

Agenda

Executive Committee

Date:	Tuesday, 5 December 2023 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor Karen Buckley (Chairman) Councillor Richard Redcliffe (Vice-Chairman)</p> <p>Councillors Tim Armit, Peter Collins, Chris Dixon, Ellie Gaunt, Karen Henshaw JP, Matthew Lee, Michelle Morris, Ed Nash, Jayne Nixon, Tommy Threlfall.</p>

Public Platform

To hear representations from members of the public in accordance with Article 15 of the Constitution. To register to speak under Public Platform: see [Public Speaking at Council Meetings](#).

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 23(c).	1
3	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 17 October 2023 as a correct record.	1
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Contact: Katharine McDonnell - Telephone: (01253) 658550 – 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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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF CORPORATE SERVICES	EXECUTIVE COMMITTEE	5 DECEMBER 2023	4
YMCA DISPOSAL PLAN & NOTICE OF MOTION – KIRKHAM POOL			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

Councillor Jayne Nixon – Lead Member for Tourism, Leisure and Culture.

PURPOSE OF THE REPORT

The council through the Executive Committee is required to consider the Kirkham Pool Disposal Plan produced by the YMCA in accordance with Schedule 6 of the agreement made when the asset was transferred in July 2009, both documents are included as Appendix 1 and 2 retrospectively to the report.

The report also includes the approach to be taken by the Council following the Notice of Motion agreed at full Council on 2 October 2023 and the measures required to deliver the agreed action.

RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

RECOMMENDATION

1. To determine whether the council approves the Disposal Plan submitted by YMCA or outline any elements of the Disposal Plan that the council is dissatisfied with.
2. To approve the expenditure of £25,900 fully funded from the UKSPF (£16,601) and unallocated Covid Support Grant (£9,299) held by the council, for Active Lancashire to deliver the works listed under recommendation 3 of their report (Appendix 3), that is to consult with key local stakeholders and existing swimming providers in Fylde to understand the existing position, potential challenges and opportunities for the short, medium and long term.
3. To delegate authority to the Chief Executive, following consultation with the Leader and Lead Member for Tourism, Leisure and Culture to commission any further work that may be required to address the Notice of Motion regarding swimming provision. Such further work is to be funded from the unallocated Covid Support Grant funding to a maximum of £30,000 including the expenditure to date from the budget of £9,299, any expenditure to be reported to this committee.

REPORT

1. Since 2009 Kirkham Pool had been operated by YMCA under agreement with the council to both operate the facility and obtain the freehold ownership. The agreement was initially for a lease of the asset to YMCA to operate the pool with the freehold of the premises was transferred to YMCA in 2011 as part of the arrangement to ensure the continued operation of the pool.
2. In accordance with the 2009 agreement the YMCA announced a Closure Event on 10 August 2023, and submitted a Disposal Plan to Fylde Council within the required 3 months (10 November 2023). The Closure Event notification stated that YMCA was unable to continue operating the pool and has no use for the asset in delivering the objects of the trust.
3. Schedule 6 of the agreement outlines the 'Effect of Closure Event', and under clause 5, 'Asset Destination' it states:
 - 5.2 *If YMCA is the freehold owner of the Premises, it will comply with this sub-paragraph 5.2.*
 - 5.2.1 *Within three calendar months of the Closure Event YMCA will draw up a Disposal Plan and submit it to the Council.*
 - 5.2.2 *Within 28 days of YMCA submitting the Disposal Plan to the Council, the Council will notify the YMCA whether it approves the Disposal Plan and, if it does not approve, identify the elements of the Disposal Plan which it is dissatisfied.*
 - 5.2.3 *Subject to sub-paragraph 5.2.5, if the Council does not notify YMCA whether it approves the Disposal Plan within the time set out in out in sub-paragraph 5.2.2, it will be deemed to have approved it.*
 - 5.2.4 *The Council must act reasonably in deciding whether to approve the Disposal Plan.*
4. The YMCA formally submitted the Disposal Plan on 10 November 2023, the Council has 28 days to inform YMCA whether it approves the plan or identify elements that the Council is dissatisfied with, the deadline for responding to YMCA is Friday 8 December 2023.
5. The 'Proposed Method of Disposal' in the Plan is a two-stage chronological approach with the first stage providing the opportunity for any stakeholders to express a valid interest in obtaining the asset through a transfer of freehold subject to demonstrating with evidence proposals to operate a pool facility. The first stage of the disposal allows for any interested organisation to acquire the asset for a nominal consideration, therefore there would be no proceeds of sale.
6. If the asset is sold and there are 'Anticipated Proceeds of Disposal' the agreement states that the first call on the proceeds of sale would be to offset net losses accrued by YMCA in operating the premises. This figure would only be known when the YMCA no longer has responsibility for the asset. The second call on any proceeds is '*to pay to the Council to such sum as will cover the costs that the Council have properly incurred in connection with the transfer of the Premises to YMCA or the operation of the Premises by YMCA in accordance with this agreement since the Lease Commencement Date.*' The total of these costs is £530,801.75 which is the cumulative value of the contributions made by the council to the YMCA towards the running costs of the pool since the asset was transferred in 2009.
7. If there are any funds remaining from the proceed of a sale after any costs incurred by YMCA and the Council, they will be used to fund the YMCA's community and social objectives within the rural Fylde, which stated in the agreement include such schemes or projects to be for the benefit of swimming sport or recreation.
8. Based on current market valuation it is likely that if the premises were disposed of by way of sale on the open market and sold at the disclosed valuation outlined in the Plan, that once clause 5.2.7.3 had been exhausted there will be no residual funds from the proceeds of sale.

Delivering the Notion of Motion

9. At full council on 2 October 2023 a Notice of Motion was approved that states:

"In the corporate and local plan this Council seeks to maintain or encourage public swim provision. I propose that this Council as a matter of urgency, supports that position and in light of the recent announcement by the YMCA to permanently close Kirkham Baths looks at all practicable options to work with partners and stakeholders to support that provision, and such options to be considered by the external Scrutiny Committee."

10. Officers have received direction from lead elected members on the required actions to 'look at all practicable options' and to establish what resource in terms of skill set and financial budget would be required to carry out the work. The council has not employed officers with experience and knowledge in leisure and swim provision since the decision in 2009 to no longer operate the pools. To ensure that the assessment of works required is carried out appropriately Active Lancashire have been commissioned to provide industry-based advice on the approach that should be taken.
11. Active Lancashire have provided information based on research and current data on swimming provision in the Borough. However, to understand the extent and requirement for 'all practicable options' further detailed work with a wide range of stakeholders will be required. The recommended actions from the Active Lancashire advice include surveys and focus groups with stakeholders including schools, health providers, residents, other swimming facility providers (public and private) local businesses, local leaders, existing YMCA members, community groups including grassroots sport groups and Sport England. Feedback from stakeholders and the research proposed by Active Lancashire will be required to help the council understand local need, ambition, capacity, and existing provision as well as any options from other potential partners.
12. The additional work recommended by Active Lancashire will enable the Council through the external scrutiny committee to consider all practicable options for working with partners and stakeholders to support rural swimming provision. The work has been packaged into separate recommended actions and Active Lancashire was asked to provide quotes for delivering each workstream. Appendix 3 includes the workstreams identified and the quotes from Active Lancashire, the workstreams in recommendations 1 and 2 would be necessary to support the scrutiny committee's consideration of all practicable options. It has not been possible to quote for the fourth workstream because of the requirement to involve Sport England and industry specialists, officers have contacted Sport England to progress this work.
13. Additional resources will need to be commissioned to deliver the workstreams outlined in Appendix 3 because of the experience, skill set, industry knowledge, and capacity required to complete the work by 1 April 2024, which is the shortest timeframe possible based on the actions required to produce the information to support a comprehensive assessment of all practicable options.
14. Given the urgency stated in the Notice of Motion the Chief Executive, in consultation with the Leader and the Lead Member for Tourism, Leisure and Culture, Active Lancashire have been commissioned to carry out recommendation 3 (a combination of recommendations 1 and 2) at a cost of £25,900. The work to be fully funded from UKSPF (£16,601) and unallocated Covid Support Grant (£9,299) funding that the Council has carried forward. The committee is asked to approve the funding for Active Lancashire and delegate authority to the Chief Executive following consultation with the Leader and Lead Members for Tourism, Leisure, and Culture, to allocate any further funding that may be required to deliver the Notice of Motion. The funding is to come from the unallocated Covid Support Grant funding held by the council to a maximum of £30,000 including the £9,299 commissioned from the budget to date.
15. Officers are working with the YMCA to obtain an indication of the capital cost to reinstate a fully fit for purpose facility on the existing site in Kirkham as well as an indication of the running cost for any prospective organisation operating an existing or new facility, this would inform any future requirement for subsidy from the council.
16. Officers will also be discussing with industry professionals to explore the work that would be required to identify suitable locations, carry out viability assessments, site surveys, develop proposals, and design and build new

facilities in the current market. Details of the process, resources, timeframe, and cost to consider alternative facility provision will be included in the scrutiny committee when considering all practicable options.

17. The work with Active Lancashire, YMCA, and discussions with industry professionals as well as other local authorities involved in delivering new leisure facilities are the actions that constitute the approach taken to deliver the Notice of Motion and the work that will inform the scrutiny committee.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

IMPLICATIONS	
Finance	The report recommends approval of initial expenditure of £25,900 fully funded from the UKSPF (£16,601) and unallocated Covid Support Grant (£9,299) held by the council to commission work by Active Lancashire as detailed in the report, and potential further expenditure of up to a total of £30,000 (including the £9,299 of the above commission), with the costs of such further work being fully funded from remaining unallocated Covid Support Grant funding held by the Council.
Legal	The legal implications of the Disposal Plan are covered in the report.
Community Safety	There are no implications because of this report.
Human Rights and Equalities	There are no implications because of this report.
Sustainability and Environmental Impact	There are no implications because of this report.
Health & Safety and Risk Management	There are no implications because of this report.

SUMMARY OF PREVIOUS DECISIONS
<p>Full Council October 5th, 2023, Notice of Motion</p> <p><i>"In the corporate and local plan this Council seeks to maintain or encourage public swim provision. I propose that this Council as a matter of urgency, supports that position and in light of the recent announcement by the YMCA to permanently close Kirkham Baths looks at all practicable options to work with partners and stakeholders to support that provision, and such options to be considered by the external Scrutiny Committee."</i></p> <p>Cabinet decision from 15 January 2009 regarding the Asset Transfer of Swimming Pools.</p> <p>"RESOLVED –</p> <ol style="list-style-type: none"> To refer the matter for consideration by Overview and Scrutiny prior to making a final decision. To approve the report and consider at the time of making a final decision on the matter any relevant financial clawback conditions and/or buy back provisions should the operational proposal prove not to be economically viable." <p>Cabinet minutes from 11 Feb 2009 regarding the transfer of Kirkham Pool:</p> <p>"RESOLVED:</p> <ol style="list-style-type: none"> That officers be authorised to implement option 2 in the report and undertake immediate discussions with representatives from the YMCA to secure this. That if the YMCA is not able to agree to the terms contained in option 2 then officers be requested to make arrangements for the closure of the pool on 31 March 2009.

3. That contract procedure rule 6 (open tendering) be not applied to the disposal of Kirkham Pool as envisaged under option 2.
4. That, in its opinion, disposing of the Kirkham Baths land to YMCA on the terms set out in the report would be likely to contribute to the achievement of the promotion or improvement of social well-being of persons resident or present in the council's area;
5. That the use of any proceeds remaining after the disposal of the asset, should the pool close, be considered at a future meeting.
6. That representatives from YMCA and Rural Splash be thanked for their input into the proposed transfer and the staff at Kirkham Pool be also thanked for their dedication and hard work during these uncertain times."

BACKGROUND PAPERS REVELANT TO THIS ITEM

Name of document	Date	Where available for inspection

LEAD AUTHOR	CONTACT DETAILS	DATE
Gemma Broadley	Gemma.broadley@fylde.gov.uk & Tel 01253 658513	22 nd November 2023

Appendix 1 - [Kirkham Pool Disposal Plan](#)

Appendix 2 – [Appendix 2 2009 Agreement Kirkham Pool.doc](#)

Appendix 3– [Active Lancashire Recommendations](#)

YMCA Kirkham

Disposal Plan

Author	Graham Oatridge
Date	10.11.2023
Audience	Fylde Borough Council

SCOPE

This disposal plan aims to provide the necessary detail for the Council to approve the plan and for YMCA to work in partnership with Council officers in order to take the plan forward. As per the 2009 Agreement, it addresses three items:

1. How the premisses will be disposed of
2. The anticipated timescales
3. The anticipated use of proceeds

It does not seek to set out all the due diligence and contractual requirements associated with the plan. This will be carried out by legal teams as and when the disposal is initiated.

TIMEFRAMES

The Agreement relating to the transfer of the facility from Fylde Council to YMCA sets out timeframes that were, in the first instance, initiated by the Closure Event notification. In turn, the submission of this Disposal Plan gives the Council 28 days to inform YMCA whether it approves or rejects the plan. If rejected, the Council should identify the elements of the plan that it is dissatisfied with. If a decision is not given within 28 days, then it is deemed that the Council approve the plan.

CONTEXT

Kirkham Pool (the 'Facility') dates from 1914 with a large-scale refurbishment taking place in 1979. The car park is shared with Kirkham Bowling club which is situated at the back of the car park behind the building. There is a pool house attached to the building which forms part of the Facility, and which was rented via YMCA social housing team. It is currently vacant. As well as public swimming, the Facility when operational provided both wet and dry activities to communities and local schools, with circa 15 schools using it for their swimming lessons.

YMCA Fylde Coast began to operate the Facility in 2009 under an Agreement with Fylde Council. At that time the estimated operational life of the Facility was approximately 10 years. The Agreement provided for a lease of the Facility to YMCA, followed by the transfer of the freehold. The freehold was transferred to YMCA in accordance with the Agreement in 2011. The Agreement also provides for the council to pay an annual subsidy to YMCA to deliver leisure provision from the Facility. Budget provision for this was £50,337 for 2023/24.

YMCA lodged a closure event in June 2023. The closure event was triggered because the Net Cumulative Deficit exceeded 50% of the asset value and supported by a detailed paper submitted by YMCA to the Council on 26th June 2023. The Council confirmed that there were no grounds for dispute on 26th June and the formal announcement took place on 10th August. This report does not seek to re-state the detail contained within the Closure Event paper.

As per the Agreement, YMCA is now obliged to submit a Disposal Plan to Fylde Borough Council. The Disposal Plan requirement is referenced in Schedule 6, 'Effect of Closure Event', clause 5, 'Asset Destination'. The Agreement is included as Appendix A.

YMCA Fylde Coast

YMCA Fylde Coast is a registered Charity whose vision is to create communities where all young people can thrive. We do this by creating networks and relationships so that they can be healthy in mind, body, and spirit. Our charitable operations cover leisure provision - both via our own assets and through management agreements, supported, affordable and social housing provision, outdoor education and youth and community work.

YMCA has extensive experience as an operator within our core work areas of leisure, housing, outdoor education, youth, and community. We aim to make our service provision as accessible as possible whilst understanding that we need to operate in a financially viable way. The majority of our income is revenue generated income, with a relatively small amount coming from fundraising activity or trust and grants.

We are governed by a Board of Trustees and regulated by the Charity Commission. All owned buildings are considered charitable assets and Charity commission guidance informs how those building should be treated if they are to leave YMCA Fylde Coast's portfolio.

Current Losses: From the lease commencement date up to financial year 20/21 and when subsidy support from the Council has been accounted for, YMCA Kirkham incurred no losses as a result of operation of the facility. However, financial losses have been recorded since the closure in December 2021. As of August 2023, these losses amount to £69,079.

Losses will be offset by the insurance award, with costs continuing to be monitored via our management account reports. It is expected that disposal options will be concluded before losses exceed the insurance award. If this is not the case, then the deficit will be netted to zero using the monies received via a sale, in accordance with clause 5.2.7.1 of the Agreement.

PROPOSED METHOD OF DISPOSAL

1. YMCA will initially seek to dispose of the freehold of the premises for nil consideration to a charity, community group or local authority that can demonstrate a feasible reinstatement programme or will hold the premises in trust to deliver the objectives in clause 5.2.7.3 of the Agreement. The method of disposal will reflect the established 'Community right to bid' process, in that YMCA will allow a six-week period for any charity, community group or local authority to express an interest in the facility on the basis set out above. Any expressions of interest will be assessed, accepted, or refused by a mechanism outlined below. If accepted it will trigger a twenty-week period during

which the charity, group or authority will be expected to work up its proposal for assessment, acceptance, or refusal.

EOI ASSEMENT & ASSOCIATED TIMEFRAMES

If the Council does not agree to the EOI Proposal within 14 days of receiving it, the Council has a further 14 days to provide YMCA written notice of the changes that would make the Proposal acceptable to the Council ('Changes').

If YMCA accepts the Changes within 14 days of receiving them, it will amend the EOI Proposal accordingly and the Council will be deemed to have accepted the amended EOI Proposal.

If YMCA does not accept the Changes or does not respond to the Council within 14 days of receiving the Changes, the EOI Proposal will be referred to a surveyor appointed jointly by the parties or, if they cannot agree, appointed by the President of the Royal Institute of Chartered Surveyors on application by either party ('the Surveyor').

The Surveyor (acting as an expert, not an arbitrator) will determine whether the original EOI Proposal is one that a reasonable seller in YMCA's position would accept ('a Positive Determination'), taking into account the purpose of the arrangements between the parties and the market for similar property in the locality, or is one that such a seller would not accept ('a Negative Determination').

If the Surveyor makes a Positive Determination, the Council will be deemed to have accepted the original EOI Proposal.

If the Surveyor makes a Negative Determination, the EOI Proposal will be deemed to incorporate the Changes and the Council will be deemed to have accepted the amended EOI Proposal.

2. If no charity, community group or local authority comes forward, or if the proposal is not accepted, YMCA will dispose of the freehold of the property for the best price reasonably obtainable on the open market by way of a sale by private treaty. The proceeds of sale will then be treated in accordance with clause 5.2.7.3.

ANTICIPATED PROCEEDS OF DISPOSAL

If the premises are disposed of to a charity, community group or local authority as set out in option 1 above, the anticipated proceeds of disposal will be nil.

A valuation of the premises carried out by Lancashire County Council on 23rd July 2023 returned a value of £300,000 if sold on the open market. Once legal and agency fees are accounted for it is anticipated that the net proceeds would amount to circa £270,000.

INDICATIVE TIMESCALE FOR DISPOSAL

As indicated above, the Premises will first be offered to charities, community groups or local authorities for a period of six weeks, and then a period of up to twenty weeks would be allowed for any interested group to work up its proposal.

Upon agreement of this Disposal Plan, the EOI period would commence on 8th January 2024. If an EOI is received and accepted, a further 20 weeks period will commence to allow for receipt of a full proposal.

Should no EOI be received during this 6 week period, YMCA will move to an open market disposal. Professional advice is that it would be realistic to hope for a sale on the open market within 4-6 months of the Premises being offered for sale.

APPENDIX A – 2009 Agreement



**Kirkham Asset
Transfer Agreement**

THIS AGREEMENT is made the first. day of July 2009 BETWEEN:

- (1) **FYLDE BOROUGH COUNCIL** of the Town Hall, St Annes Road West, St Annes, Lancashire FY8 1LW ('the Council') and
- (2) **THE TRUSTEES OF THE LYTHAM ST ANNES AND FYLDE YOUNG MEN'S CHRISTIAN ASSOCIATION** of YMCA St Albans Road, St Annes, Lancashire ('YMCA')

NOW IT IS AGREED as follows:

1. PREAMBLE

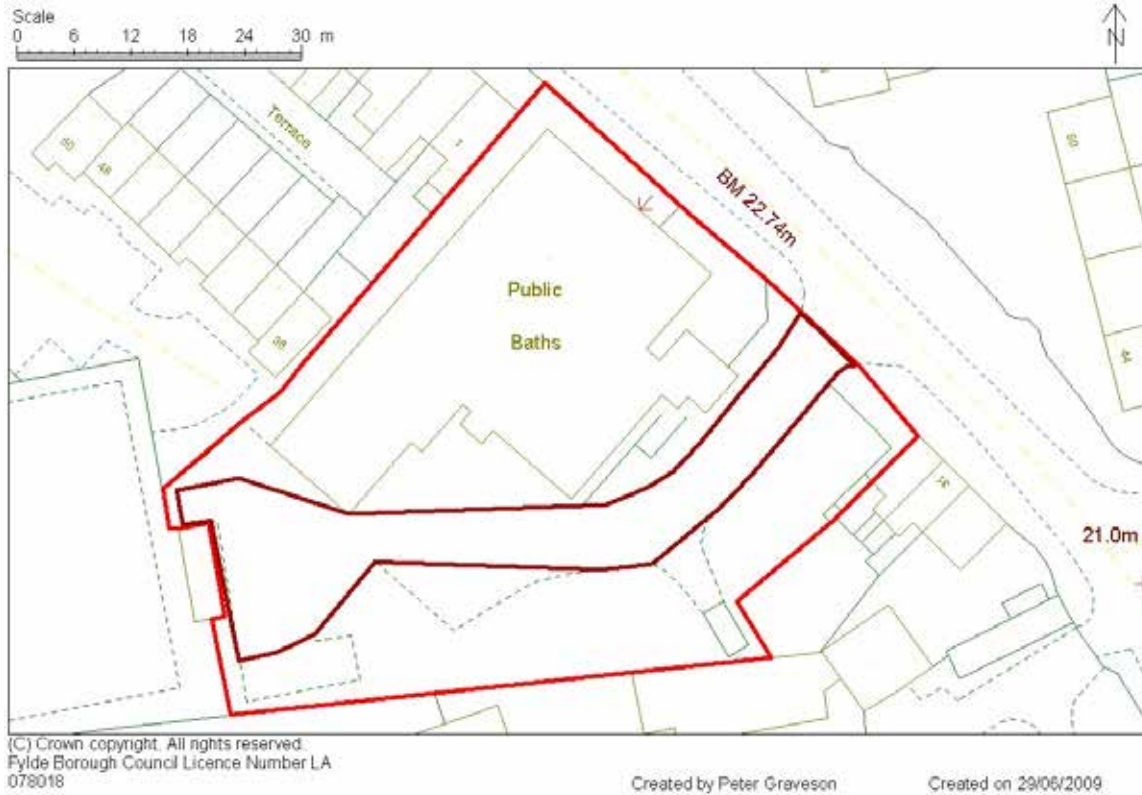
- 1.1. The Council owns and operates the swimming facility known as Kirkham Baths, Kirkham, Lancashire.
- 1.2. YMCA is a registered charity which operates a portfolio of leisure facilities in the Fylde area and surrounding areas
- 1.3. The parties have agreed that continued provision of swimming facilities for the local community would be best achieved by the operation of Kirkham Baths by the YMCA.

2. DEFINITIONS AND INTERPRETATION

- 2.1. For all purposes of this agreement the terms defined in this clause have the meanings specified.

Asset Value	Such value as has most recently been determined by the Council under sub-paragraph 2.1 of schedule 4 and notified to YMCA under sub-paragraph 2.3 of that schedule.
Capital Grants	Items 4, 5 and 6 in the table in paragraph 1 of schedule 4
Closure Event	Any of the events set out in schedule 5
Consumables	Such stocks of supplies, provisions and materials for use in the operation of the Premises as a public swimming pool as are on the Premises at the Lease Completion Date including spare parts (if any) for the Plant.
Council Grants	The sums required by paragraph 1 of schedule 4 to be paid by the Council to YMCA, together with any other sums that may be paid by the Council to YMCA to support the operation of the Premises for any of the purposes of this agreement.
the Council's Solicitors	Head of Legal Services, Fylde Borough Council
Disposal Plan	A written plan for disposing of the Premises, including the proposed method of disposal, anticipated proceeds of disposal and an

	indicative timescale for disposal.
the General Conditions	the Standard Conditions of Sale (4th Edn)
the Index	The Retail Prices Index as published from time to time by the Office of National Statistics or, if that index has ceased to be published, such comparable index as shall be nominated by the Council
the Lease Completion Date	1 July 2009
the Lease	(in clause 3 and schedule 1) a lease of the Premises for a term commencing on the Lease Completion Date and whose last day is 31 March 2011 reserving a nominal rent, in the form of the draft lease annexed to schedule 1 to this agreement and initialled by or on behalf of the parties; (in schedule 2) such lease as has been entered into by the parties pursuant to clause 3.1 (and for the purposes of the definition as applied in schedule 2, any lease of the Premises entered into by the parties will be deemed to have been entered into pursuant to clause 3.1)
Net Cumulative Surplus/Net Cumulative Deficit	The total cumulative operational surplus or deficit (as the case may be) generated or incurred by YMCA in operating the Premises since the Lease Commencement Date as evidenced by the financial records maintained by YMCA under paragraph 1 of schedule 3 and calculated by reference to annual surpluses or deficits
the Plan	the plan incorporated in this agreement
the Plant	Any mechanism, equipment, plant or machinery forming part of the Premises or used at the Premises for the purpose of operating a public swimming pool there.
Participating School	A Lancashire County Council primary school using the facilities for pupils' achievement of national curriculum standard in swimming.
the Premises	The land at Station Road, Kirkham, Lancashire shown edged red on the Plan
the Sale Completion Date	A day to be agreed or, in default of agreement, to be the thirteenth day after the expiry of the contractual term of the Lease
TUPE	The Transfer of Undertakings (Protection of Employment) Regulations 2006
Working Day	Any day which is not a Saturday, a Sunday, a bank holiday or a day falling between Boxing Day in one year and New Years' Day in the next year
YMCA's Solicitors	Dickson Haslam, 12-14 Station Road, Kirkham, Preston, Lancashire PR4 2AS



- 2.2. Words importing one gender are to be construed as importing any other gender; words importing the singular are to be construed as importing the plural and vice versa.
- 2.3. The clause and schedule headings do not form part of this document and are not to be taken into account in its construction or interpretation. (amend if marginal notes are used instead of headings)
- 2.4. 'YMCA' does not include any successors in title of YMCA.
- 2.5. Any reference in this agreement to a clause or schedule without further designation is to be construed as a reference to the clause or schedule of this agreement so numbered.

3. OBLIGATIONS

- 3.1. The Council will grant the Lease and YMCA will accept the Lease and execute a counterpart of it and Schedule 1 applies to the obligations in this sub-paragraph 3.1

- 3.2. When the Lease has been completed, the Council shall subsequently sell and YMCA shall buy the Property at the Purchase Price and Schedule 2 applies to the obligations in this sub-paragraph 3.2
- 3.3. So long as YMCA is in possession of the Premises, YMCA will comply with the obligations in schedule 3.
- 3.4. So long as YMCA is in possession of the Premises by virtue of having complied with sub-clause 3.1 or 3.2, and is complying with sub-clause 3.3, the Council will comply with the obligations in schedule 4.
- 3.5. If a Closure Event happens, schedule 6 will have effect

4. NOTICES

- 4.1. A notice under this agreement must be in writing and unless the receiving party or his authorised agent acknowledges receipt, is valid if, and only if--
 - 4.1.1. it is given by hand, or sent by registered post or recorded delivery and it is served--
 - 4.1.1.1. where the receiving party is a company incorporated within Great Britain, at the registered office, and
 - 4.1.1.2. where the receiving party is not such a company, at that party's address shown in this agreement or at any address specified in a notice given by that party to the other party; or
 - 4.1.2. It is transmitted by email to an email address which has been previously notified by the receiving party by a notice under 4.1.1 as an email address for the purposes of this sub-paragraph.
- 4.2. Unless it is returned through the Royal Mail undelivered, a notice sent by registered post or recorded delivery is to be treated as served on the third working day after posting whenever and whether or not it is received.
- 4.3. A notice transmitted by email is to be treated as served on the day upon which it is sent, or the next working day where the email is sent after 1600 hours or on a day that is not a Working Day, unless attempted delivery of the email containing the notice caused the generation of an automatic notification of non-delivery (however expressed) to the email address of the sending party.

5. EXCLUSION OF THIRD PARTY RIGHTS

- 5.1. Nothing in this agreement is intended to confer any benefit on any person who is not a party to it.

6. COMPLETE AGREEMENT

- 6.1. this Agreement contains the entire agreement between the parties

7. INSURANCE

- 7.1. The Council may insure the Premises up to the Lease Completion Date.

8. STAFF

8.1. YMCA acknowledges that:

8.1.1. this agreement effects the transfer of an undertaking operated by the Council and that the TUPE applies to such transfer.

8.1.2. the following persons presently employed by the Council for the purposes of the undertaking to be transferred will, by virtue of TUPE, be transferred to the employment of YMCA on the Lease Commencement Date:

Lee Appleton
Lisa Fairhurst
Shaun Machin
Paul Duhig
Lucy Richards
Shirley Ackers
Amber Chamberlain
Carol Gittins
M Biddulph
Charla Innes
Jordan Ledger
Sarah Newton
Stephany Chetter

SCHEDULE 1
AGREEMENT FOR LEASE

1. GRANT AND COMPLETION

- 1.1. The Lease and the counterpart are to be prepared by the Council's solicitors and an engrossment of the counterpart must be delivered to the offices of YMCA's solicitors at least five working days before the Lease Completion Date.
- 1.2. The Lease must be completed before 1300 hours on the Lease Completion Date at the offices of the Council's solicitors or at any other place the Council's solicitors require.
- 1.3. At any time on or after the Lease Completion Date either the Council or YMCA, being ready, able and willing to complete the Lease and perform his other obligations under this agreement, may, but without prejudice to any other available right or remedy, by notice to the other ('a notice to complete'), invoke the provisions of clause 1.4 of this schedule.
- 1.4. The Lease must be completed within ten working days after service of a notice to complete and the parties must perform their other obligations under this agreement. Time is to be of the essence of this provision.

2. DAMAGE TO THE PREMISES

- 2.1. If after the date of this agreement but before the Lease Completion Date the Premises are destroyed or the Premises or any part of them or the means of access to them are damaged to the extent that in the opinion of either party they could no longer be used as a public swimming pool, neither party would be obliged to fulfil the obligation in clause 3.1 of this agreement.

3. TITLE AND CONDITION

- 3.1. The Premises are to be let subject to the matters contained or referred to in the draft lease set out in annex 1 to this Schedule and YMCA or its solicitors having been supplied with all information the Council has concerning such matters, YMCA has entered into this agreement with notice of them and may raise no objection, requisition or enquiry in respect of them.
- 3.2. YMCA has entered into this agreement with notice of the actual state and condition of the Premises and must take the Premises as they are.

4. RESTRICTIONS

- 4.1. In this clause, references to 'restrictions' are references to all matters affecting the Premises or their use registered or capable of registration as local land charges, and all notices, charges, orders, resolutions, demands, proposals, requirements, restrictions, agreements, directions or other matters affecting the Premises or their use, served or made by a local or other competent authority, or otherwise arising under a statute or a regulation or order made under a statute.
- 4.2. The Premises are to be let subject to any restrictions in existence at the date of this agreement or arising at any later date.

- 4.3. No representation is made or warranty given by the Council as to whether or not any restrictions exist, or as to the permitted use of the Premises for planning purposes, or as to whether in other respects the Premises comply with any restrictions.
- 4.4. YMCA acknowledges that his obligations under this agreement and the Lease are not to be affected or lessened in any way by the fact that any restrictions may now or subsequently exist, or by any non-compliance with any restrictions, and, to the extent that compliance with it would be YMCA's responsibility under the Lease, YMCA must indemnify the Council against any liability under a requirement of a local or other competent authority relating to the Premises, whether made before or after the date of this agreement.

5. MISREPRESENTATIONS

- 5.1. Except as provided in paragraph 5.2, of this schedule, no agent, adviser or other person acting for the Council has at any time been authorised by the Council to make to YMCA or to any agent, adviser or other person acting for YMCA any representation whatever, whether written, oral or implied, relating to the Premises or to any matter contained or referred to in this agreement.
- 5.2. Any written statement made by the Council's solicitors to YMCA's solicitors before the making of this agreement in reply to a written enquiry made by the YMCA's solicitors was made with the authority of the Council.
- 5.3. No immaterial error, omission or misstatement in this agreement or in any plan referred to in this agreement or in any statement made by any person before the making of this agreement is in any way to affect the obligations of the parties under this agreement or entitle any party to damages or compensation.

6. ASSIGNMENT OF BENEFIT PROHIBITED

- 6.1. YMCA must not assign, sublet, charge or otherwise deal with the benefit of this agreement in whole or in part, and the Council need not grant the Lease to any person other than YMCA.

7. POSSESSION

- 7.1. This agreement is an executory agreement only, and is not to operate or be deemed to operate as a demise of the Premises.
- 7.2. YMCA is not to be entitled to occupation or possession of the Premises until the Lease is completed.

8. MERGER EXCLUDED

- 8.1. To the extent that they remain to be observed and performed, all the provisions of this schedule are to continue in full force and effect notwithstanding completion of the Lease.

9. REGISTRATION

- 9.1. The agreement is to be of no effect if the Tenant fails to register it as a land charge under the Land Charges Act 1972 within 28 working days from the date of this document.

10. EXCLUSION OF THE LANDLORD AND TENANT ACT 1954 SECTIONS 24-28

tempest, earthquake, lightning, explosion, riot, civil commotion, malicious damage, impact by vehicles and by aircraft and articles dropped from aircraft—other than war risks—flood damage and bursting and overflowing of water pipes and tanks, and such other risks, whether or not in the nature of the foregoing, as the Landlord acting reasonably from time to time requires the Tenant to insure against.

1.6 'Interest'

References to 'interest' are references to interest payable during the period from the date on which the payment is due to the date of payment, both before and after any judgment, at the Interest Rate then prevailing or, should the base rate referred to in clause 1.7 '**The Interest Rate**' cease to exist, at another rate of interest closely comparable with the Interest Rate to be agreed between the parties or in default of agreement to be decided upon by the Landlord acting reasonably

1.7 'The Interest Rate'

'The Interest Rate' means the rate of 4% a year above the base lending rate of the HSBC Bank Plc or such other bank being a member of the British Bankers Association as the Landlord may from time to time nominate in writing.

1.8 Interpretation of 'consent' and 'approved'

References to 'consent of the Landlord' or words to similar effect are references to a prior written consent signed by or on behalf of the Landlord and references to the need for anything to be 'approved by the Landlord' or words to similar effect are references to the need for a prior written approval by or on behalf of the Landlord and for the avoidance of doubt such consent shall only be given by the Landlord in that capacity and no other.

1.9 Interpretation of 'the Landlord'

The expression 'the Landlord' includes the successors in title of the Landlord.

1.10 Interpretation of 'the last year of the Term' and 'the end of the Term'

References to 'the last year of the Term' are references to the actual last year of the Term howsoever it determines, and references to the 'end of the Term' are references to the end of the Term whensoever and howsoever it determines.

1.11 Interpretation of 'the Tenant'

'The Tenant' includes any person who is for the time being bound by the tenant covenants of this Lease.

1.12 Interpretation of 'this Lease'

Unless expressly stated to the contrary, the expression 'this Lease' includes any document supplemental to or collateral with this document or entered into in accordance with this document.

1.13 Joint and several liability

Where any party to this Lease for the time being comprises two or more persons, obligations expressed or implied to be made by or with that party are deemed to be made by or with the persons comprising that party jointly and severally.

1.14 'Losses'

References to 'losses' are references to liabilities, damages or losses, awards of damages or compensation, penalties, costs, disbursements and expenses arising from any claim, demand, action or proceedings.

1.15 Obligation not to permit or suffer

Any covenant by the Tenant not to do anything includes an obligation not to permit or suffer that thing to be done by another person.

1.16 'The Permitted Use'

'The Permitted Use' means the use of the Premises as a public swimming pool.

1.17 'The Plan'

'The Plan' means the plan annexed to this Lease.

1.18 'The Planning Acts'

'The Planning Acts' means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and all statutes, regulations and orders included by virtue of clause 1.22 **References to statutes.**

1.19 'The Premises'

- 'The Premises' means the land situate and known as Kirkham Baths, Station Road, Kirkham, Preston, Lancashire shown for the purposes of identification edged in red on the Plan together with the rights and subject to the reservations and matters referred to in the Schedule to this Lease.
- The expression 'The Premises' includes all buildings, erections, structures, Conduits, fixtures and fittings and appurtenances on the Premises from time to time and all additions, alterations and improvements carried out during the Term.

1.20 References to clauses and schedules

Any reference in this document to a clause, paragraph or schedule without further designation is to be construed as a reference to the clause, paragraph or schedule of this document so numbered.

1.21 References to rights of access

References to any right of the Landlord to have access to the Premises are to be construed as extending to all persons authorised in writing by the Landlord including its employees, agents, professional advisers, contractors, workmen and others.

1.22 References to statutes

Unless expressly stated to the contrary any reference to a specific statute includes any statutory extension or modification, amendment or re-enactment of that statute and any regulations or orders made under that statute, and any general reference to a statute includes any regulations or orders made under that statute.

1.23 'The Rent'

'The Rent' means the sum of one peppercorn.

1.24 'The Surveyor'

'The Surveyor' means any person or firm appointed by the Landlord in his place. The Surveyor may be an employee of the Landlord or a company that is a member of the same group as the Landlord within the meaning of the 1954 Act Section 42. The expression 'the Surveyor' includes the person or firm appointed by the Landlord to collect the Rent.

1.25 'The Term'

'The Term' means a term commencing on the date of this lease and whose last day is 31 March 2011.

1.26 "The Trustees"

'The Trustees' means the persons named in this Lease as the Tenant and includes all persons in whom for the time being the Term is vested as trustees of the Tenant and the Trustees are the present trustees of the Tenant and are duly au-

thorised in accordance with the rules of the Tenant to accept this Lease.

1.27 'VAT'

'VAT' means value added tax or any other tax of a similar nature and unless otherwise expressly stated all references to rents or other sums payable by the Tenant are exclusive of VAT.

2 DEMISE

The Landlord lets the Premises to the Tenant with full title guarantee, to hold the Premises to the Tenant for the Term, yielding and paying to the Landlord the Rent payable (if demanded)

3 THE TENANT'S COVENANTS

The Tenant covenants with the Landlord to observe and perform the requirements of this clause 3.

3.1 Outgoings and VAT

The Tenant must pay, and must indemnify the Landlord against -

- 3.1.1 all rates, taxes, assessments, duties, charges, impositions and outgoings that are now or may at any time during the Term be charged, assessed or imposed upon the Premises or on the owner or occupier of them
- 3.1.2 all VAT that may from time to time be charged on sums payable by the Tenant under this Lease, and
- 3.1.3 all VAT incurred in relation to any costs that the Tenant is obliged to pay or in respect of which he is required to indemnify the Landlord under the terms of this Lease, save where such VAT is recoverable or available for set-off by the Landlord as input tax.

3.2 Repair, cleaning and decoration

3.2.1 Repair of the Premises

The Tenant must repair the Premises and keep them in good repair and condition (including, for the avoidance of doubt, all locks, fasteners, doors, windows, roof, foundations, water, gas, electrical and heating apparatus and Conduits exclusively serving the Premises) and where the Conduits (or any part of them) are used jointly with the Landlord (and/or its tenants and occupiers for the time being), the Tenant must contribute a fair proportion of the cost of repairing, maintaining or replacing them as may be required from time to time.

3.2.2 Replacement of landlord's fixtures

The Tenant must replace from time to time any landlord's fixtures and fittings in the Premises that are beyond repair at any time during or at the end of the Term.

3.2.3 Cleaning and tidying

The Tenant must keep the Premises clean and tidy and clear of all rubbish.

3.2.4 Care of abutting land

The Tenant must not cause any land, roads or pavements abutting the Premises to be untidy or dirty and in particular, but without prejudice to the generality of the above, must not deposit refuse or other materials on them.

3.2.5 Shared facilities

Where the use of any of the Conduits or any boundary structures or other things is common to the Premises and other property, the Tenant must be responsible for, and indemnify the Landlord against, all sums due from the owner, tenant or occupier of the Premises in relation to those Conduits, boundary structures or other things, and must undertake all work in relation to them that is his responsibility.

3.2.6 Decoration

Throughout the Term to keep the Premises painted to the entire satisfaction of and in such colour as shall have been previously approved by the Landlord.

3.2.7 The Open Land

3.2.7.1 Care of the Open Land

The Tenant must keep any part of the Premises that is not built on ('the Open Land') adequately surfaced, in good condition and free from weeds and must keep all landscaped areas properly cultivated.

3.2.7.2 Storage on the Open Land

The Tenant must not store anything on the Open Land or bring anything onto it that is or might become untidy, unclean, unsightly or in any way detrimental to the Premises or the area generally.

3.2.7.3 Rubbish on the Open Land

The Tenant must not deposit any waste, rubbish or refuse on the Open Land, or place any receptacle for them, on it.

3.3 Waste and alterations

3.3.1 Waste, additions and alterations

The Tenant must not commit any waste, or, without the consent of the Landlord (such consent not to be unreasonably withheld), make any addition to the Premises or build upon them or any part of them, unite the Premises with any adjoining premises, or make any alteration to the Premises.

3.3.2 Connection to conduits

The Tenant must not make any connection with the Conduits without the written consent of the Landlord and any relevant statutory undertaker where appropriate.

3.4 Aerials, signs and advertisements

3.4.1 Masts and wires

The Tenant must not, without the consent of the Landlord (such consent not to be unreasonably withheld) erect any pole or mast or install any cable or wire on the Premises, whether in connection with telecommunications or otherwise.

3.4.2 Advertisements

The Tenant must not, without the consent of the Landlord (such consent not to be unreasonably withheld) fix to or exhibit or display anywhere on the Premises, any placard, sign, notice, fascia board or advertisement.

3.5 Statutory obligations

3.5.1 General provision

The Tenant must comply in all respects with the requirements of any statutes, and any other obligations so applicable imposed by law or by any byelaws, official guidance or otherwise applicable to the Premises or the trade or business for the time being carried on there.

3.5.2 Particular obligations

3.5.2.1 Acts causing losses

The Tenant must not do in or near the Premises anything by reason of which the Landlord may incur any losses under any statute.

3.5.2.2 Works required by statute, department or authority

Without prejudice to the generality of clause 3.5.1, the Tenant must execute all works and provide and maintain all arrangements on or in respect of the Premises or the use to which they are being put that are required in order to comply with the requirements of any statute already or in the future to be passed, or the requirements of any government department, local authority or other public or

competent authority or court of competent jurisdiction, regardless of whether the requirements are imposed on the owner, the occupier, or any other person.

3.5.2.3 Construction (Design and Management) Regulations

Without prejudice to the generality of clause 3.5.1, the Tenant must comply with the provisions of the Construction (Design and Management) Regulations 2007 ('the CDM Regulations'), be the only client as defined in the provisions of the CDM Regulations, fulfil, in relation to all and any works, all the obligations of the client as set out in or reasonably to be inferred from the CDM Regulations, and make a declaration to that effect to the Health and Safety Executive in accordance with the Approved Code of Practice published from time to time by the Health and Safety Executive in relation to the CDM Regulations.

3.5.2.4 Delivery of health and safety files

At the end of the Term, the Tenant must forthwith deliver to the Landlord any and all health and safety files relating to the Premises in accordance with the CDM Regulations.

3.5.2.5 Health and safety generally

The Tenant shall comply in all respects with the guidance contained within the 'Managing Health & Safety in Swimming Pools' (HSG 179) guidance issued by Sport England and the Health & Safety Commission and any other relevant guidance issued from time to time.

3.6 Use

3.6.1 Permitted Use

The Tenant must only use the Premises for the Permitted Use and such additional uses as are agreed in writing by the Landlord (such agreement not to be unreasonably withheld in relation to other public leisure, sports, fitness and associated facilities).

3.6.2 Nuisance

The Tenant must not do anything on the Premises, or allow anything to remain on them, that may be or become or cause a nuisance, or annoyance, disturbance, inconvenience, injury or damage to the Landlord or his tenants or the owners or occupiers of adjacent or neighbouring premises.

3.6.3 Auctions, trades and immoral purposes

The Tenant must not use the Premises for any auction sale, any dangerous, noxious, noisy or offensive trade, business, manufacture or occupation, or for any illegal or immoral act or purpose.

3.6.4 Residential use, sleeping and animals

The Tenant must not use the Premises as sleeping accommodation or for residential purposes, or keep any animal, bird or reptile on them PROVIDED that the housing accommodation on the Premises (known as the Baths' house) may be used for residential purposes but only as shall be first approved of in writing by the Landlord.

3.6.5 Opening hours and prices

The Tenant must open and keep the Premises open for public use as required by paragraph 3.1 of schedule 3 to an agreement between the parties dated [date].

3.7 Entry to inspect and notice to repair

3.7.1 Entry and notice

The Tenant must permit the Landlord on reasonable notice except in emergency –

3.7.1.1 to enter the Premises to ascertain whether or not the covenants and conditions of this Lease have been observed and performed,

3.7.1.2 to view the state of repair and condition of the Premises, and

3.7.1.3 to give to the Tenant, or, notwithstanding clause 7.7 **Notices** leave on

the Premises, a notice ('a notice to repair') specifying the works required to remedy any breach of the Tenant's obligations in this Lease as to the repair and condition of the Premises and Open Land.

3.7.2 Works to be carried out

The Tenant must immediately carry out the works specified in a notice to repair.

3.7.3 Landlord's power in default

If within 2 months of the service of a notice to repair the Tenant has not finished the work referred to in the notice, the Tenant must permit the Landlord to enter the Premises to execute the outstanding work and must within 14 days of a written demand pay to the Landlord the cost of so doing and all expenses incurred by the Landlord, including legal costs and surveyor's fees.

3.8 Alienation and sub-letting

Not to assign sublet underlet charge or otherwise part with the possession of the Premises or permit another to occupy the Premises or any part thereof or share the occupation of the Premises or any part thereof or hold the Premises on trust for another except pursuant to the Tenant's charitable status.

3.9 Costs of applications, notices and recovery of arrears

The Tenant must pay to the Landlord on an indemnity basis all costs, fees, charges, disbursements and expenses—including, without prejudice to the generality of the above, those payable to counsel, solicitors, surveyors and bailiffs incurred by the Landlord in relation to or incidental to –

- 3.9.1 every application made by the Tenant for a consent or licence required by the provisions of this Lease, whether it is granted, refused or offered subject to any lawful qualification or condition, or the application is withdrawn,
- 3.9.2 the contemplation, preparation and service of a notice under the Law of Property Act 1925 Section 146, or by reason or the contemplation of proceedings under Sections 146 or 147 of that Act, even if forfeiture is avoided otherwise than by relief granted by the court,
- 3.9.3 the recovery or attempted recovery of arrears of any sums due under this Lease, and
- 3.9.4 any steps taken in contemplation of or in connection with the preparation and service of a schedule of dilapidations during or after the end of the Term.

3.10 Planning

3.10.1 Compliance with the Planning Acts

The Tenant must observe and comply with the provisions and requirements of the Planning Acts affecting the Premises and their use, and must indemnify the Landlord, and keep him indemnified, both during the Term and following the end of it, against all losses in respect of any contravention of those Acts.

3.10.2 Planning applications prohibited

The Tenant must not without the consent of the Landlord (such consent not to be unreasonably withheld) make any application for planning permission relating to the Premises.

3.11 Indemnities

The Tenant must keep the Landlord fully indemnified against all losses arising directly or indirectly out of any act, omission or negligence of the Tenant, or any persons at the Premises expressly or impliedly with his authority, or any breach or non-observance by the Tenant of the covenants, conditions or other provisions of this Lease or any of the matters to which this demise is subject.

3.12 Encroachments

The Tenant must take all reasonable steps to prevent the making of any encroachment or the acquisition of any easement in relation to the Premises and must notify the Landlord immediately if any such encroachment is made or easement acquired, or if any attempt is made to encroach or acquire an easement. At the request of the Landlord the Tenant must adopt such means as are reasonably required to prevent the construction of such a thing, the making of any encroachment or the acquisition of any easement.

3.13 Yielding up

At the end of the Term the Tenant must yield up the Premises with vacant possession, decorated and repaired in accordance with and in the condition required by the provisions of this Lease, give up all keys of the Premises to the Landlord, remove tenant's fixtures and fittings if requested to do so by the Landlord and remove any signs erected by the Tenant or any of his predecessors in title in, on or near the Premises, immediately making good any damage caused by their removal.

3.14 Interest on arrears

The Tenant must pay interest on any other sums due under this Lease that are not paid within 14 days of the date due, whether formally demanded or not, the interest to be recoverable as rent. Nothing in this clause entitles the Tenant to withhold or delay any payment of any sum due under this Lease or affects the rights of the Landlord in relation to any non-payment.

3.15 Statutory notices

The Tenant must give full particulars to the Landlord of any notice, direction, order or proposal relating to the Premises made, given or issued to the Tenant by any government department or local, public, regulatory or other authority or court within 7 days of receipt, and if so requested by the Landlord must produce it to the Landlord. The Tenant must without delay take all necessary steps to comply with the notice, direction or order. At the request of the Landlord, but at his own cost, the Tenant must make or join with the Landlord in making any objection or representation the Landlord deems expedient against or in respect of any notice, direction, order or proposal.

3.16 Viewing on sale of reversion

The Tenant must, at any time during the Term, permit prospective purchasers of the Landlord's reversion or any other interest superior to the Term, or agents instructed in connection with the sale of the reversion or such an interest, to view the Premises without interruption provided they have the prior written authority of the Landlord or his agents.

3.17 Defective premises

The Tenant must give notice to the Landlord of any defect in the Premises that might give rise to an obligation on the Landlord to do or refrain from doing anything in order to comply with the provisions of this Lease or the duty of care imposed on the Landlord, whether pursuant to the Defective Premises Act 1972 or otherwise, and must at all times display and maintain any notices the Landlord from time to time requires him to display at the Premises.

3.18 Exercise of the Landlord's rights

The Tenant must permit the Landlord to exercise any of the rights granted to him by virtue of the provisions of this Lease at all times during the Term without interruption or interference.

3.19 Consent to the Landlord's release

The Tenant must not unreasonably withhold consent to a request made by the Land-

lord under the Landlord and Tenant (Covenants) Act 1995 Section 8 for a release from all or any of the landlord covenants of this Lease.

4 QUIET ENJOYMENT

The Landlord covenants with the Tenant to permit the Tenant peaceably and quietly to hold and enjoy the Premises without any interruption or disturbance from or by the Landlord or any person claiming under or in trust for him.

5 INSURANCE

5.1 Liability insurance

The Tenant covenants with the Landlord to effect and maintain such insurance, in the sum of £10 million or such other amount as the Landlord from time to time by notice to the Tenant requires, in respect of the Tenant's liability to indemnify the Landlord against losses arising from the Tenant's acts, omissions or negligence and all liability of the Landlord to third parties arising out of or in connection with any matter involving or relating to the Premises.

5.2 Insurance of Premises

The Tenant covenants with the Landlord to insure the Premises unless the insurance is vitiated by any act of the Landlord or by anyone at the Premises expressly or by implication with his authority.

5.2.1 Details of the insurance

5.2.1.1 Office, underwriters and agency

Insurance is to be effected in such substantial and reputable insurance office, or with such underwriters, and through such agency as the Landlord may consent to from time to time.

5.2.1.2 Insurance cover

Insurance must be effected for the following amounts --

5.2.1.2.1 the sum that the Tenant is from time to time advised by the Surveyor is the full cost of rebuilding and reinstating the Premises, including VAT, architects', surveyors', engineers', solicitors' and all other professional persons' fees, the fees payable on any applications for planning permission or other permits or consents that may be required in relation to rebuilding or reinstating the Premises, the cost of preparation of the site including shoring-up, debris removal, demolition, site clearance and any works that may be required by statute, and incidental expenses.

5.2.1.3 Risks insured

Insurance must be affected against damage or destruction by any of the Insured Risks to the extent that such insurance may ordinarily be arranged with a substantial and reputable insurer, for properties such as the Premises subject to such excesses, exclusions or limitations as the insurer requires.

5.2.2 Reinstatement and termination

5.2.2.1 Obligation to obtain permissions

If and whenever the Premises or any part of them are damaged or destroyed by one or more of the Insured Risks and payment of the insurance money is not wholly or partly refused because of any act or default of the Landlord or anyone at the Premises expressly or by implication with his authority, the Tenant must use his best endeavours to obtain all the planning permissions or other permits and consents ('permissions') that are required under the Planning Acts or otherwise to enable him to rebuild and reinstate the Premises.

5.2.2.2 Obligation to reinstate

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- Subject to the provisions of clause 5.2.2.3 RELIEF FROM THE OBLIGATION TO REINSTATE, and, if any permissions are required, after they have been obtained, the Tenant must as soon as reasonably practicable apply all money received in respect of the insurance effected by the Tenant pursuant to this Lease, except sums in respect of loss of the Rent, in rebuilding or reinstating the Premises.

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5.2.2.3 Relief from the obligation to reinstate

- The Tenant need not rebuild or reinstate the Premises if and for so long as rebuilding or reinstatement is prevented because --

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5.2.2.3.1 the Tenant, despite using his best endeavours, cannot obtain any necessary permission,

- 5.2.2.3.2 any permission is granted subject to a lawful condition with which it is impossible or in all the circumstances it is unreasonable to expect the Tenant to comply,

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5.2.2.3.3 there is some defect or deficiency in the site on which the rebuilding or reinstatement is to take place that renders it impossible or means it can only be undertaken at a cost that is unreasonable in all the circumstances,

- 5.2.2.3.4 the Tenant is unable to obtain access to the site to rebuild or reinstate,

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5.2.2.3.5 the rebuilding or reinstating is prevented by war, act of God or government action.

- 5.2.2.3.6 the landlord agrees that reinstatement is not required

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5.2.3 Notice to terminate

If during the Term due to such damage or destruction the Premises are not fit for the Tenant's occupation and use, either the Landlord or the Tenant may by notice served at any time ('a notice to terminate following failure to reinstate') implement the provisions of clause 5.2.4 TERMINATION FOLLOWING FAILURE TO REINSTATE.

5.2.4 Termination following failure to reinstate

On service of a notice to terminate following failure to reinstate, the Term is to cease absolutely--but without prejudice to any rights or remedies that may have accrued--and all money received in respect of the insurance effected by the Tenant pursuant to this Lease shall be applied according to clause 5.2.7 of schedule 6 to the agreement between the parties under which this lease was granted as if the money received had been the proceeds of disposal of the Premises following a Closure event as defined in that agreement.

5.3 Tenant's further insurance covenants

The Tenant covenants with the Landlord to observe and perform the requirements contained in this clause 5.3.

5.3.3 Requirements of insurers

The Tenant must comply with all the requirements and recommendations of the insurers.

5.3.4 Policy avoidance and additional premiums

The Tenant must not do or omit anything that could cause any insurance policy on or in relation to the Premises to become wholly or partly void or voidable.

5.3.5 Fire-fighting equipment

The Tenant must keep the Premises supplied with such fire fighting equipment as the insurers and the fire authority require and must maintain the equipment to their satisfaction inspected by a competent person.

5.3.6 Combustible materials

The Tenant must not store on the Premises or bring onto them anything of a specially combustible, inflammable or explosive nature, and must comply with the requirements and recommendations of the fire authority and any reasonable requirements of the Landlord as to fire precautions relating to the Premises.

5.3.7 Fire escapes, equipment and doors

The Tenant must not obstruct the access to any fire equipment or the means of escape from the Premises, or lock any fire door while the Premises are occupied.

5.3.8 Copy policy

The Tenant must produce to the Landlord on demand a copy of the policy and the last premium renewal receipt.

5.3.9 Noting of the Landlord's interest

The Tenant must ensure that the interest of the Landlord is noted or endorsed on the policy.

5.3.10 Change of risks

The Tenant must notify the Landlord of any change in the risks covered by the policy from time to time.

5.3.11 Waiver of subrogation

The Tenant must produce to the Landlord on demand written confirmation from the insurers that they have agreed to waive all rights of subrogation against the Landlord.

5.3.12 Landlord's right to insure

If the Tenant at any time fails to keep the Premises insured in accordance with his obligations under this Lease the Landlord may effect and maintain the insurance. Any money the Landlord expends for that purpose must be repaid by the Tenant on demand and may be recovered by action.

6 FORFEITURE

If and whenever during the Term -

- 6.1 the Tenant (being a charitable association) is dissolved, or
- 6.2 the Tenant materially breaches any covenant or other term of this Lease, or
- 6.3 the Tenant, being an individual, becomes subject to a bankruptcy order or has an interim receiver appointed to his property, or
- 6.4 the Tenant, being a company, enters into liquidation whether compulsory or voluntary-but not if the liquidation is for amalgamation or reconstruction of a solvent company-or enters into administration or has a receiver appointed over all or any part of its assets, or
- 6.5 the Tenant enters into or makes a proposal to enter into any voluntary arrangement pursuant to the Insolvency Act 1986 or any other arrangement or composition for the benefit of his creditors, or
- 6.6 the Tenant has any distress, sequestration or execution levied on his goods, and, where the Tenant is more than one person, if and whenever any of the events referred to in this clause happens to any one or more of them, the Landlord may at any time re-enter the Premises or any part of them in the name of the whole-even if any previous right of re-entry has been waived-and thereupon the Term is to cease absolutely but without prejudice to any rights or remedies that may have accrued to the Landlord against the Tenant in respect of any breach of covenant or other term of this Lease, including the breach in respect of which the re-entry is made.

7 MISCELLANEOUS

7.1 Exclusion of warranty as to use

Nothing in this Lease or in any consent granted by the Landlord under this Lease is to imply or warrants that the Premises may lawfully be used under the Planning Acts for the use permitted by this Lease.

7.2 Exclusion of third party rights

Nothing in this Lease is intended to confer any benefit on any person who is not a party to it.

7.3 Representations

The Tenant acknowledges that this Lease has not been entered into in reliance wholly or partly on any statement or representation made by or on behalf of the Landlord, except any such statement or representation expressly set out in this Lease or made by the Landlord's solicitors in any written response to enquiries raised by the Tenant's solicitors in connection with the grant of this Lease.

7.4 Documents under hand

While the Landlord is a limited company or other corporation, any licence, consent, approval or notice required to be given by the Landlord is to be sufficiently given if given under the hand of a director, the secretary or other duly authorised officer of the Landlord or by the Surveyor on behalf of the Landlord.

7.5 Tenant's property

If, after the Tenant has vacated the Premises at the end of the Term, any property of his remains in or on the Premises and he fails to remove it within 7 days after a written request from the Landlord to do so, or, if the Landlord is unable to make such a request to the Tenant, within 14 days from the first attempt to make it, then the Landlord may, as the agent of the Tenant, sell that property. The Tenant must indemnify the Landlord against any liability incurred by the Landlord to any third party whose property is sold by him in the mistaken belief held in good faith—which is to be presumed unless the contrary is proved—that the property belonged to the Tenant. If, having made reasonable efforts to do so, the Landlord is unable to locate the Tenant, then the Landlord may retain the proceeds of sale absolutely unless the Tenant claims them within 3 months of the date on which he vacated the Premises. The Tenant must indemnify the Landlord against any damage occasioned to the Premises and any losses caused by or related to the presence of the property in or on the Premises.

7.6 Compensation on vacating excluded

Any statutory right of the Tenant to claim compensation from the Landlord on vacating the Premises is excluded to the extent that the law allows.

7.7 Notices

7.7.1 Form and service of notices

A notice under this Lease must be in writing and, unless the receiving party or his authorised agent acknowledges receipt, is valid if, and only if –

7.7.1.1 it is given by hand, sent by registered post or recorded delivery, or sent by fax provided a confirmatory copy is given by hand or sent by registered post or recorded delivery on the same day, and

7.7.1.2 it is served –

(b) where the receiving party is the Tenant, at the Tenant's address held at the Charity Commission, or otherwise at the Premises,

(c) where the receiving party is the Landlord at the Landlord's address shown in this Lease or at any address specified in a notice given by the Landlord to the Tenant.

7.7.2 Deemed delivery

7.7.2.1 By registered post or recorded delivery

Unless it is returned through the Royal Mail undelivered, a notice sent by registered post or recorded delivery is to be treated as served on the third working day after posting whenever and whether or not it is received.

7.7.2.3 'A working day'

References to 'a working day' are references to any day which is not a Saturday, a Sunday, a bank holiday or a day falling between Boxing Day in one year and New Years' Day in the next year.

7.7.3 Joint recipients

If the receiving party consists of more than one person a notice to one of them is notice to all.

7.8 Exclusion of the 1954 Act Sections 24-28

7.8.1 Notice and declaration

On [2009] the Landlord served notice on the Tenant pursuant to the provisions of the Landlord and Tenant Act 1954 Section 38A(3) as inserted by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 and on [2009] the Tenant made a [simple (or as appropriate) statutory] declaration pursuant to schedule 2 of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

7.8.2 Agreement to exclude

Pursuant to the provisions of the 1954 Act Section 38A(1) as inserted by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003, the parties agree that the provisions of the 1954 Act Sections 24-28 inclusive are to be excluded in relation to the tenancy created by this Lease.

7.9 Determination

In the event that a Closure Event takes place as defined in an Agreement dated [2009] and made between the Landlord and the Tenant, this Lease shall determine in accordance with the provisions of that Agreement.

IN WITNESS whereof the parties have hereunto executed this Lease as their deed the day and year first before written

THE SCHEDULE : THE RIGHTS GRANTED AND RESERVED

THE RIGHTS GRANTED

1-1 Conduits

The right to the free and uninterrupted passage and running of all services through the appropriate Conduits and through any structures of a similar use or nature that may at any time be constructed in, on, over or under the Landlord's adjoining land subject to the payment thereof of the proportionate part (in accordance with user) of the cost of maintaining, repairing, renewing or replacing the same.

THE RIGHTS RESERVED

2-1 Passage and running through the Conduits

The right to the free and uninterrupted passage and running of all services through the appropriate Conduits and through any structures of a similar use or

nature that may at any time be constructed in, on, over or under the Premises.

2-2 Right to construct conduits

The right to construct and to maintain pipes sewers drains mains ducts conduits gutters watercourses wires cables and other necessary conducting media ('the Conduits') for the provision of services or supplies to any adjoining property of the Landlord, making good all damage caused in the exercise of this right.

2-3 Access

- 2.3.1 The right to enter the Premises at reasonable times and on reasonable notice, except in the case of emergency:
 - 2.3.1.1 to inspect the condition and state of repair of the Premises
 - 2.3.1.2 to inspect, clean, connect to, remove, replace with others, alter or execute any works whatsoever to or in connection with the conduits, easements, services or supplies referred to in 2-1 and 2-2
 - 2.3.1.3 to carry out works of any kind to any adjoining property of the landlord or any other buildings or land that cannot be carried out without access to the Premises
- 2.3.2 In favour of the Landlord, its Lessees, occupiers and all others authorised by it (in common with the Tenant) The right to pass and repass on foot and with or without vehicles and machinery over and along the route shown coloured brown on the Plan, together with the right to park any vehicles on the land shown marked for that purpose on the Plan, for all purposes connected with the Council's adjoining land but so as to cause as little nuisance or inconvenience as reasonably possible.

2.4 Right to erect new buildings

Full right and liberty at any time to alter, raise in height or rebuild any building and erect any new building of any height on any adjoining property of the Landlord in such manner as the landlord thinks fit even if doing so may obstruct affect or interfere with the amenity of or access to the Premises or the passage of light and air to the Premises provided they do not materially affect the Premises or the use and enjoyment of the Premises.

The Common Seal of
FYLDE BOROUGH COUNCIL
was hereunto affixed
in the presence of:

Head of Legal Services

Attestation details of the YMCA

SCHEDULE 2
AGREEMENT FOR SALE

1. COMPLETION

- 1.1. Completion of the sale and purchase and payment of the Purchase Price shall take place on the Sale Completion Date at the offices of the Council's Solicitors or where they may reasonably direct

2. TITLE GUARANTEE

- 2.1. The Council sells with full title guarantee

3. TITLE

- 3.1. Title shall commence with
- As to part of the Premises:
A Conveyance dated 25th June 1941 and made between (1) The Official Trustee of Charity Lands (2) William Alfred Cross, Henry Marquis, Thomas William Sutton Hodgson, The Reverend Cresswell Strange and Norman Hatton Townson and (3) The Urban District Council of Kirkham
 - As to the remainder of the Premises:
The freehold land shown edged red on the plans to registered title numbers LA427464, LA432857 and LA440560
- 3.2. YMCA having been supplied with an epitome of the title and official copies (as the case may be) prior to the date of this Agreement YMCA shall be deemed to purchase with full knowledge of the title in all respects and shall not raise any requisitions or make any objection in relation to the title

4. INCUMBRANCES

- 4.1. The Premises are sold subject to and with the benefit of the Lease and the matters contained or referred to in the Documents listed in the annex to this schedule.
- 4.2. YMCA or YMCA's Solicitors having been supplied with copies of the Documents prior to the date of this Agreement, YMCA shall be deemed to purchase with full notice and knowledge of the same and shall not raise any requisition or make any objection in relation to them
- 4.3. The transfer of the Premises shall contain a covenant by YMCA that YMCA will observe and perform the covenants and conditions contained or referred to in the Documents and will indemnify and keep the Council indemnified against all actions proceedings damages costs claims and expenses which may be suffered or incurred by the Council in respect of any future breach or non-observance or non-performance of those covenants and conditions.
- 4.4. There shall be reserved out of the transfer of the Premises in favour of the Council, it's lessees, occupiers and all other authorised by it (in common with YMCA) a right of way on foot or with vehicles over and along that part of the Premises shown edged brown on the Plan.

4.5. YMCA will covenant that so long as it occupies the Premises (but not so as to bind any successor in title following a Closure Event) it will use its best endeavors to allow such parking at the Premises as is in its opinion reasonable in all the circumstances to meet the needs of users of the adjacent bowling green

4.6. The transfer shall be engrossed by the Council's Solicitors and the engrossment shall be executed by YMCA before the Sale Completion Date

5. MATTERS AFFECTING THE PROPERTY

5.1. The Premises are sold subject to the following matters:

5.1.1. all local land charges whether registered or not before the date of this Agreement and all matters capable of registration as local land charges whether or not actually so registered

5.1.2. all notices served and orders demands proposals or requirements made by any local public or other competent authority whether before or after the date of this Agreement

5.1.3. all actual or proposed charges notices orders restrictions agreements conditions contraventions or other matters arising under the enactments relating to town and country planning and environmental law

5.1.4. all easements quasi-easements rights exceptions or other similar matters whether or not apparent on inspection or disclosed in any of the documents referred to in this Agreement

6. DISCLAIMER

6.1. YMCA admits that:

6.1.1. it has inspected the Premises and purchases them with full knowledge of their actual state and condition and shall take the Premises as they stand.

6.1.2. it enters into this Agreement solely as a result of its own inspection and on the basis of the terms of this Agreement and not in reliance upon any representation or warranty either written or oral or implied made by or on behalf of the Council (save for any representation or warranty contained in written replies given by the Council's Solicitors to any written preliminary inquiries raised by YMCA's Solicitors)

6.1.3. The Plan reasonably delineates the Premises

7. INCORPORATION OF CONDITIONS OF SALE

7.1. The General Conditions shall apply to this Agreement and are incorporated in it in so far as they are applicable to a sale by private treaty and are not varied by or inconsistent with the terms of this Agreement and shall be amended as follows: Conditions 4.4.2, 7.1 and 7.2 shall apply.

8. RESTRICTION ON ASSIGNMENT

8.1. This Agreement is personal to YMCA and is not capable of being assigned charged or mortgaged.

8.2. The Seller shall not be required to transfer the Property:

8.2.1. to anyone other than the Buyer named in this Agreement;

8.2.2. at a price greater than the Purchase Price; or

8.2.3. except by one transfer of the Premises as a whole

9. MERGER ON COMPLETION

9.1. The provisions of this schedule shall not merge on completion of the transfer of the Premises so far as they remain to be performed

10. FIXTURES

10.1. The sale includes all fixtures in the Premises.

11. COVENANTS UNDER THE LEASE

11.1. YMCA shall remain liable on the lessee's covenants contained in the Lease until actual completion

12. COUNTERPART LEASE

12.1. The Seller shall deliver the counterpart of the Lease to the Buyer on actual completion

ANNEX 1: THE DOCUMENTS

1. The Conveyance
2. Registered titles numbered LA438458 and LA440560
3. A Deed of Grant dated 29th July 1994 and made between (1) Fylde Borough Council and (2) Norweb Plc

SCHEDULE 3
YMCA'S OBLIGATIONS

1. FINANCIAL RECORDS

- 1.1. YMCA will maintain appropriate accounts and financial records covering its operation and use of the Premises and its expenditure, including Council Grants. Accounts and records will be considered "appropriate" if they:
 - 1.1.1. comply with recommended accounting practices for YMCA;
 - 1.1.2. allow expenditure and income relating to the Premises to be disaggregated from other financial records of YMCA;
 - 1.1.3. allow the Council to form an accurate view on the surplus or deficit generated or incurred by YMCA in respect of its operation and use of the Premises in each financial year; and
 - 1.1.4. contain separate records detailing Capital Grants received and how they have been expended
- 1.2. YMCA will allow the Council, on request, to inspect the financial records and accounts that it is required to maintain by paragraph 1.1 of this Schedule, provided that the Council will not so request more than twice in any financial year.

2. MANAGEMENT BOARD

- 2.1. During the period of ten years commencing on the Lease Commencement Date, so long as YMCA operates the Premises as a public swimming pool, YMCA will maintain a management board or similar body, whose remit will be to act as an interface between YMCA and the local community..
- 2.2. The body formed for the purposes of paragraph 2.1 will include such representatives of local people as YMCA considers appropriate, but must always contain one person nominated to the body by the Council during the whole of any calendar year when Council Grants have been or are to be paid to YMCA.

3. OPERATION OF POOL

- 3.1. Unless a Closure Event occurs, YMCA will operate the Premises as a public swimming pool in accordance with the requirements set out in sub-paragraph 3.2:
- 3.2. The requirements mentioned in sub-paragraph 3.1 are:
 - 3.2.1. The Premises will be open for at least one hour each Working Day and each Saturday (other than Christmas Day, Boxing Day, or New Years Day) to the members of the public without pre-booking

- 3.2.2. The Premises will be made exclusively available for the use of Participating Schools for at least half an hour per week in respect of each Participating School during the term time of that school.
- 3.2.3. The Premises will be made exclusively available for at least ten hours in each week for the provision of swimming instructions.
- 3.2.4. The Premises will be made exclusively available for the use of swimming clubs for at least four hours in each week.
- 3.2.5. The operation of the pool must comply with any requirement, condition or guidance issued by the Department for Culture, Media and Sport in connection with eligibility for payment of the grants mentioned respectively at items 4 ,5 and 6 of the table in schedule 4.

4. USE OF CAPITAL GRANTS

- 4.1. YMCA will not spend any part of any Capital Grant except to enhance the useful life or value of the Premises or the Plant.
- 4.2. YMCA will not spend any part of any Capital Grant to support the ongoing day to day running costs of the Premises as a public swimming pool.

SCHEDULE 4
COUNCIL'S OBLIGATIONS

1. PAYMENT OF GRANT

1.1. The Council will pay grants to YMCA at the times and in the amounts and with the other particulars set out in the following table to support the provision of public swimming at the Premises

Reference	Date and breakdown (£) of payment	Amount £	Particulars
1	The Lease Commencement Date	40,000	To be reduced by the cost of redundancy payments (including any pension strain arising as a result) incurred by the council in respect of any person employed at the Premises who, before the Lease Commencement Date, elects to take voluntary redundancy
2	8,545 on 1 April 2009 8,545 on 1 July 2009 8,545 on 1 October 2009 8,545 on 1 January 2010	34,180	Council grant
3	8,750 on 1 April in each of the years 8,750 on 1 July in each of the years 8,750 on 1 October in each of the years 8,750 on 1 January in each of the years	35,000 in each of the financial years 2010/11-2013/14	To be increased or decreased by a sum proportionate to the rise or fall in the Index since the Lease Commencement Date
4	The Lease Commencement Date or (if later) within 28 days of receipt by the Council	31,160 (subject to receipt by the Council)	DCMS grant for two years from 1 April 2009 to support free swimming for people aged 60 or over
5	The Lease Commencement Date or (if later) within 28 days of receipt by the Council	38,269 (subject to receipt by the Council)	DCMS grant for two years from 1 April 2009 to support free swimming for people aged 16 or under
6	The Lease Commencement Date or (if later) within 28 days of receipt by the Council	22,927	DCMS capital grant to support modernisation of facilities or development of a capital project for modernisation of facilities

7	The Lease Commencement Date	60,000	Capital grant
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- 1.2. Items 4, 5 and 6 in the table above represent grants that the Council anticipates receiving from the Department for Culture, Media and Sport. Those payments will not be made by the Council to YMCA unless the Council has received the respective grants from the Department for Culture, Media and Sport.
- 1.3. Items 2, 3, 4 and 5 will be reduced by one twelfth for each calendar month commencing with April 2009 where the majority of the month falls before the Lease Commencement Date.
- 1.4.

2. DETERMINATION OF ASSET VALUE

- 2.1. The Council must determine, no more than once in each financial year, the value of the Premises if sold on the open market by a willing vendor.
- 2.2. The determination under sub-paragraph 2.1 will be made by the Council using principles and assumptions that it reasonably considers appropriate.
- 2.3. The Council must notify the YMCA in writing of its determination under sub-paragraph 2.1 within 14 days of determining it.
- 2.4. The Council's determination under this paragraph 2 will be final unless YMCA invokes the dispute mechanism.
- 2.5. YMCA may invoke the dispute mechanism by serving written notice on the Council no later than the tenth Working Day after the Council has notified YMCA under paragraph 2.3.
- 2.6. If the dispute mechanism is invoked, the value of the premises as determined under the dispute mechanism will be final.
- 2.7. Under the dispute mechanism, an independent valuer will consider the determination made by the Council and, if he considers that the principles and assumptions used by the Council were not appropriate or were not appropriately applied, will substitute his own determination for that of the Council.
- 2.8. The independent valuer will be appointed by agreement between the council and YMCA or, if such agreement cannot be reached within twenty working days of the dispute mechanism being invoked, by the application of one of them to the President for the time being of the Royal Institute of Chartered Surveyors.
- 2.9. The independent valuer will allow each party to make written representations to him and may order the costs of the dispute mechanism to be paid by any party who he considers should bear them.

3. ENERGY PROCUREMENT

- 3.1. If and so long as requested by YMCA, following the Lease Commencement Date, to procure supplies of gas and electricity for the Premises on behalf of YMCA subject to YMCA paying the full cost of such supplies when invoiced by the Council.

4. TRANSFER OF CONSUMABLES

4.1. Title in Consumables will transfer to YMCA on the Lease Completion Date.

4.2. The Council does not warrant the fitness for purpose of any Consumables.

5. DOCUMENTS, PLANS AND POLICIES

5.1. On the Lease Completion Date, the Council will provide YMCA with copies of all documents, plans, policies and procedures that it holds relevant to the operation of the Premises as a public swimming pool or the Plant.

5.2. The Council does not warrant that compliance with any document plan, policy or procedure provided to YMCA under paragraph 5.1 will be sufficient to ensure the correct, safe or legal operation of the Premises or the Plant.

6. PENSION FUND

6.1. The Council will support an application by YMCA to join the Lancashire County Pension Fund as an admission body, and will, if requested by YMCA, act as guarantor for YMCA's admission to the scheme in relation to such persons who transfer to the employment of YMCA as a result of TUPE or of clause 8.1.2 and who were, before such transfer, members of that fund.

6.2. The Council shall retain any pension liabilities it may have for the transferred employees (identified at paragraph 8.1.2) and those pensioners previously employed at Kirkham Baths up to the transfer date, under the Lancashire Local Government Pensions Scheme.

SCHEDULE 5
CLOSURE EVENTS

1. CLOSURE EVENTS

Either of the following is a Closure Event:

- 1.1. The Net Cumulative Deficit exceeds 50% of the Asset Value; or
- 1.2. The Council and YMCA mutually agree that the Premises should permanently cease to operate

SCHEDULE 6
EFFECT OF CLOSURE EVENT

1. CLOSURE

- 1.1. YMCA will close the pool to the public and to school parties.
- 1.2. Paragraph 3 of schedule 3 will cease to apply
- 1.3. YMCA will take such steps as a reasonable and prudent owner of the Premises would take to preserve and safeguard the Premises and the Plant.

2. CESSATION OF GRANTS

- 2.1. The Council will no longer be under any obligation to pay any Council Grants to YMCA.

3. UNSPENT CAPITAL

- 3.1. YMCA will within 28 days repay to the Council any Council Grants falling within items 6 or 7 in the table in schedule 4 which has not been expended on the Premises.

4. DOCUMENTS, PLANS AND POLICIES

- 4.1. YMCA will within 28 days provide the Council with copies of all documents, plans, policies and procedures that it holds relevant to the operation of the Premises as a public swimming pool and the correct and safe operation of any plant forming part of or operated within them.

5. ASSET DESTINATION

- 5.1. Following compliance by the YMCA with the applicable provisions of this Schedule, any subsisting Lease and agreement for sale shall forthwith determine subject to any subsisting breach or antecedent rights of the parties in respect thereof.
- 5.2. If YMCA is the freehold owner of the Premises, it will comply with this sub-paragraph 5.2.
 - 5.2.1. Within three calendar months of the Closure Event YMCA will draw up a Disposal Plan and submit it to the Council.
 - 5.2.2. Within 28 days of YMCA submitting the Disposal Plan to the Council, the Council will notify YMCA whether it approves the Disposal Plan and, if it does not approve, identify the elements of the Disposal Plan with which it is dissatisfied.
 - 5.2.3. Subject to sub-paragraph 5.2.5, if the Council does not notify YMCA whether it approves the Disposal Plan within the time set out in sub-paragraph 5.2.2, it will be deemed to have approved it.
 - 5.2.4. The Council must act reasonably in deciding whether to approve the Disposal Plan.
 - 5.2.5. If the anticipated proceeds of disposal set out in the Disposal Plan are equal to or less than the Net Cumulative Deficit to the date of the submission of the Disposal Plan to the Council:
 - 5.2.5.1. the Disposal Plan will not be deemed to be approved under sub-paragraph 5.2.3; and

- 5.2.5.2. the Council will be deemed to have acted reasonably if, for that reason, it does not approve the Disposal Plan.
- 5.2.6. YMCA will dispose of the Premises in accordance with the approved Disposal Plan.
- 5.2.7. The proceeds of the disposal of the Premises will be applied by YMCA in the following order:
 - 5.2.7.1. To offset net losses accrued by YMCA in operating the premises in accordance with this agreement since the Lease Commencement Date
 - 5.2.7.2. To pay to the Council to such sum as will cover the costs that the Council have properly incurred in connection with the transfer of the Premises to YMCA or the operation of the Premises by YMCA in accordance with this agreement since the Lease Commencement Date.
 - 5.2.7.3. To fund schemes or projects to be which help to deliver the YMCA's community and social objectives within the rural Fylde, and which have been approved in writing by the Council for the purposes of this agreement which said approval will not be unreasonably withheld, such schemes or projects to be for the benefit of swimming sport or recreation.

The Common Seal of
FYLDE BOROUGH COUNCIL
was hereunto affixed
in the presence of:

Head of Legal Services

Signed as a deed on behalf
of the trustees of the
Lytham St Annes and Fylde
Young Men's Christian Association
by _____ and _____

two of their number, under an authority
conferred pursuant to section 82 of the
Charities Act 1993,

Authorised signatories

in the presence of

Active Lancashire – Fylde Borough Council Swimming Pool Research Proposals

Recommendation from report	Outline of actions	Costs	Estimated timelines																
<p>1. Explore, plan and undertake consultation with key local stakeholders including but not limited to: schools, local businesses, health and wellbeing services and providers, existing YMCA members, and community groups.</p> <p>Rational behind recommendation – We believe the views of local stakeholders have yet to be collated and understood. It will help the council understand local needs, desires and experiences to date.</p>	<p>Active Lancashire can:</p> <ul style="list-style-type: none"> Undertake a survey with a range of stakeholders including schools, health, local residences across Fylde, local businesses, local leaders, existing YMCA members, and community groups including grassroots sport groups. If there is interest from schools, health and community groups, undertake focus groups with them to further understand their views and experiences. Produce a report outlining the views of local stakeholders on the closure of Kirkham Rural Splash and swimming accessibility in Fylde. 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Final costings</th> </tr> </thead> <tbody> <tr> <td>Total costs for core activity</td> <td style="text-align: right;">£17,100</td> </tr> <tr> <td>Total additional delivery costs*</td> <td style="text-align: right;">£500</td> </tr> <tr> <td>Additional costs arising from initial Fylde Swimming Pool Indicative Report yet to be recovered</td> <td style="text-align: right;">£1,000</td> </tr> <tr> <td colspan="2" style="background-color: black; height: 10px;"> </td> </tr> <tr> <td>Final total (excluding VAT)</td> <td style="text-align: right;">£18,600</td> </tr> <tr> <td>VAT (20%)</td> <td style="text-align: right;">£3,720</td> </tr> <tr> <td>Final total (including VAT)</td> <td style="text-align: right;">£22,320</td> </tr> </tbody> </table>	Final costings		Total costs for core activity	£17,100	Total additional delivery costs*	£500	Additional costs arising from initial Fylde Swimming Pool Indicative Report yet to be recovered	£1,000			Final total (excluding VAT)	£18,600	VAT (20%)	£3,720	Final total (including VAT)	£22,320	<p>Potential to start work in December with a view to submit final report in April</p>
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VAT (20%)	£3,720																		
Final total (including VAT)	£22,320																		
<p>2. Engage with existing local facilities to make swimming more accessible to local communities through partnership and collaboration both within and beyond Fylde.</p> <p>Rational behind recommendation – We believe due to the mixture of private and public provision that is available to the public there is a need to understand what opportunities may lie with existing facilities. This would enable the council to</p>	<p>Active Lancashire can:</p> <ul style="list-style-type: none"> Undertake interviews with swimming providers across Fylde to understand potential challenges, opportunities and existing position in relation to swimming within Fylde. Produce a report outlining the position of the swimming providers across Fylde including local challenges, opportunities and existing positions. 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Final costings</th> </tr> </thead> <tbody> <tr> <td>Total costs for core activity</td> <td style="text-align: right;">£10,100</td> </tr> <tr> <td>Total additional delivery costs*</td> <td style="text-align: right;">£300</td> </tr> <tr> <td>Additional costs arising from initial Fylde Swimming Pool Indicative Report yet to be recovered</td> <td style="text-align: right;">£1,000</td> </tr> <tr> <td colspan="2" style="background-color: black; height: 10px;"> </td> </tr> <tr> <td>Final total (excluding VAT)</td> <td style="text-align: right;">£11,400</td> </tr> <tr> <td>VAT (20%)</td> <td style="text-align: right;">£2,280</td> </tr> <tr> <td>Final total (including VAT)</td> <td style="text-align: right;">£13,680</td> </tr> </tbody> </table>	Final costings		Total costs for core activity	£10,100	Total additional delivery costs*	£300	Additional costs arising from initial Fylde Swimming Pool Indicative Report yet to be recovered	£1,000			Final total (excluding VAT)	£11,400	VAT (20%)	£2,280	Final total (including VAT)	£13,680	<p>Potential to start work in December with a view to submit final report in April</p>
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<p><i>understand what partnership work could be done with existing facilities to make swimming more accessible.</i></p>																			
<p>3. Combination approach of consulting with key local stakeholders and engaging with existing local facilities to make swimming more accessible to local communities through partnerships and collaboration.</p> <p><i>Rational behind recommendation – This is a combined approach of recommendation 1 and 2. Active Lancashire believe that a combined approach would provide a holistic understanding from both key stakeholders within the communities across Fylde and the existing swimming providers. This would enable Fylde to consider all views, and potentially identify ways to address swimming concerns in the short, medium and long term.</i></p>	<p>Active Lancashire can:</p> <ul style="list-style-type: none"> • Undertake a survey with a range of stakeholders including schools, health, local residences across Fylde, local businesses, local leaders, existing YMCA members, and community groups including grassroots sport groups. • If there is interest from schools, health and community groups, undertake focus groups with them to further understand their views and experiences. • Undertake interviews with swimming providers across Fylde to understand potential challenges, opportunities and existing position in relation to swimming within Fylde. • Produce a report that highlights the views and experiences of local stakeholders in Fylde in relation to swimming and Kirkham Rural Splash. The report will also take into account the views of swimming providers across Fylde including local challenges, opportunities and existing positions. 	<table border="1"> <thead> <tr> <th colspan="2">Final costings</th> </tr> </thead> <tbody> <tr> <td>Total costs for core activity</td> <td>£24,400</td> </tr> <tr> <td>Total additional delivery costs*</td> <td>£500</td> </tr> <tr> <td>Additional costs arising from initial Fylde Swimming Pool Indicative Report yet to be recovered</td> <td>£1,000</td> </tr> <tr> <td colspan="2" style="background-color: black; height: 10px;"></td> </tr> <tr> <td>Final total (excluding VAT)</td> <td>£25,900</td> </tr> <tr> <td>VAT (20%)</td> <td>£5,180</td> </tr> <tr> <td>Final total (including VAT)</td> <td>£31,080</td> </tr> </tbody> </table>	Final costings		Total costs for core activity	£24,400	Total additional delivery costs*	£500	Additional costs arising from initial Fylde Swimming Pool Indicative Report yet to be recovered	£1,000			Final total (excluding VAT)	£25,900	VAT (20%)	£5,180	Final total (including VAT)	£31,080	<p>Potential to start work in December with a view to submit final report in April</p>
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<p>4. Undertake a more in-depth, holistic facility review across Fylde to consider if facilities are meeting the local population needs. This could present opportunities to</p>	<p>Active Lancashire can:</p> <ul style="list-style-type: none"> • Engage Sport England planning team to identify appropriate consultants to carry out more in-depth facility specific research including facility planning and modelling. • Further details would become available once 	<ul style="list-style-type: none"> • Costs are unknown at this stage. Sport England have advised a meeting is required between local authority, Sport England, Active Lancashire and specialist consultants to determine scope, 	<p>Unknown at this stage and conversations are needed with relevant stakeholders to determine this.</p>																

<p>identify how Kirkham Rural Splash could be replaced with a wet or mixed-use site to ensure those within rural Fylde are able to continue to access swimming. Sport England support may be required here to identify a suitable consultant.</p> <p><i>Rational behind recommendation – Fylde BC may wish to consider this approach if they would like specialist support specifically in relation to understanding facilities provision across Fylde beyond the scope of the initial report. Specialist consultants can provide support and a report with the potential to include capacity, planning and modelling. It is not known at this stage how this would be carried out, yet contacts to ascertain a quote will be provided.</i></p>	<p>discussions have commenced with appropriate individuals within Active Lancashire, Sport England and specialist external consultants.</p>	<p>develop proposals and timeline.</p>	
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***This cost relates to marketing and communication activities involved in collating views of local stakeholders and is an estimated figure. Depending on the amount of support and marketing required, the cost may increase or decrease.**



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CHIEF FINANCIAL OFFICER	EXECUTIVE COMMITTEE	5 DECEMBER 2023	5
MEDIUM TERM FINANCIAL STRATEGY - FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2023/24 TO 2027/28			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Finance and Resources (Councillor Ellie Gaunt).

PURPOSE OF THE REPORT

The report provides Members with an update of the Council’s Medium Term Financial Strategy and financial forecast for the five years 2023/24 to 2027/28. It includes changes arising since the Budget was set by Council in March 2023.

RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

RECOMMENDATIONS

The Committee is recommended: to note the implications of this updated financial forecast, and to note that this report will be presented to the Council meeting on 18th December 2023.

REPORT

1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

1.1 This report is an Autumn update of the Council’s overall financial position taking account of the latest reserve balances, revenue and capital spending forecasts and treasury management activities. It also identifies and updates the financial risks and challenges facing

the Council. The assumptions set out in this forecast update 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 latest information available;
- 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 2023/24

At the Council meeting on the 2nd March 2023 the budget for 2023/24 and the medium term financial forecast were agreed. The resolution included a 0.14% decrease in the average Council Tax amounts and a total net budget requirement of £11.832m for 2023/24. The General Fund balance at that time was forecast at the end of 2026/27 to be £2.722m. In agreeing the Original Budget for 2023/24 a number of key high level financial risks and assumptions were highlighted in the MTFS budget report.

(ii) General Fund Revenue Outturn Position 2022/23

The revenue outturn position for 2022/23 was reported to Members in May 2023. The impact of the outturn position, including slippage items in the total sum of £0.435m, has been reflected in this updated forecast.

The favourable outturn position for revenue allowed for a total contribution of £0.612m to be made into the Capital Investment Reserve.

(iii) Budget Right-sizing Exercise

During the autumn each year officers undertake a budget right-sizing exercise to identify any in-year budget variances identified by ongoing budget monitoring and any future budget adjustments that might be appropriate. 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 2022/23

The latest approved expenditure budget in the capital programme for 2022/23 was £9.049m. Outturn Expenditure was £7.096m which resulted in an outturn underspend of £1.953m for the year. After adjusting for slippage of £1.952m, the overall outturn position for 2022/23 was an in-year favourable variance of £0.001m against the latest updated estimate. The capital programme has been updated to reflect scheme re-phasing approved as part of the outturn report.

(v) General Fund Revenue Budget Monitoring 2023/24

Revenue budget monitoring reports for the period to 30th September 2023 have been presented to the Internal Affairs Scrutiny Committee at the November meeting. 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 update report. These include a significant number of adverse variances as a result of inflationary pressures, revised fee income estimates and the latest estimate of employee costs.

3. THE GENERAL FUND REVENUE FORECAST

3.1 Appendix A of this report sets out the original revenue budget forecast as agreed at the Budget Council meeting on 2nd March 2023.

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 2022/23 and the budget right-sizing exercise. Appendix D sets out the narrative which explain the significant changes made to the forecast.

The impact of these changes is summarised in Appendix E which presents the latest updated financial forecast for the council. 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 items have been considered as part of this update:

3.3 Estimates of Government Funding Beyond 2023/24

The local government finance settlement for 2023/24 was once again a holding position, designed for short-term stability and certainty for planning purposes and to promote financial sustainability within available resources nationwide - this time based on proposed detailed allocations for 2023/24 and a fairly full set of policy principles for 2024/25. The broad approach was based on a uniform roll-over of the core elements of the settlement; additional resources for priority services (in particular social care); balancing service pressures with taxpayer concerns through council tax referendum principles; and a fallback, by way of a minimum funding guarantee, for outlying councils. Finance reform was deferred, once again, at least until 2025/26 and possibly even later.

The detailed settlement followed a Policy Statement on the future of Local Government Finance published on 12th December 2022, covering 2023/24 and 2024/25, which are the remaining years of the 2021 Spending Review period. The statement, which can be viewed by [clicking here](#), gave councils a good indication of Ministers' intentions in terms of the principles they will follow when they come to lay the annual settlement for 2024/25 before Parliament in late December 2023. Although there are no indicative allocations for councils

for 2024/25, the outlining of principles is helpful, and represents more information than has been provided in recent years.

As part of the 2022/23 settlement for councils was an announcement that the government was providing councils with £1.6 billion of new grant funding in each of the 3 years from 2022/23 to 2024/25 for social care and other services. This funding ensures that "Core Spending Power" for local authorities is estimated to increase by an average of 3% in real terms each year over the 3 year Spending Review period for the sector as a whole. It should be noted that the "Core Spending Power" measure assumes that councils maximise council tax increases up to the referendum requirement point to take the full benefit of the increased spending power.

Whilst the headlines from the Spending Review were encouraging for the overall level of funding for the local government sector as a whole, it is possible that the detailed settlements for each of the 3 years, which are usually announced in December each year, include a re-assessment of relative need and the re-distribution of funding between upper-tier and lower-tier authorities within the local government family, or that key funding streams are reformed in a way that adversely affects individual authorities.

Estimating the level of funding for local authorities beyond 2023/24 is therefore problematic in light of short-term settlements, national pressures on public finances as a whole and continuing delays to the reform of local government funding mechanisms. That said, the focus by the Department for Levelling Up, Housing and Communities (DLUHC) on Spending Power as a key measure for local authority funding and the introduction of the Funding Guarantee Grant, albeit as a "one-off" for 2023/24, do give some comfort that government are mindful of providing some stability, at least in the short term.

Accordingly, the estimates of government funding contained in the financial forecast at Appendix E of this report have been calculated on a continuation basis and to assume an overall protection of the council's "Core Spending Power" for 2024/25 onwards. This is considered to be the best estimate available given the various uncertainties as outlined in this report. These estimates are subject to change, in particular when the Local Government Finance Settlement is announced in late December 2023. Once full details of individual council funding allocations are announced an updated financial forecast will be prepared and presented to Members at the next available opportunity.

3.4 Economic Outlook

High inflation has been a dominant factor over the last year. To try and bring inflation down to its 2% target level, the Bank of England began raising interest rates from the historically low level of 0.1% in December 2021 by incremental increases in the intervening period to the current level of 5.25%. Further increases are possible but are reportedly becoming less likely following the latest inflation report for October 2023, which detailed a fall in the annual rate of increase in the Consumer Price Index (CPI) of 4.6%, down from 6.7% for both August and September 2023.

Despite the recent decrease in the rate of annual inflation the squeeze on household incomes from high inflation and raised interest rates has led to steep falls in consumer confidence. The prospects for consumer spending, a key driver of economic growth, are therefore weak.

3.5 Business Rates: Membership of the Lancashire Business Rates Pool 2023/24 and Future Year Income Estimates

Fylde Council has been part of the Lancashire Business Rate Pool since 2017/18 and remains a member. This is an arrangement whereby participant authorities are able to retain locally a larger share of business rate growth above a pre-determined 'baseline' rather than pay 50% of the growth to central government as a 'levy'. The downside of a pooling arrangement such as this is the loss of safety net protection should business rate income fall significantly below the baseline. Membership of the pool has been financially beneficial to the council every year that we have been a participant.

Although there remains a degree of uncertainty at this stage, it is currently anticipated that the business rate regime that operates for 2024/25 will be a continuation of the arrangements for the current year. Consequently, each of the existing Lancashire pool members have indicated their support for a continuation of the pool for 2024/25.

However, as the nature of the Business Rate regime for 2024/25 is uncertain, it may be that following the announcement of the provisional Local Government Finance Settlement, due to be announced in late 2023, a pool member may find themselves disadvantaged by the proposed 2024/25 Business Rate arrangements. It is open to each pool member to decide to withdraw from the pool within 28 days of the provisional Settlement. If any Lancashire pool member were to decide to withdraw from the pool for 2024/25 the pool would effectively be dissolved, and pooling would not be possible for Lancashire for 2024/25.

Based upon the assumption that the business rate regime that operates for 2024/25 will be a continuation of the arrangements for the current year, the latest in-year monitoring and future years modelling suggests that continued participation in a Lancashire Business Rate Pool for 2024/25 would be financially beneficial to Fylde Council, and as such we have indicated our intention to remain in the pool alongside all other pool members. The Financial Forecast has therefore been updated to reflect the estimated pooling benefit for 2024/25, albeit that this is subject to change depending on the outcome of the Local Government Finance settlement.

3.6 Reform of Retained Business Rates

The government had previously announced a reform to the Business Rates system due to be implemented for all authorities in 2020/21 as part of a Fair Funding Review into overall funding arrangements for Local Government. This was delayed from 2019/20 due to Brexit, and again from 2020/21 due to the Covid-19 pandemic. However as part of the 2023/24 settlement the government confirmed that the planned Review of Relative Needs and Resources (the 'Fair Funding Review') and the planned reset to business rates growth will not now be implemented in the next two years.

As detailed in paragraph 3.5 above, the financial forecast has been updated for 2024/25 to reflect an expected benefit from the continuation of pooling into 2024/25, albeit at a reduced level of total business rate income from 2025/26 onwards at a level that is closer to the existing baseline level in anticipation of a potential reduction. This will be reviewed as part of the next Financial Forecast update and future estimates of business rate income will be updated when more information is known.

3.7 New Homes Bonus Scheme (NHB)

During 2021/22 the [government consulted on the future of the national New Homes Bonus scheme](#) with the consultation indicating the possibility of changes to the existing arrangements. The 2023/24 settlement confirmed that the review of the scheme was ongoing and indicated that the outcome would be announced during 2023. The allocation for 2023/24 was for one year only and the outcome of the consultation is yet to be published. It is conceivable that NHB funding for 2024/25 will be restricted to the legacy payments in respect of previous years; or that there will be no NHB funding whatsoever to local authorities in 2024/25; or that there will be a further single-year allocation for 2024/25.

In the absence of any other information, the financial forecast summary at Appendix E assumes a continuation of the level of New Homes Bonus for 2024/25 onwards based upon the confirmed allocation for the current year.

Continuing allocation of New Homes Bonus grant to town and parish councils for 2024/25 onwards has been assumed in this update based upon the policy agreed by the Finance and Democracy Committee at the November 2023 meeting of the committee.

If and when the outcome of the consultation and any updated scheme design is announced the estimated grant receipts from the scheme will be updated accordingly in future updates of the financial forecast.

3.8 Pay and Price Increase Pressures

There are a number of cost pressures which impact on the cost base of the council, including:

Pay award: The employee pay award for the current year has recently been agreed. The budget forecast that was approved by Council in March 2023 included an estimate for the current year pay award of 4%. The pay award has been settled at £1,925 per pay point which equates in total to c6.75% on the pay-bill. Appendix C details the proposed adjustments to the employee budgets from 2023/24 onwards to reflect the actual pay award for 2023/24 and updated estimates of pay award levels for future years that are substantially higher than the estimated levels included in the March financial forecast. In total these represent significant adjustments to the base budget.

General Price Inflation: Provision for inflation has been included within the forecast where it is considered to be a contractual obligation and where known inflationary pressures exist, for example utility costs. Wherever possible inflationary pressures are sought to be contained within existing budget provision. Further details on inflation are included in section 4.

3.9 Estimated Transfers to Earmarked Reserves

The MTFs report presented at the Budget Council meeting of 2nd March 2023 estimated transfers into the Capital Investment Reserve in 2022/23 and 2023/24 equivalent to the balance of the revenue surplus for those years (after allowing for all approved transfers to other reserves), estimated at that time to be £0.400m for 2022/23 and £0.186m for 2023/24.

Following a favourable outturn position for 2022/23 and a review of the budget position for 2023/24 as part of the preparation of this financial forecast update, including the

identification of additional income and expenditure for the year and the outcome of the budget right-sizing exercise, the revised forecast revenue surplus for 2023/24, currently stands at £0.273m as detailed at Appendix E. The budgeted transfer into the Capital Investment Reserve has been amended to reflect this latest position, including the previously approved transfer from the Funding Volatility Reserve into revenue in 2023/24.

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

- 4.1 In considering this forecast update Members should note that there are a number of significant risks which could have an impact on the financial position of the council. In assessing each risk, the following broad principles have been considered:

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

4.2 High Level Financial Impact Risks – Revenue Budget

(i) Future Central Government Funding

As detailed in paragraph 3.3 above there is a clear risk that the actual levels of central government funding beyond the current year may differ from the amounts for those years that are reflected within the updated financial forecast contained in this report.

Given that both retained Business Rates and New Homes Bonus are major sources of funding for the Council and that both are subject to change represents a significant risk to the overall level of future central government funding. In addition to this, the Funding Guarantee Grant which was announced last year for 2023/24 has also been assumed to re-occur in future years. This is another income stream which is subject to potential change and as such it represents a significant risk to council's income stream.

Currently we await the funding settlement for 2024/25 which is expected to be announced later in December 2023. It is likely that again the settlement for 2024/25 will be for a single

year only. Any amendments to the levels of estimated central government funding will be reflected in future updates to the financial forecast.

(ii) Further Delays to the 'Fair Funding Review'

The Government has previously issued a consultation document which focussed specifically on potential approaches that have been identified to measure the relative needs of local authorities. The policy statement that was announced in the autumn of 2022 confirmed that the planned Review of Relative Needs and Resources (the 'Fair Funding Review') and the planned reset to business rates growth will not be implemented in the next two years.

The recent history of proposed reform goes back some years. In 2012, before the introduction of business rates retention, the Government promised a reset of accumulated business rates growth in 2020. In 2016, they promised a review of the needs assessment formula which would be used in re-allocating the accumulated growth between councils. In 2018, they published major consultation documents on all this, for implementation in 2020/21. Since then, implementation has been successively delayed. At the earliest, implementation will not now be until 2025/26 or realistically, depending on the timing of the General Election and the appetite of the new government for reform, until perhaps 2026/27.

The Fair Funding Review represents a high level risk to the council because it could ultimately result in significant changes to the existing local government funding regime.

(iii) Retained Business Rates – Business Rates Pooling

Currently the financial forecast has been updated to reflect the potential beneficial impact of pooling in 2024/25, followed by estimated reductions of 5% per annum thereafter in line with the possibility of future changes. There remains a risk that the business rate regime is changed as part of the financial settlement and the pooling benefit is diminished.

Any amendments to the levels of forecast Business Rate income to be retained will be reflected in future updates to the financial forecast.

4.3 **Medium Level Financial Impact Risks – Revenue Budget**

i) Price Inflation

Price inflation as measured by the Consumer Prices Index (CPI) has remained stubbornly higher than the Bank of England target of a maximum of 2% throughout the year to date. From a peak of an 11.1% annual increase in October 2022 the rate of inflation has fallen from 10.1% for March 2023 to 4.6% for October 2023.

Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was initially expected to be temporary. Thereafter price rises slowly became more widespread during 2022/23, as a combination of rising global costs and strong demand which was exacerbated by supply shortages as a consequence of the ongoing conflict in Ukraine. The surge in wholesale gas and electricity prices during 2022/23 contributed significantly to overall cost pressures.

Whilst the rate of increase may have slowed during the year to date, prices continue to rise month by month. Price increases represent a significant cost pressure to the council and increase the risk that existing budget provision is insufficient to cover the cost of service delivery.

Provision is made within the budget is limited to areas where the council has no choice but to pay increased prices, e.g. due to contractual terms. The position will be kept under continuous review by Management Team.

(ii) Employee Costs - Pay Award

As described at section 3.8 above, the employee pay award for the current year has recently been agreed. The budget forecast that was approved by Council in March 2023 included an estimate for the current year pay award of 4%. The pay award has been settled at £1,925 per pay point which equates to c6.75% on the pay-bill. Appendix C details the proposed adjustments to the employee budgets from 2023/24 onwards to reflect the actual pay award for 2023/24 and in anticipation of agreed pay award levels for future years that are substantially higher than the current budget levels. In total these represent significant adjustments to the base budget.

Each additional 1% increase in pay equates to an estimated £100k additional cost on the pay bill of the council per annum.

(iii) Borrowing Cost Assumptions

The Capital Financing Requirement (CFR) is a key component of an authority's capital strategy. It quantifies the amount of capital spending that has not been financed by capital receipts, capital grants or contributions from revenue income or reserves. It measures the "underlying need to borrow" for a capital purpose, although this borrowing may not necessarily take place externally. For 2023/24 the Council has a CFR of £4.1m based on past and current capital expenditure plans that have been approved as part of the Capital Programme. A large proportion of the CFR relates to the acquisition of vehicles which are used to deliver operational services including waste management and parks. Further information of the councils Capital Programme can be found in section 8 of this report.

The Council's Capital Financing Requirement is currently being financed by "internal borrowing", a common practice whereby a local authority utilises its internal resources which are not required in the short to medium-term (comprising working capital and reserves), rather than external borrowing, to finance expenditure. Currently the use of internal borrowing continues to be the most cost-effective means of funding capital expenditure not financed from another source as it allows the council to lower the overall treasury risk by reducing both external debt and temporary investments, and to minimise interest costs. It is expected that internal borrowing will continue to be used for the rest of the financial year, and in the medium term, in line with advice from the Council's treasury advisers. However, this position may not be sustainable over the longer term.

The forecast therefore currently assumes that no external borrowing will be required during the life of the financial forecast, that internal borrowing will continue to be utilised to fund capital expenditure not financed from another source, and that the council remains debt-free. This means that the base forecast contains no provision for any external borrowing costs.

There is a risk therefore that if circumstances change over the forecast period and it is necessary to take out external borrowing to fund existing capital commitments which are not funded from other sources, 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.

(iv) Treasury Management – Investment Income Receipts

The forecast has been updated to reflect the positive impact of increased interest yields receivable on the council's treasury management investments as the bank base rate has increased during the year. Future years estimated interest income levels have also been revised upwards in line with the updated forecast of bank base rate levels provided by the council's treasury management advisors. It is possible that the base rate reduces more quickly or further than estimated which will adversely affect the estimates of interest income receivable by the council, and as such this represents a medium level financial risk.

(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.

4.4 **Low Level Financial Impact Risks – Revenue Budget**

(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 age for entitlement was reduced to those over the age of 23 with effect from April 2021, and in the October 2023 Autumn Statement the government announced that the new hourly rate of £11.44 from April 2024 would apply to 21 and 22-year-olds for the first time.

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) Planning Application Fee Income

As part of the Autumn Statement announced on 22nd November 2023, DLUHC will bring forward plans for authorities to offer guaranteed accelerated decision dates for major developments in England in exchange for a fee, ensuring refunds are given where deadlines are not met and limiting the use of extension of time agreements. This will also include measures to improve transparency and reporting of planning authorities' records in delivering timely decision-making. Whilst further detail on the proposition is still to be confirmed, it is possible that this initiative could result in the council ultimately refunding some planning fee income to applicants. As such this is considered to be a low level financial risk.

(iii) Reforms of Waste Collection, including Food Waste

In October 2023 the Department for Environment, Food & Rural Affairs (DEFRA) announced reforms of waste collection, including the introduction of weekly collections of food waste for most households across England by 2026. [Further details of the announcement can be found here](#). It is currently unclear what the potential cost implications of this announcement

are and whether financial support will be provided to councils to fund implementation, and as such this is considered to be a financial risk to the council.

5. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS

5.1 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 various 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.

5.2 The Council's General Fund Reserve Balance as at 1st April 2023 was £4.571m after taking account of revenue slippage items totalling £0.435m.

5.3 The Council has a Useable Reserves and Balances Policy in place, which is reviewed and approved annually as part of the budget setting process. The review includes consideration of whether any reserves can be released or re-purposed. The policy approved in March 2023 recommended that a minimum balance of £0.750m is held in the General Fund Reserve to provide a contingency to cushion the impact of unexpected events or emergencies. Given that there remains significant uncertainty around future funding settlements for the council it is proposed that the policy update to be presented to Budget Council in March 2024 increases the recommended minimum balance to £1.0m.

6. CONCLUSIONS – GENERAL FUND REVENUE FORECAST

6.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, shows a forecast surplus of resources for 2023/24 and 2024/25, followed by budgeted deficits in the following years as central funding arrangements remain unclear. There are a number of risks associated with the financial forecast which are set out in section 4 of the report. It should be noted that in the final year of the current forecast (2027/28) the estimated minimum level of General Fund Reserves at the year-end of £1m is achieved only by the transfer of £0.685m from the Funding Volatility Reserve in that year. Further commentary on the overall financial position of the council is provided within the conclusions of this report at section 15.

7. COLLECTION FUND

7.1 As a Council Tax and Non-Domestic Business Rates Billing Authority, Fylde Council is required by legislation to collect council tax and business rates within the borough on behalf of central government, Town and Parish Councils and major preceptors (being Lancashire County Council, and the Fire and Police Authorities), and to account for that income through a 'Collection Fund'. Under the Collection Fund accounting arrangements any surplus or deficit on the fund each year, which occur as a result of actual income being higher or lower than that budgeted for, is split between the Government and the other precepting bodies in proportion to their shares.

- 7.2 **For Council Tax only**, there was a surplus on the fund as at 31st March 2023 of £276k. This will be shared between Fylde Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2023/24. Fylde Council's share of the surplus is £34k, the impact of which has been reflected in the Council Tax income forecast within Appendix E.
- 7.3 **For Non-Domestic Business Rates only**, there was a deficit on the fund as at 31st March 2023 of £2.926m. A large proportion of this arises from the decision from Government, initially due to the impact of Covid-19, to increase business rate reliefs commencing in 2020/21 and continuing into the current financial year in order to support businesses during the pandemic. This has the impact of reducing business rates collectable by the council, thus creating a shortfall in income and a deficit on the collection fund. The deficit will be shared between Central Government, Fylde Council, the County Council, and the Fire & Rescue Authority in 2023/24. Fylde Council's share of the deficit is £1.170m, the negative impact of which will be funded in 2023/24 from the specific government grant allocated for this purpose (i.e. to offset collection fund deficits caused by the additional reliefs awarded to businesses) which has been set aside into the Collection Fund Deficit Reserve in 2020/21 to 2022/23. The remaining balance on the Collection Fund Deficit Reserve is likely to be required to offset collection fund deficits in 2023/24 and later years. The Autumn Statement announced on 22nd November 2023 extended the 75% relief for Retail, Hospitality and Leisure properties into 2024/25, with councils again being compensated for lost income by way of specific government grant allocated for this purpose.

8. THE CAPITAL PROGRAMME

- 8.1 The Capital Programme is updated continually for approved changes and reported to Members during the financial year on a periodic basis. The latest position on monitoring of the current year's programme on a scheme-by-scheme basis was set out in a report which was presented to the Internal Affairs Scrutiny Committee on the 21st November 2023. The report is available here: [Capital-Programme-Monitoring-Report](#). The report includes details of the full five year programme including financing.
- 8.2 The latest updated Capital Programme for the years 2023/24 to 2027/28, including financing, is set out in summary in Table 1 below. The Programme has been updated for all approved changes to the end of September 2023.

TABLE 1 - SUMMARY CAPITAL PROGRAMME

	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
	£000	£000	£000	£000	£000
EXPENDITURE:					
Portfolio:					
Tourism, Leisure & Culture Portfolio	1,616	40	40	40	40
Customer & Operational Services Portfolio	1,817	821	1,281	389	658
Environment Portfolio	1,252	0	0	0	0
Social Wellbeing Portfolio	1,926	1,317	1,317	1,317	1,317
Corporate and Economic Development Portfolio	9,916	2,014	0	0	0
Total Capital Scheme Budgets	16,527	4,192	2,638	1,746	2,015

Financing:

Total Financing - see below for details

Total surplus (-) / shortfall in year	0	0	0	0	0
Cumulative surplus (-) / shortfall	0	0	0	0	0

	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
	£000	£000	£000	£000	£000
FINANCING:					
Capital Receipts - General Asset Sales	45	45	45	45	45
Capital Receipts - Right to Buy Receipts	45	25	25	25	25
Better Care Fund / Disabled Facilities Grant	1,558	1,237	1,237	1,237	1,237
Disabled Facilities Grant Repayments - 'Housing Needs Grants'	51				
Section 106 Monies - St Annes	73				
Section 106 Monies - Lytham	0	130			
Section 106 Monies - Public Transport Improvements	90				
Section 106 Monies - Kirkham Heritage Action Zone	431				
Section 106 Monies - Fylde Affordable Housing Delivery Prograr	0				
Section 106 Monies - Newton Community Park Improvement Scf	37				
Section 106 Monies - Transport / Public Transport Facilities, Cli	36				
Capital Investment Reserve	2,573	920			
ICT Investment Reserve	17				
Funding Volatility Reserve - Fairhaven Kiosk / Ice Cream Bar Prc	338				
Funding Volatility Reserve - St Annes Sea Wall	0				
Other External Finance (see analysis below)	9,833	1,044	80	80	80
Prudential Borrowing	1,400	791	1,251	359	628
Total Financing	16,527	4,192	2,638	1,746	2,015

Other External Finance: Analysis

LSP Performance Reward Grant Reserve	1				
Environment Agency - St Anne's Sea Wall	950	0			
Central Government Grant - Future High Street Fund: Kirkham	5,350				
New Fylde Housing - DFG Contribution	323	80	80	80	80
Lancashire Environmental Fund - Fylde Sand Dunes Imp't Scherr	11				
Heritage Lottery Fund - Fairhaven Restoration Project (Remaind	356				
External Grants - Historic England (Kirkham Heritage Action Zor	595				
External Grants - Historic England - Additional Grant (Kirkham I	39				
Private Sector / Other (Kirkham Heritage Action Zone)	720				
Changing Places - Department for LevellingUp, Housing and Co	87				
Lancashire County Council - Affordable Warmth Scheme	77				
Police & Crime Commissioners Community Safety Fund	25				
Lancashire County Council - Kirkham Futures	845				
Lancashire County Council - St Annes Event Space		250			
UK Shared Prosperity Fund	454	714			
	9,833	1,044	80	80	80

8.3 Capital schemes are directly linked with the Council's priorities as set out in the Corporate Plan. 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.

8.4 Financing the Capital Programme

The Council finances the Capital Programme from a variety of sources as detailed in Table 1 above. These include:

- (i) Specific Capital Grant Allocations;
- (ii) Disabled Facilities Grant;
- (iii) Capital Receipts;
- (iv) External Funding (such as Heritage Lottery Funding and the Environment Agency);
- (v) Prudential Borrowing;
- (vi) Revenue Funding; and
- (vii) Capital Investment and Funding Volatility Reserves

8.5 Members are asked to note the current balanced position on the Capital Programme and the sources of financing included in Table 1.

9. VEHICLE PURCHASES

9.1 The Council has a rolling programme of vehicle replacements which 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.

10. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME

There are a number of risks within the Capital Programme for Members to be aware of: these include the risk that the council does not deliver any specific scheme within the required deadlines where external funding is provided, and as a result the scheme is not delivered as expected, and the risk that the costs of any specific scheme exceed the available funding and the council is required to pick up additional un-budgeted costs as a result.

10.1 High Level Financial Impact Risks – Capital Programme

i) Town Centre Regeneration Kirkham

Following the Government's Future High Street Funding initiative (FHSF), the Planning Committee resolved, in the autumn of 2019, to select Kirkham Town Centre as its preference to pursue any bids for funding under the scheme. The first opportunity as part of the broader FHSF was the High Street Heritage Action Zone initiative (HS HAZ). This was a competitive process and seeks to enhance the historic environment of high streets that have conservation area status. Following the expansion of the funding for the scheme, due to unprecedented bids from a national perspective, the Kirkham bid proved to be successful, following a recommendation to Government from Historic England (HE). HE is the body responsible for administering the scheme. The grant award is £1.8m and will be match funded from a number of sources including Fylde Council, Kirkham Town Council and Section 106 payments for public realm improvements attributed to residential planning permissions. The scheme will run over 4 years, commencing in April 2020, and includes a wide range of projects.

In line with many other authorities, due to COVID 19 the implementation of the scheme was delayed and a revised project plan, which sets out the projects to be delivered and the associated funding, has been agreed with Historic England.

A further bid for £9.1m was also submitted under the main body of the Future High Street Fund during 2020 and proposed to deliver a number of schemes across the whole of the town centre including the re-purposing of buildings, traffic management measures, building reuse and enhancement and public realm projects. This was once again a competitive process. The bid was well founded, and the economic case was very strong. In April 2021 an award of £6.29m for the Kirkham scheme was announced from the Ministry of Housing, Communities and Local Government (MHCLG) which was approved at Council on the 5th July 2021. A report was approved by Planning Committee and Council in December 2021 to authorise various property acquisitions as part of the project.

The Historic England HAZ scheme is progressing in line with the revised project plan as referenced previously. The shopfront projects supported by HAZ are now committed through the execution of grant agreements and will be defrayed by the end of 2024. A plan for expenditure on Hillside through Phase 2 works (approximately £350k) has been agreed and will be delivered by the end of March 2024. Works to the Public Realm will be substantially complete by the end of December 2023.

The works funded through Future High Street (TSB Refurbishment and Hillside Conversion) are subject to a programme extension until September 2024. The original date for programme completion was March 2024. The programme extension application window closed on 17th November. Officers have been advised that many Local Authorities are requesting extensions to their respective Future High Street Fund and Town Deal programmes/projects, and it is highly likely that the government will accept Fylde's programme extension to September 2024.

The Kirkham Futures Regeneration Programme, which encompasses the funding streams identified above is a complex multi-stranded programme with strict delivery timeframes. As such the Programme has been added to the Council's Strategic Risk Register in order that the identified risks can be managed.

Due to the complexities of the scheme, its high value, the strict delivery timescales, and the potential for additional costs beyond those in the approved budget, the scheme is classified as a high level risk.

10.2 Medium Level Financial Impact Risks – Capital Programme

i) Price Inflation

As explained in section 4.3 of this report, UK CPI currently stands at 4.6% year on year to October. Although the rate of inflation has recently fallen, throughout 2023 price increases have continued to exert significant upward pressure on the costs for utilities and for supplies and services across all sectors of the economy, which in turn increases the base costs for both revenue and capital budget items. The situation is particularly acute in the construction sector where supply chain issues and price increases are combining to put increased risks on the delivery of capital programme schemes. This is likely to be a continuing issue for the

council during 2023/24 and this has resulted in current scheme delays and reviews on scheme costings. The position will be kept under continuous review by Management Team.

ii) Vehicle Replacement Programme

The estimated vehicle purchase profile to replace existing fleet at the end of its useful economic life from 2023/24 to 2027/28 within the Capital Programme totals £4.531m. These sums are included within the Customer and Operational Services Portfolio total as summarised in Table 1 above.

It is important to note that there is currently significant upward pressure on purchase prices for replacement vehicles and technological/legislative changes are likely to increase prices further. As a result, it is 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 costs, specifications, and emissions regulations this scheme has been highlighted as a medium level financial risk.

iii) Borrowing Costs

The Financing section of Table 1 above shows how the capital programme is to be funded. Within that section is the element that is to be funded from Prudential Borrowing. This refers to that element of the capital programme that is not funded by specific or general grants, from capital receipts, or from reserves such as the Capital Investment Reserve, and which requires funding from borrowing. As described in detail at section 4.3(iii) this is currently being financed by "internal borrowing", the practice whereby a local authority utilises its internal resources which are not required in the short to medium-term (comprising working capital and reserves), rather than external borrowing, to finance the expenditure. However, this position may not be sustainable over the longer-term and it is possible that external borrowing will be required at some future point. This is highlighted as a medium level financial risk.

iv) Fairhaven Lake and Gardens Heritage Lottery Scheme

In December 2018, the council was notified that it had been successful in securing the second-round capital grant from the Heritage Lottery Fund in the sum of £1.4m for the restoration of Fairhaven Lake & Gardens, with further match funding provided by Fylde Council and other external financial contributions. All capital works apart from the lake package were completed in September 2021, with the defect period and all snags due to be completed by the end of 2023. The refurbished buildings are all now in use, with the new interpretation and activity scheme in place. The final evaluation report for the project is available on request.

The final package of works to be completed is the lake infrastructure and dredge. Design work is ongoing, all work is expected to be completed by Spring 2024. Until the scheme is fully delivered there remains the possibility of additional contract costs beyond those in the approved budget. Consequently this scheme is considered a medium level risk.

v) St Annes Event Square Scheme

The St Annes Event Space project is the first project to be taken forward from the Town Centre and Island Masterplan. The budget for the scheme is £1.5m and this includes physical works, fees, preliminaries, surveys, and contingency.

The objective of the scheme is to provide a flexible events space within the western section of St Annes Road West, from the junction at Clifton Drive to Orchard Road. The road will be able to be temporarily closed during the delivery of large events. The works also include improvements to public realm items such as seating, planting, and a general softening of the highway. The works will also look at the introduction of new lighting and infrastructure required to support events delivery.

The project is medium risk due to the nature of the works involved, i.e. working in the ground, working adjacent to many stakeholders, public engagement and disruption to the high street.

vi) UK Shared Prosperity Fund (UKSPF)

The UKSPF programme is considered medium risk given the range of projects to be delivered, which include 14 different projects across 3 main investment themes: these being Employment & Skills, Support for Business and Communities and Place. There is some flexibility to the Council with regards programme underspends as the government will allow underspends to be moved to different projects, however the funds still are required to be spent within year. Fylde's UKSPF Programme allocation including revenue is £2.6m to be spent across 2022/2023, 2023/2024 and 2024/2025. The capital element within the programme for 2023/24 and 2024/25 is £981k.

10.3 Low Level Financial Impact Risks – Capital Programme

i) Project Slippage

It is important that the Council monitors capital scheme slippage to ensure that there is no loss of external grant funding as a result of scheme delays and re-phasing into later years. This is classified as a low level financial risk.

ii) Other Capital Receipts

The approved capital programme assumes "Right to Buy" receipts of £45k for 2023/24 and £25k per annum thereafter, "General Asset Sale" capital receipts 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) Better Care Fund (Formerly Disabled Facilities Grants)

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

The level of government funding has increased significantly under the 'Better Care Fund' arrangements and the budget for 2023/24 (including slippage) totals £1.638m which provides for the delivery of disabled adaptations. It is anticipated that for 2023/24 all

identified need for disabled adaptations can be met from the existing resource. There is a risk that future allocations are reduced to a level that is insufficient to meet the demand. The position will be kept under continuous review.

11. CONCLUSIONS – CAPITAL PROGRAMME

- 11.1 The current Capital Programme as updated is showing a balanced position for 2023/24 onwards based upon the various elements of financing summarised in Table 1 above.
- 11.2 The programme and its associated financing will be subject to discussion with members during the coming months as part of the annual budget setting process for 2024/25.
- 11.3 Increasing inflation is exerting significant upward pressure on prices for utilities and on supplies and services across all sectors of the economy, which in turn increases the base costs for both revenue and capital budget items, as explained in section 4 of this report. The situation is particularly acute in the construction sector where supply chain issues and price increases are combining to put increased risks on the delivery of capital programme schemes. This is likely to be a continuing issue for the council during 2023/24 and this has resulted in current scheme delays and reviews on scheme costings.
- 11.4 Any additional expenditure which is not fully funded by external grants and contributions, from earmarked reserves, or from capital receipts will increase the council's underlying need to borrow (the latter placing further pressure on the revenue budget from the consequent repayment costs). 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 2023 was £5.458m. Of this £3.493m is already committed to deliver existing approved capital schemes leaving an uncommitted balance at 31st March 2023 of £1.965m before any future possible transfers in to the reserve.

An updated position in respect of the Capital Investment Reserve will be included within future updates of the financial forecast presented to the Executive Committee and to Council. Additional future projects will be subject to further consideration as part of the budget setting process for 2024/25. Whilst it remains the case that this reserve is the preferred source of finance for any further additions to the Capital Programme, continuing contributions to the reserve are required in order to maintain a sustainable funding source for future years.

12. TREASURY MANAGEMENT

- 12.1 The Treasury Management Strategy and Prudential Indicators for the current financial year were approved by Council on 2nd March 2023.
- 12.2 The regulatory framework for treasury management requires Councils to receive a mid-year Treasury Management report. Such a report, which includes details of the economic background and outlook, interest rate forecast, and details of investment activity undertaken by the Council was presented to the Audit and Governance Committee for scrutiny on 30th November 2023 and will subsequently be presented to Council on 18th December 2023. The report is available [here](#).

Included in the report are details of the additional interest earned from treasury management activities during the year, the beneficial impact of which is included in Appendices C and E of this report.

13. KEY AREAS OF FINANCIAL RISKS FOR TREASURY MANAGEMENT

13.1 There are a number of potential areas of risk associated with Treasury Management activities, the most significant of which are:

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

14. SUMMARY POSITION – TREASURY MANAGEMENT

14.1 The economic backdrop during the April to October period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumer's cost of living and no imminent end in sight to the conflict in Ukraine, along with the recent additional conflict in the Middle East. Consequently, the economic outlook for UK and world growth remains weak.

The Bank of England has incrementally increased the official Bank Base Rate from 4.25% in March 2023 to its current level 5.25%. As a result, the council has benefited from increased investment yields which are reflected in the updated financial forecast within this report. That said, the council's Treasury Management Strategy prioritises the security of any investment over the return achieved. The council has complied with all aspects of the 2023/24 Treasury Management Strategy and Prudential Indicators as approved by Council in March and will continue to conduct all treasury management activities prudently and in line with those approvals.

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

15.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, shows an estimated surplus of resources for 2023/24 and 2024/25, followed by budgeted deficits in the following years as central government funding arrangements remain unclear. It should be noted that in the final year of the current forecast (2027/28) the estimated minimum level of General Fund Reserves at the year-end of £1m is achieved only by the transfer of £0.685m from the Funding Volatility Reserve in that year. As set out in the report, this position will no doubt change in the intervening period due to ongoing uncertainty regarding future events, particularly in respect of central government funding, and it is possible that such a transfer will not be necessary. The forecast will be updated accordingly after the local government finance settlement has been announced and there is more clarity.

15.2 The Council continues to approve and fund capital expenditure in a measured way, the approved capital programme is fully financed as summarised in section 11 of this report, and the council currently remains debt-free.

15.3 Since the council set its budget in March 2023 there has been significant turbulence and uncertainty in the national financial and economic outlook which has been dominated by high inflation and interest rate rises. As a result, the possibility of funding reductions for local government in future years remains real.

15.4 As a result of this future funding uncertainty the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets

and contributed to reserves over recent years which has enabled continuing delivery of the priorities set out in the council's Corporate Plan. Through continued focus on the importance of financial stability the Council has delivered a significant savings and efficiencies programme over the last decade and has continued to reduce overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain high quality frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to future challenges.

- 15.5 Although challenges may be encountered in the future the reserves and balances of the council are currently at reasonably healthy levels as compared to earlier periods. The outcome of the long-awaited Fair Funding Review into Local Government Financing is eagerly awaited and may provide a degree of greater clarity regarding the future financial landscape. Furthermore, Fylde Council has a past record of taking actions in order to meet and overcome financial challenges. The Council will continue to take pro-active measures to maintain a robust financial position in the face of a challenging and ever-hanging financial environment. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis and is able to deliver the priorities set out in the Corporate Plan.
- 15.6 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. Budget planning work for 2024/25 is well underway and further updates of the financial forecast will be brought before members in due course.
- 15.7 **The financial position of the Council as set out in this report remains robust. Members should, however, continue to be cognisant of the risks that are detailed within the report in order to maintain a sustainable financial position for the Council.**

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	√
Environment – To deliver services customers expect	√
Efficiency – By spending money in the most efficient way	√
Tourism – To create a great place to live and visit	√

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

SUMMARY OF PREVIOUS DECISIONS - The Council set its budget for 2023/24 at its meeting of 2nd March 2023. This report provides Members with an update of the financial position of the Council, including changes since that date.

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658566	November 2023

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 2022/23 – 2026/27	Budget Council meeting 2 nd March 2023	www.fylde.gov.uk
MTFS – Outturn Position For 2022/23 (Including General Fund, Capital Programme & Treasury Management)	Executive Committee meeting 25 th May 2023	www.fylde.gov.uk
Revenue Budget Monitoring Report 2023/24 – to 30 th September 2023	Internal Affairs Scrutiny Committee meeting 21 st November 2023	www.fylde.gov.uk
Capital Programme Monitoring Report 2023/24 – to 30 th September 2023	Internal Affairs Scrutiny Committee meeting 21 st November 2023	www.fylde.gov.uk

Appendices:

1. Appendix A – Forecast approved at Council on 2nd March 2023
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendix C – Schedule of changes to the forecast
4. Appendix D – Explanation of changes to the forecast
5. Appendix E – Updated latest financial forecast position

Latest General Fund Budget Forecast 2022/23 to 2026/27 - as at March 2023

Appendix A

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Adverse / Favourable
Forecast approved at Council on 3rd March 2022	11,429	11,951	12,212	12,522	12,522	
Forecast Changes since March 2022 - per Appendix C of March 2023 MTFS	28	- 157	- 148	13	661	Adverse
Revenue Budget Growth Items - per Appendix F of March 2023 MTFS		38	39	40	42	Adverse
Forecast Budget Requirement: TOTAL	11,457	11,832	12,103	12,575	13,225	
Financed by:						
Council Tax Funding:						
Council Tax - Precept	6,881	7,002	7,231	7,466	7,707	
Sub Total - Council Tax Income	6,881	7,002	7,231	7,466	7,707	
Business Rates Funding:						
Retained Business Rates	3,580	3,580	3,401	3,231	3,069	
Sub Total - Business Rates Income	3,580	3,580	3,401	3,231	3,069	
Other Funding:						
Lower Tier Services Grant	89					
Services Grant	133	75	75	75	75	
New Homes Bonus (NHB)	1,236	516	516	516	516	
Less - NHB distribution to Town & Parish Councils	- 62	- 26	- 26	- 26	- 26	
Funding Guarantee Grant - one-off 2023/24 only		871				
Assumed "other" government funding to maintain "Core Spending Power"			821	756	677	
Sub Total - Other Income	1,396	1,436	1,386	1,321	1,242	
Forecast Financing: TOTAL	11,857	12,018	12,018	12,018	12,018	
Forecast surplus (-) / deficit for year	- 400	- 186	85	557	1,207	
Reserves						
Forecast surplus/deficit (-) for year from above:	400	186	- 85	- 557	- 1,207	
Less: Proposed Transfer to Capital Investment Reserve	- 400	- 186				
Balance of surplus/deficit(-) remaining:			- 85	- 557	- 1,207	
Balance of General Fund Reserves b/f	5,056	4,571	4,571	4,486	3,929	
Less in year transfer to fund slippage from 2021/22	- 485					
Less estimated transfer from (-) General Fund Reserves in year			- 85	- 557	- 1,207	
Forecast Reserves at Year End	4,571	4,571	4,486	3,929	2,722	
Band D Council Tax (Excl Parish Precepts)	£219.19	£218.89	£223.25	£227.69	£232.22	
Indicative Band D Average Council Tax Increase	£4.28	-£0.30	£4.36	£4.44	£4.53	
Band D Average Council Tax Increase	1.99%	-0.14%	1.99%	1.99%	1.99%	

General Base Budget Assumptions

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

- General Prices Inflation – a freeze or cash-limiting of all general revenue expenditure budgets with the exception of payroll budgets and where contractual commitments require increases;
- Slippage – approved underspend items from 2022/23 agreed by the Executive Committee in May 2023 have been slipped into 2023/24;
- Pay award – the impact of the agreed 2023/24 pay award of £1,925pa for each pay point has been reflected in the updated forecast, with future pay awards estimated to be 4% per annum for 2024/25 and 2025/26 and at 2.75% per annum thereafter;
- Employers Pension Contributions – the Council's contributions to the Lancashire pension fund scheme are set in accordance with the outcome of the 2022 Triennial Pension Review which was carried out by the scheme actuaries, Mercer. The figures provided by the pension fund confirmed contributions at 19.2% per annum, reduced by scheme surplus payments of 4% per annum for the period from 2023/24 to 2025/26; with future years estimates provided on a continuation basis. The forecast has been updated accordingly;
- Employer's National Insurance contributions – the forecast reflects the statutory contribution rates currently in place, including a reduced contribution rate as a result of the Council being part of the pension scheme;
- Council tax increases – the forecast has been prepared to include annual council tax increases at the current referendum threshold of 2.99% per annum from 2024/25 onwards;
- New Homes Bonus Grant – the forecast for 2024/25 onwards assumes a continuation of the 2023/24 level of New Homes Bonus. Section 3.7 of the report provides full details. These figures will be updated as and when national allocations to local authorities are announced each year under the national scheme;
- Fees and Charges – The forecast takes account of the revised fee levels as approved by Budget Council in March 2023. For future years budget-holders have reviewed fee levels as appropriate and any proposed changes to fees & charges will be considered at the Budget Council in March 20243 following consideration by Executive Committee;
- Vacancy Savings – the forecast assumes vacancy savings of £300k per annum from 2023/24 onwards; and
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no additional cost to the Council from 2023/24 onwards.

General forecast changes since Budget Council March 2023

	2023/24	2024/25	2025/26	2026/27	2027/28	
	£000	£000	£000	£000	£000	<u>ADVERSE /</u> <u>FAVOURABLE /</u> <u>NEUTRAL</u>
1 CHANGES AS A RESULT OF MEMBER APPROVALS:						
MTFS Outturn Report - Slippage from 2022/23 - (Exec Committee 25/05/23)	435	0	0	0	0	ADVERSE
MTFS Outturn Report - Use of monies transferred into GF reserves to fund slippage - (Exec Committee 25/05/23)	-435	0	0	0	0	FAVOURABLE
Lytham Festival - Extension of stadium and car parking - (Exec Committee 25/05/23)	-32	0	0	0	0	FAVOURABLE
Lytham Festival - Impact Assessment (part funding) - (Exec Committee 25/05/23)	13	0	0	0	0	ADVERSE
Members Allowances Report 2023/24 - (Council 27/03/2023)	-7	-9	-9	-9	-9	FAVOURABLE
2 BUDGET RIGHTSIZING EXERCISE:						
Revenue impact of budget right-sizing across all budget areas of the Council	-68	-15	-15	-115	-19	FAVOURABLE
3 STAFFING COSTS:						
Updated pay award estimates: £1,925 for 23/24; 4% for 24/25 and 25/26, and 2.75% for 26/27 and 27/28	204	374	521	545	861	ADVERSE
Agency labour cost increases	137	142	147	152	157	ADVERSE
4 UPDATED ESTIMATES OF INCOME BUDGETS:						
Updated estimates of Treasury Management investment interest receipts	-745	-710	-555	-380	-310	FAVOURABLE
Planning application fee income - updated in-year estimate based on income to date	58	0	0	0	0	ADVERSE
Planning application fee income - updated estimates including impact of Government fee increases	0	-100	-126	-153	-181	FAVOURABLE
Swimming Pool Support Fund Grant Award - to fund additional subsidy to YMCA in 2023/24	-59	0	0	0	0	FAVOURABLE
Adventure Golf Income - reduced estimate for current year based on income to date	30	0	0	0	0	ADVERSE
Splash facility Income - reduced estimate for current year based on income to date	46	0	0	0	0	ADVERSE
Car Parking Income - updated estimates based on 2023/24 actuals to date	40	20	20	20	20	ADVERSE
Bus Shelters - estimated potential advertising income following tender process	-16	-55	-56	-58	-60	FAVOURABLE
Local Audit Grant - estimated allocation from DLUHC	-16	0	0	0	0	FAVOURABLE
Blackpool Council Planning Committee Support by Fylde Legal Team	-12	-2	-2	-2	-2	FAVOURABLE
Green waste subscription service - updated income estimates based on current subscription level	-10	-10	-10	-10	-10	FAVOURABLE
Trade Waste - additional income from increased usage of the service	-15	-15	-15	-15	-15	FAVOURABLE
Increase in revenue fee income of 15% of £107k additional DFG Capital Grant Funding for 23/24 only	-16	0	0	0	0	FAVOURABLE
Fylde Waste Schemes - updated estimate of income from other sales - wheeled bins	-13	-13	-13	-13	-13	FAVOURABLE
Fylde Waste Schemes - updated estimate of income from household bulky waste collections	-10	0	0	0	0	FAVOURABLE
Former Public Offices: Rent-free period - budget originally assumed income during 2023/24	30	0	0	0	0	ADVERSE
Windsports Centre/Beachcomber Café: Rent-free period - budget originally assumed income during 2023/24	11	0	0	0	0	ADVERSE
5 OTHER FORECAST CHANGES						
Gas supply contract renewal - budget increases to reflect estimated increased costs	50	50	50	50	50	ADVERSE
Homelessness costs - increase in number of clients in temporary accommodation	150	100	50	0	0	ADVERSE
Homelessness costs - increase in HB/UC income from clients above	-95	-60	-35	0	0	FAVOURABLE
Homelessness costs - increase in employed client contributions for interim accommodation	-23	-20	-10	0	0	FAVOURABLE
Estimated increase in cost of Housing Benefit, net of subsidy and overpayments recovered	85	85	85	85	85	ADVERSE
Finance Settlement 2023/24 announced roll up of 3 grants into RSG (LCTS Admin, CTAX Annex and Food Safety)	80	52	52	52	52	ADVERSE
Increase in council owned asset repairs and maintenance budget to cover inflationary increases	20	20	20	20	20	ADVERSE
Cemetery & Crematorium - increase in statutory medical fees	17	17	17	17	17	ADVERSE
Cemetery & Crematorium - increased cremator repairs and maintenance costs to keep cremators operational	20	20	20	20	20	ADVERSE
Cemetery & Crematorium - cremated remains containers	5	5	5	5	5	ADVERSE
Fleet Repairs and Maintenance Costs to keep fleet operational - Impact of inflation	80	20	20	20	20	ADVERSE
Further increase in external audit fees from 2023/24 onwards as advised by PSAA	29	29	29	29	29	ADVERSE
Business Rates - additional annual costs following VOA nationwide NNDR revaluation exercise	22	22	22	22	22	ADVERSE
Public Conveniences Contract Inflationary Increases	21	22	10	12	26	ADVERSE
Borough Election 2027/28 - estimated cost	0	0	0	0	150	ADVERSE
Inflationary increase on HR, Payroll & H&S services from Blackpool Council	0	6	10	14	18	ADVERSE
TOTAL	11	-25	232	308	933	ADVERSE

Explanation of Forecast Changes set out in Appendices C

Appendix D

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

(1) Changes as a Result of Member Approvals

The forecast that was approved at the Council meeting in March 2023 has been updated to reflect the financial impact of Member decisions made since then. The significant decisions in terms of their financial effect are detailed within the body of the report.

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

Each year officers carry-out a budget right-sizing exercise focussing on a review of underspends across all budget areas, and these have been updated and reflected through the forecast.

(3) Staffing Costs

The agreed pay award for 2023/24 has been reflected in this update. The budget forecast that was approved by Council in March 2023 included an estimate for the current year pay award of 4%. The pay award has been settled at £1,925 per pay point which equates to c6.75% on the pay-bill. The forecast has also been updated to revised estimates of future pay awards of 4% for 2024/25 and 2025/26. The previous estimates of pay awards of 2.75% per annum thereafter have been retained in each future year of the forecast. The final year of the forecast, 2027/28 is included for the first time as part of this update. The forecast has also been updated to reflect the on-going effect of the 2022 Triennial Pension Review.

(4) Updated Estimate of Income Budgets, including:

- Estimates of planning application fee income, car parking income, green waste subscription service income, bus shelter advertising income, domestic and trade waste services income have all been updated to reflect the latest estimated levels throughout the life of the forecast.
- Revised Estimate of investment interest receipts:

The forecast has been updated to reflect the positive impact of increased interest yields receivable on the council's treasury management investments as the bank base rate has increased during the year. Future years estimated interest income levels have also been revised upwards in line with the updated forecast of bank base rate levels provided by the council's treasury management advisors.

(5) Other Forecast Changes:

A number of other changes have been made to the forecast as itemised in the appendix, including increased estimates of utility costs across the council's asset base, increased estimates of the net cost of providing statutory interim accommodation, increases in statutory medical examination fees at the crematorium and the effect of inflationary increases across a range of services most notably in fleet repair costs.

Latest General Fund Budget Forecast 2023/24 to 2027/28 - as at November 2023

Appendix E

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Adverse / Favourable
Forecast approved at Council on 2nd March 2023	11,832	12,103	12,575	13,278	13,278	
Forecast Changes since March 2023 - per Appendix C	11	- 25	232	308	933	Adverse
Forecast Budget Requirement: TOTAL	11,843	12,078	12,807	13,586	14,211	
Financed by:						
Council Tax Funding:						
Council Tax - Precept	7,002	7,301	7,613	7,936	8,272	
Sub Total - Council Tax Income	7,002	7,301	7,613	7,936	8,272	
Business Rates Funding:						
Retained Business Rates	3,580	3,401	3,231	3,069	2,916	
Sub Total - Business Rates Income	3,580	3,401	3,231	3,069	2,916	
Other Funding:						
Lower Tier Services Grant						
Services Grant	75	75	75	75	75	
Revenue Support Grant	98	98	98	98	98	
New Homes Bonus (NHB)	516	516	516	516	516	
Less - NHB distribution to Town & Parish Councils	- 26	- 26	- 26	- 26	- 26	
Funding Guarantee Grant - one-off 2023/24 only	871					
Assumed "other" government funding to maintain "Core Spending Power"		751	609	448	265	
Sub Total - Other Income	1,534	1,414	1,272	1,111	928	
Forecast Financing: TOTAL	12,116	12,116	12,116	12,116	12,116	
Forecast surplus (-) / deficit for year	- 273	- 38	691	1,470	2,095	
Reserves						
Forecast surplus/deficit(-) for year from above:	273	38	- 691	- 1,470	- 2,095	
Contribution to revenue from Funding Volatility Reserve	170				685	
Less: Proposed Transfer to Capital Investment Reserve	- 443	- 38				
Balance of surplus/deficit(-) remaining:			- 691	- 1,470	- 1,410	
Balance of General Fund Reserves b/f	5,006	4,571	4,571	3,880	2,410	
Less in year transfer to fund slippage from 2022/23	- 435					
Less estimated transfer from (-) General Fund Reserves in year			- 691	- 1,470	- 1,410	
Forecast Reserves at Year End	4,571	4,571	3,880	2,410	1,000	
Band D Council Tax (Excl Parish Precepts)	£218.89	£225.43	£232.17	£239.11	£246.26	
Indicative Band D Average Council Tax Increase	-£0.30	£6.54	£6.74	£6.94	£7.15	
Band D Average Council Tax Increase	-0.14%	2.99%	2.99%	2.99%	2.99%	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF ENVIRONMENTAL HEALTH AND HOUSING	EXECUTIVE COMMITTEE	5 DECEMBER 2023	6
SECTION 106 FUNDING TO SUPPORT THE EMPTY HOMES STRATEGY AND EMPTY HOMES POSITION STATEMENT			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Housing - Councillor Chris Dixon.

PURPOSE OF THE REPORT

Fylde Council Empty Homes Strategy was presented to Environment Health and Housing Committee in November 2022 . The key aim of the Empty Homes Strategy is to maximise the number of empty homes that can be returned into use as affordable housing.

Fylde Council are currently undertaking a formal procurement exercise to identify one or several Registered Providers who wish to work in partnership with the local authority to bring Empty Homes back into use as affordable housing provision.

The purpose of this report is to provide an update on the current position of the number of empty homes in the borough and to request S106 funding to establish an Empty Homes Fund. The fund will encourage Registered Providers to come forward and submit a bid as part of the open tender procurement process to appoint Registered Provider (s) to work in partnership with the Local Authority to bring long term empty homes (2 years +) back into use as Affordable Housing. The Empty Homes Fund will provide a resource to contribute a sum of approximately £20,000 per property in respect of the refurbishment costs once the property has been acquired by the appointed registered provider who will draw down on funding from Homes England to fund the property acquisition.

The majority of the potential funding available to bring identified empty homes back into use will be from Homes England Affordable Housing Programme, accessed by the appointed Registered Provider (s). The Empty Homes Fund will be used to contribute towards the renovation costs of the property. It is proposed that an amount of approx. £20,000 per property will be contributed, however there may be circumstances where a higher contribution is required due to the condition of the identified property.

The successful Registered Provider (s) will be appointed for a two-year period with a Performance requirement to bring a minimum of 6 empty homes back into use as affordable housing. From the Section 106 funding identified to support the Empty Homes Strategy (£175,000), £75,000 is restricted to affordable housing schemes in Lytham and the use of this funding to support bringing empty homes back into use within Lytham, makes best use of this S106 funding.

RECOMMENDATIONS

1. Committee are requested to approve a fully funded addition to the Capital Programme – ‘Empty Homes Fund’ in the financial years 2023/24 £75,000 and 2024/25 for £100,000 to be met from a portion of S106 developer contributions for affordable housing held by the Council for this purpose to be met from:
 - I. 14/0856 Harbour Lane Warton - £50,000
 - II. 20/0266 Lane Opposite 15-23 Ribchester Road, Lytham St Annes - £75,000
 - III. 12/0717 Moss farm, Cropper Road, Westby - £50,000; and to
2. Authorise the required expenditure for the capital programme in 23/24 and 24/25 to the successful Registered Provider (s) appointed as part of formal Procurement of the Empty Homes Strategy, as units are purchased and refurbished (in the financial years 2023/24 £75,000 and 2024/25 for £100,000).

REPORT

FYLDE COUNCIL EMPTY HOMES STRATEGY

1. Fylde Council Empty Homes Strategy was presented to Environment Health and Housing Committee in November 2022. The key aim of the Empty Homes Strategy is to maximise the number of empty homes that can be returned into use as affordable housing.
2. Fylde Council’s Empty Homes Strategy has four priorities:
 - Priority 1: Improve the recording and identification of properties and recording and monitoring information on progress with bringing properties back into use.
 - Priority 2: The Empty Homes Service will provide encouragement and detailed information to empty property owners.
 - Priority 3: Create a user-friendly web-based approach to identifying empty homes which can be accessed by members of the public and internal departments within the Council.
 - Priority 4: Working with Registered Providers (RPs) to reduce the number of empty homes. All RPs will be invited to submit a bid to become the dedicated RP for Fylde Empty Homes.
3. Appendix 1 contains a flow chart that details the process to be followed to bring identified empty homes back into use.
4. The strategy will target units that have been empty for in excess of two years. When a unit has been identified an assessment and scoring sheet will be completed and liaison with the Registered Provider(s) will commence with the interested Registered Provider taking forward negotiations and purchase arrangements with the owner.
5. Internal departments within the local authority that will form part of the consultation on the suitability of a unit include: Council Tax, Legal Services, Finance, Building Control, Planning, Environmental Protection and Private Sector Housing Enforcement.
6. Potential funding available will come from three sources and Committee approval is sought in relation to Option b as a contribution for each unit from the Empty Homes Fund. If funding is required from Option c. for a particular property funding will be requested as a separate report to this Committee. The Registered Provider will be responsible for drawing down funding from Homes England in relation to the sale and agreed purchase price.
 - a. The Registered Provider will draw down on funding from Homes England to purchase and refurbish the property.

- b. Fylde Council will use S106 funding to contribute towards the renovation costs of the property. It is proposed that an amount of approx. £20,000 per property will be contributed, however there may be circumstances where a higher contribution is required due to the condition of the identified property.
 - c. If there is an element of community enhancement an option could be to draw down funding from the Community Housing Fund Grant held by Fylde Council.
7. An update on the number of units the Empty Homes Strategy is working towards bringing back into use will be presented to Scrutiny Committee annually along with an update on the Empty Homes Position Statement.

S106 MONIES REQUIRED TO SUPPORT THE IMPLEMENTATION OF THE EMPTY HOMES STRATEGY

8. The purpose of this report is to request S106 funding to support the delivery of the Empty Homes Strategy totalling £175,000.
9. The establishment of the Empty Homes Fund will encourage Registered Providers to come forward and submit a bid to a formal procurement process to appoint Registered Provider (s) to work in partnership with the Local Authority to bring long term empty homes (2 years +) back into use as Affordable Housing.
10. The majority of the potential funding available to bring empty homes back into use will be from Homes England Affordable Housing Programme, accessed by the appointed Registered Provider (s). The Empty Homes Fund will contribute towards the renovation costs of the property.
11. Fylde Council are currently undertaking a formal procurement exercise to identify Registered Provider (s) who wish to work in partnership with the local authority to bring Empty Homes back into use as affordable housing provision.
12. The Registered Provider will be appointed for a two year period with a Performance requirement to bring a minimum of 6 empty homes back into use as affordable housing.
13. Sites identified where Section 106 monies have been received to support the Empty Homes Strategy are detailed below:
- a. 14/0856 Harbour Lane Warton. No spend restrictions other than for the purposes of Affordable Housing Provision in Fylde and there is no payback period if the funding has not been used within a specified timescale.
Total available and requested £50,000.
 - b. 20/0266 Lane Opposite 15-23 Ribchester Road, Lytham St Annes. There are spend restrictions associated with this site for affordable housing schemes in Lytham and there is a payback period of the 31/03/2028. Accordingly, this element of funding could only be used to deliver affordable homes in Lytham, but as sites for the provision of new build affordable housing provision in Lytham are limited, the use of this funding to support bringing empty homes back into use within Lytham makes best use of this funding.
Total available and requested £75,000.
 - c. 12/0717 Moss farm, Cropper Road, Westby. No spend restrictions other than to facilitate the provision of affordable housing within the administrative area of Fylde Borough Council and there is no payback period of the funding has not been used within a specified timescale.
Total available £497,586.42 and requested £50,000.
14. S106 funds arise where developers may be required to make 'off site' affordable housing provision in lieu of provision 'on site'. This is normally achieved by S106 fund contributions towards the provision of affordable homes in areas of higher need. S106 funds may be used to meet all the Affordable housing required or part of the total required with some being delivered on site. Additionally, in the early stages of a large-scale

development, S106 funds may be taken in lieu of on-site provision, until infrastructure is put in place as the development progresses e.g. schools, roads, shops and transport links.

15. In June 2019 Fylde Council developed a strategic approach to the targeting on S106 funding from developer contributions towards affordable housing delivery within Fylde. Future S106 funds are be targeted on marginal brown-field sites that will provide local regeneration, whilst at the same time providing much needed affordable homes, on a small scale, in areas of priority need.
16. The Empty Homes Strategy meets the strategic approach to the use of Section 106 funding as it is targeting the resources to provide local regeneration opportunities by bringing homes which have been empty for a period of time back into use as Affordable Housing, owned and managed by a Registered Provider of Affordable Housing.
17. A separate grant agreement will be entered into for each property with the successful Registered Provider to ensure the property remains as affordable housing in perpetuity, for legal purposes this is 80 years, and a restriction will be placed on the registered title of the property to prevent disposal without the written consent of Fylde Council to protect the council's investment.

FUTURE REVENUE AND CAPITAL BUDGET IMPACT

18. There are no additional revenue or capital implications to this proposal. On completion the units will be owned and managed by the successful Registered Providers appointed via the open tender procurement process.
19. A funding agreement will be in place, as a requirement of any request for Section 106 funding and will ensure the units remain as affordable temporary accommodation in perpetuity.

RELEVANT VALUE FOR MONEY ISSUES

20. The Empty Homes Strategy will be taking empty properties out of the private housing market tenure into a social rented tenure.
21. Properties will be allocated via MyHomeChoice, the Choice Based Lettings scheme for the Fylde Coast and applicants will need to have a local connection to Fylde to be eligible.
22. The appointed Registered Provider will form part of the Homeless Partnership Agreement for Fylde, for agencies that work in partnership with the local authority to relieve homelessness in the borough. The units can also be available for a direct allocation from the Housing Service for clients being supported under Homelessness legislation.
23. The successful Registered Provider (s) will provide staffing resources to work in partnership to identify accommodation, conveyancing, legal services, project management of refurbishment works and housing management function. These costs will be factored into the total acquisition costs and will be reflected in the funding requested per unit to contribute towards renovation costs of the property. Funding for additional costs will be sourced from 14/0856 Harbour Lane Warton and 12/0717 Moss farm, Cropper Road, Westby. Section 106 Funds identified from 20/0266 Lane Opposite 15-23 Ribchester Road, Lytham St Annes are restricted to Affordable Housing Schemes.
24. It is expected that the introduction of the Empty Homes Strategy will reduce the impact on resources within Building Control, Environmental Protection and Housing Services that deal with the effects of empty properties in disrepair in the borough, such as impact on neighbouring properties, overgrown land, filthy and verminous conditions.
25. A portion of this funding is restricted to be used to enable affordable housing in Lytham and bringing identified empty homes back into use is a realistic and sensible approach for the use of this funding.

RISK ASSESSMENT

26. The Housing Service, Building Control and Environmental Protection report an increase in complaints in response to properties left empty in 2023/24. The frequency and severity of complaints will become greater if action is not taken to encourage owners to consider alternative options to retaining an empty unoccupied home.
27. If owners are not willing to work with the Local Authority to bring empty properties back into use that have been identified as a priority under the Empty Homes Strategy, the Local Authority may have to consider other powers if the property is unfit and a dangerous, due to disrepair.
28. The funding is available 2024/25 and 2025/26 and the successful Registered provider is expected to bring 6 long term empty homes back into use. £75,000 of the total Empty Homes Fund is restricted to properties in Lytham and identification of such units will be a priority for the strategy. There is a risk that the Strategy fails to deliver the use of this funding in Lytham and deliver value for money if a minimum of two units are identified.

CONTRACT PROCEDURAL RULES

29. In accordance with the Contract Procedure Rules the estimated value of the service to be supplied is £100,000 or more, therefore the procedure to appoint a Registered Provider will follow an open tendering exercise.

EMPTY HOMES POSITION STATEMENT

30. Table 1 details the numbers of both long-term empty properties and properties which have been empty for over 2+, 5+ and 10+ years. This was last reported in November 2022. The data provided in October 2023 on empty properties shows a decrease in long term empty properties where the properties are empty over 6 months and up to 2 years, however numbers of properties empty for over 2 years, 5 years and 10 years there is minimal change. An explanation for the decrease could be demand in the housing market.

31. Table 1 – Long Term Empty Properties in Fylde

Date	Long term empty	2 years+ empty	5 years+ empty	10 years+ empty
Oct 13	688	N/A		
Oct 14	611	126		
Oct 15	612	122		
Oct 16	604	93		
Oct 17	584	125		
Oct 18	634	123		
Oct 19	650	110		
Oct 20	808	97	37	
Oct 21	626	114	15	11
Oct 22	616	104	15	11
Oct 23	571	104	19	12

32. Within the Council complaints about empty homes can come from a number of sources:

- Council Tax can be notified by the former occupant moving, or a landlord advising that a tenant has left a property and by a property inspection following returned mail. They welcome information received from any source and this can be emailed direct to fylderevenues@blackpool.gov.uk.
- The Housing Service have seen an increase in complaints regarding empty homes as a result of a proactive inspection programme of all Houses of Multiple Occupancy in the Borough. Between October 2022 to

November 2023 the service has dealt with 5 complaints, as opposed to no such complaints in the previous year.

- Properties empty for over two years are the target cohort of the Empty Homes Strategy and there are two units identified to be prioritised, one of which has had substantial involvement from Building Control.
- Environmental Protection continue to see an increase in complaints, mainly in relation to overgrown land, filthy and verminous properties that do appear to be empty. Between October 2022 and November 2023 the service has dealt with 8 complaints related to empty properties.
- If the occupier is resident and requires support as they are no longer keep up with the upkeep of their home a Welfare Check can be made by Environment Protection or Housing Services and if required a referral will be made to Adult Social Care for support.

CONCLUSION

33. The Empty Homes Strategy will target empty properties in Fylde that have been empty for over two years. Data provided as part of the Empty Homes Position Statement as at November 2023 shows little change in the numbers reported from previous years, confirming that this is a sensible approach for the Strategy to adopt.
34. The Housing Service and Environmental Protection Services are receiving an increase in complaints in relation to empty homes and the impact on neighbouring residents. Two units have been identified to be prioritised through the Empty Homes Strategy.
35. The establishment of the Empty Homes Fund will encourage Registered Providers to come forward and submit a bid to a formal procurement process to appoint Registered Provider (s) to work in partnership with the Local Authority to bring long term empty homes (2 years +) back into use as Affordable Housing.
36. Fylde Council will use S106 funding to contribute towards the renovation costs of the property. It is proposed that an amount of approx. £20,000 per property will be contributed by Fylde Council, however there may be circumstances where a higher contribution is required due to the condition of the identified property.
37. Committee are requested to approve a fully funded addition to the Capital Programme – ‘Empty Homes Fund’ in the financial years 2023/24 £75,000 and 2024/25 for £100,000 to be met from a portion of S106 developer contributions for affordable housing held by the Council for this purpose to be met from:
 - IV. 14/0856 Harbour Lane Warton - £50,000
 - V. 20/0266 Lane Opposite 15-23 Ribchester Road, Lytham St Annes - £75,000
 - VI. 12/0717 Moss farm, Cropper Road, Westby - £50,000
38. Committee are requested to authorise the required expenditure for the capital programme in 23/24 and 24/25 to the successful Registered Provider (s) appointed as part of formal Procurement of the Empty Homes Strategy, as units are purchased and refurbished (in the financial years 2023/24 £75,000 and 2024/25 for £100,000).

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

IMPLICATIONS	
Finance	This report requests approval to a fully funded addition to the Capital Programme – ‘Empty Homes Fund’ in the total sum of £175,000 (£75,000 in 2023/24 and £100,000 in 2024/25) to be met from a portion of S106 developer contributions for affordable housing held by the Council for this purpose as detailed in the report. The Committee are also requested to authorise the required expenditure for the capital programme in 23/24 and 24/25. The Empty Homes Fund will provide a resource to contribute a sum of approximately £20,000 per property in respect of the refurbishment costs once the property has been acquired by the appointed registered provider who will draw down on funding from Homes England to fund the property acquisition.
Legal	Grant agreement for individual units brought back into use as the Empty Homes Strategy is delivered.
Community Safety	Bringing empty units back into use where they may have been community safety issues.
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

SUMMARY OF PREVIOUS DECISIONS
<p>Empty Homes Position Statement and Fylde Empty Homes Strategy November 2022</p> <p>Empty Homes Position Statement January 2022</p> <p>Empty Homes Position Statement November 2020</p> <p>Empty Homes Position Statement November 2019</p> <p>Strategic approach to allocating future S106 funds June 2019</p>

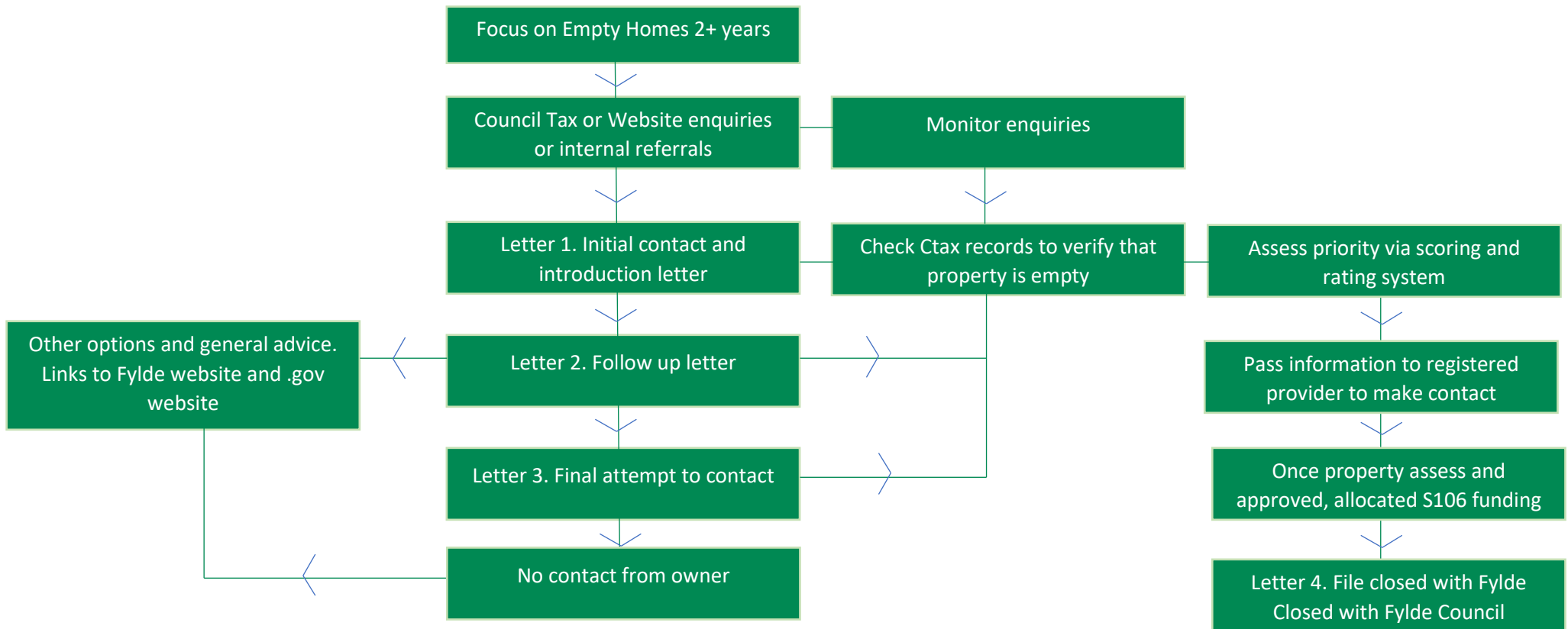
LEAD AUTHOR	CONTACT DETAILS	DATE
Kirstine Riding	Kirstine.riding2@fylde.gov.ukl & Tel 01253 658569	17 th Nov 2023

BACKGROUND PAPERS REVELANT TO THIS ITEM		
Name of document	Date	Where available for inspection
Fylde Local Plan to 2032	December 2021	Adopted Fylde Local Plan to 2032 (incorporating Partial Review) – Fylde Council
Affordable Housing SPD	September 2021	Affordable-Housing-SPD-adopted.pdf (fylde.gov.uk)

Attached documents

Appendix 1 – Empty Homes Process Flow Chart

Empty homes process flowchart



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF ENVIRONMENTAL HEALTH AND HOUSING	EXECUTIVE COMMITTEE	5 DECEMBER 2023	7
LAHF PHASE 2 AND S106 FUNDING TO INCREASE SUPPLY OF TEMPORARY HOMELESS ACCOMMODATION AND SUPPORT AFGHAN RESETTLEMENT SCHEMES			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Housing (Councillor Chris Dixon).

PURPOSE OF THE REPORT

In June 2023 Department of Levelling Up Housing and Communities (DLUHC) notified local authorities about the launch of Round 2 of the Local Authority Housing Fund (LAHF2). This purpose of this funding is to provide £250 million to support local authorities in England to increase their stock of affordable housing. The majority of the funding is to be used to house those on Afghan Resettlement Schemes.

The objectives of LAHF2 are:

1. Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities.
2. Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to families owed homelessness duties by the Local Authority.
3. Reduce emergency, temporary and bridging accommodation costs.
4. Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

DLUHC funding under the LAHF2 equate to 40% of total project costs, plus an additional £20,000 per unit to fund associated purchase and refurbishment costs. Fylde Council submitted an Expression Of Interest in July 2023 that was accepted and funding awarded totalling £1,017,600 plus £240,000. The project will provide 8 units of temporary homeless accommodation and 4 units of settled accommodation under the Afghan Resettlement Scheme by 31st March 2024.

Fylde Council have agreed to the following targets under the Memorandum of Understanding (MofU) and all units will be purchased in Fylde.

1. 4 properties for households that meet the resettlement scheme eligibility criteria of the prospectus.
2. 8 properties to be allocated to households that meet the Temporary Accommodation element eligibility criteria.

Registered Providers of Social Housing active within the Borough have been approached to support the Local Authority to take the project forward. Human Kind Housing who form part of the Homeless Partnership Agreement to deliver service for homeless households in Fylde have committed to working in partnership to deliver the project.

There is a requirement for the local authority to provide match funding (60%) from existing funding streams. The purpose of this report is to request Executive Committee recommend to Full Council on the 18th December 2023 approval of an addition to the Capital Programme totalling £2,784,000, to be fully funded from S106 developer contributions to the sum of £1,526,400 and DLUHC LAHF2 grant totalling £1,257,600.

The twelve units have been identified following a review of the open market and offers accepted by the Vendors. One unit containing 6 self-catering flats is shortly to be sold at Auction. Twelve units have been identified for purchase. One unit of 6 self-catering apartments is to go up for Auction prior to the Full Council meeting on the 18th December 2023. If successful at Auction a 10% financial deposit may be required to secure the sale and the Chief Executive will use delegated emergency powers in consultation with the Leader to carry out this action.

RECOMMENDATIONS

The Committee are requested:

1. To recommend to Full Council approval of an addition to the Capital Programme in 2023/24 for the sum of £2,784,000 in respect of LAHF2 Programme Funding, to be met fully from DLUHC LAHF2 funding and S106 developer contributions held by the Council for this purpose as detailed in Appendix 1 of this report;
2. To recommend to Full Council authorised drawdown of the expenditure in 2023/24 in the sum of £2,784,000 in respect of LAHF2 Programme Funding, to be met fully from DLUHC LAHF2 funding and S106 developer contributions held by the Council for this purpose as detailed in Appendix 1 of this report;
3. To note that the Chief Executive may use delegated emergency powers in consultation with the Leader to carry out actions required to secure one unit, containing 6 self-catering apartments, at Auction prior to the Full Council meeting on the 18th December 2023; and
4. To note the risk assessment as detailed at Section 7 of the report, particularly in respect of the circumstances in which the council could be liable for un-funded costs.

REPORT

OBJECTIVES OF THE LOCAL AUTHORITY HOUSING FUNDING (LAHF)

1. In June 2023 Department of Levelling Up Housing and Communities (DLUHC) notified local authorities about the launch of Round 2 of the Local Authority Housing Fund (LAHF2). This purpose of this funding is to provide £250 million to support local authorities in England to increase their stock of affordable housing. The majority of the funding is to be used to house those on Afghan Resettlement Schemes.
2. Prior to this LAHF1 had been announced in March 2023. This provided £500 million for Local Authorities to obtain accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan

resettlement and relocation schemes. This was allocated directly to 182 local authorities based on which authorities faced the highest pressures. Fylde Council were not eligible.

3. The initial allocation of LAHF2 was made directly to 230 local authorities facing the highest pressure. Local Authorities that did not receive a direct allocation were then invited to submit an Expression of Interest if they wished to be considered for any unclaimed LAHF2 funds to deliver the programme objectives.
4. The objectives of LAHF2 are:
 1. Provide sustainable housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities.
 2. Reduce local housing pressures beyond those on Afghan resettlement schemes by providing better quality temporary accommodation to families owed homelessness duties by the Local Authority.
 3. Reduce emergency, temporary and bridging accommodation costs.
 4. Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.
5. Local Authorities that received an allocation under LAHF2 can choose to only accept the Afghan resettlement element of the funding, however Local Authorities cannot choose to only accept the Temporary Accommodation element of the funding.
6. The purchase of freehold or (long-term) leasehold properties on the open market is included in the LAHF 1 and LAHF 2 as part of the following action; 'Acquiring, refurbishing and/or converting non-local authority owned residential or non-residential buildings, including bringing empty or dilapidated properties back into use'.
7. Funding for LAHF2 is only available in the financial year 2023/24. Local Authorities are asked to deliver the programme with best endeavours by 29 March 2024. Delivery of the programme is measured on the basis of exchange of contracts. If Local Authorities cannot meet these deadlines they should revise their delivery plans and seek approval for the revised scheme.

LAHF PROPOSAL IN FYLDE

8. Fylde Council submitted an EOI in July 2023. The commitment was to provide 12 units of accommodation by the 31st March 2024 via stock acquisition on the open market and refurbishing and/or converting residential buildings.
9. On the 8th August 2023, DLUHC accepted Fylde Council's proposal to provide 12 homes under LAHF2, and DLUHC will provide a grant of £1,257,600 total allocation. Fylde Council have agreed to the following targets under the Memorandum of Understanding (MofU) and all units will be purchased in Fylde.
 1. 4 properties for households that meet the resettlement scheme eligibility criteria of the prospectus.
 2. 8 properties to be allocated to households that meet the TA element eligibility criteria.
10. Households accommodated in the identified units need to meet the following eligibility criteria under 3.2 Of the Prospectus for the funding and a link is available in background papers of this report to the Local Authority Housing Fund Prospectus and Guidance FOR Phase 1 and Phase 2.

3.2 – Cohort definition and eligibility

Given the objectives of the fund, those eligible for the housing are those who are homeless, at risk of homelessness or who live in unsuitable Temporary Accommodation (including bridging accommodation) and who also meet the below definition.

Those on the:

- *Afghan Citizen Resettlement Scheme (including eligible British Nationals under this scheme) (ACRS),*
- *Afghan Relocations and Assistance Policy (ARAP)*
- *Ukraine Family Scheme (UFS),*
- *Homes for Ukraine (HFU),*

• *Ukraine Extension Scheme (UES)*

For those not in bridging accommodation, the local authority does not have to have accepted a Housing Act 1996 Part 7 homelessness duty in respect of the household for the household to be eligible, but the local authority should satisfy themselves that the household is already or would otherwise be homeless or at risk of homelessness if this accommodation was not available.

11. The maximum average grant rate per unit (for all purchases, not individual purchases) is calculated as 40% of the costs of acquisition or refurbishment that the Council charges to its capital budget, plus £20,000 per property.
12. Eligible costs funded by the 40% and the £20,000 per property could include the purchase price, stamp duty, surveying, decoration, furnishings, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items.
13. Funding is provided by DLUHC in two tranches. The Tranche 1 allocation' is 30% of the total allocation and was received in August 2023. The Tranche 2 allocation is 70% of the total allocation. See Table 1 below:

Table 1 – LAHF2 Funding allocation

	Tranche 1 allocation	Tranche 2 allocation	Total allocation
Total funding	£377,280	£880,320	£1,257,600

14. The funding has been designed to be used flexibly and other grant schemes of local authority income can be used as match funding. Section 106 funding can be used as match funding, but this will depend on the specific wording of the S.106 agreement and Local Authorities should check the requirements of their s.106 agreement to see if the agreement stipulates for what purpose the funding can be used.
15. The purpose of this report is to request match S.106 funding to support the delivery of the project. Table 2 below details the total estimated project costs and S.106 funding required.

Table 2 – Total estimated project costs

		FUNDED BY	
		DLUHC: LAHF 2	S106
Estimated total costs of acquisition	£2,544,000	£1,017,600 – 40%	£1,526,400 – 60%
PLUS: £20,000 per property	£240,000	£240,000	
TOTAL SCHEME COSTS IN CAPITAL PROGRAMME	£2,784,000	£1,257,600	£1,526,400

16. The four units being provided under the ACRS and ARAP schemes are as settled accommodation as move on accommodation from the households temporary accommodation placement most likely from a Bridging Hotel. Once the families leave this accommodation it can be used as additional temporary accommodation within the Borough.
17. These units will be offered to North West Regional Strategic Migration Partnership to source suitable applicants within the NW. If no suitable households are sourced under either the ARAP or ACRS schemes the units are offered to neighbouring regions.
18. The remaining eight units are to be used as interim homeless accommodation and occupants will be supported into permanent accommodation where the local authority has accepted a homeless duty under the Homeless Reduction Act, either Relief Housing Duty or Main Housing Duty.

19. Using identified revenue funding streams connected to Refugee support the local authority will look in the future to appoint an Operational Officer to support applicants approaching the Housing Service with Refugee status experiencing homelessness.
20. Table 3 details the project plan was provided as part of the EOI submission with associated actions and timescales. The project is currently on track if capital funding is secured to deliver 12 units of temporary accommodation for homeless households in Fylde and support the Afghan Resettlement Schemes.

Table 3: Fylde LAHF2 Project plan with associated actions and timescales

Period	Proposed high level delivery plans	Progress with high level delivery plans
Quarter 2 23/24	<p>Identify units to purchase</p> <p>Identify Registered Provider (RP)</p> <p>Engagement with Housing benefits on rent levels.</p> <p>Apply for match S106 funding.</p> <p>Ensure Committee approvals in place.</p> <p>Postcode checks on units identified.</p> <p>Community Impact Assessments on units identified.</p> <p>Required planning permission.</p>	<p>Analysis of opportunities in the market and contact with private landlords</p> <p>RPs approached who form part of the Homeless Partnership Agreement in Fylde. Human Kind only RP able to commit due to short timescales. HumanKind Board approval was given to progress in November 2023.</p> <p>Unable to progress till properties identified.</p>
Quarter 3 23/24	<p>Progress to have units identified and secured.</p>	<p>The following units have been identified and offers made on accommodation.</p> <p>Kirkham 1 x 2 bed terrace house</p> <p>Freckleton 2 x 2 bed terrace houses 2 x 2 bed flats</p> <p>St Annes 1 x 3 bed house 1 x 6 unit self-catering accommodation (4 x 1 bed and 2 x 2 bed)</p> <p>11 of the units visually are in good condition. 1 of the units required some refurbishment works.</p>
Quarter 4 23/24	<p>Progress to have units fully occupied</p>	<p>March 2024</p>

21. LAHF2 has been introduced to assist local authorities with the increased costs and demand for homelessness provision. The opportunity presented will enable the Fylde Council to increase the number of temporary accommodation units in the Borough from 10 to 18 and reduce the need to place households in B&B accommodation both within and outside of the Borough.
22. The four ARAP and ACRS units will be occupied as a permanent offer of accommodation for eligible families and once they move on will be retained as temporary accommodation within the Borough. There is no requirement for the units to be re-allocated under the scheme.

23. A decision on the most suitable accommodation of the 12 units sourced to offer under the ARAP or ACRS scheme of the accommodation sourced will be made at a later date and be informed by homeless pressures in the Borough and the accommodation required under the Afghan Resettlement Schemes.

CURRENT HOMELESSNESS ISSUES IN FYLDE

24. Fylde Council are seeing an increase in households approaching the service at risk of or homeless. In addition there are limited opportunities for affordable move on accommodation both within the private and social rented sectors.

25. Table 4 below, details the increasing demand for advice and assistance to relieve homelessness in the Borough since 2020/21. This illustrates a steady increase in demand for the services the Local Authority provides such as housing advice and support to households to whom a Relief or Main Housing Duty are owed. The data illustrates a increase from 20/21 to 21/22 and since this period demand has remained high for housing services to relieve homelessness.

Table 4: Demand for advice and assistance to prevent and relieve homelessness in Fylde

	2020/21	2021/22	2022/23	2023/24 to Qtr 2
Number of enquiries for housing advice	650	773	784	507
Number of people sleeping rough at end of period	5	11	12	13
Number of people in households living in temporary accommodation at end of period	27	47	48	46
Number of households to whom a relief homeless duty is owed during the period	105	157	165	87
Number of households to whom a Main Housing Duty is owed during the period (where the local authority has been unable to relieve homelessness in 56 days)	16	27	62	25

26. In 2023/24 local authorities have been asked to provide quarterly returns to DLUHC on homelessness pressures in the borough. This is in addition to the quarterly 'HCLIC' returns that provide wider homelessness statistics. The latest return in November 2023 detailed.

1. Ukrainian households approached the local authority as homeless in 23/24 = 6
2. Afghan households approached the local authority as homeless in 23/24 = 1
3. Family households the local authority are providing accommodation for as at 31/10/23 = 20
4. Total number of families with dependent children or pregnant women as at 31/10/2023 = 6

27. Within Fylde there are 17 units of National Asylum Support Service (NASS) accommodation and at the time of writing this report this provided support for 59 service users in Fylde. Once clients receive their Limited Leave to Remain, Indefinite Leave to Remain or are granted Refugee Status they are advised by the Home Office to approach the Local Authority as they are at risk of homelessness once the notice on their NASS accommodation ends. This is usually a two week period. In 2022 a total of three households approached the local authority from NASS accommodation. In 2023 six households have approached the Housing Service for support as at the end of Quarter 2 2023/24.

28. In conclusion Fylde Council are receiving a significant increase in request for support under the Homeless Reduction Act 2017 from households who are eligible for assistance.

SECTION 106 MATCH FUNDING

29. S106 funds arise where developers may be required to make 'off site' affordable housing provision in lieu of provision 'on site'. This is normally achieved by S106 fund contributions towards the provision of affordable homes in areas of higher need. S106 funds may be used to meet all the Affordable housing required or part of

the total required with some being delivered on site. Additionally, in the early stages of a large scale development, S106 funds may be taken in lieu of on site provision, until infrastructure is put in place as the development progresses e.g. schools, roads, shops and transport links.

30. In June 2019 Fylde Council developed a strategic approach to the targeting on S106 funding from developer contributions towards affordable housing delivery within Fylde. Future S106 funds are to be targeted on marginal brown-field sites that will provide local regeneration, whilst at the same time providing much needed affordable homes, on a small scale, in areas of priority need.
31. The proposal is to deliver 8 additional homeless interim units of accommodation across Fylde, for households experiencing homelessness and 4 units to support the Afghan Refugee Resettlement and Relocation schemes. The project meets the strategic approach to targeting S106 funding towards local regeneration on a small scale, in areas of priority need.
32. Fylde Council currently has available £2,435,443 Section 106 monies. The majority of which there is no payback date if the funds have not fully spent within a certain period.
33. Appendix 1 provides details of sites identified where S106 funds have been provided where there are no locality restrictions on where the funding can be spent, other than within Fylde, and those schemes where there is a payback period if funding is not committed.
34. Section 106 funding will be used to provide the match 60% funding for the project totalling £1,526,400. The remaining S106 funding balance will be £909,043.

THE FUTURE REVENUE AND CAPITAL BUDGET IMPACT

35. There are no additional revenue or capital implications to this proposal. On completion the units will be owned and managed by Human Kind and a Lettings Policy in place to ensure the units are retained for the use as temporary accommodation to support households experiencing homelessness in the Borough.
36. A funding agreement will be in place, as a requirement of any request for Section 106 funding and will reflect the LAHF2 funding to ensure the units remain as affordable temporary accommodation in perpetuity.
37. Fylde Council will support Human Kind to agree rental figures and appropriate service charges for the units for clients who are placed and eligible for Housing benefit.

RELEVANT VALUE FOR MONEY ISSUES

38. The proposed scheme will be taking units out of the private market tenure into a social rented tenure.
39. Fylde Council is a non-stock holding authority and over recent years as a result of increasing demand for temporary accommodation the Housing Service has attempted to secure additional units of temporary accommodation with limited success.
40. The Housing Service has available 10 units of temporary accommodation in the Borough a mixture of bedsits, one and two bedroom flats and one three bedroom house. This is no longer sufficient for the demands on the service from homelessness pressures in Fylde.
41. The service is reliant on B&B accommodation within and outside of the Borough and self-catering units within the Borough. This accommodation is expensive and for families is not suitable accommodation. This opportunity will enable the Local Authority to have available specialised units of temporary accommodation with support in place to assist households facing homelessness.
42. Human Kind have been a Registered Provider of Social Housing since 2021 and have since built a small portfolio of high quality accommodation in the North of England. Due to the specialist nature of their services, catering for clients at risk of homelessness, often with complex needs, it does not allocate accommodation on common housing registers or common allocations policies.

43. As part of the funding agreement there will be a requirement for accommodation funded via the S106 funding and LAHF2 to allocate accommodation to households facing homelessness under a temporary accommodation lettings agreement with Fylde Council.
44. Human Kind have been providing for Fylde and Lancaster authorities a Tenancy Training Course on-line for all clients working with the Homeless Service to promote tenancy sustainment. Within Fylde there is a requirement that this course is completed as part of client's Personal Housing Plans in order to access funding required to establish tenancies. As a result they form part of the Homeless Partnership Agreement for Fylde Council for organisations that support the Local Authority to deliver homelessness services in the Borough.
45. Human Kind are providing staffing resources to work in partnership with the Local Authority to source accommodation, conveyancing, legal services, project management of required refurbishment works to bring the properties to a lettable standard, and housing management costs, which will be factored into the total acquisition costs. An example of the total purchase costs of a unit on the open market for £100,000 are detailed overleaf:

Costs Split	£
Acquisition	100,000
Labour	4,595
Materials	6,400
On Costs	9,099
	120,094

RISK ASSESSMENT

46. The funding is restricted to 2023/24. To be eligible for the funding local authorities must have exchanged contracts on identified units. There is the ability to request an extension of the project plan from DLUHC into 2024/25 in the event that there is a delay in purchasing the properties. If the council has commenced but not completed the acquisition process for any of the properties by the year end, it is possible that the council will be liable for certain costs, depending upon the stage reached in the acquisition process at 31st March 2024. In this instance a request to extend the deadline for completion of any such properties will be requested from DLUHC in a timely manner to avoid this situation.
47. The total funding available is for the purchase and refurbishment of 12 units of accommodation. In the event that the cost of the units are less than the grant allocation and Section 106 funding there is the possibility that the project plan can be revised to meet local housing pressures for temporary accommodation and purchase additional units.
48. An agreement for the payment of grant under the LAHF2 and S106 funding will be entered into with Human Kind to:
1. Ensure the units remain for the provision of temporary accommodation in Fylde, in perpetuity,
 2. That a restriction is placed on the registered title of the of the properties to prevent disposal without the written consent of Fylde Council to protect the council's investment and the LAHF2 funding and ensure the temporary accommodation will be available in perpetuity, for legal purposes this is 80 years.

EXEMPT FROM COUNCIL'S CONTRACT PROCUREMENT RULES AND SUBSIDY CONTROL ACT 2022

49. The LAHF2 funding and Section 106 funding are to be provided as a grant to Human Kind. The funding is not being awarded for the provision of goods, works or services. Neither the Council's procurement rules, not the Public Contract Regulations 2015 are required to be followed.

50. Prior to the Expression of interest being submitted the Housing Service approached four Registered Providers to request support to deliver the project, if funding were awarded. Human Kind were the only Registered Provider who expressed an interest in working with the local authority to deliver the objectives of the fund.
51. This exercise was repeated once the EOI had been approved with Human Kind and one other Registered Provider. Human Kind confirmed they still wished to work with the local authority to deliver the objectives of the funding. The other Registered Provider were not in a position to be able to commit.
52. The funding being provided is exempt from the Subsidy Control Act 2022 as Human Kind are not engaged in economic activity for the purposes of subsidy control legislation. A subsidy is where financial assistance is being given, directly or indirectly, from public resources by a public authority.
53. The financial assistance being given does not confer an economic advantage on one or more enterprises. This is because Human Kind are a charity that focusses on providing affordable housing to high risk and vulnerable tenants who may not be able to rent from private or social landlords, therefore they are not engaged in economic activity for the purposes of subsidy control legislation because:
 1. They are a non-profit charity, not aiming to generate commercial profits.
 2. Their tenant allocation model is based on social need, not ability to pay market rates. They target tenants who cannot rent privately.
 3. They are essentially providing a social service by housing vulnerable individuals who would otherwise struggle to find accommodation. This is a public benefit activity.
 4. They do not appear to be competing with private sector landlords - rather they are filling a gap in the market and housing those the private sector does not serve.

CONCLUSION

54. The LAHF2 represents a unique opportunity for Fylde Council to add to the existing temporary accommodation provision in the Borough in order to tackle increasing homelessness pressures.
55. The project will deliver temporary accommodation and support into permanent housing to those on Afghan resettlement schemes at risk of homelessness so that they can build new lives in the UK, find employment and integrate into communities.
56. The project will help to reduce wider local housing pressures by providing better quality temporary accommodation to families owed homelessness duties by the Local Authority and reduce B&B accommodation costs.
57. LAHF2 funding available equates to a grant of 40% towards total project costs, £1,257,600 and includes an element of £20,000 capital costs per property to assist with bringing the units into use as temporary accommodation.
58. Match funding required for the remaining 60% of total project costs, £1,526,400 will be required from S106 funding. The project meets the strategic approach to targeting of S106 funding by providing much needed affordable homes, on a small scale and in areas of priority need.
59. Appendix 1 details the level of S106 funding held by the local authority and all schemes identified to be used to support the project. All sites identified have a restriction for the funding to be spent within the local authority area and are not restricted to a specific location. Then scheme includes four sites where there is a payback date set if the funds are not committed.
60. Executive Committee are requested:

1. To recommend to Full Council approval of an addition to the Capital Programme in 2023/24 for the sum of £2,784,000 in respect of LAHF2 Programme Funding, to be met fully from DLUHC LAHF2 funding and S106 developer contributions held by the Council for this purpose as detailed in Appendix 1 of this report;
2. To recommend to Full Council authorised drawdown of the expenditure within 2023/24 the sum of £2,784,000 in respect of LAHF2 Programme Funding, to be met fully from DLUHC LAHF2 funding and S106 developer contributions held by the Council for this purpose as detailed in Appendix 1 of this report;
3. To note that the Chief Executive may use delegated emergency powers in consultation with the Leader to carry out actions required to secure one unit, containing 6 self-catering apartments, at Auction prior to the Full Council meeting on the 18th December 2023; and
4. To note the risk assessment as detailed at Section 7 of the report, particularly in respect of the circumstances in which the council could be liable for un-funded costs.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	√
Environment – To deliver services customers expect	
Efficiency – By spending money in the most efficient way	√
Tourism – To create a great place to live and visit	

IMPLICATIONS	
Finance	This report requests the committee to recommend to Council an addition to the Capital Programme in 2023/24 in the total sum of £2,784,000 in respect of LAHF2 Programme Funding, to be met fully from DLUHC LAHF2 funding and S106 developer contributions held by the Council for this purpose as detailed in Appendix 1 of this report; and to authorise drawdown of the expenditure in 2023/24 in the sum of £2,784,000. The Committee are also directed to note that the Chief Executive may use delegated emergency powers in consultation with the Leader to carry out actions required to secure one unit, containing 6 self-catering apartments, at auction prior to the Full Council meeting on the 18th December 2023; and to note the risk assessment as detailed at Section 7 of the report, particularly in respect of the circumstances in which the council could be liable for un-funded costs.
Legal	Preparation of funding agreement to enable the units to be available in perpetuity
Community Safety	None arising from this report
Human Rights and Equalities	Temporary homeless accommodation provision for households in Fylde at risk of homelessness and support households under the ARAP and ACRS schemes.
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	None arising from this report

SUMMARY OF PREVIOUS DECISIONS

None

BACKGROUND PAPERS REVELANT TO THIS ITEM

Name of document	Date	Where available for inspection
DLUHC Prospectus and Guidance for the LAHF Round 1	December 2022	<u>Local Authority Housing Fund: Round 1 - GOV.UK (www.gov.uk)</u>
DLUHC Prospectus and Guidance for the LAHF Round 2	June 2023	<u>Local Authority Housing Fund: Round 2 prospectus and guidance - GOV.UK (www.gov.uk)</u>
Human Kind Charity		<u>Housing category – Humankind (humankindcharity.org.uk)</u>

LEAD AUTHOR	CONTACT DETAILS	DATE
Kirstine Riding	Kirstine.riding2@fylde.gov.uk & Tel 01253 658658	22 nd November 2023

Appendix 1 – s106 Funding identified to support LAHF 2

APPENDIX 1 – S106 FUNDING IDENTIFIED TO MATCH LAHF 2

Application Number	Site Location	106 Agreement Detail	Amount in Ledger	LAHF2 MATCH S106	Tenure Check Detail
05/0658	Edenfield, 2a Clifton Drive, Lytham	Towards the provision of affordable housing in the Fylde district. (no payback period)	£68,392.62	68,393	None
13/0386	Land South of Cartford Inn, Cartford Lane, Little Eccleston	The AH commuted sum is to be used by the Council to support the provision of Affordable Housing in the vicinity of the site. (27/10/2026)	£23,000.00	23,000	Affordable Housing - means social, rented, affordable rented and intermediate housing as defined in Annex 2 of the National Planning Policy Framework that will be available in perpetuity to eligible households whose needs are not met by the market.
14/0856	Harbour Lane, Warton	No area spend restrictions other than for the purposes of Affordable Housing Provision in Fylde. (no payback period)	£50,000.00	24,945	None
09/0524	Plane Tree Farm, Thistleton Road, Greenhalgh	The sum payable is intended to be used by the Council to provide or facilitate the provision of affordable housing in the district of the council. (08/01/2028)	£23,250.00	23,250	None
14/0856	Harbour Lane, Warton	S106 funding paid on a Deed of variation. No area spend restrictions other than for the purposes of Affordable Housing Provision in Fylde. (no payback)	£50,000.00		None
12/0717	Moss Farm, Cropper Road, Westby	To facilitate the provision of Affordable housing in the administrative area of Fylde Borough Council.(no payback)	£497,586.42		Affordable Housing – means social rented, affordable rented and intermediate housing to be provided to Qualifying Persons whose needs are not met by the market and which shall remain at an affordable price for future Qualifying persons.
12/0717	Moss Farm, Cropper Road, Westby	To facilitate the provision of Affordable housing in the administrative area of Fylde Borough Council. (no payback)	£1,015,000.00	1,015,000	As above

APPENDIX 1 – S106 FUNDING IDENTIFIED TO MATCH LAHF 2

14/0491	North View Farm, Ribby Road, Wrea Green	To provide Affordable housing in the administrative area of the Council. (No payback)	£299,998.00		Affordable Housing – means housing that will be available in perpetuity to Qualifying Persons whose needs are not met by the market in accordance with the terms of the Affordable Housing Scheme.
14/0320	Land at 23-33 Fairhaven Road, Lytham At Annes	To provide or to facilitate the provision of affordable housing in the district of the Council. (22/07/2030)	£71,812.00	71,812	None
20/0266	Land Opposite 15-23 Ribchester Road, Lytham	Towards the cost of offsite affordable housing schemes in Lytham. (31/03/2028)	£75,000.00		None
18/0043	High Meadows, Lower Lane, Freckleton	To be applied towards projects and initiatives which facilitate the increased provision of Affordable Housing within the borough of Fylde. (28/01/2032)	£50,000.00	50,000	Affordable Housing – housing for sale or rent, for those whose needs are not met b the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers) and which complies with one or more of the definitions set out in the NPPF.
16/0156	54 Bryning Lane, Wrea Green	To provide or to facilitate the provision of affordable housing in the district of the Council. (12/08/2032)	£250,000.00	250,000	None
			£2,474,039.04	1,526,400	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF ENVIRONMENTAL & HOUSING SERVICES	EXECUTIVE COMMITTEE	5 DECEMBER 2023	8
CREMATOR ENGINEERING REPAIRS			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Councillor Chris Dixon, Lead Member for Social Wellbeing

PURPOSE OF THE REPORT

Essential repair and maintenance to the cremator equipment has been identified at a scheduled inspection, the works are required to ensure the health and safety of Bereavement Services staff and service users. The repairs are like-for-like replacements of key components of the cremator plant and maintenance and will ensure the continued high standard of service delivery at the crematorium. The crematorium is subject to an Environmental Permit, regulated by Fylde Borough Councils Environmental Health Department, the repair and maintenance is required for continued compliance.

RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

RECOMMENDATION

1. To approve a fully funded addition to the Capital programme (2023/24) of £54,500 funded from the Capital Investment Reserve.
2. Subject to the approval of 1 (above), to draw down and authorise expenditure in the sum of £54,500 as detailed within the body of the report (in year 2023/24) and carry out the essential maintenance and repair of the crematorium as required.

REPORT

BACKGROUND

1. The current cremator equipment was installed in 2010. Bereavement Services staff ensure that equipment is kept in good working order however, it does wear and tear over time. The equipment is 13 years old and parts of the cremator have been falling into disrepair. Two areas have been identified where action is required to ensure the standard of service offered at the crematorium is kept high. Bereavement Services staff are responsible for appropriate health and safety practices at the crematorium, the repairs are important health and safety requirements. If the repairs are not carried out there is a risk to the revenue income with possible interruptions in service because of poorly operating equipment. The crematorium is subject to Environmental

Emissions legislation, as set out in Process Guidance Note PG 5/2 (12). This legislation is regulated by Fylde Borough Council's Environmental Health Department, without the required repairs the crematorium may not be complaint.

- Current maintenance and repair are carried out by Facultatieve Technologies under a maintenance contract with the Council since 2018. The repairs required will be carried out by Facultatieve Technologies, however they sit outside of the maintenance contract currently in place.

REQUIRED REPAIR AND MAINTENANCE DETAILS

- The first immediate repair required is to replace a section of flue gas ducting between the ID Fan and the base of the flue stack that stretches over the crematory coffin charging area. Rust and corrosion have been identified, caused by wear and tear with the age of machinery (installed 2010). The damage identified poses the risk of further damage to plant, non-compliance with environmental legislation, a direct risk to employee health and safety, a threat to business continuity and the loss of revenue. The quote received for the flue gas ducting work is £28,500
- The second repair required will need to be carried out in Spring 2024. The repair is to replace the Flue Gas Treatment Bag Filter Media. The repair is essential due to the natural lifecycle of this component part and the wear and tear during operation. The un-remitting use it is subject to causes the internal filter media to become saturated with contaminated reagent over time making it liable to failure. This is a proactive repair, which if not carried out in the next nine months risks damage to plant, non-compliance with environmental legislation, a risk to employee health, business continuity and loss of revenue.
- The quote received to replace the Flue Gas Treatment Bag Filter Media is £26,000. Although this work is due to be undertaken in the Spring of 2024, the quote received is valid up to 31st March 2024 and is likely to be subject to increase. Officers advise that the funds are drawn down against the current quote with the work to be carried out in April 2024.

PROCUREMENT

- The Council went out to tender in 2018 and received one bid only for maintenance of the two cremators, by the incumbent and installer; Facultatieve Technologies.
- The work is classed as an exempt contract because the goods and services for the repair and treatment are of a proprietary character and the Council would not expect any competition, as demonstrated with the original tender.
- If another supplier who was able to carry out the work there would be implications for the maintenance agreement with Facultatieve Technologies, as they exclusively maintain the cremator.
- The repairs are like-for-like replacements of key components of the cremator plant and maintenance and will ensure the continued high standard of service delivery at the crematorium.
- The Council are using the Qualified informal procedure under the procurement regulations, the Head of Environmental and Housing services is satisfied that the arrangements made secure the best available terms to the Council commensurate with the contract risk and value which provide adequate protection against fraud and collusion. This approach is being reported to the committee for approval.

FINANCIAL IMPLICATIONS

Capital costs

Description	Cost quoted
flue gas ducting	£28,500
Flue Gas Treatment Bag Filter Media	£26,000
Total	£54,500

PROGRAMME OF DELIVERY

11. Works are to be delivered within the next three months with scheduled weekend work to reduce disruption to service provision and keep loss of revenue generation to a minimum.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

IMPLICATIONS	
Finance	This report requests approval of a funded addition to the Capital programme (2023/24) of £54,500 fully funded from the Capital Investment Reserve. Subject to the approval of the above, draw down and authorisation of expenditure is also sought in the sum of £54,500 (in year 2023/24) and carry out the essential maintenance and repairs of the crematorium as required
Legal	Without both repairs to flue gas treatment plant emissions will fail compliance with environmental legislation - Process Guidance Note PG 5/2 (12)
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	Without repairs flue gas treatment equipment will fail and no longer be compliant with Environmental Emissions Legislation, Process Guidance Note PG 5/2 (12)
Health & Safety and Risk Management	Without repairs to flue gas treatment plant, system failure poses a risk to employee health, business continuity, reputational risk and a financial risk.

SUMMARY OF PREVIOUS DECISIONS
N/A

BACKGROUND PAPERS REVELANT TO THIS ITEM		
Name of document	Date	Where available for inspection
N/A	N/A	N/A

LEAD AUTHOR	CONTACT DETAILS	DATE
Rebecca Riley	Email rebecca.riley@fylde.gov.uk & Tel 01253 735429	8th November 2023

Attached documents:
None

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF TECHNICAL SERVICES	EXECUTIVE COMMITTEE	5 DECEMBER 2023	9
PROMENADE MOTORHOME PARKING			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Customer and Operational Services (Councillor Morris).

PURPOSE OF THE REPORT

To advise members on progress with working with Lancashire County Council to introduce an overnight motorhome ban on various roads, including along Inner, South and North Promenades, and request the allocation of funding to part-fund its implementation.

RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

RECOMMENDATION

The Committee is requested:

1. To approve a fully-funded revenue budget contribution of up to £30,000 to be met from the remaining Covid Support Grant funding held by Fylde Council as a contribution towards the costs of various on-street parking restrictions, as set out in Lancashire County Council's public consultation and as detailed within this report, including the introduction of a ban on on-street overnight motorhome parking on various roads in Lytham St Annes.

REPORT

BACKGROUND

1. On-street parking is managed by Lancashire County Council as the Local Highway Authority. The County Council implement on-street parking restrictions and enforce them.
2. The issue of motorhomes parking overnight along Inner, South and North Promenade has long been a concern for Fylde Council Members and residents. Following a Car Park Task and Finish Group recommendation, a Decision Report of the Customer and Operational Services Portfolio Holder in March 2012 included reference to the concerns as part of the reason for allowing motorhomes to park overnight on St Annes Swimming Pool Car Park. At the time Lancashire County Council had indicated that a restriction on parking of motorhomes overnight on-street would not be considered until alternative arrangements had been implemented.

3. Since 2012 Fylde Council has expanded the number of overnight parking bays for motorhomes on council owned car parks including North Beach, North Promenade, Fairhaven Road and St Paul's Avenue Car Parks.
4. Fylde Council's Corporate Plan 2020/24 includes an action under Tourism which states 'Work with LCC to develop car parking options for the coastal promenades and manage overnight parking provision'.
5. In Autumn 2020 Lancashire County Council carried out a public consultation on proposals to introduce an overnight motorhome parking ban as part of a wider scheme that included the introduction of pay and display charges along the length of Inner, South and North Promenades as well as some sections of highway in Lytham. The Car Park Working Group reviewed the proposals, along with comments submitted by various Councillors, which informed the Council's response to the consultation. The council supported most aspects of the proposal, including a ban on overnight motorhome parking, but strongly rejected the proposal to introduce on-street pay and display.
6. As a result of the feedback, Lancashire County Council did not progress with the proposal. Fylde Council entered discussions with Lancashire County Council to determine whether an agreement could be reached to implement the motorhome overnight parking ban. The County Council provided the cost of the scheme but without a road safety or income opportunity, they would be unable to fund the implementation of the restrictions.
7. An update to the Operational Management Committee on progress of Corporate Plan actions was provided on 6th September 2022. Members were advised that due to Lancashire County Council being unable to justify the cost and Fylde Council not having a highways budget for the scheme, the action would be closed on the Corporate Plan with the proposals having been agreed but the implementation required further consideration and budget.
8. On 5th December 2022 an update to Full Council confirmed the closure of the Corporate Plan action stating that it was undelivered.

CURRENT SITUATION AND FUNDING PROPOSAL

9. Potential funding to cover part of the cost of implementing an overnight ban on motorhomes along the promenades and some neighbouring streets has been identified through remaining unallocated Covid Support Grant funding held by Fylde Council. As such negotiations with Lancashire County Council were revived on this issue.
10. Lancashire County Council's estimated costs, including signage, posts, lining, etc. for implementing the relevant changes is £60,000. In addition to the overnight motorhome ban on the highway, amendments to the legal order are proposed to create a coach stand near St Annes Pier and a bus bay by AKS. The proposal is for Fylde Council to part fund the work, with Fylde's contribution capped at a maximum of £30,000.
11. Lancashire County Council conducted a public consultation exercise on the proposed changes, which is part of the legal process for changing the Traffic Regulation Order, between 12th October and 9th November 2023. This included full details of the proposed restrictions to be implemented with the details made available to all stakeholders through a pro-active campaign to obtain feedback.
12. Responses to the consultation will be considered and reported to Lancashire County Council's Cabinet with input to address specific concerns provided by Fylde Council. Minor amendments to the scheme may be considered in light of the consultation responses.

CONCLUSION

13. To deliver the Traffic Regulation Order, members are recommended to approve the fully funded budget of up to £30,000 from the Covid Support Grant to fund Fylde's share of the cost. Lancashire County Council will progress the implementation of an overnight motorhome ban on various highways along the Promenade along with other associated amendments to the legal order.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓

Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

IMPLICATIONS

Finance	The report recommends a contribution to Lancashire County Council of up to £30,000 towards the costs of various on-street parking restrictions as set out in the report, with the contribution being fully funded from remaining unallocated Covid Support Grant funding held by Fylde Council.
Legal	None
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

SUMMARY OF PREVIOUS DECISIONS

Operational Management Committee Meeting of 6th September 2022 – information item to update on Corporate Action Plan which stated an option had been suggested by Lancashire County Council but would require match funding to implement from Fylde Council. It was recommended that the item is closed as the implementation requires further investigation and funding.

Full Council of 5th December 2022 it was RESOLVED to:

1. Approve the progress made against the Corporate Plan actions outlined in Appendix 2 of the report for the period up to the end of September 2022.

BACKGROUND PAPERS REVELANT TO THIS ITEM

Name of document	Date	Where available for inspection
n/a		

LEAD AUTHOR	CONTACT DETAILS	DATE
Andrew Loynd	Email & Tel 01253 658527	17 th November 2023

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF PROJECTS AND REGENERATION	EXECUTIVE COMMITTEE	5 DECEMBER 2023	10

ESTABLISHMENT OF PROJECT AND PROGRAMME BOARDS

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Economic Development (Councillor Karen Buckley).

PURPOSE OF THE REPORT

To outline proposals for the establishment of several Project and Programme boards designed to oversee significant capital projects and programmes that are being delivered by the Council. The project and programme boards will involve members, officers and some external stakeholders. The Executive Committee will be asked to confirm the appointments of members to the boards as outlined within the report.

RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

RECOMMENDATION

1. Agree to the creation of several project and programme boards as detailed within the report which includes the appointment of members from the Executive Committee.

REPORT

1. The Council are committed to delivering several significant capital projects¹ and programmes². It is recommended that each individual project or programme should report regularly to a project or programme board as part of governance best practice.
2. A project or programme board will provide oversight and direction to each individual project team of officers involved with the day-to-day delivery of the project or programme. This will include officers in support services such as finance, estates and communications. A project/programme board will have the authority to steer the

¹ PRINCE2 defines a project as "a temporary organisation that is created for the purpose of delivering one or more business products according to a specified business case". Projects have an end and aren't designed to last very long. The project manager ensures the project delivers the intended goal, within a defined timeframe and budget.

² A programme is defined as "a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually". Programmes are usually long term, sometimes spanning years, and don't have a fixed deadline. A programme is a framework of related projects aligned in a specific sequence. They have predictable and repeatable elements to minimise or even eliminate risks.

project or programme via a series of gateway stages and issue reports. This authority does not include decisions that are required to be made by the Council regarding allocation of funding, drawdown of capital programme funds and contract awards.

3. It is proposed to create the following project and programme boards:

- St Annes Masterplan programme board.
- Kirkham Futures programme board.
- Project Vento project board.
- Lytham Clifton Street public realm project board.
- UK Shared Prosperity Fund programme board.

4. It is proposed that a detailed terms of reference will be prepared and agreed by each project and programme board once membership is established. For clarity, the purpose and scope of each of the project and programme boards proposed is included below.

5. St Annes Masterplan programme board

The programme board will act as the strategic group to steer the delivery of the St Annes and Island Masterplan. The Masterplan was adopted by Planning Committee in Summer 2022. The activities of the board will include receiving regular reports on cost & programme, identifying and assessing funding opportunities, allocating actions to support services and monitoring and reviewing the communications strategy. The programme board will also have the opportunity to inform future decision reports to be considered by Executive Committee and/or Full Council relating to the delivery of the wider programme that have financial implications to the Council.

6. Kirkham Futures programme board

The programme board will act as the strategic group to steer the delivery of the c. £10m Kirkham Futures programme funded by Historic England and Future High Street Fund and approved by Planning Committee. This includes delivery of the public realm, Hillside refurbishment project, shopfronts grant scheme, conversion of the Former Girls Charity School into bar/restaurant & various activity and engagement projects. The programme board will receive regular reports on cost & programme, allocate actions to support services and monitor/review the communications strategy.

7. Project Vento

The project board will act as the strategic group to steer delivery of project vento, which involves the construction of a new kiosk serving food and beverages at Granny's Bay, Fairhaven. The board will receive a regular report with updates on cost, programme, communications and risk. The principles of the project were approved by the Tourism and Leisure Committee in June 2021 and will be fully funded via the Council's funding volatility reserve.

8. Lytham Clifton Street public realm project

The project board will act as the strategic group to steer delivery of the Lytham Clifton Street public realm project. This will involve tree replacement works and a new lighting scheme. This scheme is majority funded by the Council (Planning Committee report November 2019) and UK Shared Prosperity Fund. The board will receive a regular report with updates on cost, programme, communications and risk.

9. UK Shared Prosperity Fund (UKSPF) programme board

The programme board will act as the strategic group to steer delivery of the UKSPF programme. The principles of the programme were considered by Finance and Democracy Committee in January 2023. The programme

involves delivery of 14 projects which sit across 3 investment themes; Communities and Place, Supporting Local Business and People & Skills. The board will receive a report with updates on cost, programme, communications and risk. The board will also be kept apprised of the monitoring and evaluation of the prescribed outcomes and outputs contained within the approved UKSPF Investment Plan.

10. The proposed membership of each board is as follows:

- St Annes Masterplan programme board:
 - Leader of the Council & Lead Member for Economic Development – Cllr Karen Buckley.
 - Deputy Leader & Chairman of Planning Committee – Cllr Richard Redcliffe.
 - Programme Sponsor – Chief Executive.
 - Programme Manager – Head of Projects and Regeneration (Chair).
 - External project managers (as and when required/appointed).
 - Estates and Assets Manager.
 - Finance representative.
 - Communications representative.
 - St Annes Town Council Clerk.
 - St Annes Town Councillor representative.
 - St Annes Enterprise Partnership representative (subject to revised constitution).

- Kirkham Futures programme board:
 - Leader of the Council & Lead Member for Economic Development – Cllr Karen Buckley.
 - Deputy Leader & Chairman of Planning Committee – Cllr Richard Redcliffe.
 - Programme Sponsor – Head of Projects and Regeneration (Chair).
 - Programme Manager – Principal Economic Regeneration Projects Officer.
 - External project and cost managers – Gosling Consulting Ltd if required.
 - Estates (copied in on reports only).
 - Finance representative.
 - Comms representative.
 - Kirkham Town Council Clerk.
 - Kirkham Town Council Mayor (or another nominated Councillor).

- Project Vento:
 - Lead member for Tourism – Cllr Jayne Nixon.
 - Project Sponsor – Head of Projects and Regeneration.
 - Project Manager – TBC.
 - Architect and Lead Consultant – Creativ Sparc Architects (External).
 - Estates representative.
 - Communications representative.

- Finance representative.
- Lytham Clifton Street Public Realm
 - Leader of the Council & Lead Member for Economic Development – Cllr Karen Buckley.
 - Deputy Leader & Chairman of Planning Committee – Cllr Richard Redcliffe.
 - Project Sponsor – Head of Projects and Regeneration (Chair).
 - Project Manager – TBC.
 - Estates representative.
 - Communications representative.
 - Finance representative.
 - Lytham Business Partnership Chairman (subject to revised constitution).
- UKSPF Programme Board
 - Leader of the Council & Lead Member for Economic Development – Cllr Karen Buckley.
 - Deputy Leader & Chairman of Planning Committee – Cllr Richard Redcliffe.
 - Programme Sponsor – Head of Projects and Regeneration (Chair).
 - UKSPF Programme Manager – Economic Development Officer.
 - Business Engagement and Town Centres Officer.
 - Tourism and Culture Manager.
 - Comms representative.
 - Finance (reports only).

11. If the recommendation within this report is approved, then officers will prepare detailed terms of reference to be agreed by each board and will schedule meetings during December 2023. The board meetings will then start from January 2024 onwards. Board reports will be made available for members to view.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	√
Environment – To deliver services customers expect	√
Efficiency – By spending money in the most efficient way	√
Tourism – To create a great place to live and visit	√

IMPLICATIONS	
Finance	None
Legal	None
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None

Health & Safety and Risk Management	None
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LEAD AUTHOR	CONTACT DETAILS	DATE
Charlie Richards	Charlie.richards@fylde.gov.uk 01253 658520	27 th November 2023

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
INTERIM SCRUTINY MANAGER	EXECUTIVE COMMITTEE	5 DECEMBER 2023	11
COMMUNITY GOVERNANCE REVIEW OF LYTHAM & ANSDELL			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Finance & Resources - Councillor Ellie Gaunt.

PURPOSE OF THE REPORT

The purpose of this report is to advise members of the recommendations of the spotlight scrutiny review to look at how further and more extensive consultation should be undertaken in relation to community governance proposals to establish new parish councils for Ansdell and Lytham.

RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

RECOMMENDATIONS

Committee are requested to consider the recommendations from the scrutiny spotlight review for further and more extensive consultation in relation to community governance proposals to establish new parish councils for Ansdell and Lytham.

REPORT

BACKGROUND

1. A community governance review is a review of the pattern of parishes and parish councils in the whole or part of a district. The legal framework for reviews is set out in part 4 of the Local Government and Public Involvement in Health Act 2007.

PREVIOUS DECISIONS

2. On [12 October 2022 Council considered a report](#) recommending the adoption of the outcome of the community governance review. This review was directed by a decision of Fylde's council meeting on 19 October 2020. The terms of reference of the review were to consider whether to create a parish council or councils to cover the unparished area of the district, and to recommend changes to boundaries of existing parishes having regard to the guidance that reviews should "put in place strong boundaries, tied to firm ground detail, and remove anomalous parish boundaries".

3. Council resolved to accept the proposals to make minor boundary changes affecting four parishes (referred to as to WP1 in the covering report). However, Council decided to defer a decision on the establishment of new parish councils for Lytham and Ansdell due to low numbers of respondents from Lytham and Ansdell.
4. Council did commit to a further and more extensive public consultation in relation to proposals to establish new parish councils for Ansdell and Lytham, the details of such consultation to be determined by the Finance & Democracy Committee.
5. In May 2023 Fylde Council moved to a new model of governance which saw the previous programme committees replaced by a single Executive Committee with Scrutiny. This means a report agreeing the details of further and more extensive consultation would need to be considered and approved by the Executive Committee.
6. As part of the establishment of the new model of governance at Fylde the Leader has suggested it might be appropriate for scrutiny to be involved in initially considering this and making recommendations to the Executive Committee. This request has been considered by [the Community Focus Scrutiny Committee who on 12 October 2023](#) established a task and finish group to undertake a spotlight review to look at how further and more extensive consultation should be undertaken in relation to community governance proposals to establish new parish councils for Ansdell and Lytham.

PROPOSALS FOR FURTHER CONSULTATION

7. The task and finish group has arranged to meet on 1 December to undertake the review and will be taking evidence from relevant officers, lead members and from a residents group Lytham Voice.
8. The recommendations of the spotlight review will be reported verbally to the Executive Committee at the meeting on 5 December.
9. The outcome of any further consultation on proposals to establish new parish councils for Ansdell and Lytham would be reported to Council for consideration and adoption.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

IMPLICATIONS	
Finance	The cost implications of any recommendations from the scrutiny spotlight review for further and more extensive consultation will be reported at the meeting.
Legal	The legal provisions governing community governance reviews are contained in the Local Government and Public Involvement in Health Act 2007
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

SUMMARY OF PREVIOUS DECISIONS
Community Focus Scrutiny Committee on 12 October 2023 , RESOLVED:

1. A Task and Finish Group be established comprising Councillors Peter Anthony, Chris Dixon, Martin Evans, Gail Goodman, Gavin Harrison and Vince Settle to undertake a spotlight review to look at how further and more extensive consultation should be undertaken in relation to community governance proposals to establish new parish councils for Ansdell and Lytham.
2. That the Task and Finish Group make recommendations direct to the Executive Committee regarding the nature and extent of such public consultation.

[Council on 12 October 2022](#), RESOLVED to:

1. Accept proposals BW3, E1, RW1 and WS4/1 (which is referred to as WP1 in the covering report) as set out in the community governance review report.
2. Defer a decision on proposals A1 and L1 owing to low numbers of respondents from Lytham and Ansdell.
3. Commit to a further and more extensive public consultation in relation to proposals A1 and L1, the details of such consultation to be determined by the Finance & Democracy Committee.

BACKGROUND PAPERS REVELANT TO THIS ITEM

Name of document	Date	Where available for inspection
Community governance review	May 2022	Appended to report to Council 12 October 2022
Community questionnaire responses	Open March – April 2022	Governance team, Town Hall, Lytham St Annes
Community governance reviews: Guidance and model reorganisation order	Updated 2010	https://www.gov.uk/government/publications/community-governance-reviews-guidance

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul Walker	paul.walker@fylde.gov.uk & Tel 01253 658504	21 Nov 2023

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	EXECUTIVE COMMITTEE	5 DECEMBER 2023	12
LYTHAM INSTITUTE – CHARITY REPORTING			

PUBLIC ITEM

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

RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Finance and Resources (Councillor Ellie Gaunt).

PURPOSE OF THE REPORT

This report outlines the information that the Council as trustee is required to submit to the Charity Commission regarding Lytham Institute as part of an annual return that all charities are required to make.

RECOVERABILITY

This decision is not recoverable because it relates to:

- A recommendation to the council or to any other committee or sub-committee of the council

RECOMMENDATION

The committee is asked to:

Approve the Trustees Annual Report and Annual Accounts for the period to 31st March 2023 as shown at the appendices to this report for submission to the Charity Commission by the statutory deadline of 31st January 2024.

REPORT

Charity Commission Return

1. The Trustee (The Council) must make an annual return to the Charity Commission regarding Lytham Institute as part of an annual return that all charities are required to make. This return sets out the objectives and activities of the Trust, its achievements and performance, and incorporates a financial review together with any information on structures, governance, and management. The proposed return is attached at Appendix A to this report.

Preparation and Independent Examination of the Financial Accounts of the Trust

2. As the charity's trustee, Fylde Council is also responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011. The Council has sought the advice of specialist accountants (Rushtons) in the preparation of the accounts because charity accounts must be compiled in accordance with

specific reporting standards. Rushtons have also undertaken the independent examination of the charity's accounts required under section 145 of the act. The accounts are shown at Appendix A to this report and the committee is requested to approve those accounts prior to the submission of the accounts to the Charity Commission as is required.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	
Environment – To deliver services customers expect	
Efficiency – By spending money in the most efficient way	
Tourism – To create a great place to live and visit	

IMPLICATIONS	
Finance	There are no financial implications arising directly from this report.
Legal	The return and reports are required to be submitted each year by every charity, unless exempt.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

SUMMARY OF PREVIOUS DECISIONS
Finance and Democracy Committee 25 January 2021: Approved the Trustees Annual Report and Annual Accounts for the period to 31 st March 2020.
Finance and Democracy Committee 24 January 2022: Approved the Trustees Annual Report and Annual Accounts for the period to 31 st March 2021.
Finance and Democracy Committee 30 January 2023: Approved the Trustees Annual Report and Annual Accounts for the period to 31 st March 2022.

BACKGROUND PAPERS REVELANT TO THIS ITEM		
Name of document	Date	Where available for inspection
Lytham Institute Trustees Annual Report to 31 st March 2023		Town Hall, Lytham St Annes
Lytham Institute Annual Accounts to 31 st March 2023		Town Hall, Lytham St Annes

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	ian.curtis@fylde.gov.uk	22 November 2023

Attached Documents:

Appendix A - Lytham Institute Trustees Annual Report and Accounts to 31st March 2023

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
FOR
THE LYTHAM INSTITUTE**

Rushtons
Chartered Accountants
Shorrock House
1 Faraday Court
Fulwood
Preston
Lancashire
PR2 9NB

THE LYTHAM INSTITUTE

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THE LYTHAM INSTITUTE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

The trustees present their report with the financial statements of the charity for the year ended 31 March 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

To maintain Lytham Institute for public use under the provisions of the Public Libraries Acts 1892 - 1901 and the Museum and Gymnasiums Act 1891 or any Acts re-enacting or amending the said Acts or any of them.

The objects remain under review by the Charity Commission following consultation in the spring of 2022.

The Charity has maintained and managed the Lytham Institute building and has ongoing arrangements with several community groups. Lytham Heritage Group and the Civic Society occupy rented space on the first floor of the premises.

The trustee has had regard to Charity Commission guidance on public benefit.

Several community groups, including the Heritage Group and the Civic Society, have an involvement in the use of the building historically. The use is based on a paid for hire service, any income is not donations.

The Charity has invited the Charity Commission to make a scheme to amend its charitable objects. Following the making of a scheme, the Charity will review its administrative arrangements to allow (inter alia) for the appointment of further trustees.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Use of the building has been limited to the following community activities until the objects can be finalised through the Charity Commission:

- yoga
- slimming club
- music society / judo
- dog agility classes
- Lytham Heritage Group storage
- Lytham Civic Society office

Feedback from all users has been positive with the Charity providing a service valuable to their service delivery.

FINANCIAL REVIEW

Financial position

Fylde Borough Council is the sole funder of the Charity, excluding any income from hire of rooms.

THE LYTHAM INSTITUTE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, Indenture dated 29 September 1917 and constitutes an unincorporated charity.

No trustees have been appointed since 1917. The sole trustee will review its trusts to (inter alia) enable it to appoint additional trustees when the objects are finalised.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

1186995

Principal address

Fylde Council
Town Hall
Lytham St Annes
Lancashire
FY8 1LW

Trustees

Fylde Borough Council

Independent Examiner

Rushtons
Chartered Accountants
Shorrock House
1 Faraday Court
Fulwood
Preston
Lancashire
PR2 9NB

Approved by order of the board of trustees on and signed on its behalf by:

.....
Head of Governance

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
THE LYTHAM INSTITUTE**

Independent examiner's report to the trustees of The Lytham Institute

I report to the charity trustees on my examination of the accounts of The Lytham Institute (the Trust) for the year ended 31 March 2023.

Responsibilities and basis of report

As the charity trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's accounts carried out under Section 145 of the Act and in carrying out my examination I have followed all applicable Directions given by the Charity Commission under Section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by Section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Adam Calvert
ACA
Rushtons
Chartered Accountants
Shorrock House
1 Faraday Court
Fulwood
Preston
Lancashire
PR2 9NB

Date:

THE LYTHAM INSTITUTE

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 Unrestricted fund £	2022 Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies		-	12,000
Other trading activities	2	<u>48,829</u>	<u>29,027</u>
Total		<u>48,829</u>	<u>41,027</u>
EXPENDITURE ON			
Raising funds	3	41,998	36,614
Governance costs		6,831	4,413
		<u> </u>	<u> </u>
Total Resources expended		48,829	41,027
RECONCILIATION OF FUNDS			
Total funds brought forward		-	-
		<u> </u>	<u> </u>
TOTAL FUNDS CARRIED FORWARD		<u><u> </u></u>	<u><u> </u></u>

The notes form part of these financial statements

THE LYTHAM INSTITUTE

**BALANCE SHEET
31 MARCH 2023**

	Notes	2023 Unrestricted fund £	2022 Total funds £
FIXED ASSETS			
Tangible assets	6	1,000	1,000
CREDITORS			
Amounts falling due within one year	7	(1,000)	(1,000)
		_____	_____
NET CURRENT ASSETS		<u>(1,000)</u>	<u>(1,000)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		-	-
		_____	_____
NET ASSETS		<u>-</u>	<u>-</u>
FUNDS	8	_____	_____
TOTAL FUNDS		<u>-</u>	<u>-</u>

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
Chief Financial Officer

The notes form part of these financial statements

THE LYTHAM INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold Property - straight line basis over a 50 year useful life as estimated by the valuer.

Further details relating to depreciation of the Institute building are contained in note 6 below.

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

THE LYTHAM INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023**

2. OTHER TRADING ACTIVITIES

	2023	2022
	£	£
Room rental	7,890	4,556
Funded by Fylde Council	<u>40,939</u>	<u>24,471</u>
	<u>48,829</u>	<u>29,027</u>

3. RAISING FUNDS

Raising donations and legacies

	2023	2022
	£	£
Staff costs	3,210	2,096
Rates and water	6,165	8,264
Insurance	1,944	1,744
Light and heat	5,157	3,259
Repairs and maintenance	10,639	5,444
Support costs	<u>14,883</u>	<u>15,807</u>
	<u>41,998</u>	<u>36,614</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2023 nor for the year ended 31 March 2022.

5. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	<u>24,009</u>	<u>21,466</u>

No employees received emoluments in excess of £60,000.

The Charity itself does not directly employ financial, legal, property services or management staff to carry out its activities. In lieu of that, those duties have fallen on the staff employed by Fylde Council as sole Trustee who carry those duties in good faith in the interests of the Trust. The figure of £24,009 comprises the total allocation of staff costs to the Trust including direct agency staff, overtime, and Fylde Council employees who have carried out duties attributable to the Trust in support of its operations.

THE LYTHAM INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

6. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1 April 2022 and 31 March 2023	<u>1,000</u>
NET BOOK VALUE	
At 31 March 2023	<u>1,000</u>
At 31 March 2022	<u>1,000</u>

In December 2019 a comprehensive Building and Asset Survey was carried out on the Lytham Institute by a specialist firm of Chartered Surveyors, Jacobs. The survey included two cost exercises, both of which exclude inflation and professional fees:

- a high-level benchmarking exercise with data taken from BCIS for buildings in similar use within the Fylde/Lancashire area. This identified a mean rehabilitation / conversion of public community centre and LA rooms index of £1,773m² which when applied to the Gross Internal Floor Area of the building of 953m² gave a benchmark cost estimate of £1.690m; and
- a cost estimate build-up of the defects identified in the building survey in the value of £1.157m

Subsequently in January 2020 Jacobs carried out a separate asset valuation which, in light of the Building and Asset Survey referred to above, valued the institute building at a nominal value of £1,000. Given that the asset is held at this nominal de-minimis level, it is the intention not to apply an annual depreciation charge.

THE LYTHAM INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023**

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Other creditors	<u>1,000</u>	<u>1,000</u>

8. MOVEMENT IN FUNDS

	At 1.4.22	Net movement in funds	At 31.3.23
	£	£	£
TOTAL FUNDS	<u>-</u>	<u>-</u>	<u>-</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	48,829	(48,829)	-
	<u>48,829</u>	<u>(48,829)</u>	<u>-</u>
TOTAL FUNDS	<u>48,829</u>	<u>(48,829)</u>	<u>-</u>

THE LYTHAM INSTITUTE

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £	2022 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Grants	-	12,000
Other trading activities		
Room rental	7,890	4,556
Funded by Fylde Council	<u>40,939</u>	<u>24,471</u>
	<u>48,829</u>	<u>29,027</u>
Total incoming resources	48,829	41,027
EXPENDITURE		
Raising donations and legacies		
Agency staff	3,210	2,096
Rates and water	6,165	8,264
Insurance	1,944	1,744
Light and heat	5,157	3,259
Repairs and maintenance	<u>10,639</u>	<u>5,444</u>
	27,115	20,807
Governance costs		
Wages	5,916	3,563
Accountancy	<u>915</u>	<u>850</u>
	6,831	4,413
Support costs		
Management		
Wages	12,879	13,921
Finance		
Wages	<u>2,004</u>	<u>1,886</u>
Total resources expended	<u>48,829</u>	<u>41,027</u>
Net income	<u><u>-</u></u>	<u><u>-</u></u>

This page does not form part of the statutory financial statements

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	EXECUTIVE COMMITTEE	5 DECEMBER 2023	13
EXCLUSION OF THE PUBLIC LYTHAM FESTIVAL – REVISED TERMS			

PUBLIC ITEM

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

RECOMMENDATION

Members are invited to consider passing a resolution concerning the exclusion of the public from the meeting in accordance with the provisions of Section 100A (4) of the Local Government Act 1972 on the grounds that the business to be discussed is exempt information as defined under paragraph 3, information relating to the financial or business affairs of any person (including the authority holding that information).

STATUTORY BACKGROUND

1. Section 100A of the Local Government Act 1972 requires all council and committee meetings to be open to the public except¹ to the extent that they are excluded by a resolution.
2. Councillors can only pass a resolution to exclude the public from a meeting during an item of business if it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure to them of exempt information.
3. The categories of information that are “exempt information” are described in schedule 12A to the act.

FINANCIAL OR BUSINESS INFORMATION

4. Information relating to the financial or business affairs of any particular person (including the authority holding that information) can be exempt information. But it is only exempt if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CONSIDERATION OF WHETHER TO EXCLUDE THE PUBLIC

5. Like any resolution, a resolution to exclude the public needs to be proposed and seconded. It can be debated under the normal rules for debates. If there is a debate, councillors should be careful not to disclose any of the information in the potentially exempt report during the debate.
6. In deciding whether to exclude the public, councillors will want to consider the following questions:
 - a. What is the public interest in maintaining the exemption? In other words, what damage would be done by the information in the report entering the public domain?
 - b. What is the public interest in disclosing the information? There is always a public interest in the openness, accountability, and transparency of public bodies, and in demonstrating proper

¹ Section 100A also requires the public to be excluded during discussion of information furnished to the council by a Government department upon terms which forbid the disclosure of the information to the public and information which is forbidden to be disclosed to the public by law or a court order.

stewardship of public funds.

- c. Does the public interest in maintaining the exemption outweigh the public interest in disclosing the information? The public can only be excluded if the answer to that question is "yes".