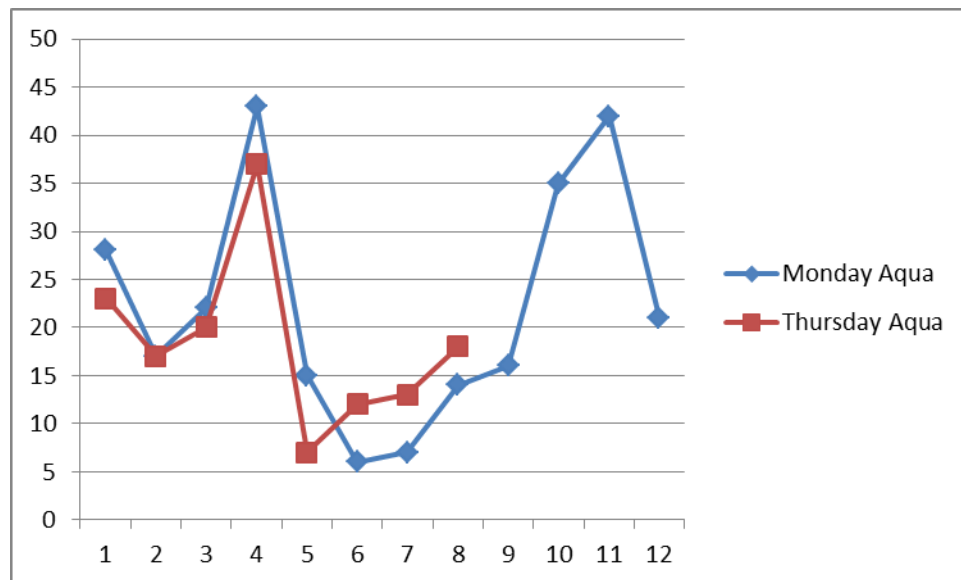
## APPENDIX 2

**Appendix Two:** A graph to show swimmers attending Kirkham Rural Splash YMCA Between April '11 and March '12 (up to 18<sup>th</sup> March)



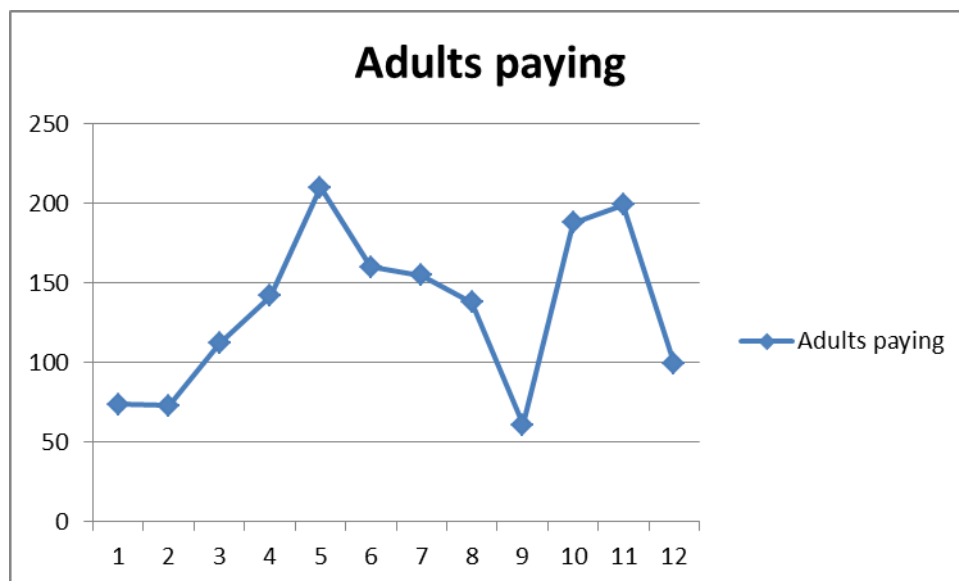
Key: 1 = April '11  
12 = 18 March '12

**Appendix Three:** A graph to show attendance for Aqua Fit classes at Kirkham Rural Splash YMCA Between April '11 and March '12 (up to 18<sup>th</sup> March)



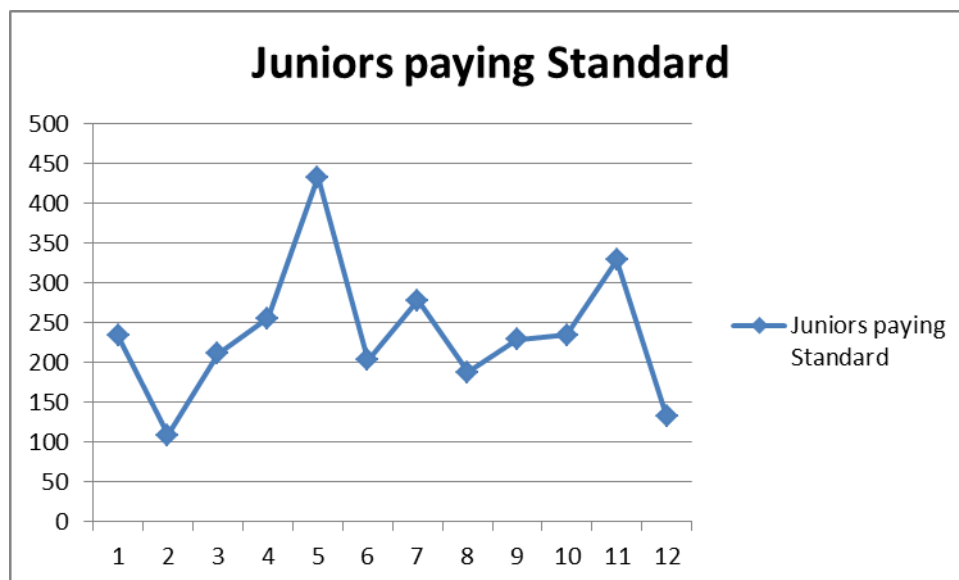
Key: 1 = April 11  
12 = 18 March 12

**Appendix Four:** A graph to show number of paying adult swims attending Kirkham Rural Splash YMCA Between April '11 and March '12 (up to 18<sup>th</sup> March)



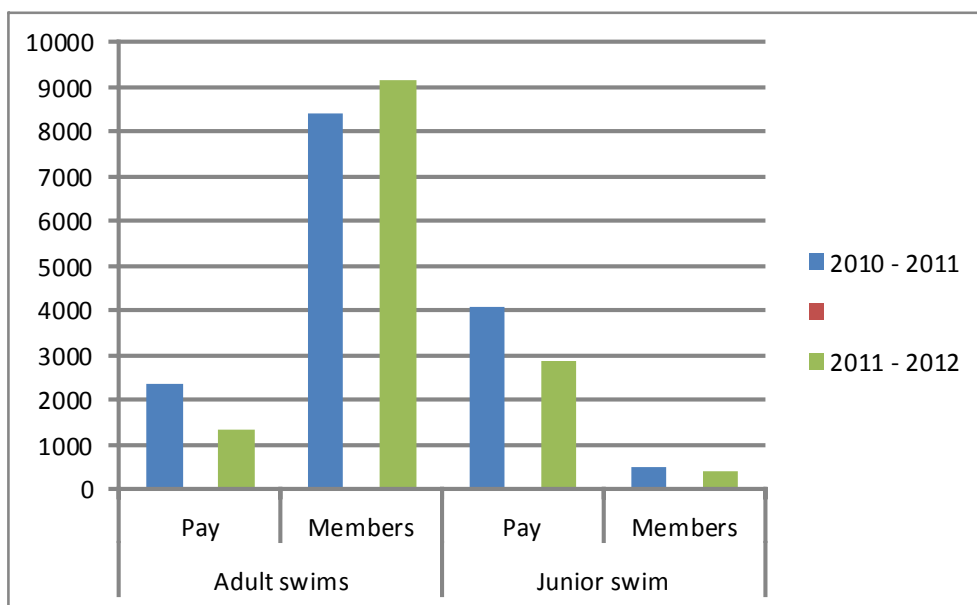
Key: 1 = April 11  
12 = 18 March 12

**Appendix Five:** A graph to show number of paying Junior swims attending Kirkham Rural Splash YMCA Between April '11 and March '12 (up to 18<sup>th</sup> March)



Key: 1 = April 11  
12 = 18 March 12

**Appendix Six:** A graph to show a comparison of attendance within adult and junior swims between 2010-11 and 2011-12



# REPORT



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES	POLICY DEVELOPMENT SCRUTINY COMMITTEE	28 FEBRUARY 2013	5

## FINAL REPORT OF TASK AND FINISH GROUP TO CONSIDER CONSULTATION ON ASSETS LET AT BELOW MARKET VALUE

### Public Item

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

### Summary

In November 2012 The Policy Development Scrutiny Committee resolved “to reappoint a Task and Finish Group in order to:

- consider the consultation responses which have been received and decide whether to make any further recommendations to Cabinet.
- consider any new or additional lettings at below market value and decide whether concessionary terms are appropriate and should be recommended to Cabinet
- agree the wording of a policy document which will set out the criteria under which any future requests to occupy Council land and buildings will be assessed.
- report back to The Policy Development Scrutiny Committee with its recommendations”

The task and finish group has met on two occasions to hear representations and makes a number of recommendations.

## **Recommendation**

The Task and Finish Group recommends:

1. The existing financial support from the Council to bowling clubs remains unchanged, rather than being reduced as was previously approved.
2. The annual payment made by Fairhaven Lawn Tennis Club for court maintenance, is reduced by 25% (a reduction of £1,446.25) in 2013, as it was in 2012, providing at least one grass court, or the equivalent spread across a number of courts, is made available for public use.
3. The payment made by Lytham Heritage Group for occupation of a room at Lytham Library should remain unchanged at £500 per annum. The Heritage Group should be granted an annually renewable licence and the payment should be index linked.
4. Lytham St Annes Civic Society should be granted an annually renewable licence for the room they occupy at Lytham Library. The annual licence fee will be £250, subject to an index linked annual review.
5. The attached draft "Policy on letting assets at under value" should be recommended for adoption so that there will be policy guidelines when future applications are considered.

## **Cabinet Portfolio**

The item falls within the following Cabinet portfolio:

Portfolio Title: Planning

Councillor Name: Cllr Dr. Trevor Fiddler

## **Report**

### **Background**

1. At its meeting on 9<sup>th</sup> December 2010 the Policy Development Scrutiny Committee resolved to request that officers review all the Council's leisure assets to identify:
  - “(a) where there are subsidies provided and
  - (b) to examine these on a case by case basis to see whether commercial charges should be applied”
2. At its meeting on 15<sup>th</sup> December 2010 Cabinet resolved to note and approve the recommendations made by the Scrutiny Committee subject to an addendum that the review should consider the Council's assets as a whole rather than being constrained to leisure assets.
3. The Policy Development Scrutiny Committee at its meeting on the 3<sup>rd</sup> February 2011 resolved to appoint a Task and Finish Group to lead on the work required to undertake the review of assets. The Committee also concluded that it was difficult to look at rent concessions in isolation as these are often combined with grants or payments in kind, such as free grounds maintenance. The work of the Group was therefore extended to a review of all concessions granted to external bodies occupying Council owned land and buildings.

4. Following the elections in 2011 the committee structure changed and it was necessary to form a new Task and Finish Group. At its meeting on 3<sup>rd</sup> November 2011 the Chairman of Scrutiny Committee nominated Councillor Craig-Wilson to chair the Group and the Committee RESOLVED:

- a. To appoint a time-limited Task and Finish Group to look at the matter in more detail, and to report back to a later committee and to Cabinet.
- b. To appoint to the Task and Finish Group the following members: Cllrs Fabian Craig-Wilson; Len Davies; Julie Brickles; David Chedd and Peter Wood."

5. The Policy Development Scrutiny Committee at its meeting on the 24<sup>th</sup> May 2012 resolved, following a detailed debate:

- 1. "To endorse the recommendations as laid out in the schedule, with certain exceptions where more information or action has been requested, and to refer them to Cabinet.
- 2. To recommend that where a financial subsidy is to be terminated or reduced, the occupier concerned should be consulted and his representations considered before a final decision is considered by Cabinet.
- 3. To recommend that a policy should be developed setting out the criteria under which future requests to occupy council land and buildings will be assessed. "

6. Cabinet decided at its meeting on 27<sup>th</sup> June to approve the recommendations made by the Policy Development Scrutiny Committee on 24 May 2012 subject to a number of amendments.

7. The Policy Development Scrutiny Committee at its meeting on the 1<sup>st</sup> November 2012 resolved to re-appoint a Task and Finish Group in order to:

- a) consider the consultation responses which have been received and decide whether to make any further recommendations to Cabinet
- b) consider any new or additional lettings at below market value and decide whether concessionary terms are appropriate and should be recommended to Cabinet
- c) agree the wording of a policy document which will set out the criteria under which any future requests to occupy Council land and buildings will be assessed
- d) report back to The Policy Development Scrutiny Committee with its recommendations

### **Task and Finish Group Recommendations**

8. The Task and Finish Group met in December 2012 and January 2013 to receive the written and verbal representations on behalf of the bowling clubs, and to consider whether to vary its previous recommendations in the light of this consultation exercise. It also discussed the wording of a draft policy document to be used when considering future lettings at below value, and considered two occupations of Lytham Library at below market value.

### **Bowling Clubs**

9. Each of the four bowling clubs submitted written representations and attended the December Group meeting to put forward their main points in person. The Group noted that the financial information provided by the clubs showed that even a relatively modest reduction in Council support would put each of the clubs in serious financial difficulty. Having regard to this, and the Council's desire not to deprive communities of this healthy

activity, the Group came to the view that the level of financial support should not be changed, as originally recommended. It also asked officers to assist the club to market themselves to new members including providing club details on its website.

### **Fairhaven Lawn Tennis Club**

10. The Group was informed that although no change was proposed to the tennis club's financial support, it had suffered financial difficulties this year as a result of which it had been allowed a 25% reduction on its 2012 annual payment of £5,785, which is intended to reimburse the Council for maintaining the courts on the club's behalf. The club had requested that the 2013 payment be reduced to £4,000 to allow time to address its financial problems. The Group was provided with written representations from the club which showed it had plans to increase membership by engagement with community groups and active marketing. If successful this will return the club to financial stability by 2014. In the light of this, the Group recommends that the annual payment be reduced by 25%, or £1446.25, which is slightly less than requested. This will, however, be conditional on the club making at least one grass court each day, or the equivalent across the total number of courts, available to the public.

### **Occupations at Lytham Library**

11. The Group noted that there are two organisations occupying rooms at Lytham Library without formal agreements and on concessionary terms. These occupancies were not considered during the initial review.

12. Lytham Heritage Group occupies a first floor room and pays £500 per annum. They have no written agreement and were given consent to occupy in May 2003. The open market rental value of the space is estimated at around £3,500 p.a. and the total annual benefit including free rates, heat and light, repairs, insurance etc., at £5,700. The Task and Finish Group considered written representations submitted by the occupier and noted that the use of the room by the Heritage Group was of benefit to the community and included the keeping of archives previously donated by the Council. They propose that the Heritage Group is offered an annually renewable licence at the current fee of £500 per annum, and that the licence fee is subject to an annual index linked review.

13. Lytham St. Annes Civic Society occupies a first floor room rent free and again there is no written agreement. The open market rental value of the space is estimated at around £1,900 p.a. and the total annual benefit including free rates, heat and light, repairs, insurance etc., at £3,200. The Task and Finish Group considered written representations submitted by the occupier which also does valuable work for the community. The Group noted that the room is smaller, in poorer condition, and less accessible than that occupied by Lytham Heritage Group. They propose that the Civic Society is offered an annual licence at a fee of £250 per annum, and that the licence fee is subject to an annual index linked review.

### **Policy**

14. The Task and Finish Group has considered the appropriate format and wording of a policy document which will set out the criteria under which any future application to occupy Council land and buildings will be assessed. The Group requests that the attached draft policy is recommended to Cabinet for approval.

### **Moor Street Offices - Kirkham Town Council Chamber**

15. The Task and Finish Group noted that there had been little progress towards implementing the Cabinet decision which was "To authorise officers to investigate the transfer of the building to Kirkham Town Council at market value. As an alternative and in any event in the interim, offer to the Town Council the option of either leasing the Council

Chamber at market rental value or the payment of an hourly rate for the hire of the room as and when required”

16. The Group suggests that arrangements are put in place for the Portfolio Holder for Assets to meet representatives of the Town Council, to discuss a way forward and report any conclusions back to the Task and Finish Group

17. The Committee is asked to note that since the last meeting of the Task and Finish Group, the Clerk to Kirkham Town Council has stated that KTC no longer wishes to purchase the building and is considering other options.

## Conclusion

The Group concluded that its work is completed, but it is willing to reconvene to receive a report on the Kirkham Town Council Chamber.

IMPLICATIONS	
Finance	There is the potential for increased income to be achieved and/or a reduction in costs dependent upon which recommendations are accepted.
Legal, human rights and equalities	The Council may only dispose of land at less than the best consideration reasonably obtainable if the disposal has ministerial approval or the disposal is for a tenancy of less than seven years' duration. The Audit Commission discourages lettings at non-commercial rates. Instead, an authority wishing to subsidise occupation of council property by a voluntary or community organisation ought to let it at the commercial rate, and provide subsidy by way of grant.
Community Safety	No implications
Sustainability and Environmental Impact	No implications

## Attached Documents

1. Draft Policy on Letting Assets at Under Value

Report Author	Tel	Date	Doc ID
Gary Sams – Principal Estates Surveyor	(01253) 658462	12 February 2013	

List of Background Papers		
Name of document	Date	Where available for inspection





# **POLICY STATEMENT ON THE OCCUPATION OF COUNCIL LAND AND BUILDINGS ON CONCESSIONARY TERMS**

## **Introduction**

Fylde Borough Council owns or leases land and property for a variety of reasons. This ownership is categorised as:

Operational – where it supports Council services and community activities

Investment – where it produces an income that can be used to support Council activities

Community – where it is held for the use or benefit of the community.

Surplus – where it is not required for operational use, or is not of sufficient value to generate an adequate income.

The Council is committed to obtain best value in all its transactions, meaning that rental charged to tenants should be based on market values. However in certain instances there may be reasons why an adjustment to the rental level may be made. Similarly, it may be appropriate to grant other concessions such as use of gas, water and electricity, subsidised business rates and repairs. It is important that transparency is maintained in all Council transactions, with an audit trail to confirm why concessions are granted.

In order to ensure that all tenants are treated fairly and equally this policy statement has been established setting out the conditions under which the council will grant concessionary terms for the occupation of its land and buildings.

## **Lettings at Market Value**

The overarching principle should be for leases to be at best value. This may not always mean a full market rent will be paid as, for example, it may be appropriate to agree a reduced rent when a new tenant takes a lease, or at a point where the tenant agrees to undertake improvement works to the building or land.

Where land and buildings are let on formal lease to an organisation the Council decides to support, the preferred approach will be to grant a lease on market

terms, including rent, and to make a grant to the organisation to cover some or all of the costs of occupation.

### **Lettings on Concessionary Terms**

It is recognized that a formal lease may not be appropriate to all occupiers of Council land and buildings, and that there are circumstances in which it is appropriate to allow groups and organisations to occupy Council land and buildings on terms which are financial favourable to the occupier.

These circumstances may include:

- a) **Partner body or similar** - where the occupier is a partner public body or similar and the occupation is related to a common aim or objective.
- b) **Extension of Council corporate objectives and services** - where the service provided from the building could be said to be an extension of Council service or is provided on behalf of the council.
- c) **Community use or benefit** - Where a group or organisation operates a building for the benefit of or on behalf of the wider community

In each case regard will be had to the extent to which the activity is accessible to the general public, including third party community groups, as opposed to being exclusive to members of occupier group.

### **Amount of any Concession**

It is essential that the extent of financial support given to external bodies occupying Council property is consistent, is appropriate to the benefits generated, and reflects the financial capability of the Council to provide support. Therefore, in deciding on the level of any concessionary terms which it grants, the Council will have regard to:

- a) the extent to which the concessionary terms are commensurate with the service provided and objectives met, and
- b) the amount of any concessions already granted to similar occupiers
- c) the extent to which the viability of the activities to be carried out on Council premises is dependent on the level of support provided

The Council will review the level of support at regular intervals and re-assess the appropriateness of the concessionary terms of occupation

### **Procedure**

Any decision to allow Council land and buildings to be occupied on concessionary terms will be made by Cabinet, or by a person or body authorised by it.

Any new application to occupy Council land and buildings on concessionary terms must be made in writing by the prospective occupier and include a business case, including as applicable:

- a) The amount of reduction sought and reasons
- b) How occupation of the building or land will enable the benefits to be achieved
- c) Proposals for monitoring with a view to continuance of concession.

# REPORT



REPORT OF	MEETING	DATE	ITEM NO.
MANAGEMENT TEAM	POLICY DEVELOPMENT SCRUTINY COMMITTEE	28 FEBRUARY 2013	6

## MEDIUM TERM FINANCIAL STRATEGY UPDATE, INCLUDING GENERAL FUND, CAPITAL PROGRAMME AND TREASURY MANAGEMENT FOR 2012/13 TO 2016/17

### Public Item

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

### Summary

- 1.1 Attached is the Council's Medium Term Financial Strategy (MTFS) for the five years 2012/13 to 2016/17. The MTFS is designed to provide a strategic link between available financial resources and the Council's corporate policy priorities, and to ensure that the Council sets a budget which is robust and sustainable in order that it can deliver the aspirations in line with its strategic objectives.
- 1.2 The report details the estimated financial resources available to the Council and identifies how they will be utilised to support the achievement of Council priorities. The report also identifies the key financial risks facing the Council over the life of the forecast. The Council's Revenue Budget expenditure and Forecast, Capital Programme and Treasury Management Strategy are also set out in the report.
- 1.3 The document will be updated as a result of the decisions made by Cabinet and will be presented to the Budget Council meeting on 4<sup>th</sup> March 2013.

### Recommendations

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

### Reasons for recommendation

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

Cabinet is recommended, at its meeting of 25<sup>th</sup> February 2013, to:

- (a) Request Council to approve the Revenue Budget and Forecast as set out in Appendix E, together with the growth options set out in Appendix F;
- (b) Request Council to approve the updated Five Year Capital Programme included at Appendix G;
- (c) Request Council to approve the updated Reserves & Balances Policy as detailed in Appendix H;
- (d) Request Council to approve an average Band D Council Tax of £185.92 for 2013/14 (excluding Town and Parish precepts) which is a -0.2% average reduction from 2012/13;
- (e) Request Council to approve the Special Expenses policy as set out in Appendix I; which includes that:
  - for the purposes of charging special expenses, both the special expense costs and the tax bases relating to the areas of Lytham and St Annes will each be aggregated and the Council Tax charge per property at each band level will be the same across the whole area; and
  - the cost of the Parks Development function will be excluded from the Council's special expenses under section 35(2)(d) of the Local Government Finance Act 1992; and
  - the annual special expense charge per property will be set for 2013/14 at the same level as for 2012/13; and
  - the annual borough wide charge per property will be set for 2013/14 at the same level as for 2012/13; and
  - the budget resource to be allocated to delivering concurrent services and chargeable as special expenses for 2013/14 will be set at a sum equivalent to the annual special expense charge per property (band D equivalent) multiplied by the tax base (band D equivalent) for the special expense area.

#### **Reasons for recommendation**

To ensure that the Council has a sustainable budget strategy for the future.

#### **Alternative options considered and rejected.**

Alternative implications are addressed in the body of the report.

#### **Cabinet Portfolio**

The item falls within the following Cabinet portfolio:

Finance & Resources

Councillor Karen Buckley

#### **Report**

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

# **MEDIUM TERM FINANCIAL STRATEGY**

## **2012/13 – 2016/17**

## Section 1: FOREWORD

- 1.1 Much work has been done over the last 5 years to ensure that the Council's finances, as detailed in the Medium Term Financial Strategy (MTFS), remain robust. This current version of the MTFS shows an in-year contribution to reserves for 2012/13, followed by a continuing uncertain budget position during the remainder of the forecast as a result of external factors which could adversely affect the Council's financial position. The implementation of Public Sector Deficit Reduction measures promoted by central Government includes both immediate and medium term spending reductions on public services. Like all councils Fylde is also dealing with cost pressures as well as reductions in income streams as a result of the general economic downturn.
- 1.2 The Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will 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. The Council continues to examine the balance between charges and tax levels looking closely at new opportunities for income generation, although the latter is challenging against the backcloth of the current recession.
- 1.3 The Council began a budget right-sizing programme during the summer of 2012 in preparation for the ongoing Government funding reductions anticipated in future years. This programme will continue year-on-year in order to contribute to addressing the ongoing financial challenges faced by the Council. Members and Management Team have carried out work to address the challenge posed by the reduction in Government grant funding and work continues to investigate shared service options and the implementation of modernisation and business process improvement that will make Council services more cost effective. This programme will yield efficiency improvements to help improve the Council's overall financial position.
- 1.4 In 2010 the Government announced a two year grant settlement for local government. The settlement included support for those councils (such as Fylde) who froze Council Tax but ultimately saw the Council's core funding from Central Government reduce by 25% in 2011/12 and a further 14% in 2012/13. Subsequently in December 2012 draft settlement figures for 2013/14 and 2014/15 were announced. The settlement provided certainty of funding for 2013/14 but the future from April 2014 is subject to the impact of the fundamental review of local government funding introduced by Central Government. Following the May 2011 local elections the Council's priorities were reviewed to ensure that community outcomes were being delivered. This has formed the basis for 2013/14 budget planning.

- 1.5 Priorities and plans will be reviewed again during 2013. There is no doubt that proposed changes to funding, along with the need to find future savings based on this Medium Term Financial Strategy, will have a financial impact for the Council.
- 1.6 Despite concerns that budget challenges might limit the Council's ability to deliver against our priorities, good progress has been made with many corporate initiatives.
- 1.7 The speed with which the deficit reduction has been applied to local government means that the Council will need to continually identify further efficiencies, maximise income and look to create more capacity in order to deliver a balanced and sustainable budget in the medium term. Such an approach may lead to a review of service provision in some areas and a more measured achievement of improvement in priority areas.
- 1.8 There may be further changes to the financial position of the Council which could lead to difficult decisions in future years as the Council meets the challenge of reducing public sector funding. All of this will happen against a back drop of a weak economy, wide ranging changes in the way local government is funded from 2013 and the need to make further savings.

## **Section 2: CONTENTS**

		<b>Page No.</b>
<b>Section 3</b>	<b>Purpose of the MTFS</b>	<b>7</b>
<b>Section 4</b>	<b>Vision for the Borough</b>	<b>8</b>
<b>Section 5</b>	<b>Strategic Planning</b>	<b>9</b>
<b>Section 6</b>	<b>Developing the MTFS</b>	<b>11</b>
<b>Section 7</b>	<b>Capital Strategy &amp; Asset Management Plan</b>	<b>13</b>
<b>Section 8</b>	<b>MTFS in Summary</b>	<b>14</b>
<b>Section 9</b>	<b>Developing the Budget Forecast</b>	<b>16</b>
<b>Section 10</b>	<b>Background to the Forecast</b>	<b>17</b>
<b>Section 11</b>	<b>The General Fund Revenue Forecast &amp; New Forecast Changes</b>	<b>18</b>
<b>Section 12</b>	<b>Savings and Growth Proposals</b>	<b>19</b>
<b>Section 13</b>	<b>Reserves &amp; Balances Provision</b>	<b>20</b>
<b>Section 14</b>	<b>The Local Government Finance Settlement 2013/14 to 2014/15</b>	<b>22</b>
<b>Section 15</b>	<b>Collection Fund</b>	<b>24</b>
<b>Section 16</b>	<b>Key Areas of Financial Risk (Revenue)</b>	<b>25</b>
<b>Section 17</b>	<b>Conclusions - General Fund Revenue Forecast</b>	<b>32</b>
<b>Section 18</b>	<b>The Capital Programme</b>	<b>33</b>
<b>Section 19</b>	<b>Key Areas of Financial Risk (Capital)</b>	<b>35</b>
<b>Section 20</b>	<b>Conclusions Capital Programme</b>	<b>37</b>
<b>Section 21</b>	<b>Treasury Management Strategy</b>	<b>38</b>
<b>Section 22</b>	<b>Treasury Management Risks</b>	<b>38</b>
<b>Section 23</b>	<b>Overall Conclusions</b>	<b>39</b>
<b>Appendix A</b>	<b>Original General Fund Forecast</b>	<b>41</b>
<b>Appendix B</b>	<b>General Base Budget Assumptions</b>	<b>42</b>
<b>Appendix C</b>	<b>Forecast Changes since Budget Council 2012</b>	<b>44</b>
<b>Appendix D</b>	<b>Detailed Explanation to Support Appendix C</b>	<b>46</b>
<b>Appendix E</b>	<b>Latest General Fund Forecast Position – Incl Cabinet Proposals</b>	<b>50</b>
<b>Appendix F</b>	<b>Cabinet Savings and Growth Proposals</b>	<b>51</b>
<b>Appendix G</b>	<b>Updated Five Year Capital Programme</b>	<b>52</b>
<b>Appendix H</b>	<b>Updated Reserves &amp; Balances Policy</b>	<b>55</b>
<b>Appendix I</b>	<b>Special Expenses Policy</b>	<b>61</b>
<b>Appendix J</b>	<b>Definitions of Terms relating to Local Government Finance</b>	<b>62</b>



### **Section 3: THE PURPOSE OF THE MEDIUM TERM FINANCIAL STRATEGY**

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

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

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

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

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

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

## Section 4: VISION FOR THE BOROUGH

- 4.1 The Council reviews its priorities and objectives on an annual basis in consultation with the public and key stakeholders as part of the performance management framework. In light of the Comprehensive Spending Review the emphasis is now placed on public spending deficit reduction.
- 4.2 The Council's vision is: *"To establish Fylde Borough Council as a high performing local authority"*. The Corporate Plan covers the period 2010-2013 and contains the Council's vision, priorities, targets and key priority projects over the period based on a realistic projection of the financial resources available to the Council.
- 4.3 The underlying theme of the Corporate Plan is 'To meet the expectations of our customers' – overarching the three operational priorities relating to prosperity, people, and place.

### FBC Key Priorities

- To meet the expectations of our customers (performance)
- To promote a thriving economy (prosperity)
- To encourage cohesive communities (people)
- To promote the enhancement of the natural and built environment (place)

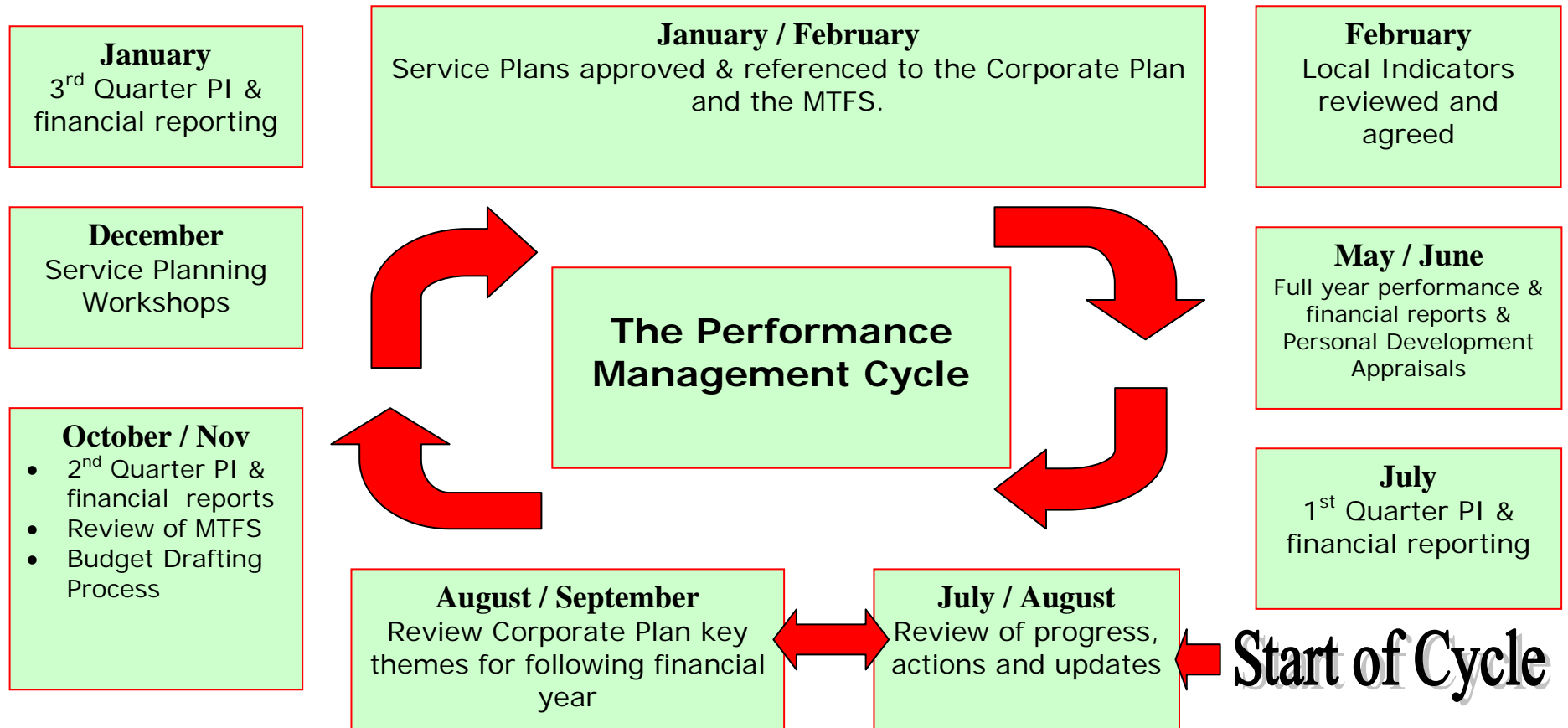
## Evidence base

- 4.4 The Corporate Plan has been developed following analysis of information available about Fylde communities including economic, demographic and other statistical data. It also takes into account information from surveys and consultations undertaken with the public on borough-wide and service specific issues during the last two years. The information is continually refined and updated in partnership with others.

## Section 5: STRATEGIC PLANNING

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

### The Strategic Planning Cycle



- 5.2 The Council regularly reviews progress against longer term plans and Members receive regular updates of the MTFS. It is recognised that despite robust action during recent financial years to produce a stable and sustainable financial position, the continuing reducing resources available to the public sector means that the Council needs to strive to continue to achieve a sustainable and robust budget. The Council's Corporate Action Plan for 2013/14 onwards will be developed after confirmation of the Council budget in March 2013.

### **Links to other Enabling Strategies**

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

### **External funding**

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

## **Section 6: DEVELOPING THE MEDIUM TERM FINANCIAL STRATEGY**

- 6.1 Over the last five years the Council has adopted a structured approach to financial management and corporate governance, safeguarding public monies and ensuring accountability. In 2012 the Council's external auditors KPMG audited the Council and again gave an "unqualified opinion", which demonstrates satisfaction with the Council's financial and governance arrangements.
- 6.2 In formulating this MTFS the Council continues to be acutely aware that the Local Government Finance Reform plans from 2013/14 bring changing risks and challenges which the Council will need to address.
- 6.3 Any further spending reductions will require a further review of priorities and service delivery arrangements. Members are engaged in this process as part of the service planning framework through budget planning workshops to formulate budget options and proposals refined through stakeholder consultation activities with input from the Council's Scrutiny Committee during January/February each year.
- 6.4 The Council received details of the provisional 2013/14 grant settlement in December 2012 and the MTFS has been structured on the basis of this settlement. The detail of the grant settlement from 2014/15 onwards remains uncertain and the Council is taking a prudent approach to manage this uncertainty. Given this position Cabinet are proposing a number of targeted growth proposals which ensure a balanced and robust budget over the life of the forecast.
- 6.5 In formulating the budget proposals, Members have been cognisant of the national economic context and the financial risks and uncertainty facing the Council. The Cabinet's budget proposals are detailed in appendices to this report.
- 6.6 The Council's service planning and performance management framework is designed to ensure the continuous drive for improvement and ensure Value for Money is achieved.

### **Balancing the MTFS**

- 6.7 The Council is primarily a service provider and employee costs are one of its largest areas of expenditure. There are no planned salary increases in this year. In future years, provision has been made for only marginal increases which are well below the current level of inflation. Furthermore, from November 2011 to the end of September 2012 all staff were subject to a salary sacrifice equivalent to a pay reduction of approximately 2.5%, whilst chief officers were subject to a salary sacrifice from April 2011 to the end of September 2012 equivalent to a pay reduction of approximately 5%.

6.8 The previous budget forecast which was approved by Budget Council in March 2012 assumed savings from 'payroll efficiencies' of £300k in 2012/13 and £400k per annum from 2013/14 onwards. Management Team have been closely monitoring this savings target and have implemented a range of measures to ensure that the targets were achieved. These include:

- the staff salary sacrifice scheme referred to in 6.8 above;
- an authority wide senior management restructure;
- a number of flexible retirements;
- ongoing reviews of external contract relationships;
- a review of vacant posts across the organisation; and
- a wider corporate restructure implemented during 2012/13.

Together these measures have delivered recurring 'payroll efficiencies' that will achieve and exceed the required savings for 2012/13, 2013/14, and beyond. The favourable financial impact of these measures has been reflected in the updated financial forecast summarised at Appendix E of this report.

## **Section 7: CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

- 7.1 The Council owns a number of operational properties and assets and has developed a Capital Strategy and Asset Management Plan. Operational properties include office accommodation, depots, yards and venues such as the Town Hall and other offices, the Crematorium, Open Space Facilities, and various car parks. The Council has a five-year rolling programme of maintenance for its assets which is factored into the Medium Term Financial Strategy.
- 7.2 A small investment property portfolio is managed to generate income to support the revenue budget and maximise any opportunities for regeneration. This position is reviewed regularly by the Asset Management Group in order that income can be maximised and timely decisions made on the disposal of poorly performing or surplus assets.
- 7.3 The Asset Management Plan includes a stock condition survey to establish the rolling programme of repair and maintenance, which takes account of the need for efficiency and environmental impact.
- 7.4 The increasing pressure on the revenue budget impacts on the capacity of the Council to borrow. Asset holdings are therefore reviewed as part of the annual planning cycle to ensure the capital programme is matched with the funds available. This could lead to the disposal of some assets to maintain the remaining estate to the desired standard.
- 7.5 A key factor at present is the Council's Accommodation Project. The marketing of surplus assets has been undertaken to provide the capital funds for the essential refurbishment of the Town Hall and the purchase of land adjacent to the Council's existing depot at Snowden Road. Currently sites at Derby Road, Wesham, and both the Public Offices and St David's Road depot sites in St Anne's are being disposed of to developers. These disposals will generate capital receipts which will fund the remaining elements of the Accommodation Project.
- 7.6 A member/officer working group, the Accommodation Working Group, is in place to monitor the delivery of the Accommodation Project. The group meets when required based on progress made and the need for advice and information.
- 7.7 Furthermore the Cabinet recently commissioned a review of all assets including furniture and art work in order to explore opportunities and options available as a result of the Localism Act which came into force during 2012.

## **Section 8: THE MEDIUM TERM FINANCIAL STRATEGY IN SUMMARY**

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

- The reductions in grant as a result of the 2010 Comprehensive Spending Review announcement and the Local Government Finance Settlement announced in December 2012;
- The consequent spending reductions as a result of reduced resources in the medium term;
- The Council is intending to take advantage of the Government's Council Tax Freeze Grant to minimise increases, whilst protecting investment in key service priorities for the people of Fylde;
- Ensuring a robust and sustainable budget through the prudent use of reserves and balances and ensuring externally funded projects are facilitated;
- Developing new ways of delivering services using modernisation techniques to achieve higher levels of customer satisfaction, efficiency, value for money, strategic partnerships, service commissioning, and enterprise;
- The need to continuously review and maintain existing assets to a quality standard.

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

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

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



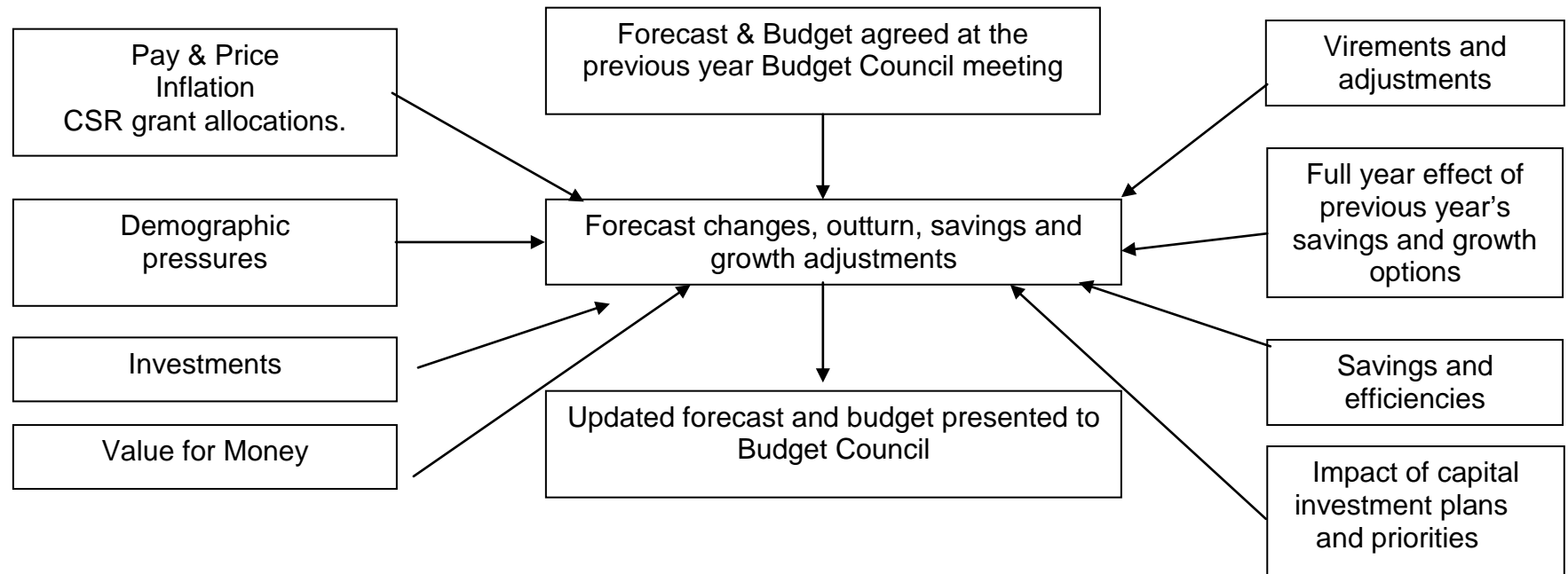
8.3 The MTFS and forecast are supported by a number of monitoring procedures. These are as follows:

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

## Section 9: DEVELOPING THE BUDGET FORECAST

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

### The Council's Budget Process



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

## Section 10: BACKGROUND TO THE FORECAST

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

(i) Original Budget 2012/13: (Appendix A)

At the Council meeting on the 1st March 2012 the budget for 2012/13 and the medium term financial forecast were agreed. The resolution included a freeze in Council Tax for 2012/13 and a total net budget requirement of £10.902m for 2012/13. Future general fund balances at that time were forecast at the end of 2015/16 to be £1.174m. In agreeing the Original Budget for 2012/13 a number of key high level financial risks and assumptions were highlighted.

(ii) General Fund – Outturn Position 2011/12

The outturn position for 2011/12 was reported to Members in June 2012, and resulted in contributions to earmarked reserves of £360k and a transfer into General Fund balances of £740k.

(iii) Budget Rightsizing Exercise

Following presentation of the 2011/12 outturn report to both Cabinet and Scrutiny Committee, Management Team committed to carrying out a budget rightsizing exercise to analyse underspends which have occurred over the last 3 financial years. As a result a number of budget adjustments are included within Appendix C of this report under the heading 'Budget Rightsizing'. This exercise in reviewing outturn variances and adjusting future budgets accordingly will become part of the annual budget process.

(iv) Capital – Outturn Position 2011/12

The Capital Outturn for 2011/12 was a net under spend in year of £17k after taking £322k slippage into account.

(v) General Fund (GF) Quarterly Budget Monitoring 2012/13

The second quarterly GF monitoring report to the end of September 2012 was presented to the Portfolio Holder (Finance & Resources) in November 2012 and scrutinised by Policy & Development Scrutiny Committee in December 2012. The report identified a number of budget areas for further attention/concern. As a result a number of changes have already been included in this updated forecast.

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

- 11.1 Appendix A sets out the Original Base Budget forecast, agreed at Budget Council in March 2012. In rolling forward the forecast general assumptions included in the Base Budget are set out in Appendix B, with detailed changes since the last approved budget was set detailed in Appendix C. Explanations in support of these budget changes are set out in Appendix D.
- 11.2 A summary of the impact of these latest changes, including Cabinet's Budget Proposals, and the summary forecast position for the Council, is set out in Appendix E.

## **Section 12: SAVINGS & GROWTH PROPOSALS**

- 12.1 In order to plan for financial uncertainties from 2014/15 only a limited number of growth proposals have been identified and the Council continues to look for further efficiencies. In identifying the growth now proposed (detailed in Appendix F) and exploring opportunities for future savings, the following criteria has been considered:-
- The impact on the Council's Corporate priorities;
  - The impact on front line service provision to residents;
  - The sustainability of proposed savings;
  - Value for Money and efficiency implications; and,
  - The potential for further cost reductions both in back-office and service delivery costs, in particular, to be achieved via a mix of more shared services and partnering arrangements.
- 12.2 The impact of any proposed budget reductions is assessed by way of an equality impact assessment. Any reduction in Council expenditure that leads to a reduction in services will inevitably have an impact on the wider community served. However, in carrying out a high level equality impact assessment on savings options it is necessary to look at two specific issues:
- The effect on persons who share a protected characteristic in relation to the wider community; and,
  - If and how one group is disproportionately disadvantaged by the cuts in relation to other groups.
- 12.3 Cabinet will consult with a wide range of stakeholders, including the general public, local business groups, Town and parish Councils, business rate payers, partners, other local authorities and the Policy Development Scrutiny Committee and feedback will be taken into account in the final recommendations to budget Council.
- 12.4 In putting together the budget proposals consideration is given to the consultation and feedback which is collated on an ongoing basis through the various service providers as well as bespoke research aimed at specific initiatives. This includes customer satisfaction surveys, suggested service delivery improvements obtained through feedback and an analysis of the complaint and service failure data collated by the Council each month.

## Section 13: RESERVES AND BALANCES PROVISION

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

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

13.2 The Council’s General Fund Reserve Balance at 31<sup>st</sup> March 2012 was £3.731m.

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

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

13.5 As a reminder, the following earmarked reserve was reviewed as part of the 2012/13 budget setting process and approved at Budget Council on 1<sup>st</sup> March 2012 for release in 2012/13:

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

13.6 Having reviewed the current useable reserves and balances position, Cabinet’s budget proposals include the following in respect of reserves:

- a) To cease the annual £30k contribution to the Events and Tourism Support Reserve, which was approved at Budget Council in March 2010, and instead to mainstream the £30k within the annual revenue budget with effect from 2013/14 to fund the successful and popular Wartime Weekend event and to pump prime new innovative events;

- b) As a result of the improved forecast revenue reserves position as set out in Appendix E when compared with the position as set out in Appendix A, and in order to minimise the need for additional borrowing in the future, Cabinet propose the creation of a Capital Investment Reserve in the sum of £521k, fully funded by the transfer of £521k from the Comprehensive Spending Review reserve established as part of the 2009/10 outturn position; and
- c) Following on from b) above, Cabinet is proposing establishing 3 new capital schemes within the capital programme, all fully funded from the newly established Capital Investment Reserve. These are detailed in section 18 of the report and are summarised with Cabinet's revenue budget proposals in Appendix F.

- 13.7 During the current economic downturn Council balances have been maintained. However, the Council's financial position continues to be forecast against future financial uncertainty and significant risks.
- 13.8 To maintain a future stable financial environment for the Council and in light of the current economic climate and risks, a minimum level of general fund reserves of £750k remains the recommendation of the Chief Financial Officer.

## Section 14: THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14 TO 2014/15.

### Background

- 14.1 On 20th December 2012 the Government published the Local Government finance settlement for 2013/14. The settlement marks the start of a new era in the way Local Government is funded. The introduction of Business Rates Retention from April 2013 will have a significant effect on councils, as future changes to the Business Rates yield will directly impact on council funding levels, with both the risks and rewards of Business Rate growth being shared between Central Government, Precepting Authorities and Billing Authorities.

For information Appendix J sets out definitions of key terms used under the new regime.

- 14.2 For the 2012/13 settlement, the main components of the Local Government Formula Grant Settlement were a top-up grant called the Revenue Support Grant (RSG), a share of funding from the Business Rates Pool, and principal formula Police Grant for eligible authorities. Formula Grant was distributed using a system commonly referred to as the 'four-block model', comprising Relative Needs Amount, Relative Resource Amount, Central Allocation and Floor Damping.
- 14.3 The principal change for 2013/14 and future years is that the funding from Business Rates will no longer be a share of the National Pool. Instead, the estimated yield from Business Rates will be shared between the Billing Authority, Precepting Authorities and Central Government. Any future growth in Business Rates income will result in increased funding for the local authorities concerned, however they will also share in any reduction to the Business rate yield. Such losses and gains will be subject to separate 'Safety Net and Levy' arrangements to reduce the potential volatility of local authority funding under the new system, effectively limiting the gain or loss in any one year.

The revised Business Rates scheme includes the following calculations, which will be fixed until the first reset that the Government intends will take place in 2020:

- Individual authority start-up funding assessment
  - Baseline funding level
  - Individual authority business rates baseline
  - Tariffs and top-ups
- 14.4 The Settlement compared the expected retained Business Rate income (known as the 'Business Rates Baseline') against the assessed spending needs of the authority (referred to as the 'Baseline Funding level'), with the difference being either paid to local authorities as a 'Top-up' grant or recovered from local authorities as a 'Tariff'. These Top-ups



and Tariffs now form a key part of the Settlement and are effectively adjustments to the residual Revenue Support Grant funding figures.

- 14.5 In the first year of the new arrangements, 2013/14, there will be a gap between the Government's overall spending control totals and the anticipated level of the local Business Rates share. This difference is made up by Revenue Support Grant (RSG). It is anticipated that the level of RSG will reduce in future years in-line with the forecasts for public spending outlined in the last Spending Review and the 2012 Autumn Statement. Certain special and specific grants for each authority have been amalgamated to give authorities more control over how they may be used.
- 14.6 The settlement covered only the years 2013/14 and 2014/15, with subsequent years' headline figures to be announced in the next Comprehensive Spending Review in 2013 as outlined in the Chancellor's Autumn Statement on 5 December 2012. It was also stated that the 2013/14 Settlement was still provisional until Parliament has discussed the proposals in January 2013 and following consultation and data checks. The 2014/15 provisional settlement cannot be formalised until a year hence because of statutory requirements. The proposals for two years to 2014/15 are intended to provide greater stability and predictability in local government funding, but the 2014/15 Settlement cannot be formalised by law until January 2014. However, authorities should be aware that the distribution will not change i.e. RSG will be scaled back for each authority in proportion to the scale back required to come into line with the national total, and as a result this may bring more certainty to authority's medium term financial planning.
- 14.7 The announcement covers the provisional Business Rates Baseline, together with the amounts payable to local authorities for Revenue Support Grant, adjusted for Business Rate Top-ups and Tariff payments.

#### Settlement Info Specific to Fylde Borough Council

- 14.8 Estimates contained within the forecast report previously considered by Members assumed that the total of formula grant and business rates receivable by the Council would reduce by 7.5% per annum. This was based on headline indicators following the CSR in 2010, and resulted in estimated income from Formula Grant & Business Rates in 2013/14 of £3.474m. The actual settlement for 2013/14 was £3.403m; a reduction of 9.4% resulting in an adverse change to the forecast of £71k in 2013/14. In respect of 2014/15 the Council has been allocated a baseline funding allocation of £2.867m; a further reduction of 15.8% from the 2013/14 level.
- 14.9 The absence of detail or further exemplifications makes it difficult to predict with any confidence the grant levels after 2014/15. The Government does however continue to pursue a policy of national deficit reduction, with the lion's share of the reductions being made up from reduced levels of public expenditure in future years. It is therefore prudent to

forecast that grant reductions will be in line with the level of recent reductions experienced and the forecast therefore estimates further cuts of 10% per annum for 2015/16 and 2016/17.

The forecast has therefore been updated to reflect the following estimates:

Table 1: Updated estimates of Formula Grant & Business Rates income throughout the forecast

	Actual 2010/11 £m	Actual 2011/12 £m	Actual 2012/13 £m	Provisional 2013/14 £m	Provisional 2014/15 £m	Estimated 2015/16 £m	Estimated 2016/17 £m
Formula RSG & Business Rates Baseline	5.859	4.359	3.756	3.403	2.867	2.580	2.322
Year on year reduction	-	-25.6%	-13.8%	-9.4%	-15.8%	-10%	-10%

## **Section 15: COLLECTION FUND**

- 15.1 The Council is required to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non Domestic Rates (NNDR). The Collection Fund accumulated surplus balance as at 31st March 2012 was £718k. This surplus will be shared in accordance with regulations and will form part of the 2013/14 Council Tax calculation. The Council's share of the surplus is £96k. Appropriate adjustments will be made in 2013/14 to remedy this surplus.

## Section 16: KEY AREAS OF FINANCIAL RISK (REVENUE)

- 16.1 In considering this forecast Members should note that there are a number of significant risks. In the context of the Council's financial forecast a risk can be defined as a change with an unknown or uncertain impact on the financial position of the Council that can be favourable or adverse.

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

### High Level Risk

- Potentially a significant sum, with a high probability of occurrence
- Relatively little mitigation available to spread or defer the impact
- Probable need for major change to the forecast if/when it occurs.

### Medium Level Risk

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

### Low Level Risk

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

#### i) Business Rate Retention and Central Government Grant Funding

As explained in detail in section 14 of the report, the Government is introducing Business Rates Retention from April 2013. The new arrangements will have a significant effect on councils, as future changes to the Business Rates yield will directly impact on council funding levels, with both the risks and rewards of Business Rate growth being shared between Central Government, Precepting Authorities and Billing Authorities.

Such losses and gains will be subject to separate 'Safety Net and Levy' arrangements to reduce the potential volatility of local authority funding under the new system, effectively limiting the gain or loss in any one year.

**This is a high risk area to the Council**

## ii) Grounds Maintenance External Contracts

The Council has a number of contracts with external clients for the provision of grounds maintenance services over varying terms. The most significant contract is now with Blackpool Coastal Housing initially agreed for a term of three years from 2011. The Council has received notice that the current annual agreement with Kirkham Town Council will be renewed until March 2014. However the Council has also recently been advised that we have been unsuccessful in the bid for the retendered New Fylde Housing / Progress Housing Group and Wesham Town Council contracts. Loss of any contracts or other internal work (including the potential impact of the transfer of open space assets to Parish and Town Councils) will result in a reduction in income and/or operating costs, but with the possibility of residual costs remaining with the Council, unless they can be offset by other trading opportunities. Similarly, rolling annual agreements are difficult to manage and plan for effectively. Officers are currently working to minimise the extent of residual costs, and to identify future sustainable trading opportunities. The impact of any changes will be reported once their impact is known.

**This is a medium level risk.**

## iii) Localising Support for Council Tax

In line with Government proposals, Council Tax Benefit will be abolished with effect from 1<sup>st</sup> April 2013 and responsibility for determining a local 'Council Tax Reduction Scheme' will be transferred to Local Authorities. The new scheme will be funded based on DWP (Department of Work & Pensions) estimates of benefit expenditure for 2013/14 less a deduction or cut of 10%.

The proposals also 'cash limit' the grant in 2013/14 with the Council being required to fund any shortfall should claimant numbers increase above the estimate. It is expected that the grant will be incorporated within the general grant settlement figures from 2014/15 onwards. The recent settlement included additional income by way of a compensatory grant allocation to Councils to partly offset the reduced Council tax collectable as a result of the new scheme discounts.

The Council approved a new local scheme for 2013/14 at its meeting of 28<sup>th</sup> January 2013. The scheme, which is effective from 1st April 2013, limits the additional maximum percentage contribution from working age claimants to 8.5%.

The forecast has therefore been updated to reflect the impact of the new scheme and additional grant for 2013/14, net of an amount payable to parish and town councils to offset any loss they may suffer as a result of the new scheme. Given that the Council approved a scheme for 2013/14 only, for subsequent years the forecast assumes that the total cost of the scheme will be passed on to recipients.

As a result of the uncertainty in the scheme design and funding in future years **this is a medium level risk.**

#### iv) New Homes Bonus

The forecast has been updated to reflect the provisional allocation of new homes bonus for 2013/14 onwards, and future growth in new homes bonus has been revised from an additional £100k per annum to an additional £150k per annum based upon historical tax base growth. Whilst this remains a conservative estimate of growth, there remains a risk that these levels are not achieved in future years. These figures will therefore be kept under continuous review.

**This is a medium level risk.**

#### v) Local Government Pension Scheme

The Triennial Review of the Pension Fund took place during 2010/11 with the results being implemented from 1st April 2011. The review increased employer contributions by 3.8% over the next three years (rising to a total contribution rate of 22% by 2013/14).

National negotiations are underway following the recommendations of the Hutton Review regarding the future of public sector pensions. It is proposed that the new Local Government Pension Scheme (known as LGPS 2014) will start from 1st April 2014. One of the proposals recommends that the employers' contributions are capped at 19.5%. For forecasting purposes and until final scheme details are known the forecast assumes a continuing employer contribution rate of 22% from 2013/14 onwards in line with the triennial review.

Pension contributions are currently calculated on contractual hours only. However, the new scheme is proposing that pension contributions are to be based on all pay, which includes non-contractual overtime and additional hours worked. Another recent change is from September 2013 all eligible employees under a contract of employment, or any other contract by which an individual undertakes work or performs services personally, are to be auto-enrolled into the Local Government Pension Scheme.

Once the final proposals for the new scheme are agreed the financial impact will be reflected in the forecast accordingly. Consequently, the short term risk has diminished, but in the long term pension fund costs continue to be a significant risk.

**This is a low risk in the short term but a high level risk in the medium to long term.**

#### vi) Pay Inflation

The updated forecast makes no provision for any pay award in 2012/13. A 1% per annum increase is reflected from 2013/14 and thereafter. The cost of an additional 1% increase is £89k per annum. In the event of a higher pay settlement in these years there will be additional costs to the Council.

**This is a medium level risk**

#### vii) Fuel and Energy Costs

The current economic climate and volatility of prices remain a cause of concern. Officers will continue to adopt the most efficient procurement practices to minimise the extent of price increases and volatility.

**This is a low level risk.**

#### viii) Housing Benefit and Council Tax Benefit Administration Grant

The Council currently receives a combined Housing Benefit and Council Tax Benefit Administration grant payable by the DWP. This grant has reduced over recent years; for 2012/13 the allocation is £447k, reducing to £426k for 2013/14 and £406k for 2014/15. The forecast has been updated accordingly. It is expected that it will reduce further in future years as it is under review as part of the Localising Support for Council Tax process.

**This is a medium level risk.**

#### ix) Housing Benefit Payments

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

**This is a medium level risk.**

#### x) Universal Credit

The Government intends to consolidate a number of the current welfare benefit allowances into a revised Universal Credit Scheme. One of these is Housing Benefits which is currently administered by the 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. This change is expected to be implemented from October 2013 for new claims only. The financial implications of this change are not currently fully known.

However, debate is ongoing regarding the TUPE status of staff currently working in Housing Benefits at the shared revenues and benefits service with Blackpool Council. If TUPE is deemed not to apply then the Council would potentially be liable for redundancy costs of staff which cannot be redeployed.

**This is a medium level risk.**

#### xi) Changes in Council Tax Capping Regulations

Budget Council agreed a 0% average Council Tax increase in 2012/13. This was the second year in a row that Council Tax was frozen meaning that the average annual Fylde band D council tax charge has remained at £186.29 for three years. For each of the years when Council Tax was frozen the Council has received short term compensatory grants from central government. The previously approved forecast assumed increases of 2.5% per annum from 2013/14 onwards (per Appendix A).

The Localism Act replaced the previous power of the Secretary of State to cap council tax increases with a system of mandatory referendums triggered by “excessive” increases. Any local authority (including police and fire authorities) setting an increase above a ceiling set by the Secretary of State and approved by the House of Commons will trigger a referendum of all registered electors in their area. The Government believe this will make local authorities much more transparent and much more accountable to local people. If Councils want to increase Council Tax beyond the specified level in any given year, they will have to make the case to the local electorate and receive approval via a referendum. The impact on the Council will depend on the ceiling set by the Secretary of State compared to any future proposed Council Tax rises.

The Government has announced a further compensatory grant in that “If an authority sets its basic amount of council tax (i.e. its Band D council tax) in 2013-14 at a level which is no more than its basic amount of council tax in 2012-13, it will receive a grant equivalent to a one per cent increase on the 2012-13 figure in both financial years 2013-14 and 2014-15.”

Furthermore, the Government also announced that “In addition, in 2013-14 the Government will propose to lower the local authority tax referendum threshold to two per cent.”

Accordingly this forecast has been updated to reflect Cabinet’s recommended Council Tax level for 2013/14, the resultant compensatory grant for 2013/14 and 2014/15, and assumed future Council Tax increases limited to 2% per annum in line with this updated information about potential future thresholds.

**This is a medium level risk.**

xii) Community Infrastructure Levy (CIL)

The Community Infrastructure Levy (CIL) which came into operation in April 2011 is intended to assume the role of the traditional Section 106 Agreement. However Section 106 Agreements will continue to have a role to play on site specific development proposals. For the CIL to become operational the 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 are unknown.

**This is a low level risk**

xiii) Planning Appeals

There is a limited provision in the Revenue Base Budget for planning appeal costs. The budgetary provision will need to be kept under review in order that the Council is able to respond to any appeals which may occur.

**This is a medium level risk.**

xiv) New Surface Water Charges

United Utilities are changing their surface water charging policy (as recommended by OFWAT) and intend to charge Local Authorities for elements of their open spaces where there is a connection to the sewer.

For Fylde the initial workings indicate that the water charges for the parks, crematorium and cemetery will increase from April 2014 over a seven year period and the anticipated impact of these additional charges has been reflected in this updated forecast.

**This is a low level risk**



#### xv) Income Streams

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

**This is a low level risk**

#### xvi) Waste Management Cost Sharing Agreement

The current waste management cost sharing agreement with LCC is due to end on 31st March 2014. LCC have offered a new five year cost sharing agreement from April 2013, the penultimate year of the current contract (2012/13) being year 1 of the new contract. The new contract offers a known level of support per annum with no inflationary or property related increases over the five year contract period. The forecast has been updated to reflect the decision made by Cabinet in November 2012 to accept LCC's offer.

**This is a low risk in the short term but a medium level risk in the medium to long term.**

#### xvii) Lowther Gardens Trust

The Council's revenue budget currently contains budget provision for a subsidy payable to Lowther Trust for the operation of Lowther Pavilion, as detailed in the service level agreement. The budget stands at £71k in 2012/13 and reduces over a 5 year period to £32k in 2016/17. There is a risk that the existing budget provision is insufficient to sustain the continuing operation of the Pavilion over the life of the agreement and that further funding requests will be received by the Council.

**This is a low level risk.**

#### xviii) Swimming Provision

The Council's revenue budget currently contains budget provision for payments to the YMCA to run St Annes pool and provide grant aid towards Kirkham pool. There is a risk that the existing budget provision is insufficient to sustain the continuing operation of the pools over the life of the agreement and that further funding requests will be received by the Council.

**This is a low level risk.**

#### xix) Section 106 (s106) Agreements

Section 106 of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a S106 Agreement and S106 monies received by the Council are increasingly used to support the provision of services and infrastructure such as highways, recreational facilities, education, health and affordable housing, which is necessary as part of the development or to mitigate its impact. Such agreements or obligations may lay down conditions that monies must be spent by a specified date and on specified items, and if these conditions are not met then monies must be returnable and in some cases with interest applied. The Council has a number of S106 agreements. There is a risk that monies become repayable or that interest earned is reclaimed by the landowner.

**This is a low level risk.**

#### **Section 17: CONCLUSIONS – GENERAL FUND REVENUE FORECAST**

- 17.1 Over the last few years the Council has delivered significant efficiencies and savings which have seen general fund reserves grow to a level which allows the Council to deal with future challenges and pressures in a planned and effective way. The Council faces a number of uncertainties in the future in respect of its finances, particularly from April 2014. The current forecast has a number of high risk financial assumptions which are outside the Council's control.
- 17.2 A number of risks are significant with a high probability, in particular the future of Central Government Grant Funding as a result of the ongoing Local Government Finance Resource Review and Localising Support for Council Tax.
- 17.3 The Council continues to face an increasingly uncertain financial future from 2014/15. The gap between in-year income and expenditure will need to be addressed, but if balances at the current level were to be maintained in future years then the level of risk on this position reduces. Cabinet will be continuously monitoring all areas of concern and will work to ensure that the Council's Revenue Budget remains sustainable.
- 17.4 The limited growth proposed by the Cabinet ensure the Council has a balanced budget for the next four financial years.

## Section 18: THE CAPITAL PROGRAMME

- 18.1 Capital Expenditure is defined as expenditure on the acquisition of a fixed asset and/or expenditure which adds value (not merely maintains) to the value of an existing fixed asset. Examples of fixed assets are; land, building, plant and vehicles. Capital expenditure also includes the making of an advance, grant or other financial assistance towards expenditure which would, if incurred by the Council, be classed as capital expenditure.
- 18.2 The Capital Programme for the years 2012/13 to 2016/17 is updated continually for agreed changes and reported in quarterly monitoring reports to the Portfolio Holder (Finance & Resources).

The programme has been updated during 2012/13 to include a number of fully funded schemes as follows:

- Schemes fully funded via bids made to the Local Strategic Partnership from Performance Reward Grant funds:
  - Fylde Community Growing Base £30k
  - Rapid Deployment CCTV Replacement Project £44k
  - Promenade Gardens Play area Project £50k
  - Rock & Water Garden Project £25k
- Schemes fully funded from in year revenue service efficiency savings:
  - Cemetery/Crematorium pumping station £30k
  - Infant memorial garden £30k

- 18.3 The latest updated Capital Programme is shown at Appendix G. This has been updated to reflect the latest position including Cabinet's budget proposals. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is relative certainty that they will be received. Cost efficiencies achieved in respect of vehicle fleet modernisation, waste collection service development and lease rationalisation have been incorporated.
- 18.4 Capital schemes are directly linked with the Council's priorities and delivered through a series of key programmes through detailed Service Delivery Plans. Major items of enhancement or renewal are identified through the Council's Asset Management Plan.
- 18.5 In considering the Capital Programme, Cabinet are proposing a limited number of additional schemes to add to the programme, with each scheme being funded from a newly created Capital Investment Reserve as set out in section 13

of the report. This approach will minimise future borrowing required which in turn will help keep borrowing costs to a minimum. The new schemes are summarised as follows and are reflected in Appendix G:

**BUDGET PROPOSALS - CAPITAL ITEMS - REFLECTED IN APPENDIX G**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Description
Creation of a Capital Investment Reserve to fund future capital expenditure and therefore minimise additional borrowing, with the transfer of £521k from the Comprehensive Spending Review reserve as an initial injection of funding. Initial schemes to be fully funded from the Capital Investment Reserve are as follows:						
Fairhaven Lake & Promenade gardens - first round	0	0	20	0	0	Funding to support a first round Heritage Lottery Fund (Parks for People programme) bid to work up restoration proposals for Fairhaven Lake and Promenade Gardens historic buildings, landscapes and structures. The Heritage Lottery Fund has a two round bidding process, the first round is the Development Phase and the second round is project implementation. Each bidding round is competitive and it is expected that a further application will be made dependant on the extent of support from the Heritage Lottery Fund.
Contribution to Kirkham Public Realm Improvement scheme	0	35	35	0	0	This is a proposed project that seeks to supplement investment proposed by LCC to enhance the public realm of Kirkham Town Centre. It is believed that in doing so the centre will become a more attractive destination and that its success, vitality and sustainability will be enhanced. Limited improvements to the public realm have been undertaken in the past but many of the paved areas and forecourts remain in need of investment.
Cemetery and crematorium - Infrastructure Works	0	80	0	0	0	This is a project to develop and improve the infrastructure at Lytham Park cemetery and crematorium to improve land drainage and access to future burial areas.
<b>TOTAL ADDITIONS TO THE CAPITAL PROGRAMME, FULLY FUNDED FROM CAPITAL INVESTMENT RESERVE</b>	<b>0</b>	<b>115</b>	<b>55</b>	<b>0</b>	<b>0</b>	

## 18.6 Financing the Capital Programme

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

- (i) Capital Grant Allocations;
- (ii) Disabled Facilities Grants;
- (iii) Capital Receipts;

- (iv) External Funding;
- (v) Prudential Borrowing / Leasing; and,
- (vi) Revenue Funding.

- 18.7 The Revenue Budget includes provision for total borrowing repayments based on the borrowing requirement shown in the updated Capital Programme.
- 18.8 In updating the Capital Programme a number of schemes have been re-phased. The recent change in the financing rules more closely linking loan periods to expected asset life has resulted in a reduction in the loan principal requirements which fall to be made within the life forecast and an adjustment has been made accordingly .
- 18.9 Given the current financial uncertainty and challenges and the volatility of financial markets it is necessary for the Chief Financial Officer to select the most appropriate mechanism for ensuring that the programme is financed in the most cost effective manner. Members are reminded that delegations already exist for the Chief Financial Officer to determine the most effective way of financing the programme.

## **Section 19: KEY AREAS OF FINANCIAL RISK (CAPITAL)**

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

19.2 Accommodation Project

The accommodation project is currently included in the programme with the scheme being self-financing from capital receipts from the sale of 3 sites (St David's Road Depot, Derby Road, Wesham and The Public Offices). If either the estimated cost of the refurbishment, the capital receipts achieved or the phasing of this scheme changes, there could be revenue implications i.e. costs of displacing staff / vehicles and equipment which would be reported to Members and reflected in future revenue budget forecasts accordingly. Actual asset sales and receipts are dependent on market conditions and cannot be predicted with certainty. The asset sales are progressing but disposals of this nature where external agencies, planning decisions, external legal specialists and property developers are involved often take many months to conclude. This results in an inherent risk in the forecast level of programmed resources particularly in the current year of the programme. The cross party Accommodation Working Group continues to monitor and manage this project and regular update reports on the project will continue to be provided to Members.

**This is a high level risk.**

19.3 Project Slippage

It is important that the Council ensures that any capital schemes attracting funding from external sources are delivered within specified timescales to ensure that no loss of external grant occurs.

**This is a low level risk.**

19.4 Other Capital Receipts

The approved programme for 2013/14 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. The latest position reflects additional Right to Buy Receipts of £60k in 2012/13.

**This is a medium level risk.**

19.5 External Government Grant Funding

The Capital Programme includes annual provision for Disabled Facilities Grants (DFG’s) in line with the current grant received by the Council from Central Government to provide this statutory obligation, which is in line with the Council decision to limit expenditure to the level of the Central Government grant received annually. In order to monitor the effect of this, the length of time and the number of applications on the various categories of waiting lists for DFG’s are being closely monitored and will be reported to Members. The grant settlements stated in future years are therefore estimates and are only confirmed in the year they are due. For as long as the disabled facilities work remains a statutory obligation the grant is unlikely to be withdrawn by the Government but could be reduced. However, any future reduction in DFG received by the Council will have a direct impact on the level of Capital Programme work that can be undertaken. During 2012/13 the Council received an additional £97k of DFG allocation from DCLG and the capital programme has been updated to increase this budget in the form of a fully funded budget increase.

During 2012/13 unbudgeted Capital grant repayments received to date amount to £25k. This is included in the reported programme surplus.

**This is a medium level risk.**

19.6 Capital Investment in St. Annes Pool

As part of the arrangement with the YMCA for the operation of St Annes Pool, the Council undertook to provide Capital support in the event of major works, repair or breakdown and a provision of £153k was included in the programme for this eventuality. A report was presented to Council in December 2012 to approve a virement of £12k from this budget to support a capital bid to Sport England for improvements to the changing facilities at the venue. Confirmation of the outcome of this bid is expected by the 31st March 2013 and following this a further report will be presented to Cabinet and Council and the Capital Programme will be updated accordingly. The remaining Capital support estimate of £141k is based on the currently known condition of the premises, plant and equipment and remains an ongoing risk.

**This is a medium level risk**

19.7 Vehicle Fleet Replacement Programme

The Council has replaced a significant proportion of its operational fleet vehicles as part of the successful modernisation strategy for operational services. The capital programme does not currently contain any budget provision for further replacement vehicles in future years. A review of fleet replacement need and timings is currently underway and the impact will be reflected in future updates of the forecast.

**This is a medium level risk.**

**Section 20: CONCLUSIONS – CAPITAL PROGRAMME**

- 20.1 The current Capital Programme as updated is showing a small surplus. This has arisen as a result of housing renovation grants being repaid during 2012/13. The consequence of Cabinet's proposals to limit capital scheme growth, and to fund the limited growth from an earmarked reserve, is to limit additional borrowing requirements beyond those already committed.
- 20.2 Due to the ongoing risks faced by the Council, the Programme will continue to be closely monitored and reviewed on a regular basis throughout each year. A review of the Council's Asset Management Strategy including a review of accommodation needs, programme of capital works and identification of surplus assets is currently underway. This may result in additional expenditure on assets being required but could result in surplus assets being identified that would provide funding for the Programme.
- 20.3 Any additional expenditure which is not funded by external finance would require the generation of capital receipts or additional borrowing. The latter would place further pressure on the revenue budget from the consequent repayment costs.

## **Section 21: TREASURY MANAGEMENT STRATEGY**

- 21.1 Treasury Management is defined as the management of cash flow, banking monies, money market and capital market transactions and the control of the risks associated with these activities. Prudential Indicators provide the framework within which these transactions should be monitored.
- 21.2 The objective of the Prudential Code for Capital Finance in Local Authorities (the Code) is to provide a framework to ensure that the Council's Capital and Revenue Budget Plans are affordable, prudent and sustainable.
- 21.3 The Prudential Code requires the Council to approve, revise and monitor a number of mandatory Prudential Indicators covering the forthcoming three years. These will be included in the final report to Council.
- 21.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management requires the Council to review and approve a Treasury Management Strategy. This strategy covers the operation of the treasury function, its expected activities for the forthcoming year and also includes a number of Prudential Indicators. Again this will be included in the final report to Council.

## **Section 22: TREASURY MANAGEMENT RISKS**

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

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

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



## Section 23: OVERALL CONCLUSIONS

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

Government grants in future years. Should one or more of the significant risks identified materialise remedial action may be required.

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

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

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

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

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

## Appendix A

### General Fund Budget Forecast 2011/12 to 2015/16 - Approved at Budget Council March 2012

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

**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;
- Pay award assumed to be nil for 2012/13 and then 1% per annum from 2013/14 onwards throughout the forecast;
- Employers Pension Contributions rising to 22% by end of 13/14 in line with the Triennial Pension Review, and remaining at that level thereafter;
- Council tax increases - 2% increase per annum from 2014/15 onwards in line with latest government announcement on the threshold for referendums;
- Council Tax Freeze Compensation Grant – the forecast includes assumed Council Tax Freeze Compensation Grants in the following sums in respect of the following freezes:

	Freeze Grant Receivable 11/12	Freeze Grant Receivable 12/13	Freeze Grant Receivable 13/14	Freeze Grant Receivable 14/15	Freeze Grant Receivable 15/16
Council Tax Freeze 2011/12	£140k	£140k	£140k	£140k	-
Council Tax Freeze 2012/13	-	£141k	-	-	-
Council Tax Freeze 2013/14	-	-	£57k	£57k	-
<b>Total</b>	<b>£140k</b>	<b>£281K</b>	<b>£197k</b>	<b>£197k</b>	<b>-</b>

- Government Grant Support – grant settlements in line with the latest Local Government Finance Settlement have been reflected in the forecast;

- New Homes Bonus – assumes grant for six years in line with current legislation. Based on latest information the forecast reflects £585k in 2012/13 rising to £1,343k by 2016/17;
- Fees and Charges – all approved changes in fees & charges have been reflected in the forecast;
- Vacancy Savings – assumes £50k savings target per annum from 2013/14 onwards;
- Localisation of Council Tax Benefit Scheme – the forecast has been updated to reflect the impact of the Council decision on 28<sup>th</sup> January 2013 to implement a local scheme from 1st April 2013 which limits the additional maximum percentage contribution from working age claimants to 8.5%, and the corresponding compensatory grant which the Council will receive in 2013/14. For subsequent years the forecast assumes that the total cost of the scheme will be passed on to recipients;
- Council Tax Discounts - the forecast has been updated to reflect the impact of the Council decision on 28<sup>th</sup> January 2013 to implement a 100% charge for Long Term Empty properties from 1st April 2013.

## Appendix C

### Forecast changes since approved budget March 2012

	12/13 £000	13/14 £000	14/15 £000	15/16 £000	16/17 £000	ADVERSE / FAVOURABLE / NEUTRAL
<b>BUDGET RIGHTSIZING EXERCISE:</b>						
1 Additional savings from Corporate Restructures beyond payroll efficiencies target	-411	-94	-31	-12	-12	FAVOURABLE
2 Recurring savings from right-sizing exercise across all budget areas of the Council	-183	-186	-193	-181	-176	FAVOURABLE
SUB-TOTAL	-594	-280	-224	-193	-188	
<b>3 CHANGES AS A RESULT OF MEMBER APPROVALS:</b>						
Cabinet 21st November 2012: LCC waste disposal - re-phased payment profile re option 2	0	-28	-14	0	14	FAVOURABLE
Council 3rd December 2012: re-phasing of Ashton Gardens depot works into 2013/14	-85	85	0	0	0	NEUTRAL
Council 3rd December 2012: allowances re 2 new independent persons appointed for standards work	0	1	1	1	1	ADVERSE
<b>4 UPDATED ASSUMPTIONS RE INCOME BUDGETS:</b>						
Revised estimates of income budgets across the Council	-194	48	48	67	67	ADVERSE
<b>5 STAFFING COSTS:</b>						
Removal of previously assumed 2012/13 pay award of £250 for those earning less than £21k p.a.	-53	-53	-53	-53	-53	FAVOURABLE
Increase in previously assumed pay award in respect of 2013/14 from 0.5% to 1%	0	45	45	45	45	ADVERSE
Assumed 1% pay award in respect of 2016/17	0	0	0	0	89	ADVERSE
Additional in-year vacancy savings target	-160	-10	-10	-10	-10	FAVOURABLE
<b>6 ACCOMMODATION COSTS:</b>						
Accommodation project - decant budget - slippage	-92	92	0	0	0	NEUTRAL
Accommodation Project slippage - Wesham Offices	42	11	-2	-2	-2	ADVERSE
Accommodation Project slippage - St Davids Road North	5	0	0	0	0	ADVERSE
Accommodation Project slippage - Public Offices	0	-1	-1	-1	-1	FAVOURABLE
Depot Requirements	32	95	95	95	95	ADVERSE

## Appendix C (continued)

	12/13	13/14	14/15	15/16	16/17	ADVERSE / FAVOURABLE / NEUTRAL
	£000	£000	£000	£000	£000	
<b>OTHER FORECAST CHANGES</b>						
7 Further one-off VAT refund	-39	0	0	0	0	FAVOURABLE
8 Reduced External Audit Fees	-45	-45	-45	-45	-45	FAVOURABLE
9 Net savings from revised borrowing assumptions and interest rate forecasts	-203	-26	55	43	-42	FAVOURABLE
10 Elections budget provision	0	0	0	-50	-130	FAVOURABLE
11 Removal of FBC contribution to LSP	0	-25	-25	-25	-25	FAVOURABLE
12 Further one-off utility saving (re north beach car park refund)	-20	-5	0	0	0	FAVOURABLE
12 Removal of revenue funding re north beach car park scheme no longer required	-30	0	0	0	0	FAVOURABLE
13 Grounds Maintenance Contract Extension	0	-38	0	0	0	FAVOURABLE
14 Additional planning appeal costs	30	0	0	0	0	ADVERSE
15 Reduction in Housing Benefit Administration Grant	-17	4	24	24	24	ADVERSE
16 Re-phasing of capital schemes: cem/crem pumping station and infant memorial garden into 2013/14	-60	60	0	0	0	NEUTRAL
<b>TOTAL</b>	<b>-1,483</b>	<b>-70</b>	<b>-106</b>	<b>-104</b>	<b>-161</b>	<b>FAVOURABLE</b>

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

(1) Additional savings from Corporate Restructures beyond payroll efficiencies target

The previous budget forecast which was approved by Budget Council in March 2012 assumed savings from 'payroll efficiencies' of £300,000 in 2012/13 and £400,000 per annum from 2013/14 onwards. Actual savings achieved from payroll efficiencies (which included the staff salary sacrifice scheme, the senior management restructure, a number of flexible retirements, and the wider corporate restructure implemented during 2012/13) were significantly in excess of these targets, and the forecast has been updated to reflect these savings.

(2) Recurring savings from right-sizing exercise across all budget areas of the Council

Officers gave a commitment to Members following the 2011/12 outturn position to review underspends across the Council. This exercise was carried out during the autumn of 2012 and the forecast has been updated to reflect the recurring budget reductions generated. The exercise will be repeated on an annual basis.

(3) Changes as a result of Member approvals

The forecast has been updated to reflect the impact of decisions made by Members since the last forecast report. These are:

- Council 3rd December 2012: re-phasing of Ashton Gardens depot works into 2013/14;
- Council 3rd December 2012: allowances re 2 new independent persons appointed for standards work;
- Cabinet 21st November 2012: LCC waste disposal - re-phased payment profile re option 2.

(4) Revised estimates of income budgets across the Councils

The forecast has been updated to reflect an authority wide review of income estimates across the life of the forecast. A large proportion of this has been additional income generated at the Crematorium as a result of the temporary closure of Carleton Crematorium in Blackpool.

(5) Staffing Costs

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

- the removal of the assumed pay award in respect of 2012/13;
- an estimated 1% pay award per annum with effect from 2013/14;



- an increase in the authority-wide vacancy savings target of £160k for 2012/13 and £10k per annum thereafter as a result of in-year vacancies within the Council due to the significant reduction in sickness absence and recruitment gate keeping which continues to be carried out by Management Team.

(6) Accommodation project

The forecast has been updated to reflect the following changes in respect of the accommodation project and consequential depot requirements:

- the budget provision for decanting staff from the Town Hall during refurbishment has been re-profiled to reflect the latest position in respect of the project;
- The previously approved forecast assumed that savings would be achieved as a result of the rationalisation of the Council's accommodation. The forecast included a note that any delay in disposing of sites earmarked for sale would affect the achievement of the savings. Negotiations in respect of asset disposals are ongoing and the forecast has been updated to reflect the delay in achieving the savings;
- As a result of the accommodation review, the forecast has been updated to reflect anticipated depot costs previously removed from the forecast.

(7) Further one-off VAT refund

Work continues to be carried out by finance staff to evaluate the treatment of VAT applicable to fees and charges applied by the Council across a number of service areas. This latest forecast adjustment reflects additional refunds of £39k received in 2012/13 as a result of this ongoing work.

(8) External Audit Fees

Along with all other local authority's, the cost of the Council's external audit fees have been reviewed and the forecast has been updated to reflect the resultant recurring saving.

(9) Net savings from revised borrowing assumptions and interest rate forecasts

The forecast has been updated to reflect both:

- the latest estimated cost of borrowing required in order to fund expenditure approved within the capital programme. The one-off saving in 2012/13 is as a result of the decision to delay borrowing in the short term and to use internal cash balances to fund capital expenditure, and
- the updated level of investment interest estimated to be received on cash balances and reserves which the Council invests as part of daily treasury management activities. The main reason for the changes are updated estimates of the bank base rate forecast over the life of the forecast.

(10) Elections budget provision

The forecast has been updated to reflect the latest estimates of the cost of borough elections in 2015/16.

(11) Removal of FBC contribution to LSP

The forecast has been updated to reflect the expected saving of the Council's contribution to the LSP which is set to cease in its current form after 31st March 2013.

(12) North Beach Car Park

Council on 3rd December 2012 approved the addition to the capital programme of a number of fully funded capital schemes, including a project in the sum of £30k to install a sustainable drainage system which at that time was estimated would generate recurring revenue savings of £6k per annum from 2014/15 onwards from reduced surface drainage water charges. Subsequent dialogue and negotiation with United Utilities by officers has secured a re-classification and re-valuation of the site for surface drainage water purposes which has resulted in a significant refund and reduced ongoing charges, which means that there it is no longer a need to invest £30k in the site. The forecast has been updated accordingly.

(13) Grounds Maintenance Contracts

The forecast has been updated to reflect changes in respect of grounds maintenance contract works.

(14) Planning Appeal Costs

The forecast has been updated to reflect the latest estimate of planning appeal costs faced by the Council in the current financial year.

(15) Housing Benefit Administration Grant

The Council has received confirmation of the government's allocation of housing benefit grant for 2013/14, and future years, and the forecast has been updated accordingly.

(16) Re-phasing of Capital Projects

Council on 3rd December 2012 approved the addition to the capital programme of a number of fully funded capital schemes, including 2 projects in the sum of £30k each for replacement of the cemetery/crematorium pumping station and the creation of an infant memorial garden. The forecast has been updated to reflect the latest estimate of the timing of the works which are programmed to be carried out in 2013/14.

**Latest General Fund Budget Forecast 2012/13 to 2016/17 - Cabinet Proposals**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Adverse / Favourable
<b>Forecast approved at Budget Council 1st March 2012</b>	<b>10,902</b>	<b>10,670</b>	<b>10,509</b>	<b>10,609</b>	<b>10,609</b>	
Unavoidable forecast changes - per Appendix C	- 1,483	- 70	- 106	- 104	- 161	Favourable
Cabinet Budget Proposals - per Appendix F		18	21	24	24	Adverse
<b>Forecast Budget Requirement</b>	<b>9,419</b>	<b>10,618</b>	<b>10,424</b>	<b>10,529</b>	<b>10,472</b>	
<b>Financed by:</b>						
Government Grant/Business Rate Baseline Formula Funding	3,756	3,403	2,867	2,580	2,322	
Council Tax Support Funding		638	638	638	638	
Less - Parish Element of Council Tax Support Funding		- 74	- 74	- 74	- 74	
Council Tax Freeze grant	281	197	197			
Sub Total	4,037	4,164	3,628	3,144	2,886	
Council Tax (incl annual Tax Base changes & Collection Fund Surplus/Deficit)	5,753	5,114	5,292	5,426	5,565	
<b>Other grants</b>						
Compensatory grant re Support for Council Tax scheme - 13/14 only		17				
New Homes Bonus - forecast	585	893	1,043	1,193	1,343	
<b>Forecast Financing</b>	<b>10,375</b>	<b>10,188</b>	<b>9,963</b>	<b>9,763</b>	<b>9,794</b>	
<b>Call on Reserves</b>	<b>- 956</b>	<b>430</b>	<b>461</b>	<b>766</b>	<b>678</b>	
<b>General Fund Reserves</b>						
Balance of General Fund Reserves b/f	3,731	4,727	4,297	3,836	3,070	
Transfer from Other Earmarked Reserves:						
- Tourism & events promotion reserve	40					
Less transfer to/from(-) reserves in year	956	- 430	- 461	- 766	- 678	
<b>Forecast Reserves at Year End</b>	<b>4,727</b>	<b>4,297</b>	<b>3,836</b>	<b>3,070</b>	<b>2,393</b>	
<b>Band D Council Tax (Excl Parish Precepts)</b>	<b>£186.29</b>	<b>£185.92</b>	<b>£189.64</b>	<b>£193.43</b>	<b>£197.30</b>	
<b>Council Tax Increase</b>	<b>0.0%</b>	<b>-0.2%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	

## CABINET BUDGET GROWTH PROPOSALS

## BUDGET PROPOSALS - REVENUE GROWTH - REFLECTED IN APPENDIX E

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Description
Continuing and increased support to Fylde Citizens Advice Bureau	0	10	12	14	14	Additional funding to the CAB in line with the report to Cabinet on 21st November 2012.
Contribution to Lancashire wide approach to dealing with domestic violence	0	7	7	7	7	Annual contribution to a Lancashire wide fund (with contributions from LCC and Lancashire Districts) to address domestic violence issues and provide a consistent core offer of evidenced based interventions for victims, children and young people and perpetrators across the continuum of need.
Amenity Cleansing Grants	0	1	2	3	3	Amenity cleansing grants to rural parishes have not been increased for a number of years. This is a valued service in the community and this proposal increases the grants by 5% in 2013/14, and by RPI annually thereafter.
Tourism and Events Promotion Reserve	0	0	0	0	0	Budget proposal to cease the annual £30k contribution to the Tourism and Events Promotion Reserve, and instead to mainstream the £30k within the revenue budget to fund the successful and popular Wartime Weekend event and to pump prime new innovative events.
<b>TOTAL OF GROWTH PROPOSALS</b>	<b>0</b>	<b>18</b>	<b>21</b>	<b>24</b>	<b>24</b>	

## BUDGET PROPOSALS - CAPITAL ITEMS - REFLECTED IN APPENDIX G

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Description
Creation of a Capital Investment Reserve to fund future capital expenditure and therefore minimise additional borrowing, with the transfer of £521k from the Comprehensive Spending Review reserve as an initial injection of funding. Initial schemes to be fully funded from the Capital Investment Reserve are as follows:						
Fairhaven Lake & Promenade gardens - first round	0	0	20	0	0	Funding to support a first round Heritage Lottery Fund (Parks for People programme) bid to work up restoration proposals for Fairhaven Lake and Promenade Gardens historic buildings, landscapes and structures. The Heritage Lottery Fund has a two round bidding process, the first round is the Development Phase and the second round is project implementation. Each bidding round is competitive and it is expected that a further application will be made dependant on the extent of support from the Heritage Lottery Fund.
Contribution to Kirkham Public Realm Improvement scheme	0	35	35	0	0	This is a proposed project that seeks to supplement investment proposed by LCC to enhance the public realm of Kirkham Town Centre. It is believed that in doing so the centre will become a more attractive destination and that its success, vitality and sustainability will be enhanced. Limited improvements to the public realm have been undertaken in the past but many of the paved areas and forecourts remain in need of investment.
Cemetery and crematorium - Infrastructure Works	0	80	0	0	0	This is a project to develop and improve the infrastructure at Lytham Park cemetery and crematorium to improve land drainage and access to future burial areas.
<b>TOTAL ADDITIONS TO THE CAPITAL PROGRAMME, FULLY FUNDED FROM CAPITAL INVESTMENT RESERVE</b>	<b>0</b>	<b>115</b>	<b>55</b>	<b>0</b>	<b>0</b>	

## APPENDIX G

### UPDATED 5 YEAR CAPITAL PROGRAMME 2012/13 TO 2016/17 - SUMMARY

APPROVED SCHEMES	Approved Budget 2012/13 £000	Updated Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	Estimate 2015/16 £000	Estimate 2016/17 £000
Community Services	2,156	2,228	350	20	0	0
Development Services	3,899	2,368	3,498	471	436	436
Resources	0	0	44	0	0	0
<b>Total Expenditure</b>	<b>6,055</b>	<b>4,596</b>	<b>3,892</b>	<b>491</b>	<b>436</b>	<b>436</b>
<b>FINANCING:</b>						
Capital Receipts - General Asset Sales / Ground Rents	50	31	45	45	45	45
Capital Receipts - Clifton Lytham Housing Association Ltd	0	32	0	0	0	0
Capital Receipts - Right to Buy Receipts	25	85	25	25	25	25
Capital Receipts - (Accommodation Project)	3,000	228	2,772	0	0	0
Capital Receipts - Vehicle Sales	0	19	0	0	0	0
Leasing	0	0	0	0	0	0
Disabled Facilities Grant	366	463	366	366	366	366
Section 106 Monies - Park View Ampitheatre	0	9	0	0	0	0
Section 106 Monies - Hope Street Park - St Annes	0	16	0	0	0	0
Section 106 Monies - Fleetwood Road Playing Field	0	10	0	0	0	0
Section 106 Monies - Local Authority Mortgage Scheme	0	1,000	0	0	0	0
Capital Grant - Repayments	0	25	0	0	0	0
Capital Reserve 'Blue Bus Monies'	0	22	0	0	0	0
Capital Investment Reserve	0	0	115	55	0	0
Other External Finance (see Appendix D)	0	189	94	0	0	0
Direct Revenue Finance	150	175	145	0	0	0
Prudential Borrowing	2,464	2,317	330	0	0	0
<b>Total Financing</b>	<b>6,055</b>	<b>4,621</b>	<b>3,892</b>	<b>491</b>	<b>436</b>	<b>436</b>
<b>Total surplus (-) / shortfall in year</b>	<b>0</b>	<b>-25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative surplus (-) / shortfall</b>	<b>0</b>	<b>-25</b>	<b>-25</b>	<b>-25</b>	<b>-25</b>	<b>-25</b>

**UPDATED 5 YEAR CAPITAL PROGRAMME 2012/13 TO 2016/17 - DETAIL BY SCHEME**

APPROVED SCHEMES	Approved Budget 2012/13 £000	Updated Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	Estimate 2015/16 £000	Estimate 2016/17 £000
<b>COMMUNITY SERVICES</b>						
Hope Street Park - St Annes	0	23				
Fleetwood Road Playing Field - Wesham	0	10				
Waddington Road Playing Field	0	12				
Park View Ampitheatre	0	14				
Boxes to Bins Project - Bin Purchases	1,323	1,323				
Replacement Vehicles	723	669	177			
Grant to Kirkham Town Council re: Assets Transferred	110	110				
Fylde Community Growing Project	0	30				
Promenade Gardens Play Area Project	0	0	50			
Rock & Water Garden Project	0	25				
Infant Memorial Garden	0	0	30			
St Annes Pool - Changing Facilities Improvement	0	12	13			
Fairhaven Lake & Promenade Gardens - First Round	0	0	0	20		
Cemetery and Crematorium - Infrastructure Works	0	0	80			
Sub total	2,156	2,228	350	20	0	0
<b>DEVELOPMENT SERVICES</b>						
Disabled Facilities Programme	476	648	366	366	366	366
Accommodation Project	3,000	228	2,784			
St Annes Pool	153	0	128			
St Annes 2012	0	14				
Ansdell 2012	0	7				
Clifton Flood Alleviation Scheme	0	4				
Car Park Improvements	30	64	30	30	30	30
Town Centre Regeneration - Ansdell	200	258				
Fairhaven Lake Drainage Works	0	25				
Promenade Footways	40	40	40	40	40	40
Grannys Bay Beach Recharge and Protection Works, Fairhaven	0	80				
Cemetery / Cematorium Pumping Station	0	0	30			
North Beach Car Park Drainage	0	0				
Ashton Gardens Depot	0	0	85			
Supporting the Home Buyer Market - Local Authority Mortgage Scheme	0	1,000				
Contribution to Kirkham Public Realm Improvement Scheme	0	0	35	35		
Sub total	3,899	2,368	3,498	471	436	436
<b>RESOURCES</b>						
Rapid Deployment CCTV Replacement Projects	0	0	44			
Sub total	0	0	44	0	0	0
<b>Total Expenditure</b>	<b>6,055</b>	<b>4,596</b>	<b>3,892</b>	<b>491</b>	<b>436</b>	<b>436</b>

**UPDATED 5 YEAR CAPITAL PROGRAMME 2012/13 TO 2016/17 - FINANCING**

APPROVED SCHEMES	Approved Budget 2012/13 £000	Updated Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	Estimate 2015/16 £000	Estimate 2016/17 £000
<b>FINANCING:</b>						
Capital Receipts - General Asset Sales / Ground Rents	50	31	45	45	45	45
Capital Receipts - Clifton Lytham Housing Association Ltd	0	32	0	0	0	0
Capital Receipts - Right to Buy Receipts	25	85	25	25	25	25
Capital Receipts - (Accommodation Project)	3,000	228	2,772	0	0	0
Capital Receipts - Vehicle Sales	0	19	0	0	0	0
Leasing	0	0	0	0	0	0
Disabled Facilities Grant	366	463	366	366	366	366
Section 106 Monies - Park View Ampitheatre	0	9	0	0	0	0
Section 106 Monies - Hope Street Park - St Annes	0	16	0	0	0	0
Section 106 Monies - Fleetwood Road Playing Field	0	10	0	0	0	0
Section 106 Monies - Local Authority Mortgage Scheme	0	1,000	0	0	0	0
Capital Grant - Repayments	0	25	0	0	0	0
Capital Reserve 'Blue Bus Monies'	0	22	0	0	0	0
Capital Investment Reserve	0	0	115	55	0	0
Other External Finance (see analysis below )	0	189	94	0	0	0
Direct Revenue Finance	150	175	145	0	0	0
Prudential Borrowing	2,464	2,317	330	0	0	0
<b>Total Financing</b>	<b>6,055</b>	<b>4,621</b>	<b>3,892</b>	<b>491</b>	<b>436</b>	<b>436</b>
<b>Total surplus (-) / shortfall in year</b>	0	-25	0	0	0	0
<b>Cumulative surplus (-) / shortfall</b>	0	-25	-25	-25	-25	-25

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

**Other External Finance: Analysis**

Community Spaces - Lottery - Park View Ampitheatre	0	5				
Hope Street Community Group	0	7				
Environment Agency - Grannys Bay Beach	0	80				
Lancashire Environment Fund	0	9				
Friends of Waddington	0	3				
LSP Performance Reward Grant	0	55	94			
Lancashire County Council - Town Centre Regeneration - Ansdell	0	30				
	0	189	94	0	0	0



# Fylde Borough Council

## Useable Reserves and Balances Policy

# Policy on Useable Reserves and Balances

## 1 The Useable Reserves and Balances Policy

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

## 2 Integrated Financial Planning

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

There are no statutory minimum levels of general reserves but in line with best practice and Audit Commission advice it is suggested that 5% of the average total net budget requirement is set as the minimum for the reserve balances. For Fylde this equates to £530k based on £10.6m net requirement for 13/14.

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

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

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

- 2.2 The level of earmarked reserves will be reviewed in the preparation of the Medium Term Financial Strategy and again as part of the Closure of Accounts process. The creation of any new Earmarked Reserves will be subject to Member approval.
- 2.3 The Council's General Fund balances at 31<sup>st</sup> March 2012 were £3.731m.

### 3 Reporting Framework

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

### 4 Earmarked General Fund Reserves

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

In approving any new Earmarked Reserves the Council needs to identify the purpose of the Reserve, the protocol for its use and the procedures for its management and control. The Earmarked Reserves as at 31st March 2012 and expected as at 31st March 2013 are set out in a note at the end of this report. The note details the earmarked reserves that can be released to Revenue if required.

- 4.2 As a reminder, in line with this Policy the following earmarked reserves were reviewed as part of the 2012/13 budget setting process and approved at Budget Council on 1st March 2012 for release over the life of the forecast:

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

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

## **5 Presentation of the Reserves & Balances**

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

## **6 Earmarked Reserves – Proposals for 2013/14**

- 6.1 Having reviewed the current useable reserves and balances it is now proposed for 2013/14:
- to cease the annual £30k contribution to the Tourism and Events Promotion Reserve, and instead to mainstream the £30k within the revenue budget to fund the successful and popular Wartime Weekend event and to pump prime new innovative events; and
  - the creation of a Capital Investment Reserve to fund future capital expenditure and therefore minimise additional borrowing, with the transfer of £521k from the Comprehensive Spending Review reserve as an initial injection of funding. The capital schemes to be funded from the newly created reserve are set out in section 18 of this report.

## Fylde Borough Council - Useable Reserves and Balances Position

### 1. Earmarked Reserves

Reserve	Purpose	How and When Used	Balance as at 01/04/12 £000	Estimated Transfers-in in Year £000	Estimated Use in Year £000	Estimated Balance 31/03/13 £000	Possible Release to Revenue?
Land Charges - New Burdens Reserve	Created in 2010/11, this is a voluntary set-aside of grant received in 2010/11 towards potential third party claims in relation to historic Land Charge enquiries. Topped up at outurn 11/12.	Reserve to be maintained until the ongoing legal cases are resolved.	89	0	0	89	Not available for release - required to meet any potential future claims. Legal process ongoing.
Parks & Open Spaces	Developers' who seek the adoption of areas of open space by the council are required to deposit a commuted sum.	It is used to support additional grounds maintenance expenditure incurred by the Council following adoption.	39	0	-39	0	Approved by Budget Council in March 2011 to release into General Reserves in 2012/13.
Vehicle Maintenance	Voluntary set aside created in 2008/09 to contribute towards the cost of vehicle maintenance repairs. Topped up at outurn 11/12.	To support any additional vehicle maintenance repairs.	127	0	0	127	No - to be left intact to supplement vehicle maintenance budget as fleet ages.
Business Improvement Grant (NNDR)	Created in 2005/06. The Council was awarded additional monies to support Economic Development activities on a case by case basis that have been earmarked or general use to support Economic Development wherever possible.	Used to support Economic Development activities on a case by case basis	34	0	-34	0	Approved by Budget Council in March 2011 to release into General Reserves in 2012/13.
Events and Tourism Support Reserve	Initially created in 2009/10 as a one off Economic Promotion & Recovery reserve. As part of 2010/11 budget setting this reserve was set up to add in £30k per annum from 2010/11 onwards as an Events and Tourism Support Reserve.	To support local economic initiatives on a case by case basis.	66	30	-96	0	£96k in-year use is made up of: - Approved by Budget Council in March 2011 to release £30k into General Reserves in 2012/13 -£40k released as a revenue contribution to capital to fund the first year of the promenade footways scheme; - £25k spent on battle of Britain event; - £600 payment to Kirkham & Wesham Business Group
Replacement Systems Reserve	Voluntary set aside for the funding of new IT initiatives and development of IT systems.	In current climate for essential ICT replacements only.	157	0	0	157	Balance to be retained for future IT development requirements.
Performance Reward Grant reserve	Created in 2009/10, this is a voluntary set aside of performance reward grant (PRG). Although Fylde Borough Council is the Accountable Body for the Fylde PRG, The Fylde Local Strategic Partnership (LSP) are the appointed decision making body in relation to the allocation of the PRG.	Used to set aside Performance Reward Grant funding in order to support Preston Strategic project bids.	235	0	-141	94	Not available for release as this is LSP money, not the Council's. £94k is earmarked for FBC use in 2013/14 to fund CCTV capital scheme of £44k and Prom Gardens Play Area capital scheme of £50k.

Reserve	Purpose	How and When Used	Balance as at 01/04/12 £000	Estimated Transfers-in in Year £000	Estimated Use in Year £000	Estimated Balance 31/03/13 £000	Possible Release to Revenue?
Comprehensive Spending Review Reserve	Created in 2009/10, this is a voluntary set aside established to prepare the Council for future financial pressures in a planned and cost effective way.	As required to prepare the Council for future financial pressures in a planned and cost effective way.	521	0	0	521	Cabinet Budget Proposal: Given the improved revenue position it is proposed to release this fund and create a Capital Investment Reserve in the same sum to fund future capital schemes and thus minimise the future need to borrow.
Vehicle Replacement Financing Reserve	Created in 2010/11. This is a voluntary set aside established to meet the cost of future debt repayments in respect of the replacement & purchase of vehicles.	Used to meet the cost of future debt repayments in respect of the replacement & purchase of vehicles	212	0	0	212	Not currently available for release as additional borrowing would be required to fund any future shortfall in the capital financing of the capital programme.
MMI Insurance Reserve	Created in 2011/12, this is a set aside to cover the likely liability in respect of the MMI scheme of arrangement.	Used to meet the cost of future scheme run off.	105	0	0	105	Not available for release as to be fully utilised to fund scheme run-off.
High Street Innovation Fund Reserve	Created in 2012/13, this is a set aside to finance expenditure incurred linked to the award of the HSIF grant.	Used to finance expenditure incurred on the HSIF project	0	100	0	100	Not available for release as to be fully utilised to fund expenditure on the HSIF project.
Community Right to Bid reserve	Created in 2012/13, this is a set aside of grant awarded to fund costs involved in potential future community right to bid.	Used in accordance with approved planned spend of the capital programme	0	16	0	16	Not available for release.
Total Earmarked Reserves			1,585	146	-310	1,421	

## 2. Capital Reserves

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

Capital Project Fund (Ansdell Bus Money) Reserve	Set aside from the revenue receipts on the sale of the Bus Company allocated to each area of the Authority	Balance to be expended in Ansdell on schemes to be identified.	22	0	0	22	As approved at Council in January 2013 - this is to be released to support the Ansdell capital scheme.
Total Useable Capital Reserve			22	0	0	22	

## 3. General Fund Reserve

General Fund	An unallocated general working balance reserve fund to help cushion the impact of uneven costs of running council day to day services or the impact of unexpected events or emergencies	In line with the annual budget and medium term forecast as approved by Council, taking in to account strategic, operational and financial risks facing the council over the medium term	3,731	996	0	4,727	This is the position in line with the Council's current financial forecast.
Total General Fund Reserves			3,731	996	0	4,727	

**Total**

<b>5,338</b>	<b>1,142</b>	<b>-310</b>	<b>6,170</b>
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## **SPECIAL EXPENSES POLICY**

At its meeting of 3rd March 2008, the Council implemented a differential taxation policy by introducing special expense charges as set out in the following recommendations:

- i) That the resolutions of the former Policy and Resources Committee of 15 January 2001, relating to special expenses (minute 13), be rescinded in relation to categories (a) and (b) as set out in the minute, so that items falling within those categories (parks, gardens, open spaces and games sites) or within this resolution but outside those categories (Christmas lights/trees) will become the council's special expenses under section 35(2)(d) of the Local Government Finance Act 1992 and that the items of Special Expenses as listed in paragraph 9.4 be approved.
- ii) That the principle of differential taxation be agreed and the impact is set out in Table A of Appendix E.

Since that time, annual fluctuations in the cost of concurrent services charged as special expenses have resulted in corresponding fluctuations in amounts payable by residents.

To ensure that for 2013/14 residents pay the same amount as in 2012/13, the special expenses policy will be amended such that, with effect from 1st April 2013:

- the cost of the Parks Development function will be excluded from the Council's special expenses under section 35(2)(d) of the Local Government Finance Act 1992; and
- the annual special expense charge per property will be set for 2013/14 at the same level as for 2012/13; and
- the annual borough wide charge per property will be set for 2013/14 at the same level as for 2012/13; and
- the budget resource to be allocated to delivering concurrent services and chargeable as special expenses for 2013/14 will be set at a sum equivalent to the annual special expense charge per property (band D equivalent) multiplied by the tax base (band D equivalent) for the special expense area.

For the purposes of charging special expenses, both the special expense costs and the tax bases relating to the areas of Lytham and St Annes will each be aggregated and the Council Tax charge per property at each band level will be the same across the whole area.

## **Definitions of terms relating to the Local Government Finance settlement**

**Estimated Business Rates Aggregate** - the total business rates to be collected by all billing authorities in England for the year, which provides the starting point for determining each individual local authority's Business Rates Baseline.

**Baseline Funding level** – at a national level the Baseline Funding Level is the Estimated Business Rates Aggregate (England), multiplied by the Local Share (for 2013/14 the Billing Authority Local Share will be 50%); this is referred to as the '*Baseline Funding Level for all LAs*'. This national Baseline Funding Level is then allocated by use of formula to individual authorities; this is referred to as the '*Baseline Funding Level for each receiving LA*'.

**Business Rates (BR) Baseline** – the amount for the billing authority is determined by apportioning the Baseline Funding Level for all LAs on the basis of proportionate shares, this is referred to as the '*Billing Authority BR Baseline*'. Each Billing Authority BR Baseline is split between the billing authority and major precepting authorities in that area to derive '*Individual Authority Business Rates Baselines*'.

**Levy** – A charge made on local authorities achieving a disproportionate level of Business Rates growth. Amounts raised from the levy mechanism are designed to fund Safety Net payments.

**Revenue Support Grant (RSG)** – A general revenue grant paid to local authorities as part of the overall Funding Allocation. This is calculated as in previous years based on the four block system; Relative Needs Amount, Relative Resource Amount, Central Allocation and Floor Damping.

**Safety Net** - Compensation payments made to authorities experiencing a reduction in their Business Rates yield above a given threshold.

**Spending Power** – spending power from council tax, Government revenue grants, localised Business Rates and National Health Service funding for social care. The calculation of each local authority's spending power is used to calculate eligibility for Efficiency Support Grant.

**Start-up Funding Assessment** – The sum of Revenue Support Grant and the Baseline Funding Level. This can be calculated at a national and individual authority level.

**Tariff** - payment made to the Secretary of State where an authority's individual Business Rates Baseline is greater than its Baseline Funding.

**Tax base for RSG** – The share of the Council Tax base assumed for each local authority, which is taken into account when distributing RSG.

**Top-up** – Payment received from the Secretary of State where an authority's individual Business Rates Baseline is less than or equal to its Baseline Funding Level.



## Policy Development Scrutiny Committee

Date:	10 January 2013
Venue:	Town Hall, St Annes
Committee members:	Councillor Fabian Craig-Wilson (Chairman) Councillor Leonard Davies (Vice-Chairman)  Councillors Ben Aitken, Frank Andrews, Susan Ashton, David Chedd, Maxine Chew, Peter Collins, John Davies, David Donaldson, Karen Henshaw JP, Barbara Nash, Edward Nash, Elizabeth Oades, Richard Redcliffe.
Other Councillors:	Councillor Cheryl Little
Officers:	Paul Walker, David Gillet, Gary Sams, Lucy Wright, Annie Womack, Alastair Woodhouse
Members of the Public	None

### Public Platform

There were no requests to speak.

#### 1. Declarations of interest

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

There were no declarations of interest.

#### 2. Confirmation of minutes

RESOLVED: To approve the minutes of the Policy Development Scrutiny Committee meetings held on 6 December and 13 December 2012 as a correct record for signature by the chairman.

#### 3. Substitute members

The following substitutions were reported under Council procedure rule 25:

Councillor Barbara Nash for Councillor Simon Cox

Councillor Peter Collins for Councillor Charlie Duffy

#### 4. MyHomeChoice Fylde Coast Allocations Policy Consultation and Fylde Coast Tenancy Strategy Consultation

David Gillett, Head of Environmental Health and Housing, presented a report, which described the proposed changes to MyHomeChoice Fylde Coast Allocation Policy. This policy sets out who will get priority in the letting of affordable housing in the Borough, through housing associations and the choice based lettings system. The report also included details of the Fylde Coast Tenancy Strategy which provided guidance to providers of affordable housing on the use of fixed term tenancies, which is a new concept in affordable housing.

Both of these key issues were out for consultation until 21 January 2013, and members were advised that their responses and questions in this meeting would contribute to the consultation results, which would be presented in detail to the committee at the earliest opportunity, along with the final policies for approval. For information, Mr Gillett gave members some background and context to the Allocations Policy and the Tenancy Strategy, explaining how they had developed in light of the Localism Act, and the newly revised allocations guidelines.

Members were asked to turn to Appendix 3 of the report (the formal consultation form for the Allocations Policy and Tenancy Strategy) and Lucy Wright, Assistant Housing Policy Officer summarised each proposal and, with David Gillett, answered the various questions and queries raised by members. They included:

- Under the proposal relating to members of the armed forces and their families, Councillor Edward Nash suggested that increased priority should not be limited to those suffering serious injury or bereavement but should also include those members of the armed forces who have been made redundant.
- Under the proposal relating to the under-occupation of housing, members queried what proportion of time a carer to a disabled occupant would need to stay at the residence in order that the occupant could be classed as needing an extra room. Lucy Wright explained that this is covered in new changes to benefits.
- Also under the under-occupation proposals Mr Gillett was asked what qualifies for a bedroom? If children under a certain age are to be required to share a bedroom, should there be a minimum room size criteria? Mr Gillett informed the committee that there was no size definition of bedroom.
- If tenants need to move due to under-occupation (which results in a reduction to housing benefit), Councillor Karen Henshaw raised concerns about how much notice will be given by the Housing Associations, particularly to elderly tenants. Mr Gillett informed the committee that the Council are currently working with New Fylde Housing to manage these situations, although he did point out that in

some instances, there will not be suitable properties for them to move to. In those cases, the tenant would still be subject to a reduction in benefit.

Members were concerned that in future, size limitations to properties as they apply to various occupants, should be properly publicised.

- Under the proposal relating to closing the waiting list to those with high incomes or significant savings, Councillor Richard Redcliffe commented that he thought that a gross household income of £60,000 was too high and also asked where that figure had come from. David Gillett explained that the figure is consistent with national guidance, and was adopted by other authorities. The figures for the Borough show that in reality, people on the housing list and in New Fylde Housing properties did not have earnings this high.
- Under the proposals relating to the Tenancy Strategy and fixed term tenancies, members were concerned that social housing providers, in moving away from the concept of “homes for life” could choose not to renew a fixed term tenancy despite families still having the need for that property. Lucy Wright explained that housing providers welcomed and wanted to retain good tenants and were unlikely to refuse to renew, except in circumstances for example where there was anti-social behaviour or the tenants had not maintained their homes in accordance with the agreement.

In conclusion Councillor Fabian Craig-Wilson, Chairman reminded the committee that if they wanted more information or clarification on any issues, they can contact David Gillett or Lucy Wright after the meeting.

Following the debate, it was RESOLVED

1. To note the review of the allocation policy and to welcome the report of the consultation responses to a future meeting.
2. To recommend that the Council approves the draft Fylde Coast Tenancy Strategy.
3. To note the new power in the Localism Act 2011 that enables Local Authorities to discharge their homelessness duty using the private rented sector.

## 5. Asset Management Plan

Gary Sams, Principal Estates Surveyor presented this report which was to present an update on the previous Asset Management Plan agreed in 2011.

Mr Sams explained that there are two plans/strategies; they are the Asset Management Plan (a five year plan showing how the council intended to use its land, property and other assets to deliver services) and the Capital Strategy (a high level summary of the Council's approach to the delivery of the

priorities and objectives set out in the Councils Corporate Plan, through capital investment).

For members' information, included with the report was the Action Plan with actions, targets, the benefit or improvement obtaining, and progress updates.

The committee was told that the Asset Management Plan and Capital Strategy are due to be considered and readopted by Cabinet in July 2013.

Following consideration, it was RESOLVED:

1. To note progress made with the previously agreed action plan.

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