



Agenda

Finance and Democracy Committee

Date:	Monday, 19 June 2017 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor Karen Buckley (Chairman) Councillor Roger Small (Vice-Chairman)</p> <p>Councillors David Donaldson, Tony Ford JP, Neil Harvey, Angela Jacques, Kiran Mulholland, Linda Nulty, Liz Oades, Richard Redcliffe, Vince Settle, Elaine Silverwood.</p>

Public Platform

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

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

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 20 March 2017 as a correct record.	1
3	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 24(c).	1
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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	4
MEDIUM TERM FINANCIAL STRATEGY (MTFS) – GENERAL FUND REVENUE, CAPITAL PROGRAMME & TREASURY MANAGEMENT OUTTURN POSITION FOR 2016/17			

PUBLIC ITEM

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

SUMMARY

On 2nd March 2017 the Council set its budget for 2017/18 and also set a revised budget for 2016/17. This report sets out for Members the expected General Fund Revenue, Capital, and Treasury Management Outturn position for the financial year 2016/17. The report outlines the major variations between the latest approved budget and the actual outturn expenditure and quantifies the impact on the Council's reserves. The report also includes a summary of the Council's Treasury Management operations for the financial year. Work is still ongoing and some minor variations may be identified which will be reported in future Medium Term Financial Strategy (MTFS) updates.

RECOMMENDATIONS

The Finance and Democracy Committee is recommended to:

1. approve the General Fund Revenue Outturn position as summarised in table 1 of the report;
2. approve the revenue slippage items as set out in Appendix C of the report;
3. approve the transfers to earmarked reserves as set out in paragraphs 2.5 & 2.6 and as summarised in table 1 of the report;
4. approve the Capital Outturn position, including financing, as set out in sections 6 to 9 of the report;
5. approve the capital slippage items as set out in Appendix E of the report; and
6. approve the Treasury Management Annual Report as set out in sections 10 to 12 and the actual Prudential Indicators set out in Appendix F of the report.

SUMMARY OF PREVIOUS DECISIONS

The outturn position for the prior financial year is considered by members annually. There are no previous decisions in respect of the 2016/17 financial outturn.

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓

To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

1. Introduction

- 1.1 The Revenue Budget Forecast Update was reported to the Finance and Democracy Committee in both November 2016 and January 2017 and to Council in December 2016 and February 2017, with the Medium Term Financial Strategy (MTFS) and budget decisions presented to full Council for approval in March 2017. This report sets out the outturn position at the end of the financial year to 31st March 2017.

2. General Fund Revenue Outturn Position (including Collection Fund)

- 2.1 On the 2nd March 2017, Council approved a revised Revenue Budget net requirement of £9.049m for 2016/17. The outturn position for 2016/17 is a net requirement of £8.789m resulting in a favourable variance (before financing and slippage) of £0.260m. A £0.186m favourable variance against the budgeted total of financing received during the year has resulted in a Revenue Budget underspend, before slippage requests, of £0.446m.

- 2.2 The underspend position is summarised in Table 1 below:

Table 1 – Estimated General Fund Revenue Outturn Position:

	<u>Budget</u> <u>£m</u>	<u>Actual</u> <u>£m</u>	<u>Variance</u> <u>£m</u>	
Net expenditure for the year	9.049	8.789	(0.260)	(Fav)
Financing for the year	(10.039)	(10.225)	(0.186)	(Fav)
Surplus of resources for the year	(0.990)	(1.436)	(0.446)	(Fav)
Less:				
budgeted transfer to Accommodation Project Reserve	0.471	0.471		-
budgeted transfer to M55 Link Road Reserve	0.519	0.519		-
required transfer to GF balances re slippage	0.000	0.067	0.067	(Fav)
Balance - further transfers to reserves	0	(0.379)	(0.379)	(Fav)
<u>Analysis of further recommended transfers to reserves</u>				
- transfer to Accommodation Project Reserve	0	(0.135)	(0.135)	(Fav)
- transfer to M55 Link Road Reserve	0	(0.244)	(0.244)	(Fav)
Recommended further transfers to reserves	0	(0.379)	(0.379)	(Fav)

- 2.3 A more detailed analysis of the General Fund Revenue Account comparing actual expenditure against the revised approved estimate, analysed by service, is set out in **Appendix A**. A detailed list of the variances within services which contribute to the outturn position is set out in **Appendix B**.
- 2.4 The analysis of the 2016/17 financing at **Appendix A** includes a favourable variance of £0.186m in relation to government grants and council tax and business rate income. This arises as a consequence of the timing differences in the required accounting transactions between the Council's General Fund and the Collection Fund (the Collection Fund being necessary to allow the Council to account separately for business rate and council tax income).
- 2.5 There are a number of budget variances arising from slippage and other adjustments that are recommended for operational effectiveness. These items total £0.067m and are listed in **Appendix C**. **It is recommended that this sum is transferred to general fund balances at year end such that this**

expenditure can be met in 2017/18. The underlying underspend after accounting for this slippage is therefore reduced from £0.446m to £0.379m.

- 2.6 After allowing for slippage of £0.067m and the budgeted transfers to reserves of £0.990m there remains a favourable outturn variance of £0.379m. **It is recommended that the sum of £0.135m is transferred to the Accommodation Project Reserve to allow the scheme to be completed (as detailed in a separate report included elsewhere on this agenda) and that the remaining sum of £0.244m is transferred to the M55 Link Road Reserve in line with the approval of Council in July 2016 to make a contribution towards delivery of this project.**
- 2.7 Work continues to be undertaken to interrogate and verify the nature of any budget variances in order to continue the budget rightsizing work carried out during the last financial year. The outcome of this work will be reflected in future updates of the MTFS.

Business Rates Income (National Non-Domestic Rates – NNDR)

- 2.8 As a consequence of the revised arrangements in respect of business rates, which came into effect from 2013/14, local authorities became liable for a share of the cost of the settlement of appeals in respect of the valuation of properties by Valuation Office Agency (VOA), that being the body which determines business rates liability. All rateable values are supposed to be reassessed every five years at a general revaluation, although the last one, which was due in 2015, was delayed for two years and became effective on 1st April 2017.

Many businesses within the borough, and indeed nationwide, have lodged appeals against the level of their business rating valuations, with many long-outstanding appeals yet to be settled. These appeals are often supported by specialist rating agents and the outcome can be backdated to the date of the appeal or the last revaluation (i.e. 2010). This scenario can result in significant in-year business rate refunds being made to businesses whose appeals are successful. The VOA have committed to reducing the backlog of appeals within the system and each year a number of the appeals are either settled or dismissed by the VOA. The overall number of outstanding appeals for Fylde has reduced from c270 (with a total value of £9.613m) at 1st April 2016 to c170 (with a total value of £4.922m) at 31st March 2017. This reduction includes the effect of the largest value appeal in Fylde, relating to the Westinghouse Springfields site, being dismissed by the VOA during the year as reported to this committee at its meeting of 28th October 2016.

At that meeting the committee considered a report detailing a number of revisions to the business rates income expectations. The report also proposed that as a consequence of this predicted reduction in the value of the appeals provision, combined with a number of known upward revaluations of rateable values in respect of existing businesses in the borough and a number of additions as a result of new developments in the borough, that Fylde Council become a member of the Lancashire Business Rate Pool for 2017/18.

Based upon the revised assessment of Business Rate income expectations the Finance and Democracy Committee approved membership of the Lancashire Business Rate Pool for 2017/18 in order to maximise the Council's share of this additional income. The Committee also approved that the initial gains from membership of the pool (in terms of business rate income retained over and above the baseline level) are utilised to create a 'local safety net' to provide replacement funding in the event that actual income received fails to meet the baseline level. This is to be achieved through an additional contribution to the Funding Volatility Reserve in 2017/18.

The effect of the above changes to Business Rates income expectations for 2017/18 and beyond (including the 'one-off' further benefit for 2017/18) and the contribution to the Funding Volatility Reserve in 2017/18 have been reflected in the Financial Forecast that was approved at Budget Council in March 2017.

Fylde Council is required to make a levy payment of £1.464m to Central Government in respect of the government share of the increased business rate income in 2016/17 arising from both growth and the large reduction in the appeals provision. This payment has been reflected in the 2016/17 outturn position and will be funded from the Collection Fund Deficit Reserve, leaving a balance on the reserve of £0.381m. This reserve will be reviewed along with all other reserves as part of the budget setting process for 2018/19.

Each future update to the Financial Forecast will reflect the latest information on Business Rate income

expectations, including any changes required as a consequence of the 2016/17 outturn position.

With regard to future levels of Business Rate income the government has announced its intention to further reform the Business Rate Retention arrangements with effect from 2019/20, one of the effects being to bring into question the viability of local Business Rate pools. Consequently the new arrangements may result in changes to the amounts of Business Rate income that is retained by Fylde Council which are, as yet however, unquantifiable. Each future update to the Financial Forecast will include the effects of any such changes as and when they are known.

3. Collection Fund Outturn Position

- 3.1 As a Council Tax and Non-Domestic Rates (NDR) Billing Authority, the Council is required by legislation to calculate the surplus or deficit for each financial year on the Collection Fund. Prior to 2013/14 the requirement was to maintain this for Council Tax only, however, as part of the Local Government Finance Act 2012 the Government implemented a Business Rates Retention Scheme from April 2013, whereby the collection and distribution of NDR is collected and distributed via the Collection Fund (distribution of NDR had previously been managed nationally).
- 3.2 For Council Tax only, there was a cumulative surplus on the fund as at 31st March 2017 of £302k. This will be shared between the Borough Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2017/18 & 2018/19. The Borough Council's share of the surplus is £41k.
- 3.3 For Non-Domestic Rates only, there was a surplus on the fund as at 31st March 2017 of £3.505m, which has been generated as a result of the circumstances explained section 2.8 of this report. The surplus will be shared between Central Government, the Borough Council, the County Council and the Fire & Rescue Authority in 2017/18 & 2018/19. The Borough Council's share of the surplus is £1.402m.

4. Statement of General Fund Revenue Balances

- 4.1 Table 2 details the Council's General Fund Balances position, as a result of the estimated Outturn at 31st March 2017:

Table 2 – Statement of General Fund Revenue Balances

	<u>Budget</u>	<u>Actual</u>	<u>Variation</u>	
	<u>£m</u>	<u>£m</u>	<u>£m</u>	
Opening Balance 01/04/2016	3.481	3.481	-	
In-year surplus transferred to reserves re slippage	-	0.067	0.067	(Fav)
Closing Balance 31/03/2017	3.481	3.548	0.067	(Fav)

- 4.2 The first call on revenue balances in 2017/18 is the proposed slippage of £0.067m as set out in **Appendix C** leaving general fund balances after allowing for these items at £3.481m.

5. General Fund Revenue Outturn Conclusions

- 5.1 The favourable outturn position for revenue allows for a further contribution to be made to the Accommodation Project Reserve in the sum of £0.135m to provide for completion of the project to Phase 7 of the scheme, and a further transfer to the M55 Link Road Reserve of £0.244m. This has the effect of reducing the amount remaining to be transferred to the M55 Link Road Reserve in 2017/18 to £0.041m (thus providing a total contribution by Fylde Council of £1m to the Link Road scheme).
- 5.2 This favourable revenue outturn represents an improvement to the overall financial position of the Council. Future updates to the Financial Forecast during 2017/18 will reflect this improvement. However, in light of the potential for future reductions in central government funding and uncertainties around 100% business rate retention from 2019/20 onwards, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and provided contributions to reserves over recent years.
- 5.3 Through continued focus on the importance of financial stability the Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council

services more efficient, save money and maintain high quality frontline services to customers. This work has yielded ongoing savings to help improve the Council's financial position over that period and to continue to provide high quality services to residents. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to the increased challenges.

- 5.4 Throughout 2016/17 much has been done to address the financial challenges and a number of important decisions were taken with regard to income generation and expenditure reduction that will have a positive effect on the financial forecast for future years, demonstrating a responsiveness to the current financial challenges which is essential for the Council to continue to benefit from a robust financial position.

These decisions have had the effect of going some way towards reducing the funding gap, particularly in the final years of the forecast, from that which previously existed. Further actions will be necessary to further address the remainder of the funding gap over the course of the coming years.

6. Capital Outturn 2016/17

- 6.1 The summary outturn position for capital is set out in table 3 below. The latest approved expenditure budget in the capital programme for 2016/17 was £4.952m, and outturn expenditure was £3.543m leaving a net underspend of £1.409m for the year.

After adjusting for slippage of £1.382m the overall outturn position for 2016/17 is an in-year £27k favourable variance against the latest updated estimate (as shown in table 3). Capital programme expenditure for 2016/17 and details of variances for all capital schemes are shown in **Appendix D**.

Table 3 - Latest Estimate Compared with Outturn 2016/17

	Notes	£m	
MTFS 03/03/16 Approved Capital Programme		4.952	
Latest Estimate		4.952	
Less Outturn Expenditure		(3.543)	
Net Underspend for Year		1.409	(Fav)
Less Slippage (as per Note 1)	1	(1.382)	
Underlying Variance at Outturn		0.027	(Fav)

Note 1: Capital Schemes Slippage Requests to 2017/18 (Full slippage explanations contained in Appendix E)

	£'000
Accommodation Project	365
Replacement Vehicles	38
Fylde Headlands Preliminary Work	8
93 St Albans Road – Compulsory Purchase Order	99
Disabled Facilities Programme	230
Affordable Housing Scheme – Sunnybank Mill, Kirkham	460
Affordable Warmth Scheme	18
Woodlands Road - Ansdell – Regeneration Phase 3	6
Kirkham Public Realm Improvements	21
M55 Link Road	137
Total Slippage requested	1,382

- 6.3 The first periodic update of the Five Year Capital Programme for 2017/18 will be amended to reflect the outturn results and any other changes approved to date.

7. Usable Capital Receipts 2016/17

- 7.1 Capital Receipts are a major component of the Council's capital financing strategy. Details of usable receipts are set out in table 4:

Table 4 - Useable Capital Receipts 2016/17

	Latest Estimate	Outturn	Variance +/-	
	£'000	£'000	£'000	
Opening Balance at 01/04/2016	362	362	0	
Capital Receipts received in year	70	13	(57)	(Adv)
Sub Total	432	375	(57)	(Adv)
Capital Receipts applied in year		(312)		
Closing Balance at 31/03/2017		63		

- 7.2 The adverse variance of £57k arises from the value of general capital receipts received and "Right to Buy" capital receipts from Progress Housing being less than budgeted for.
- 7.3 The closing balance of £63k includes residual receipts regarding assets sold to fund the accommodation project of £63k. The balance of receipts have been set aside into a capital receipts unapplied fund in order to finance future programmed expenditure on the Accommodation Project.
- ## 8. Capital Financing 2016/17
- 8.1 The proposed financing of capital expenditure is set out in table 5 below. The financing proposals represent the most cost-effective financing to the Council and leave it with the greatest flexibility in respect of future years.

Table 5 - Proposed Capital Financing 2016/17

	£'000
EXPENDITURE:	3,543
FINANCING:	
Grants & Contributions	1,441
Capital Receipts	312
Revenue Contribution	56
Accommodation Project Reserve	977
Capital Investment Reserve	757
Total Capital Financing	3,543

- 8.2 Should any minor changes be identified in capital expenditure as a result of final closure work, capital financing will be adjusted as appropriate.
- ## 9. Capital Outturn – Conclusions
- 9.1 After allowing for slippage the outturn position has produced an underlying programme favourable variance of £27k compared to the latest forecast reported to Members.

- 9.2 The outturn position will be reflected in future capital programme updates.
- 9.3 Full details of the capital outturn position on a scheme-by-scheme basis have been presented to each of the programme committees during the current meetings cycle.

10. Treasury Management Annual Report

10.1 Summary

This section of the report covers Treasury Management operations for the financial year to 31st March 2017. The Local Government Act 2003 requires the Council to adopt the CIPFA (the Chartered Institute of Public Finance and Accountancy) Prudential Code and produce Prudential Indicators.

The Council's treasury activities are regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). The Code of Practice requires authorities to report on the performance of the treasury management function.

The Prudential Indicators and Treasury Management Strategy for 2016/17 were originally approved in the Medium Term Financial Strategy 2016/17 Report to Council on 2nd March 2016. The Prudential Indicators are updated as required and changes have been approved by Council in the Mid-Year Prudential Indicators & Treasury Management Monitoring Report to Council on 5th December 2016 and the Medium Term Financial Strategy Report to Council on 2nd March 2017. The Prudential Indicators and the out-turn position for 2016/17 are shown at **Appendix F**.

11. Implications

11.1 Economic Background

There was significant market volatility during the year due, to a large extent, to the outcome of the referendum on membership of the European Union, the largely unexpected result of the US presidential election and a slowdown in the rate of growth of the Chinese economy.

The EU referendum outcome in particular prompted a decline in household, business and investor sentiment, at least initially. The short to mid-term economic outlook remains uncertain and will doubtlessly remain so until the future relationship between the UK and the rest of Europe is settled. The Bank of England cut the Bank Rate to 0.25% in August 2016 and embarked on further gilt and corporate bond purchases and provided cheap funding for banks.

There was a sharp fall in the Sterling exchange rate following the referendum and this had an impact on import prices which, together with rising energy prices, resulted in inflation rising from 0.3% in April 2016 to 2.3% in March 2017.

11.2 Borrowing

In line with advice from treasury advisors the borrowing strategy is to postpone new borrowing and to utilise in-house cash balances instead (also known as internal borrowing). This is the most prudent strategy, particularly in periods when investment returns are low and counter-party risk is high. Such a strategy minimises treasury risk by reducing both external debt and in-house investments. Therefore, no new long term borrowing has been taken during the year.

Existing long term borrowing has only been undertaken for a capital purpose and the statutory borrowing limit (the Authorised Limit) of £7.0m was not breached.

The Council's borrowings at 31st March, 2017 were all at a fixed interest rate (average rate 3.36%) and are set out in Table 6.

Table 6 – Analysis of Borrowing

Type of Loan	Balance 31.03.17 £m
Public Works Loan Board (PWLb)	1.0
Gross Borrowing	1.0
Operational Boundary	1.0

The figures in this report are based on the actual amounts borrowed and invested and so may differ from those in the final statutory annual accounts by items such as accrued interest and other statutory accounting adjustments.

11.3 Investments

The security of investments is the Council's main investment objective. This is achieved by adhering to the Treasury Management Strategy approved by Council on 2nd March 2016 by investing with organisations with high credit quality. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

11.4 Internally Managed Funds

During the year the Council held an average cash balance of £22.1m of internally managed funds, which were invested with approved banks, money market funds, Lancashire County Council and a number of other Local Authorities in line with the approved Treasury Management Strategy.

The overall performance was a gross return of 0.41%, compared with a benchmark return of 0.20%. Interest earned was £92.5k compared to a revised budget of £82.1k. The level of interest from investments was in excess of the revised budget as the actual level of external investments was higher than anticipated due to the Council benefitting from a more favourable cash-flow position.

12. Prudential Indicators

- 12.1 The Council complied with all of its Prudential Indicator limits for 2016/17. Details can be found in Appendix F.

13. Overall Outturn Conclusions 2016/17

- 13.1 The favourable outturn position for revenue allows for a further contribution to be made to the Accommodation Project Reserve in the sum of £0.135m (which will provide for completion of the project to Phase 7 of the scheme) and a further transfer to the M55 Link Road Reserve of £0.244m. These additional contributions are beneficial to each of these projects and the Councils overall financial position and are to be welcomed.
- 13.2 The forecast financial position of the Council has improved since the 2016/17 budget was set in March 2016 and the finances of the Council remain robust. Whilst challenges remain, and will no doubt continue to be present given the reduction in central government funding for future years, prudent financial management has provided a relatively stable financial environment which allows the necessary time to determine how this Council can best respond to the challenges it faces.
- 13.3 At a strategic level, activity and resources are focussed on the delivery of the key objectives of the Council as set out within the Councils approved Corporate Plan. Given the level of reserves that has been generated in recent years the budget deficits in the final years of the forecast appear to be at manageable levels. However in an uncertain financial environment the position can change in unexpected ways. It is important that the Council continues to operate in a sound and prudent manner in order to maintain a stable financial position and to explore all opportunities by which the financial position can be further strengthened, whilst continuing to provide high quality services to residents and to deliver the priorities set out in the Corporate Plan.

IMPLICATIONS	
Finance	Detailed financial implications are included within the body of the report
Legal	For 2016/17 there is a statutory requirement for the Chief Financial Officer to sign off a completed Annual Statement of Accounts for the Council by 30 th June 2017, in preparation for the Council's external auditors KPMG to carry out an annual audit.
Community Safety	Not applicable
Human Rights and Equalities	Not applicable
Sustainability and Environmental Impact	Not applicable
Health & Safety and Risk Management	Not applicable

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

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy 2016/17 to 2020/21	2nd March 2017	https://fylde.cmis.uk.com/fylde/MeetingsCalendar.aspx

Attached documents

Appendix A – General Fund Summary Revenue Expenditure & Income Account

Appendix B – General Fund Outturn 2016/17 – Variations from Revised Estimates

Appendix C – Revenue Budget Slippage Items requested

Appendix D – Capital Outturn 2016/17

Appendix E – Capital Outturn Slippage Items requested

Appendix F – Prudential Indicators

GENERAL FUND OUTTURN 2016/17

Summary Revenue Account				
	Outturn 2016/17			
	Latest Estimate	Outturn	Variance + Over / (Under)	Favourable / Adverse
Net Service Expenditure	£'000	£'000	£'000	
Tourism and Leisure Committee	2,202	2,268	66	Adv
Operational Management Committee	3,052	2,941	(111)	Fav
Environment, Health and Housing Committee	512	529	17	Adv
Planning Committee	1,030	911	(119)	Fav
Finance and Democracy Committee	2,866	3,053	187	Adv
Contingency	(317)	0	317	Adv
Net Cost of Services	9,345	9,702	357	Adv
Contributions to / (from) other Funds	(1,625)	(1,365)	260	Adv
Capital Accounting Adjustments	690	(300)	(990)	Fav
Interest payable and similar charges	49	49	0	-
Interest and investment income	(82)	(92)	(10)	Fav
Minimum Revenue Provision	672	672	0	-
Pension accounting adjustment	0	123	123	Adv
Sub-Total of Appropriations	(296)	(913)	(617)	Fav
Total Net Requirement (See App B, part 1 for variance details)	9,049	8,789	(260)	Fav
Financing				
General Government Grants:				
- New Homes Bonus	(1,863)	(1,863)	0	-
- Other Government Grants	10	(39)	(49)	Fav
Revenue Support Grant	(861)	(861)	0	-
Council Tax Outturn (incl previous years surplus/deficit)	(5,554)	(5,554)	0	-
Business Rates Outturn (incl previous years surplus/deficit)	(1,771)	(1,340)	431	Adv
Business Rates - s31 Grants	0	(568)	(568)	Fav
Business Rates - Safety Net Payments Receivable	0	0	0	-
Total Net Requirement	(10,039)	(10,225)	(186)	Fav
Surplus of resources for the year	(990)	(1,436)	(446)	Fav
Approved Transfer to/from Reserves				
Transfer to M55 Link Road Reserve	519	519	0	-
Transfer to Accommodation Project Reserve	471	471	0	-
Recommended transfers to reserves	0	(446)	(446)	Fav
Analysis of recommended Transfers to/from Reserves:				
Recommended transfer from general fund revenue balances	0	0	0	-
- transfer to general fund revenue balances re slippage	0	(67)	(67)	Fav
- transfer to Accommodation Project Reserve	0	(135)	(135)	Fav
- transfer to M55 Link Road Reserve	0	(244)	(244)	Fav
Recommended transfers to reserves	0	(446)	(446)	Fav
Statement of General Fund Revenue Balances				
General Fund Revenue Balances b/f	(3,481)	(3,481)	0	-
Recommended transfer to general fund revenue balances	0	(67)	(67)	Fav
General Fund Revenue Balances c/f	(3,481)	(3,548)	(67)	Fav

Note - this table has been provided to assist Members in understanding the outturn position. The Statutory Statement of Accounts will be in a different format to comply with the latest Code of Practice on Local Authority Accounting.

2016/17 Revenue Outturn Variance from Latest Estimates

Appendix B

Note: Shaded area relate to items for which a slippage request has been made

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
STAFFING COSTS AND AUTHORITY WIDE BUDGETS						
Authority Wide	Staffing budgets, including oncosts and recruitment costs	8,146	8,016	-130	Favourable	This favourable variance results from a higher than anticipated level of in-year savings from staffing vacancies, generated in part by increased delays in recruitment to vacant posts.
Authority Wide	Human Resources Service - Blackpool Council contract	166	161	-5	Favourable	Charges due under the contract are lower than originally assumed, resulting in this favourable outturn variance.
Authority Wide	Repairs and maintenance of council assets	215	222	7	Adverse	The Council is required to maintain assets within it's ownership in order to comply with health and safety requirements and to protect income levels that are generated from investment properties. As a result of an increased requirement for such works during 2016/17 this budget has been exceeded, resulting in this adverse outturn variance.
Fleet	Fuel Costs	322	267	-55	Favourable	This favourable variance arises from the lower wholesale diesel prices for the first part of the year and improved driver awareness of economical driving techniques.
Sub total		8,849	8,666	-183	Favourable	
TOURISM AND LEISURE COMMITTEE						
Coast and Countryside	Sale of Sand (sandwinning)	-230	-259	-29	Favourable	The sale of sand has continued on an improving trend which is likely to be related to the increase in activity amongst construction companies following a period of relative inactivity, resulting in this favourable outturn variance. This budget will be reviewed as part of the right-sizing exercise aduring 2017/18 and adjusted as necessary.
Sub total		-230	-259	-29	Favourable	

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
OPERATIONAL MANAGEMENT COMMITTEE						
Trade Waste Service	LCC-Landfill Levy/Tipping Chgs	158	148	-10	Favourable	There has been a reduction in the overall level of landfill charges due to a lower than anticipated client base during the year. This results in a reduced tonnage of waste being taken to the landfill site and consequently lower total charges, resulting in this favourable outturn variance.
Off-Street Parking Enforcement	Decrim - Off-Street Parking Fees	-50	-44	6	Adverse	Income is lower than expected due to fewer PCNs are being issued largely as a result of improved signage and improved compliance. This has resulted an adverse outturn variance. The budget will be reviewed as part of the right-sizing exercise during 2017/18 and adjusted as appropriate.
Car Parks	Car Parking Fees	-610	-626	-16	Favourable	Car park income for the year is in excess of the revised budget, those budgets having already been increased during 2016/17 to reflect the in-year trend. The additional income is largely as a consequence of favourable weather conditions during key parts of the year followed by a mostly mild and dry winter period. The result has been a favourable outturn variance.
Sub total		-502	-522	-20	Favourable	

ENVIRONMENT, HEALTH & HOUSING COMMITTEE

Mortgage Repossessions	Mortgage Repossession Prevention- grants	37	2	-35	Favourable	Fylde Council has recieved grant funding from DCLG to assist in preventing homelessness as a result of mortgage repossession or landlord repossession. A policy is in place such that the unspent balance of funding is carried forward to be used the following year, subject to general budget pressures permitting. A slippage request is being made in this regard.
	Mortgage Repossession Prevention- loans	-37	-2	35	Adverse	
Pest Control	Wasps Nest Destruction	-5	0	5	Adverse	Following the retirement of the Pest Control Officer in December 2015, a pest control service has not been offered for wasp treatment resulting in no income being generated during 2016/17. A report is to be submitted to the June 2017 meeting of the Environment, Health and Housing Committee regarding the future provision of the service.
Taxi Licensing	Hackney Carriage Driver Licences	-16	-25	-9	Favourable	Following a change in legislation, the option of a three-year licence, rather than an annual licence, was made available to licence holders. The cost of the 3 yearly licence is higher than that of an annual licence but represents a saving to the driver over the period. A significant number of drivers have chosen this option resulting in an increase in income for 2016/17, which will however also result in a reduction in income for the next 2 years.
Licensing Act 2003	Premises Licences 2003 Act	-75	-82	-7	Favourable	The powers to suspend a licence in the event of non-payment of the annual renewal fee has resulted in a larger percentage of annual fees being collected in 2016/17 and some outstanding debts being recovered. Furthermore, a number of licence applications relating to the Mill Farm development have been received during the year and an additional Premises Licence for the extra night of Lytham Festival have also contributed towards this favourable variance.

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
ENVIRONMENT, HEALTH & HOUSING COMMITTEE (cont'd)						
Housing Standards	Disabled Facilities Grant Fees	-50	-57	-7	Favourable	An increase in the total value of Disabled Facilities Grants that have been awarded creates a corresponding increase in the monies that Fylde Council retains for grant administration costs, creating this favourable outturn variance.
Homelessness	Bed & Breakfast Accommodation costs	60	74	14	Adverse	Due to changes in the definition of 'vulnerability' the number of single homeless households presenting themselves, and for whom the Council have a duty to house, has increased. This has resulted in an increase in the provision of bed and breakfast accommodation and consequently an adverse outturn variance.
Community Safety Initiatives	Community Safety Initiatives	56	30	-26	Favourable	Community Safety funding is now significantly diminished due to the fact that external grants are no longer being received, other than for smaller amounts of funding, for example, from the Police and Crime Commissioner. The intention is to manage the limited resources prudently and when such usage is most effective. As a result during 2016/17 a relatively small amount of funding has been granted to support a number of partnership projects and consequently a slippage request has been made to transfer the remaining resource into 2017/18. It is possible that not all of this will be used in 2017/18 and a future request to transfer funding beyond 2017/18 may be made.
	Other Reimbursements	-56	-30	26	Adverse	
Cemetery and Crematorium	Contract Repair and Mtce	60	68	8	Adverse	Operational and maintenance costs have increased in the year as the number of cremations undertaken has been higher than anticipated. This has resulted in an adverse outturn variance. The budget will be reviewed as part of the right-sizing exercise to be carried out during 2017/18.
	Interments	-186	-209	-23	Favourable	The number of burials at Lytham Park cemetery during the year has exceeded the number forecast resulting in this favourable outturn variance
Sub total		-212	-231	-19	Favourable	

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/ Favourable	Reason for Variance
PLANNING COMMITTEE						
Development Management	Planning Application Fees	-735	-761	-26	Favourable	The authority has continued to receive a number of large scale planning applications that have attracted significant application fees. The number of individual planning applications received this year is also notably higher than recent years, the result being this favourable outturn variance. This budget will be reviewed as part of the budget right-sizing exercise during 2017/18 and adjusted as appropriate.
Development Management	Legal Fees and Court Costs	86	30	-56	Favourable	It was previously anticipated that the Local Plan public examination would be held during 2016/17. However, the examination has now been split over 3 stages, with only the first 2 days hearing being held during 2016/17 creating this favourable outturn variance. The majority of the associated costs will, therefore, fall within 2017/18. A slippage request is being made to provide for the costs in 2017/18.
Planning Policy	Neighbourhood Planning Costs	38	24	-14	Favourable	The Council has received grants from DCLG to support the costs of preparing Neighbourhood Development Plans and associated activities. The costs associated with holding the referendums in respect of the Brynning with Warton and the St. Annes on the Sea Neighbourhood Development Plans will now fall in 2017/18. Consequently these budgets have not been required in 2016/17 to the extent that was anticipated. A slippage request is being made to provide for the costs in 2017/18 and in respect of the associated grant funding.
	Neighbourhood Planning Grant	-30	-5	25	Adverse	
Sub total		-641	-712	-71	Favourable	
FINANCE AND DEMOCRACY COMMITTEE						
Legal Services Team	Legal Fees	-20	-13	7	Adverse	Lower fee income from the drafting of Section 106 agreements and lower levels of costs awarded by the courts in prosecutions have resulted in this adverse variance for the year. The levels of costs awarded by the courts are beyond the control of the Council.
Interest & Investment Income	Investment & Bank Interest Received	-82	-92	-10	Favourable	The favourable variance is due to timing differences on cash flows enabling additional investments to be made and thus generating additional interest receipts.
Accountancy Services (incl S151 Officer)	Computer Program licence Charges	7	16	9	Adverse	A necessary IT upgrade in relation to the commencement of charging for green waste collection was originally planned to fall in 2017/18. However the upgrade was required prior to the start of the period when payments commenced and was carried out during 2016/17, thus creating this adverse outturn variance.

Service Area	Detailed Description	Latest Full Year Budget £'000	Actual Outturn £'000	Variance £'000	Adverse/Favourable	Reason for Variance
FINANCE AND DEMOCRACY COMMITTEE (cont'd)						
Electoral Registration	Individual Elector Registration Expenditure	49	13	-36	Favourable	This funding is received from Cabinet Office to cover implementation of individual elector registration which will continue into 2017/18. A slippage request is being made to provide for the costs of the delivery of electoral registration forms to householders in 2017/18.
	Individual Elector Registration Grant funding	-49	-13	36	Adverse	
Elections - Other/Referendum	Police & Crime Commissioner Election Reimbursements	-99	-106	-7	Favourable	An underspend occurred on the account for the Police and Crime Commissioner election due to certain activities being carried out by the in-house team, thus reducing overall costs. This has resulted in this favourable outturn variance.
Revs & Bens Central Costs	CTRS - Hardship Fund	8	1	-7	Favourable	There have been few hardship awards to claimants during 2016/17. It is proposed that the remaining available budget is slipped into 2017/18 to provide some budget provision for potential claimants during the new year.
Rent Allowances - Housing benefit	Rent Allowances, net of subsidy	-58	-7	51	Adverse	This adverse variance arises due to changes in the housing subsidy recoverable on housing benefit payments totalling £19.4m during the year, net of an adjustment to the provision for bad debt.
Sub total		-244	-201	43	Adverse	
Other minor variances				19	Adverse	
Total Variances - Net Budget Requirement				-260	Favourable	

Revenue Slippage 2016/17

Appendix C

Requests to transfer 2016/17 budget to 2017/18

Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if not approved
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ENVIRONMENT, HEALTH & HOUSING COMMITTEE

Environment, Health & Housing Committee				
Community Safety Initiatives	Community Safety Initiatives	26	Community Safety funding is now significantly diminished due to the fact that external grants are no longer being received, other than for smaller amounts of funding, for example, from the Police and Crime Commissioner. The intention is to manage the limited resources prudently and when such usage is most effective. As a result during 2016/17 a relatively small amount of funding has been granted to support a number of partnership projects and consequently a slippage request has been made to transfer the remaining resource into 2017/18. It is possible that not all of this will be used in 2017/18 and a future request to transfer funding beyond 2017/18 may be made. The Grant monies are specifically for Community Safety Initiatives as stipulated by the LSP until such time as the money is fully spent.	If this money was not granted for slippage it would have a detrimental effect on the funding local community safety initiatives. The initiatives are aimed at addressing particular crime or anti-social behaviour issues within Fylde and the monies would have to be repaid to LCC.
		-26		At the cessation of the LSP an undertaking was given to utilise the funding for the agreed purposes. It is unclear what would be the consequence if that undertaking were not honoured.
Mortgage Repossessions	Mortgage Repossessions - Grants & Loans	35	In 2009/10 DCLG allocated £23.5k to Fylde Council to assist in preventing homelessness as a result of mortgage repossession or landlord repossession and in 2012 provided a further £30k for the same purpose. A policy is in place such that the unspent balance of funding is carried forward to be used the following year, subject to general budget pressures permitting.	If the slippage were not to be approved the mortgage repossession prevention work would not continue. As this is grant funding that can only be used for mortgage repossession prevention work the funding would need to be returned to DCLG if the slippage were not approved.
		-35	Funding for project as described above.	This is grant funding that can only be used for the projects specified.
Environment, Health & Housing Committee sub-total		0		

PLANNING COMMITTEE

Planning Policy	Neighbourhood Planning Costs	14	The Council has received grants from DCLG to support the costs of preparing Neighbourhood Development Plans and associated activities. The costs associated with holding the referendums in respect of the Brynning with Warton and the St. Annes on the Sea Neighbourhood Development Plans will now fall in 2017/18.	The Council has committed to holding referendums in respect of these two Neighbourhood Development Plans and so the cost of such would need to be met from other resources were the slippage not to be agreed.
Planning Policy	Neighbourhood Planning Grant	-25	Funding for the Neighbourhood Development Plan activities as described above.	This is grant funding specifically for the Neighbourhood Development Plan activities.
Local Plan	Legal Fees & Court Costs	56	It was previously anticipated that the Local Plan public examination would be held during 2016/17. However, the examination has now been split over 3 stages, with only the first 2 days hearing being held during 2016/17. The majority of the associated costs will, therefore, fall within 2017/18.	The completion of the corporate plan is a corporate priority and a legal requirement. There is no budget contingency in 2017/18 and so the slippage is required to finance the project.
Local Plan	Hire of Rooms	3	When the original budget was set, it was anticipated that the local plan examination in public would be held during 2016/17. The examination has now been split over 3 stages, with only the first 2 days hearing being held during 2016/17. The majority of the associated cost will, therefore, fall within 2017/18.	The completion of the Corporate plan is a corporate priority and a legal requirement. There is no budget contingency in 2017/18 and so the slippage is required to finance the project.

Appendix C (cont'd)




Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if not approved
PLANNING COMMITTEE (cont'd)				
Local Plan	Strategic Housing Market	4	The local plan inspector has requested further work in regard to the Strategic Housing Market Assessment (SHMA). This work has been commissioned and will be completed during early 2017/18.	The update of the SHMA is an important piece of work that has been specifically requested by the local plan inspector and will facilitate completion of the Local Plan. The completion of the Corporate plan is a corporate priority and a legal requirement.
Planning Committee sub-total		52		

FINANCE & DEMOCRACY COMMITTEE

Revs & Bens Central Costs	Council Tax reduction Scheme - Hardship Fund	7	There have been few hardship awards to claimants during 2016/17. It is proposed that the remaining available budget is slipped into 2017/18 to provide some budget provision for potential claimants during the new year.	A Legal obligation exists to provide a hardship fund for CTRS recipients - this represents the resource to meet that obligation.
Electoral Registration	Individual Elector Registration (IER)	36	IER Funding from Cabinet Office to cover implementation of individual elector registration.	The slippage is required to enable the delivery of forms to householders. If this is not carried out the grant funding would be returned to the Cabinet Office.
		-36		Grant funding would be returned to central government.
Corporate Services Team	Computer - Program Licence Charges	2	It was anticipated that monies to be spent on IDOX EGRMS document imaging developments. This would include system intergration, staff end user training. Unfortunately there has been delays with the software provider, therefore dates have been pushed back which exceed the 2016/17 financial period.	If the slippage were not to be approved software development and staff improvement opportunities would be lost, the full potential of the document imaging product would not be maximised and its roll-out into further areas within the Council to achieve efficiency gains would not be possible.
Organisational Improvement	Oganisational Improvement Costs	3	The slippage is required to deliver the remainder of a Heads of Service Development programme that started later than planned in 2016/17 due to resource restructure and review requirements.	The remainder of the programme would be delayed, thus reducing the value of the whole programme or funds would have to be found from elsewhere within the approved 2017/18 budget. Failure to complete the programme would result in a reduced ability to develop the skill set necessary to deliver the corporate agenda, in particularly in respect of leadership and commercialism.
Internal Audit	LCC - Computer Audit Service	3	During the 2016/17 LCC withdrew from providing computer audit services to neighbouring local authorities. We have not yet identified a suitable alternative supplier, but currently we are examining the option of engaging Zurich Municipal to undertake a Cyber Risk Review. The cost of this one-off exercise would be £5,500. By using the slippage from 2016/17 the Council would be able to commission the review during 2017/18 and retain a balance sufficient to deliver an additional small computer audit review.	Inability to deliver a cyber risk review to assess the Council's cyber security status.
Finance & Democracy Committee sub-total		15		




Total Revenue Slippage	67	19 of 94
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CAPITAL OUTTURN 2016/17

KEY:	 SCHEME DELIVERED TO BUDGET DURING THE YEAR  SCHEME UNDERSPENT AGAINST BUDGET  SCHEME OVERSPENT AGAINST BUDGET
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APPROVED SCHEMES	Financing Source	Latest Budget 2016/17 £000	Actual Outturn 2016/17 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
<u>TOURISM & LEISURE COMMITTEE</u>								
Promenade Footways	No external finance - funded by borrowing/general asset disposal receipts	47	47	0	On target	☺	0	The works have been completed within the approved budget during the year.
Hope Street Footways	Capital Investment Reserve	24	24	0	On target	☺	0	The works have been completed within the approved budget during the year.
Lowther Pavilion Roof	Capital Investment Reserve	118	118	0	On target	☺	0	The scheme has been completed within the approved budget during the year.
Sand Dunes re-modelling at North Beach Car Park / Summerfields	Capital Investment Reserve	17	17	0	On target	☺	0	The scheme has been completed within the approved budget during the year.
Freckleton Memorial Park	Capital Investment Reserve / S106 Monies / External grants and contributions	172	172	0	On target	☺	0	The scheme has been completed within the approved budget during the year.
Improvements to Children's Play Area - Derby Road, Wesham	S106 Developer Contributions	24	24	0	On target	☺	0	The scheme has been completed within the approved budget during the year.
Implementation of a Health Walk on Blackpool Road North Playing Fields, St Annes	External Grant	12	12	0	On target	☺	0	The scheme has been completed within the approved budget during the year.
Sub total		414	414	0			0	

Appendix D (cont'd)

KEY:		SCHEME DELIVERED TO BUDGET DURING THE YEAR
		SCHEME UNDERSPENT AGAINST BUDGET
		SCHEME OVERSPENT AGAINST BUDGET

APPROVED SCHEMES	Financing Source	Latest Budget 2016/17 £000	Actual Outturn 2016/17 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
OPERATIONAL MANAGEMENT COMMITTEE								
Replacement Vehicles	Capital Investment Reserve / Borrowing	407	369	38	Underspent		38	Operational vehicles, of a bespoke specification, were not delivered to the Council by the year-end. Slippage is requested in this regard and the vehicles are now expected to be received in the early part of the financial year 2017/18.
Vehicle Wash-down Facility - Snowdon Rd Depot	Capital Investment Reserve	25	23	2	Underspent		0	The scheme has been completed with a minor underspend in 2016/17.
North Promenade Toilets Refurbishment	Capital Investment Reserve	84	84	0	On target		0	The scheme has been completed within the approved budget during the year.
Bus Shelter Replacement Programme	Capital Investment Reserve	50	51	-1	Overspent		0	The scheme has been completed with a minor overspend in 2016/17.
Car Park Improvements	No external finance - funded by borrowing/general asset disposal receipts	30	29	1	Underspent		0	The scheme has been completed with a minor underspend in 2016/17.
Fylde Headlands Preliminary Work	Specific Government Grant (Environment Agency)	133	125	8	Underspent		8	Preliminary design work has now been completed and a Marine Management Organisation licence application submitted. A planning application has also been submitted and approved. Slippage is requested in respect of the remaining elements of the preliminary works.
Repair & Renewal - Flood Defences	Specific Government Grant (Environment Agency)	33	6	27	Underspent		0	The scheme has been completed within budget in 2016/17. The underspend is a consequence of limited eligibility by Fylde residents for grants under the scheme regulations.
Sub total		762	687	75			46	





Appendix D (cont'd)

KEY:	 SCHEME DELIVERED TO BUDGET DURING THE YEAR  SCHEME UNDERSPENT AGAINST BUDGET  SCHEME OVERSPENT AGAINST BUDGET
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APPROVED SCHEMES	Financing Source	Latest Budget 2016/17 £000	Actual Outturn 2016/17 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
ENVIRONMENT, HEALTH & HOUSING COMMITTEE								
Disabled Facilities Grants Programme	Specific Grant (Better Care Fund) / External Contributions / Grant repayments	938	708	230	Underspent	▲	230	This budget has seen a significant increase in central government funding during 2016/17 and a further contribution of £40k from Progress Housing which was received late in 2016/17 which has now also dealt with the backlog / waiting list for disabled facility works. The slippage of £230k reflects the residual balance from 2016/17. An annual monitoring report on DFG's is due to be considered by the Environment, Health and Housing Committee at its next meeting.
93 St Albans Road - Compulsory Purchase Order	S106 Developer Contributions	105	6	99	Underspent	▲	99	Although the Compulsory Purchase Order (CPO) of this property had been completed by the end of the 2016/17 financial year, the claim for compensation by the former owner of the property had not been finalised at that time. Consequently slippage is requested to provide funding for the compensation payment during 2017/18.
Affordable Housing Scheme Sunnybank Mill, Kirkham	S106 Developer Contributions	460	0	460	Underspent	▲	460	Council has agreed to use Section 106 funding to part fund the Sunnybank Mill project in order to deliver affordable homes and to regenerate this derelict brownfield site. Planning permission has only recently been granted and the payments have been agreed in two phases, 50% on commencement and 50% on completion. Slippage into 2017/18 is requested due to the delay in delivery of the scheme.
Affordable Warmth Scheme	Specific Grant (Lancashire County Council)	28	10	18	Underspent	▲	18	This funding was received from Lancashire County Council late in the financial year and consequently it has not been possible to commit the full amount (£28,000) during 2016/17. Slippage into 2017/18 is requested in respect of the residual amount.
New memorial garden - Lytham Park Cemetery	Capital Investment Reserve	33	33	0	On target	😊	0	The scheme has been completed to budget during 2016/17.
Sub total		1,564	757	807			807	

Appendix D (cont'd)

KEY:		SCHEME DELIVERED TO BUDGET DURING THE YEAR
		SCHEME UNDERSPENT AGAINST BUDGET
		SCHEME OVERSPENT AGAINST BUDGET

APPROVED SCHEMES	Financing Source	Latest Budget 2016/17 £000	Actual Outturn 2016/17 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
PLANNING COMMITTEE								
Woodlands Road Regeneration Scheme - Town Centre Phase 3	Capital Investment Reserve / S106 Developer Contributions	19	13	6	Underspent		6	The scheme is almost complete. Slippage is requested for £6k in 2017/18 for the remaining works and the final account is expected to be finalised early in the financial year 2017/18 within budget.
St Annes Regeneration Schemes	S106 Developer Contributions	37	39	-2	Overspent		0	The scheme has been completed with a minor overspend in 2016/17. The additional £2k of expenditure has been funded by a contribution from St Annes Town Council.
Kirkham Public Realm Improvements	S106 Developer Contributions	90	69	21	Underspent		21	The scheme is almost complete. Slippage is requested for £21k into 2017/18 for the remaining works and the final account is expected to be finalised early in the financial year 2017/18 within budget.
M55 Link Road - design works	S106 Developer Contributions	425	288	137	Underspent		137	A report was approved by Council on 4th July 2016 for a £425k fully funded addition to the capital programme in 2016/17 to be met from a S106 developer contribution to fund the detailed technical design of the proposed link road. This work is progressing and payment is being made in stages as work is completed rather than as an upfront payment. Accordingly payments will be spread across two financial years and slippage into 2017/18 in the sum of £137k is now requested.
Sub total		571	409	162			164	

Appendix D (cont'd)

KEY:	😊	SCHEME DELIVERED TO BUDGET DURING THE YEAR
	▲	SCHEME UNDERSPENT AGAINST BUDGET
	🚫	SCHEME OVERSPENT AGAINST BUDGET

APPROVED SCHEMES	Financing Source	Latest Budget 2016/17 £000	Actual Outturn 2016/17 £000	Variance £000	Variance	See key	Slippage Requested £000	Comments
FINANCE & DEMOCRACY COMMITTEE								
Accommodation Project - Phase 3, 4 & 5 - East Wing Inc. Lift, Chaseley Link Bridge and One Stop Shop	Proceeds from the sale of surplus Council Assets, and the Accommodation Project Reserve	803	803	0	On target	😊	0	Significant progress has been made during 2016/17 towards delivery of the Accommodation Project. Phases 3, 4 and 5 were completed in November 2016 and the new 'One-Stop-Shop' and call centre are now operational. Work commenced on the remaining phases of the scheme in late 2016 with completion expected during mid-2017. Regular update reports on the project will continue to be provided to Members. Slippage is requested as result of changes to the timings of the works relating to elements of both Phases 6 & 7 of the project.
Accommodation Project - Phase 6 - Council Chamber		838	473	365	On target	😊	365	
Accommodation Project - Phase 7 - Internal Refurb / Services								
Sub total		1,641	1,276	365			365	
Total Expenditure		4,952	3,543	1,409			1,382	

Capital Slippage 2016/17
Requests to transfer 2016/17 Budget to 2017/18

Appendix E

Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if Slippage is not approved
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OPERATIONAL MANAGEMENT COMMITTEE

Replacement Vehicles	Purchase of Vehicles	38	Operational vehicles, which have been fitted to a bespoke specification, were not delivered to the Council by the year-end. Slippage is requested in this regard and the vehicles are now expected to be received in the early part of the financial year 2017/18.	If the slippage is not granted the £38k expenditure would have to be funded from the 2017/18 budget for vehicle replacements which would impact on the future years of the vehicle replacement schedule.
Fylde Headlands Preliminary Work	Building Works and Improvements	8	Final works will be required during 2017/18 to continue to meet Environment Agency requirements for schemes of this scale and nature. Slippage in the sum of £8k is now requested into 2017/18.	If the slippage is not granted the £8k of approved works would have to be funded from other means.
Sub-total		46		

ENVIRONMENT, HEALTH & HOUSING COMMITTEE

Disabled Facilities Grants Programme	Grants	230	This budget has seen a significant increase in central government funding during 2016/17 and a further contribution of £40k from Progress Housing which was received late in 2016/17. This additional funding has allowed the clearance of the waiting list for disabled adaptations. The slippage of £230k reflects the residual balance from 2016/17.	If the slippage were not to be approved there may be insufficient funding in 2017/18 to carry out all the necessary DFG work without the reintroduction of a waiting list being required. An annual monitoring report on DFG's is due to be considered by the Environment, Health and Housing Committee at its next meeting.
93 St Albans Road - Compulsory Purchase Order	Property Purchase	99	Although the Compulsory Purchase Order (CPO) of this property had been completed by the end of the 2016/17 financial year, the claim for compensation by the former owner of the property had not been finalised at that time. Consequently slippage is requested to provide funding for the compensation payment during 2017/18.	The slippage is required to ensure that sufficient funding is available in 2017/18 to fund the compensation payment to the former owner of the property during 2017/18.
Affordable Housing Scheme - Sunnybank Mill, Kirkham	Building Works and Improvements	460	Council has agreed to use Section 106 funding to part fund the Sunnybank Mill project in order to deliver affordable homes and to regenerate this derelict brownfield site. Planning permission has only recently been granted and the payments have been agreed in two phases, 50% on commencement and 50% on completion. Slippage into 2017/18 is requested due to the delay in delivery of the scheme.	The scheme would not go ahead resulting in the loss of an opportunity to regenerate this site and deliver affordable homes. As the S106 funding is specifically identified for the delivery of affordable homes, an alternative site would need to be identified for which the monies could be used.
Affordable Warmth Scheme	Grants	18	This funding was received from Lancashire County Council late in the financial year and so it has not been possible to commit the full amount (£28,000) during 2016/17. Slippage into 2017/18 is requested in respect of the residual amount.	The improvements identified through the grant scheme would not be delivered and any unspent funding will have to be returned to Lancashire County Council.
Sub-total		807		

Appendix E (Cont.)

Scheme	Detail	Slippage Requested £000	Explanation of Slippage	Effect on service delivery if Slippage is not approved
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PLANNING COMMITTEE

Woodlands Road Regeneration Scheme - Town Centre Phase 3	Regeneration Scheme	6	The scheme is almost complete. Slippage is requested for £6k in 2017/18 for the remaining works and the final account is expected to be finalised early in the financial year 2017/18 within budget.	The slippage is required to provide for the final account payment during 2017/18, marking the completion of the scheme and fulfilment of the agreed contract.
Kirkham Public Realm Improvements	Regeneration Scheme	21	The scheme is almost complete. Slippage is requested for £21k in 2017/18 for the remaining works and the final account is expected to be finalised early in the financial year 2017/18 within budget.	The slippage is required to provide for the final account payment during 2017/18, marking the completion of the scheme and fulfilment of the agreed contract.
M55 Link Road	Regeneration Scheme	137	A report was approved by Council on 4th July 2016 for a £425k fully funded addition to the capital programme in 2016/17 to be met from a S106 developer contribution to fund the detailed technical design of the proposed link road. This work is progressing and payment is being made in stages as work is completed rather than as an upfront payment. Accordingly payments will be spread across two financial years and slippage into 2017/18 in the sum of £137k is now requested.	The delivery of the M55-Heyhouses link road would be further delayed as funding would only be provided based on the original triggers set out in the planning permission for the residential development at Queensway. Facilitation of the M55 Link Road is a key action within the 2016-2020 Corporate Plan.
Sub-total		164		

FINANCE & DEMOCRACY COMMITTEE

Accommodation Project	Building Works and Improvements	365	This budget has already been committed as part of the contract. Slippage is requested as a result of changes to the timings of the works. The slippage is in respect of costs relating to Phase 7 of the project.	The funds have already been committed as part of the agreed contract for the works. If the slippage is not granted the cost of this would have to be met from other aspects of the works or from other means.
Sub-total		365		
Total Capital Slippage		1,382		

Prudential Indicators

Prudential Indicator	Revised Indicator 2016/17 £m	Actual 2016/17 £m	Note
Authorised limit for external debt	7.0	1.0	1
Operational boundary for external debt	1.0	1.0	2
Principal sums invested > 364 days	5.0	0	
Limit on fixed interest rate debt	1.0	1.0	
Limit on variable interest rate debt	0.5	0.5	
Maturity structure of borrowing (Upper limits):-			
Under 12 months	40%	0%	
12 months – 2 years	50%	0%	
2 years – 5 years	100%	100%	
5 years – 10 years	100%	0%	
10 years and above	100%	0%	
External Debt – Gross Borrowing	1.0	1.0	
Investments	15.6	20.0	3
Capital Expenditure	4.9	3.5	
Capital Financing Requirement	5.4	5.4	
Ratio of Financing Costs to Net Revenue Stream	6.4%	6.3%	

Notes

1. The Authorised Limit indicator of £7.0m is set deliberately higher than the actual forecasted borrowing amount as it needs to take into account any unexpected cash movements, and becomes the Authority's statutory limit.
2. The Operational Boundary is the expected borrowing position of the Council during the year. It is not a limit and can be breached.
3. This is the actual investments held at 31st March 2017.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	5
ACCOMMODATION PROJECT - PHASE 6 & 7 WORKS			

PUBLIC ITEM

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

SUMMARY

The report presents information on the remaining works in respect of phases 6 & 7 of the Town Hall/Chaseley refurbishment proposals and the outcome of a procurement exercise for the replacement of boilers and upgrade of the heating system. The report seeks the approval of Members to deliver phase 7 (c) works to be met from the council's approved capital programme for 2017/18 and requests approval to the letting of a contract to undertake the works.

The report also requests approval to a fully-funded budget increase to the Accommodation Project scheme within the Capital Programme in respect of Phases 6 & 7 of the project in the sum of £135,000. It is proposed that this is be met in full from the additional transfer to the Accommodation Project Reserve as proposed as part of the 2016/17 MTFS Financial Outturn report presented earlier on the agenda for this Committee. Taken together with the slippage sum of £365,000 for the Accommodation Project, also requested within the MTFS Financial Outturn report, this will provide a total budget for the remaining elements of phases 6 & 7 of the Accommodation Project of £500,000.

RECOMMENDATIONS

The Finance and Democracy Committee is requested to:

1. Approve a fully-funded budget increase to the Capital Programme for the Accommodation Project Phases 6 & 7 of the scheme in the sum of £135,000 to be met in full from the additional transfer to the Accommodation Project Reserve as proposed as part of the 2016/17 MTFS Financial Outturn report presented earlier on the agenda for this Committee;
2. Authorise the commencement of the proposed works in relation to the Accommodation Project in the sum of £136,000 for Phase 7 (c), including design and supervision fees
3. Authorise the letting of the contract for the proposed works in phase 7 (c) to CMB Fylde Ltd in the sum of £115,965.

SUMMARY OF PREVIOUS DECISIONS

Finance and Democracy Committee on 23rd January 2017 resolved to:

1. To approve the commencement of the proposed works in relation to the Accommodation Project in the sum of £211,702 for Phase 7 (b), including design and supervision fees; and
2. To approve the letting of the contract for the proposed works to F Parkinson Ltd Blackpool in the sum of £196,000.

Council on 17th October 2016 resolved to:

1. Approve monies from the following earmarked revenue reserves be transferred into the Accommodation Project Reserve to fund the works, with the balance of £151k to be met from General Fund Reserves in 2016/17;
 - a. The Land Charges New Burdens: £28k
 - b. The Vehicle Maintenance Reserve: £127k
 - c. The Vehicle Replacement Financing Reserve: £212k; and
2. Note that subject to 1 (above), the financing of the remaining phases of the Accommodation Scheme (currently shown within the approved Capital Programme by way of a capital receipt arising from the sale of the former public offices site) will be amended to show the increase in total project cost of £194k and the financing by way of the use of revenue reserves in the total sum of £518k as detailed in 1 (above).

Finance and Democracy Committee on 26th September 2017 resolved to:

1. Approve the proposed works in relation to the Accommodation Project in the sum of £518k (that being £363k for Phase 6 (Option 2b) and £155k for part of Phase 7) and recommend to Council that monies from the following ear-marked revenue reserves be transferred into the Accommodation Project Reserve to fund the works, with the balance of £151k to be met from General Fund Reserves in 2016/17:
 - The Land Charges New Burdens: £28k;
 - The Vehicle Maintenance Reserve: £127k;
 - The Vehicle Replacement Financing Reserve: £212k;
2. Approve a funded budget increase to the capital scheme for the Accommodation Project, currently within the approved Capital Programme for delivery in 2016/17, in the total sum of £194k (£67k for phase 6 of the scheme and £127k for phase 7 of the scheme) such that the revised total costs are £363k for phase 6 of the project and £475k for phase 7;
3. Note that, subject to approval by Council, the financing of the remaining phases of the Accommodation Scheme (currently shown within the approved Capital Programme as being by way of a capital receipt arising from the sale of the former public offices site) will be amended to show the increase in total project cost of £194k and the financing by the use of revenue reserves in the total sum of £518k as detailed in 1 (above);
4. Note that the remaining works relating to phase 7 of the Accommodation Project (in the sum of £310k) will see the entire Accommodation Project finally completed other than for any external landscaping works to the grounds; and
5. Subject to the approval by Council of the transfer of reserves set out in recommendation 1 above, approve the letting of the main contract for the proposed works to F Parkinson Ltd Blackpool in the sum of £444,584, whilst noting that the cost of Phase 6 (option 2b) and phase 7 (1st floor) (including fees/surveys/furniture) is estimated to be £518,150 in total.

CORPORATE PRIORITIES

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

REPORT

1. The Council has previously agreed the refurbishment of office/civic accommodation on the Town Hall/Chaseley site consisting of 8 phases of work. Progress with each of the phases is shown in table 1.

Table 1 – Town Hall accommodation project phases

Phase	Elements of work	Comments
1	Roof replacement	Completed March 2014
2	Window replacement and structural repairs	Completed July 2014
3	East Wing including lift, new protected stairway and office extension	Completed March 2016
4	Chaseley link bridge and protected stairway	Completed October 2016
5	One Stop Shop & tourist information centre	Completed November 2016
6	Council chamber, lobby and basement	Underway, awaiting confirmation on furniture/room layout for the Council Chamber. Once determined and ordered a final completion date can be confirmed
7(a)	1 st floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	Completed late March 2017
7(b)	2 nd floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	Started 10th April 2017 and due to be completed by 14 th July 2017
7(c)	Replacement of boilers	The subject of this report
8	Car park, external works and landscaping	To be undertaken 2017/18 using existing capital/ revenue resources

2. The contract for Phase 6 and 7(a) started on 12th December 2016. Whilst phase 7 (a) was completed by March 2017, Phase 6 has been delayed whilst the details of the furniture type and layout in the council chamber are agreed as this will impact on the IT and electrical configurations.
3. There is an allowance within the scheme for furniture in the new chamber and tenders have been sought and have been evaluated and considered by the Accommodation Working Group (AWG).
4. The scheme currently under consideration consists of bespoke fixed desk/benches with loose seating. Once the AWG has finalised its recommendations a report will be presented to Council for consideration and approval. However it is currently estimated that scheme under consideration will require in the region of £47k of additional monies to fund. The final figure will be dependent upon the specification proposed by the AWG.
5. The last report to committee in January dealt with the letting of phase 7 (b) which was approved and started on 10th April 2017 and is due to be completed by mid-July 2017.
6. During the execution of phase 7 (a) and 7 (b) additional work has been found to be necessary. A significant element of this has been the need to route services within the ceilings of the first floor rooms (whilst the second floor has been occupied) and resulted in additional costs to overlay the ceilings in phase 7 (a). Other additional works necessary include; additional temporary structural support following intrusive survey work on the structure to allow the installation of the new steel beam within the Council Chamber, remove some existing carpets, re board and retile (where previous assumptions had been to reuse), additional joinery items, temporary picture protection, redecorate cupboards, replacement fire door, overboard 2nd floor and remove & reinstate insulation. The total cost of this additional work is £60k.
7. Phase 7 (c) is works to replace the boilers and upgrade the heating system. The existing boilers & associated equipment, are believed to be over 20 years old and obsolete. The new boilers will generate an estimated

15% efficiency saving. The new control panel will generate further cost and efficiency savings through closer thermal control and more up to date energy saving plant & equipment.

8. The work has been surveyed, specified and priced in accordance with the previously tendered and agreed overhead/profit rates. The method of construction has been reviewed and it is considered more effective to detach this work from the remit of the main contractor to ensure that there are no delays in completing other aspects of work.
9. The cost breakdown of Phase 7 of the Accommodation Project is shown in table 2 below.

Table 2 – Phase 7 Cost Breakdown

Phase	Elements of work	Cost £000
7(a)	1 st floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	155
7(b)	2 nd floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	212
7(c)	Replacement of boilers (original budget estimate)	108
	TOTAL	£475

10. Phase 7 (c) of the project is now estimated to cost £136,020 compared to the approved budget of £108,000 as shown in table 1 above. The original budget was based on a like for like replacement however the works now specified include zonal control measures to allow for greater control and influence of temperatures.
11. The additional costs referred to above can summarised in the table below:

Table 3 – Summary of additional costs

Element	Cost £(000)
Council chamber furniture – Phase 6	47
Boilers/heating system – Phase 7 (c)	28
General overspend on works – Phases 7(a) & (b)	60
TOTAL	£135

12. The MTFS Financial Outturn report presented earlier on the agenda for this Committee refers to these additional costs and proposes a transfer to the Accommodation Project Reserve in the sum of £135,000 (to be met from the favourable revenue outturn position) as a means of providing the necessary funding for these additional costs.
13. An open tender procurement was agreed and enquires were sought for the Replacement Boiler Installation Project in April 2017. The Council placed this tender on the Pro Contract 'Chest' North West Portal
14. The tender request was based on drawing, specification and Pre Construction information.

Tender Responses

15. Seven tenders were received by the return date Friday 5th May 2017. Tenders were received as detailed in the table below:

Table 4 – Tenders received for phase 7 (c)

	Company	Quote
1.	CMB Fylde Ltd	£115,965.00
2.	G Sanderson Ltd	£118,471.30
3.	James Mercer Ltd	£129,701.04
4.	Midland CHS Ltd	£146,559.00
5.	MDMS Ltd	£155,132.00
6.	Warmer Heating Ltd	£155,838.93
7.	Linear Control	withdrawn

16. The lowest tender received by the due date was £97,475.00 submitted by G Sanderson Ltd. However no detailed breakdown was received. Following discussions with G S Ltd both an omission and arithmetical error was found. When corrected the submission by G S Ltd was recalculated raising their figure to £118,471.30. They declined to stand by their tender at £97,475.00. The lowest tender was therefore received from CMB Fylde Ltd in the sum of £115,965.00.
17. An arithmetical and technical check has confirmed that the tender figure is correct. All items have been priced and included in the tender sum. All works subject to VAT at current rate
18. A breakdown of the cost of phase 7 (c) is set out in table 5 below.
19. As part of approving the spend on any capital project the report in accordance with the Financial Procedure Rules needs to address a number of detailed issues which are set out overleaf:

Table 5 – Cost breakdown phase 7 (c)

Element	Costings
New boiler installation, control panel, building management system and associated works	110,965
Builders work	9,980
Sub-total	120,945
Contingencies	5,000
Sub-total	125,945
Design & supervision fees 8%	£10,075
Totals	<u>£136,020</u>

20. The objectives, outputs and outcomes of the project are to provide a fully accessible building and provide fire safety measures to comply with legislation. To address mechanical and electrical issues. Also to maximise use of the building so as to bring staff across from the Public Offices to allow the disposal of that site.
21. In specifying this scheme Officers have surveyed the condition of the building and structural features and considered different solutions available. A summary of the specification is set out in table 6 below.

Table 6 – Specification summarySpecification summaryPhase 7 (c)

Stripping out the existing boiler house and fittings, replacing with new boilers, controls, pumps, building management system and associated works, together with electrical installation, decoration & builders work.

22. The Town Hall is an asset currently managed and maintained by the Council and so there would not be any additional ongoing revenue costs involved. The installation of new boilers and associated controls should reduce the cost of heating
23. A risk assessment is attached to the report at **appendix 1** which identifies those matters which require attention and mitigation.
24. It is planned (as with previous phases) that the works will be undertaken whilst the Town Hall remains in use so as to reduce costs although there will be the need to vacate specific rooms/offices as the works progress. Whilst the Public Offices remains available this will be used for decanting purposes. It must therefore be accepted that there will be some inconvenience and disruption. Mitigation of these issues is set out on the attached risk assessment.
25. Relevant drawings and documents will be supplied to the contractor which forms part of the contract to be awarded.
26. Phase 8 Car park, external works and landscaping will be undertaken using in house capacity and existing capital and revenue resources and would be commenced during the latter half of 2017.

IMPLICATIONS	
Finance	<p>The report proposes an increase in the value of the Accommodation Project (Phases 6 & 7) within the approved Capital Programme in the sum of £135,000 to be met in full by the additional transfer to the Accommodation Project Reserve as proposed as part of the 2016/17 MTFS Financial Outturn report presented earlier on the agenda for this Committee;</p> <p>The report requests authorisation of the commencement of the proposed works in relation to the Accommodation Project in the sum of £136,000 for Phase 7 (c), including design and supervision fees and the letting of the contract for the proposed works in phase 7 (c) to CMB Fylde Ltd in the sum of £115,965 as detailed within this report.</p>
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	The outcomes of the project are intended to deal with previously identified health and safety risks

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul Walker	01253 658431	8 th June 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Council, Cabinet, Portfolio Holder and Programme Committee reports	31 st August 2010 (Cabinet) 15 th December 2010 (Cabinet) 16 th November 2011 (Cabinet) 15 th February 2012 (Cabinet)	http://www.fylde.gov.uk

and minutes	26 th March 2012 (Council) 19 th June 2012 (PH Decision) 24 th September 2012 (Council) 3 rd December 2012 (Council) 16 th January 2013 (Cabinet) 10 th April 2013 (Cabinet) 2 nd July 2013 (Cabinet) 5 th March 2014 (Cabinet) 25 th June 2014 (Cabinet) 3 rd August 2015 (Finance & Democracy Committee) 30 th November 2015 (Finance & Democracy Committee) 14 th December 2015 (Council) 22 nd February 2016 (Finance & Democracy Committee) 26 th September 2017 (Finance & Democracy Committee) 17 th October 2017 (Council) 23 rd January 2017 (Finance and Democracy Committee)	
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Attached documents

1. Risk Assessment

Appendix 1 Risk assessment

Committee Risk Assessment Template

Directorate: Development Services		Date of Assessment: 9 th March 2017		
Section: Technical Services		Assessment Team: Paul Walker /Darren Bell		
Assessment Activity / Area / Type: Town Hall/Chaseley Building refurbishment – Phases 7 (c)				
Do the hazards create a business continuity risk? Yes				
RISK DESCRIPTION	RISK SCORE (Likelihood x Impact)	RISK MITIGATION	RESIDUAL RISK SCORE (Likelihood x Impact)	RISK OWNER / RISK REGISTER
Noise and disruption due to the nature of the works	5x3=15	Move some staff located in some locations to other parts of the building and Public Offices during critical stages of the work and/or hold public meetings off site when the works may disrupt public meetings	5x2=10	Darren Bell
Loss of car parking spaces during the works due to contractors occupation	5x2=10	Relocate staff parking to North Promenade with limited public and disabled provision retained on site	5x1=5	Darren Bell
Unforeseen defects with associated costs	3x2=6	Contingency budget to deal with unforeseen works. Project management practices will be adopted and supervision to oversee the works	2x2=4	Darren Bell
Inclement weather delays	3x2=6	Project management practices will be adopted and supervision to oversee the works	2x2=4	Darren Bell
Works overrun	3x2=6	Project management practices will be adopted and supervision to oversee the works. Penalty clause included in the contract to discourage delays.	2x2=4	Darren Bell

Risk Likelihood

6 = Very High

5 = High

4 = Significant

3 = Low

2 = Very Low

1 = Almost impossible

Risk Impact

1= Negligible

2 = Marginal

3 = Critical

4 = Catastrophic

Multiply the likelihood by the impact and if the score is above 12 then mitigating action should be undertaken to reduce the risk. This action should be recorded and monitored in either a directorate or corporate risk register.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	6
DATA ASSURANCE POLICY			

PUBLIC ITEM

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

SUMMARY

The council's Data Assurance Policy sets out how it complies with its obligations under the Data Protection Act 1998, how it ensures data quality and how it classifies data. The existing policy has been reviewed and the report recommends the adoption an updated policy containing a small number of minor changes.

RECOMMENDATION

To adopt the updated Data Assurance Policy as set out in the draft attached to the report.

SUMMARY OF PREVIOUS DECISIONS

Cabinet 16 November 2011: Adopt the new Data Assurance Policy

Cabinet 26 November 2014: Revise and update policy

CORPORATE PRIORITIES

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

REPORT

1. The Data Protection Act 1998 imposes duties on persons who hold "personal data", as defined in the act. "Personal data" includes many manual records as well as information held on computer systems. The act requires the council to comply with the eight data protection principles in dealing in any way with personal data.
2. In 2011, the council adopted a Data Assurance Policy to replace its previous data protection policy and data quality policy. The policy is intended to assist persons working in the organisation to know how they are expected to deal with personal data, to help provide assurance to external bodies that the council takes its

obligations seriously and is complying with them and to ensure that the council uses and keeps only high quality, reliable and up-to date information. Decisions underpinned by such data are likely to be better decisions than those where the information base is of poor quality, unreliable or outdated.

3. The policy also contains a methodology for classifying data depending on the level of its sensitivity. It encourages a person producing or handling data to consider the level of its sensitivity when it is produced or handled, and promote consistency across the organisation.
4. The Data Assurance Policy was reviewed and refreshed in 2014 and is now due for further review. The updated policy is attached for members to consider. The changes are minor in nature and are detailed below:

Paragraph 3.9

Old text: *'Modern technology makes it easier to access up-to date information and less necessary to keep a local copy of it. For example, it will rarely be necessary to keep a paper copy of a statutory instrument or government circular. The current versions of those documents are readily available online, and consulting them there will reduce the risk of inadvertently using outdated versions. The same applies to this policy. Information should always be checked for accuracy before it is published or used.'*

New text: *'Modern technology makes it easier to access up-to date information and less necessary to keep a local copy of it. For example, it will almost never be necessary to keep a paper copy of a document that is available online. Information should always be checked for accuracy before it is published or used.'*

Reason for change: The council increasingly works in a paperless environment. The encouragement to not store paper copies of online documents applies generally, not just to statutory instruments and government circulars.

Paragraph 4.4 (commentary on the eighth principle)

Old text: *'Data must not be transferred outside of the European Economic Area (EEA) - the EU Member States together with Iceland, Liechtenstein and Norway - without the explicit consent of the individual. You should be particularly aware of this when publishing information on the Internet, which can be accessed from anywhere in the globe. This is because transfer includes placing data on a web site that can be accessed from outside the EEA.'*

New text: *'You should be particularly aware of this when publishing information on the Internet and when using data processing services or cloud-based storage, whose servers may be outside the EEA.'*

The European Economic Area (EEA) is the EU Member States together with Iceland, Liechtenstein and Norway.

The European Commission has formally decided that the EU-US Privacy Shield provides an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data. This means the council can transfer data to an organisation in the United States if the organisation receiving the data is certified under the EU-US Privacy Shield'.

Reason for change: The investigation into the data breach associated with the consultation on public spaces protection orders noted that the commentary on the eighth data protection principle was more restrictive than the requirements of the principle itself, in that the commentary did not provide for processing of personal data outside the EEA in circumstances where there was an adequate level of protection. The new wording rectifies this and makes specific reference to the EU-US Privacy Shield.

Paragraph 4.8

Old text: *'You must make sure that any personal data (on others) which you deal with is kept securely and is not disclosed to any unauthorised third party (see the section on Disclosure of Data for more detail).'*

New text: *'You must make sure that any personal data which you deal with is kept securely and is not disclosed to any unauthorised third party (see the section on Disclosure of Data for more detail).'*

Reason for change: The removed wording in brackets is superfluous as personal data held by the council is always about others.

Paragraph 4.9

Old text: 'All personal data should be accessible only to those who need to use it. You should form a judgement based upon the nature of the information in question, but always consider keeping personal data:

- in a lockable room with controlled access, or
- in a locked drawer or filing cabinet, or
- if computerised, password protected, or
- on disks which are themselves kept securely.'

New text: 'All personal data should be accessible only to those who need to use it. You should form a judgement based upon the nature of the information in question, but always consider keeping personal data:

- in a lockable room with controlled access, or
- in a locked drawer or filing cabinet, or
- if computerised, password protected, or
- on removable media which are themselves kept securely.'

Reason for change: To update the outdated reference to disks in the fourth bullet point to cover other removable media.

5. The EU General Data Protection Regulation is due to come into force on 25 May 2018. The Data Assurance Policy will need to be further revised in due course to take the Regulation into account.

IMPLICATIONS	
Finance	There are no financial implications arising from this report
Legal	Contained in the report
Community Safety	None
Human Rights and Equalities	The Data Protection Act is an important element in the protection of personal privacy.
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	The policy will help the council to comply with its obligations and prove that it complies with them.

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	01253 658506	18 May 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Data Assurance Policy	November 2014	Town Hall, Lytham St Annes
Data Assurance policy (draft update)		Town Hall, Lytham St Annes
Data Security Breach: Report and Recommendations	31 March 2017	Town Hall, Lytham St Annes or www.fylde.gov.uk/resident/consultation-public-space-protection-order-pspo-do/

Attached documents

1. Data Assurance policy (draft update)

Title:	Data Assurance Policy
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Section 1: Introduction

- 1.1 Good quality information supports good quality decision-making. So good quality information is essential to Fylde Council. This policy sets out (in [section 3](#)) how the council ensures the quality of the information that it uses.
- 1.2 The council does not have a free hand in deciding what it does with the information that it keeps and uses. Under the Freedom of Information Act 2000, there is a presumption that all of the information held by the council should be available to the public on request. The council can only refuse a request for information in certain circumstances set out in the act. Conversely, under the Data Protection Act 1998, the council can only process personal data in accordance with that act.
- 1.3 This policy therefore also describes (in [section 4](#)) how the council complies with its obligations under the Data Protection Act to properly protect the information that it holds and (in [section 5](#)) the steps it has taken to make it easier to know how particular items of information should be dealt with.
- 1.4 This policy applies to all staff. As a matter of good practice, agencies and individuals working with the Council, and who either provide information to the council or have access to personal information held by the council, will be expected to have read this policy and comply with those parts that apply to them. Directorates who deal with such external partners should ensure that they agree to do so.

Section 2: Definitions

Personal Data

Any information relating to a living individual who can be identified from that information or from that data and other information in possession of the data controller. This includes expression of opinion about the individual, and of the intentions of the data controller in respect of that individual.

Sensitive Personal Data

Personal data that relates to racial or ethnic origin, political opinions, religious beliefs, trade union membership, health, sex life, criminal convictions. Sensitive personal data is subject to much stricter conditions of processing.

Data Controller

Any person (or organisation) who makes decisions with regard to particular personal data,

Directorate	Resources	Section	Governance	Ref. Number	
Authorised By	Finance & Democracy Committee	Job title		Issue Date	May 2017
Author	Ian Curtis	Job title	Head of Governance	Revision No	3
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including decisions regarding the purposes for which personal data is processed and the way in which it is processed. The Council is the data controller for the purposes of this policy

Data Subject

A person who is the subject of personal data.

Processing

Virtually anything that can be done to data, including accessing, altering and destroying it.

Third Party

Any individual/organisation other than the data subject, the data controller (the Council) or its agents.

Section 3: Data Quality

- 3.1 Every employee has a responsibility for information quality whenever they record, use or publish information. Directors have an overall responsibility for making sure that their directorate has appropriate practices and procedures for ensuring the quality of information recorded, used or published by their directorate. Recording information includes making a record of it on paper, electronically or by any other media. Using information includes making decisions based on it, or presenting it (for example, as part of a report) to somebody else. Publishing it means making it available to the public or a section of the public.
- 3.2 Good quality information is **accurate, available** and **useful**.

Accurate:

- 3.3 If the information is factual, it should be true insofar as the person recording it and the person using it can reasonably ascertain. If the information is opinion, it should represent the true and reasonable view of the person providing it and should be identifiable as opinion in the context it is used.
- 3.4 There should be enough information for the purpose, but not too much. Incomplete information can sometimes be misleading. But presenting too much information can lead to confusion.

Available:

- 3.5 If information is not available, it might as well not be kept. Information is only available if it is both physically accessible and searchable.
- 3.6 Information is searchable if there is some system for finding it and (where appropriate) finding out what is in it. This need not be electronic, and could include manual catalogues or indexes. But it should not be left to the memory of individuals, as individuals can forget or leave the council.
- 3.7 Information is only available if someone has not taken it away. So there should be appropriate processes to ensure the security of information. These will vary depending on the information involved. However, there are specific legal requirements about

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security of personal data. These are dealt with in more detail under section 4 (data protection).

Useful:

- 3.8 Information is only useful if it is up-to-date for the purposes for which it is to be used and can be understood.
- 3.9 Modern technology makes it easier to access up-to date information and less necessary to keep a local copy of it. For example, it will almost never be necessary to keep a paper copy of a document that is available online. Information should always be checked for accuracy before it is published or used.
- 3.10 Information that cannot be understood by its audience is not useful. Highly technical information should be summarised or accompanied by an explanation if it is intended for a lay audience.

Section 4: Data Protection

- 4.1 The Council is committed to protecting the rights and privacy of individuals (including customers, staff and others) in accordance with the Data Protection Act. The Council needs to process certain information about its staff, customers and other individuals it has dealings with for administrative purposes (e.g. to recruit and pay staff, to carry out its functions, and to comply with legal obligations). To comply with the law, information about individuals must be collected and used fairly, stored safely and securely and not disclosed to any third party unlawfully.
- 4.2 This part of the policy sets out what you need to do to help the council comply with its legal obligations. It does not repeat the whole of the law about data protection. You can get advice that is more detailed from the Head of Governance, who is the Council's lead officer for data protection.
- 4.3 The Council has to register with the Information Commissioner as a body that holds personal data. The Head of Governance keeps the Council's registration up to date. Details of the Council's registration are published on the [Information Commissioner's website](#). The entry lists all of the purposes for which the council processes data. If you intend to process data for purposes not included in the Council's registration, you should seek advice from the Head of Governance.

Data Protection Principles

- 4.4 You must only process personal data in accordance with the eight data protection principles. These are contained in the Data Protection Act and summarised here:

- 1. ***Personal data shall be processed fairly and lawfully.***

Those responsible for processing personal data must make reasonable efforts to ensure that data subjects are informed of the identity of the data controller, the purpose(s) of the processing, any disclosures to third parties that are envisaged and an indication of the period

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for which the data will be kept.

2. **Personal data shall be obtained for specific and lawful purposes and not processed in a manner incompatible with those purposes.**
Data obtained for specified purposes must not be used for a purpose that differs from those.
3. **Personal data shall be adequate, relevant and not excessive in relation to the purpose for which it is held.**
Information which is not strictly necessary for the purpose for which it is obtained should not be collected. If data is given or obtained which is excessive for the purpose, it should be immediately deleted or destroyed.
4. **Personal data shall be accurate and, where necessary, kept up to date.**
Data which is kept for a long time must be reviewed and updated as necessary. No data should be kept unless it is reasonable to assume that they are accurate.
5. **Personal data shall be kept only for as long as necessary.** (see the section on [Retention and Disposal of Data](#))
6. **Personal data shall be processed in accordance with the rights of data subjects under the Data Protection Act.** (see the section on [Data Subjects' Rights](#))
7. **Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of data.**
(see the section on [Security of Data](#))
8. **Personal data shall not be transferred to a country or a territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.**
You should be particularly aware of this when publishing information on the Internet and when using data processing services or cloud-based storage, whose servers may be outside the EEA.
The European Economic Area (EEA) is the EU Member States together with Iceland, Liechtenstein and Norway.
The European Commission has formally decided that the EU-US Privacy Shield provides an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data. This means the council can transfer data to an organisation in the United States if the organisation receiving the data is certified under the EU-US Privacy Shield.

Data Subject Rights

4.5 Data Subjects have the following rights concerning personal data about them:

- To make subject access requests regarding the nature of information held and to whom it has been disclosed.
- To prevent processing likely to cause damage or distress.
- To prevent processing for purposes of direct marketing.

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- To be informed about mechanics of automated decision taking process that will significantly affect them.
- Not to have significant decisions that will affect them taken solely by automated process.
- To sue for compensation if they suffer damage by any contravention of the Act.
- To take action to rectify, block, erase or destroy inaccurate data.
- To request the Commissioner to assess whether any provision of the Act has been contravened.

Processing Personal Data

4.6 The Council can generally only collect use or disclose data if one of the conditions summarised in this section applies:

- It is necessary in connection with a contract with the data subject
- It is necessary so that the Council can comply with a legal obligation (except a contract)
- It is necessary to protect the vital interests of the data subject: that is, a medical emergency
- It is necessary for the administration of justice
- It is necessary to perform a statutory function
- It is necessary to perform a public function on the public interest
- It is necessary for the legitimate interests of the council or a third party to whom the data is disclosed – but this must be balanced against the legitimate interests of the data subject
- The data subject has given their active consent

4.7 If you are in any doubt about whether data can be processed in a particular way, get advice from your manager or the Head of Governance

Security of Data

4.8 You must make sure that any personal data which you deal with is kept securely and is not disclosed to any unauthorised third party (see the section on [Disclosure of Data](#) for more detail).

4.9 All personal data should be accessible only to those who need to use it. You should form a judgement based upon the nature of the information in question, but always consider keeping personal data:

- in a lockable room with controlled access, or
- in a locked drawer or filing cabinet, or
- if computerised, password protected, or
- on removable media which are themselves kept securely.

4.10 Take care that PCs and laptops are not visible except to authorised staff and that computer passwords are kept confidential. Do not leave PC screens unattended without

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- password protected screen-savers. Don't leave manual records where they can be seen by unauthorised personnel.
- 4.11 Put appropriate security measures are in place for deleting or disposing of personal data. Shred manual records or dispose of them as "confidential waste". Wipe clean or destroy hard drives of redundant PCs before disposal.
- 4.12 This policy also applies to processing of personal data "off-site". Off-site processing presents a potentially greater risk of loss, theft or damage to personal data. Take particular care when processing personal data at home or in other locations outside the Council's offices. Personal data should never be taken off site on a device or storage medium that is not encrypted.
- 4.13 Do not store personal data belonging to the council in a cloud-based storage facility without the specific consent of your Head of Service, who should consult with the council's IT section.

Rights of Access to Data

- 4.14 Data subjects can request access any personal data about which the Council holds about them. If you receive a request, you should ask for it to be put in writing and either:
- refer the request to the Head of Governance, or
 - if the request is specific to information that you control, disclose it (but only after making sure that the person requesting it is the data subject)
- 4.15 The Council reserves the right to charge a fee for data subject access requests (currently £10). Any such request must be complied with within 40 days of receipt of the written request and, where appropriate, the fee. There are some exemptions to the right to access personal data. If you feel that an exemption may apply, contact the Head of Governance.
- 4.16 The right to request access applies to any personal data held about a person. However, if the data is not kept or ordered by reference to individuals, the data subject would normally have to say what data they wish to see. The Council could refuse the request if complying with it exceeds a cost limit set by government.

Disclosure of Data

- 4.17 The Council must ensure that personal data is not disclosed to unauthorised third parties, which include family members, friends, government bodies, and in certain circumstances, the Police. You should exercise caution when asked to disclose personal data held on another individual to a third party. For instance, it would usually be appropriate to disclose a colleague's work contact details in response to an enquiry regarding a particular function for which they are responsible. However, it would not usually be appropriate to disclose a colleague's work details to someone who wished to contact them regarding a non-work related matter. Nor would it be appropriate to give home contact information. The important thing to bear in mind is whether or not disclosure of the information is relevant to, and necessary for, the conduct of Council business. Best practice, however, would be to take the contact details of the person making the enquiry and pass them onto the member of staff concerned.

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- 4.18 As well as the conditions listed in [4.6](#), there are some other specific instances where disclosure to a third party is allowed. These concern national security, crime and taxation and regulatory activity. If any issue arises about these, or if in doubt, ask for advice from your executive manager or the Head of Governance.
- 4.19 There are some other exemptions not listed here which would be unlikely ever to arise.

Retention and Disposal of Data

- 4.20 The council has a separate policy on data retention, based upon guidance and classifications provided by the Information and Records Management Society.

Section 5: Data classification

- 5.1 The council has adopted a simple classification system to make it easier to identify how information that it holds should be treated. The system is intended to reflect the statutory position under the Data Protection Act 1998 and the Freedom of Information Act 1990. The council considers that any advantages of introducing a more complex system of classification would be outweighed by the burden of implementing such a system.
- 5.2 The classifications are:
- **Personal Information:** This is information that is personal data or sensitive personal data as defined under the Data Protection Act 1998. In other words, it is information that the council cannot (except with the consent of the data subject or in certain other limited circumstances) disclose
 - **Excluded Information:** This is information that, on an application for disclosure under the Freedom of Information Act 2000, would be likely to be withheld from disclosure under any of the exemptions other than the exemption applicable to personal data. In other words, it is information that the council may, but need not, disclose.
 - **Unrestricted Information:** This is information that, on an application under the Freedom of Information Act 2000, the council would be obliged to disclose.
- 5.3 From the implementation of this policy, employees will be encouraged to discreetly mark Personal and Excluded Information so that users of that information will be alerted to its status. Unrestricted Information may also be marked as such. Marking an item of information as Personal, Excluded or Unrestricted will not be conclusive of its status. An employee using any information must always consider the principles set out in this policy, as well as the requirements of the Data Protection Act 1998.
- 5.4 Where an item is marked as Excluded Information, it must not normally be published or disclosed without first giving full consideration to how the council's interests (or the interests of any other person who might be affected by the publication or disclosure) might be affected if it was published or disclosed.
- 5.5 Where an item is marked as Personal Information, it must not be published or disclosed (except to the data subject) without the approval of the relevant head of service.

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Section 6: Monitoring and Review

- 6.1 The council's Management Team will monitor and keep this policy under review. They will judge its success by the following criteria:
- The quality of information available to decision-makers
 - Compliance with the council's obligations as data controller under the Data Protection Act 1998
 - The balance between the advantages secured by the policy and the burdens imposed by it.

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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	7
REMIT OF THE MEMBER DEVELOPMENT STEERING GROUP			

PUBLIC ITEM

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

SUMMARY

Further to the resolution of Council at its meeting held on 3 April 2017 and the subsequent meeting of the Member Development Steering Group held on 19 May 2017, the Finance and Democracy Committee is asked to consider extending the remit/Terms of Reference of the Member Development Steering Group (MDSG) to include 'member wellbeing'.

RECOMMENDATIONS

Members of the Finance & Democracy Committee are requested to approve the following recommendations:

1. To extend the remit of the Member Development Steering Group to include 'member wellbeing'.
2. To update the 'Working with Councillors with Disability Policy Document' as deemed appropriate.
3. To support the on-going work of the MDSG on this topic as outlined in paragraph 3 of the report.

SUMMARY OF PREVIOUS DECISIONS

Full Council – 03 March 2017 - To request that the Member Development Steering Group consider extending its remit to include member wellbeing.

CORPORATE PRIORITIES

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

REPORT

1. The Council at its meeting held on 3 April 2017 requested that the Member Development Steering Group consider extending its remit to include 'member wellbeing'.
2. A report on the proposal was considered and recommended for approval by the Member Development Steering Group at its meeting held on 19 May 2017.
3. The MDSG also recommended the following:
 - To endeavour to advise the Council on supporting and enabling members to participate fully in the business of the council.

- To report on the position to Tracy Morrison, Director of Resources
 - To request that Paul Walker, Director of Development Services attend the next appropriate meeting of the Member Development Steering Group to provide an overview of the ways in which the new Council Chamber and current committee rooms will cater for those with disabilities.
 - To review the 'Working with Councillor with Disabilities' document at the next appropriate meeting of the Member Development Steering Group with a view to identifying how the Council will recognise and support member wellbeing.
4. For information purposes, The current remit/ Terms of Reference of the Member Development Steering Group is as follows:
- To develop and review the Member Development Strategy.
 - To develop, monitor, evaluate, review and receive member attendance reports on the Member Learning Programme.
 - To provide focussed leadership and guidance to officers in respect of all member development issues.
 - To promote best practice amongst all elected members of the council.
 - To encourage the highest level of participation by all members in the Member Development Programme and in relation to personal development plans.
 - To ensure that the Council achieves and maintains the required level of skills, competences and practices to maintain North West Employers charter status.
 - To report as and when required to the Finance and Democracy Committee.
5. In 2016, the Member Development Steering Group considered and recommended the 'Working with Councillors with Disabilities Policy' document which was subsequently approved by the Finance and Democracy Committee in June 2016.
6. The policy on members with disabilities sets out the arrangements that are in place to assist with the particular needs of councillors who have a disability with the aim of complying with the duties in the Equality Act 2010. The document complements the updated Elected Member Development Strategy.
7. For completeness, it is considered prudent to update the Working with Councillors with Disabilities Policy Document as deemed appropriate to reflect the new arrangements/remit of the Steering Group.
8. It is suggested that the MDSG include as a regular item on its agenda 'member wellbeing'.

IMPLICATIONS	
Finance	There are no financial implications arising directly from this report
Legal	None arising directly from the report.
Community Safety	None arising directly from the report.
Human Rights and Equalities	None arising directly from the report.
Sustainability and Environmental Impact	None arising directly from the report.
Health & Safety and Risk Management	None arising directly from the report.

LEAD AUTHOR	CONTACT DETAILS	DATE
Lyndsey Lacey- Simone	01253 658504	31/05/2016

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Council Minutes	3/04/17	https://fylde.cmis.uk.com/fylde/Committees.aspx
MDSG notes	19/05/17	Democratic Services Section

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	8
PROPOSED INCREASE OF PLANNING APPLICATION FEES			

PUBLIC ITEM

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

SUMMARY

In its recent housing white paper “Fixing our broken housing market” published on February 7th 2017, the government proposed that planning application fees can be increased by 20% for those local authorities who commit the additional fee income to supporting the planning function. The aim of the fee increase is to boost local authority capacity and capability to deliver the planning function and to improve the speed and quality with which planning cases are handled whilst deterring unnecessary appeals.

On 8 March 2017, Planning Committee resolved to increase the planning fee levels as proposed and to authorise the Section 151 Officer to make a commitment under Section 230 of the Local Government Act 1972 that Fylde Council accept the proposed 20% increase in planning application fees and that the amount raised through these higher fees be spent entirely on improvement to the planning service. This has been done.

This report recommends that the committee approve a fully-funded budget increase for 2017/18 and subsequent years to reflect both the additional income that will be generated from the planning fee increase and the additional expenditure on the planning function that the additional income will fund.

The original implementation date for the fee increase was to be 1st July 2017. At the time of writing the necessary regulations to allow for the fee increase have yet to be passed by Parliament and may be delayed as a consequence of the calling of the June 2017 general election. The actual implementation date therefore may be later than July 2017 and additional income for 2017/18 may be reduced as a consequence. The actual level of additional resource that will be added to the planning function will not exceed the level of additional fee income generated by this change.

RECOMMENDATION

The committee is recommended to:

Approve a fully-funded revenue budget increase in the sum of £108,750 for 2017/18 (or pro rata depending upon the government’s implementation date) in the planning department fully funded from the increase in planning fees as set out in the report, and for £145,000 per annum thereafter.

SUMMARY OF PREVIOUS DECISIONS

On 8 March 2017, Planning Committee resolved:

1. That the Section 151 Officer be authorised to make a commitment under Section 230 of the Local Government Act 1972 that Fylde Council accept the proposed 20% increase in planning application fees and that the amount raised through these higher fees would be spent entirely on improvement to the planning service.
2. That, subject to the approval of recommendation 1 above, Finance and Democracy Committee be

recommended to approve a budget increase of £108,750 for 2017/18 (or pro rata depending upon the government's implementation date) in the planning department, fully funded from the increase in planning fees as set out in the report, and for £145,000 per annum thereafter.

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

REPORT

1. In its recent housing white paper "Fixing our broken housing market" government has proposed that, from July 2017, planning application fees can be increased by 20% for those local planning authorities who commit the additional fee income to making improvement to the planning service. The intention of the proposed fee increase is to boost local authority capacity and capability to deliver the planning function and improve the speed and quality with which planning cases are handled, while deterring unnecessary appeals.
2. The Department of Communities and Local Government wrote to all local authorities in England on February 21st 2017 asking that they confirm whether or not they wish to take advantage of the proposed fee increase by March 13th 2017. A full copy of the letter is attached as appendix 1 to this report. The letter invites Fylde Council to confirm its intention in relation to the fee increase. It is intended that the additional revenue should be invested in the planning service and that existing baseline and income assumptions will not be adjusted down as a result during this Parliament.
3. Paragraph 2.13 of the White Paper identifies that developers have expressed concern regarding the lack of capacity and capability in planning departments and that this is restricting their ability to get on site and build. After several years of limited development, Fylde has recently experienced an increase in development activity, in particular in the construction of new homes. As developers seek to implement planning permissions, greater pressure has been placed on the planning service not only in regard to determining planning applications, but in terms of the discharge of planning conditions, consideration of revised proposals, requests for pre application advice and the monitoring of development to ensure it is proceeding in accordance with approved plans and conditions. An increased investment in the planning service could be used by Fylde in many ways but there is potential to secure:
 - increased staffing resources to facilitate the speedy determination of planning applications and discharge of conditions,
 - the production and revision of guidance for developers in the form of Supplementary Planning Documents in order to secure improvements in the quality of planning applications and resultant developments,
 - increased resources to ensure the effective monitoring of ongoing development,
 - improved process and service quality through digital transformation and re-engineering
4. As a result of increased investment, the Council can expect that:
 - The quality of built development will be further improved as a result of improved guidance and development monitoring,
 - Applications for the development of sites that the council considers unacceptable for development will be reduced,
 - The number of appeals and associated cost to the council will be reduced,
 - The delivery of new homes to meet the housing supply and deliver new homes bonus,
 - Improved speed of determination of applications without the need for requests to extend time

5. In accordance with the resolution of the Planning Committee of 8 March 2017, the Council's Section 151 officer, under s230 of the Local Government Act 1972, has provided a commitment and submitted information of the 2017/18 budget that demonstrates the additional fee income will be spent on planning services.

FINANCIAL IMPLICATIONS

6. The following information has been submitted to the DCLG as an indication of the additional income that would be generated to the Council if the proposed 20% increase in planning application fees is implemented with effect from 1st July 2017:

	2016/17	2017/18
Estimated expenditure on development management	£735,953	£841,077
Estimated income generated from planning application fees	£725,000	£725,000
Estimated additional income generated from higher planning fees (based upon the assumed implementation date of 01/07/2017 as advised by DCLG – i.e. 9 months additional income for 2017/18. For clarity a full year's additional income would be £145,000).	N/A	£108,750

7. The Planning Committee has opted to implement the higher fees and commit to invest the additional fee income in the planning department. This effectively becomes a funded budget increase, with additional costs in the planning department being fully-funded from the additional income generated which requires the approval of this committee.

IMPLICATIONS	
Finance	This report requests approval to a funded budget increase for 2017/18 and subsequent years to provide additional resources to support the planning function to be met in full by additional planning fee income.
Legal	None
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
Mark Evans	01253 658460	April 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Housing White Paper – Fixing our broken housing market.	February 2017	https://www.gov.uk/government/publications/fixing-our-broken-housing-market
Guide to Fees for planning applications in England	January 2017	http://ecab.planningportal.co.uk/uploads/english_application_fees.pdf

Attached documents

Appendix 1 - Letter dated 21 February 2017 from DCLG



Department for
Communities and
Local Government

Simon Gallagher
Director of Planning

Department for Communities and Local
Government

Third Floor, Fry Building
2 Marsham Street
London, SW1P 4DF

www.communities.gov.uk

Chief Executives of Local Planning
Authorities in England
[Via Email]

21 February 2017

Dear Chief Executive,

Planning application fees: the Government's offer

'Fixing our broken housing market' was published on 7 February 2017. It includes proposals for boosting local authority capacity and capability to deliver, improving the speed and quality with which planning cases are handled, while deterring unnecessary appeals.

As set out paragraph 2.13 of the White Paper, developers consistently tell us that the lack of capacity and capability in planning departments is restricting their ability to get on site and build. Alongside funding, local authorities also report difficulties in recruiting and retaining planners and others with specialist skills. There may also be wider capacity and skills issues for local authorities. To boost local authority capacity and capability to deliver, paragraph 2.15 explained that the Government will **increase nationally set planning fees**. Local authorities will be able to increase fees from 20% from July 2017 if they commit to invest the additional fee income in their planning department.

This letter invites you confirm your intention in relation to the fee increase. It is intended that the additional revenue should be retained by planning departments and that existing baseline and income assumptions will not be adjusted down as a result during this Parliament. This is an opportunity for all authorities to make improvements to their resourcing, leading to better services, improved performance, and greater capacity to deliver growth as set out in *'Fixing our broken housing market'*.

'Fixing our broken housing market' proposes a further increase of 20% for those authorities who are delivering the homes their communities need. This would also be on the understanding that the additional fee income generated will be invested exclusively in planning services. We will consult further on the detail of this proposal and the timing on it being brought forward.

For your authority to benefit from the higher planning application fees, we require your section 151 officers, under s230 of the Local Government Act 1972, to provide a commitment and submit information of the 2017/18 budget that demonstrates the additional fee income being spent on planning services. Annex A sets out details the information required.

Should your authority not wish to charge the increased fee, the existing fee structure will remain in place. Where authorities do accept, but do not comply with the assurances it has

provided, the Secretary of State will consider reducing the fee level for that authority back to the original fee level through a change in regulations.

Annex B includes a template for section 151 officers to sign and return. Replies should be sent to planningresources2@communities.gsi.gov.uk by Monday 13th March. It is important that a response is received from all local authorities; indicating whether or not the increased fee offer is to be accepted. You are also asked to confirm the correct legal name of your authority at Annex C, and return this with the template in Annex B. This will be used in the statutory instrument bringing forward the fee increase.

I would be grateful if you could forward a copy of this letter to s151 officers and the officer with lead responsibility for planning services within your authority.

Yours Sincerely,

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

Simon Gallagher

Annex A: Information section 151 officers should commit to providing

Alongside the condition to spend the additional income generated on planning, we are asking section 151 officers to provide DCLG with certain information to demonstrate that the additional funding is being spent on development management.

We therefore ask that authorities submit the following information, on the basis that your budget has been set, and on the assumption that regulations are in place by July 2017.

- Estimate of final income from planning application fees in 2016/17.
 - Estimate of final expenditure on planning/development management in 2016/17.
 - Estimated income from planning application fees in 2017/18.
 - Estimated additional income generated from higher fees.
 - Estimated expenditure on planning/development management in 2017/18.

The letter in Annex B includes a table in which to provide this information.

Annex B: Template letter for s151 officers to sign

Dear Simon Gallagher,

In reply to your letter of 21st February 2017 I am writing to certify that **[Insert name of authority]** has determined to:

Accept the proposed 20% increase in planning application fees.....

Reject the proposed 20% increase in planning application fees.....

If accepting:

I confirm that the amount raised through these higher fees will be spent entirely on planning functions.

I can also confirm that the full legal name for this authority to be used in regulations is

.....

Please also confirm this legal name in the table in Annex C, and return to planningresources2@communities.gsi.gov.uk with this letter.

I submit the following information, as requested.

	2016/17	2017/18
Estimated expenditure on development management		
Estimated income generated from planning application fees		
Estimated additional income generated from higher planning fees	N/A	

Yours sincerely

[S151 officer]

Annex C: Correct Legal Name of Authority

Please check the table below and confirm, in writing, the legal name for your authority. Please return this with the letter in Annex B to planningresources2@communities.gsi.gov.uk.

Name	Official Name	Please confirm correct Legal Name of authority
Greater London	Greater London Authority	
City of London	City of London Corporation	
Worthing	Worthing Borough Council	
Mid Sussex	Mid Sussex District Council	
Horsham	Horsham District Council	
Crawley	Crawley Borough Council	
Chichester	Chichester District Council	
Arun	Arun District Council	
Adur	Adur District Council	
West Sussex	West Sussex County Council	
Wyre Forest	Wyre Forest District Council	
Wychavon	Wychavon District Council	
Worcester	Worcester City Council	
Redditch	Redditch Borough Council	
Malvern Hills	Malvern Hills District Council	
Bromsgrove	Bromsgrove District Council	
Worcestershire	Worcestershire County Council	
Warwick	Warwick District Council	
Stratford-on-Avon	Stratford-on-Avon District Council	
Rugby	Rugby Borough Council	
Nuneaton and Bedworth	Nuneaton and Bedworth Borough Council	
North Warwickshire	North Warwickshire Borough Council	
Warwickshire	Warwickshire County Council	

Name	Official Name	Please confirm correct Legal Name of authority
Tamworth	Tamworth Borough Council	
Staffordshire Moorlands	Staffordshire Moorlands District Council	
Stafford	Stafford Borough Council	
South Staffordshire	South Staffordshire Council	
Newcastle-under-Lyme	Newcastle-under-Lyme Borough Council	
Lichfield	Lichfield District Council	
East Staffordshire	East Staffordshire Borough Council	
Cannock Chase	Cannock Chase District Council	
Staffordshire	Staffordshire County Council	
Woking	Woking Borough Council	
Waverley	Waverley Borough Council	
Tandridge	Tandridge District Council	
Surrey Heath	Surrey Heath Borough Council	
Spelthorne	Spelthorne Borough Council	
Runnymede	Runnymede Borough Council	
Reigate and Banstead	Reigate and Banstead Borough Council	
Mole Valley	Mole Valley District Council	
Guildford	Guildford Borough Council	
Epsom and Ewell	Epsom and Ewell Borough Council	
Elmbridge	Elmbridge Borough Council	
Surrey	Surrey County Council	
West Somerset	West Somerset District Council	
Taunton Deane	Taunton Deane Borough Council	
South Somerset	South Somerset District Council	
Sedgemoor	Sedgemoor District Council	
Mendip	Mendip District Council	
Somerset	Somerset County Council	
Waveney	Waveney District Council	

Name	Official Name	Please confirm correct Legal Name of authority
Suffolk Coastal	Suffolk Coastal District Council	
St Edmundsbury	St Edmundsbury Borough Council	
Mid Suffolk	Mid Suffolk District Council	
Ipswich	Ipswich Borough Council	
Forest Heath	Forest Heath District Council	
Babergh	Babergh District Council	
Suffolk	Suffolk County Council	
West Oxfordshire	West Oxfordshire District Council	
Vale of White Horse	Vale of White Horse District Council	
South Oxfordshire	South Oxfordshire District Council	
Oxford	Oxford City Council	
Cherwell	Cherwell District Council	
Oxfordshire	Oxfordshire County Council	
Selby	Selby District Council	
Scarborough	Scarborough Borough Council	
Ryedale	Ryedale District Council	
Richmondshire	Richmondshire District Council	
Harrogate	Harrogate Borough Council	
Hambleton	Hambleton District Council	
Craven	Craven District Council	
North Yorkshire	North Yorkshire County Council	
Rushcliffe	Rushcliffe Borough Council	
Newark and Sherwood	Newark and Sherwood District Council	
Mansfield	Mansfield District Council	
Gedling	Gedling Borough Council	
Broxtowe	Broxtowe Borough Council	
Bassetlaw	Bassetlaw District Council	
Ashfield	Ashfield District Council	

Name	Official Name	Please confirm correct Legal Name of authority
Nottinghamshire	Nottinghamshire County Council	
Wellingborough	Wellingborough Borough Council	
South Northamptonshire	South Northamptonshire Council	
Northampton	Northampton Borough Council	
Kettering	Kettering Borough Council	
East Northamptonshire	East Northamptonshire Council	
Daventry	Daventry District Council	
Corby	Corby Borough Council	
Northamptonshire	Northamptonshire County Council	
South Norfolk	South Norfolk District Council	
Norwich	Norwich City Council	
North Norfolk	North Norfolk District Council	
Kings Lynn and West Norfolk	Borough Council of Kings Lynn and West Norfolk	
Great Yarmouth	Great Yarmouth Borough Council	
Broadland	Broadland District Council	
Breckland	Breckland District Council	
Norfolk	Norfolk County Council	
West Lindsey	West Lindsey District Council	
South Kesteven	South Kesteven District Council	
South Holland	South Holland District Council	
North Kesteven	North Kesteven District Council	
City of Lincoln	City of Lincoln Council	
East Lindsey	East Lindsey District Council	
Boston	Boston Borough Council	
Lincolnshire	Lincolnshire County Council	
Oadby and Wigston	Oadby and Wigston Borough Council	

Name	Official Name	Please confirm correct Legal Name of authority
North West Leicestershire	North West Leicestershire District Council	
Melton	Melton Borough Council	
Hinckley and Bosworth	Hinckley and Bosworth Borough Council	
Harborough	Harborough District Council	
Charnwood	Charnwood Borough Council	
Blaby	Blaby District Council	
Leicestershire	Leicestershire County Council	
Wyre	Wyre Borough Council	
West Lancashire	West Lancashire Borough Council	
South Ribble	South Ribble Borough Council	
Rossendale	Rossendale Borough Council	
Ribble Valley	Ribble Valley Borough Council	
Preston	Preston City Council	
Pendle	Pendle Borough Council	
Lancaster	Lancaster City Council	
Hyndburn	Hyndburn Borough Council	
Fylde	Fylde Borough Council	
Chorley	Chorley Borough Council	
Burnley	Burnley Borough Council	
Lancashire	Lancashire County Council	
Tunbridge Wells	Tunbridge Wells Borough Council	
Tonbridge and Malling	Tonbridge and Malling Borough Council	
Thanet	Thanet District Council	
Swale	Swale Borough Council	
Shepway	Shepway District Council	
Sevenoaks	Sevenoaks District Council	
Maidstone	Maidstone Borough Council	

Name	Official Name	Please confirm correct Legal Name of authority
Gravesham	Gravesham Borough Council	
Dover	Dover District Council	
Dartford	Dartford Borough Council	
Canterbury	Canterbury City Council	
Ashford	Ashford Borough Council	
Kent	Kent County Council	
Welwyn Hatfield	Welwyn Hatfield Borough Council	
Watford	Watford Borough Council	
Three Rivers	Three Rivers District Council	
Stevenage	Stevenage Borough Council	
St Albans	St Albans City and District Council	
North Hertfordshire	North Hertfordshire District Council	
Hertsmere	Hertsmere Borough Council	
East Hertfordshire	East Hertfordshire District Council	
Dacorum	Dacorum Borough Council	
Broxbourne	Broxbourne Borough Council	
Hertfordshire	Hertfordshire County Council	
Winchester	Winchester City Council	
Test Valley	Test Valley Borough Council	
Rushmoor	Rushmoor Borough Council	
New Forest	New Forest District Council	
Havant	Havant Borough Council	
Hart	Hart District Council	
Gosport	Gosport Borough Council	
Fareham	Fareham Borough Council	
Eastleigh	Eastleigh Borough Council	
East Hampshire	East Hampshire District Council	
Basingstoke and Deane	Basingstoke and Deane Borough Council	

Name	Official Name	Please confirm correct Legal Name of authority
Hampshire	Hampshire County Council	
Tewkesbury	Tewkesbury Borough Council	
Stroud	Stroud District Council	
Gloucester	Gloucester City Council	
Forest of Dean	Forest of Dean District Council	
Cotswold	Cotswold District Council	
Cheltenham	Cheltenham Borough Council	
Gloucestershire	Gloucestershire County Council	
Westminster	City of Westminster	
Wandsworth	London Borough of Wandsworth	
Waltham Forest	London Borough of Waltham Forest	
Tower Hamlets	London Borough of Tower Hamlets	
Southwark	London Borough of Southwark	
Sutton	London Borough of Sutton	
Richmond upon Thames	London Borough of Richmond upon Thames	
Redbridge	London Borough of Redbridge	
Newham	London Borough of Newham	
Merton	London Borough of Merton	
Lewisham	London Borough of Lewisham	
Lambeth	London Borough of Lambeth	
Kingston upon Thames	Royal Borough of Kingston upon Thames	
Kensington and Chelsea	Royal Borough of Kensington and Chelsea	
Islington	London Borough of Islington	
Haringey	London Borough of Haringey	
Harrow	London Borough of Harrow	
Hounslow	London Borough of Hounslow	

Name	Official Name	Please confirm correct Legal Name of authority
Hammersmith and Fulham	London Borough of Hammersmith & Fulham	
Hillingdon	London Borough of Hillingdon	
Hackney	London Borough of Hackney	
Havering	London Borough of Havering	
Greenwich	Royal Borough of Greenwich	
Enfield	London Borough of Enfield	
Ealing	London Borough of Ealing	
Croydon	London Borough of Croydon	
Camden	London Borough of Camden	
Bromley	London Borough of Bromley	
Barnet	London Borough of Barnet	
Bexley	London Borough of Bexley	
Brent	London Borough of Brent	
Barking and Dagenham	London Borough of Barking and Dagenham	
Wealden	Wealden District Council	
Rother	Rother District Council	
Lewes	Lewes District Council	
Hastings	Hastings Borough Council	
Eastbourne	Eastbourne Borough Council	
East Sussex	East Sussex County Council	
Uttlesford	Uttlesford District Council	
Tendring	Tendring District Council	
Rochford	Rochford District Council	
Maldon	Maldon District Council	
Harlow	Harlow District Council	
Epping Forest	Epping Forest District Council	

Name	Official Name	Please confirm correct Legal Name of authority
Colchester	Colchester Borough Council	
Chelmsford	Chelmsford City Council	
Castle Point	Castle Point Borough Council	
Brentwood	Brentwood Borough Council	
Braintree	Braintree District Council	
Basildon	Basildon Borough Council	
Essex	Essex County Council	
Weymouth and Portland	Weymouth and Portland Borough Council	
West Dorset	West Dorset District Council	
Purbeck	Purbeck District Council	
North Dorset	North Dorset District Council	
East Dorset	East Dorset District Council	
Christchurch	Christchurch Borough Council	
Dorset	Dorset County Council	
West Devon	West Devon Borough Council	
Torridge	Torridge District Council	
Teignbridge	Teignbridge District Council	
South Hams	South Hams District Council	
North Devon	North Devon District Council	
Mid Devon	Mid Devon District Council	
Exeter	Exeter City Council	
East Devon	East Devon District Council	
Devon	Devon County Council	
South Derbyshire	South Derbyshire District Council	
North East Derbyshire	North East Derbyshire District Council	
High Peak	High Peak Borough Council	
Erewash	Erewash Borough Council	
Derbyshire Dales	Derbyshire Dales District Council	

Name	Official Name	Please confirm correct Legal Name of authority
Chesterfield	Chesterfield Borough Council	
Bolsover	Bolsover District Council	
Amber Valley	Amber Valley Borough Council	
Derbyshire	Derbyshire County Council	
Derby	Derby City Council	
South Lakeland	South Lakeland District Council	
Eden	Eden District Council	
Copeland	Copeland Borough Council	
Carlisle	Carlisle City Council	
Barrow-in-Furness	Barrow-in-Furness Borough Council	
Allerdale	Allerdale Borough Council	
Cumbria	Cumbria County Council	
South Cambridgeshire	South Cambridgeshire District Council	
Huntingdonshire	Huntingdonshire District Council	
Fenland	Fenland District Council	
East Cambridgeshire	East Cambridgeshire District Council	
Cambridge	Cambridge City Council	
Cambridgeshire	Cambridgeshire County Council	
Wycombe	Wycombe District Council	
South Bucks	South Bucks District Council	
Chiltern	Chiltern District Council	
Aylesbury Vale	Aylesbury Vale District Council	
Buckinghamshire	Buckinghamshire County Council	
York	City of York Council	
Warrington	Warrington Borough Council	
Wirral	Wirral Borough Council	
Wokingham	Wokingham Borough Council	

Name	Official Name	Please confirm correct Legal Name of authority
Windsor and Maidenhead	Royal Borough of Windsor and Maidenhead	
Wolverhampton	City of Wolverhampton Council	
Walsall	Walsall Metropolitan Borough Council	
Wakefield	Wakefield Metropolitan District Council	
Wiltshire	Wiltshire Council	
Wigan	Wigan Metropolitan Borough Council	
West Berkshire	West Berkshire Council	
Trafford	Trafford Metropolitan Borough Council	
Torbay	Torbay Council	
Thurrock	Thurrock Council	
Telford and Wrekin	Telford & Wrekin Council	
Tameside	Tameside Metropolitan Borough Council	
Swindon	Swindon Borough Council	
South Tyneside	South Tyneside Council	
Stockton-on-Tees	Stockton-on-Tees Borough Council	
Southampton	Southampton City Council	
Stoke-on-Trent	Stoke-on-Trent City Council	
Southend-on-Sea	Southend-on-Sea Borough Council	
Solihull	Solihull Metropolitan Borough Council	
Sunderland	Sunderland City Council	
Slough	Slough Borough Council	
Salford	Salford City Council	
Stockport	Stockport Metropolitan Borough Council	
Shropshire	Shropshire Council	
St. Helens	St Helens Council	
Sheffield	Sheffield City Council	
South Gloucestershire	South Gloucestershire Council	

Name	Official Name	Please confirm correct Legal Name of authority
Sefton	Sefton Metropolitan Borough Council	
Sandwell	Sandwell Metropolitan Borough Council	
Rutland	Rutland County Council	
Rotherham	Rotherham Metropolitan Borough Council	
Reading	Reading Borough Council	
Rochdale	Rochdale Metropolitan Borough Council	
Redcar and Cleveland	Redcar and Cleveland Borough Council	
Peterborough	Peterborough City Council	
Portsmouth	Portsmouth City Council	
Poole	Borough of Poole	
Plymouth	Plymouth City Council	
Oldham	Oldham Metropolitan Borough Council	
North Tyneside	North Tyneside Council	
North Somerset	North Somerset Council	
North Lincolnshire	North Lincolnshire Council	
Nottingham	Nottingham City Council	
Newcastle upon Tyne	Newcastle City Council	
North East Lincolnshire	North East Lincolnshire Council	
Northumberland	Northumberland County Council	
Milton Keynes	Milton Keynes Council	
Medway	Medway Council	
Middlesbrough	Middlesbrough Borough Council	
Manchester	Manchester City Council	
Luton	Luton Borough Council	
Liverpool	Liverpool City Council	
Leeds	Leeds City Council	
Leicester	Leicester City Council	
Knowsley	Knowsley Metropolitan Borough Council	

Name	Official Name	Please confirm correct Legal Name of authority
Kirklees	Kirklees Council	
Kingston upon Hull	Hull City Council	
Isle of Wight	Isle of Wight Council	
Isles of Scilly	Council of the Isles of Scilly	
Hartlepool	Hartlepool Borough Council	
Herefordshire	Herefordshire Council	
Halton	Halton Borough Council	
Gateshead	Gateshead Metropolitan Borough Council	
East Riding of Yorkshire	East Riding of Yorkshire Council	
County Durham	Durham County Council	
Dudley	Dudley Metropolitan Borough Council	
Doncaster	Doncaster Metropolitan Borough Council	
Darlington	Darlington Borough Council	
Coventry	Coventry City Council	
Cornwall	Cornwall Council	
Calderdale	Calderdale Metropolitan Borough Council	
Cheshire West and Chester	Cheshire West and Chester Council	
Cheshire East	Cheshire East Council	
Central Bedfordshire	Central Bedfordshire Council	
Bury	Bury Metropolitan Borough Council	
City of Bristol	Bristol City Council	
Bradford	City of Bradford Metropolitan District Council	
Bracknell Forest	Bracknell Forest Council	
Blackpool	Blackpool Borough Council	
Bolton	Bolton Metropolitan Borough Council	
Barnsley	Barnsley Metropolitan Borough Council	

Name	Official Name	Please confirm correct Legal Name of authority
Brighton and Hove	Brighton and Hove City Council	
Bournemouth	Bournemouth Borough Council	
Birmingham	Birmingham City Council	
Bedford	Bedford Borough Council	
Blackburn with Darwen	Blackburn with Darwen Borough Council	
Bath and North East Somerset	Bath and North East Somerset Council	
The Broads	Broads Authority	
Dartmoor National Park	Dartmoor National Park Authority	
Exmoor National Park	Exmoor National Park Authority	
Lake District National Park	Lake District National Park Authority	
New Forest National Park	New Forest National Park Authority	
North York Moors National Park	North York Moors National Park Authority	
Northumberland National Park	Northumberland National Park Authority	
Peak District National Park	Peak District National Park Authority	
South Downs National Park	South Downs National Park Authority	
Yorkshire Dales National Park	Yorkshire Dales National Park Authority	
Ebbsfleet Development Corporation	Ebbsfleet Development Corporation	
London Legacy Development Corporation	London Legacy Development Corporation	

Name	Official Name	Please confirm correct Legal Name of authority
Old Oak and Park Royal Development Corporation	Old Oak and Park Royal Development Corporation	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	9
FULLY FUNDED ADDITION TO CAPITAL PROGRAMME IN 2017/18 – PUBLIC TRANSPORT IMPROVEMENTS RELATING TO SECTION 106 AGREEMENT FOR LAND AT NINE ACRES NURSERY WARTON (10/0766)			

PUBLIC ITEM

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

SUMMARY

A proposal was considered by the Operational Management Committee on 23rd May 2017 that addressed the matter of payment of a developer contribution (generated from the development at Nine Acres Nursery, Warton in relation to application 10/0766) in the total sum of £90,000 to Lancashire County Council to provide for the enhancement of local bus services and dial-a-bus provision in relation to the development.

Approval from the Finance and Democracy Committee is required to approve a fully-funded addition to the Capital Programme in 2017/18 and to confirm that funding will only be transferred to Lancashire County Council for the purpose as outlined above following its receipt from the developer by Fylde Council.

RECOMMENDATIONS

1. To approve a fully-funded addition to the Capital Programme in 2017/18 in the sum of £90,000, to be met in full by a receipt of Section 106 monies (generated from the development at Nine Acres Nursery, Warton in relation to application 10/0766) in the same amount; and
2. That conditional upon receiving the approval as outlined above, that the sum of £90,000 be paid to Lancashire County Council to provide for the enhancement of local bus services and dial-a-bus provision in relation to the development. Funding will only be transferred to Lancashire County Council for this purpose following its receipt from the developer by Fylde Council.

SUMMARY OF PREVIOUS DECISIONS

Operational Management Committee, held on 23rd May 2017:

Following a brief discussion it was unanimously RESOLVED:

1. *To request that the Finance and Democracy Committee approve a fully-funded addition to the Capital Programme in 2017/18 in the sum of £90,000, to be met in full by a receipt of Section 106 monies (generated from the development at Nine Acres Nursery, Warton in relation to application 10/0766) in the same amount; and*
2. *That conditional upon receiving the approval as outlined above, that the sum of £90,000 be paid to Lancashire County Council to provide for the enhancement of local bus services and dial-a-bus provision in relation to the development. Funding would only be transferred to Lancashire County Council for this purpose following its receipt from the developer by Fylde Council.*

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

REPORT

1. Permission had been granted for the development of 66 dwellings at Nine Acres Nursery, Harbour Lane, Warton subject to a Section 106 agreement, which had been entered into to enhance local bus services and the dial a bus provision in relation to the development.
2. The agreement required payment of 5 annual contributions of £18,000 from the developer, to be used
'by the Council (as to £10,000 from each [annual contribution]) to subsidise the provision of bus services that provide access from Warton to Kirkham and Lytham and (as to the remainder of each [annual contribution]) to subsidise the provision of a dial-a-bus service to serve the Site and its surrounding area'
3. Four of the five contributions have been paid, with the fifth not having yet fallen due.

IMPLICATIONS	
Finance	The Committee are requested to approve a fully-funded addition to the Capital Programme in 2017/18 in the sum of £90,000, funded by Section 106 developer contributions generated from the Nine Acres Nursery, Warton development.
Legal	There are no implications
Community Safety	There are no implications
Human Rights and Equalities	There are no implications
Sustainability and Environmental Impact	There are no implications
Health & Safety and Risk Management	There are no implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Sharon Wadsworth	democracy@fylde.gov.uk	31/5/17

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Report to Operational Management Committee	23/5/17	Public Transport Improvements Relating To Section 106 Agreement For Land At Nine Acres Nursery Warton (10/0766)
Minutes from the Operational Management Committee	31/5/17	MINUTES from the Operational Management Committee held on 23 May 2017

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	10
UPDATE ON 100% BUSINESS RATE RETENTION			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

In October 2015, the government committed that, by the end of the Parliament, local government should retain all taxes raised locally, including 100% of locally collected business rates. This amounts to a significant reform of the local government finance system. It should be noted that this commitment refers to the retention of 100% of business rates by the local government sector as a whole – it is not proposed that individual councils should retain 100% of business rates collected within their areas.

The proposals will give local councils in England control of around an additional £12.5 billion of revenue from business rates to spend on local services. **To ensure that the reforms to business rates are fiscally neutral some existing central Government grants will be replaced by additional retained business rates. Local government will continue to deliver these existing responsibilities through such retained business rates and/or they will take on new responsibilities to reflect additional tax income.** Subject to Parliamentary approval, the government aim to introduce the new system for the financial year 2019/20.

The following note provides an update on the current position.

SOURCE OF INFORMATION

DCLG - Consultations on Business Rates Reform 2016 and 2017.

LINK TO INFORMATION

Briefing Note attached and DCLG Consultations:

<https://www.gov.uk/government/consultations/100-business-rates-retention-further-consultation-on-the-design-of-the-reformed-system>

<https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention>

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

To update the Committee on the latest Government proposals with regard to Business Rate retention and the potential implications for Fylde Council with regard to the future levels of retained Business Rate income.

FURTHER INFORMATION

Contact: Paul O'Donoghue, Chief Financial Officer.

Tel 01253 658566

e-mail: paul.o'donoghue@fylde.gov.uk

INFORMATION NOTE

Update on 100% Business Rates Retention

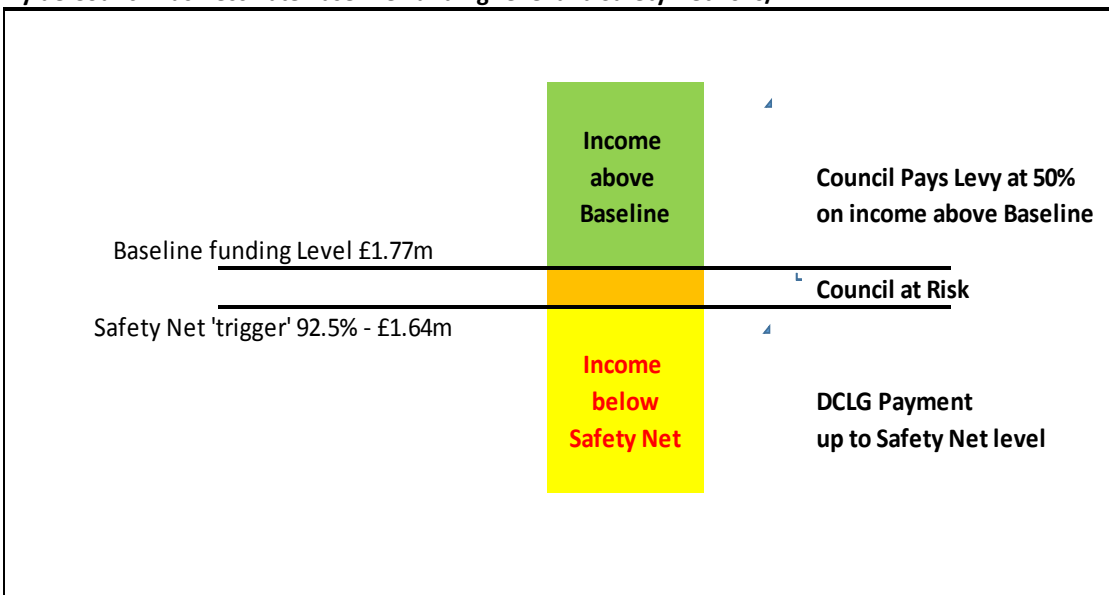
1. INFORMATION AND BACKGROUND

Business rates are a key source of funding for local authorities. From 2013/14 new arrangements replaced the former 'National Rates Pool' and under this revised regime each billing authority retains a share of the business rates for its area based on prescribed proportions. For Fylde, this is 40% retained with the remainder shared between Central Government, County Council and Fire Authority (50%, 9% and 1% respectively).

All district Councils in two-tier areas, like Fylde, are classed as 'tariff' authorities; this means the Council's individual rates baseline is greater than its baseline funding level (as calculated by central government) which results in the Council paying a tariff to the Government from its share of 'retained' business rates.

The business rates retention system also provides for councils to benefit from a share of growth in their business rates base and exposes them to the risk of reduced income where changes are adverse (e.g. business closures, rating appeals). The system, as currently designed, includes mechanisms for both a **levy** and a **safety net** to moderate such variances. A **levy** applies where an authority's retained share of rates income exceeds its baseline funding level, whereas a **safety net** operates when the retained share of rates income falls below 92.5% of the baseline funding level. The diagram below illustrates this and shows the values for Fylde for 2016/17.

Fylde Council Business Rate Baseline Funding Level and Safety Net 2016/17



The diagram shows that under the current system if the Council's share of retained business rate income exceeds the value of the Baseline Funding Level (which for 2016/17 is £1.77m as calculated by DCLG) the Council would pay to the Government a levy on this additional amount at a rate of 50%, whilst retaining 50% of the growth.

Conversely the current system provides a degree of protection in that if the Council's share of retained income drops below the Baseline Funding Level the extent of this drop is 'capped' at a level equivalent to 92.5% of the Baseline Funding Level (the 'Safety Net' level - which for 2016/17 is £1.64m). If the Council's share of retained income drops below this level the Council receives a grant to bring the income up to the safety net level.

2. BUSINESS RATE POOLING

A feature of the business rates arrangements allows councils to group together to form a 'business rates pool'. Under such an arrangements councils in a pool combine all of their funding calculations under the business rate scheme, effectively adding their numbers together for all elements of the funding calculation, including the calculation of the tariff and top-up amounts.

For 2017/18 Fylde Council joined a Lancashire-wide Business Rate pool for the first time. Combining with other local authorities within Lancashire (comprising a number of the district councils which are 'tariff' authorities and Lancashire County Council which is a 'top-up' authority) has the effect of producing a position whereby no levy to central government is payable by any of the pooling authorities. It is estimated that participating Councils within the Lancashire pool will retail 95% of their Business Rate growth compared to the 50% that is retained where a Council is not within a Business Rate pool as described within Section 1, above.

The beneficial impact on the total amount of Business Rate income that is retained by Fylde Council as a consequence of joining the Lancashire-wide pool for 2017/18 onwards is shown within the latest update to the Financial Forecast as detailed in the table below:

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Business Rates Funding:					
Retained Rates Income	1,771	3,879	2,819	2,611	2,633
Approved Contribution to Funding Volatility Reserve		- 2,000			
Sub Total - Business Rates net of reserve transfers	1,771	1,879	2,819	2,611	2,633

3. FURTHER PROPOSED CHANGES TO THE BUSINESS RATE RETENTION SCHEME – 100% RETENTION

As part of the Local Government Finance Settlement 2016-2017 the Government announced that it intended to introduce changes to the Business Rate Retention Scheme and would consult on the introduction of '100 per cent business rates retention', including what it described as the right model of devolution and level of flexibility. **The scheme would allow for retention of business rates by local government at the macro level, not for individual authorities to retain all of their own rates collected locally.** The settlement stated that: "By the end of the Parliament local government will retain 100% of business rate revenues to fund local services, giving them control of £13 billion of additional local tax revenues, and £26 billion in total business rate revenues".

Fair Funding Review

The review of the Business Rate Retention Scheme is to be accompanied by a 'Fair Funding Review' – i.e. a reassessment of the 'spending needs' of each local authority. A **Fair Funding Review consultation** issued by in July 2016 included the comments:

"Since the introduction of the business rates retention system in 2013-14, the incentive for councils to grow their council tax and business rates tax bases has been a key feature of the local government finance system.

This incentive will be strengthened with the introduction of 100% business rates retention. These reforms provide an opportunity to consider whether new incentives should be introduced into the system, such as for efficiency or collaboration across authority boundaries or other organisations.”

Business Rate Reform

An initial consultation document on Business Rate Reform entitled ‘**Self-sufficient local government: 100% Business Rates Retention**’, issued in July 2016 included the following key messages:

- By the end of this Parliament, local government will retain 100 per cent of taxes raised locally. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out;
- The reformed system is to recognise the diversity of different areas and the changing pattern of local governance arrangements;
- The consultation considered how the design of the new system might provide the right level of incentive and reward to those councils (particularly those working closely with local businesses and together as Combined Authorities) that pursue policies that drive additional growth in their areas;
- The consultation sought views on how business rates income might be shared across different tiers of local government, including how the system should recognise areas which have moved to reformed models of governance.;
- The document emphasised that the reformed system should ensure that authorities are able to manage and share risk to an acceptable level, ensuring that councils are insulated from undue shocks or significant reductions in their income.

Fylde Council supported a response to the consultation by the District Councils Network expressing a number of areas of concern.

Current Position

Over the last year, the government have been working closely with local authorities, their representatives and representatives of business to shape the design of the reforms. This has included a jointly chaired Local Government Association (LGA) and DCLG Steering Group and a set of Technical Working Groups to look at every aspect of how the new system should work, and which responsibilities should be devolved. In addition, a joint LGA-DCLG chaired Business Interests Group has been established. Copies of papers taken to each of these groups and records of the discussion are available on the LGA’s website: <http://www.local.gov.uk/business-rates>.

The Government has now published and introduced into Parliament primary legislation which is intended to provide a framework for the reformed 100% Business Rates Retention system. The Local Government Finance Bill builds on similar legislation that underpinned the current 50% rates retention system. A copy of the Bill and relevant supporting documents are available here: <http://services.parliament.uk/bills/2016-17/localgovernmentfinance.html>.

The approach taken in the Bill was informed by the significant engagement that DCLG have had with authorities and businesses so far, and takes account of views expressed in the recent call for evidence exercise. For example, councils have expressed strongly that, under the reformed system, there needs to be changes to help authorities manage the risk and income volatility associated with business rates appeals. In line with this, the Bill provides for these issues to be managed centrally and for available resources to be better directed to where losses are experienced.

A second consultation '**100% Business Rates Retention – further consultation on the design of the reformed system**' was published in February 2017. This document proposed a number of specific changes to the present arrangements and set the implementation date for this new scheme as April 2019 i.e. for the financial year 2019/20.

Fair Funding Review

For the services currently provided by local government, the Fair Funding Review will establish the funding baselines for the introduction of 100% Business Rates Retention. The Fair Funding Review will consider the distribution of funding for new responsibilities devolved as part of these reforms on a case by case basis; they are likely to have bespoke distributions.

Alongside the consultation on the approach to the Business Rates Retention reforms in 2016, the Government also published a call for evidence on the Fair Funding Review. DCLG will publish shortly on gov.uk a summary of the responses to the call for evidence and consultation paper, seeking views on the broad approach and cost drivers that could form part of a new relative needs formula.

Devolution of responsibilities

The Government has announced that Revenue Support Grant, Rural Services Delivery Grant, the Public Health Grant and the Greater London Authority Transport Grant are to be funded through retained business rates. The Government has also confirmed that the devolution of Attendance Allowance funding is no longer being considered as a part of the Business Rates Retention reforms.

Taken together, these announcements account for around half of the additional retained business rates that DCLG estimate will be available to local government at the point at which the reformed system is introduced. The Government will continue to explore with local government the issues raised by respondents in relation to the remaining responsibilities identified within the summer consultation and as well as other options identified by local government in their response to that consultation.

The Government will continue to work with the local government sector through the Responsibilities Working Group, and if there is a need to consult further, DCLG will do so in due course. The aim is to decide on the package of responsibilities to be devolved for the commencement of the new Business Rates Retention system in spring 2018 for **potential** implementation in April 2019.

Business Rate Pooling and Local Growth Zones

The most recent government consultation on 100% Business Rate Retention includes proposals to update the way that business rate pools are set up, and strengthen the incentives open to pools. The government believes that the current approach to pools does not work as well as it could, and does not help to achieve the potential benefits that more ambitious pooling arrangements could bring. They believe that the current voluntary approach can incentivise the wrong behaviours – leading in some areas to local authorities being excluded from pools due to their being perceived as 'high risk'. In addition, the removal of the levy from the new 100% Business Rates Retention system means that the rewards for pooling are reduced. Through the current Local Government Finance Bill, the Government is therefore broadening the ability of the Secretary of State to designate pools of authorities. The Bill removes the requirement for local authority consent, but introduces a requirement to consult with affected local authorities.

By removing the requirement that all authorities must agree to being designated as a pool, the Secretary of State is enabled to ensure that pools are created across functional economic areas that maximise the opportunities for growth. DCLG have introduced a statutory duty to consult with areas on their pooling arrangements. However the ultimate decision will rest with the Secretary of State, helping to ensure that all authorities in a functional economic area will have to take those discussions seriously.

The Government is also proposing to introduce a new reward for local authorities that are cooperating and working together as a business rates pool. They are introducing a new power through the Local Government Finance Bill, which will allow local authorities themselves to establish growth areas (within parameters to be set by government, to help manage the impact on the system as a whole). Local authorities will then be able to keep a proportion of growth in business rates income from that area outside the rates retention system for

a specified number of years – i.e. this growth would remain outside the ‘reset’ system.

The new power to designate **local growth zones** adds an additional growth incentive to the 100% Business Rates Retention system, along with a real opportunity to give greater responsibility to local government for their own growth-related financial decisions, and to move away from having to approach central government for investment. Unlike at present however, participation in a Local Growth Zones would not be optional but the complexion of the grouping would be determined by central government.

Such a change, if imposed, would mean that the arrangements for the Lancashire-wide Business Rate pool may cease to be appropriate and relevant for 2019/20 and beyond. It is unclear at this stage, given that no further details beyond the consultation proposal have been announced, what the impact on the level of Business Rate income that might be retained by Fylde Council would be under the revised arrangements.

The consultation documents are accessible at the link below:

<https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention>

<https://www.gov.uk/government/consultations/100-business-rates-retention-further-consultation-on-the-design-of-the-reformed-system>

4. CONCLUSION

Retained Business Rate income is a key element within the Councils Financial Forecast, making a significant contribution to the total income of the Council. The latest forecast approved at Budget Council in March 2017 reflects anticipated income from the Lancashire-wide Business Rate pool (of which Fylde Council became a member for 2017/18) not only for 2017/18 but for all subsequent years in the forecast.

A response to the consultation, expressing particular concern regarding the compulsory nature of revised pooling arrangements within Local Growth Zones, has been submitted. To date no government response to the consultation feedback has been published.

The revised Business Rate retention arrangements, assuming that the proposed changes come into effect as proposed from 2019/20, may result in changes to the amounts of Business Rate income that is retained by Fylde Council which are, as yet, unquantifiable.

However it may be necessary to amend the level of estimated Business Rate income that is contained within the Financial Forecast in due course, as and when the new arrangements are confirmed and the impact of such becomes clearer.

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
OFFICE OF THE CHIEF EXECUTIVE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	11
THE TRANSFORMATION STRATEGY			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

The Transformation Strategy has been developed in response to feedback from the LGA Corporate Peer Review Challenge which recommended that all the activities already in place aimed at transforming (changing & improving) the organisation should be brought together into a single strategy and reviewed to ensure that the activities are up to date, appropriate and will lead to the transformation required to deliver a self-sufficient council by 2020.

The Corporate Peer Review Challenge identified several areas in which the council was making good progress in terms of transformation including:

- Cultural Transformation that has been evident for several years and is embedding new behaviours, practices and attitudes across the organisation
- Digital Transformation driving efficiencies through reduced cost, smarter working and process improvement, it was recognised that Fylde has made progress but there is still a lot of opportunity for further development
- Commercial Transformation necessary to maximise the use of existing resources / assets and develop new income streams to support the revenue that funds all council services
- Financial Transformation from a risk averse approach to a policy that supports a more commercial approach to estates, assets and financial management
- Political Transformation to develop governance arrangements within the committee structure that can be agile and responsive enough to support a more commercial approach and engage all members

The attached strategy brings together all the strands of transformation currently in progress linking them to the corporate requirement to be self-sufficient by 2020.

LINK TO INFORMATION

[Transformation Strategy 2016-20](#)

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

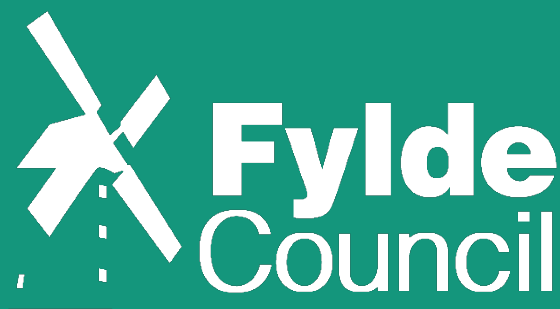
To inform members that the attached strategy brings together all the strands of transformation currently in progress linking them to the corporate requirement to be self-sufficient by 2020.

FURTHER INFORMATION

Allan Oldfield, Chief Executive. allan.oldfield@fylde.gov.uk



Transformation Strategy 2016-20



The Need for Transformation

Transformation is change, a constant in every modern organisation, standing still or more of the same is not an option if an organisation intends to survive. However, at Fylde the objective is not to simply survive but to *thrive*, by creating an environment conducive to continuous improvement centred on customer need driven by a philosophy that *'great services are delivered by great people'*. This strategy provides the framework for Fylde to embed sustainable transformation as part of the *'way we do things'*, the *'day job'*, setting a context for positive change that will deliver improvement.

Pressure on local authority resources has been increasing for several years under the banner of austerity developed out of the necessity for the public sector to be more efficient and deliver real value for money to the taxpayer. Traditional hierarchical bureaucratic institutions must transform into modern progressive organisations that identify, meet, and deliver, customer need with the ability to continuously respond when there is a change in customer need.

By 2020 all local authorities are required to be 'self-sufficient', there will be no grant from central government contributing to the revenue stream. Local authorities must fund the delivery of services through Council Tax, retained business rates and locally generated income streams. This strategy will ensure every aspect of business at Fylde is as efficient as possible, delivering maximum value and long term continuous improvement. In a self-sufficient council it is essential to maximise income to ensure the authority can deliver the best service possible whilst minimising service delivery cost through efficiencies.

The 21st century customer has vastly different expectation and need driven by technological advances that transform interaction and services in a matter of months not years. Generations brought up on digital interfaces will not be equipped to engage with organisations that operate through burdensome procedure and paper based bureaucracy. The culture at Fylde must be one in which transformation is constant, it is not a project with a start and finish, the journey is continuous and as such the behaviour of every employee must support transformation as part of the *'day job'*.

The 2016-2020 Transformation Strategy will ensure Fylde is an efficient self-sufficient council. Every service area, working arrangement, partnership and process will be designed to maximise income streams to increase the capacity of the council and meet customer need through maximum value for money practices.

The Transformation Strategy

The Local Government Association conducted a Peer Review Challenge at Fylde in May 2016 which identified several existing, developing and planned transformation initiatives and recommended that these form a single Transformation Strategy to include:

- **Cultural Transformation** – the *'way we do things'*
- **Digital Transformation** – driving change through technology to meet customer need
- **Commercial Transformation** – the need to develop a commercial approach
- **Financial Transformation** – shift from a risk averse approach to support self sufficiency
- **Political Transformation** – agile, flexible and responsive governance

Aligning each strand of transformation to the requirement for a self-sufficient council will ensure every opportunity is explored to achieve maximum income and value for money preparing Fylde for a new approach to service funding and delivery from 2020. The various elements of the Transformation Strategy contribute to an organisation that delivers exceptional service through exceptional people.

Local government is complex, no private company co-ordinates the array of services and functions that a modern council provides coupled with the duty to serve everyone regardless of ability, age, gender, opinion or the place in which they choose to live. For these reasons and the fact bureaucracies are by nature monopoly providers, local government has been slow to use digital technology to transform the way it does business. In a world where customer expectation is to deliver services effectively and at speed, digital transformation is an essential foundation.

The imperative is to change, but to do so at pace and at scale. This is the meaning of transformation, in essence a change of working, of culture and of disposition, changes made possible by digital technology. Through digital technologies Fylde will deliver better outcomes for all stakeholders, while progress has been made Fylde is a long way from seamless services and a fully digitalised back office. The strategy is not just about developing digital services but digital tools that will transform labour intensive processes, contribute to faster economic growth, renew local democracy and ultimately change the way the whole council operates and manages resources.

The current staffing level of approximately 250 FTE (Full Time Equivalents) is required to deliver the range of services offered today and in the future. The efficiencies achievable from downsizing through natural movement have been delivered, resources now need to be aligned based on priority. Resource capacity achieved through transformation will be reallocated based on priority and transformation will ensure that every resource operates to maximum efficiency.

The Vision

The vision is to transform the relationship between the customer and the council, putting more control in the hands of the customer and being more responsive to their need. The tools, technology and approaches of the internet age provide greater opportunities than ever before to:

- Achieve a better understanding of what customers need
- Design and deliver services quicker at much lower cost
- Continuously improve services, based on data and evidence

Every element of transformation at the council will be driven through digital technologies to deliver the vision set out below:

The Vision of Seamless Services

Almost all transactions take place online. Seamless integration across all services enables customers to verify their identity once, through voice or thumbprint. The two-dimensional Fylde website has been replaced by interactive digital platforms that connect customers with third-party apps and services, and stream personalised content on local democracy, jobs and services. Digital platforms help Fylde enable instead of directly provide most local services.

The Vision of Relational Services

Services that are about connections between people still rely on face-to-face contact and can't be digitised. However, digital technologies are used to support these services: new tools help people to manage their own need and connect to a broad network of support such as peer mentors, health coaches, friends and family, volunteers and group-based activities. Meanwhile, many services have been revolutionised by predictive algorithms, which allow the council to intervene in a more timely and effective way.

The Vision of Place-Shaping

Digital technologies help Fylde take a more ambitious approach to place-shaping, we use digital and devolution opportunities to grow the local economy. Greater transparency and use of challenge-based procurement have widened the pool of providers and ensured that a larger share of public contracts go to high-growth SMEs. Fylde systematically engages residents in decisions about how services are commissioned, delivered and evaluated. Local residents decide how money is allocated with a chunk of council spending decided by online participatory budgeting.

Vision of How Fylde Works

Fylde is lean, agile and data-driven, acting as broker or enabler at the centre of a large web of innovative partners, providers and community groups. Multi-agency working is the norm; teams and departments are temporary structures that form around specific local challenges. A truly mobile workforce has freed up public space. Fylde uses digital platforms to share public space, equipment and even workforce time with other councils, businesses and residents.

Cultural Transformation

Fylde has been transforming the culture of the council since 2003 by advocating 'leadership from everywhere', it is a long term initiative that requires a contribution from every stakeholder in the organisation because it is people who create culture. The objective is to create a culture founded on the core competencies and behaviours expected of every employee included in Table 1.

Table 1: The Core Cultural Competencies at Fylde

CUSTOMER FOCUS
<ul style="list-style-type: none">• Treats employees as customers• Puts the customer first and values the customer in everything they do• Is professional, polite and friendly at all times• Appreciates the customer is the only reason there is a job• Challenges whether the existing ways of doing things meet customer need

WORKING TOGETHER

- Promotes effective working across different service areas
- Accepts and provides constructive challenge
- Is an effective team player
- Demonstrates the ability to learn from others
- Focuses on solutions rather than problems
- Works with others to deliver great performance

EFFECTIVE COMMUNICATION

- Clearly explains the reasons for decisions made
- Open, honest and transparent in all communication
- Champions success at every opportunity
- Demonstrates the ability to listen and understand
- Never 'bad mouths' the organisation
- Contributes to feedback and engagement at work

PRIDE & INTEGRITY

- Demonstrates enthusiasm and personal commitment
- Takes pride in working for Fylde Council
- Enjoys the work they do in their chosen career
- Has respect for others at all times
- Appreciates and values the opinion, interests and views of others
- Always represents Fylde in a positive manner

STRONG LEADERSHIP MANAGEMENT

- Is always accessible and approachable
- Leads by example and always displays a positive attitude
- Motivates, encourages and supports others to achieve their best
- Has a strong focus on doing what is best for the organisation
- Manages change as part of the 'day job'
- Makes creative suggestions about how to do things better

This framework for behaviour is complemented by corporate mantras that reinforce shared values that define ‘how we work’ with all stakeholders to create a culture that enables everyone to make a positive difference. The overarching strapline; ‘*to deliver excellence*’ is supported by the following:

- Everyone works together
- Excellent people deliver excellent service
- Learn from mistakes to improve
- A no blame culture
- Encourage and champion success
- Everyone is an ambassador of the council
- The customer is the only reason we have a job
- One Council One Team

Competencies define the behaviour expected from every employee in their approach, attitude and application, they are embedded in policy and procedure to ensure from recruitment onwards every employee is aware of the behaviour required from them and their colleagues. Cultural transformation is the foundation that shapes transformation delivered in all other elements of the strategy.

The behaviours are common sense, good manners or professional etiquette, articulated in a simple framework so everyone is clear about their role and responsibility. Clearly articulated and consistently applied competencies are an essential part of an organisations culture and integral to workforce planning, reputation management and job satisfaction.

Cultural transformation, the ‘way we do things’, created by *our* people is the foundation that sets the context within which the other elements of the transformation strategy will be delivered.

To deliver cultural transformation we will:

- Design and deliver joined-up, end-to-end services based on customer need
- Deliver major transformation programmes to connect the whole council
- Establish a council wide approach and attitude to transformation
- Support non-digital employees to understand the potential of new or different ways of working
- Embed digital skills making sure every employee understands digital

Digital Transformation

Modern efficient organisations must embrace technology in order to meet customer need in a digital world, self-service delivers efficiencies and increases speed of service delivery through automation, it must be possible for any service that can be delivered online to be available 24/7

with any technology that can reduce cost, create capacity and improve performance in any aspect of the business, pursued.

Digital channels must be the forefront of service delivery with a 'click, call, and come in' hierarchy, always seeking to migrate customers to 'click'. Through organisational re-engineering, web development and infrastructure integration progress has been made with online service and the migration of customers online as the preferred method of contact. Fylde currently has approximately 100 services available online and downloadable forms accessible through the web, along with a vast range of information however, this progress has been insufficient and the council is underdeveloped in terms of the digital and online service offer. Initiatives have been poorly co-ordinated and implemented, managed ad hoc on a service by service basis with poor corporate integration.

Nationally, the pace of digital channel shift has increased exponentially driven by the need for organisations to be more efficient as a result of austerity; advances in technology; increased affordability; the rising demand for 24/7 service; and the growing ability of customers using digital channels, particularly on mobile devices. Customer need has been transformed by technology while service delivery has stood still.

'Digital' is defined as the technologies that allow people without specialised programming skills to interact directly with other people and organisations via the internet, using a computer, mobile device or other interface. Private and public sector organisations are putting increasing investment into digital service provision to keep pace with demand and maximise savings, to stand still and not transform the digital offer will result in Fylde being left behind. A 'Digital by Preference' (DBP) initiative has been developed as the first stage in transforming service delivery and achieve the following:

- Identify high volume front-line services not currently available online, and provide them online ensuring the new service is as transactional as possible, the target is to require no officer input (end to end digital services).
- Review services and payment facilities Fylde currently provide online to ensure they are as transactional as possible and easy for customers to use.
- Support the migration of customers online to drive up self-service.
- Reduce contact in person and over the phone in Customer Services and back office creating capacity whilst increasing productivity.

Priority will be given to services with the highest volume of front-line interaction with customers which offer the greatest opportunity for savings in corporate cross cutting transactions i.e. payments and invoicing. A second stage of 'Digital by Default' will follow with face to face contact limited to appointment only for the most vulnerable and the direct dial number no longer published with customers directed to the easy and efficient digital option.

Digital transformation will impact every aspect of business through social media, mobile and remote service delivery, the 'paperless' office and 24/7 service. The transformation will be from a traditional process driven bureaucratic organisation to a modern efficient entity customers can engage with at any time from any location with significant reduction in resource and cost.

To deliver digital transformation we will:

- Establish seamless services using personalised data to customise information about public services, jobs, local events, news, and decisions taken by local councillors.
- Make greater use of design tools to uncover blockages in customer transaction and ensure the needs of different groups (including those with limited digital proficiency) are met.
- Digitising the back office - ensure that data and capabilities can be shared across services and that outwardly 'digital' services don't rely on manual or extraneous processes.

Commercial Transformation

To deliver the self-sufficient council by 2020 a more commercial approach is essential. Local authorities are risk averse, managing public funds with the necessary checks and balances to ensure appropriate protection of the public purse. Fylde must transform from a traditional risk averse culture in which opportunities are missed because procedure has priority, to a culture in which innovation and creativity are encouraged with opportunities explored in a flexible and responsive organisation.

New and existing income streams must be explored and maximised to finance existing or enhanced service delivery. The Self Sufficient cross department employee working group will consider, develop and implement projects to generate new income streams or enhance existing ones, this is the conduit between idea and implementation. The individual(s) that suggest ideas will be directly engaged in developing it to implementation or will know exactly why it is not, or cannot be, taken forward. The approach uses the skill, knowledge and experience of employees who deliver the service to drive change and improvement in the service.

The option to acquire additional assets to generate commercial revenue will be explored as part of the commercial and financial transformation required to achieve a self-sufficient council by 2020. Assets should be income generating, for example, car parks must realise the maximum possible income through strategic position and layout that delivers maximum volume. Many facilities are unused for a significant proportion of the time e.g. Town Hall facilities unused in the evenings and weekend. Office capacity generated through remote, home and mobile working and the development of modern methods of working such as hot desking will be available for lease to partners or the open market.

Capacity achieved through efficiencies will be used to generate income by selling services to the market where applicable for example, consultancy services in professional disciplines or cleansing, waste and grounds maintenance or office space created as a result of natural workforce reduction or from changes in remote, home and mobile working practices.

Fylde will work with commercial experts to develop the necessary skill for a commercial and less risk averse approach to investment opportunities and asset management. Marketing, advertising, profit, partnership, joint ventures and sponsorship will be part of the commercial strategy and a core function in the local authority. Commercial transformation will influence financial policy, asset management and procurement with the objective to secure income into the revenue stream that by 2020 not only supports the existing service delivery at Fylde but additional service delivery is funded.

To deliver this transformation we will:

- Use digital to connect business and provide local information and tailor business support.
- Enable councils to shape places in ways that were previously impossible – by engaging customers in new, more meaningful ways and helping the local economy to grow.
- Radically transforming the way we work – including how we are organised internally and manage resources, to become open, innovative and collaborative.

Financial Transformation

The council has adopted a prudent financial strategy since 2008 when the financial management of the authority was inadequate as a result of low reserves. This was the right strategy to achieve the transformation to a robust financial position in 2016 with significant general and ear marked reserves and low borrowing, putting the council in a strong position to take a less risk averse approach to financial management. The need to transform the financial management at Fylde is driven by the requirement to be self-sufficient by 2020 when there will be no central government grant funding the revenue account which will be dependent on; a business rate retention; new homes bonus; council tax; and commercial income streams.

Transformation of the financial position is reliant on how the elements of the funding stream controlled by the council are managed. Council tax is the major source of funding and within the control of the council subject to limits set by government, Fylde must seek to maximise income from council tax. A number of income streams are directly influenced by the council, at every opportunity existing income streams will be maximised whilst maintaining value for money and new sources of income will be explored. Capital sums and revenue surplus will be invested in schemes that generate a financial return for the council, priority will be afforded to long term sustainable income generating initiatives that contribute to the revenue account.

The approach to transforming commercialism and assets at the council is inextricably linked to the financial transformation, by 2020 the revenue account will be funded to an extent that the council is able to deliver a greater range of service provision than the funding arrangements under the central government grant model.

To deliver this transformation we will:

- Digitalise all financial transactions within and between the council
- Develop an investment portfolio that generates income to the revenue account

Political Transformation

The political landscape at Fylde has changed over recent years from executive governance to committee arrangements, the self-sufficient transformed council will be delivered under a committee system of governance. It is essential governance arrangements have the flexibility to respond quickly to circumstances and opportunities presented by the market as part of the

commercial, financial and digital transformation. Elected members must be in a position to provide clarity of direction and support actions that deliver the transformation necessary to achieve a self-sufficient organisation.

Decision making arrangements must be streamline, transparent and robust with members that are engaged, well informed and empowered in a political culture that supports the organisational culture, founded on common competency behaviours. Clear political ambition delivered by strong political leaders through effective group structures across all political parties is necessary to deliver political transformation.

Every opportunity will be investigated to ensure that the council operates the most efficient, fit for purpose, modern political structures and governance arrangements, recognising that organisations are fast moving entities and elected members must be flexible and responsive to transformation. The cultural transformation must pervade every aspect of the council including the political environment.

A transformed political culture at Fylde in 2020 will have effective decisions made through efficient committee arrangements; a clear demarcation of responsibilities between members and paid employees; open and transparent communication between elected representatives; an ambitious shared vision for the borough with regional and sub regional objectives; and the opportunity for meaningful engagement for every member of the council.

To deliver this transformation we will:

- Use digital technology to inform and consult people.
- Involve and collaborate with people using technology.
- Employ digital technology as a means of decision-making.
- Make better use of data to improve decision making.

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
OFFICE OF THE CHIEF EXECUTIVE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	12
YEAREND PERFORMANCE EXCEPTION 2016/17			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

The report provides details of the key performance outcomes for the financial yearend 2016/17. Performance is reported against the targets set for the year and commentary is provided by performance exception.

SOURCE OF INFORMATION

Finance and Democracy team input data into the InPhase corporate online system from service based performance data.

LINK TO INFORMATION

www.fylde.gov.uk/performance - Full Corporate Performance for Fylde Council

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

The performance information is relevant to the committee terms of reference and the responsibility of the committee to monitor performance of the services within its remit.

FURTHER INFORMATION

Contact Alex Scrivens, Performance & Improvement Manager.

***** PERFORMANCE ABOVE TARGET *****

Commentary is provided to explain why progress has exceeded target, with details of how this will be maintained.

PM65 Time taken to process Housing Benefit new claims and change in circumstances was 18.03 calendar days, target is 22.

The Shared Service has managed to keep processing times better than target despite the continued impact on workloads of welfare reforms

PM67: Average speed for processing notifications of changes in circumstances was 17.52 calendar days, target is 23.

The Shared Service has managed to keep processing times better than target despite the continued impact on workloads of welfare reforms






***** PERFORMANCE BELOW TARGET *****

Commentary is provided to explain why performance is currently not on target, with details of any corrective action.









PM05: Percentage of sickness absence as a result of long-term sickness was 38.17, target is 30.

The management of sickness absence is still very good with a low figure per employee per annum of sickness at around 6.3 days, however, there has been an increase in the number of long term sickness in the last 12 months, although this is only a small number of employees the reasons for absence in two of the cases was severe to the extent that neither was able to return to work and both have subsequently left the organisation. Every case is managed with the appropriate support made available. One long term sickness case contributes 60 days per month to the sickness total, this is a disproportionate impact on a work force head count of 250 employees. The percentage sickness attributed to long term absence did reduce over the second half of the financial year but given that good performance relies on the ability, and luck, of approximately 250 people not picking up a long term illness the position can change quite quickly. The appropriately challenging target of 30% will be set again for 2017/18.

PERFORMANCE KEY ICON STATUS

	Over Performance – the indicator is over performing against target
	On Track – the indicator is performing within tolerance of target.
	Cautionary Under Performance – the indicator is moderately under performing. Whilst the indicator has slipped from target it maybe a minor blip overall or minor action will remedy it.
	Under Performance – the indicator is under performing against target.
	Missing Data – the indicator is missing data, this could be due to lag in data in the way the information is collated, or because its currently unavailable.
N/A	Not Applicable – no comparable data available. This could be due to the methodology being change or being a new measure created.

Finance and Democracy

Local Key Performance Indicators	Frequency	Good Performance Is	APR 2015 MAR 2016	APR 2016 MAR 2017	Yearend Target	Performance Status
PM02: Average number of days sickness per Full Time Employee	Monthly	Smaller is Better	6.22	6.32	6	
PM05: Percentage of sickness absence as a result of long-term sickness	Quarterly	Smaller is Better	40.52	38.17	30	
PM14: Percentage of invoices paid within 30 days or within agreed payment terms (Corporate)	Quarterly	Bigger is Better	95.07	94.11	95	
PM65 Time taken to process Housing Benefit new claims and change in circumstances	Quarterly	Smaller is Better	13.18	18.03	22	
PM66: Average speed of processing new claims (calendar days)	Quarterly	Smaller is Better	20.79	21.77	21	
PM67: Average speed for processing notifications of changes in circumstances (calendar days)	Quarterly	Smaller is Better	12.39	17.52	23	
PM68: Proportion of Council Tax collected	Quarterly	Bigger is Better	96.4	96.17	97.5	
PM69: Percentage of Business Rates, which should have been received, received	Quarterly	Bigger is Better	97.01	97.07	98	
PM86: Percentage of FOIs responded to within the statutory deadline of 20 days	Quarterly	Bigger is Better	99.31	97.73	100	