

Agenda

COUNCIL



| | |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date: | Monday, 5 December 2016 at 7:00 pm |
| Venue: | AKS Lytham Independent School, Clifton Drive South, FY8 1DT |
| | <p>Mayor : Councillor Christine Akeroyd Deputy Mayor : Councillor Angela Jacques</p> <p>Leader : Councillor Sue Fazackerley Deputy Leader : Councillor Karen Buckley</p> <p>Councillors Ben Aitken, Frank Andrews, Peter Anthony, Tim Ashton, Jan Barker, Keith Beckett ISO, Brenda Blackshaw, Julie Brickles, Maxine Chew, Alan Clayton, Delma Collins, Peter Collins, Michael Cornah, David Donaldson, David Eaves, Trevor Fiddler, Tony Ford JP, Richard Fradley, Gail Goodman JP, Shirley Green, Peter Hardy, Neil Harvey, Paul Hayhurst, Karen Henshaw JP, Paul Hodgson, Cheryl Little, Roger Lloyd, Kiran Mulholland, Barbara Nash, Edward Nash, Graeme Neale, Linda Nulty, Liz Oades, Sandra Pitman, Albert Pounder, Richard Redcliffe, Louis Rigby, Vince Settle, Elaine Silverwood, John Singleton JP, Roger Small, Heather Speak, Richard Taylor, Raymond Thomas, Thomas Threlfall, Viv Willder.</p> |

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| 1 | Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided. | 1 |
| 2 | Confirmation of Minutes: To confirm the minutes, as previously circulated, of the Council meeting held on 17 October 2016 as a correct record. | 1 |
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Contact: Katharine McDonnell - Telephone: (01253) 658423 – Email: democracy@fylde.gov.uk

The code of conduct for members can be found in the council's constitution at

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

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REPRESENTATIONS



| REPORT OF | MEETING | DATE | ITEM NO |
|----------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 5 |
| QUESTIONS FROM MEMBERS OF THE COUNCIL | | | |

PUBLIC ITEM

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

SUMMARY

No questions have been received from Members of the Council before the requisite deadline, as outlined in Procedural Standing Orders for Council and Committees of Part 4 of the Council's Constitution, and before the statutory deadline for publication of the agenda.

If any questions are received before the constitutional deadline, as outlined above, they will be circulated prior to the meeting for members' information, under separate cover.

Any question(s) will be heard during the Council meeting on 5 December 2016 and a response will be given by the Leader of the Council.

REPRESENTATIONS



| REPORT OF | MEETING | DATE | ITEM NO |
|---------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 6 |
| QUESTIONS FROM MEMBERS OF THE PUBLIC | | | |

PUBLIC ITEM

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

SUMMARY

No questions have been received from members of the public before the deadline, as outlined in the Procedural Standing Orders for Council and Committees in Part 4 of the Council's Constitution, and before the statutory deadline for publication of the agenda.

If any further questions are received before the constitutional deadline, as outlined above, they will be circulated prior to the meeting for members' information, under separate cover.

Any question(s) will be heard during the Council meeting on 5 December 2016 and a response will be given by the Leader of the Council.

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|-------------------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 7 |
| NOTICE OF MOTION – LANCASHIRE POLICE AUTHORITY | | | |

PUBLIC ITEM

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

SUMMARY

Notice of motion is a procedure that allows members of the council to ask the council to discuss any matter for which the Council has a responsibility or which affects the Fylde area. Any member of the council can give written notice to the Director of Resources of a motion that they wish to move. The Director will publish the motion on the council's website and arrange for it to be placed on the agenda of the next available ordinary council meeting. The motion will be debated at council subject to it being moved and seconded.

RECOMMENDATION

To consider the Notice of Motion received on 17 November 2016.

SUMMARY OF PREVIOUS DECISIONS

There have been no previous decisions on this item.

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

The Motion

1. The following Notice of Motion has been received:

"Fylde Borough Council believes that it does not receive value for money from the Lancashire Police Authority"

The Notice of Motion has been duly proposed by Councillor Ben Aitken.

Standing Orders

2. Part 4 (Rules of Procedure), Standing Order 12 (Motions) of the council Constitution details the procedural requirements of handling a Notice of Motion.

| IMPLICATIONS | |
|-----------------------------------------|-----------------------------------------|
| Finance | None arising directly from this report. |
| 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 and Environmental Impact | None arising directly from this report. |
| Health & Safety and Risk Management | None arising directly from this report. |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|----------------|--------------|----------|--------|
| Tracy Morrison | 01253 658521 | 17/11/16 | |

| LIST OF BACKGROUND PAPERS | | |
|-------------------------------------|------------------|-----------------------------------------------------|
| Name of document | Date | Where available for inspection |
| Notification from Councillor Aitken | 17 November 2016 | Public Documents - Notice of Motion |
| Council Constitution | | Public Documents - Constitution |

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|---------------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 8 |
| INDEPENDENT REMUNERATION PANEL APPOINTMENT | | | |

PUBLIC ITEM

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

SUMMARY

The report recommends that Karen Eaton be appointed as a member of the Council's Independent Remuneration Panel in succession to Mary Wilson and Michael Brown, who have stepped down.

RECOMMENDATION

1. Appoint Mrs Karen Eaton to the Independent Remuneration Panel in succession to Mary Wilson and Michael Brown.
2. To record the Council's thanks to Michael Brown, who has been a longstanding member of the Panel, together with Mary Wilson, who has been a more recent appointee.

SUMMARY OF PREVIOUS DECISIONS

None relating to this matter.

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

REPORT

1. Regulations made under the Local Government and Housing Act 1989 require the council to have a panel, comprised of people independent of the council, to make recommendations on allowances and certain other payments payable to members of the council. There are presently vacancies on this council's panel, created by the resignations of Mary Wilson and Michael Brown, due to ill health. The remaining members of the panel are Mrs Helen Hockenhull and Mr David Cam.
2. Although the council's panel was four, it has more traditionally been three and this appointment would mark a return to that tradition.
3. The vacancy was publicised on the council's website. The recruitment process, consisting of written applications and informal interview, attracted a high quality applicant in Mrs Eaton.
4. Mrs Eaton is a retired civil servant and a serving magistrate. She is a chartered accountant and has previously undertaken internal audit work. Officers are confident that she will make a positive contribution to the work of the panel.

| IMPLICATIONS | |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance | Panel members can claim expenses for attending meetings, however in reducing the number of members from 4 to 3 would reduce the amount of expenses claimed. Additionally all the Panel members are local and any expenses claims are likely to be minimal. |
| Legal | The Council is required to appoint a panel under Regulation 20 of the Local Authorities (Members' Allowances) (England) Regulations 2003. |
| Community Safety | None |
| Human Rights and Equalities | The recruitment exercise was open to all sectors of the community. |
| Sustainability and Environmental Impact | None |
| Health & Safety and Risk Management | None |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|-------------|--------------|------------------|--------|
| Ian Curtis | 01253 658506 | 22 November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|---------------------------|------|--------------------------------|
| Name of document | Date | Where available for inspection |
| None | | |

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|---------------------------------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 9 |
| REVIEW OF HONORARIA PAYMENT TO STANDARDS INDEPENDENT PERSONS | | | |

PUBLIC ITEM

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

SUMMARY

Fylde Borough Council and Blackpool Council have each appointed an Independent Remuneration Panel (IRP) to advise on the adoption of a scheme of members' allowances and any individual allowances within the Scheme for their respective authority.

Both Panels were asked to meet jointly to consider the remuneration for Independent Persons, as there was a shared arrangement between the two authorities in that a pool of three Independent Persons worked across the authorities, in respect of allegations of misconduct for members.

The Joint Meeting took place on 22 September 2016.

RECOMMENDATIONS

Council is recommended to:

1. Consider the recommendations of the Independent Remuneration Panel for Independent Persons and set the honoraria payment at £700, per Independent Person per annum effective from 1 April 2017/18; and
2. Approve the proposal that the remuneration should be included in the Members Allowances Scheme of both Councils and that a review of the allowance should be considered after a period of three years (alongside a review of other allowances within the Scheme), unless circumstances require a review in the meantime.

SUMMARY OF PREVIOUS DECISIONS

11 April 2016 – Appointment of Independent Persons for a three year term and the inclusion of the new area of responsibility as a designated independent person for chief officers.

3 December 2012 – Approval of honoraria payment as part of members allowance scheme. Honoraria payment agreed to be shared between Fylde and Blackpool Councils as part of shared arrangement of independent persons.

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

REPORT

Background

1. In considering the role of Independent Person, the Panel noted that the role had arisen out of the Localism Act 2011 as a means of providing an independent view in relation to complaints of member misconduct. Statutorily, the role of the Independent Person would come into play when the Monitoring Officer referred a matter for investigation, at which point he/she was obliged to seek the views of an Independent Person, as well as the member subject of the complaint having recourse to an Independent Person for their views.
2. In view of the requirements of the Act, the Panel was aware that a pool of three Independent Persons had been appointed to work across Fylde Borough Council and Blackpool Council in this respect. The Panel also noted the expectations from both authorities that the Independent Persons would undertake training as part of this role.
3. Panel members were aware that following the appointment of the original 'pool' of Independent Persons, both Councils (following recommendations from their respective Independent Remuneration panels) had set an honoraria payment of £500 per annum (plus travel/subsistence expenses). This was in 2012 and the honoraria amount had not been reviewed since that time.

Considerations

4. The Panel then considered how the role of Independent Person had worked in practice. Both Monitoring Officers (MOs) felt that contributions from Independent Persons were above and beyond that set out in legislation. For example, both MOs had sought the assistance of the Independent Person in the majority of complaints received, even if the complaint had not been referred for investigation, as it was felt that that was important in that it gave an added element of independence and assurance to the complaints process. Fylde Borough Council had also used an Independent Person as part of the informal resolution of a complaint which had had beneficial results.
5. It was also clear that the Independent Persons were proactive in undertaking their role. As well as taking part in training, they had regularly attended network events, attended Standards Committee meetings, Parish Council meetings and had taken part in workshops to review the Code of Conduct and consider the new responsibilities as 'Designated Independent Persons' (DIP).
6. The Panel went on to consider the workload of the Independent Persons. Panel members noted that while the number of misconduct complaints at Blackpool remained relatively static, Fylde Borough Council had not witnessed a decrease in complaints, but local issues (e.g. fracking) and referrals in relation to Parish Councils had meant that complaints remained relatively frequent.
7. The Panel also noted that legislation introduced in July 2015 had increased the responsibility of the role to include that of 'Designated Independent Person' – i.e. to make recommendations to the respective Council in cases of disciplinary and dismissal of certain senior statutory officers

(The Head of Paid Service, the Monitoring Officer and the Chief Finance Officer). It was also noted that the legislation prohibited authorities from making any additional payment to the independent persons for these responsibilities.

Benchmarking Information

8. The Panel was provided with comparative information on allowances from authorities in the North West including district councils and unitary councils as well as a sample of allowances nationally. Panel members noted that although some authorities did not pay their independent members, the allowance paid from those authorities that had agreed to do so, ranged from £268 (district council example) to £1,716 (city council example), with many of the district councils paying an allowance of £500 per annum.
9. The Panel was mindful that the Independent Persons worked across both Fylde and Blackpool Councils and therefore felt that the allowance paid by a joint authority (£700) provided a useful comparator in this respect.

Treatment of Allowances

10. The Panel also considered the possibility of the remuneration of Independent Persons being included in the Members Allowances Scheme for both Councils. However, upon further discussion Panel members noted that the two schemes differed in that Blackpool's Members' Allowances Scheme was automatically uprated each year in line with the National Joint Council (NJC) staff pay award, whereas Fylde Borough Council's panel considered member allowances each year and did not apply an automatic uprate.
11. It was therefore felt by the Panel that although the remuneration for Independent Persons could be included in the Members' Allowances Schemes, it would be more appropriate and practical not to apply an uprate, but to review the allowance after a period of three years i.e. every fourth year, alongside a main review of the Members Allowances Scheme.

Conclusions

12. In making recommendations the Panel took into account the following factors:
 - the comparative information from authorities for Independent Persons
 - that the allowance had not been reviewed since 2012
 - that both Monitoring Officers regularly conferred with Independent Persons and in the majority of referrals
 - that Independent Persons were proactive in their role and involvement in standards matters.

| IMPLICATIONS | |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance | The provision for the cost of honoraria payments to standards independent persons included in the Members Allowances Scheme within the approved revenue budgets for 2017/18 is £700. The proposed increase in the level of payments as set out in this report would result in increased revenue costs of £350, per Independent Person per annum, which would be contained within existing approved revenue budgets. |
| Legal | None arising from this report |
| Community Safety | None arising from this report |
| Human Rights and Equalities | None arising from this report |
| Sustainability and Environmental Impact | None arising from this report |
| Health & Safety and Risk Management | None arising from this report |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|----------------|--------------|-----------------|--------|
| Tracy Morrison | 01253 658521 | 25 October 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|---------------------------|------|--------------------------------|
| Name of document | Date | Where available for inspection |
| None | | |

DECISION ITEM

| REPORT OF | MEETING | DATE | ITEM NO |
|----------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 10 |
| MEMBERS' ALLOWANCES | | | |

PUBLIC ITEM

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

SUMMARY

The Independent Remuneration Panel has agreed a recommendation for councillors' allowances for the financial year 2017-18. The recommendation is detailed below. The report asks members to consider the recommendation and adopt if appropriate.

RECOMMENDATION

To consider adopting the following recommendation of the Independent Remuneration Panel with effect from 1 April 2017:

1. Maintain the present level of basic allowance, special responsibility allowances, travel and subsistence allowances and dependent carer's' allowance for 2017 – 18; and
2. Excepting for the proposed change to the allowance for independent persons allowance which is an overall increase in total costs of £350 per annum, per Independent Person with effect from the 1st April 2017.

SUMMARY OF PREVIOUS DECISIONS

Council considers recommendations from the Independent Remuneration Panel each year. Last municipal year, the recommendations were reported to the council 14 December 2015. The decision of the council at that meeting was to maintain the present level of allowances.

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

REPORT

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for local authorities to establish and maintain an independent remuneration panel. The purpose of the panel is to make recommendations to the council about the allowances to be paid to elected members.
2. The council must have regard to the recommendations of the panel.
3. Local authorities must include in their scheme of allowances a basic allowance, payable to all members, and may include provision for the payment of special responsibility allowances and a dependants' carers' allowance. The Regulations allow the inclusion of a travel and subsistence and a co-optees' allowance within an allowances scheme. These allowances are discretionary.
4. The independent panel has met and has made recommendations concerning the council's scheme.
5. The Panel was also asked to consider whether special responsibility allowances for members of the Development Management Committee ought to be introduced in view of the unusual length and frequency of meetings of that committee. (An overview of the current arrangements was set out in the report to the panel).
6. The Panel concluded that the payment of a Special Responsibility Allowance to members of the Development Management Committee could not be supported, because the committee did not meet the statutory criterion of meeting with exceptional frequency or for exceptionally long periods.
7. The Panel being mindful of the Council's budget, recommended that there be no change in the current level of allowances and that special responsibility allowances for members of the Development Management Committee should not be introduced.
8. Separate to the above, an additional meeting of the Independent Remuneration Panel was held in September, (jointly with the Blackpool Independent Remuneration Panel) to review the honoraria payments to Independent Persons. This is subject to a further report elsewhere on this agenda. It is worthy of note that it was proposed to increase the honoraria payment per Independent Person from £250pa to £350pa, this being Fylde's contribution.
9. Members are asked to consider the two documents below:
 - 1: [The report to the independent panel](#); and
 - 2: [A note of the panel's deliberations and recommendations](#).

| IMPLICATIONS | |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance | The Council's base revenue budget includes recurring provision of £254,534 per annum for the Member's Allowance Scheme. The proposed increase in the level of the independent persons allowance as set out elsewhere on this agenda would result in increased revenue costs of £350, per Independent Person, per annum, which would be contained within existing approved revenue budgets. |
| Legal | Payment of members' allowances and the amount of such allowances is discretionary. However, the council is obliged to "have regard" to the recommendations of the independent panel. |

| | |
|-----------------------------------------|------|
| Community Safety | None |
| Human Rights and Equalities | None |
| Sustainability and Environmental Impact | None |
| Health & Safety and Risk Management | None |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|-------------|-------------|------------------|--------|
| Ian Curtis | 01253 68506 | 22 November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|-------------------------------------|---------------|--------------------------------------------|
| Report to remuneration panel | November 2016 | Town Hall, Lytham St Annes |
| Notes of remuneration panel meeting | November 2016 | Town Hall, Lytham St Annes |

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|--------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 11 |
| APPOINTMENT TO OUTSIDE BODIES | | | |

PUBLIC ITEM

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

SUMMARY

In May 2015 Council asked that the programme committees make recommendations to appointments from within their respective memberships for those outside bodies relating to the brief for the committee. This report covers an appointment which requires formalising and relates to the Environment, Health and Housing Committee.

RECOMMENDATION

1. To endorse the recommendation of the Environment, Health and Housing Committee and appoint the Chairman of Environment, Health and Housing to the Community Safety Partnership.

SUMMARY OF PREVIOUS DECISIONS

20th May 2015 - Council sought recommendations from individual programme committees as to nominations for representation.

9 June 2015 – Environment, Health and Housing committee nominated representatives to outside bodies

6 July 2015 – Council confirmed the nominations from the programme committees.

23 February 2016 - Environment, Health and Housing committee nominated representatives to outside bodies

11 April 2016 - Council confirmed the nominations from the programme committees.

1 November 2016 – Environment, Health and Housing committee nominated the Chairman to the Community Safety Partnership

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

REPORT

1. The Council makes a number of appointments to outside bodies in each municipal year. In May 2015, the Council deferred the decision to appoint to '.... allow the various programme committees the opportunity to recommend appointments from within their respective memberships for those outside bodies relating to the brief of their committee'.
2. At its meeting on 11 April 2016, the Council made appointments to outside bodies for the forthcoming municipal year 2016/17. Nominations were sought from the programme committees for representatives to the outside bodies.
3. The Community Safety Partnership is a multi-agency body which traditionally the Leader of the Council attended and has been attending. There is a need to formalise the membership of the Community Safety Partnership, and in discussions with the Leader, it was felt that the nominated elected member representative should be drawn from the Environment, Health and Housing Committee, as the designated crime and disorder committee.
4. As the Chairman is the Council's representative on the Police Crime Commissioner Panel, it is recommended that the Chairman be appointed to the Community Safety Partnership.

| IMPLICATIONS | |
|-----------------------------------------|---------------------------|
| Finance | There are no implications |
| Legal | There are no implications |
| Community Safety | There are no implications |
| Human Rights and Equalities | There are no implications |
| Sustainability and Environmental Impact | There are no implications |
| Health & Safety and Risk Management | There are no implications |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|----------------|--------------|-----------------|--------|
| Tracy Morrison | 01253 658521 | 21 October 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|---------------------------|---------------------------|----------------------------------|
| Name of document | Date | Where available for inspection |
| Report to Council | 20 th May 2015 | Council web site |

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|------------------------------------------------------------------------------------------------------------|---------|-----------------|---------|
| MANAGEMENT TEAM | COUNCIL | 5 DECEMBER 2016 | 12 |
| FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2016/17 TO 2020/21 | | | |

PUBLIC ITEM

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

SUMMARY

The report provides Members with an update of the financial forecast for the Council for the five years 2016/17 to 2020/21. It includes changes arising since the Budget was set by Council in March 2016.

RECOMMENDATION

Council is recommended :

1. To note the implications of this updated financial forecast;
2. With regards to the transfer of funds into earmarked reserves as described within this report, the Finance and Democracy Committee considered the proposed transfers to reserves at its meeting of 21st November 2016 and recommends:
 - a) That Council approve a transfer into the Accommodation Project Reserve in the sum of £320k to be funded from forecast favourable in-year revenue budget variances in 2016/17, and to note that this will provide sufficient funds for completion of the Accommodation Project;
 - b) That Council approve a Transfer into the M55 Link Road Reserve totalling £804k split between 2016/17 and 2017/18, to be funded from forecast favourable in-year revenue budget variances in the respective years, and to note that the balance on this reserve will then total £1M in line with Council's previous recommendation as an "in-principle" contribution to the Link Road project; and
 - c) That Council approve a transfer into the Funding Volatility Reserve in the sum of £2M to be funded from forecast favourable in-year revenue budget variances in 2017/18 in order to mitigate against the removal of safety-net protection as a result of the decision to enter the Lancashire Business Rate Pool for 2017/18 in order for the Council to retain a greater share of Business Rate income in that year.

SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2016/17 at its meeting of 2nd March 2016. This report provides Members with an update of the financial position of the Council, including changes since that date. This report was considered by Finance and Democracy Committee at its meeting of 21st November 2016 and the recommendations in the report are those made by the Committee.

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

REPORT

1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

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

2. BACKGROUND TO THE FORECAST

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

(i) Original Budget 2016/17

At the Council meeting on the 2nd March 2016 the budget for 2016/17 and the medium term financial forecast were agreed. The resolution included a 2.68% increase in the average Council Tax amounts and a total net budget requirement of £9.371m for 2016/17. The General Fund balance at that time was forecast at the end of 2019/20 to be £1.967m. In agreeing the Original Budget for 2016/17 a number of key high level financial risks and assumptions were highlighted.

(ii) General Fund Revenue Outturn Position 2015/16

The revenue outturn position for 2015/16 was reported to Members in June. The impact of the outturn position, including transfers to earmarked reserves and slippage items in the total sum of £0.478m, has been reflected in this updated forecast.

(iii) Budget Right-sizing Exercise

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

(iv) Capital Outturn Position 2015/16

The latest approved expenditure budget in the capital programme for 2015/16 was £3.380m. After adjusting for slippage of £0.410m, the overall outturn position for 2015/16 was an in-year favourable variance against the latest updated estimate. The capital receipts surplus for the year, after taking into account of slippage, totals £13k which produced a total underlying favourable variance of £14k.

(v) General Fund Revenue Quarterly Budget Monitoring 2016/17

Revenue budget monitoring reports for the period to 31st July 2016 have been presented to each of the Programme Committees during the September cycle of meetings. These reports identified a number of budget areas for further consideration. As a result a number of changes have already been included in this latest forecast. These include revised fee income estimates, updated employee cost assumptions, and the latest estimate of borrowing costs.

3. THE GENERAL FUND REVENUE FORECAST

3.1 Appendix A sets out the original base budget forecast, agreed at the Budget Council meeting on 2nd March 2016.

3.2 Appendix B shows the general assumptions underpinning the base forecast, whilst Appendix C shows the financial impact of changes to general assumptions and the impact of other significant changes that have been identified since the budget was approved, including the impact of outturn 2015/16 and the budget right-sizing exercise. Appendix D sets out the narrative which explain the significant changes made to the forecast. Included in the changes are a number of items arising from the Capital Programme which are explained in the 'Capital' section of this report.

3.3 The impact of all these changes are summarised in Appendix E which details the latest updated forecast. The forecast needs to be considered carefully in the light of the identified risks which cannot be fully quantified at this time but may have an impact on the forecast at some future point.

The following decisions have also been made since the Budget Council meeting on 2nd March 2016:

3.4 The Establishment of an M55 Link Road Reserve

At the meeting of 4th July 2016 the Council approved the establishment of a specific 'M55 Link-road Reserve' to meet the cost of any financial contribution from the Council towards the cost of construction of the road, given the economic benefits that the completion of a new arterial route into and out of the borough would bring. At that meeting the Council also:

- approved the transfer of £196k from the Capital Investment Reserve into the M55 Link-road Reserve;
- requested that officers investigate further funding opportunities, including the achievement of additional income/savings from budget right-sizing exercises which could be considered for potential transfer into the M55 Link-road Reserve; and
- approved an 'in principle' contribution of up to £1m towards the cost of construction of the M55 link road up to 2019, with a further report to follow detailing how the remainder of the required contribution may be identified.

3.5 The Accommodation Project Reserve

At its meeting of 26th September 2016, Finance and Democracy Committee received an update report on progress in delivery of the Accommodation Project. The Committee approved continuation of the works into Phase 6 (Council chamber, lobby and basement) and part of Phase 7 (1st floor of the Town Hall - internal refurbishment/redecoration/services upgrade including lighting) subject to approval by Council of the necessary funding. The additional funding in the total sum of £518k, was to be met partly from the release of a number of earmarked reserves as detailed within the report, with the balance of £151k being met from General Fund Reserves in 2016/17.

At the meeting of 17th October 2016 the Council approved the release of the monies from the earmarked revenue reserves and the allocation of a sum of £151k from the General Fund Reserves in 2016/17 to finance the continuation of the project as set out in the earlier report. The report also noted that the estimated cost of the remaining elements of the project was £320k.

3.6 Business Rates: Reassessment of the appeals provision, under-lying growth and 'pooling'

At the meeting of 28th October 2016 the Finance Committee considered a report detailing a number of revisions to the business rates income expectations. The report also proposed that as a consequence of the revised position in this regard that Fylde Council become a member of the Lancashire Business Rate Pool for 2017/18.

The report noted that the dismissal by the Valuation Office Tribunal of one of the highest value business rate appeals, together with a reassessment by the Councils external rating consultants of the required level of provision for other large appeals, has meant that a significant sum can be released from the total appeals provision.

A further benefit arising from the settlement of long-outstanding appeals is that it has the effect of making the underlying in-year Business Rates position clearer in terms of real growth as compared to earlier years. A number of known upward revaluations of existing businesses for Business Rates and a number of additions as a result of new developments in the borough have also been reflected on the rating list.

These changes have resulted in a thorough review of in-year monitoring and the underlying assumptions and options in respect of pooling. This analysis has shown that the potential one-off windfall from release of cumulative appeals provisions amounts to an estimated £1m (which is forecast to be realised in 2017/18), with an estimated additional recurring underlying growth of approximately £900k per annum from 2017/18 onwards.

The Finance and Democracy Committee approved membership of the Lancashire Business Rate Pool for 2017/18 in order to maximise the Councils share of this additional income. The Committee also approved that the initial gains from membership of the pool (in terms of business rate income retained over and above the baseline level) are utilised to create a "local safety net" to provide replacement funding in the event that actual income received

fails to meet the baseline level. This is to be achieved through an additional contribution to the Funding Volatility Reserve in 2017/18.

The effect of the above changes to Business Rates income expectations for 2017/18 and beyond (including the 'one-off' further benefit for 2017/18) and the contribution to the Funding Volatility Reserve in 2017/18 have been reflected in a revised General Fund Budget Forecast at Appendix E to this report.

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

Following a review of the budget position for 2016/17 as part of the preparation of this Financial Forecast update, including the identification of fortuitous additional income for the year, costs-savings and the outcome of the budget right-sizing exercise, the forecast revenue surplus for 2016/17, currently stands at £816k as detailed at Appendix E.

Of this, the Council meeting of 17th October approved the transfer of a sum of £151k to the Accommodation Project Reserve as part of the funding required for the continuation of the Accommodation Project as detailed in 3.5 above, leaving a balance of the projected revenue surplus for 2016/07 of £665k.

It is proposed that of this balance, a sum of £320k is transferred to the Accommodation Project Reserve to provide a source of funding for the delivery of the Accommodation Project up to the completion of phase 7 of the project.

If the transfer of funding into the Accommodation Project Reserve is approved, a further report will be presented to a later meeting of the Finance and Democracy Committee which will provide full details of the proposed works in relation to the next phases of the scheme, and which will request approval to enter into contractual agreements to deliver those works.

This would leave a remaining estimated surplus for 2016/17 of £345k which it is proposed be transferred into the M55 Link Road Reserve.

It is further proposed that of the current forecast favourable variance for 2017/18 of £853k, a sum £459k also be transferred to the M55 Link Road Reserve in 2017/18, such that the balance of the reserve at that point would total the agreed maximum £1m 'in principle' contribution from Fylde Council for the construction of the road.

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

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

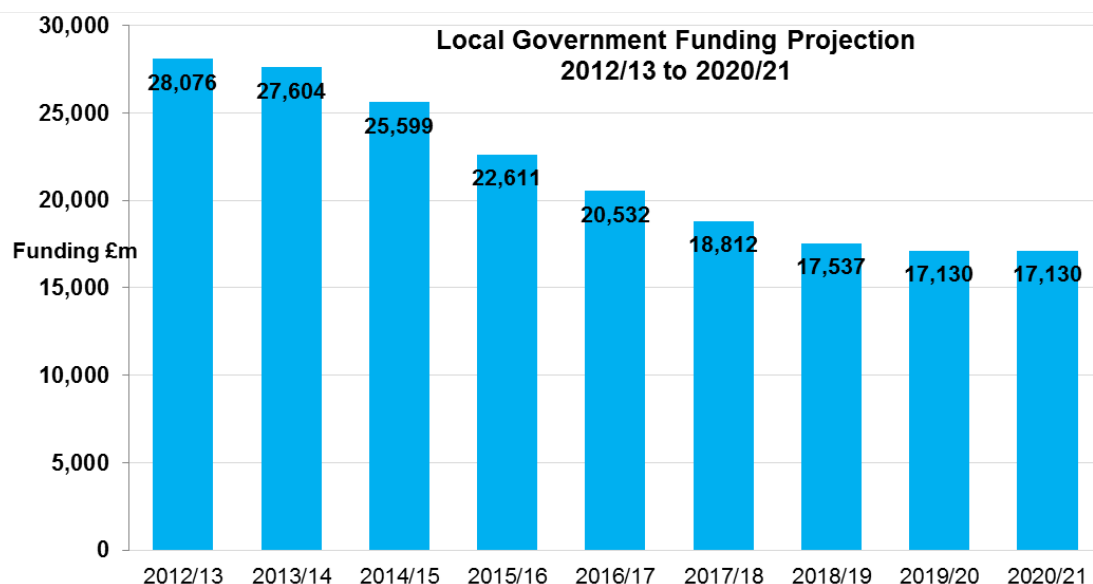
The funding sources that form part of the total central government illustrative settlement offer comprise:

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

Full details of the illustrative funding levels for each of these income sources is provided within the March 2016 Financial Strategy Update report to Council. No further details or amended figures in this regard have been received since the initial publication of the data in January 2016. It is anticipated that the Government Autumn Statement, to be announced later in November 2016, may contain further information which will impact on assumed government funding levels for future years.

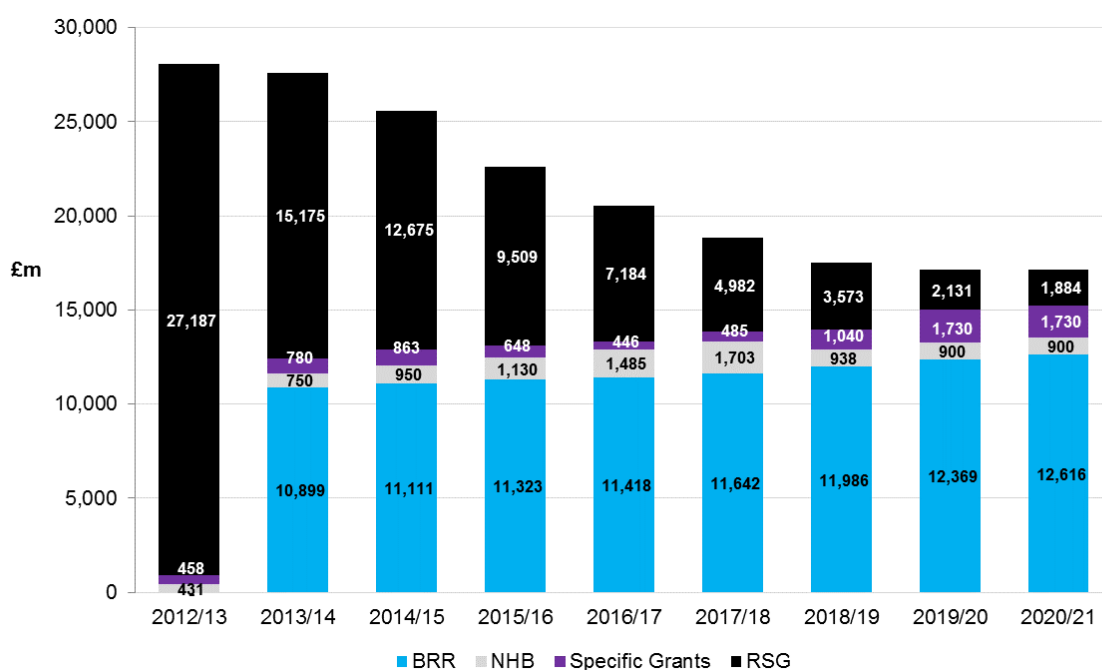
The illustrative figures of local government funding levels for future years, as set out in the 2016/17 Finance Settlement, compared with previous years funding levels are shown in the tables below.

The first table illustrates the reduction in **total** local government funding levels over the period from 2012/13 to 2020/21:



The next table illustrates the change in composition of **total** local government funding over the same period. It shows the move from 2012/13 when funding was largely based upon central government allocations of Revenue Support Grant (RSG) to the current position where RSG is being phased out and being replaced by Business Rate Retention (BRR), New Homes Bonus (NHB) and other Specific Grants.

Composition of Total Local Government Funding 2012/13 to 2020/21:



The illustrative funding levels for 2017/18 onwards are conditional upon those councils that wish to take up the offer publishing an 'Efficiency Plan'.

Fylde Council has, in line with the majority of district councils, indicated that it does wish to take advantage of the degree of certainty that is provided by a four-year funding settlement and consequently has met the requirement to prepare an Efficiency Plan. This is accessible at:

<http://www.fylde.gov.uk/council/finance/efficiency-plan-2016/>

It should be noted that the figures for central government funding as contained within the General Fund forecast at Appendix E have been amended since the March 2016 Forecast Update to reflect:

1. The decision to form part of a Business Rate pool for 2017/18 as detailed in section 3.6 of this report; and
2. An updated estimate of New Homes Bonus income for 2017/18 onwards that is based upon estimated housing completions in the year to October 2016, one of the determinants of future levels of New Homes Bonus income.

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

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

- 5.1 In considering this forecast Members should note that there are a number of significant risks. In assessing each risk the following has been taken into account:-

High Level Financial Impact Risk

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

Medium Level Financial Impact Risk

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

Low Level Financial Impact Risk

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

5.2 High Level Financial Impact Risks

(i) Future Central Government Funding

As detailed in Section 4 above the central government funding figures currently shown within the General Fund Forecast at Appendix E comprise the funding allocations as contained within the 'illustrative' four-year funding settlement offer that was provided as part of the 2016/17 Local Government Finance Settlement, as amended for known changes in respect of retained Business Rates (including the impact of Fylde joining the Lancashire Business Rate Pool for 2017/18) and New Homes Bonus for 2017/18.

It is anticipated that the Government Autumn Statement, to be announced later in November 2016, may contain further information which will impact on assumed government funding levels for future years. There is also uncertainty about the level and makeup of central government funding beyond 2019/20. The government have announced the introduction of a revised business rate retention scheme from 2020/21 which, although referred to as a '100% Business Rate Retention Scheme', will undoubtedly retain a balancing mechanism between authorities (similar to the present 'tariff and top-up' adjustments) which will not in fact result in Fylde Council retaining 100% of its proportionate share of all business rates that are collected.

The four-year funding settlement which is reflected in this Financial Forecast update covers the years 2016/17 to 2019/20, with only the funding for 2016/17 being certain, whilst for years 2017/18 to 2019/20 are described as 'illustrative'. There is a clear risk that the actual levels of central government funding beyond the current year (i.e. for 2017/18 to 19/20) may differ from the illustrative amounts for those years that are reflected within this update.

Furthermore, in respect of 2020/21 the government has not provided even 'illustrative' funding levels. Therefore, given the absence of any information regarding central government funding for 2020/21 the same funding levels as for 2019/20 have been used for 2020/21 in respect of both Revenue Support Grant and New Homes Bonus.

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

5.3 **Medium Level Financial Impact Risks**

(i) Retained Business Rates - Pooling

The decision to join a Business Rate pool for 2017/18 as detailed in Section 3.6 of this report entails the loss of the protection of a 'Safety Net' payment in the event of a significant reduction in Business Rate income below a defined level.

As part of the decision to join a Business Rate pool it was also determined that this risk would be mitigated by the setting-aside (within the Funding Volatility Reserve) of the initial gains from membership of the pool in terms of business rate income retained over and above the baseline level. This would effectively create a 'local safety net' to provide replacement funding in the event that actual income received fails to meet the baseline level.

(ii) Borrowing Cost Assumptions

In light of the current level of reserves and balances held by the Council the forecast has been updated to reflect an expectation that additional external borrowing will not be required during the life of the Financial Forecast and that internal cash balances will be utilised to fund capital expenditure. This means that the base forecast no longer contains any budget cover for external borrowing beyond the level currently held by the Council, on the assumption that the Council's underlying need to borrow will be funded through the life of the current forecast from internal borrowing.

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

(iii) Reduction in Housing Benefit Administration Grant

The Council receives an annual grant to support the cost of the administration of Housing Benefit and Council Tax. The grant that the Council receives for these purposes has reduced in recent years, particularly in respect of the Housing Benefit element, as the government moves away from a system of Housing Benefit payments and towards a Universal Credit Scheme. This financial forecast reflects the latest estimates of reduced grant levels for 2016/17 and for subsequent years.

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

(iv) Universal Credit

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

(v) Grounds Maintenance – External Contracts

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

5.4 Low Level Financial Impact Risks

(i) The Living Wage

In March 2015 the Council agreed a policy to adopt the Living Wage Foundation pay rates for all employees, excluding apprentices, with effect from 2015/16, such that the Council became a 'Living Wage Employer' from that point forward. Additionally, in the autumn of 2015, the government announced the introduction of a statutory National Living Wage to apply from April 2016 for all employees over the age of 25.

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

(ii) Community Infrastructure Levy (CIL)

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

help inform a CIL charging schedule. At this moment in time the financial implications are unknown.

6. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS

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

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

6.2 The Council's General Fund Reserve Balance at 31st March 2016 was £8.6m.

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

7. CONCLUSIONS – GENERAL FUND REVENUE FORECAST

7.1 The Council faces a number of uncertainties in the future in respect of its finances, particularly arising from the reduction in central government funding for the coming years which was announced as part of the 2016/17 Local Government Financial Settlement. Further details regarding the levels of central government support are expected later in 2016 with the Government's Autumn Statement. The gap between in-year income and expenditure in later years of the forecast will need to be addressed.

7.2 To meet these challenges Fylde Council will continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contribute to reserves over recent years. This programme has included the introduction of a number shared service arrangements with partner authorities across a range of services including revenues and benefits, human resources, health and safety, corporate fraud, and payroll. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain frontline services to customers. **Prudent financial management has provided a level of reserves which allows the necessary time to determine how this council can best respond to these increased challenges.**

7.3 The Council's stated approach to meeting these challenges, as described in the March 2016 Medium Term Financial Strategy, can be summarised as:

1. To redouble the challenges to existing expenditure budgets through the regular budget right-sizing exercises which have produced significant levels of savings in recent years in order to seek to further reduce total expenditure;
2. To seek to maximise existing income streams and explore new sources of income generation and to review existing services for opportunities to generate new forms of income or increased levels of income;
3. To ensure that the Councils staffing structure is appropriate to the needs of the services that are delivered and to take advantage of opportunities to review establishment structures;
4. To transfer a significant sum from General Fund balances to the Funding Volatility Reserve in 2015/16 to set-aside resources that can be used to support the revenue budget in future years, as and when that becomes necessary.

- 7.4 Much of this work has already commenced and a number of decisions either have been taken, or are in the process of final determination, which will impact positively on the Council's future revenue position by achieving a reduction in the gap between in-year income and expenditure in later years of the forecast. Specifically the important issues that have the potential to improve the Council's financial position to a significant extent are:
- the decision to join a Business Rates pool from 2017/18 (see section 3.6 above);
 - the recommendation by the Council's Operational Management Committee in September 2016 that the Council approve:
 1. The introduction of a year-round green waste subscription service for implementation from April 2017; and
 2. An increase in car park tariffs by an average of 5% effective from April 2017.
- 7.5 The current forecast has a number of high risk financial assumptions which are outside the Council's control. These will be kept under close scrutiny and regular review, with any new information or amendments being incorporated into the latest update to the Financial Forecast.
- 7.6 Budget planning work for 2017/18 is well underway and further updates of the financial forecast will be brought before Members in due course.
- 8. COLLECTION FUND**
- 8.1 As a Council Tax and National Non-Domestic Rates (NNDR) Billing Authority, the Council is required by legislation to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and NNDR, and to calculate the surplus or deficit for each financial year on the Collection Fund. Prior to 2013/14 the requirement was to maintain this for Council Tax only, however, as part of the Local Government Finance Act 2012 the Government implemented a Business Rates Retention Scheme from April 2013, whereby the collection and distribution of NNDR is also collected and distributed via the Collection Fund (the distribution of NNDR had previously been managed nationally).
- 8.2 For Council Tax only, there was a cumulative surplus on the fund as at 31st March 2016 of £513k. This will be shared between the Borough Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2016/17 & 2017/18. The Borough Council's share of the surplus is £70k.
- 8.3 For Non-Domestic Rates only, there was a deficit on the fund as at 31st March 2016 of £5.286m. This will be shared between Central Government, the Borough Council, the County Council and the Fire & Rescue Authority in 2016/17 & 2017/18. The Borough Council's share of the deficit is £2.114m, and the Council has previously set aside an equivalent sum in the Collection Fund Deficit Reserve to cover this deficit when it becomes due.
- 9. THE CAPITAL PROGRAMME**
- 9.1 The Capital Programme is updated continually for agreed changes and reported to Members during the financial year on a periodic basis.
- 9.2 The latest updated Capital Programme Summary for the years 2016/17 to 2020/21 is set out in Table 1 below. The Programme has been updated for changes to the end of September 2016. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is reasonable certainty that they will be received.

TABLE 1 - SUMMARY CAPITAL PROGRAMME

| | Estimate 2016/17 £000 | Estimate 2017/18 £000 | Estimate 2018/19 £000 | Estimate 2019/20 £000 | Estimate 2020/21 £000 |
|----------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Committee: | | | | | |
| Finance & Democracy Committee | 1,641 | 0 | 0 | 0 | 0 |
| Tourism & Leisure Committee | 422 | 466 | 40 | 40 | 40 |
| Operational Management Committee | 2,197 | 14,242 | 7,117 | 501 | 577 |
| Environment, Health & Housing Committee | 1,591 | 1,222 | 468 | 468 | 468 |
| Development Management Committee | 741 | 237 | 0 | 0 | 0 |
| Total Capital Payments | 6,592 | 16,167 | 7,625 | 1,009 | 1,085 |
| Financing: | | | | | |
| Availability of Resources | 6,592 | 16,167 | 7,625 | 1,009 | 1,085 |
| Total surplus (-) / shortfall in year | 0 | 0 | 0 | 0 | 0 |
| Cumulative surplus (-) / shortfall | 0 | 0 | 0 | 0 | 0 |

9.3 Capital schemes are directly linked with the Council's priorities. Major items of enhancement or renewal are identified via the Council's Asset Management Plan and work is underway to review and update this. The planned spend over the life of the programme is continuously reviewed. If any scheme profiling amendments are required these will be reflected in future periodic update reports.

9.4 Financing the Capital Programme

The Council finances the Capital Programme from a variety of sources. These include:-

- (i) Specific Capital Grant Allocations;
- (ii) Disabled Facilities Grant;
- (iii) Capital Receipts;
- (iv) External Funding (such as Heritage Lottery Funding);
- (v) Prudential Borrowing/Leasing;
- (vi) Revenue Funding; and
- (vii) Capital Investment Reserve

9.5 Members should note the current balanced position on the Capital Programme.

10. VEHICLE PURCHASES

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

11. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME

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

11.1 Medium Level Financial Impact Risks

- (i) Coast Protection Scheme

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

The next stage is the preliminary detailed, customer led design of the new sea walls and involves gaining the necessary approval for the work to progress, planning permission, Marine Management Organisation licence, environmental impact assessment and appropriate assessment with regards to the potential to disturb overwintering birds during construction. Once these approval are obtained it will unlock funding for both Fairhaven Lake and Church Scar sea defence construction schemes.

The overall cost of the Fairhaven and Church Scar Coast Protection Scheme within the original Capital Budget was £16.5m including a contribution from Fylde Council of £400k. The DEFRA funding spans the years 2016/17 to 2018/19. Fylde Council's contribution of £400k towards sea wall development works is fully-funded from the Capital Investment Reserve. Following annual review of the Environment Agency's Medium Term Plan (MTP) the project funding has been reviewed and re-phased as follows 2016/17 - £1.4m, 2017/18 - £13m, 2018/19 - £5.825m. The total project cost is now £20.225m including a contribution from Fylde Council of £400k in 2016/17. We are awaiting the formal confirmation letter from the environment agency that their MTP has been updated and once received this will be reflected in a later update to the Financial Forecast. Further updates and any future changes to the scheme will be reported to Members in the appropriate manner and the Capital Programme will be updated accordingly.

Due to the significant value of this scheme this has been highlighted as a potential future risk.

(ii) Vehicle Replacement Programme

The estimated vehicle replacement profile, to replace existing fleet at the end of its useful economic life from 2016/17 to 2020/21 within the Capital Programme totals £3.9m.

It is important to note that purchase prices will fluctuate with new models and technological/legislative changes and it is therefore necessary to reality check the costs associated with new vehicles on an annual basis and make any necessary adjustments to the capital programme to ensure that ongoing fleet replacement is accurately budgeted for in future years.

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

11.2 Low Level Financial Impact Risks

(i) Project Slippage

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

(ii) Other Capital Receipts

The approved programme for 2016/17 onwards assumes "Right to Buy" receipts of £25k per annum and "General Asset Sales" of £45k per annum. Future receipts are dependent on

prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future quarterly monitoring reports, along with the impact this may have on the financing of the programme.

(iii) Capital Investment in St. Annes Pool

As part of the arrangement with the YMCA for the operation of the pool, the Council undertook to provide Capital support in the event of major works, repair or breakdown and a provision of £153k was included in the programme for this eventuality. There is now a remaining capital resource of £93k in 2017/18. There is a risk that this remaining resource is insufficient to meet future capital expenditure needs for the facility.

(iv) Disabled Facilities Grants (DFGs)

As local housing authority, the Council has a statutory duty to provide disabled adaptations within the Borough. In order to fund these works the Council receives grant support which previously was provided by the Department for Communities and Local Government (DCLG).

As part of the 2013 Spending Round review the Government established the 'Better Care Fund', with the intention of "providing an opportunity to transform local services so that people are provided with better integrated care and support". Under these new arrangements from 2015/16 onwards the funding for Disabled Facilities Grants (DFGs) transferred to the Department of Health, with funding being distributed to all Councils via the upper-tier authority for that area. As such, in Lancashire the fund will be administered by Lancashire County Council. Each upper-tier authority then allocates the funding to their respective housing authorities (i.e. district councils within their area) to enable them to continue to meet this statutory responsibility.

This Council has previously made a decision to limit DFG expenditure to the level of the funding received for this purpose. In order to monitor the level of demand upon this resource the number of applications on the various categories of waiting lists and the periods of waiting time for DFG's are closely monitored and are reported to Members as appropriate.

The Capital Programme includes annual provision from 2017/18 onwards for DFG's at the level of the actual 2015/16 grant amount in the sum of £468k. However for the current year, 2016/17, the allocation has been confirmed in the sum of £849k and a report was presented to Council on 4th July 2016 outlining the increased DFG allocation. For 2017/18 onwards no allocation information has been provided and it is therefore considered prudent to revert to the 2015/16 grant level at this stage. Actual allocations will only be made available in advance of the coming financial year. Therefore at this point the figures in the capital programme are prudent estimates and will be updated as and when actual allocation amounts are announced. For as long as DFG works remains a statutory obligation the grant is unlikely to be withdrawn by the Government but could be reduced.

Whilst the significant increase in grant is to be welcomed it is unlikely to be fully spent within this financial year due to the backlog in assessments by the Occupational Therapy Service. The OT Service has pledged to appoint additional resources over the coming months to reduce the backlog of cases.

Any changes in DFG income received by the Council will have a direct impact on the level of works that can be undertaken. There is also a direct revenue implication on DFG fees which would also have to be adjusted.

(v) Accommodation Project

The Accommodation Project was originally included in the capital programme on the basis that the scheme would be self-financing from capital receipts from the sale of 3 sites (St

David's Road Depot, Derby Road, Wesham and the Public Offices). Actual asset sales and receipts are dependent on market conditions and cannot be predicted with certainty. St David's Road depot was sold in 2012/13, and the site at Derby Road, Wesham was sold in 2013/14. The Public Offices was re-marketed during 2014/15 and the Accommodation Working Group have reviewed a number of further expressions of interest. The site has additional complications of being in a conservation area with the Public Offices being a listed building and the tenure being leasehold not freehold. Disposals of this nature where purchasers require certainty of any planning and leasehold requirements prior to committal often take some time to bring to a conclusion.

In December 2015 the Council approved the establishment of an Accommodation Project Reserve to ensure the continued delivery of the Accommodation Project and the transfer into the reserve of £504k to be funded from favourable in-year revenue budget variances in 2015/16.

At its meeting of 26th September 2016, Finance and Democracy Committee received an update report on progress in delivery of the Accommodation Project. The Committee approved continuation of the works into Phase 6 (Council chamber, lobby and basement) and part of Phase 7 (1st floor of the Town Hall - internal refurbishment/redecoration/services upgrade including lighting) subject to approval by Council of the necessary funding (which was subsequently approved by Council on 17th October 2016). The additional funding in the total sum of £518k, is to be met partly from the release of a number of earmarked reserves as detailed within the report, with the balance of £151k being met from General Fund Reserves in 2016/17.

It is now proposed that of the favourable variance for 2016/17 that has been identified as part of this Financial Forecast update (see section 3.7 of this report) that a sum of £320k is transferred into the Accommodation Project Reserve to provide a source of funding for the delivery of the Accommodation Project up to the completion of phase 7 of the project.

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.

12. CONCLUSIONS – CAPITAL PROGRAMME

- 12.1 The current Capital Programme as updated is showing a balanced position for 2016/17 onwards.
- 12.2 The capital programme and the associated financing will be subject to discussion with Members during the coming months as part of the annual budget setting process for 2017/18.
- 12.3 Any additional expenditure which is not fully funded by external finance would normally require the generation of capital receipts or further borrowing (the latter placing further pressure on the Revenue Budget from the consequent repayment costs). However Budget Council on 4th March 2013 approved the creation of a Capital Investment Reserve to finance future capital expenditure. The balance of this reserve at 31st March 2016 was £2.275m. However all of this is committed to deliver approved schemes in the years 2016/17 to 2019/20 and there is presently no funding available within this reserve for additional future projects. Whilst it remains the case that this reserve is the preferred source of finance for any further additions to the Capital Programme in future years, additional contributions to the reserve would be required in order to create such a funding source.

13. TREASURY MANAGEMENT

- 13.1 The Treasury Management Strategy and Prudential Indicators were approved by Council on 2nd March 2016.

- 13.2 The regulatory framework for treasury management requires Councils to receive a mid-year Treasury Review report. This report will be presented to the Audit and Standards Committee for scrutiny on 17th November 2016 and subsequently will be presented to Council on 5th December 2016.

14. KEY AREAS OF FINANCIAL RISKS FOR TREASURY MANAGEMENT

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

15. CONCLUSIONS - TREASURY

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

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

- 16.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, is an improvement since Budget Council in March 2016. The current position is a forecast surplus in the current year and in 2017/18, with deficits in 2018/19 and beyond, albeit at a reduced level since the budget was set. A significant factor in the improved position is the forecast increase in funding receivable from the Business Rate Retention Scheme, including the impact of joining the Lancashire Business Rate Pool.
- 16.2 In light of the budget challenges that will need to be addressed in the later years of the forecast, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contribute to reserves over recent years. Through continued focus on the importance of financial stability the Council has delivered a significant savings programme since 2007 and has continued to 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 over that period.
- 16.3 For Fylde Council to continue to successfully meet the future challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to the challenges ahead.
- 16.4 As part of that continued approach the Council's priorities for improvement remain and the Council is committed to the continuation of the overall financial management strategy, making any changes it feels are relevant whilst recognising the future uncertainties that exist. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis.

- 16.5 The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information becomes available. External pressures outside the Council's control are being experienced by all local authorities, and instructions remain in place that Officers should not commit to any unnecessary expenditure
- 16.6 **The forecast financial position of the Council has improved since the budget was set in March this year, and the finances of the Council remain robust. Members should, however, remain cognisant of the risks that are detailed within this report and note that the gap between in-year income and expenditure in later years of the forecast will need to be addressed.**

| IMPLICATIONS | |
|-----------------------------------------|-------------------------------------------------------------------|
| Finance | The financial implications are set out in the body of the report. |
| Legal | None arising directly from the report. |
| Community Safety | None arising directly from the report. |
| Human Rights and Equalities | None arising directly from the report. |
| Sustainability and Environmental Impact | None arising directly from the report. |
| Health & Safety and Risk Management | None arising directly from the report. |

| REPORT AUTHOR | TEL | DATE | DOC ID |
|--------------------------------------------|----------------|---------------|--------|
| Paul O'Donoghue Chief Financial Officer | (01253) 658566 | November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------|
| Name of document | Date | Where available for inspection |
| Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2015/16 – 2019/20 | Budget Council meeting 2nd March 2016 | www.fylde.gov.uk |
| MTFS – Outturn Position For 2015/16 (Including General Fund, Capital Programme & Treasury Management) | Finance and Democracy Committee meeting 20th June 2016 | www.fylde.gov.uk |
| Revenue Budget Monitoring Report 2016/17 – to 31 st July 2016 | Finance and Democracy Committee meeting 26 th September 2016 | www.fylde.gov.uk |
| Capital Programme Monitoring Report 2016/17 – to 31 st July 2016 | Finance and Democracy Committee meeting 26 th September 2016 | www.fylde.gov.uk |

Attached documents

1. Appendix A – Forecast approved at Council on 2nd March 2016
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendix C – Schedule of unavoidable changes to the forecast
4. Appendix D – Narrative on unavoidable changes to the forecast and specific assumptions to support Appendix C
5. Appendix E – Updated latest forecast position

Latest General Fund Budget Forecast 2015/16 to 2019/20

| | 2015/16 £000 | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | Adverse / Favourable |
|---------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------|
| Forecast approved at Council on 3rd March 2015 | 9,991 | 9,979 | 10,007 | 11,029 | 11,029 | |
| Forecast changes - per Appendix C | - 1,318 | - 638 | - 648 | - 689 | - 251 | Favourable |
| Budget Proposals - per Appendix F | | 30 | 38 | 47 | 47 | Adverse |
| Forecast Budget Requirement | 8,673 | 9,371 | 9,397 | 10,387 | 10,825 | |
| Financed by: | | | | | | |
| Revenue Support Grant | 1,443 | 861 | 354 | 47 | | |
| Business Rates Funding - BASELINE | 1,625 | 1,771 | 1,806 | 1,859 | 1,623 | |
| Transition Grant | | 56 | 56 | | | |
| Council Tax Freeze Grant relating to 2015/16 freeze | 59 | | | | | |
| Less - Parish Element of Council Tax Support Funding | - 69 | - 66 | - 66 | - 66 | - 66 | |
| Sub Total | 3,058 | 2,622 | 2,150 | 1,840 | 1,557 | |
| Council Tax (including Collection Fund Surplus/Deficit) | 5,248 | 5,484 | 5,667 | 5,851 | 6,038 | |
| Other grants | | | | | | |
| New Homes Bonus | 1,660 | 1,859 | 1,873 | 1,177 | 1,129 | |
| Forecast Financing | 9,966 | 9,965 | 9,690 | 8,868 | 8,724 | |
| Forecast surplus(-)/deficit for year | - 1,293 | - 594 | - 293 | 1,519 | 2,101 | |
| Reserves | | | | | | |
| Forecast surplus/deficit(-) for year from above: | 1,293 | 594 | 293 | - 1,519 | - 2,101 | |
| Less: Contribution to Accommodation Project Reserve | - 504 | | | | | |
| Less: Contribution to Capital Investment Reserve | - 32 | | | | | |
| Balance of surplus/deficit(-) remaining: | 757 | 594 | 293 | - 1,519 | - 2,101 | |
| Balance of General Fund Reserves b/f | 5,443 | 3,200 | 3,794 | 4,087 | 2,568 | |
| Less: Contribution to/from Funding Volatility Reserve | - 3,000 | | | | 1,500 | |
| Less transfer to/from(-) General Fund Reserves in year | 757 | 594 | 293 | - 1,519 | - 2,101 | |
| Forecast Reserves at Year End | 3,200 | 3,794 | 4,087 | 2,568 | 1,967 | |
| Band D Council Tax (Excl Parish Precepts) | £185.79 | £190.77 | £195.76 | £200.75 | £205.74 | |
| Band D Average Council Tax Increase | | £4.98 | £4.99 | £4.99 | £4.99 | |
| Band D Average Council Tax Increase | 0.00% | 2.68% | 2.62% | 2.55% | 2.49% | |

General Assumptions

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

- General Prices Inflation – a freeze or cash-limiting of all general revenue expenditure budgets with the exception of pay, fuel & utility budgets;
- Slippage - underspend items from 2015/16 agreed by the Finance and Democracy Committee in June 2016 have been slipped into 2016/17;
- Pay award - assumed to be 1% per annum from 2016/17 onwards throughout the forecast;
- Employers Pension Contributions – the Council's contribution to the Lancashire pension fund scheme is set in accordance with the outcome of the 2013 Triennial Pension Review at 12.5% plus 9% deficit recovery lump sum payment for the period to 2016/17; any amendments resulting from the next review will be reflected in later updates to the Financial Forecast;
- Employer's National Insurance contributions – the forecast reflects the statutory contribution rates currently in place, including a reduced contribution rate as a result of the Council being part of the pension scheme. This reduced rate will increase due to the introduction of a Single Tier Flat Rate State Pension from April 2016, and the impact of this has been reflected in the forecast;
- Council tax increases – £4.99% increase per annum from 2017/18 onwards in line with latest government announcement on the threshold for referendums;
- Government Grant Support – the forecast assumes central government funding is as notified in the illustrative four-year funding settlement announced in January 2016, amended for known changes in respect of retained Business Rates and New Homes Bonus for 2016/17;
- Fees and Charges – 0% increase in all years except for planned increases in cemetery and crematorium fees. Budget holders have been requested to review fee levels any changes to fees & charges will be considered at the Budget Council in March 2017;
- Vacancy Savings – the forecast assumes £310k savings target for 2016/17, and £200k per annum from 2017/18 onwards;
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no cost to the Council from 2016/17 onwards pending a Council decision on the 2017/18 scheme to be agreed in December 2016 following the completion of consultation.

Appendix C

Forecast changes since Budget Council March 2016:

| | 16/17 £000 | 17/18 £000 | 18/19 £000 | 19/20 £000 | 20/21 £000 | ADVERSE / FAVOURABLE / NEUTRAL |
|---------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|--------------------------------------|
| 1 CHANGES AS A RESULT OF MEMBER APPROVALS: | | | | | | |
| F&D Committee - 20/06/16 - Slippage | 282 | 0 | 0 | 0 | 0 | ADVERSE |
| F&D Committee - 20/06/16 - Weed Treatment - Mechanical Removal | -9 | 2 | 2 | 3 | 2 | NEUTRAL |
| 2 BUDGET RIGHTSIZING EXERCISE: | | | | | | |
| Revenue impact of budget right-sizing exercise across all budget areas of the Council | -78 | -81 | -33 | -55 | -26 | FAVOURABLE |
| 3 UPDATED ESTIMATES OF INCOME BUDGETS: | | | | | | |
| Increase in Crematorium Income forecasts | -50 | -25 | -32 | -40 | 60 | FAVOURABLE |
| Increase in Cemetery Income forecasts | 0 | -4 | -9 | -16 | -22 | FAVOURABLE |
| Parks Contracts - Contribution to Overheads | -28 | -21 | -21 | 0 | 0 | FAVOURABLE |
| 4 STAFFING COSTS: | | | | | | |
| Updated estimate for future years pay award and on-costs | 0 | 0 | 0 | 0 | 94 | ADVERSE |
| Additional in-year vacancy savings target | -110 | 0 | 0 | 0 | 0 | FAVOURABLE |
| Apprenticeship Levy - introduced April 2017 | 0 | 18 | 18 | 18 | 19 | ADVERSE |
| 5 OTHER FORECAST CHANGES | | | | | | |
| Removal of Borough Elections budget included in base for 2019/20 | 0 | 0 | 0 | 0 | -80 | FAVOURABLE |
| Reduction in Planning Appeals budget provision | -52 | 0 | 0 | 0 | 0 | FAVOURABLE |
| Reduction in Enforcement costs - Travellers | -40 | 0 | 0 | 0 | 0 | FAVOURABLE |
| Photocopier contract savings (one-off, future years still to be identified) | -18 | 0 | 0 | 0 | 0 | FAVOURABLE |
| Rephase of car park closures (Coastal defence works) | -20 | 0 | 20 | 0 | 0 | NEUTRAL |
| 6 Revised borrowing assumptions: | | | | | | |
| Interest Charges - Receivable | -12 | 83 | 63 | 43 | 43 | ADVERSE |
| Interest Charges - Payable | -13 | -133 | -168 | -149 | -133 | FAVOURABLE |
| TOTAL | -148 | -161 | -160 | -196 | -43 | FAVOURABLE |

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

(1) Changes as a Result of Member Approvals

The forecast that was approved by Budget Council in March 2016 has been updated to reflect the financial impact of Member decisions made since then.

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

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

(3) Revised Crematorium and Crematorium income forecasts

The forecast has been updated to reflect additional income generated in-year at the Cemetery and Crematorium. The budgets for the years to 2019/20 have also been revised upwards. For 2020/21 there are planned re-lining works to the cremators which are expected to require a certain closure period which will impact on income levels at the crematorium. The timing and length of the expected closure period will be kept under review and any necessary amendments will be reflected in future updates to the Financial Forecast.

(4) Extension of Parks Contracts – contribution to overheads

A number of Parks contracts with external parties have been renewed. The additional profit on the contract works, which contributes towards the central overhead costs, has now been reflected in the budgets for the appropriate years.

(5) Staffing Costs

The forecast assumes an estimated 1% pay award per annum from 2016/17 onwards. Salary estimates are based upon a revised assessment of the base level of salary costs to reflect any staffing changes that have occurred since the last point of calculation. The effect of adding the year 2020/21 within this Financial Forecast necessitates an additional sum being reflected in this update for the pay award for that year.

The forecast that was approved by Council in March 2016 has an assumed level of ‘turnover savings’ (delays in the recruitment to vacant posts) of £200,000 per annum from 2016/17 onwards. Actual savings to date are already in excess of this target. Accordingly, the turnover savings targets for the current year has been updated to reflect a revised estimate of the level of savings.

(6) Removal of Borough Election Costs 2020/21

Fylde Borough is next due to hold a Council election in 2019/20 and the estimated costs are already included within the base budget for that year. The forecast has been updated to remove the costs of the election from the base budget in the year 2020/21.

(7) Reductions in budget requirements: Planning Appeals and Planning Enforcement

The budgets for both Planning Appeals and Planning Enforcement costs in 2016/17 have been revised to reflect the latest estimates of the required resource for the year.

(8) Reductions in Photocopier budget requirement

The budget for the costs of the photocopier contract in 2016/17 has been revised to reflect the achievement of savings on the contract price.

(9) Re-phasing of car park closure (loss of income)

The car park closures that are required due to the impact of the Coastal Defence Works are now expected to occur in 2018/19 and not in 2016/17 as previously anticipated. The consequential loss of income has therefore now been reflected in the appropriate year.

(10) 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 savings reflect an expectation that external borrowing will not be required during the life of the Financial Forecast and that internal cash balances will be utilised to fund capital expenditure; and
- the latest estimate of investment interest estimated to be received on cash balances and reserves which the Council invests as part of daily treasury management activities. Interest earnings are significantly reduced due to the continuing expectation of a low bank base rate in the coming years and the negative effect this has on investment returns.

Latest General Fund Budget Forecast 2016/17 to 2020/21

| | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | <u>Adverse / Favourable</u> |
|-----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|
| Forecast approved at Council on 2nd March 2016 | 9,371 | 9,397 | 10,387 | 10,825 | 10,825 | Favourable |
| Forecast Changes - per Appendix C | - 148 | - 161 | - 160 | - 196 | - 43 | |
| Forecast Budget Requirement | 9,223 | 9,236 | 10,227 | 10,629 | 10,782 | |
| Financed by: | | | | | | |
| Council Tax Funding: | | | | | | |
| Council Tax - Precept | 5,484 | 5,720 | 5,942 | 6,168 | 6,399 | |
| Council Tax - Share of Previous Years Surplus/(Deficit) | 70 | 50 | | | | |
| Sub Total - Council Tax Funding | 5,554 | 5,770 | 5,942 | 6,168 | 6,399 | |
| Business Rates Funding: | | | | | | |
| Baseline (including contribution from CF deficit reserve) | 1,771 | 3,879 | 2,819 | 2,611 | 2,633 | |
| Recommended contribution to Funding Volatility Reserve | | - 2,000 | | | | |
| Sub Total - Business Rates net of reserve transfers | 1,771 | 1,879 | 2,819 | 2,611 | 2,633 | |
| Other Funding: | | | | | | Favourable |
| New Homes Bonus | 1,863 | 2,153 | 1,351 | 1,296 | 1,296 | |
| Revenue Support Grant | 861 | 354 | 47 | | | |
| Transition Grant | 56 | 56 | | | | |
| Less - Parish Element of Council Tax Support Funding | - 66 | - 66 | - 66 | - 66 | - 66 | |
| Sub Total - Other Funding | 2,714 | 2,497 | 1,332 | 1,230 | 1,230 | |
| Forecast Financing | 10,039 | 10,146 | 10,093 | 10,009 | 10,262 | |
| Forecast surplus(-)/deficit for year | - 816 | - 910 | 134 | 620 | 520 | |
| Reserves | | | | | | |
| Forecast surplus/deficit(-) for year from above: | 816 | 910 | - 134 | - 620 | - 520 | |
| Less: Approved contribution to Accommodation Project Reserve | - 151 | | | | | |
| Less: Recommended contribution to Accommodation Project Reserve | - 320 | | | | | |
| Less: Recommended contribution to M55 Link Road Reserve | - 345 | - 459 | | | | |
| Balance of surplus/deficit(-) remaining: | 0 | 451 | - 134 | - 620 | - 520 | |
| Balance of General Fund Reserves b/f | 3,481 | 3,481 | 3,932 | 3,798 | 3,178 | Favourable |
| Less transfer to/from(-) General Fund Reserves in year | | 451 | - 134 | - 620 | - 520 | |
| Forecast Reserves at Year End | 3,481 | 3,932 | 3,798 | 3,178 | 2,658 | |
| Band D Council Tax (Excl Parish Precepts) | £190.77 | £195.76 | £200.75 | £205.74 | £210.73 | |
| Band D Average Council Tax Increase | £4.98 | £4.99 | £4.99 | £4.99 | £4.99 | |
| Band D Average Council Tax Increase | 2.68% | 2.62% | 2.55% | 2.49% | 2.43% | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|---------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 13 |
| COUNCIL TAX REDUCTION SCHEME 2017/18 | | | |

PUBLIC ITEM

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

SUMMARY

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

The scheme that operates within Fylde borough for 2016/17 was approved by this Council in December 2015 for 2016/17 only.

This report provides the background to the change from Council Tax Benefit to CTRS in 2013/14; the approval of the CTRS for 2016/17; describes the experience to date of the operation of the local CTRS; and sets out the proposals in respect of the scheme for 2017/18.

The Council's Revenue Budget and Financial Forecast for 2017/18 onwards has been prepared on the assumption that the CTRS will be fully self-funding as it is for 2016/17. That is, that the net cost of the scheme to Fylde Borough Council (assuming that central government funding for the scheme is at a similar level as in previous years) will be met by applying reduced levels of support to claimants. The decision proposed within this report will be in respect of the scheme for 2017/18 only.

This matter was considered by the Finance and Democracy Committee at the meeting of 21st November 2016.

RECOMMENDATION

The Finance and Democracy Committee considered this matter at the meeting of 21st November 2016.

In accordance with those deliberations, and having due regard to the Equality Analysis as detailed in section 3.7 of this report, and the consultation responses, it is recommended:

1. That the Council approve the continuation of the existing CTRS scheme for 2017/18 as set out in section 3 of this report, subject to the minor amendments to the scheme as detailed in paragraph 3.4 of this report;
2. That the Council approve the continuation of Discretionary Hardship Relief for 2017/18 to provide additional support for claimants in exceptional circumstances and the Council's Discretionary Discount Policy which details discounts and reliefs in respect of Council Tax and Business Rates;
3. That the Council approve, as necessary, that the financial implications are reflected in the Council's Revenue Budget and Financial Forecast for 2017/18 onwards.

SUMMARY OF PREVIOUS DECISIONS

The Council Tax Reduction Scheme in operation for 2016/17 was approved at the Council meeting of 14th December 2015. The full scheme is available on the Fylde Borough Council website at:

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

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

REPORT

1. Background to the CTRS Introduction and the adopted schemes for 2013/14 to 2016/17

- 1.1 As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and individual local authorities were instead required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 1st April 2013.
- 1.2 Each local Council Tax Reduction Scheme must incorporate the national scheme for pension-age claimants. This ensures that pensioners' support will continue at the previous level (i.e. as they were under the Council Tax Benefit regime).
- 1.3 Previously the cost of Council Tax Benefit was met in full by the Department for Work and Pensions (DWP). Under the revised arrangements Councils receive funding for their CTRS as part of the total funding settlement. For 2013/14 this was a separate element within the funding settlement and was identifiable as an amount of 90% of the cost of the Council Tax Benefit regime. From 2014/15 onwards funding for the CTRS has not been a separate identifiable element of the overall funding settlement.
- 1.4 In December 2015 the Council approved a scheme for 2016/17 which aimed to have a neutral financial impact on this Council and the major preceptors, as had been the case in prior years, assuming that central government funding for the scheme remains constant. For working-age claimants (i.e. those not protected by the national scheme for pension-age claimants) there would be a means-tested assessment to establish entitlement and a maximum percentage reduction in the level of support at the end of that assessment of 22.7%. This is the same maximum percentage reduction in the level of support as operated for 2014/15 and 2015/16.

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

- 2.1 There has been no evidence which has emerged since the inception of the scheme to suggest that it is fundamentally in need of revision. The scheme has embedded well with no formal legal challenge to the principle of the scheme.
- 2.2 Experience to date indicates that 22.7% maximum reduction in the level of support is the correct level at which the scheme becomes self-funding.
- 2.3 For 2016/17 to 30th September 2016 a total of 20 applications for hardship awards have been made but none of these have been awarded additional support from the Discretionary Hardship Fund.

3. Proposed CTRS for 2017/18

- 3.1 The Council's Revenue Budget and Financial forecast for 2017/18 onwards currently assumes that the CTRS will be fully self-funding, that is that the assumed net cost of the scheme to Fylde Borough Council will be met by applying reduced levels of support to claimants.
- 3.2 It is proposed that the 22.7% maximum reduction in the level of support is retained for the 2017/18 CTRS.
- 3.3 It is further proposed that the scheme for 2017/18 will continue to provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
- 3.4 Although the 2017/18 scheme will, as far as is possible, have the same design principles as that currently in operation a small number of changes are proposed to align the scheme with housing benefit amendments in order that eligibility criteria are consistent for both schemes. The housing benefit changes are:
- Reducing the time period a person can be absent from Great Britain and continue to claim housing benefit from 13 weeks (or 52 weeks in certain cases) to 4 weeks.
 - Recipients of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in the calculation of their housing benefit.
 - Limiting the dependent allowances within the housing benefit calculation to a maximum of two children, which will affect new households who have a third or subsequent child on or after 1st April 2017.
 - Treating people in receipt of Universal Credit (carer's element) in the same way as those on Carer's Allowance.

These changes will only apply to working-age claimants and the impact of these changes will mean that the claimant would receive a nil award of Council Tax Reduction as a consequence of the first proposed change and a lower award than under the current scheme for the other proposals.

The full details of the proposed scheme for 2017/18 is available on the Fylde Borough Council website at:

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

- 3.5 A consultation paper was distributed to the Major Preceptors - Lancashire County Council, Lancashire Fire and Rescue Service and the Lancashire Police and Crime Commissioner in October 2016 seeking their views on the proposed scheme for 2017/18. The consultation and a summary of the responses of each are set out in the appendices to this report. In summary, all of the major preceptors are supportive of the proposals for the 2017/18 CTRS set out in this report.
- 3.6 Public consultation has also taken place and both the outcome of the consultation and the Council's response are shown at Appendices B and C to this report.
- 3.7 The Equality Analysis that has previously been carried out for the CTRS scheme has been revisited and updated. This aims to mitigate the impact on protected groups. **As part of their consideration of the CTRS scheme for 2017/18 Members must read the updated Equality Analysis which is available on the Fylde Borough Council website at:**

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

4 Hardship Relief

- 4.1 The provision of Discretionary Hardship Relief to provide support for claimants in exceptional circumstances, and who are unable to increase their income from other means, is a key element

of the operation of the scheme. Section 76 of the Local Government Act 2003 in respect of Council Tax (as amended by section 13A of the Local Government Finance Act 2012) empowers a billing authority to reduce the amount of Council Tax as it thinks fit. Funding for such reductions must be provided by the Council and major preceptors as necessary.

- 4.2 In order to mitigate part of the impact of the CTRS on the most vulnerable households, the Council has adopted a Discretionary Discount Policy under the above powers. Strict criteria are used to determine if any additional relief is appropriate and the level of any such award. Awards are made only in exceptional circumstances to those unable to increase their income. The Council's Discretionary Discount Policy is available on the Fylde Borough Council website at:

<http://www.fylde.gov.uk/resident/council-tax/>

- 4.3 It is proposed that for 2017/18 the Council Tax Reduction Scheme will continue to provide for additional discretionary awards which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
- 4.4 The Major Preceptor consultation described at 3.5 above also provided the opportunity to comment on the proposals with regard to Hardship Relief. A summary of the responses on this matter is contained within Appendix A to this report.

5. Review of the CTRS

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

6. Equality Analysis

- 6.1 The Government Equalities Analysis was published in January 2012. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.
- 6.2 The Council has carried out a much more detailed and robust Equality Analysis which is available on the Council's website as described in paragraph 3.7. The impact of CTRS has been considered on people based on the following characteristics:

- Age
- Disability
- Sex and sexual orientation
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief

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

7. Linkages to Wider Welfare Reform

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

8. Conclusion

- 8.1 The Council is required to adopt a local Council Tax Reduction Scheme for 2017/18 which (as is the case for the scheme currently in operation) will incorporate a reduction in support to working-age claimants.
- 8.2 Schedule 6 of the Council Tax Reduction Scheme will detail the percentage reduction in support to working-age claimants once the scheme design has been determined by Council and following any final minor adjustments to the calculation of costs for 2017/18. That Schedule forms part of the adopted scheme.
- 8.3 For 2017/18 it is proposed that the percentage reduction made at the end of the assessment for working-age claimants shall remain as for 2014/15, 2015/16 and 2016/17 at 22.7%, the percentage reduction such that the full costs of the Council Tax Reduction Scheme are recovered from the working-age recipients of support.
- 9.4 A review of the Scheme (including the percentage reduction in support detailed within Schedule 6 of the Scheme) should be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. Therefore any decision with regard to changes to the CTRS will be in respect of 2017/18 only.

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

| LEAD AUTHOR | TEL | DATE | DOC ID |
|--------------------------------------------|--------------|---------------|--------|
| Paul O'Donoghue Chief Financial Officer | 01253 658566 | November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|--------------------------------------|-------------------------------|--------------------------------------------------------|
| Council Tax reduction Scheme 2013/14 | 28 th January 2013 | www.fylde.gov.uk |
| Council Tax reduction Scheme 2014/15 | 27 th January 2014 | www.fylde.gov.uk |
| Council Tax reduction Scheme 2015/16 | 1 st December 2014 | www.fylde.gov.uk |

| | | |
|-----------------------------------------|--------------------------------|--------------------------------------------------------|
| Council Tax reduction Scheme 2016/17 | 14 th December 2015 | www.fylde.gov.uk |
|-----------------------------------------|--------------------------------|--------------------------------------------------------|

Attached documents

Appendix A - Consultation and responses from major preceptors

Appendix B - Public Consultation

Appendix C - Results of Public Consultation

Preceptor Consultation Letter – sent to LCC, Police and Fire Authorities - October 2016

Dear Sirs,

Fylde Borough Council - Council Tax Reduction Scheme 2017/18 – Consultation with major preceptors on the design of the local scheme.

Summary:

This paper sets out the proposed Council Tax Reduction Scheme (CTRS) that will operate in Fylde borough for the year 2017/18.

Introduction:

The scheme that currently operates within Fylde borough was approved by this Council in December 2015.

That Scheme, in summary, is one which:

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

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

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

The proposed 2017/18 Scheme:

It is proposed that for 2017/18 the scheme be one which maintains most of the previous council tax benefit rules but reduces the level of the award by a standard percentage at the end of the calculation for working-age claimants. Each of the adopted local schemes since 2013/14 have been in accordance with this principle. It is not intended to change this element of the design in respect of 2017/18.

Council Members will be asked to agree a scheme of Council Tax Support in December 2016. The principles for the 2017/18 scheme will remain that it needs to:

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

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

Changes to the Scheme for 2017/18

It is proposed that, as far as possible, the 2017/18 scheme will have the same design principles as that currently in operation. However, the Government has announced the following changes to housing benefit and the Council proposes to do the same for its CTRS for 2017/18 to keep this element of the scheme the same as housing benefit:

- reducing the time period a person can be absent from Great Britain and continue to claim housing benefit from 13 weeks (or 52 weeks in certain cases) to 4 weeks.
- applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in the calculation of their housing benefit.
- limiting the dependent allowances within the housing benefit calculation to a maximum of two children, which will affect new households who have a third or subsequent child on or after 1st April 2017.
- treating people in receipt of Universal Credit (carer's element) in the same way as those on Carer's Allowance.

These changes will only apply to working-age claimants and the impact of these changes will mean the claimant would receive a nil award of Council Tax Reduction as a consequence of the first proposed change and a lower award than under the current scheme for the other proposals.

It is proposed that the scheme for 2017/18 will:

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

Hardship Fund

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

It is proposed that for 2017/18 the Council Tax Reduction Scheme will provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

Consultation Questions

1. Do you agree or disagree that the 2017/18 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working-age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25% for 2017/18? (note: the maximum reduction in the level of support under the scheme for 2016/17 is 22.7%).
2. Do you agree or disagree that the 2017/18 Fylde Council Tax Reduction Scheme should be amended to align with changes made to the housing benefit regime?
3. Do you have any other suggested changes to the 2017/18 Fylde Council Tax Reduction Scheme other than changes proposed?
4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants.
5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
6. Do you have any other comments to make about the proposed 2017/18 Fylde Council Tax Reduction Scheme?

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

Responses

Please provide your responses by e-mail / hard copy at the contact points shown above by **31st October 2016**.

Yours sincerely



Paul O'Donoghue

Chief Financial Officer

Summary of Responses from Major Preceptors

A. Neil Kissock, Director of Financial Services, Lancashire County Council (31st October 2016)

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

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

In response to your questions I would submit the following:

1 Agree that the scheme should be based on existing rules but with a change to the standard percentage as Lancashire County Council feels that it is fair and appropriate that Fylde Borough Council maintains a cost neutral scheme. At a time when resources are extremely limited and will be reduced significantly in 2017/18 and future years, it is vital that the operation of the scheme does not pass on additional costs to precepting authorities

2. In respect of your scheme for 2017/18 Lancashire County Council understands and agrees with the reasons for continuing to align the Council Tax Support Scheme with the Housing Benefit Scheme. Any scheme should be as efficient as possible whilst continuing to offer protection to the most vulnerable individuals as identified within the existing Council Tax system.

3. The County Council has no further proposed changes

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

5 The County Council does not object to the additional discretionary award. However it feels that it is fair and appropriate that Fylde Borough Council maintains a cost neutral scheme. At a time when resources are extremely limited and will be reduced significantly in 2017/18 and future years, it is vital that the operation of the scheme does not pass on additional costs to precepting authorities.

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

B. Steve Freeman, Chief Finance Officer, Police and Crime Commissioner for Lancashire (28th October 2016)

Fylde Borough Council - Council Tax Reduction Scheme 2017/18 – Consultation with major preceptors on the design of the local scheme.

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

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

In respect of your scheme for 2017/18 the Commissioner agrees that the proposed approach is appropriate as it offers protection to the most vulnerable individuals as identified within the existing Council Tax system and offers no additional costs to the Billing and Precepting authorities.

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

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

1. Do you agree or disagree that the 2017/18 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working-age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25% for 2017/18? (note: the maximum reduction in the level of support under the scheme for 2016/17 is 22.7%).

Agree

2. Do you agree or disagree that the 2017/18 Fylde Council Tax Reduction Scheme should be amended to align with changes made to housing benefit?

Agree

3. Do you have any other suggested changes to the 2017/18 Fylde Council Tax Reduction Scheme other than the changes proposed?

None

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

We agree this arrangement should remain in place

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

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

6. Do you have any other comments to make about the proposed 2017/18 Fylde Council Tax Reduction Scheme?

None

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

**C. Keith Mattinson, Director of Corporate Services, Lancashire Fire & Rescue Service
(by e-mail 6th October 2016)**

Responses to consultation questions:

1. Yes, we would hope that any amendment to the level of reduction did not impact upon our overall council tax raised
2. Yes
3. No
4. Yes, in exceptional circumstances
5. Yes, in exceptional circumstances
6. No

Public Consultation

This consultation sets out options for the Council Tax Reduction Scheme (CTRS) that will operate in Fylde borough for the year 2017/18.

The scheme that currently operates within Fylde borough (for 2016/17) was approved by this Council in December 2015.

That Scheme, in summary, is one which:

- maintains most of the previous council tax benefit rules but reduces the award by a standard percentage at the end of the calculation for working-age claimants. The claimant has to pay this amount to the Council as their contribution to Council Tax.
- in 2016/17 the maximum percentage reduction in respect of working-age claimants is 22.7%.
- includes the national scheme which protects claimants of pensionable age from any reductions
- provides a Discretionary Hardship Fund to support claimants in exceptional circumstances who are unable to increase their income from other means.

The proposed 2017/18 Scheme:

It is proposed that, as far as possible, the 2017/18 scheme will have the same design principles as those currently in operation. However, the Government has introduced a number of changes to housing benefit including:

- 1) reducing the time period a person can be absent from Great Britain and continue to claim housing benefit from 13 weeks (or 52 weeks in certain cases) to 4 weeks.
- 2) applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in the calculation of their housing benefit.
- 3) limiting the dependent allowances within the housing benefit calculation to a maximum of two children, which will affect new households who have a third or subsequent child on or after 1st April 2017.
- 4) treating people in receipt of Universal Credit (carer's element) in the same way as those on Carer's Allowance

The Council proposes to do the same for its CTRS for 2017/18 to keep this element of the scheme the same as housing benefit.

These changes will only apply to working-age claimants and the impact of these changes will mean the claimant would receive a nil award of Council Tax Reduction as a consequence of the first proposed change and a lower award than under the current scheme for the other proposals.

Other than these proposed change the amounts that individuals will be required to pay may also change in the event of changes to a claimant's circumstances or if Fylde Council and/or other preceptors (eg. Lancashire County Council) amend their levels of Council Tax for 2017/18.

Following consultation with interested parties and the public in respect of previous years CTRS the clear preference was for the adopted scheme as described i.e. one which maintains most of the previous council tax benefit rules but reduces the level of the award by a standard percentage at

the end of the calculation for working-age claimants. It is not expected that this element of the design will change for 2017/18.

Council Members will be asked to agree a CTRS for 2017/18 in December 2016.

It is proposed that for 2017/18 a fully self-funding scheme is retained. It is estimated that for working-age recipients the maximum reduction in the level of support will be between 20% - 25%. The Scheme would include the national scheme for pension age claimants for whom there is no reduction in the level of support

- Q1 To what extent do you agree or disagree with the proposal to reduce the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks?
- Q2 Please tell us why you agree or disagree with this proposal.
- Q3 To what extent do you agree or disagree with the proposal to reduce the element of a Work Related Activity Component in the calculation of the current scheme for new ESA applicants?
- Q4 Please tell us why you agree or disagree with this proposal.
- Q5 To what extent do you agree or disagree with the proposal to limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of two?
- Q6 Please tell us why you agree or disagree with this proposal.
- Q7 To what extent do you agree or disagree with the proposal to remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them?
- Q8 Please tell us why you agree or disagree with this proposal.
- Q9 Overall, to what extent do you agree or disagree with the approach to align the Council Tax Reduction Scheme with the Government's proposed changes to the Housing Benefit Scheme?
- Q10 Please tell us why you agree or disagree with this proposal.
- Q11 If the Council does not align the Council Tax Reduction Scheme with Housing Benefit, how should any additional costs be found?
- Q12 Do you have any other suggestions for how the Council could make savings or increase its income?
- Q13 Please tell us what impact, if any, any of the proposed changes set out in this consultation might have on you.

Response – Council Tax Reduction Scheme Public Consultation

Fylde Council Tax Reduction Scheme Consultation Summary

The Fylde Council Tax Reduction Scheme consultation went live on 22 August 2016 and closed on 15 October 2016, a period of 8 weeks.

The consultation survey was supported by Frequently Asked Questions and Background Information documents to ensure respondents had the necessary information to provide an informed response.

The survey was available to complete on the Fylde Council website, promoted by a series of messages on the council's social media channels. Additionally, paper copies were located at the council's customer service centre in Lytham St Annes for any residents who do not access the internet.

In the final week of the consultation an independent research fieldworker was based at the customer service centre to encourage and assist any customers to complete the survey. However, the lack of footfall and speed of service in the centre was not conducive to this approach with residents often not having the time or interest to complete the survey. Some residents were given paper surveys to take away with them and complete, but none were returned.

Over the consultation period 5 responses were received. In summary:

| Proposal | Agree | Disagree | Don't know | Any comments |
|-----------------------------------|--------------|-----------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Absence from Great Britain | 4 | 1 | 0 | One comment noting that 4 weeks is seen as reasonable, particularly if people are in receipt of financial support |
| Support for Work Related Activity | 4 | 1 | 0 | One comment suggesting it is sensible to align based on the information given |
| Number of dependent Children | 4 | 1 | 0 | Negative comment about "persecution of women and children" who may not have choices, another comment suggesting it should be based on number of conceptions, citing the example of having twins |
| Severe Disability Premium | 3 | 1 | 1 | Negative comment suggesting in effect it is a reduction to those giving care, whilst another comment feels it is a reasonable approach to standardise payments |

| | | | | |
|-----------------------------------------------------|---|---|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall agreement with alignment to Housing Benefit | 4 | 1 | 0 | One comment about the impact of government cuts and that the council “should protect local people”, whilst another comment feels any reduction to “the administration burden” seems to have merit |
|-----------------------------------------------------|---|---|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

If the council does not align the Council Tax Reduction Scheme with Housing Benefit then 2 of the 5 respondents suggested each of increasing the level of Council Tax, changing the level of Reduction in the scheme and reducing funding/ increasing income in other services. One respondent would suggest using the Council’s reserves and one respondent did not know. Final comments in the consultation included providing more financial information to set the context of the consultation and a suggestion that the council could make savings by selling its town hall artwork. No respondents outlined any impact of the proposals on them, but none identified their household as being in receipt of Council Tax Reductions.

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|---------------------------------------------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 14 |
| COUNCIL TAX REDUCTION SCHEME: GRANTS TO TOWN AND PARISH COUNCILS 2017/18 | | | |

PUBLIC ITEM

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

SUMMARY

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

As a consequence of these changes the amounts of Council Tax that are collected by Town and Parish Councils are reduced. The basis for determining the level of grants to compensate Town and Parish Councils for this reduced income was approved by this Council in December 2015 for 2016/17 only.

This report addresses the question of the payment of grants to Town and Parish Councils in relation to CTRS income reductions for 2017/18. This matter was considered by the Finance and Democracy Committee at the meeting of 21st November 2016.

The Council's Revenue Budget and Financial forecast currently assumes that grants to Town and Parish Councils in relation to the introduction of CTRS will be made for 2017/18 onwards in the same sum as was paid in 2016/17, that being £66.2k.

RECOMMENDATION

The Finance and Democracy Committee considered this matter at the meeting of 21st November 2016 and recommended:

1. That the Council approve option 4 as set out in section 1.6 of the report in respect of the payment of grants to Town and Parish Councils. That is, for 2017/18 onwards Fylde Council will provide grants to Town and Parish Councils to compensate them for income foregone as a consequence of the local CTRS in a total sum of £27.2k in 2017/18 and £3.6k in 2018/19 (resulting in the grant allocations for those years as set out in Appendix B to this report), with no payments thereafter, to reflect the reduction in total Revenue Support Grant that is received by Fylde Council over that period;
2. That the Council determines that the distribution methodology for payment of grants to Town and Parish Councils relating to the introduction of the Council Tax Reduction Scheme will be such that the grant allocation will be calculated by reference to the reduction in the tax-base of each Town and Parish Council in 2017/18 as a result of the Council Tax Reduction Scheme in that year, this being consistent with the methodology applied in respect of previous years;
3. That the Council approve, as necessary, that the financial implications are reflected in the Council's Revenue Budget and Financial forecast for 2017/18 onwards.

SUMMARY OF PREVIOUS DECISIONS

The Council Tax Reduction Scheme in operation for 2016/17 (including the payment of compensatory grants to Town and Parish Councils) was approved at the Council meeting of 14th December 2015. The full scheme is available on the Fylde Borough Council website at:

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

CORPORATE PRIORITIES

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

REPORT

- 1.1 As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and individual local authorities were instead required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 1st April 2013.
- 1.2 The government's decision to move from a system whereby support for Council Tax was paid directly into a receiving person's Council Tax Account as a benefit, and instead to re-designate the support as a Council Tax discount, has had far-reaching implications. Town and Parish Councils were not immune from these changes.
- 1.3 This is because a discount reduces the amount of Council Tax payable and therefore impacts upon the Council tax-base calculation by reducing the tax-base to below the level that it would have been had the previous Council Tax Benefit system been retained.
- 1.4 When the new Council Tax support arrangements were first implemented an element of the Council's overall funding settlement was identifiable as relating to the provision of support to Town and Parish Councils for the effects of the CTRS. Since that time, and as central government funding mechanisms have been amended and funding amounts have reduced in their totality, it is no longer possible to identify a sum within the central government funding amounts that specifically relates to an intended level of support to Town and Parish Councils for the effects of the CTRS.
- 1.5 For each year since 2014/15 Fylde Council has determined that the total level of support to Town and Parish Councils for CTRS will be reduced from the level for the prior year to reflect a similar reduction in the central government funding that Fylde Council itself receives. In December 2015 the Council agreed to fund Town and Parish Councils for CTRS in 2016/17 in a total sum of £66.2k, this being a reduction on the total funding for 2015/16 of £66.2k.
- 1.6 There are a number of options in this regard which are summarised below:

Option 1: Fylde Borough Council could agree to fund Town and Parish Councils to compensate them for losses in income as a consequence of CTRS for 2017/18 at a level equivalent to that for 2016/17 i.e. in a total sum of £66.2k.

Option 2: Fylde Borough Council could agree to fund Town and Parish Councils to compensate them for losses in income as a consequence of CTRS in a total sum which

reflects the overall central funding reductions that have been suffered by Fylde Borough Council. Based on the expected levels of central government funding for 2017/18 as contained within the latest Financial Forecast, the reduction would equate to 2.3%, leaving a sum of approximately £64.7k to be distributed.

Option 3: Fylde Borough Council could determine that due to the uncertainty surrounding central government funding and the expectation that the current funding reduction trajectory will continue in the future (thus reducing the total amount available for distribution to Town and Parish Councils still further) the option which provides greatest clarity for future years for Town and Parish Councils is that funding relating to CTRS will be distributed for 2017/18 in the sum of either £66.2k or £64.7k, but that no such payments will be made at all in any future years. This would allow Parish Councils to determine their own financial environment without having to take regard of the actions of the Borough Council.

Option 4: Given that the grant funding provided to Fylde Council to compensate for the loss of income experienced as a result of the introduction of the CTRS (for both Fylde Council and the Town and Parish councils in the borough) was originally a part of the Revenue Support Grant (RSG), the total amount redistributed to Town and Parish Councils could be reduced pro rata to the reduction in total RSG that is received by Fylde Council. The effect of this is shown in table 1 below:

Table 1: Reduction in CTRS Grants to Town/Parish Councils pro rata to RSG Reduction

| | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Revenue Support Grant (RSG) | 861 | 354 | 47 | nil |
| CTRS Grant to Town/Parish Councils | 66.2 | 27.2 | 3.6 | nil |

As shown this would result in grant payments in the total sum of £27.2k for 2017/18, £3.6k for 2018/19, and no grant payments for 2019/20 and thereafter.

- 1.7 **The explicit intention of this grant was to encourage each Town and Parish Council to avoid the need for significant increases in the parish element of the total Council Tax charge. It may be relevant to note that not all Town and Parish Councils upon receipt of funding for the impact of CTRS introduction since 2013/14 have used this to avoid increases in the level of Council Tax at a Band D property level. Some have indeed used the funding in this way whilst others have not. Appendix A of this report provides an analysis of Town and Parish funding from 2012/13 to 2016/17 comprising Town and Parish Council Tax precepts and, since 2013/14, CTRS grants passed on by this Council, together with the change in individual precept amounts (at band D) for each Council.**
- 1.8 Additionally of note is the fact that Parish Councils are not at present covered by the restriction which limits Council Tax increases to 2% at Band D property level (amended from 2016/17 to a 2% or a £5.00 increase limit for shire districts) without the prior need for a local referendum to approve this increase. The extension of precept capping restrictions to town and parish councils has been proposed by the government but with an exemption from the restrictions for those councils which set a precept amount of less than £500,000 in any year. If the capping restrictions are amended on this basis, no town or parish council within Fylde would be affected by those amendments since none set a precept amount of that scale.

Consequently, assuming that town and parish councils remain outside of the precept restrictions for 2017/18 as currently proposed, they will be able to meet any funding

shortfall arising from a reduction in CTRS grant from Fylde Council by way of an increase in their precept level (both in total and at a per property level).

- 1.9 In the written ministerial statement by the then Local Government Minister Brandon Lewis on the provisional local government finance settlement 2014 to 2015 that was issued on 18th December 2013, the subject of Parish Councils and local Council Tax support was addressed in the following paragraph:

'We have also set out previously that there is some £3.3 billion in the settlement this year for Council Tax support schemes. There is an element within this national pot that is there specifically to reflect reductions in the parish tax base. We have not separately identified the money because it is not ring-fenced and as caseloads change and schemes evolve, the amount that different parishes need will change. It would be wrong to try to manage that centrally. But we have been clear that we expect billing authorities to carry on passing on support to town councils and parishes to help mitigate any reduction in their tax base due to the local Council Tax support scheme.'

- 1.10 If the Council determines that grants to compensate Parish Councils for the impact of CTRS will be made for 2017/18 it is proposed that the distribution methodology will be similar to that used in previous years i.e. the grant allocation will be in proportion to the changes in the tax-base of each Town and Parish for that year as a consequence of the introduction of the CTRS regime.

Conclusion

- 1.11 The Council is required to determine the issue of the distribution of grants to Town and Parish Councils in relation to changes arising from the introduction of a local scheme.

The Finance and Democracy Committee considered this matter at the meeting of 21st November 2016 and recommended that the Council adopt option 4 as set out in section 1.6 of this report. That is, for 2017/18 onwards Fylde Council will provide grants to Town and Parish Councils to compensate them for income foregone as a consequence of the local CTRS in a total sum of £27.2k in 2017/18 and £3.6k in 2018/19, with no payments thereafter, to reflect the reduction in total Revenue Support Grant that is receivable by Fylde Council over that period.

The CTRS grant allocations to town and parish Councils for 2017/18 and 2018/19 resulting from the adoption of this option are shown at Appendix B to this report.

It is proposed that the distribution methodology for grants payable to Town and Parish Councils in respect of the impact of the CTRS scheme for 2017/18 will be on the same basis as that used in previous years.

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

| LEAD AUTHOR | TEL | DATE | DOC ID |
|--------------------------------------------|--------------|---------------|--------|
| Paul O'Donoghue Chief Financial Officer | 01253 658566 | November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|--------------------------------------|--------------------------------|--------------------------------------------------------|
| Council Tax reduction Scheme 2013/14 | 28 th January 2013 | www.fylde.gov.uk |
| Council Tax reduction Scheme 2014/15 | 27 th January 2014 | www.fylde.gov.uk |
| Council Tax reduction Scheme 2015/16 | 1 st December 2014 | www.fylde.gov.uk |
| Council Tax reduction Scheme 2016/17 | 14 th December 2015 | www.fylde.gov.uk |

Attached documents

Appendix A – Comparison of levels of Town & Parish Councils funding and Precept Charges between 2012/13 and 2016/17

Appendix B - Proposed allocations of CTRS grants to Town & Parish Councils 2017/18 and 2018/19

Comparison of levels of Town and Parish Councils Funding and Precept Charges between 2012/13 and 2016/17

APPENDIX A

| Town/Parish Council | Town & Parish Precepts £ | Band D Precept Charge £ | Total Town & Parish Precepts & CTRS Grants £ | Total Town & Parish Precepts & CTRS Grants £ | Total Town & Parish Precepts & CTRS Grants £ | Total Town & Parish Precepts & CTRS Grants £ | Band D Precept Charge £ | Increase in Total Town and Parish Council Funding (precept and CTRS grant) 12/13 to 16/17 £ | Increase in Total Town and Parish Council Funding (precept and CTRS grant) 12/13 to 16/17 % | Change in Parish Precept Charge (Band D) 12/13 to 16/17 % |
|--------------------------------|-----------------------------|----------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|----------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| | 2012.13 | 2012.13 | 2013.14 | 2014.15 | 2015.16 | 2016.17 | 2016.17 | | | |
| Bryning-with-Warton | 49,725 | 39.68 | 76,987 | 92,369 | 97,196 | 99,183 | 71.89 | 49,458 | 99.5% | 81.15% |
| Elswick | 18,797 | 42.92 | 23,289 | 25,976 | 26,018 | 28,898 | 65.86 | 10,101 | 53.7% | 53.46% |
| Freckleton | 96,797 | 46.31 | 110,149 | 108,794 | 107,793 | 107,711 | 51.93 | 10,914 | 11.3% | 12.13% |
| Greenhalgh-with-Thistleton | 5,000 | 28.25 | 4,167 | 5,162 | 5,187 | 5,075 | 26.32 | 75 | 1.5% | -6.83% |
| Kirkham | 165,581 | 72.72 | 175,873 | 181,980 | 183,758 | 192,128 | 83.15 | 26,547 | 16.0% | 14.34% |
| Little Eccleston-with-Larbreck | 6,805 | 31.95 | 7,387 | 7,476 | 7,856 | 8,400 | 39.41 | 1,595 | 23.4% | 23.36% |
| Medlar-with-Wesham | 49,998 | 40.62 | 55,780 | 58,013 | 60,068 | 62,067 | 46.41 | 12,069 | 24.1% | 14.27% |
| Newton-with-Clifton | 49,969 | 47.86 | 53,473 | 52,650 | 52,281 | 52,283 | 50.58 | 2,314 | 4.6% | 5.68% |
| Ribby-with-Wrea | 48,200 | 64.01 | 48,200 | 48,200 | 48,200 | 49,506 | 62.44 | 1,306 | 2.7% | -2.45% |
| Singleton | 16,621 | 38.12 | 17,879 | 18,669 | 18,844 | 18,980 | 42.40 | 2,359 | 14.2% | 11.22% |
| Staining | 52,628 | 62.06 | 61,433 | 63,816 | 63,597 | 65,093 | 74.35 | 12,465 | 23.7% | 19.80% |
| St.Annes | 150,000 | 82.05 | 166,205 | 175,467 | 174,806 | 193,089 | 87.99 | 43,089 | 28.7% | 7.25% |
| Treales, Roseacre & Wharles | 6,636 | 29.36 | 6,749 | 6,668 | 10,235 | 10,276 | 47.61 | 3,640 | 54.9% | 62.14% |
| Weeton-with-Preese | 13,800 | 43.53 | 15,407 | 15,116 | 15,050 | 16,063 | 52.62 | 2,263 | 16.4% | 20.87% |
| Westby-with-Plumpton | 8,000 | 14.73 | 8,501 | 8,631 | 8,491 | 9,410 | 14.26 | 1,410 | 17.6% | -0.03 |
| | | | | | | | | | | |
| Total | 738,557 | | 831,480 | 868,987 | 879,380 | 918,162 | | 179,605 | 24.3% | |

APPENDIX B

| Town/Parish Council | CTRS Grant amounts 2017/18 | CTRS Grant amounts 2018/19 |
|--------------------------------|-------------------------------|-------------------------------|
| | £ | £ |
| Bryning-with-Warton | 3,595 | 476 |
| Elswick | 409 | 54 |
| Freckleton | 3,163 | 419 |
| Greenhalgh-with-Thistleton | 31 | 4 |
| Kirkham | 6,018 | 796 |
| Little Eccleston-with-Larbreck | 146 | 19 |
| Medlar-with-Wesham | 1,871 | 248 |
| Newton-with-Clifton | 970 | 128 |
| Ribby-with Wrea | 277 | 37 |
| Singleton | 364 | 48 |
| Staining | 1,802 | 238 |
| St.Annes | 8,067 | 1,069 |
| Treales, Roseacre & Wharles | 63 | 8 |
| Weeton-with-Preese | 259 | 34 |
| Westby-with-Plumpton | 165 | 22 |
| Total | 27,200 | 3,600 |

Notes:

1. For both years grant amounts are calculated by reference to the reduction in income as a consequence of the CTRS scheme and are based upon a provisional taxbase for each town and parish area as calculated at October 2016 and the precept Band D amounts for 2016/17.

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|-----------------------------------------------|---------|-----------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 15 |
| SUBSCRIPTION BASED GREEN WASTE SERVICE | | | |

PUBLIC ITEM

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

SUMMARY

The report provides the Council with the details of a proposal to mitigate the removal of waste cost share funding by Lancashire County Council from March 2018. The options in the report were considered by the Operational Management Committee and a recommendation has been made to Full Council to introduce a chargeable green waste subscription service.

RECOMMENDATION

The Council is recommend by the Operational Management Committee to approve the introduction of a year-round green waste subscription service, at a charge of £30 per waste bin per annum, for implementation in 2017; and that the income arising from the introduction of the charge, if approved, be reflected within the Councils budget for 2017/18 onwards and that the Operational Management Committee agree the operational detail of the scheme prior to implementation.

SUMMARY OF PREVIOUS DECISIONS

At a special meeting of the Operational Management Committee in March 2016 it was RESOLVED that a subscription service for green waste be considered as part of future budget proposals and the intervening time is used to research other options for the service, to be reported to a future meeting of the Operational Management committee.

The Operational Management Committee on 13 September 2016 RESOLVED to recommend to full Council: the introduction of a year-round green waste subscription service, at a charge of £30 per waste bin per annum, in order that the service may be ready for implementation from April 2017; and that the income arising from the introduction of the charge, if approved, be reflected within the Councils budget for 2017/18 onwards.

CORPORATE PRIORITIES

| | |
|--------------------------------------------------------------------------------------------------|---|
| Spending your money in the most efficient way to achieve excellent services (Value for Money) | √ |
| Delivering the services that customers expect of an excellent council (Clean and Green) | √ |
| Working with all partners (Vibrant Economy) | |
| Fylde continues to be one of the most desirable places to live (Great Place to Live) | √ |

REPORT

Background

1. In November 2005 the Council entered into the Property Based Payment Agreement; introduced as an enhanced system to the former recycling credits to enable districts to invest in kerbside recycling collections and help reach the Lancashire Waste Strategy Target of 90% of households receiving a three-stream collection.
2. The Cost Sharing Agreement had a number of conditions which included:
 - There must be a minimum of 90% of properties within the borough served by a three-stream waste collection service.
 - The introduction of an alternate week collection for residual waste.
 - Green waste collected fortnightly.
 - Dry recyclates must be collected at least fortnightly (paper, card, glass, plastic bottles).
 - Collection of residual and recyclates on the same day of the week.
3. The original cost sharing agreement was for a payment per participating property index linked to RPI each year. Lancashire County Council also agreed to pay a 'Loss of Recycling Income (LORI)' payment to districts for the loss of recycle income when districts started using the new PFI facilities. This was calculated based on the 2003/04 recycling tonnages for paper and indexed linked to RPI.
4. The Agreement was reviewed in 2012 following budgetary pressures at Lancashire County Council and a fixed level of support for a 5 year period bringing together the Cost Sharing Agreement and LORI payment was implemented from April 2013. The basis of the scheme is that the waste disposal authority, the County Council, finances the separation of recyclable material at source by the waste collection authority, the district council, in order to achieve savings on disposal cost.
5. Lancashire County Council (LCC) decided in October 2013 that the Cost Sharing Agreement would not be extended beyond its current term. The rationale for this was that EU legislation now requires District Councils to separate recyclables, the legislative requirement for the waste collection authority to separate recyclable material at source removed the need for the waste disposal authority to provide a financial incentive. LCC offered to fund a review of collection services across Lancashire in order to establish potential opportunities to achieve savings on collection services either individually or jointly.
6. The objectives of the waste review was to:
 - Review the efficiency of waste collection services in Lancashire to ascertain where cost savings can be made both over the shorter and longer term; and
 - Assess a range of collection models selected by the authorities to provide an indication of the most cost - effective waste collection solution for Lancashire.
7. A number of alternative collection schedules were modelled for each authority and ranked in order of which delivered the most savings; 33 different options were modelled in total. The preferred option for Fylde was assessed to be a 3 weekly cycle of collections with grey bins on week 1, green bins on week 2 and recycling on week 3. This system of collections would deliver annual savings of £50,000 subject to one off costs of £172,000 for container purchases and implementation costs. This does not include the costs of any replacement vehicles. The savings identified from Fylde's modelling would only cover 7% of the cost sharing income deficit. The results of the baseline modelling on the existing service together with the extremely modest savings associated with a move towards three weekly collections demonstrates that Fylde is

already running an efficient in-house operation.

8. The Lancashire wide modelling has concluded that even quite radical service re-design required to generate savings is unlikely to compensate for the loss of cost sharing income from 2018. In all cases generating savings will require service change. Some of the changes that could be introduced may be unpalatable to politicians and public alike and may have a negative impact on recycling performance; potentially increasing waste disposal and treatment costs. The consultants have advised that changes involving the reduction of waste collection frequencies to every four weeks linked with the introduction of chargeable garden waste collections are likely to generate the most savings.

Key issues and the proposal

9. The decision by Lancashire County Council to end the cost sharing arrangement leaves a significant funding gap for the Council, with a recurring loss of £763,000 per annum from 2018/19 onwards which is currently used to support the Council's waste and recycling services. The recent Local Government Association Peer Review also identified that the Council should develop more income streams to ensure its future financial viability. It is this income that has facilitated the three stream waste collection service including green waste, it is not mainstream council budgets that have funded the collection of green waste over the last 12 years. In many regions of the country the collection of green waste has always been a chargeable service because cost sharing arrangements are not in place, they were introduced in Lancashire because of the two tier arrangements and the need for the disposal authority (LCC) to finance the collection authority (the district) in order for a saving to be achieved on disposal costs.
10. Local authorities have the delegation powers to levy a charge for the collection of green waste with arrangements to do so already in place in at least 120 local authorities. Many local authorities across the country have never had the benefit of a cost sharing agreement and as a consequence there has always been a charge for green waste collections. Charges have recently been introduced in Preston, Wyre and Pendle as part of the response to the removal of the payments from Lancashire County Council which have been supporting this collection service. Charges have also been introduced in Blackpool this year and will be introduced in Lancaster and Blackburn next year. Charges and participation rates vary across the country with fees ranging from £19.20 to £70.80 (average £35) per bin per year and participation rates from as little as 3% to over 80%.
11. Experience from other local authorities is that when a chargeable scheme is first introduced after a subsidised service has been in place there is an initial take up but some reluctance to pay for the service. Over the first two to three years of a chargeable scheme being in place the take up rate increases to a level that is then sustained for the life of the scheme. The optimal take up for Fylde is not expected to be realised until 2019/20, after the payments from LCC that currently support the service have ceased.
12. To mitigate the financial impact of the removal of the funding by Lancashire County council identified as a high risk in the Medium Term Financial Strategy, officers have considered the implications of a number of options with regards to the green waste service, details of which have been included in Appendix 1 to this report:
 - No service at all
 - A seasonal collection of green waste (March–October), without charge
 - A seasonal collection of green waste (March–October), chargeable
 - A chargeable subscription service 50 weeks of the year
13. It is essential that any future service delivery reduces the impact of the £763,000 funding

deficit. Any option that includes ongoing costs will have an impact on the core budgets of the council when the cost sharing payments cease unless there is a corresponding charge made for the service to cover the cost.

14. Appendix 1 identifies that having no service can make a potential contribution to the £763,000 deficit of approximately £460,000 with a number of implications that are likely to lead to costs in the future from increased waste in residual grey bins and fly tipping as well as significant customer dissatisfaction with no service option at all. Members have indicated previously that retention of a green waste collection service is preferable.
15. Appendix 1 identifies that a seasonal service without charge would make at best £80,000 per annum contribution to the funding deficit and introduce a number of operational issues that would reduce the quality and reliability of service delivery.
16. Appendix 1 identifies that a seasonal chargeable service would realise the same income as a year round chargeable service with the operational challenges a seasonal service presents, including an inferior chargeable service than that which Lancashire neighbours are receiving (less collections and the quality reduction seasonal agency employment brings) and redundant resources for four months of the year. Members may consider mitigating this with a reduced charge leading to a corresponding reduced contribution to the funding deficit.
17. Appendix 1 identifies that a year round chargeable subscription service is the most popular option implemented and being considered across Lancashire. It provides the satisfaction of a continued service option significantly reducing the risk of increased residual waste and fly tipping. Based on a lower end estimated take up rate of 50% (from comparison with other areas offering the same service) the contribution towards mitigating the funding deficit would be £300,000 per annum. This will increase with increased participation that in some areas is between 70% and 80%.
18. Local authorities that have introduced green waste service charges have seen an initial reduction in participation followed by a steady increase over time. Reduced participation levels will have an impact on the overall recycling rate as green waste tonnages drop. It is as yet unclear what implications there may be to Local Authorities that do not meet the 2020 recycling target of 50%.
19. There is a risk that customers will put green waste in the residual grey bin which will have an impact on recycling rates and could lead to the requirement for increased resources to collect the additional waste from residual bins. There may also be an increase in fly tipping to avoid charges. All risks will be monitored and managed as part of the scheme with lessons learnt from authorities that have had chargeable schemes in place for several years.
20. If a chargeable scheme is introduced there will be a pro-active campaign of advice and support on alternative options for managing garden waste, e.g. home composting which has the least environmental impact as it stops unnecessary transportation of materials or use of the household waste recycling centre; grey bins will be recommended as a last resort for green waste and the closed lid/no side waste policy for collection arrangements of the grey bin will remain in place.
21. The introduction of a charge will require resources and some capital investment to set-up (i.e. software upgrades, payment system, back office administration etc.) but it is expected that by working closely with the IT, finance and customer service teams that any additional cost can be kept to a minimum and will be offset against the scheme income accrued in year 1.
22. The number of unknown variables, the need for a chargeable service to 'bed in' and mature, and mitigation of the risks support the need to introduce a charge in advance of the withdrawal of the cost sharing payment from LCC.

23. The following risks and mitigating actions have been identified if a chargeable green waste collection scheme is introduced, they have been presented to the committee previously in March 2016:

| RISK | MITIGATING ACTION |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The customer impact of collection service changes affects over 90% of households. | Set a charge that is reasonable and proportionate for the service, comparable to charges set by other authorities in the local area. Ensure that residents are aware of alternative options for dealing with green waste and provide support to do this where possible. Ensure the changes are communicated as effectively as possible. |
| An adverse impact on the reputation of the council by introducing a charge to the service. | A clear, consistent and robust communication strategy articulating the reasons for the charge (the removal of the payment by LCC), the weekly cost, the impact on other services if action is not taken, the fact it is optional and the value for money the council delivers for the low council tax base. |
| Low participation rates resulting in less income and contribution to the service. | Effective communication to ensure maximum publicity and support for the subscription service. Use of Bartec technology to continuously monitor the scheme and review at every opportunity to reduce cost and maximise resource/efficiency. |
| Reduced recycling rate not meeting target of 50% by 2020 and an increase in fly tipping | Promote alternative recycling options & composting to reduce the amount of green waste that can be put in the grey bin. Monitor tonnages of grey waste with strict no side waste policy to ensure green waste is not collected via the grey bin stream. Monitor fly tipping material and increase enforcement if green waste is being tipped though the majority will degrade naturally. |
| Initial set up costs and resource implications at a time when finances are limited and the budget has been set. | Introduce the scheme from April 2017 with the first call on income funding any set up costs which cannot be funded from within existing budget resources. |

24. A number of opportunities have also been identified if a chargeable scheme is introduced:

| OPPORTUNITY | ACTIONS TO MAXIMISE |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Additional income from increased participation rate | Effective promotion of the service. Easy to pay and participate options. Set a charge that is affordable / reasonable. |
| Reduction in the future cost of the service | Continually review the number of vehicles, the collection rounds and data from Bartec. |

25. The County Council has confirmed as part of the current budget setting process that the Cost Sharing Arrangement which has been used to fund the collection service will terminate from April 1st 2018. Fylde has a duty to the public purse and a responsibility to ensure that it meets its legal duties with regard to residual waste and dry recycling whilst at the same time mitigating the budget shortfall from 2018/19.
26. The Council is requested to approve the recommendation of the Operational Management Committee for the introduction of a green waste subscription service at a charge of £30 with implementation in the scheme in spring 2017.

| IMPLICATIONS | |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance | <p>This report requests that the Council agree that the introduction of a year-round green waste subscription service, at a charge of £30 per waste bin per annum, in order that the service may be ready for implementation from Spring 2017; and that the income arising from the introduction of the charge, if approved, be reflected within the Councils budget for 2017/18 onwards.</p> <p>A charge of £30 is consistent with local Authorities that have already implemented a charge and below the national average of £35. A standard annual tariff will facilitate ease of administration. Any upfront one-off costs associated with implementing the scheme which cannot be met from within existing budget resources will be met through the income accrued in year 1. The Appendix to the report includes estimated financial implications based on variable participation rates. Actual take-up and the consequential income that this will generate is difficult to estimate ahead of implementation of the scheme. If a chargeable scheme is introduced, then the financial implications will be reflected within the Councils budget for 2017/18 onwards.</p> |
| Legal | <p>The Controlled Waste Regulations 1992 classifies garden waste as a household waste for which a charge for collection may be made. On the level of a charge, the Environmental Protection Act 45 (3) does not stipulate the level of charging but states "the authority may recover a reasonable charge for the collection of the waste from the person who made the request". In proposing revised arrangements for the collection of garden waste the Council is required to have regard to the provisions of the Equalities Act 2010 and s.17 of the Crime & Disorder Act 1998. Nothing within the proposals to charge for the collection of waste contravenes the provisions of these Acts.</p> |
| Community Safety | There are no direct community safety implications arising from the report |
| Human Rights and Equalities | There are no direct human rights and equalities implications arising from the report |
| Sustainability and Environmental Impact | There are no direct sustainability and environmental impact implications arising from the report |
| Health & Safety and Risk Management | There are no direct health and safety and risk management implications arising from the report |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|------------------|--------------|---------------|--------|
| Kathy Winstanley | 01253 658634 | November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|--------------------------------------------------------------------|----------------------|--------------------------------------------------------|
| Name of document | Date | Where available for inspection |
| Subscription based green waste service | September 2016 | www.fylde.gov.uk |
| Subscription based green waste collection service | March 2016 | www.fylde.gov.uk |
| Information item at every Operational Management Committee meeting | May 2015 – June 2016 | www.fylde.gov.uk |

Attached document

Appendix 1: Operational and Financial Implications of Alternative Means of Green Waste Service Delivery

Appendix 1: Operational and Financial Implications of Alternative Means of Green Waste Service Delivery

Background

Fylde Council has operated a kerbside collection of green waste since 2004 as part of the alternate weekly twin bin scheme. The service is available to approximately 90% of all households with 33,883 properties on the scheme. Several properties have two or more green bins that are regularly full. Most households present the green bins once a fortnight as scheduled during the main growing season however this is reduced over the winter months. Wheeled bins are provided to properties where it is operationally practicable to do so, there are about 10% of properties that cannot accommodate wheeled bins because there is no garden, a lack of storage space or access issues for the refuse vehicle. Assessment of collection data available through Bartec and the vehicles' bin counters indicate that approximately 20,000 green bins are regularly presented for collection every fortnight. The green waste collected at the kerbside is processed into compost and contributes in excess of 40% to the overall recycling rate.

| Year | Green Bin Tonnage | Composting % | Overall Recycling % |
|---------|-------------------|--------------|---------------------|
| 2012-13 | 7,142 | 22.26 | 45.80 |
| 2013-14 | 7,217 | 22.00 | 49.10 |
| 2014-15 | 7,432 | 22.32 | 48.92 |
| 2015-16 | 7,402 | 21.39 | 51.40 |

Operational Costs – Existing Service

Based on the existing fortnightly collection of 6 green rounds, the total costs of delivering a like for like green waste service will be £563,810 in 2017-18, as follows:

Existing Green Waste Collection Service

6 x front line refuse collection vehicles + 1 spare

(operating 26 weeks per year - alternating with grey rounds)

| | | Year 1 2017-18 | Totals | |
|-----------------------------------------|------|-------------------|-----------------|---------------|
| Uplift | | | | |
| Labour | | | | |
| Drivers | 6 | £127,464 | £127,464 | |
| Loaders | 12 | £239,292 | £239,292 | |
| Spare Drivers | 2 | £42,488 | £42,488 | |
| Spare Loaders | 3 | £59,823 | £59,823 | |
| PPE | £200 | £4,600 | £4,600 | |
| Total - 50% as 26 weeks per year | | | £236,834 | <i>Direct</i> |
| Vehicles | | | | |
| Twin Bin RCV | 6 | £391,092 | £391,092 | |
| Spare Wagon | 1 | £65,182 | £65,182 | |
| Total - 50% as 26 weeks per year | | | £228,137 | <i>Direct</i> |

| | | | | |
|-----------------------------------------------------------------|----------|----------|-----------------|----------------|
| Containers | 33,833 | | | |
| Replacement Green Bins 240L (1 per property @ 1.5% replacement) | £18 | £9,135 | £9,135 | |
| Income from replacement bins | -£32.50 | -£16,494 | -£16,494 | |
| Total after income | | | -£7,359 | <i>Direct</i> |
| Promotion | 33,833 | | | |
| Service literature and associated paperwork | £0.15 | £5,075 | £5,075 | |
| Total | | | £5,075 | <i>Direct</i> |
| Total Operational Costs - direct costs | | | £462,687 | |
| Total Support Service Costs | | | | |
| All Support Service / Service Management Costs | £101,123 | £101,123 | £101,123 | |
| Total | | | £101,123 | <i>Support</i> |

Total Operational and Support Costs - Existing Green Waste: **£563,810**

Options Appraisal

At a special meeting of the Operational Management Committee in March 2016 it was RESOLVED that a subscription service for green waste be considered as part of future budget proposals and the intervening time is used to research other options for the service, to be reported to a future meeting of the Operational Management committee. To mitigate the financial impact of the removal of the funding by Lancashire County Council which has been identified as a high risk in the Medium Term Financial Strategy, officers have considered the implications of a number of options with regards to the green waste service, including:

- No service at all
- A seasonal collection of green waste (March – October) without charge
- A seasonal collection of green waste (March – October) chargeable
- A chargeable subscription service 50 weeks of the year

1. No service at all

The Controlled Waste (England and Wales) Regulations 2012 set out those household wastes, for which collection and disposal charges may be made, and these state that a collection charge can be made for garden waste from households.

The consequences of not having a green waste service would include public dissatisfaction and loss of reputation; a negative impact on the recycling rate; increased waste presented on grey bin day resulting in side waste, overflowing bins and requests for extra grey bins. Having no service would place additional demands on the grey bin rounds with more trips for disposal required, increased journeys to and from the tip and potential overtime to complete the rounds, leading to increased costs for the grey rounds. In addition, there may be an increase in instances of fly tipping and use of the LCC Household Waste Recycling Centre to dispose of green waste. Although some of these risks are the same as those

identified in the event that there is a chargeable service they are significantly increased with no service offered. LCC have previously suggested they may consider passing on a charge if green waste is not dealt with at the kerbside in the first instance.

There would be guaranteed savings in the region of £460,000 per annum from vehicles and labour with no green waste service, this benefit must be considered against the challenges detailed above. The support service costs are part of the wider council management of all services and it cannot be guaranteed that these costs will be reduced, in fact the cost will need to be spread over existing services and therefore reduce value for money. Any capacity created as a result of reduced demand for support service costs would need to be reviewed.

Blackpool Council originally advised residents they would be ceasing green waste collections earlier this year, however, as a result of public demand for the service, they subsequently introduced a chargeable opt in scheme. The green waste collected at the kerbside contributes around 45% of the overall recycling rate and it would definitely not be possible to meet the 2020 recycling target of 50% without it. This is an EU target which has been adopted by England and it is unclear which direction the government will take on waste management issues post Brexit; a failure to meet the target may result in fines being passed down to local authorities.

2. A seasonal collection of green waste (March to October) without charge

A seasonal service would realise financial benefit from savings on labour and the running cost of the vehicles but these would be significantly lower than the no service option because only four months would have no service, it is estimated that there would be no more than £80,000 per annum direct cost saving at best and very likely less than this (based on four month saving of direct cost @ about £20,000 per month). Besides the revenue cost for 8 months of the year there would still be the capital outlay and fixed costs and it would lead to 3 vehicles parked up in the yard for part of the year which is not the best use of resources. There would be numerous logistical and operational challenges with any seasonal service including a heavy reliance on agency workers at an increased cost and reduced quality/reliability. In addition, correctly trained agency drivers are very difficult to secure and retain long term without the security of permanent employment it could not be guaranteed that reliable and quality drivers would be available. There would be public dissatisfaction at this reduction, particularly from residents with leafy and larger gardens as the service would not be available for the collection of fallen leaves; this usually peaks in November.

3. A seasonal collection of green waste (March – October) chargeable

This option has the same considerations as option 2 above, however the additional income from a charge would contribute to the operational cost of service delivery. Current estimates indicate there are approximately 20,000 green bins being presented for collection on a regular basis. Assuming a 50% uptake rate and a charge of £30 per bin (in line with neighbouring authorities), potential income generation will be in the region of £300,000. There may be public dissatisfaction at a £30 charge for a reduced, seasonal service, when

neighbouring authorities are charging a similar fee for a 50 week service. Suspending the service for 4 months would result in a 34 week service with 17 collections equating to £0.88p per week or £1.76 per collection (compared to £1.16 for a 50 week service). The logistical and operational challenge of operating a seasonal service that inevitably lead to reduced quality and efficiency because of regular staff turnover and the continued need to train new seasonal employees make this a less viable option than a year round service.

4. A chargeable subscription service 50 weeks of the year

This is the most popular option that has been adopted by other Councils who have already implemented a charge and the option most likely to be considered for others going forward as budgetary pressures continue. This option represents the simplest logistical method of delivery with no seasonal or employee implications. This option would be in line with the chargeable services already implemented and currently being considered across Lancashire. This option offers the benefit of still operating a year round service whilst making a significant contribution towards the financial impact from the withdrawal of the cost sharing support from LCC.

Feedback from authorities that have implemented a green waste subscription service have identified two key considerations:

- Not to under estimate administrative, financial and officer time involved with operating a chargeable service, and
- The implications of not achieving the assumed level of uptake in the service and the revenues received being lower than those budgeted

Authorities experience a significant reduction in participation when a charge is first introduced with a steady increase over time as residents realise it is easier and cheaper than disposing of the waste themselves. The percentage uptake is critical to the success of the proposal and associated income generated. Based on the demographics of garden properties in Fylde it would be reasonable to assume a good uptake, particularly if the scheme is launched at the height of the growing season, however this is difficult to predict with any degree of accuracy without public consultation to measure potential support for any scheme. Assessment of collection data available through Bartec and the vehicles' bin counters indicate that approximately 20,000 green bins are regularly presented for collection across the fortnightly period.

Fylde is very often compared to Wyre with many socio economic and geographical similarities, in 2016 Wyre introduced a chargeable waste collection service in response to the removal of the cost sharing payments from LCC and to date have over 80% take up of the service, if this was achieved in Fylde the contribution towards mitigating the financial impact of the cost sharing payments would be £450,000.

Potential Income Based on Variable Participation

| Participation | No of Bins* | Income @ £30 per |
|---------------|-------------|------------------|
|---------------|-------------|------------------|

| (%) | | bin |
|-----|-------|----------|
| 40 | 8000 | £240,000 |
| 45 | 9000 | £270,000 |
| 50 | 10000 | £300,000 |
| 55 | 11000 | £330,000 |
| 60 | 12000 | £360,000 |
| 65 | 13000 | £390,000 |
| 70 | 14000 | £420,000 |

*Based on 20,000 green bins regularly presented for collection

Operational Costs

Operational costs would depend on uptake e.g. if the customer base reduces significantly it may be possible to drop a crew/vehicle on certain days, making savings, however there may also be an associated impact for the grey bin collections with residents disposing of green waste in the grey bin.

The table below illustrates the operational costs for delivering a reduced fortnightly collection of three green rounds, based on £30 per bin with a 50% uptake rate, using 2017-18 costs.

Chargeable Green Waste Collection Service

3 x front line refuse collection vehicles + 1 spare

(operating 25 weeks per year - alternating with grey rounds)

| | | Year 1 2017-18 | Totals | |
|-----------------------------------------------------------------|---------|-------------------|-----------------|---------------|
| Uplift | | | | |
| Labour | | | | |
| Drivers | 3 | £63,732 | £63,732 | |
| | | £119,64 | | |
| Loaders | 6 | 6 | £119,646 | |
| Spare Drivers | 1 | £21,244 | £21,244 | |
| Spare Loaders | 2 | £39,882 | £39,882 | |
| PPE | £200 | £2,400 | £2,400 | |
| Total - 50% as 25 weeks per year | | | £123,452 | <i>Direct</i> |
| Vehicles | | | | |
| Twin Bin RCV | 3 | £195,54 | 6 | £195,546 |
| Spare Wagon | 1 | £65,182 | | £65,182 |
| Total - 50% as 25 weeks per year | | | £130,364 | <i>Direct</i> |
| Containers | 33,833 | | | |
| Replacement Green Bins 240L (1 per property @ 1.5% replacement) | £18 | £9,135 | | £9,135 |
| Income from replacement bins | -£32.50 | -£16,494 | | -£16,494 |
| Total after income | | | -£7,359 | <i>Direct</i> |

| | | | | |
|------------------------------------------------|----------|----------|-----------------|----------------|
| Promotion / Subscription Fee Collection | 33,833 | | | |
| Estimated Subscription Fee Collection | | £15,000 | £15,000 | |
| Associated Call Centre and Waste Officer time | | £15,000 | £15,000 | |
| Service literature and associated paperwork | £1.00 | £33,833 | £33,833 | |
| Total | | | £63,833 | <i>Direct</i> |
| Total Operational Costs - direct costs | | | £310,290 | |
| Total Support Service Costs | | | | |
| All Support Service / Service Management Costs | £101,123 | £101,123 | £101,123 | |
| Total | | | £101,123 | <i>Support</i> |

Total Operational and Support Costs - Chargeable Green Waste: **£411,413**

Financial Impact for Fylde Council

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Year 1 Potential Income <i>(based on 50% of 20,000 regularly presented green bins)</i> | £300,000 |
| Potential impact on Direct Costs – Cash Savings <i>(based on potential reduction from 6 to 3 wagons/crews – redundancy considerations)</i> | £152,396 |
| Overall Direct Financial Benefit to FBC | £452,396 |
| Cost Sharing Deficit 2018-19 | £763,000 |
| Income Shortfall | £310,604 |

Impact on the Recycling Rate

Reduced participation levels will have an impact on the recycling rate though a reduction in tonnage and may have considerations for the grey bin rounds and increased fly tipping.

Potential Impact of Reduced Participation on Recycling Rate

| Participation% | Green Tonnage | Green Recycling % | Overall Recycling % |
|----------------|---------------|-------------------|---------------------|
| 100 | 7432 | 22.32 | 48.92 |
| 95 | 7060 | 21.20 | 46.47 |
| 90 | 6689 | 20.09 | 44.03 |
| 85 | 6317 | 18.97 | 41.58 |
| 80 | 5946 | 17.86 | 39.14 |
| 75 | 5574 | 16.74 | 36.69 |
| 70 | 5202 | 15.62 | 34.24 |
| 65 | 4831 | 14.51 | 31.80 |
| 60 | 4459 | 13.39 | 29.35 |
| 55 | 4088 | 12.28 | 26.91 |
| 50* | 3716 | 10.60 | 24.46 |

*A 50% uptake rate will reduce the overall recycling rate to less than 25%, below the recycling rate achieved by Fylde residents in 2005.

Communicating with Residents

Communication using different methods including leaflets, press releases, social media, website, posters, vehicle signage etc. will be in place during the following stages in the event of any changes made to the service:

- Press release and early communications - to explain rationale for the change / charge
- Prelaunch stage – to promote/explain new service and gain subscribers
- Service information pack – to explain collection days and details of what can be collected
- Subscription sticker – attached to green bin to identify participation in the scheme
- Ongoing communications after rollout – to optimise subscription numbers and educate/reduce misuse of service
- Annual reminders – to advise people when subscription is due for renewal

Timescales

A change to the whole service (seasonal or chargeable subscription service) would require a 4-6 months lead time for planning and implementation however this could be reduced because resources are already in place making it primarily a communication campaign with back office support to set up IT/financial systems and deal with customer enquiries. It would be recommended to start communication in January in preparation for a charging scheme in Spring 2017 in line with the growing season. The number and size of the rounds will depend on the uptake of the service in different areas of the local authority; proximity to HWRC; the rural nature of the borough; seasonality and whether people join/leave at different times of the year. Although this model has been based on a 50% uptake of the service with a reduction down to 3 green vehicles and crews working on a fortnightly collection system, it should be recognised that this is very much an estimate at this stage and the rounds will be resourced in accordance with participation in the scheme.

Further Information

Kathy Winstanley, Head of Health and Environment, kathyw@fylde.gov.uk, 01253 658634.

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|-----------------------------------------------------------|---------|-----------------|---------|
| DEVELOPMENT SERVICES DIRECTORATE | COUNCIL | 5 DECEMBER 2016 | 16 |
| PROPOSED INCREASE TO CAR PARK PAY AND DISPLAY FEES | | | |

PUBLIC ITEM

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

SUMMARY

On 13th September 2016 The Operational Management Committee considered a report on the outcomes of the Member Car Park Working Group. One of the issues reviewed by the Working Group was to consider whether there should be an increase in car park fees and what any increase should be. The Working Group, supported by the Operational Management Committee, resolved to recommend to Council a 5% increase in car park fees.

RECOMMENDATIONS

1. To increase car park tariffs by an average of 5% with effect from 1st April 2017 as set out in Appendix 1 of this report.

SUMMARY OF PREVIOUS DECISIONS

The Operational Management Committee at the meeting of 13th September 2016 resolved to recommend to Council an increase in car park tariffs by an average of 5% with effect from 1st April 2017.

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

REPORT

1. The Operational Management Committee met on 13th September 2016 to consider the outcomes of the Member's Car Park Working Group. The Committee considering following information:
2. In April 2010 the car park fees structure was significantly altered and increased. In January 2011, to take into account the increase in VAT rates from 15% to 20%, the fees were further raised. In April 2014 slight amendments were made to tariffs including the introduction of a cheaper shorter time tariff and multi-day tariffs at Lytham Station Car Park and for motorhome parking on St Annes Swimming Pool Car Park. All other fees have remained the same. Members noted that Fylde Council's parking fees are at the higher end of the scale in Western/Central Lancashire with Blackpool being highest. Details of the current fees and a comparison with other districts can be found in the Appendices of the committee report of 13th September 2016.
3. Working Group Members were asked to consider whether the Council should consider increasing current tariffs on pay and display car parks. Members were advised that any changes to fees would incur costs associated with changing legal orders and advertising public notices, changes to all tariff board signs and updates to the pay and display machine software.
4. The Working Group resolved to recommend that current pay and display car parks should have an increase in tariffs, though the initial parking period for each tariff type should remain the same. Calculations were provided for an average 5% and 10% increase in parking tariffs, apart from the initial parking period, details of which are set out in Appendix 6 of the committee report of 13th September 2016. Tariffs were rounded to the nearest 10p due to operational requirements. The Working Group concluded to recommend an increase of 5% for all parking tariffs apart from the initial period.
5. Appendix 1 sets out the calculations for an average 5% increase while the initial period remains the same. Baseline figures using the amount of income and ticket sales supplied by each pay and display machine for 2014/15 were used (the more recent 2015/16 data has incomplete information as a result of the machine replacement programme). Income figures shown are inclusive of VAT as charged to the customer. The information provided shows the actual income collected against assumed income calculated from tickets sold. These figures slightly vary due to some people overpaying for different tariffs (e.g. paying £1 for an £0.80 tariff). For comparison purposes the assumed income has been used to calculate the changes in tariffs.
6. The table below shows the total annual fee income exclusive of VAT for a 5% increase

| Assumed total Income at current fee levels | Assumed total income at 5% Increase in fee levels | Additional income at 5% Increase in fee levels |
|-----------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------|
| £519,400 | £545,849 | £26,449 |

An average 5% tariff increase would result in an estimated £26,449 increase in annual income. This has been calculated based on the same number of users as in 2014/15. However it is likely, perhaps just for a short period, that some customers' current habits will change as a result of any price increase; people may decide not to use Council-owned car parks at all, some may use them less often and others may choose a lower tariff. This is likely to lead to a reduction in the number of users and a subsequent impact on potential income. This potential impact has been calculated as a 2.5%, 5% or 7.5% drop as shown in Appendix 1. This potential reduction needs to be considered as part of the decision making process.

7. Although Fylde Council operates Lowther Gardens Car Park, the area is owned by the Lowther Gardens Trust with an income and cost sharing arrangement in place. The Trust has been asked to consider a 5% increase in line with other pay and display car parks operated by Fylde Council. They have responded stating that they do not wish to implement such an increase at this time and are currently reviewing the management arrangements for the car park. As such, Lowther Car Park has not been included in the calculations in Appendix 1.
8. The Operational Management Committee at the meeting of 13th September 2016 resolved to recommend to Council an increase in car park tariffs by an average of 5% with effect from 1st April 2017.

Consultation

9. As is set out in Fylde Council's Car Park Strategy the Council aims to consult with local Chambers of Trade and Business Groups with changes to car park operations. St Annes Chamber of Trade and the Lytham Business Group were asked for their opinions on the proposed 5% increase in tariffs. No formal response has been received from either. As part of the changes to the Car Park's legal orders Lancashire Police and Lancashire County Council (as the Local Highways Authority) are required to be consulted as well. The Police have no objections with no response yet received from Lancashire County Council.

| IMPLICATIONS | |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance | This report requests that the Council approve an increase in car park tariffs of an average of 5% (as detailed in Appendix 1 of the report) with effect from 1 st April 2017 which would generate an estimated increase in income of £26,449 per annum assuming no reduction in user numbers. |
| Legal | Any permanent change to car park tariffs will require an amendment to the Car Park legal order (Traffic Regulation Order) which will be publically advertised prior to amendments being made. |
| Community Safety | None |
| Human Rights and Equalities | None |
| Sustainability and Environmental Impact | None |
| Health & Safety and Risk Management | None |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|--------------|--------------|------------------|--------|
| Andrew Loynd | 01253 658527 | 21 November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|----------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of document | Date | Where available for inspection |
| Car Parking Working Group Report | 13/09/2016 | https://fylde.cmis.uk.com/fylde/MeetingsCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/913/Committee/16/SelectedTab/Documents/Default.aspx |

Attached documents

1. Appendix 1 – Calculations for a proposed 5% increase in Car Park Fees

| | | | | | | Appendix 1 - Calculations for a Proposed 5% Increase in Car Park Fees | | | | | | | |
|---------------------------------------|--------|----------------|------------------|-----------------------------|-------------------------|-----------------------------------------------------------------------|--|--------------------------|-----------------|-------------|-----------------------------|---------------------------|-----------------------------|
| Ticket sales April 2014 to March 2015 | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Length of stay | Cost | Tickets Issued | % Tickets Issued | Income Reported by machines | Assumed Income Received | % Income Received | | Increase in region of 5% | Actual % change | Same users | Assuming 2.5% drop in users | Assuming 5% drop in users | Assuming 7.5% drop in users |
| | | | | | | | | | | | | | |
| Short Stay | | | | | | | | | | | | | |
| Up to 1/2 hour | £0.80 | 13814 | 21 | £12,461.90 | £11,051.20 | 11 | | £0.80 | 0.00 | £11,051.20 | £10,774.92 | £10,498.64 | £10,222.36 |
| 1/2 to 1 hour | £1.30 | 25309 | 39 | £35,093.50 | £32,901.70 | 30 | | £1.40 | 7.69 | £35,432.60 | £34,546.79 | £33,660.97 | £32,775.16 |
| 1 to 2 hours | £2.40 | 20019 | 31 | £49,094.40 | £48,045.60 | 42 | | £2.50 | 4.17 | £50,047.50 | £48,796.31 | £47,545.13 | £46,293.94 |
| 2 to 3 hours | £3.60 | 5159 | 8 | £18,881.20 | £18,572.40 | 16 | | £3.80 | 5.56 | £19,604.20 | £19,114.10 | £18,623.99 | £18,133.89 |
| Total | | 64301 | | £115,531.00 | £110,570.90 | | | | | £116,135.50 | £113,232.11 | £110,328.73 | £107,425.34 |
| % change | | | | | | | | | | 5.03 | 2.41 | -0.22 | -2.84 |
| Pleasant St | | | | | | | | | | | | | |
| Up to 1/2 hour | £0.80 | 10048 | 13 | £8,886.85 | £8,038.40 | 5 | | £0.80 | 0.00 | £8,038.40 | £7,837.44 | £7,636.48 | £7,435.52 |
| 1/2 to 1 hour | £1.30 | 23899 | 30 | £32,986.85 | £31,068.70 | 19 | | £1.40 | 7.69 | £33,458.60 | £32,622.14 | £31,785.67 | £30,949.21 |
| 1 to 2 hours | £2.40 | 30847 | 39 | £75,681.60 | £74,032.80 | 44 | | £2.50 | 4.17 | £77,117.50 | £75,189.56 | £73,261.63 | £71,333.69 |
| 2 to 3 hours | £3.60 | 12550 | 16 | £45,905.75 | £45,180.00 | 27 | | £3.80 | 5.56 | £47,690.00 | £46,497.75 | £45,305.50 | £44,113.25 |
| 3 to 5 hours | £6.00 | 1207 | 2 | £7,276.30 | £7,242.00 | 4 | | £6.30 | 5.00 | £7,604.10 | £7,414.00 | £7,223.90 | £7,033.79 |
| 5 to 7 hours | £8.00 | 138 | 0 | £1,108.65 | £1,104.00 | 1 | | £8.40 | 5.00 | £1,159.20 | £1,130.22 | £1,101.24 | £1,072.26 |
| 7 to 9 hours | £10.00 | 51 | 0 | £514.65 | £510.00 | 0 | | £10.50 | 5.00 | £535.50 | £522.11 | £508.73 | £495.34 |
| Total | | 78740 | | £172,360.65 | £167,175.90 | | | | | £175,603.30 | £171,213.22 | £166,823.14 | £162,433.05 |
| % change | | | | | | | | | | 5.04 | 2.42 | -0.21 | -2.84 |
| Long Stay | | | | | | | | | | | | | |
| Up to 1 hour | £1.20 | 25209 | 25 | £31,742.15 | £30,250.80 | 13 | | £1.20 | 0.00 | £30,250.80 | £29,494.53 | £28,738.26 | £27,981.99 |
| 1 to 2 hours | £2.10 | 30614 | 31 | £65,185.90 | £64,289.40 | 27 | | £2.20 | 4.76 | £67,350.80 | £65,667.03 | £63,983.26 | £62,299.49 |
| 2 to 3 hours | £2.70 | 23052 | 23 | £63,570.05 | £62,240.40 | 27 | | £2.90 | 7.41 | £66,850.80 | £65,179.53 | £63,508.26 | £61,836.99 |
| 3 to 4 hours | £3.20 | 13368 | 13 | £43,532.35 | £42,777.60 | 18 | | £3.40 | 6.25 | £45,451.20 | £44,314.92 | £43,178.64 | £42,042.36 |
| Over 4 hours | £4.30 | 7657 | 8 | £33,436.35 | £32,925.10 | 14 | | £4.50 | 4.65 | £34,456.50 | £33,595.09 | £32,733.68 | £31,872.26 |
| Total | | 99900 | | £237,466.80 | £232,483.30 | | | | | £244,360.10 | £238,251.10 | £232,142.10 | £226,033.09 |
| % change | | | | | | | | | | 5.11 | 2.48 | -0.15 | -2.77 |
| St Annes Swimming Pool | | | | | | | | | | | | | |
| Up to 1 hour | £1.20 | 8660 | 26 | £10,775.30 | £10,392.00 | 13 | | £1.20 | 0.00 | £10,392.00 | £10,132.20 | £9,872.40 | £9,612.60 |
| 1 to 2 hours | £2.10 | 12025 | 36 | £25,535.10 | £25,252.50 | 32 | | £2.20 | 4.76 | £26,455.00 | £25,793.63 | £25,132.25 | £24,470.88 |
| 2 to 3 hours | £2.70 | 5817 | 18 | £16,089.10 | £15,705.90 | 20 | | £2.90 | 7.41 | £16,869.30 | £16,447.57 | £16,025.84 | £15,604.10 |
| 3 to 4 hours | £3.20 | 2890 | 9 | £9,397.90 | £9,248.00 | 12 | | £3.40 | 6.25 | £9,826.00 | £9,580.35 | £9,334.70 | £9,089.05 |
| Over 4 hours | £4.30 | 2470 | 7 | £10,814.90 | £10,621.00 | 13 | | £4.50 | 4.65 | £11,115.00 | £10,837.13 | £10,559.25 | £10,281.38 |
| Overnight (6pm | £5.00 | 866 | 3 | £4,652.00 | £4,330.00 | 6 | | £5.30 | 6.00 | £4,589.80 | £4,475.06 | £4,360.31 | £4,245.57 |
| up to 1 day | £8.00 | 261 | 1 | £2,108.70 | £2,088.00 | 3 | | £8.40 | 5.00 | £2,192.40 | £2,137.59 | £2,082.78 | £2,027.97 |
| 1 to 2 days | £15.00 | 47 | 0 | £705.00 | £705.00 | 1 | | £15.80 | 5.33 | £742.60 | £724.04 | £705.47 | £686.91 |
| 2 to 3 days | £21.00 | 18 | 0 | £379.00 | £378.00 | 0 | | £22.00 | 4.76 | £396.00 | £386.10 | £376.20 | £366.30 |
| Total | | 33054 | | £80,457.00 | £78,720.40 | | | | | £82,578.10 | £80,513.65 | £78,449.20 | £76,384.74 |
| % change | | | | | | | | | | 4.90 | 2.28 | -0.34 | -2.97 |
| Lytham Station | | | | | | | | | | | | | |
| Up to 1 hour | £0.90 | 1260 | 8 | £1219.65 | £1,134.00 | 3 | | £0.90 | 0.00 | £1,134.00 | £1,105.65 | £1,077.30 | £1,048.95 |
| 1 to 2 hours | £1.40 | 4129 | 25 | £5,995.15 | £5,780.60 | 17 | | £1.50 | 7.14 | £6,193.50 | £6,038.66 | £5,883.83 | £5,728.99 |
| 2 to 4 hours | £2.20 | 6282 | 39 | £13,920.15 | £13,820.40 | 40 | | £2.30 | 4.55 | £14,448.60 | £14,087.39 | £13,726.17 | £13,364.96 |
| 4 hours to 1 day | £2.70 | 4411 | 27 | £12,153.50 | £11,909.70 | 35 | | £2.90 | 7.41 | £12,791.90 | £12,472.10 | £12,152.31 | £11,832.51 |
| 1 to 2 days | £5.00 | 77 | 0 | £385.60 | £385.00 | 1 | | £5.30 | 6.00 | £408.10 | £397.90 | £387.70 | £377.49 |
| 2 to 3 days | £7.50 | 28 | 0 | £215.50 | £210.00 | 1 | | £7.90 | 5.33 | £221.20 | £215.67 | £210.14 | £204.61 |
| 3 to 5 days | £10.00 | 85 | 1 | £854.30 | £850.00 | 2 | | £10.50 | 5.00 | £892.50 | £870.19 | £847.88 | £825.56 |
| 5 to 7 days | £12.00 | 20 | 0 | £243.55 | £240.00 | 1 | | £12.60 | 5.00 | £252.00 | £245.70 | £239.40 | £233.10 |
| Total | | 16292 | | £34,987.40 | £34,329.70 | | | | | £36,341.80 | £35,433.26 | £34,524.71 | £33,616.17 |
| % change | | | | | | | | | | 5.86 | 3.21 | 0.57 | -2.08 |
| Total inc VAT | | | | £640,802.85 | £623,280.20 | | | | | £655,018.80 | £638,643.33 | £622,267.86 | £605,892.39 |
| Total Ex VAT | | | | £534,002.38 | £519,400.17 | | | | | £545,849.00 | £532,202.78 | £518,556.55 | £504,910.33 |
| % change | | | | | | | | | | 5.09 | 2.46 | -0.16 | -2.79 |
| | | | | | | | | | | | | | |

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|-----------------------------------------------------------------------------------------|---------|-----------------|---------|
| FINANCE | COUNCIL | 5 DECEMBER 2016 | 17 |
| MID-YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2016/17 | | | |

PUBLIC ITEM

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

SUMMARY

This report is a mid-year Prudential Indicators and Treasury Management monitoring report which has been prepared in line with the recommendations of CIPFA's (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management 2011. This report was considered and scrutinised by the Audit and Standards Committee at the meeting of 17th November 2016.

RECOMMENDATIONS

The Audit and Standards Committee has considered the Mid-Year Prudential Indicators and Treasury Management monitoring report at its meeting of 17th November 2016 and recommends to Council:

1. That the updated Prudential Indicators and Investment Limits, as shown at Appendix B of this report, be approved.

SUMMARY OF PREVIOUS DECISIONS

1. Council approved the 2015/16 to 2019/20 Treasury Management Strategy & Prudential Indicators at its meeting on 2nd March 2016.

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

MID-YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2016/17 – POSITION AS AT 30th SEPTEMBER 2016

Report

The Code of Practice on Treasury Management requires the Council to receive a Mid-Year Treasury Review report in addition to the forward-looking Annual Treasury Strategy and the backward-looking Annual Treasury Report. The Code of Practice also requires Members to scrutinise the Treasury Management function.

Background

The Mid-Year Treasury Review report has been prepared in compliance with the Code of Practice. In order to assist with the terminology and explanations that are included within this report, Appendix A sets out a Glossary of Treasury Terms and a number of Treasury Management and Prudential Indicators Frequently Asked Questions. Appendix B sets out the latest Treasury Management position compared to the forecast Prudential Indicators.

1. Economic Update

1.1 Economic Background

The UK economy has shown reasonably strong growth with year on year growth to the end of September of 2.2%. However, the UK economic outlook changed significantly on 23rd June 2016 following the result of the EU referendum. The result prompted a sharp decline in household, business and investor sentiment.

In August the Monetary Policy Committee initiated substantial monetary policy easing which included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (Quantitative Easing) and cheap funding for banks to maintain the supply of credit to the economy. Following this, money market rates and bond yields have declined to record lows, impacting on the returns that the Council is able to achieve on its investments. After an initial sharp drop, equity markets have staged a recovery and have finished the half-year in a position of relative strength.

1.2 Economic Outlook

The economic outlook for the UK has altered significantly following the vote to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements that the government is able to secure with the EU and the rest of the world. The short-to-medium term outlook has been more downbeat since the referendum outcome due to the uncertainty generated by the result. However, recent economic data has been better than expected, suggesting a less severe economic slowdown, at least in the short-term.

It is feared that economic and political uncertainty may dampen or delay investment decisions, leading to lower activity levels and potentially a rise in unemployment.

Inflation is expected to rise as the sharp depreciation in the value of sterling is driving up the price of imported goods. The Bank of England has increased its inflation forecast for 2016 to 0.9% by the end of the year. Its forecast has also been increased for next year, predicting that the rate will almost triple to 2.7% in 2017, up from the previous prediction of 1%. The Bank does not expect inflation to return to its 2% target until 2020.

The Bank of England also raised its forecast for economic growth next year to 1.4% from 0.8%, but cut forward expectations for 2018 to 1.5% from 1.8%.

The revisions to growth indicate that the Bank now thinks the impact of the Brexit vote will be felt later in the economic cycle than was previously expected.

1.3 Interest Rate Forecast

The Bank of England has recently indicated that an interest rate cut this year is no longer an option. The latest forecast for interest rates from the Council's Treasury Advisors, Arlingclose, is shown in table 1 below.

Table 1: Interest Rate Forecast from Arlingclose

| Quarter Ending | Bank Rate % | Investment Rates % | | Borrowing Rates % | | |
|----------------|-------------|--------------------|--------|-------------------|---------|---------|
| | | 3 month | 1 year | 5 year | 20 year | 50 year |
| Dec 2016 | 0.25 | 0.25 | 0.60 | 1.10 | 2.05 | 2.05 |
| Mar 2017 | 0.25 | 0.25 | 0.50 | 1.10 | 2.05 | 2.05 |
| Jun 2017 | 0.25 | 0.25 | 0.50 | 1.10 | 2.05 | 2.05 |
| Sep 2017 | 0.25 | 0.30 | 0.50 | 1.10 | 2.05 | 2.05 |
| Dec 2017 | 0.25 | 0.30 | 0.50 | 1.15 | 2.05 | 2.05 |
| Mar 2018 | 0.25 | 0.30 | 0.50 | 1.20 | 2.05 | 2.05 |
| Jun 2018 | 0.25 | 0.30 | 0.50 | 1.20 | 2.05 | 2.05 |
| Sep 2018 | 0.25 | 0.30 | 0.60 | 1.20 | 2.05 | 2.05 |
| Dec 2018 | 0.25 | 0.30 | 0.70 | 1.20 | 2.10 | 2.10 |
| Mar 2019 | 0.25 | 0.30 | 0.85 | 1.25 | 2.15 | 2.15 |
| Jun 2019 | 0.25 | 0.30 | 0.90 | 1.25 | 2.15 | 2.15 |
| Sep 2019 | 0.25 | 0.30 | 0.90 | 1.30 | 2.20 | 2.20 |
| Dec 2019 | 0.25 | 0.30 | 0.90 | 1.30 | 2.20 | 2.20 |

2. Debt Management

The Council had long-term debt of £1.65M at the 30th September. This will fall to £1.0M by the 31st March 2017 (at a fixed rate of 3.91%) as a repayment of £0.65M is made in November this year. No additional external borrowing has taken place or is planned to take place during the current financial year.

The Council has an underlying need to borrow to fund capital expenditure (represented by the Capital Financing Requirement, or CFR) of £5.5M. Therefore, in addition to the existing external borrowing of £1.0M as detailed in the paragraph above, there is a requirement to fund a further £4.5M in 2016/17 based on Prudential Borrowing that has been approved as part of the Capital Programme. The CFR of £5.5M (See Appendix B Table 2) includes this Prudential Borrowing. Currently this is being funded by the Council's cash flow, i.e. internal borrowing, and it is expected that internal borrowing will continue to be used for the rest of the financial year in line with advice from the Council's Treasury Advisors.

The use of internal resources in lieu of borrowing, i.e. internal borrowing, has continued to be the most cost effective means of funding capital expenditure. Internal borrowing of £4.5M is being used to fund the Capital Programme in 2016/17. The budget forecast for interest payable is £49K and assumes that the Council would not borrow externally in 2016/17. Using internal borrowing lowers the overall treasury risk by reducing both external debt and temporary investments. However, this position may not be sustainable over the longer term. Consequently, external borrowing options and the timing of such borrowing will continue to be assessed in conjunction with the Council's Treasury Advisors.

3. Investments

3.1 Investment Activity

The guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

The security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in the Investment Strategy for 2016/17 approved by Council on 2nd March 2016.

The Council defines "high credit quality" organisations as:

- those having a credit rating of A- or higher and that are domiciled in the UK for deposits of up to one year,
- those domiciled in a foreign country those with a sovereign rating of AA+ or higher for deposits of up to one year,
- Those having a credit rating of BBB+ or higher for periods of up to six months.

These criteria are specified within table 3 (Approved Investment Counterparties) of the Treasury Management Strategy as approved by the Council on 2nd March 2016.

The Council held £20.8M of investments as at 30th September 2016. These investments represent the Council's reserves and balances plus surplus cash flow at the mid-year point. The balance of cash is likely to reduce during the remainder of the financial year.

The UK Bank Rate had been maintained at 0.50% since March 2009 until August 2016, when it was cut to 0.25%. It is now forecast to fall further towards zero but not go negative. Following the reduction in Bank Rate, short-term money market rates have fallen to between 0.10% and 0.20%. Deposits have been made at an average rate of 0.26% compared to the benchmark return of 0.28%. The Council's original estimate for investment income for 2016/17 was £70K. Income from investments has been higher than the forecast amount due to the higher than anticipated cash balances and consequently this income budget has been reviewed and will be increased to £82K in an updated Financial Forecast to reflect the current level of income.

3.2 Bail-in Risk

In the past governments had only two options to resolve failing banks: insolvency; or a taxpayer funded bail-out. Recent banking reform legislation has introduced a third option which allows customers to retain access to their bank accounts, but passes the banks losses onto its investors instead of taxpayers. This is known as a "bail-in".

Local Authorities are not protected from bail in as it is expected that Public Authorities have better access to credit than citizens. Many depositors (such as corporate and retail customers) will rank above the Council in the event of a bail-in.

To respond to this risk the Council will continue to diversify the investment portfolio into more secure asset classes including Treasury Bills that are issued by the UK Central Government.

4. Compliance with Prudential Indicators

The Council has complied with its Prudential Indicators for 2016/17, which were approved on 2nd March 2016 as part of the Council's Medium Term Financial Strategy Update, Including General Fund, Capital Programme and Treasury Management for 2015/16 to 2019/20.

Details of the Prudential Indicators can be found in Appendix B. As changes arise during the year some of the Prudential Indicators and Limits need to be revised.

5. Risk Assessment

Scrutiny of the revised Prudential Indicators and Limits and the subsequent recommendation of approval to the revisions by Audit and Standards Committee to Council helps to protect the Council from the risk of not having adequate liquidity or funding for the Council's capital plans.

Additionally, if this scrutiny process were absent the Council would not be compliant with the Council's approved Treasury Management Practices (as detailed in the Council Constitution) or CIPFA's Code of Practice on Treasury Management.

6. Conclusion

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2016/17. As indicated in this report, none of the Prudential Indicators have been breached and a prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

| IMPLICATIONS | |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance | Financial implications are contained within the body of the report. |
| Legal | This report secures the continued compliance with the Council's approved Treasury Management Practices (as detailed in the Council Constitution) and CIPFA's Code of Practice on Treasury Management. |
| Community Safety | None |
| Human Rights and Equalities | None |
| Sustainability and Environmental Impact | None |
| Health & Safety and Risk Management | None |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|--------------------------------------------|--------------|---------------|--------|
| Paul O'Donoghue Chief Financial Officer | 01253 658586 | November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------|
| Name of document | Date | Where available for inspection |
| Medium Term Financial Strategy Update Including General Fund, Capital Programme & Treasury 2015/16 – 2019/20 | Council meeting 2nd March 2016 | www.fylde.gov.uk |

Attached documents

1. Appendix A – Glossary of Treasury Terms and Treasury Management and Prudential Indicators Frequently Asked Questions
2. Appendix B – Prudential Indicators

Glossary of Treasury Terms

| Term | Description |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Counterparty | Another party to an agreement. |
| Credit rating | A measure of the credit worthiness of an institution, corporation, or a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the counterparty being able to pay back a loan. |
| Liquidity | As assessment of how readily available an investment is. It is safer to invest in liquid assets because it is easier for an investor to get their money out of the investment. |
| Minimum Revenue Provision (MRP) | The minimum amount that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed. |
| Public Works Loan Board (PWLb) | PWLb is part of HM Treasury and lends money to local authorities. |
| Security | As assessment of the creditworthiness of a counterparty. |
| Treasury adviser | External consultancy firms that provide information to local authorities, including information regarding counterparty creditworthiness. |
| Bail-in | A bail-in takes place before bankruptcy and under current proposals, certain types of depositors would suffer a reduction in the amount of their deposit that would be returned to them whilst other classes of investor would not. |

Treasury Management and Prudential Indicators Frequently Asked Questions

1. What is the difference between capital expenditure and capital financing requirement?

Capital Expenditure is defined as expenditure on the acquisition, creation or enhancement of tangible fixed assets, subject to a de-minimis level of £10,000. It includes expenditure on land, buildings and vehicles.

The Capital Financing Requirement (CFR) is the level of total funding that is required to fund the capital programme. The actual level of external borrowing may be lower than the CFR as a consequence of the use of internal borrowing. Internal Borrowing occurs when the Council temporarily uses its own cash resources to finance capital expenditure rather than arranging new external borrowing. This is a prudent approach when investment returns are low and counterparty risk is high.

2. What does the term 'financing' mean?

The term 'financing' does not refer to the payment of cash but the resources that will be applied to ensure that the capital payment amount is dealt with over the longer term. A number of financing options are available to Councils:-

- capital receipts (e.g. sale of land or buildings)
- contribution from revenue expenditure
- capital grant
- contribution from a third party
- borrowing
- contribution from earmarked reserves

3. Does the Council link long term loans to particular capital assets/projects?

The Council does not directly associate loans with particular capital assets/projects, as it is not best practice. The Council will, at any point in time, have a number of cash flows both positive and negative and will be managing its position in terms of its borrowings and investments in accordance with its treasury management strategy and practices. This is best practice in line with the CIPFA Prudential Code.

4. What does the term 'net borrowing should not exceed the total of the CFR' mean?

Net borrowing will remain below the CFR to ensure that the Council is only borrowing for a capital purpose. The Council is permitted to borrow in advance for a capital purpose over the medium term. The term 'total of the CFR' is the CFR of the current year plus increases in the CFR of the previous financial year and next two financial years. In other words, the total of the Council's existing assets, plus additions to assets resulting from forecast Capital Programme expenditure, e.g.

vehicles. This gives the Council some headroom to borrow early for a capital purpose in order to secure low interest rates.

5. Is the cash that is being managed in-house revenue or capital?

The short term surplus cash that is managed during the year in house may be revenue or capital, e.g. the Council may receive a capital receipt in April but capital expenditure is incurred throughout the year which gives rise to increased cash balances in the early part of the financial year which is invested short term by the in house treasury team. The Council receives Council Tax which is classed as revenue income. Council Tax income is typically received in the months of April to January as Council Tax payers make 10 instalments. Therefore, the Council has less cash in the months of February and March and may need to borrow cash short-term in line with the cash flow forecast.

6. What does the Council invest in?

The Council is restricted in where it can invest its surplus funds. The restrictions are prescribed by statute (Local Government Act 2003 section 15(1) (a)). Councils are also required to have regard to supplementary investment guidance provided by the Communities and Local Government.

The Council's investments are typically short term, i.e. less than a year, and are made in sterling with institutions with high credit ratings. This is in accordance with the Treasury Management Strategy approved on the 2nd March 2016.

7. What is the role of internal and external auditors in respect of treasury management?

The focus of external auditors work is a Council's annual accounts and the financial management systems and processes that underpin them. The external audit will enquire as to whether the Treasury Management Code has been adopted and whether its principles and recommendations have been implemented and adhered to. External auditors cannot comment or advise on Council's treasury management strategy or policies

Through a process of review, the role of Internal Audit is to provide an opinion of the adequacy, application and reliability of the key internal controls put in place by management to ensure that the identified risks are sufficiently mitigated. This will assist Treasury Management in meeting its desired objectives and help to ensure that the risk of fraud and/or error is minimised. Internal Audit will also look to identify other areas of potential risk which could usefully be included as well as any inefficiencies in existing processes and procedures where improvements can be made. Treasury Management is one of the core financial systems and as such is audited on a cyclical basis.

8. What are the qualifications of Council staff involved in treasury management practices?

Staff are either working towards or have achieved professional accountancy qualifications from CIPFA (Chartered Institute of Public Finance Accountants), ACCA (Association of Chartered Certified Accountants) or CIMA (Chartered Institute of Management Accountants). Staff work closely with Treasury Management Advisors and attend treasury training and updates provided by the Treasury Management Advisor

Prudential Indicators

1.1 Capital Expenditure

Table 1 shows the revised forecast capital expenditure as reported in the latest Capital Programme Monitoring Report 2016/17 as compared to the capital expenditure originally approved by Council.

Table 1 Forecast Capital Expenditure

| Forecast Capital Expenditure | 2016/17 Original Indicator £M | 2016/17 Latest Estimate £M |
|------------------------------|----------------------------------------|-------------------------------------|
| Total | 7.1 | 6.6 |

The above table shows the forecast capital expenditure on new projects. The decrease in the latest estimate is mainly a consequence of the net effects of slippage from 2015/16 into 2016/17, re-phasing of the Coast Protection Scheme from 2016/17 to 2017/18 and the addition of new schemes for Affordable Housing and M55 Link Road plus increased DFG grant allocation.

1.2 Capital Financing Requirement (CFR)

Table 2 shows the CFR which is the total of all of the Council's capital assets (existing and planned) less all of the Council's capital reserves. This is the amount of capital expenditure that the Council has still to finance. The CFR is normally funded by external borrowing. The Council has borrowed £1M and there is a requirement to finance £4.5M from internal cash resources.

Table 2 Capital Financing Requirement (CFR)

| | 2016/17 Original Indicator £M | 2016/17 Latest Estimate £M |
|-----------|----------------------------------------|-------------------------------------|
| Total CFR | 5.6 | 5.5 |

The latest estimate of the CFR is lower than the original approved indicator due to the re-phasing of vehicle purchases as part of the capital programme.

1.3 Gross Borrowing

The Council needs to ensure that its total capital borrowing does not, except in the short term, exceed the total of the CFR. Table 3 below shows that the Council will be able to comply with this requirement.

There are no difficulties anticipated in keeping the long term capital borrowing below the CFR. Revenue borrowing may be incurred for short periods in line with cash flow requirements.

Table 3 Gross Borrowing

| | 2016/17 Original Indicator £M | 2016/17 Revised Indicator £M |
|----------------------------------|----------------------------------------|---------------------------------------|
| Gross Borrowing Indicator | 5.6 | 1.0 |
| Short Term Borrowing (Revenue) | 0 | 0 |
| Gross Borrowing (Capital) | 5.6 | 1.0 |
| CFR | 5.6 | 5.5 |
| Under Borrowing (Capital) | 0 | 4.5 |

The Gross Borrowing Indicator has decreased as the Council is forecast to be able to fund the capital borrowing requirement with internal borrowing and does not expect to require new external borrowing during 2016/17, in line with advice from Treasury Advisors.

1.4 Operational Boundary and Authorised Limit for External Debt

The Operational Boundary is based on the maximum external debt during the course of the year. It is not a limit and therefore may be exceeded on occasion.

The Authorised Limit for external debt represents the limit beyond which borrowing is prohibited, and is set and revised by Council. It reflects the level of borrowing which, in extreme circumstances, could be afforded in the short term. This is a statutory limit which should not be breached.

There were no breaches to the Authorised Limit and the Operational Boundary to 30th September 2016.

Table 4 Operational Boundary and Authorised Limit for External Debt

| | 2016/17 Original Indicator £M | 2016/17 Revised Indicator £M | Note |
|----------------------------------|----------------------------------------|---------------------------------------|------|
| Existing Capital Borrowing | 5.6 | 1.0 | 1 |
| Gross Borrowing Indicator | 5.6 | 1.0 | |
| Operational Boundary | 5.6 | 1.0 | 1 |
| Contingency | 6.0 | 6.0 | 2 |
| Authorised Limit | 11.6 | 7.0 | |

Notes

1. The Gross Borrowing Indicator and Operational Boundary have decreased as the Council is able to fund the capital borrowing requirement with internal borrowing and does not expect to require new external borrowing during 2016/17.

2. The Authorised Limit includes £6.0M for 'contingency' which is an amount that has been estimated to provide scope to undertake short-term borrowing in the event of a service delivery failure or emergency, e.g. a failure to collect council tax income.

1.5 Forecast Treasury Position

Table 5 shows the expected balances for investments and debt at 31st March 2017.

Table 5 Forecast Treasury Position

| At 31 st March | 2016/17 Estimate £M | 2016/17 Revised £M |
|----------------------------------------|---------------------------|--------------------------|
| Debt (Long-Term External Borrowing) | 1.0 | 1.0 |
| Investments | 9.4 | 10.6 |

The Council has not undertaken any new external long-term borrowing as it is funding capital expenditure with internal borrowing (see Section 3 of the report).

The forecast investments position has been updated to reflect the latest changes to the movements in reserves, provisions and capital expenditure.

1.6 Forecast Interest

Table 6 shows the impact on the revenue budget of interest payable and investment income.

Table 6 Forecast Interest

| Revenue Budget | 2016/17 Estimate £M | 2016/17 Revised £M |
|----------------------------------|---------------------------|--------------------------|
| Interest payable on Borrowing | 0.049 | 0.049 |
| Investment Income | 0.071 | 0.082 |

The interest payable budget has remained the same as the Council is funding capital expenditure with external borrowing. The interest receivable budget will be revised to incorporate a combination of higher cash balances and improved investment returns during the year.

1.7 Adoption of the CIPFA Treasury Management Code

The Council approved the adoption of the CIPFA Treasury Management Code at its meeting on 1st December 2003, and adopted the revised Code on 1st March 2010.

1.8 Limits on Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

Table 7 Interest Rate Exposures

| | 2016/17 Original Indicator £M | 2016/17 Revised Indicator £M |
|-------------------------------------------------|----------------------------------------|---------------------------------------|
| Limits on fixed rate debt | 6.30 | 1.0 |
| Limit on variable rate debt (50% of total debt) | 3.15 | 0.5 |

The limits have decreased as the Council is able to fund the capital borrowing requirement with internal borrowing and does not expect to request new external borrowing during 2016/17.

1.9 Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the financing cost (interest payable less interest receivable) as a percentage of the net revenue stream as shown in Table 8.

Table 8 Ratio of Financing Costs to Net Revenue Stream

| | 2016/17 Original Indicator | 2016/17 Revised Indicator |
|-------|----------------------------------|---------------------------------|
| Ratio | 6.7% | 6.4% |

Financing costs are based on the amount of interest payable and receivable as a percentage of the total net revenue stream of the Council. The latest estimate is lower than the original estimate due to the current treasury strategy of internal borrowing rather than long-term external borrowing and an improved return on investment income.

DECISION ITEM



| REPORT OF | MEETING | DATE | ITEM NO |
|------------------------------------------------|---------|-----------------|---------|
| CHIEF EXECUTIVE | COUNCIL | 5 DECEMBER 2016 | 18 |
| DECLARATION OF VACANCY - ST JOHN'S WARD | | | |

PUBLIC ITEM

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

SUMMARY

Under the Local Government Act 1972, Councillor Mark Bamforth has automatically ceased to be a councillor because of non-attendance of meetings. The council is required to declare his office to be vacant so that a by-election can take place.

RECOMMENDATION

That as required by section 86 of the Local Government Act 1972, the office of Councillor in St Johns Ward previously held by Councillor Mark Bamforth be declared to be vacant.

SUMMARY OF PREVIOUS DECISIONS

None.

CORPORATE PRIORITIES

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

REPORT

1. The Chief Executive reports that Councillor Mark Bamforth, St John's Ward, has not attended any meetings of the Borough Council, Committee or Sub-Committee nor any other meeting as a representative of the Borough Council since 11th April 2016.
2. Section 85 of the Local Government Act 1972 provides that if a member fails to attend any such meeting for a period of six months, he ceases to be a member of the authority unless a reason

for non-attendance has been approved by the Council before the expiry of the period. The Council must then declare the seat to be vacant. The six months expired on 11th October 2016.

3. The Chief Executive has written to Councillor Bamforth informing him of the situation and inviting him to comment on the accuracy of the information in paragraph 1.
4. In the absence of any contrary information from Councillor Bamforth, the Borough Council is asked to declare the seat to be vacant. The by-election to fill the vacancy (the term of office for which expires in May 2019) must be held within 35 days¹ of the declaration of the vacancy on a date fixed by the Returning Officer.

| IMPLICATIONS | |
|-----------------------------------------|--|
| Finance | |
| Legal | |
| Community Safety | |
| Human Rights and Equalities | |
| Sustainability and Environmental Impact | |
| Health & Safety and Risk Management | |

| LEAD AUTHOR | TEL | DATE | DOC ID |
|----------------|--------------|------------------|--------|
| Allan Oldfield | 01253 658658 | 24 November 2016 | |

| LIST OF BACKGROUND PAPERS | | |
|---------------------------|------|--------------------------------|
| Name of document | Date | Where available for inspection |
| None | | |

¹ Not including any Sunday, any day of the Christmas break, of the Easter break or of a bank holiday break or a day appointed for public thanksgiving or mourning