



Agenda

Council

Date:	Monday, 6 December 2021 at 7:00 pm
Venue:	Town Hall, St Annes, FY8 1LW
	<p>Mayor : Councillor Elaine Silverwood Deputy Mayor : Councillor Cheryl Little</p> <p>Leader : Councillor Karen Buckley Deputy Leader : Councillor Roger Small</p> <p>Councillors Ben Aitken, Frank Andrews, Peter Anthony, Tim Armit, Mark Bamforth, Brenda Blackshaw, Paula Brearley, Julie Brickles, Alan Clayton, Delma Collins, Peter Collins, Chris Dixon, Sue Fazackerley MBE, Trevor Fiddler, Ellie Gaunt, Brian Gill, Shirley Green, Noreen Griffiths, Peter Hardy, Will Harris, Gavin Harrison, Paul Hayhurst, Karen Henshaw JP, Paul Hodgson, Angela Jacques, John Kirkham, Matthew Lee, Roger Lloyd, Michelle Morris, Kiran Mulholland, Ed Nash, Sally Nash-Walker, Jayne Nixon, Linda Nulty, Liz Oades, David O'Rourke, Richard Redcliffe, Bobby Rigby, Michael Sayward, Vince Settle, John Singleton JP, Heather Speak, Ray Thomas, Tommy Threlfall, Stan Trudgill, Viv Willder, Michael Withers.</p>

	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 18 October 2021 as a correct record.	1
	ANNOUNCEMENTS:	
3	Mayor's Announcements	1
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	REPRESENTATIONS:	
5	Questions from Members of the Council	3
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13	Medium Term Financial Strategy - Financial Forecast Update (Including Revenue, Capital & Treasury Management) 2021/22 To 2025/26	51 - 73
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16	Exclusion of the Public	95
17	EXEMPT ITEM – NOT FOR PUBLIC PUBLICATION Acquisition of Property for Kirkham Regeneration Programme	EXEMPT

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

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

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REPRESENTATIONS

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	5
QUESTIONS FROM MEMBERS OF THE COUNCIL			

PUBLIC ITEM

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

SUMMARY

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

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

Any questions will be heard during the Council meeting on 6 December 2021 and a response will be given by the Leader of the Council or any other member nominated by her.

REPRESENTATIONS

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	6
QUESTIONS FROM MEMBERS OF THE PUBLIC			

PUBLIC ITEM

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

SUMMARY

As outlined in Article 15 – Public Speaking at meetings of the Council and its Committees any resident of the Councils district may, subject to various provisions of the article, ask a question at an ordinary meeting of the council.

No questions have been received from members of the public before the requisite deadline, as outlined in Article 15, before the statutory deadline for publication of the agenda.

If any further questions are received before the constitutional deadline, which is, for the purpose of this meeting, 4.30pm on Tuesday 30th November 2021, they will be circulated prior to the meeting for members' information, under separate cover.

Any question(s) will be heard during the Council meeting on 6 December 2021 and a response will be given by the Leader of the Council or any other member nominated by her.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	7
INVITATION TO ACCEPT APPOINTMENT AS DEPUTY MAYOR 2022/2023			

PUBLIC ITEM

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

SUMMARY

To invite a member of the Council to accept appointment as Deputy Mayor of the Borough of Fylde for the ensuing municipal year.

RECOMMENDATION

That the Council invites Councillor Alan Clayton to accept appointment at the 2022 Annual Meeting as Deputy Mayor of the Borough of Fylde for the municipal year 2022/23.

SUMMARY OF PREVIOUS DECISIONS

The Council is invited to appoint a Mayor and Deputy Mayor of the Borough of Fylde annually.

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

REPORT

- Members are invited to put forward nominations for the position of Deputy Mayor for the municipal year 2022/23.
- It is understood that Councillor Alan Clayton will be nominated.

IMPLICATIONS	
Finance	An allowance is paid to the Deputy Mayor which is budgeted for within the council budget for the Mayoralty.
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
Ian Curtis	ian.curtis@fylde.gov.uk & 01253 658506	27 October 2021

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	8
MEMBERS' ALLOWANCES			

PUBLIC ITEM

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

SUMMARY

The Independent Remuneration Panel has agreed a recommendation for councillors' allowances for the financial year 2022-23. The recommendation is detailed below. The report asks members to consider the recommendation and adopt if appropriate.

RECOMMENDATION

To adopt the following recommendations of the Independent Remuneration Panel with effect from 1 April 2022:

- I. No increase to the level of basic allowance and special responsibility allowances but to maintain them as follows:
 - Basic allowance – £4,000
 - Leader of the Council – £10,625
 - Deputy Leader – £3,190
 - Chairmen of Programme Committees – £4,250
 - Vice-Chairman of above – £2,125
 - Chairman of Audit and Standards – £3,450
 - Vice- Chairman of Audit and Standards – £1,725
 - Chairmen of Public Protection and Licensing – £1,725
 - Vice-Chairmen of above – £865
 - Chairman of Member Development Steering Group – £2,125
 - Leader of each political group – £34 a member
- II. Maintain the present level of travel and subsistence allowances and dependent carers' allowance for 2022 – 23.

SUMMARY OF PREVIOUS DECISIONS

Council considers recommendations from the Independent Remuneration Panel each year. Last municipal year, the recommendations were reported to the council 19 October 2020. The decision of the council at that meeting was not to increase the level of allowances.

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

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

REPORT

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for local authorities to establish and maintain an independent remuneration panel. The purpose of the panel is to make recommendations to the council about the allowances to be paid to elected members.
2. The council must have regard to the recommendations of the panel.
3. Local authorities must include in their scheme of allowances a basic allowance, payable to all members, and may include provision for the payment of special responsibility allowances and a dependants' carers' allowance. The Regulations allow the inclusion of a travel and subsistence and a co-optees' allowance within an allowances scheme. These allowances are discretionary.
4. The independent panel has met and has made recommendations concerning the council's scheme.
5. The Panel being mindful of the ongoing impact of the pandemic and the council has uncertainty over future funding, it was considered prudent to not recommend an increase for 2021/22
6. Members are asked to consider the two documents below:

Appendix 1: [The report to the independent panel](#); and

Appendix 2: [A note of the panel's deliberations and recommendations](#).

IMPLICATIONS	
Finance	The Council's base revenue budget includes recurring provision of £271,502 per annum for the member's allowance scheme. Any increases in allowances will result in increased revenue costs which will require approval by Council.
Legal	Payment of members' allowances and the amount of such allowances is discretionary. However, the council is obliged to "have regard" to the recommendations of the independent panel.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	Email ian.curtis@fylde.gov.uk Tel 01253 658506	12 November 2021

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Report to remuneration panel	November 2021	Town Hall, Lytham St Annes
Notes of remuneration panel meeting	November 2021	Town Hall, Lytham St Annes

Attached Documents

Appendix 1: The report to the independent panel

Appendix 2: A note of the panel's deliberations and recommendations



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	MEMBERS' INDEPENDENT REMUNERATION PANEL	11 NOVEMBER 2021	1
MEMBERS' ALLOWANCES			

PUBLIC/EXEMPT ITEM

This item is for consideration in a meeting that is not open to the public.

SUMMARY

To brief members of the remuneration panel on the factors that may affect their consideration of the proper level of allowances for members of Fylde Council.

RECOMMENDATIONS

Members are asked to reach recommendations for the financial year 2022-23 about:

- The level of basic allowance payable to all councillors
- Which councillors are to receive special responsibility allowances
- The levels of special responsibility allowances
- Whether to continue to pay dependants' carers' allowance and, if so, whether to cap the rates payable; and
- Whether to continue to pay travel and subsistence allowances and, if so, of how much

SUMMARY OF PREVIOUS DECISIONS

The Independent Remuneration Panel last met, to review Members' Allowances, on 14 September 2020.

CORPORATE PRIORITIES

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

REPORT

Introduction

1. As panel members will recall, the Local Authorities (Members' Allowances) (England) Regulations 2003 provide for local authorities to establish and maintain an independent remuneration panel. The purpose of the panel is to make recommendations to the council about the allowances to be paid to elected members.
2. The council must have regard to the recommendations of the panel.
3. Local authorities must include in their scheme of allowances a basic allowance, payable to all members, and may include provision for the payment of special responsibility allowances and a dependants' carers'

allowance. The Regulations allow the inclusion of a travel and subsistence and a co-optees' allowance within an allowances scheme. These allowances are discretionary.

4. The existing members' allowances scheme, adopted by the council following consideration of the recommendations of the independent remuneration panel, and which is subject to review in respect of the period commencing 1 April 2022, is as set out as appendix 1. For convenience, the levels of basic and special responsibility allowances presently payable are set out in paragraph 24.
5. Paragraphs 9 to 23 below are based on previously published guidance from the Department for Levelling Up, Housing and Communities on members' allowances, subject to deletion of material now superseded and material not now applicable to Fylde.
6. In summary, the allowances which are or may be payable to members of local authorities are as follows:
 - basic allowance
 - special responsibility allowance
 - dependants' carers' allowance
 - travelling and subsistence allowance.

Budget Provision

7. Historic reductions in funding have meant that the Council has needed to take steps to reduce expenditure and maximise income generating activities in the current and future years. Based on the latest forecast position the Council is currently budgeting for a surplus in the current year followed by deficits in future years. Much uncertainty over future funding remains, with the eagerly awaited outcome of the Fair Funding Review into the funding arrangements for Local Government being delayed from publication in 2019 to 2022 at the earliest. In addition, the financial impact of the COVID19 pandemic on the Council continues to be assessed. Whilst the Government have provided initial funding to Councils to cover costs and offset lost income, the impact in the medium term on income received from Council Tax and Business Rates which fund the delivery of services provided by the council remains unclear. Consequently, the Council continues to explore and implement where possible opportunities to reduce expenditure including taking advantage of efficiency-savings achieved through the restriction on non-essential spending and to maximise income generating activities.
8. The annual recurring budgeted cost of members' allowances and expenses to the council based on the present allowances scheme is set out in Table 1 –

Table 1:

Annual Estimated Members Allowances & Expenses 2021/22

<u>Basic Allowances</u>	<u>204,000</u>
<u>Independent Person Allowances</u>	<u>1,200</u>
<u>Special Responsibility Allowances</u>	<u>59,802</u>
<u>Technology Allowance</u>	<u>1,200</u>
<u>National Insurance</u>	<u>1,500</u>
<u>Car Mileage</u>	<u>3,800</u>
<u>Total budget Provision</u>	<u>271,502</u>

Basic allowance

9. Each local authority must make provision in its scheme of allowances for a basic, flat rate allowance payable to all members of the authority. The allowance must be the same for each member. The allowance may be paid in a lump sum, or in instalments through the year.

10. Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes.

Special responsibility allowance

11. Each local authority may also make provision in its scheme for the payment of special responsibility allowances for those councillors who have significant responsibilities. Special responsibility allowance may be payable for duties which fall within the following categories:
- acting as leader or deputy leader of a political group
 - presiding at meetings of a committee, sub-committee, or joint committee
 - representing the authority at meetings of another body
 - membership of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
 - acting as a spokesperson for a political group on a committee or sub-committee
 - membership of a panel dealing with licensing or controlling any activity
 - any other activities in relation to the discharge of the authority's functions as to require equal or greater effort of the member than any of the activities listed above.
12. A scheme must also specify the amounts of allowance to be paid for each such responsibility.
13. Where, as at Fylde, one political group is in control, and where an authority has decided to pay special responsibility allowances, the authority must make provision for the payment of a special responsibility allowance to at least one member of a minority group.

Dependants' carers' allowance

14. A scheme of allowances may also include the payment of a dependants' carers' allowance to those councillors who incur expenditure for the care of children or other dependants whilst undertaking particular duties. These duties are specified in the Regulations and are as follows:
- a meeting of the authority
 - a meeting of a committee or sub-committee of the authority
 - a meeting of some other body to which the authority make appointments or nominations, or
 - a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations
 - a meeting which has both been authorised by the authority, a committee, or subcommittee of the authority, and to which representatives of more than one political group have been invited
 - a meeting of a local authority association of which the authority is a member
 - duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
 - any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

Travelling and subsistence allowance

15. Each local authority may also make provision in its scheme for the payment of a travelling and subsistence allowance to its members. This may include provision for the payment of an allowance for those members who travel by bicycle or other non-motorised transport.
16. The Regulations provide that travelling and subsistence allowances may be paid for:
- a meeting of the authority
 - a meeting of a committee or sub-committee of the authority
 - a meeting of some other body to which the authority make appointments or nominations
 - a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations

- a meeting which has both been authorised by the authority, a committee, or subcommittee of the authority or a joint committee of the authority and one or more other authorities, and to which representatives of more than one political group have been invited
- a meeting of a local authority association of which the authority is a member
- duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
- any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

Backdating of Allowances

17. When a scheme of allowances is amended, an authority may choose to apply the amendment retrospectively to the beginning of the financial year in which the amendment is made.
18. Where a councillor takes on duties entitling them to a different level of allowances (e.g. where a councillor is appointed to a position entitling them to special responsibility allowance), the new level of allowances may be applied retrospectively to the time at which the circumstances changed.
19. Independent remuneration panels may make recommendations, where relevant, as to whether the payments on which they have made a recommendation may be backdated. Authorities will be required to have regard to these recommendations.

Annual Adjustments of Allowance levels

20. A scheme of allowances may make provision for an annual adjustment of allowances to be ascertained by reference to an index as may be specified by the authority and contained in the scheme. The scheme must be publicised each year, whether or not it has been amended.
21. Where the only change made to a scheme is that caused by the annual impact of an index contained within that scheme, the scheme shall not be deemed to have been amended, and thus an authority will not have to seek a recommendation from its independent remuneration panel.
22. Where a panel makes a recommendation that allowance levels should be determined according to an index, it should also make a recommendation as to how long the index should run before reconsideration. In any case, an index may not run for more than four years before a further recommendation on it is sought from an independent remuneration panel.

Forgoing allowances

23. A scheme must provide that a person may forgo all or part of any allowances to which they are entitled. To do this they must give notice in writing to the proper officer of the authority.

Basic and special responsibility allowances at Fylde Council

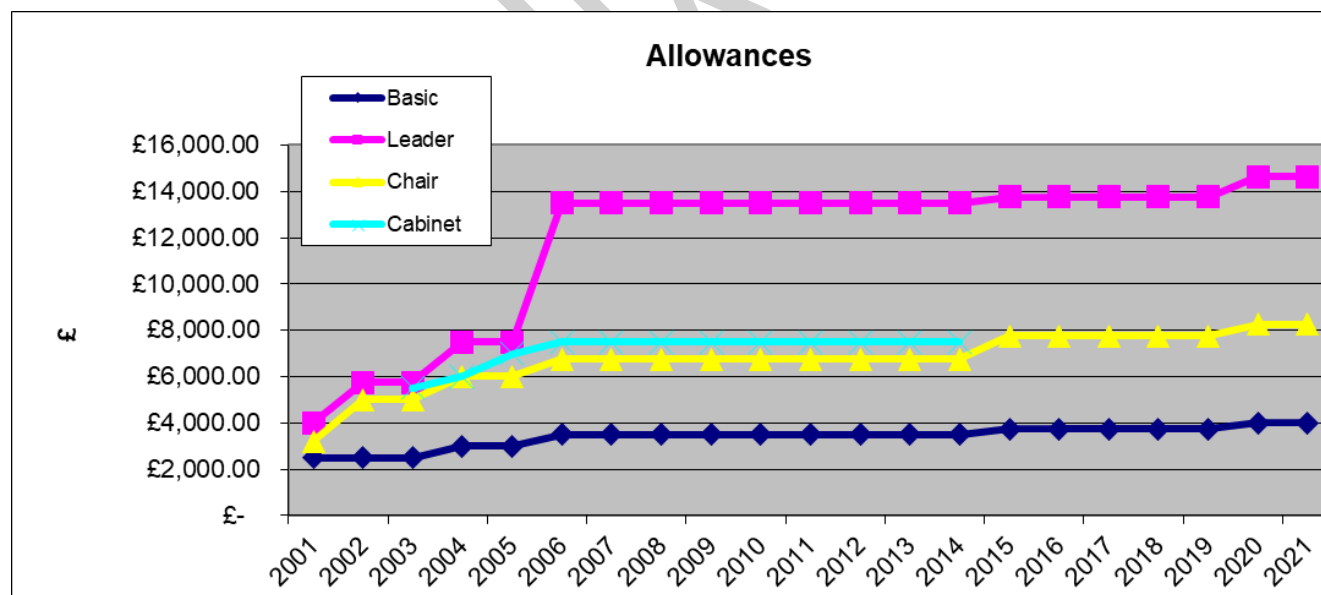
24. The present allowances scheme at Fylde, which was approved at the Council meeting of 19 October 2020 and reflected unchanged following the recommendations of the panel last year, provides for a basic allowance of £4,000 and the following special responsibility allowances:

Leader of the Council – £10,625
 Deputy Leader – £3,190
 Chairmen of Programme Committees and Planning Committee – £4,250
 Vice Chairmen of above – £2,125
 Chairman of Audit and Standards – £3,450
 Vice-Chairman of Audit and Standards – £1,725
 Chairmen of Public Protection and Licensing – £1,725
 Vice-Chairmen of above – £865
 Chairman of Member Development Steering Group – £2,125
 Leader of each political group – £34 a member

Historical data

25. The following table and graph show allowance levels at Fylde since 2001. Please note that the figures for leader and chairman include both the basic allowance payable to all councillors and the special responsibility allowance payable for their particular position (but excludes the allowance paid to the Leader as leader of a political group, which varies according to the membership of the group, but is presently £1,054).

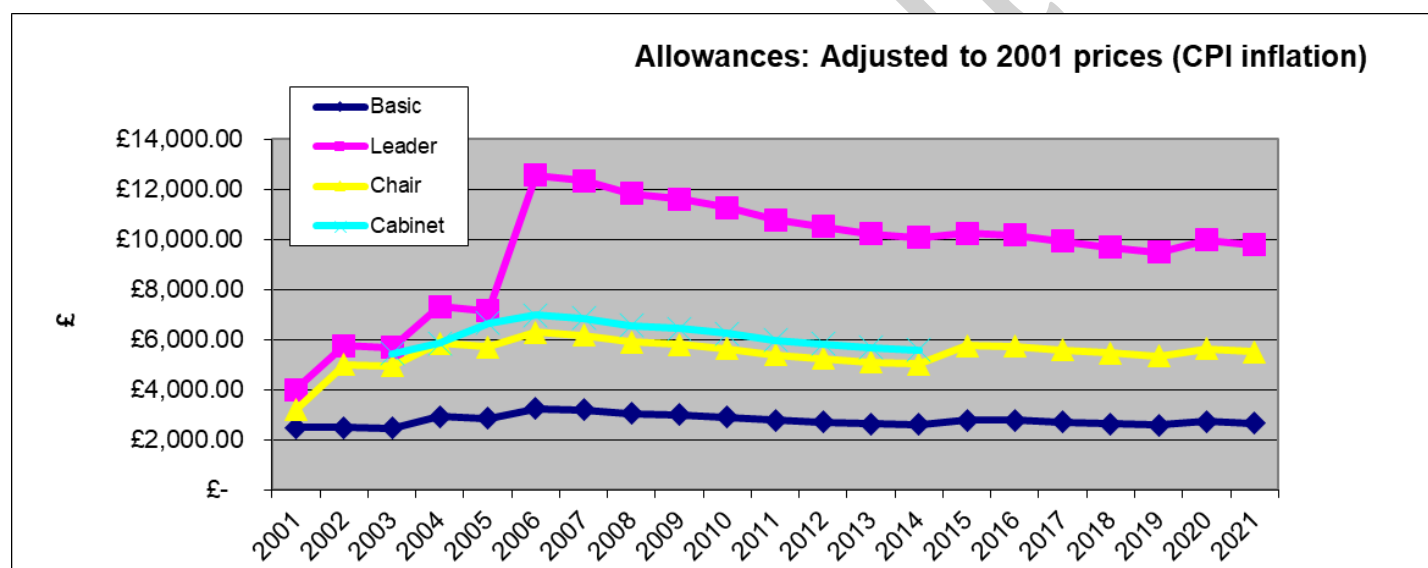
	Basic	Leader	Chairman
2001	£ 2,500.00	£ 4,000.00	£ 3,200.00
2002	£ 2,500.00	£ 5,750.00	£ 5,000.00
2003	£ 2,500.00	£ 5,750.00	£ 5,000.00
2004	£ 3,000.00	£ 7,500.00	£ 6,000.00
2005	£ 3,000.00	£ 7,500.00	£ 6,000.00
2006	£ 3,500.00	£ 13,500.00	£ 6,750.00
2007	£ 3,500.00	£ 13,500.00	£ 6,750.00
2008	£ 3,500.00	£ 13,500.00	£ 6,750.00
2009	£ 3,500.00	£ 13,500.00	£ 6,750.00
2010	£ 3,500.00	£ 13,500.00	£ 6,750.00
2011	£ 3,500.00	£ 13,500.00	£ 6,750.00
2012	£ 3,500.00	£ 13,500.00	£ 6,750.00
2013	£ 3,500.00	£ 13,500.00	£ 6,750.00
2014	£ 3,500.00	£ 13,500.00	£ 6,750.00
2015	£ 3,750.00	£ 13,750.00	£ 7,750.00
2016	£ 3,750.00	£ 13,750.00	£ 7,750.00
2017	£ 3,750.00	£ 13,750.00	£ 7,750.00
2018	£ 3,750.00	£ 13,750.00	£ 7,750.00
2019	£ 3,750.00	£ 13,750.00	£ 7,750.00
2020	£ 4,000.00	£ 14,625.00	£ 8,250.00
2021	£ 4,000.00	£ 14,625.00	£ 8,250.00



The following table and graph¹ shows the same data adjusted for inflation² since 2001:

¹ The allowance shown for those members receiving a special responsibility allowance includes their basic allowance and their special responsibility allowances, other than allowances as group leaders.

	Basic	Leader	Chair	Cabinet
2001	£ 2,500.00	£ 4,000.00	£ 3,200.00	
2002	£ 2,463.62	£ 5,666.34	£ 4,927.25	
2003	£ 2,431.46	£ 5,592.36	£ 4,862.92	£5,349.22
2004	£ 2,876.45	£ 7,191.12	£ 5,752.90	£5,752.90
2005	£ 2,811.32	£ 7,028.30	£ 5,622.64	£6,559.75
2006	£ 3,199.39	£ 12,340.49	£ 6,170.25	£6,855.83
2007	£ 3,137.79	£ 12,102.89	£ 6,051.44	£6,723.83
2008	£ 3,010.97	£ 11,613.74	£ 5,806.87	£6,452.08
2009	£ 2,963.07	£ 11,428.98	£ 5,714.49	£6,349.43
2010	£ 2,897.22	£ 11,175.00	£ 5,587.50	£6,208.33
2011	£ 2,788.77	£ 10,756.68	£ 5,378.34	£5,975.94
2012	£ 2,724.66	£ 10,509.40	£ 5,254.70	£5,838.56
2013	£ 2,660.71	£ 10,262.76	£ 5,131.38	£5,701.53
2014	£ 2,617.97	£ 10,097.89	£ 5,048.95	£5,609.94
2015	£ 2,793.75	£ 10,243.75	£ 5,773.75	£ -
2016	£ 2,768.83	£ 10,152.38	£ 5,722.25	
2017	£ 2,699.28	£ 9,897.34	£ 5,578.50	
2018	£ 2,638.10	£ 9,673.04	£ 5,452.08	
2019	£ 2,586.81	£ 9,484.95	£ 5,346.06	
2020	£ 2,728.94	£ 9,977.68	£ 5,628.43	
2021	£ 2,677.45	£ 9,789.42	£ 5,522.24	



Comparisons with other authorities

26. Officers have carried out a survey of current members' allowances schemes, which is included as appendix 2. The survey covers all other district councils in Lancashire. The comparative information below is taken from this survey except where noted. Members will note that Blackburn with Darwen and Blackpool are unitary authorities, which deal with the whole range of council functions.
27. Other district councils have changed to a committee system since the Localism Act 2011 made it possible to do so. The spreadsheet at appendix 2 includes information about allowances payable by four such authorities.

² The measure of inflation used up to and including 2019 years was the Retail Prices Index (RPI), which, though still published, is no longer regarded as a national statistic. The index used from 2020 is the Consumer Prices and Housing Index (CPIH), which is now the ONS lead index for consumer prices.

28. For ease of reference, I set out comparisons between Fylde and relevant averages below:

- The basic allowance³ at Fylde (£4,000) is **below** the average for all councils in Lancashire (£4,782) and **below** the average for shire districts in Lancashire (£4,094). However, the cost of basic allowance per head of population per year is the highest among shire districts in Lancashire (£2.51).
- The special responsibility allowance for the leader of the council at Fylde (£10,625) is **below** the average for all councils in Lancashire (£14,995) and **below** the average for shire districts in Lancashire (£13,116).

Other matters

29. To help members of the panel, group leaders have been asked to submit any observations they may have on a draft of this report. Any response will be reported verbally to the meeting.

IMPLICATIONS	
Finance	The Council's base revenue budget includes recurring provision of £271,502 per annum for members' allowances as set out in paragraph 8 of this report. Any increases in allowances will result in increased revenue costs which will require approval by Council in due course.
Legal	The council must take into account the views of the panel when reviewing members' allowances.
Community Safety	
Human Rights and Equalities	The allowances scheme should enable people from all sectors of the community to serve as elected members without suffering a financial detriment by doing so.
Sustainability and Environmental Impact	
Health & Safety and Risk Management	

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	01253 658506	4 November 2021

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

Appendix 1 Existing Members Allowance Scheme

Appendix 2 Allowance Schemes at Other Authorities

³ Figures rounded to the nearest pound

PART 6 – MEMBERS' ALLOWANCES SCHEME

Approved by Council on 19 October 2020

1 INTRODUCTION

The scheme outlined in this document is based on the recommendations of the Members' Allowances Independent Remuneration Panel, which has met to consider members' allowances in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. The scheme will have effect from 1 October 2007.

2 BASIC ALLOWANCE – with effect from 1 April 2020

Basic allowance is to be paid to all Members, and is intended to recognise a time commitment expected of all Members, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of homes, and IT costs such as telephone connections to the internet. Each Member is entitled to £4,000.00 per annum, which will be paid monthly.

3 SPECIAL RESPONSIBILITY ALLOWANCE – with effect from 1 April 2020

3.1 A special responsibility allowance will be paid in addition to any entitlement to basic allowance for those Members who have significant responsibilities.

3.2 The Members receiving special responsibility allowance and the yearly allowances payable are as follows:-

Leader of the Council - £10,625

Deputy Leader of the Council - £3,190

Chairmen of the Planning; Finance and Democracy; Operational Management; Environment, Health and Housing; Tourism and Leisure Committees - £4,250

Vice-Chairmen of the above Committees - 50% of Chairmen's allowance - £2,125

Chairman of Audit and Standards Committee - £3,450

Vice-Chairman of the Audit and Standards Committee - 50% of Chairmen's allowance - £1,725

Chairman of Member Development Steering Group - £2,125

Chairmen of the Public Protection and Licensing Committees - £1,725

Vice-Chairmen of the above Committees - £865.

Leader of each political group - £34 per group member.

** NB Independent persons, who work with the Standards Committee and the Monitoring Officer receive an honoraria payment of £475 per annum each from Fylde Borough Council with an annual uplift in line with the Retail Price Index (RPI) in April, reviewed every three years.*

4 PART PAYMENTS

In the case of basic and special responsibility allowances, payment will only be made for the period during which a person performs the duties for which these allowances are payable.

5 REPAYMENTS

In the event of a Member ceasing to be entitled to these allowances for whatever reason, any amount overpaid should be repaid in full to the Council on demand.

6 REVOCATION

Basic and special responsibility allowances will be paid automatically unless notice is received in writing from the member concerned revoking the entitlement. All such notices should be delivered to the Director of Resources.

7 TRAVEL AND SUBSISTENCE ALLOWANCES

7.1 In addition to the Members' Allowances Scheme, travel and subsistence allowance are payable.

7.2 A full schedule of rates payable for travel and subsistence is attached at annex B.

7.3 A full list of those bodies which are accepted as approved duties for the payment of travel allowance is attached at annex C.

8 DEPENDENTS' CARERS' ALLOWANCES

8.1 In addition to the Members' Allowances Scheme, dependents' carers' allowances are payable.

8.2 The allowance is payable in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred by a member in attending at a meeting of a body accepted as an approved duty for the payment of dependents' carers' allowance.

8.3 A full list of those bodies which are accepted as approved duties for the payment of dependents' carers' allowance is attached at annex C.

9 CLAIMS

Claims for travel and subsistence allowances should be submitted monthly. Claims must be made on the official claim form available from the Finance Director. Claims must be made within three months of the meeting or travel occurring. Any claims made after three months will not be paid.

10 PUBLICATION

The Council is required to publish details of the Members' Allowances Scheme as soon as practicable after the scheme has been determined/revised and after the end of each financial year the total amounts received by each Member.

ANNEX A

SUMMARY OF THE LOCAL AUTHORITIES (MEMBERS' ALLOWANCES) (ENGLAND) REGULATIONS 2003, insofar as they define "approved duty" and are relevant to Fylde

The regulations provide that the following duties are approved for the purposes of the payment of travel and subsistence allowance and dependants' carers' allowance:

- Attendance at a meeting of the authority, or any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;
- any other meeting the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee, provided that-
 - (a) where the authority is divided into two or more political groups, it is a meeting of which members of at least two such groups have been invited, or
 - (b) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;
- a meeting of any association of authorities of which the authority is a member;
- Duties undertaken on behalf of the authority in pursuance of any standing order requiring a member or members to be present while tender documents are opened;
- Duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises; and
- Any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority, or of any of its committees or sub-committees.

Annex B

RATES OF TRAVELLING ALLOWANCE PAYABLE

1 (1) The rate of travel by public transport shall not exceed the amount of ordinary fare or any available cheap fare, and where more than one class of fare is available the rate shall be determined, in the case of travel by ship by reference to first class fares, and in any other case by reference to second class fares unless the body determines, either generally or specifically, that first class fares shall be substituted.

(2) The rate specified in the proceeding sub-paragraph may be increased by supplementary allowances not exceeding expenditure actually incurred:

(a) on Pullman Car or similar supplements, reservation of seats and deposit or portage of luggage; and

(b) on sleeping accommodation engaged by the member for an overnight journey, subject, however, to reduction by one-third of any subsistence allowance payable to him/her for that night.

2 (1) The rate of travel by a member's own solo motor cycle, or one provided for his/her use, shall not exceed:

(a) for the use of a solo motor cycle of cylinder capacity not exceeding 150 c.c., 8.5p a mile;

(b) for the use of a solo motor cycle of cylinder capacity exceeding 150 c.c., but not exceeding 500 c.c., 12.3p a mile;

(c) for the use of a solo motor cycle of cylinder capacity exceeding 500 c.c., 16.5p a mile.

(2) The rate of travel by a member's own private motor vehicle, or one belonging to a member of his/her family or otherwise provided for his/her use, other than a solo motor cycle, shall not exceed:

45p a mile;

(3) The rate specified in paragraph (2) may be increased:

(a) in respect of the carriage of each passenger, not exceeding 4, to whom a travelling allowance would otherwise be payable under any enactment, by not more than 3.0 pence a mile for the first passenger and 2.0 pence per mile for the second and subsequent passengers.

(b) by not more than the amount of any expenditure incurred on tolls, ferries or parking fees, including overnight garaging.

(4) For the purpose of this paragraph the cylinder capacity shall be that entered in the vehicle registration book or document by the Secretary of State under the Vehicles (Excise) Act 1971.

3. The rate of travel by taxi-cab or cab shall not exceed:

(a) in cases of urgency or where no public transport is reasonably available, the amount of the actual fare and any reasonable gratuity paid, and

(b) in any other case, the amount of the fare for travel by appropriate public transport.

4. The rate of travel by a hired motor vehicle other than a taxi-cab shall not exceed the rate which would have been applicable had the vehicle belonged to the member who hired it:

Provided that where the body so approves the rate may be increased to an amount not exceeding the actual cost of hiring.

5. The rate of travel by air shall not exceed the rate applicable to travel by appropriate alternative means of transport together with an allowance equivalent to the amount of any saving in attendance allowance or financial loss allowance, and subsistence allowance consequent on travel by air:

Provided that where the council resolves, either generally or specifically, that the saving in time is so substantial as to justify payment of the fare for travel by air, there may be paid an amount not exceeding:

- (a) the ordinary fare or any available cheap fare for travel by regular air service, or
- (b) where no such service is available or in case of urgency, the fare actually paid by the member.

RATES OF SUBSISTENCE ALLOWANCE PAYABLE

1 (1) The rate of subsistence allowance shall not exceed:

(a) in the case of an absence, not involving an absence overnight, from the usual place of residence:

(i) of more than 4 hours, or where the authority permits, a lesser period, before 11 a.m., (breakfast allowance) £4.92;

(ii) of more than 4 hours, or where the authority permits, a lesser period, including the period between 12 noon and 2 p.m., (lunch allowance), £6.77;

(iii) of more than 4 hours, or where the authority permits, a lesser period, including the period 3 p.m. to 6 p.m., (tea allowance), £2.67;

(iv) of more than 4 hours, or where the authority permits, a lesser period, ending after 7 p.m., (evening meal allowance), £8.38.

(b) in the case of an absence overnight from the usual place of residence £79.82 and for such an absence overnight in London, or for the purposes of attendance at an annual conference (including or not including an annual meeting) of the Local Government Association or such other association of bodies as the Secretaries of State may for the time being approve for the purpose, £91.04.

(2) For the purposes of this paragraph, London means the City of London and the London boroughs of Camden, Greenwich, Hackney Hammersmith and Fulham, Islington, Kensington and Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth and Westminster.

2. Any rate determined under paragraph 1(b) above shall be deemed to cover a continuous period of absence of 24 hours.

3. The rates specified in paragraph 1 above shall be reduced by an appropriate amount in respect of any meal provided free of charge by an authority or body in respect of the meal or the period to which the allowance relates.

4. Where main meals (breakfast, lunch or dinner) are taken on trains during a period for which there is an entitlement to a day subsistence allowance, the reasonable cost of the meals (including VAT), may be reimbursed in full, within specified limits. In such circumstances, reimbursement for the reasonable cost of a meal would replace the entitlement to the day subsistence allowances for the appropriate meal period.

ANNEX C

Approved Duties

Attendance at any of the following meetings or events in column 1 is specified as an approved duty for the purpose of the payment of travelling and subsistence allowances and dependents' carers' allowances for the persons specified in column 2

Meeting	Persons qualified for allowance
Council	Councillor
Committee	Member of that committee
Sub-committee	Member of that sub-committee
Joint committee	Member of that committee appointed or nominated by Fylde Borough Council
Committee chairman's briefing	Chairman and vice-chairman
Tender opening	One Chairman
Site visit	Member of the committee or sub-committee under whose auspices the visit has been arranged
Course, seminar or conference	Member authorised to attend by the Member Development Steering Group or the Chief Executive
Any other external organisation	Member appointed or nominated to the organisation, or nominated to attend its meetings, by the council
Any other meeting or event at which the attendance of a member is invited or sanctioned by an officer	Member whose attendance is invited or sanctioned

Comparison of Councillor Allowances 2021 (updated Nov 2021)

APPENDIX 2

	Committee system																
	Blackburn	Blackpool	Burnley	Chorley	Hyndburn	Lancaster	Pendle	Preston	Rossendale	South Ribble	West Lancs	Wyre	Fylde	Craven	Newark and Sherwood	Stroud	Ribble Valley
Population (ONS 2020 mid year estimates)	150,030	138,381	89,344	118,870	81,133	148,119	92,145	144,147	71,432	111,086	114,496	113,067	81,211	57,338	123,127	120,903	62026
Number of Elected Members	51	42	45	47	35	60	49	57	36	50	54	50	51	30	39	51	40
Basic Allowance	£7,336	£10,481	£3,570	£4,647	£4,634	£3,629	£3,000	£4,357	£3,342	£4,827	£4,842	£4,467	£4,000	£4,690	£5,124	£5,265	£3,818
Leader	£20,961	£31,442	£12,495	£14,023	£21,594	£11,281	£4,000	£9,651	£13,368	£15,105	£12,105	£17,868	£10,625	£8,910	£14,175	£10,201	£15,272
Deputy	£12,577	£18,465	£3,570	£4,342	£10,797	£6,661	0	£7,015	£10,026	£4,864	£7,263	£2,234	£3,190	£4,690	£2,834	£0	£9,545
Leader of Opposition	£7,336	£14,169	£893	£7,198	£6,951	£5,540.60*	£1,200	£3,921	£6,684	£4,864	£3,389	£715	£544	£940	£4,906	£4,794	£7,636
Deputy Leader of Opposition	£2,096	£7,034	0	£20,025	£2,317	0	0	0	0	0	£1,694	0	£0	0	0	0	0
Cabinet Members	£7,336	£14,149	£4,643	£4,467	£8,110	£5,641	£1,200	£5,490	£6,684	£6,302	£4,842	£8,934	n/a	n/a	n/a	n/a	n/a
Chairs Regulatory Committees (Dev.Cont & Lic)	£5,135 - Dev £4,926 - Lic	£8,384	£2,856 - Dev £1,785 - Lic	£3,146	£6,951 - Dev £1,529 - Lic	£4,371	£500-Lic	£3,921 - Dev £1,960 - Lic	£3,342	£5401 - Dev £3,432 - Lic	Licensing 2 x £2,421 Planning £4,842	£6,701 Dev £4,467 Lic	£4,250 - Dev £1,725 - Lic	£2,350 - Dev £2,350 - Lic	£5,777 - Dev £3,411 - Lic	£5,100 - Dev	£7,636 - Dev £5,727 Lic
Vice Chairs Regulatory Committees	£1,886 - Dev £1,782 - Lic	£4,192	£1428 - Dev	£1,549	£2,317 - Dev £765 - Lic	0	0	£51 per half day £102 whole day*	£150*	0	£0	0	£2,125 - Dev £865 - Lic	£470 - Dev £760 Lic	£1065 - Dev £501 Lic	£1,020 - Dev	£1,092 - Dev £5046Lic
Chairs Overview & Scrutiny	£3,144	£10,481	£4,463	£4,647	£6,719	£4,228	£1,200	£2,990	£3,342	£3,520	2 x £2,421	£6,701	n/a	£2,350		n/a	
Vice Chairs Overview & Scrutiny	£0	£5,240	£1,428	£1,549	£5,561	£0	£0	£50 per half day £100 whole day*	0	0	£0	0	n/a	£470		n/a	
Chair Audit	£0	£834	£1,785	1858.22	£765	£2,326	£500	£1,960	£3,342	£0	£2,421	£3,574	Joint Audit & Standards £3,450	£3,500	£1,956	£5,100	£5,727
Vice Chair Audit	£0	£4,192	0	0	0	0	0	£51 per half day £102 whole day*	0	0	£0	0	Joint Audit & Standards £1,725	£470	0	£1,020	£546
Chair Standards	£1,572	0	n/a	n/a	0	£1,234	£0	£1,960	Merged with Audit	£563	£0	£447	see above	£2,350	n/a	merged with audit	n/a
Vice Chair Standards	£0	0	0	n/a	0	0	0	£51 per half day £102 whole day	Merged with Audit	0	£0		see above	£470	n/a	merged with audit	n/a
Independent Persons	£50 per meeting	see Fylde	£500	£521	0	0	£0	£514	0	Only paid expenses	£500 Reserve £250	Only travel expenses	£400 x3 (50% paid by B/pool)	0	£1,500	0	Only travel allowance
Notes					Members of Planning Cmt receive £765 (excl chair etc)	*Divided between group leaders not represented in Cabinet	No Planning Committee: Planning applications dealt with by area committees	*When acting as chair only	*One off Payment to Vice Chair when acting as Chair only.			Leader's allowance includes a separate group leader's allowance	Programme Committees Chairman £4,250 and Vice Chair £2,125.		Chairmen of functional committees £5,623, vice-chairs £1,037	Chairmen of service committees £6,120, vice-chairs £1,224	Committee chairman: £5,727, vice-chairs £546
													Leader's allowance includes a separate group leader's allowance				

Basic Allowance per Cllr per resident	£2.49	£3.18	£1.80	£1.84	£2.00	£1.47	£1.60	£1.72	£1.68	£2.17	£2.28	£1.98	£2.51	£2.45	£1.62	£2.22	£2.46
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**INDEPENDENT REMUNERATION PANEL –
NOTE OF MEETING HELD ON 11 NOVEMBER 2021**

Present: Mr David Cam, Chairman

Mrs Helen Hockenhull

Mrs Karen Eaton

Tracy Manning, Director of Resources

Ian Curtis, Head of Governance

Katharine McDonnell, Democratic Services (note taker)

Ian Curtis welcomed everyone to the meeting.

Ian Curtis presented the 2022/2023 Member Allowance Scheme report, a copy of which had previously been circulated to members of the Panel.

The report covered the current level of members' allowances and the special responsibility allowances; dependent carers' allowance; and a comparison of allowances paid in 2001 and 2020. The report also provided information regarding the level of allowances adjusted to 2001 prices (the consumer price index); information regarding the different allowances, the annual budgeted amount for members' allowances and the Council's financial position. He advised that the advice from the Chief Financial Officer was that the level of future funding was uncertain.

The report provided a detailed spreadsheet comparing the allowances paid by other Lancashire authorities and authorities who operated a committee system.

It was noted by the Panel, that whilst the Fylde allowances were average in comparison to other authorities, when looking at the allowances on a per member, per resident basis, Fylde's allowances were the highest in Lancashire.

Mr Curtis discussed the current Special Responsibility Allowances, and the ability of the Panel to set an allowance and link the allowances to an index. He explained that the allowances would then increase with the index but there would be a need to review the allowances every four years rather than annually.

It was noted there had been no feedback from the group leaders regarding the allowances.

The Panel thanked Ian for his report and presentation.

The Panel considered their recommendations for the financial year 2022-23 regarding:

- The level of basic allowance payable to all councillors
- Which councillors were to receive special responsibility allowances
- The levels of special responsibility allowances
- Whether to continue to pay dependants' carers' allowance and, if so, whether to cap the rates payable; and
- whether to continue to pay travel and subsistence allowances and, if so, of how much

The Panel discussed the ongoing financial impact of the pandemic, to residents and businesses of the borough, and the uncertainty of council funding in future years. It was noted that the council finances were currently stable and in surplus.

The Panel discussed the merits of a formula approach, such as linking to an index or allowances as a percentage of, for example, the Leaders allowance, to setting the allowance scheme.

The Panel confirmed that on the balance of merits it would be prudent on this occasion to recommend no increases to the level of basic allowances or special responsibility allowances, or to the roles in receipt of special responsibility allowances. The Panel resolved to discuss the level of allowances in greater depth in twelve months' time in view of the final recommendations from the Boundary Commission review and changes to the governance system in light of those changes.

It was also acknowledged that next year may also provide a better view of the Council's longer term financial future following the anticipated Fair Funding Review.

The Panel confirmed that the dependents' carers' allowance and travel allowances be maintained as present.

Mr Cam thanked the other Panel members for their attendance and consideration of the matters at hand and thanked the officers for their work and advice.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	9
UNFUNDED REVENUE BUDGET INCREASE - BULKY WASTE COLLECTION SERVICE			

PUBLIC ITEM

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

SUMMARY

This report provides details of proposed bulky waste collection arrangements triggered by the closure of Refurb (BWC) and subsequent loss of the service which was subject of a full report to the Operational Management Committee at its meeting on 9th November 2021.

Collection of bulky waste falls within the council's general duty under section 45 of the Environmental Protection Act to arrange for the collection of household waste. For waste of larger dimensions, there is the ability to charge a reasonable amount for the collection service. As a result of the council's duty, and the loss of service due to the winding up of the previous contractor, a procurement exercise had been conducted to consider alternative service provision. Following this exercise, a proposal was submitted to the council from Furniture Matters which successfully operates this service for a number of other councils.

The report to the Operational Management Committee summarised this proposal and sought authority for a reoccurring funded budget increase in the sum of £27,122 which was supported.

RECOMMENDATION

- (i) To approve an unfunded revenue budget increase in the sum of £27,122 per annum to meet the estimated financial shortfall in fulfilling the council's statutory obligation to provide residents with a bulky waste collection service.
- (ii) To approve the fees and charges for the bulky waste collection service for 2021/22 as set out within the body of this report.
- (iii) That a report be presented back to the Operational Management Committee following a period of three months of operation of the new contract to report on demand for the service, income generated and the potential to maximise income by a differential pricing option to take account of demand patterns.

SUMMARY OF PREVIOUS DECISIONS

Operational Management Committee – [12 January 2021](#) – Item deferred.

Operational Management Committee – [9 November 2021](#) – It was RESOLVED to recommend to Council the approval of an unfunded revenue budget increase in the sum of £27,122 per annum to meet the financial shortfall in fulfilling the Council's statutory obligation to provide residents with a bulky waste collection service.

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

REPORT

1. Fylde Council previously contracted with Bulky Waste Collectors (Refurb) to collect, reuse and recycle large household items which could not be disposed of through the kerbside refuse and recycling service. This arrangement had been in place since 2012 and generated an income for the council.
2. Collection of bulky waste falls within the council's general duty under section 45 of the Environmental Protection Act 1990 to arrange for the collection of household waste. For waste for larger dimensions, there is the ability to charge a reasonable amount for the collection service. Customers were able to book collection slots for the removal of unwanted household furniture such as sofas, beds, and fridges freezers, at an agreed time from both inside and outside properties, for which charges were incurred.
3. In March 2020 Refurb announced that it was ceasing trading which resulted in the suspension of service until a suitable provider could be found. This coincided with the COVID pandemic that impacted on the commission of a new provider.
4. The service received high levels of customer satisfaction and was popular, between April 2019 and March 2020, Fylde residents made 1560 separate requests for the chargeable bulky waste collection service. This equates to 20 tonnes of household waste diverted from landfill and sent for reuse through the service.
5. The service has been suspended for over a year but there is still demand from evidence of enquiries made and the council has a statutory duty to ensure there are arrangements for the collection of household waste, including larger items. To put in place new arrangements to meet the demand and the statutory duty a tendering exercise was conducted which resulted in the selection of Furniture Matters.
6. Furniture Matters has been delivering bulky waste services since 2006 and is an established service provider already successfully operating this service for Blackpool, Lancaster and Wyre Councils. Furniture Matters are committed to reducing the environmental impact of waste by refurbishing collected waste where possible and offering low-cost quality furniture and white goods to the local community.
7. Because of the period without a service a new offer will have to be re-launched through a joint marketing campaign by Furniture Matters and the council, to re-connect with the market for this service. Only after this will it be possible to determine the demand for the service.
8. At the Operational Management Committee, a five day a week service delivery option was discussed at a charge to the council of £68,555 per annum, together with an outline of associated charges for the service as outlined below, with estimated income levels based on previous demand for the service, off-set against this. This resulted in an estimated budget shortfall of £27,122, the proposed charges are as follows:
 - Up to 3 items £21.60
 - 4-10 items £43.25
 - Over 10 items (charged per hour) £80.95
 - Collection of a single fridge or single freezer or single unit combined fridge/freezer £43.25
 - Garden shed (max size 6' x 6' / 1.83m x 1.83m) £49.50
9. Following the Operational Management Committee, further discussion has taken place with the Director of Resources, in consultation with the Chairman of the Operational Management Committee, and it has been determined that an initial graduated launch of the service would minimise the council's exposure to financial uncertainty until demand is re-established. The service will be launched initially on a three-day a week service pattern, at a reduced charge to the council of £49,289, off-set by income generated, to re-establish

demand with a view to the service being broadened to a full five-day a week coverage should it prove to be successful. The three-day a week service pattern is as follows:

Week 1 - Monday, Wednesday & Friday, 9 a.m. to 5p.m.

Week 2 – Tuesday, Thursday & Saturday, 9 a.m. to 5p.m.

10. The service delivery pattern outlined in paragraph 11 has the advantage of providing a Saturday service on alternative weeks for those who might find a mid-week collection inconvenient. Once demand has been established and the popularity of various timeslots is known, differential pricing will be considered for the service similar to the private sector where a higher charge is made for more popular times i.e. weekends which may increase the income received to off-set the service cost.
11. The precise level of unfunded revenue budget increase will be known when the service delivery pattern is established based on demand and income levels can be more accurately estimated as a result. Based on current estimates from the previous service levels the council is requested to approve a reoccurring unfunded revenue budget increase in the sum of £27,122 per annum as presented to the Operational Management Committee at its meeting held on 9th November 2021.
12. An enquiry was raised at the Operational Management Committee about how performance would be measured for the contract with Furniture Matters, the proposed performance metrics are set out below:
 - *Number of collection trips*
 - *Number of items collected*
 - *Number of items reused*
 - *% of items reused*
 - *Number of items recycled*
 - *% items recycled*
 - *Number of items sent for landfill*
 - *% of items sent for landfill*
 - *Number of compliments received*
 - *Number of complaints received*
 - *Number of volunteers hours*
 - *Number of accidents / incidents*

IMPLICATIONS	
Finance	This report recommends an unfunded, reoccurring increase in the sum of £27,122 per annum. It should be noted that this figure may be the subject of change as the eventual shortfall in required budget provision will only be fully understood after the service has been re-launched, and demand is fully assessed, together with income.
Legal	Collection of bulky waste falls within the council's general duty under section 45 of the Environmental Protection Act to arrange for the collection of household waste. The difference is that for waste with certain dimensions or larger, a reasonable charge for collection can be made and the duty arises only on request by the person controlling the waste.
Community Safety	No Community Safety implications arising from this report
Human Rights and Equalities	No Human Rights and Equalities implications arising from this report
Sustainability and Environmental Impact	No Sustainability and Environmental Impact implications arising from this report
Health & Safety and Risk Management	No Health & Safety and Risk Management implications arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	tracy.manning@fylde.gov.uk / Tel: 01253 658521	November 2021

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	10
APPOINTMENT OF EXTERNAL AUDITORS			

PUBLIC ITEM

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

SUMMARY

The council presently appoints its external auditors through Public Sector Audit Appointments ('PSAA'), which is a not-for-profit organisation appointed by the secretary of state to make auditor appointments for local government. To continue this arrangement for the period 2023-28, the council needs to opt-in to the PSAA scheme. The report discusses the advantages of opting-in and recommends that Fylde Borough Council formally opts in.

The decision must be made by a full council meeting. The recommendation below follows consideration by the Audit and Standards Committee at its meeting on November 11.

RECOMMENDATIONS

To approve the recommendation of the Audit and Standards Committee at the meeting of 11 November 2021 that Fylde Borough Council formally opts in to the Public Sector Audit Appointments national scheme for the appointment of its external auditors during the period 2023-28.

SUMMARY OF PREVIOUS DECISIONS

Council, 6 February 2017:

1. Note the update on the issues arising from the introduction of new powers for local authorities to appoint their external auditor from the 2018/19 financial year onwards as contained within this report; and
2. To approve the recommendation of the Audit and Standards Committee at the meeting of 19th January 2017 that Fylde Council agree to opt-in to the national scheme for auditor appointments that is managed by Public Sector Auditor Appointments Limited (PSAA).

Audit and Standards Committee, 11 November 2021:

It was RESOLVED to recommend to the council that Fylde Borough Council formally opts in to the Public Sector Audit Appointments national scheme for the appointment of its external auditors during the period of 2023-28.

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

REPORT

1. A relevant authority must appoint an external auditor to audit its accounts. An authority like Fylde¹ can either appoint its external auditor directly, or an ‘appointing person’ can make an appointment on the Council’s behalf². ‘Appointing persons’ are appointed by the secretary of state. The only ‘appointing person’ is Public Sector Audit Appointments (‘PSAA’). PSAA is a not-for-profit body under the auspices of the Local Development and Improvement Agency. Since the present system was introduced by the Local Audit and Accountability Act 2014, Fylde’s external auditors have been appointed by PSAA.
2. To continue to have PSAA appoint external auditors on its behalf for the period 2023-2028, Fylde must formally opt-in to the PSAA national scheme. The decision to opt in must be made by full council. The Audit and Standards Committee considered a report on the matter at its most recent meeting and recommended that the council opt in.
3. The PSAA prospectus, setting out the advantages of continuing to be part of the PSAA scheme is [here](#). The advantages include achieving lower audit prices through large-scale collective procurement and independent and professional management of audit contracts
4. The alternative to opting in would be for the council to directly appoint its external auditors. This would require Fylde to appoint an independent ‘auditor panel’ to advise it on the selection and appointment of its external auditor and the maintenance of an independent relationship with the auditor. The composition, governance and duties of the panel are subject to extremely detailed regulation. The council must publish the advice of the panel and the reasons for any departure from that advice. The vast majority of local authorities appoint their external auditors through PSAA, to avoid the complex and bureaucratic machinery around auditor panels.

IMPLICATIONS	
Finance	There are no financial implications from opting-in to the PSAA national scheme for auditor appointments.
Legal	The council is required under the Local Audit and Accountability Act 2014 to appoint external auditors, either directly, taking into account the advice of its audit panel, or through PSAA and an ‘appointing person’.
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	External audit is a key component of a robust risk management environment.

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	ian.curtis@fylde.gov.uk & Tel 01253 658506	16 November 2021

¹ A further route is available to authorities with a turnover below a specified amount: This does not apply to Fylde.

² Local Audit and Accountability Act 2014, section 14; Local Audit (Appointing Person) Regulations 2015.

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
PSAA prospectus	Accessed 29 September 2021	http://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	11
CONSTITUTION CHANGE – TERMS OF REFERENCE CHIEF OFFICER EMPLOYMENT COMMITTEE			

PUBLIC ITEM

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

SUMMARY

The retirement of the Director of Development Services in November 2021 will lead to a change in the structure of the council's officer management team. The statutory requirements for the appointment, discipline and dismissal of senior officers reflects a strictly hierarchical structure which is not consistent with the revised structure proposed for the management team. Certain management team posts will report to the Chief Executive, while others, of equal seniority and status, will report to the Assistant Chief Executive.

Pay grade and terms at Fylde are based on the single status agreement that was signed with the unions in 2007 as part of the introduction of job evaluation as a national requirement, the authority would be exposed to risk of unfair pay and / or unequal treatment if some posts within the same family of jobs attract officer status, and in turn terms and conditions based on who the employee reported to.

The committee would be responsible for the statutory chief officer posts, the Head of Paid Service, the Monitoring Officer and the Section 151 Officer and Director posts in the authority. Non statutory and deputy chief officer posts will not be created based on lines of reporting, all other posts in the organisation will continue to be employed under the National Joint Committee terms and conditions that include the agreed job evaluation procedure at Fylde which has been applied since 2007.

The proposal brings the terms of the committee in line with the single status arrangements, they are consistent with streamlined management structures particularly in smaller organisations and will ensure that pay and grade are based on responsibility and duties.

The report recommends changes to the terms of reference of the Chief Officers Employment Committee (COEC), the Officer Employment Procedure Rules, and the delegated powers of the Chief Executive. The changes would ensure that all the relevant management team posts, whether they report to the Chief Executive or the Assistant Chief Executive, would be subject to the same arrangements and terms and conditions.

The present arrangements have been in place since at least the council's move to a committee system in 2014. However, they have never been used, and COEC has only met on 29th October 2021, because no appointments (or disciplinary action) relating to chief officers have arisen during that time.

RECOMMENDATION

1. Recommend that the council make the following changes to the council's constitution:
 - a. Amend paragraphs 2 and 3 of the terms of reference of COEC as follows:

2. *The appointment of:*
The Officer designated as the Head of the Authority's Paid Service;
A statutory Chief Officer within the meaning of Section 2(6) of the Local Government and Housing Act 1989; and
Any officer designated as a director.
~~*A non-statutory Chief Officer*~~
3. *The dismissal of, or disciplinary action against, any Officer referred to in paragraph (i) to (iii) above or the consideration of any appeals, grievances or other matters in relation to any such officer where it should be expedient for the committee to deal with them.*
- b. Amend rule 4 of the Officers Employment Procedure Rules as follows:
*The Chief Officers Employment Committee may appoint **any officer designated as a director** or any other **statutory** Chief Officers on the Council's behalf.*
- c. Delegate the following function to the Chief Executive:
The appointment, dismissal or disciplinary action against any chief officer or deputy chief officer (as defined in section 2 of the Local Government and Housing Act 1989) who is normally expected to attend meetings of the council's management team. (Appointments to be made following consultation with the Leader of the Council and the leader of the main opposition political group.)

SUMMARY OF PREVIOUS DECISIONS

Chief Officers Employment Committee – [29th October 2021](#) RESOLVED to recommend that council make the changes to the council's constitution.

The last recorded decision made in respect to Chief Officers at Full Council was to adopt the recommendations of the Payroll Efficiencies Panel on September 26th, 2011:

- To endorse the cabinet resolution to move from five to four senior managers of the corporate management team to make significant and on-going payroll efficiencies.
- To endorse the assessment process undertaken on 8 September 2011 by the Payroll Efficiencies Panel which scored all candidates across a range of selection activities and produced conclusive results;
- To appoint Allan Oldfield as Chief Executive and Head of Paid service from 1 January 2012.
- To recommend that the current Chief Executive appoint Tracy Scholes (*now Manning*) as Director of Resources, Clare Platt as Director of Community Services and Paul Walker as Director of Strategic Development Services from 1 January 2012.
- That the basic annual salary scale (before employer's National Insurance and pension contributions) for the Chief Executive is amended from the range of £88,818 to £98,739 to a range of £83,394 to £93, 699 to reflect the current economic climate and consequent reduction in market salaries;
- To accept the recommendation of the Payroll Efficiencies Panel to terminate the contract of the existing Chief Executive on the grounds of voluntary redundancy in order to allow the actions in the remainder of the resolution to take place;
- To note that the redundancy payment to the outgoing Chief Executive will be calculated in accordance with the council's redundancy policy available to all staff in the authority.

CORPORATE PRIORITIES

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

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

REPORT

STATUTORY AND PROCEDURAL CONTEXT

1. The processes of appointment, discipline and dismissal of officers are governed by legislation and by the council's own procedure rules and delegations. The Chief Officers Employment Committee ('COEC') forms part of those procedures.
2. Legislation requires that the functions of appointment, discipline or dismissal of officers are to be discharged on behalf of the council by the Chief Executive as head of paid service, or an officer nominated by him¹. But this does not apply to chief officers and deputy chief officers, as defined in the legislation. "Chief officer" is defined as an officer who reports² to the head of paid service (a 'non-statutory' chief officer), together with the chief financial officer and the monitoring officer (a 'statutory' chief officer). "Deputy chief officer" is defined as an officer who reports to a chief officer. The terms of reference of the COEC include the appointment, discipline, or dismissal of chief officers. The Officer Employment Procedure Rules (which form part of the constitution) provide that the COEC may appoint chief officers.
3. This means new appointments to posts which fall within the statutory definition of 'chief officer' must be made by COEC, while appointments to posts which fall within the statutory definition of 'deputy chief officer' must be made by the Chief Executive. Designated Chief Officers operate under different contracts of employment with different terms and conditions covering grievance, redundancy, disciplinary etc. as well as a job evaluation that was under a designated chief officer scheme in 2007 and 2011 different to the remainder of the workforce.
4. The present arrangements have been in place since at least the council's move to a committee system in 2014. However, they have never been used, and COEC has not met, because no appointments or any action (redundancy, grievance etc) relating to chief officers have arisen during that time.
5. Pay grade and terms at Fylde are based on the single status agreement that was signed with the unions in 2007 as part of the introduction of job evaluation as a national requirement, the authority would be exposed to risk of unfair pay and / or unequal treatment if some posts within the same family of jobs attract officer status, and in turn terms and conditions based on who the employee reported to.

CHANGES TO MANAGEMENT TEAM

6. Following the retirement of the Director of Development Services, the management structure is being reviewed to create a flexible and responsive senior team that is appropriate for a small district with circa 260 employees. A streamlined senior management structure being considered is likely include an increased number of employees reporting direct to the Chief Executive. Reporting arrangements will be for administrative convenience, and do not indicate any inherent difference in status simply based on who an officer report to.
7. Posts that report to the Chief Executive are identified under legislation to be 'non-statutory' chief officer posts, while those reporting to an Assistant Chief Executive are deemed to be 'deputy' chief officer posts. The status descriptions will not make any practical difference in terms of conditions, remuneration or any other management of the post and postholder however, it does mean that changes are required to the current terms of reference of the COEC to ensure all the postholders at the same management level are dealt with in a consistent manner, in terms of discipline, grievance, appointment etc. and avoiding a two-tier workforce arrangement.
8. The present arrangement would mean that appointment of new postholders, described as 'non-statutory' chief officers, reporting to the Chief Executive would need to be formally made by COEC, but the appointment

¹ Local Authorities (Standing Orders) (England) Regulations 2001, schedule 1, part IV, paragraph 2.

² Other than in an administrative or secretarial capacity.

of postholders reporting to the Assistant Chief Executive, 'deputy' chief officers would need to be made by the Chief Executive. Equally, all other arrangements around grievance, discipline, terms of employment etc. would be split. To address this the following changes are proposed to make ensure all senior management under the Chief Executive and Assistant Chief Executive are subject to the same procedures and arrangements during the life of their employment. The changes required that should be recommended to the council by this committee are:

- a. Amend paragraphs 2 and 3 of the terms of reference of COEC as follows:

2. *The appointment of:*

The Officer designated as the Head of the Authority's Paid Service;

A statutory Chief Officer within the meaning of Section 2(6) of the Local Government and Housing Act 1989; and

Any officer designated as a director.

~~*A non-statutory Chief Officer*~~

3. *The dismissal of, or disciplinary action against, any Officer referred to in paragraph (i) to (iii) above or the consideration of any appeals, grievances or other matters in relation to any such officer where it should be expedient for the committee to deal with them.*

- b. Amend rule 4 of the Officers Employment Procedure Rules as follows:

*The Chief Officers Employment Committee may appoint **any officer designated as a director** or any ~~other~~ **statutory** Chief Officers on the Council's behalf.*

- c. Delegate the following function to the Chief Executive:

The appointment, dismissal or disciplinary action against any chief officer or deputy chief officer (as defined in section 2 of the Local Government and Housing Act 1989) who is normally expected to attend meetings of the council's management team. (Appointments to be made following consultation with the Leader of the Council and the leader of the main opposition political group.)

9. Members should note the changes recommended would mean that the COEC retains its role in relation to statutory chief officers (that is, the Head of Paid Service, the Monitoring Officer, and the Chief Financial Officer) as appropriate based on the statutory responsibilities of those posts. The designation of Chief Officers within the remit of member delegation has not been addressed since the recommendations of the Pay Efficiencies Panel on 26 September 2011 which clearly identified Chief Officer posts.
10. The proposal brings the terms of the committee in line with the single status arrangements, they are consistent with streamlined management structures particularly in smaller organisations and will ensure that pay and grade are based on responsibility and duties.

IMPLICATIONS	
Finance	There are no financial implications arising directly from the report
Legal	The recommendations would allow posts with the same level of seniority in the new structure to be treated equally, notwithstanding that those posts that report to the Chief Executive will be formally chief officer posts, while those that report to the Assistant Chief Executive will formally be deputy chief officer posts.
Community Safety	No implications
Human Rights and Equalities	The report would ensure that posts at the same level in the organisation have equal treatment and status.
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	ian.curtis@fylde.gov.uk & Tel 01253 658506	November 2021

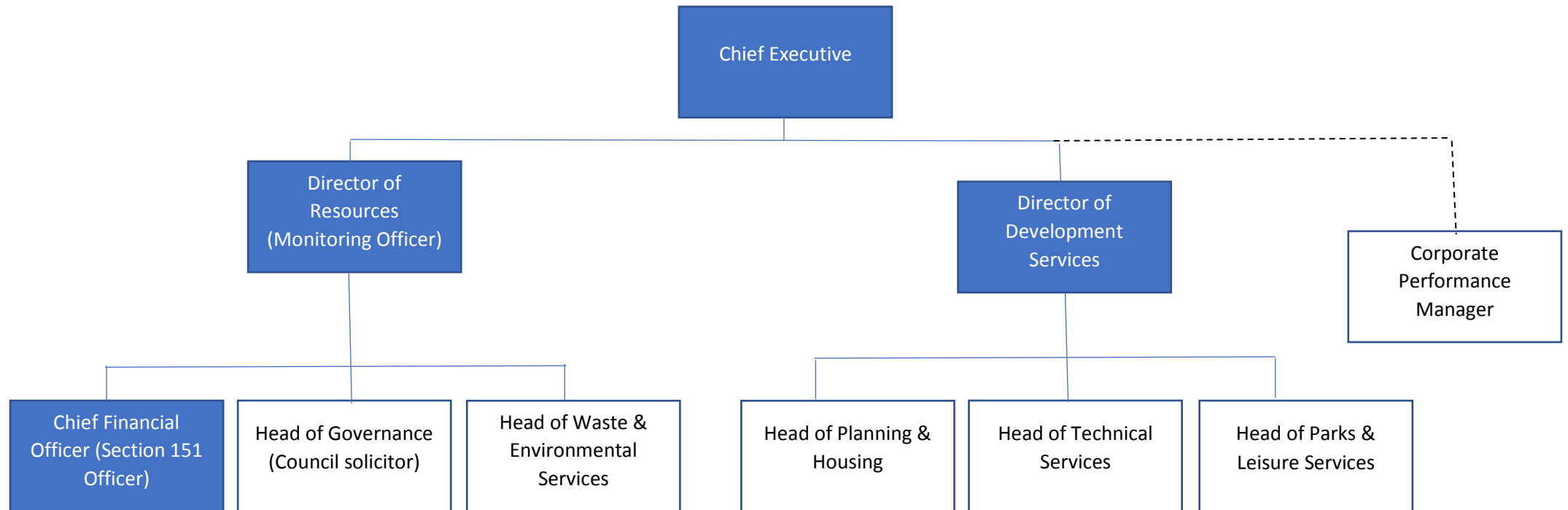
BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Local Government and Housing Act	1989	https://www.legislation.gov.uk/ukpga/1989/42/section/2
Appointment of Section 151 Officer	2012	Council Report

Attached Documents

Appendix 1 - Management Structure and Chief Officers

Appendix 1: Management Structure & Chief Officers

The shaded posts are the statutory Chief Officer posts at Fylde.



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF REVENUES AND BENEFITS - SHARED SERVICE	COUNCIL	6 DECEMBER 2021	12
COUNCIL TAX REDUCTION SCHEME 2022/23			

PUBLIC ITEM

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

SUMMARY

From April 2013 the local Council Tax Reduction Scheme (CTRS) replaced the previous national scheme of Council Tax Benefit. The scheme that operates within Fylde borough for 2021/22 was approved by this Council in December 2020 for 2021/22 only.

This report sets out the proposals in respect of the scheme for 2022/23.

RECOMMENDATIONS

The Finance and Democracy Committee considered the Council Tax Reduction Scheme 2022/23 report at the meeting of 22nd November 2021.

In accordance with those deliberations, and having due regard to the Equality Analysis as detailed in section 5 of this report, the Council is recommended:

1. To approve the continuation of the existing CTRS scheme for 2022/23 as set out in section 3 of this report;
2. To approve the continuation of Discretionary Hardship Relief for 2022/23 to provide additional support for claimants in exceptional circumstances; and
3. To approve that, as necessary, that the financial implications are reflected in the Council's Revenue Budget and Financial forecast for 2022/23 onwards.

SUMMARY OF PREVIOUS DECISIONS

The Council Tax Reduction Scheme in operation for 2021/22 was approved at the Council meeting of 7th December 2020. The full scheme is available on the Fylde Borough Council website at:

<https://new.fylde.gov.uk/council-tax-reduction-scheme/>

CORPORATE PRIORITIES

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

REPORT

1. Background to the CTRS Introduction and the adopted schemes for 2013/14 to 2021/22

- 1.1 As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and individual local authorities were instead required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 1st April 2013. Accordingly, the Council introduced such a scheme and has updated the scheme annually since that date.
- 1.2 In December 2020 the Council approved a scheme for 2021/22. For working-age claimants (i.e. those not protected by the national scheme for pension-age claimants) there would be a means-tested assessment to establish entitlement and a maximum percentage reduction in the level of support at the end of that assessment of 22.7%. This is the same maximum percentage reduction in the level of support which has operated since the commencement of the scheme in 2014/15.
- 1.3 In 2020/21 as part of the Government's response to the covid pandemic, local authorities were allocated specific grants to reduce the council tax liability of working age CTRS claimants by up to £150 by way of the Council Tax COVID-19 Hardship Fund. Fylde Council was allocated a sum of £568,269 and applied the reduction (up to a maximum of £150) for over 4,400 CTRS claimants. During the year the Council funded a top-up of £50,000 to the government grant provided in order that the scheme could continue throughout 2020/21.

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

- 2.1 No evidence has emerged to suggest that the scheme is in need of fundamental revision. The scheme has embedded well with no formal legal challenge to the principles of the scheme.
- 2.2 Experience of operating the scheme indicates that a 22.7% maximum reduction in the level of support is the correct level at which the scheme is self-funding, based on the initial level of funding provided for the scheme by way of specific grant from central government. However, support for the scheme is now part of the general central government funding and is not separately identifiable.
- 2.3 As at the end of September 2021, the number of claimants eligible for council tax support was 5,557 compared to 5,640 at the end of September 2020, an decrease of 83, equivalent to a 1.5% decrease year-on-year.

The latest estimate of the cost of the CTRS for 2021/22 is £5,322,649 which is split between this Council and the major preceptors, with Fylde Council's share being £570,588.

For 2020/21 the total scheme cost was £5,279,428, with the Fylde Council share being £587,072, the increase in cost being attributable to the increase in Council Tax levels (1.99% for 2021/22) and to the increase in the number of CTRS applicants largely owing to the impact of Covid-19 during 2020/21.

In 2013/14 when the scheme was first introduced funding was provided by way of specific government grant to meet the estimated costs of the scheme. Subsequently, funding was provided via Revenue Support Grant and is now subsumed within general central government funding calculations.

Additionally, the Council receives a specific grant as a contribution towards the cost of administering the CTRS which for 2021/22 is in the sum of £98,215.

- 2.4 For 2021/22, as at 30th September 2021, a total net credit of £53.12 has been recovered from overpaid hardship awards under the existing discretionary hardship scheme.

3. Proposed CTRS for 2022/23

- 3.1 It is proposed that the 22.7% maximum reduction in the level of support is retained for the 2022/23 CTRS.
- 3.2 It is further proposed that the scheme for 2022/23 will continue to provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

The full details of the proposed scheme for 2022/23 is available on the Fylde Borough Council website at:

<https://new.fylde.gov.uk/council-tax-reduction-scheme/>

3.3 A consultation paper was distributed to the Major Preceptors - Lancashire County Council, Lancashire Fire and Rescue Service and the Lancashire Police and Crime Commissioner in October 2021 seeking their views on the proposed scheme for 2022/23. The consultation and a summary of the responses of each are set out in the appendices to this report. In summary, all of the major preceptors are supportive of the proposals for the 2022/23 CTRS set out in this report.

3.4 Although there are no changes to the scheme proposed for 2022/23, the Equality Analysis that has been carried out in previous years for the CTRS scheme has been reviewed. This aims to mitigate the impact on protected groups. **As part of their consideration of the CTRS scheme for 2022/23 Members must read the Equality Analysis which is available on the Fylde Council website at:**

<https://new.fylde.gov.uk/council-tax-reduction-scheme/>

4. Hardship Relief

4.1 The provision of Discretionary Hardship Relief to provide support for claimants in exceptional circumstances, and who are unable to increase their income from other means, is a key element of the operation of the scheme. Section 76 of the Local Government Act 2003 in respect of Council Tax (as amended by section 13A of the Local Government Finance Act 2012) empowers a billing authority to reduce the amount of Council Tax as it thinks fit. Funding for such reductions must be provided by the Council and major preceptors as necessary.

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

[Fylde-CT-and-BR-Discretionary-Discount-Policy-2020-21.pdf](#)

The proposed Discretionary Discount Policy for 2021/22 and 2022/23 is a separate item for consideration on this agenda and will be accessible on the website as and when approved.

4.3 It is proposed that for 2022/23 the Council Tax Reduction Scheme will continue to provide for additional discretionary awards which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

5. Equality Analysis

5.1 The Council has carried out a detailed and robust Equality Analysis which is available on the Council's website as described in paragraph 3.4. The impact of CTRS has been considered on people based on the following characteristics:

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

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

6. Conclusion

- 6.1 The Council is required to adopt a local Council Tax Reduction Scheme for 2022/23 which (as is the case for the scheme currently in operation) will incorporate a reduction in awards to working age claimants at the same level as has been in operation for previous years.
- 6.2 Schedule 6 of the Council Tax Reduction Scheme will detail the percentage reduction in support to working age claimants once the scheme design has been determined by Council and following any final minor adjustments to the calculation of costs for 2022/23. That Schedule forms part of the adopted scheme.
- 6.3 For 2022/23 it is proposed that the percentage reduction made at the end of the assessment for working age claimants shall remain as for previous years at 22.7%.
- 6.4 A review of the Scheme (including the percentage reduction in support detailed within Schedule 6 of the Scheme) is carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. Therefore, any decision with regard to changes to the CTRS will be in respect of 2022/23 only.

IMPLICATIONS	
Finance	The Councils Financial Forecast includes estimates of future Council Tax income at levels which take account of the effects of the CTRS scheme, that being to reduce the total amounts of Council Tax collected through the award of reliefs for eligible claimants.
Legal	As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished after 2012/13, with individual local authorities instead being required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 2013/14 and subsequent years.
Community Safety	None
Human Rights and Equalities	An Equality Analysis has been carried out and is available on the Council's website as detailed in the report.
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	The elements of the working age scheme will need to be reviewed annually to avoid increased financial risk to the Council.

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Jones, Head of Revenues and Benefits - Shared Service	01253 478885	October 2021

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

Attached documents

Appendix A - Consultation and responses from major preceptors

Preceptor Consultation Letter – sent to LCC, Police and Fire Authorities – October 2021

Fylde Borough Council - Council Tax Reduction Scheme 2022/23 – Consultation with major preceptors on the design of the local scheme.

Summary:

This paper sets out the proposed Council Tax Reduction Scheme (CTRS) that will operate in Fylde borough for the year 2022/23.

Introduction:

The scheme that currently operates within Fylde borough was approved by this Council in December 2020.

That Scheme, in summary, is one which:

- maintains most of the previous council tax benefit rules but reduces the award by a standard percentage at the end of the calculation for working age claimants such that the CTRS is self-funding ie. That the scheme does not result in the loss of Council Tax income to Fylde Council or the major preceptors. The claimant has to pay this amount to the Council as their contribution to Council Tax.
- in 2021/22 the maximum percentage reduction in support in respect of working-age claimants is 22.7%.
- includes the national scheme which protects claimants of pensionable age from any reductions.
- provides a Discretionary Hardship Fund to support claimants in exceptional circumstances who are unable to increase their income from other means.

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

<https://new.fylde.gov.uk/council-tax-reduction-scheme/>

The proposed 2022/23 Scheme:

It is proposed that for 2022/23 the scheme be one which maintains most of the previous council tax benefit rules but reduces the level of the award by a standard percentage at the end of the calculation for working age claimants. Each of the adopted local schemes since 2013/14 have been in accordance with this principle. It is not intended to change this element of the design in respect of 2022/23.

Council Members will be asked to agree a scheme of Council Tax Support in December 2021. The principles for the 2022/23 scheme will remain that it needs to:

- be affordable in terms of grant received, revenue loss and costs to operate
- be as fair as possible and a detailed ‘map’ of those affected is required; a detailed Equality Analysis is required
- be transparent, understandable to customers and practical to operate
- be feasible to implement within the constraints of the timescales and available software

- be simple in design avoiding unnecessary complexity
- avoid the costs and risks associated with collecting additional data

Changes to the Scheme for 2022/23

It is proposed that the 2022/23 scheme will have the same design principles as that currently in operation and no changes are proposed.

It is proposed that the scheme for 2022/23 will:

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

Hardship Fund

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

It is proposed that for 2022/23 the Council Tax Reduction Scheme will provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

Consultation Questions

1. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (note: the maximum reduction in the level of support under the scheme for 2021/22 is 22.7%).
2. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2021/22?
3. Do you have any suggested changes to the 2022/23 Fylde Council Tax Reduction Scheme?
4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants.
5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
6. Do you have any other comments to make about the proposed 2022/23 Fylde Council Tax Reduction Scheme?

The Council appreciates the potential impact of the final scheme on its own finances and those of other preceptors. However, at the same time it needs to balance this against the impact it will have in respect of

low income Council Tax payers of the Borough. The Council recognises that other preceptors may have strong opinions in respect of the final scheme that is adopted. It is important therefore that the opinion of all interested parties is reported and forms part of the consideration by the elected members in making a final decision.

Responses

Please provide your responses by e-mail / hard copy at the contact points shown above by **31st October 2021**.

Summary of Responses from Major Preceptors

A. Keith Mattinson, Director of Corporate Services, Lancashire Fire & Rescue Service (by e-mail)

1. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (note: the maximum reduction in the level of support under the scheme for 2021/22 is 22.7%). **Yes**
2. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2021/22? **Yes**
3. Do you have any suggested changes to the 2022/23 Fylde Council Tax Reduction Scheme? **No**
4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants. **We support this view providing it is strictly controlled as in previous years**
5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012. **We support this view providing it is strictly controlled as in previous years**
6. Do you have any other comments to make about the proposed 2022/23 Fylde Council Tax Reduction Scheme? **No**



Paul Harrison

Phone: 01772 535259

Fax:

BY EMAIL

Email: Steve.freeman@lancashire-pcc.gov.uk

Your ref: P O'Donoghue

Our ref: SF

Date: 2 November 2021

Dear Paul

Fylde Borough Council - Council Tax Reduction Scheme 2022/23 – Consultation with major preceptors on the design of the local scheme.

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

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

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

In respect of your scheme for 2022/23 the Commissioner agrees that the proposed approach is appropriate as it offers protection to the most vulnerable individuals as identified within the existing Council Tax system and offers no additional costs to the Billing and Precepting authorities.

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

1. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (note: the maximum reduction in the level of support under the scheme for 2021/22 is 22.7%).

Agree

2. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2021/22?

Agree

3. Do you have any other suggested changes to the 2022/23 Fylde Council Tax Reduction Scheme?

None

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

We agree this arrangement should remain in place

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

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

6. Do you have any other comments to make about the proposed 2022/23 Fylde Council Tax Reduction Scheme?

None

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

Yours sincerely

Steve Freeman

Chief Finance Officer

The Office of the Police and Crime Commissioner for Lancashire

Paul O'Donoghue
Chief Financial Officer
Fylde Borough Council
Sent by Email
paul.harrison@fylde.gov.uk

Phone: (01772) 536154
Email: neil.kissock@lancashire.gov.uk
Your ref:
Our ref: NK/JA
Date: 04-November-21

Dear Paul

COUNCIL TAX REDUCTION SCHEME CONSULTATION 2022/23

Thank you for your letter of 4 October 2021 consulting Lancashire County Council on the approach that Fylde Borough Council intends to adopt in continuing its scheme for Council Tax Support. We very much welcome the opportunity to provide our views on the proposals.

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

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

In response to your questions, I would submit the following:

1. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (note: the maximum reduction in the level of support under the scheme for 2021/22 is 22.7%).

We agree that the existing rules should continue and that the maximum reduction in support should remain between 20%-25%.

2. Do you agree or disagree that the 2022/23 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2021/22?

We agree that the 2022/23 scheme should remain the same as the current 2021/22 scheme.

3. Do you have any suggested changes to the 2022/23 Fylde Council Tax Reduction Scheme?

None

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

We agree with the continued operation of the Hardship Fund to provide support in exceptional circumstances.

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

We do not object to the additional discretionary award. However, we feel that it is fair and appropriate that Fylde Borough Council should maintain a cost neutral scheme. At a time when resources are extremely limited, it is vital that the operation of the scheme does not pass on additional costs to precepting authorities.

6. Do you have any other comments to make about the proposed 2022/23 Fylde Council Tax Reduction Scheme?

We have no further comments to make about the proposed scheme.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Kisson', with a horizontal line underneath.

Neil Kisson
Director of Finance



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	COUNCIL	6 DECEMBER 2021	13
MEDIUM TERM FINANCIAL STRATEGY - FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2021/22 TO 2025/26			

PUBLIC ITEM

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

SUMMARY

The report provides Members with an update of the Council's Medium Term Financial Strategy and financial forecast for the five years 2021/22 to 2025/26. It includes changes arising since the Budget was set by Council in March 2021.

RECOMMENDATIONS

The Finance and Democracy Committee has considered the Medium Term Financial Strategy and Financial Forecast Update report at the meeting of 22nd November 2021.

In accordance with those deliberations, it is recommended:

1. That the Council approves this updated financial forecast.

SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2021/22 at its meeting of 4th March 2021. This report provides Members with an update of the latest financial position of the Council, including changes since that date.

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

REPORT

1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

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

2. BACKGROUND TO THE FORECAST

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

(i) Original Budget 2021/22

At the Council meeting on the 4th March 2021 the budget for 2021/22 and the medium term financial forecast were agreed. The resolution included a 1.99% increase in the average Council Tax amounts and a total net budget requirement of £10.934m for 2021/22. The General Fund balance at that time was forecast at the end of 2024/25 to be £2.123m. In agreeing the Original Budget for 2021/22 a number of key high level financial risks and assumptions were highlighted.

(ii) General Fund Revenue Outturn Position 2020/21

The revenue outturn position for 2020/21 was reported to Members in July 2021. The impact of the outturn position, including slippage items in the total sum of £0.299m, has been reflected in this updated forecast.

The favourable outturn position for revenue allowed for a contribution to be made into the Funding Volatility Reserve for that year in the sum of £1.148m after a budgeted transfer into the Capital Investment Reserve of £1.813m and a required transfer of £5.577m into the Collection Fund Deficit Reserve. Appendix E includes the latest estimate in this regard.

(iii) Covid-19 Impact

In the weeks following the setting of the budget for 2020/21 the impact of the Covid-19 outbreak became increasingly apparent and resulted in a series of both national and local lockdowns which were unprecedented and had a substantial impact on both the national and the local economy. Consequently, 2020/21 was dominated by the impacts of the ongoing pandemic. In response the Council continues to play a significant role in delivering a range of support measures to the community which

since the start of the pandemic have included: the provision of a substantial package of support grants to businesses; support for clinically extremely vulnerable residents; support for Council Tax-payers (including the processing of payments to those required to self-isolate); the inspection of premises to ensure compliance with covid restriction measure; support to the Community Hub (including the provision and delivery of food parcels to residents forced to self-isolate or 'shield'); supporting the programme of track and trace; and support in the delivery of the vaccination programme. The majority of this work has been delivered by existing Council employees who have necessarily been diverted from the "day job" to prioritise the response to the pandemic, and as a result there has been consequential impacts on some of the planned work which would otherwise have been carried out.

In acknowledgement of the significant impacts the pandemic has had on the local government sector, central government introduced a range of national funding measures that assist in off-setting some of those negative financial effects to support councils in continuing to deliver services and support the national response. Fylde Council was allocated general covid support grant funding for 2020/21 totalling £1.151m and £0.392m for 2021/22, and a range of further grant allocations for specific purposes. In addition, a scheme to compensate councils for reduced sales, fees and charges income was introduced for the whole of 2020/21 and was subsequently extended to the first quarter of 2021/22.

The financial impact of the pandemic, in terms of reduced levels of income and the cost of providing services, together with the financial support provided by the government continues to be carefully monitored and reflected in the updated financial forecast included within Appendix E of this report.

(iv) Budget Right-sizing Exercise

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

(v) Capital Outturn Position 2020/21

The latest approved expenditure budget in the capital programme for 2020/21 was £6.505m. After adjusting for slippage of £1.546m, the overall outturn position for 2020/21 was an in-year favourable variance of £0.066m against the latest updated estimate. The capital programme has been updated to reflect scheme re-phasing approved as part of the outturn report.

(vi) General Fund Revenue Quarterly Budget Monitoring 2021/22

Revenue budget monitoring reports for the period to 30th September 2021 have been presented to each of the Programme Committees during the November cycle of meetings. These reports identified a number of budget areas for further consideration. As a result, a number of changes have already been included in this latest forecast update report. These include revised fee income estimates and the latest estimate of employee costs.

3. THE GENERAL FUND REVENUE FORECAST

- 3.1 Appendix A of this report sets out the original revenue budget forecast as agreed at the Budget Council meeting on 4th March 2021.
- 3.2 Appendix B shows the general assumptions underpinning the base forecast, whilst Appendices Ci shows the financial impact of changes to general assumptions and the impact of other significant changes that have been identified since the budget was approved, including the impact of outturn 2020/21 and the budget right-sizing exercise. Appendix D sets out the narrative which explain the significant changes made to the forecast.
- 3.3 Business Rates: Membership of the Lancashire Business Rates Pool 2022/23 and Future Year Income Estimates

Fylde Council has been part of the Lancashire Business Rate Pool since 2017/18. This is an arrangement whereby participant authorities are able to retain locally a larger share of business rate growth above a pre-determined 'baseline' rather than pay 50% of the growth to central government as a 'levy'.

In 2018 the government announced plans to introduce '75% Business Rate Retention' for all authorities with effect from 2020/21 (as opposed to the existing '50% Business Rate retention' arrangements). As part of the development of these revised arrangements the government invited bids from existing Business Rate Pools to act as 'pilots' for the proposed scheme. An analysis of the impact of the 'pilot' scheme arrangements for the Lancashire Business Rates Pool indicated that a significant net beneficial impact would result across Lancashire authorities. Consequently, the Lancashire pool applied for inclusion in the pilot scheme and was subsequently accepted as a participant for 2019/20.

The implementation of the '75% Business Rate Retention' scheme is closely linked to the Fair Funding Review which has now been delayed from 2019/20 first to 2020/21 and now to 2022/23 at the earliest as a consequence of the covid-19 outbreak (see section 4 below).

As a result of the delay to the review, there has been a reversion to the arrangements that were in place prior to the 'pilot' scheme i.e. that the Lancashire Business Rate Pool continued to operate but without the benefit of the '75% pilot' arrangements.

Although there remains a degree of uncertainty at this stage, it is currently anticipated that the business rate regime that operates for 2022/23 will be a continuation of the arrangements for the current year. Consequently, each of the existing Lancashire pool members have indicated their support for a continuation of the pool for 2022/23.

However, as the nature of the Business Rate regime for 2022/23 is uncertain, it may be that following the announcement of the provisional Local Government Finance Settlement, due to be announced in late 2021, a pool member may find themselves disadvantaged by the proposed 2022/23 Business Rate arrangements. It is open to each pool member to decide to withdraw from the pool within 28 days of the provisional Settlement. If any Lancashire pool member were to decide to withdraw from the pool for 2022/23 the pool would effectively be dissolved, and pooling would not be possible for Lancashire for 2022/23.

Based upon the assumption that the business rate regime that operates for 2022/23 will be a continuation of the arrangements for the current year, the latest in-year monitoring and future modelling suggests that continued participation in a Lancashire Business Rate Pool for 2022/23 would be financially beneficial to Fylde Council, and as such we have indicated our intention to remain in the pool alongside all other pool members. The Financial Forecast has therefore been updated to reflect the estimated pooling benefit for 2022/23, albeit that this

is subject to change depending on the outcome of the Local Government Finance settlement.

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

3.5 Pay and Price Increase Pressures

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

Pay award: The employee pay award for the current year is yet to be agreed, with recent negotiations leading to both sides reaffirming their respective positions: the employer's offer is full and final; the unions will be conducting ballots for strike action. Budget provision for 2.75% pay award is included each year throughout the forecast based upon last year's agreed pay award.

Health and Social Care NI contribution: Following the government's announcement in September regarding an additional health and social care NI contributions of 1.25% from April 2022, indications are that this increase in costs will be funded for the public sector, and as such this has not been built into the forecast at this stage as we await further information which is anticipated as part of the local government finance settlement.

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

3.6 Estimated Transfers to Earmarked Reserves

The MTFS report presented at the Budget Council meeting of 4th March 2021 estimated transfers to the Capital Investment Reserve in 2020/21 and 2021/22 equivalent to the balance of the revenue surplus for those years (after allowing for all approved transfers to other reserves), estimated at that time to be £1.813m for 2020/21 and £1.706m for 2021/22.

Following a favourable outturn position for 2020/21 and a review of the budget position for 2021/22 as part of the preparation of this Financial Forecast update, including the identification of additional income and expenditure for the year and the outcome of the budget right-sizing exercise, the revised forecast revenue surplus for 2021/22, currently stands at £1.090m and the revised forecast revenue surplus for 2022/23 is currently forecast at £0.516m as detailed at Appendix E. The budgeted transfer into the Capital Investment Reserve has been amended to reflect this latest position.

4. CENTRAL GOVERNMENT FUNDING AND THE LOCAL GOVERNMENT SPENDING REVIEW

4.1 Autumn Budget and Spending Review

On 27th October 2021 the Chancellor, Rishi Sunak, delivered the Autumn Budget and Spending Review which outlined the Government's spending plans for the next three years by setting budgets for each central government department. [The full set of documents is available on the Treasury website.](#)

Included in the announcement was the headline that the government is providing councils with £1.6 billion of new grant funding in each of the 3 years from 2022/23 to 2024/25 for

social care and other services. This funding ensures that “Core Spending Power” for local authorities is estimated to increase by an average of 3% in real terms each year over the 3 year Spending Review period. It should be noted that the “Core Spending Power” measure assumes that councils maximise council tax increases to take the full benefit of the increased spending power.

Whilst the headlines from the Spending Review are encouraging for the overall level of funding for the local government sector as a whole, it is possible that the detailed Local Government Finance Settlement, which is due to be announced in December 2021, includes a re-assessment of relative need and the re-distribution of funding between upper-tier and lower-tier authorities within the local government family, or that key funding streams mechanisms are reformed in a way that adversely affects individual authorities. Integral to the settlement are the following key income streams which provide a significant element of Fylde Council’s core funding:

4.2 Retained Business Rates

The government had previously announced a reform to the Business Rates system due to be implemented for all authorities in 2020/21 as part of a Fair Funding Review into overall funding arrangements for Local Government. This was delayed from 2019/20 as a consequence of uncertainties surrounding the departure of the United Kingdom from the European Union, and again from 2020/21 due to the Covid-19 pandemic. It is currently uncertain when this Review and the reform to the Business Rates system will take place. A fundamental element of the proposed reforms is a “reset” of the business rate “baseline” for each local authority against which any growth and business rate retention can be measured. Fylde council has benefitted significantly from retained growth against the existing baseline, and there is a risk that the amount of Business Rate income retained by Fylde Council in future years will be at a lower level. As detailed in paragraph 3.3 above, the financial forecast has been updated for 2022/23 to reflect an expected benefit from the continuation of pooling into 2022/23, followed by an assumed reduced level of business rate income from 2023/24 onwards at a level that is closer to the existing baseline level in anticipation of such a reset. This will be reviewed as part of the next Financial Forecast update and future estimates of business rate income will be updated when more information is known as necessary.

4.3 New Homes Bonus (NHB)

Earlier this year the [government consulted on the future of the national New Homes Bonus scheme](#) with the consultation indicating the possibility of changes to the existing arrangements. The outcome of the consultation is yet to be published. It is conceivable that NHB funding for 2022/23 will be restricted to the legacy payments in respect of previous years; or that there will be no NHB funding whatsoever to local authorities in 2022/23; or that there will be a further single-year allocation for 2022/23.

The Financial Forecast summary at Appendix E assumes a reduced level of New Homes Bonus for 2021/22 onwards based upon the confirmed allocation for the current year and continuation at a similar level in future years.

Once the outcome of the consultation and an updated scheme design is announced the estimated grant receipts from the scheme will be updated in the financial forecast.

No allocation of New Homes Bonus grant to town and parish councils for 2022/23 has been assumed in this update. Following consideration of this issue by the Finance and Democracy

Committee at the November meeting of the committee, any changes necessary to the forecast will be reflected in future updates.

- 4.4 Once full details of council-by-council funding allocations are announced as part of the Local Government Finance Settlement an updated financial forecast will be prepared and presented to Members.

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

- 5.1 In considering this forecast Members should note that there are a number of significant risks. In assessing each risk, the following broad principles have been considered:

High Level Financial Impact Risk

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

Medium Level Financial Impact Risk

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

Low Level Financial Impact Risk

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

5.2 High Level Financial Impact Risks – Revenue Budget

(i) Future Central Government Funding

As detailed in Section 4 above there is a clear risk that the actual levels of central government funding beyond the current year may differ from the amounts for those years that are reflected within the updated financial forecast contained in this report.

Given that both retained Business Rates and New Homes Bonus are major sources of funding for the Council and that both are subject to ongoing review represents a significant risk to the overall level of future central government funding.

Currently we await the funding settlement for 2022/23, which is expected to be announced in December 2021. It is likely that this will again be a single year settlement for 2022/23 and we may not have any certainty regarding funding for future years until next year.

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

(ii) Announcement of a 'Fair Funding Review'

Intrinsically linked to the risks as described above relating to future Central Government funding levels, the long awaited Fair Funding Review has been further delayed with implementation of a revised funding mechanism being postponed until at least 2022/23 (delayed initially from the intended review during 2019/20 and again from the planned review in 2020/21 due to the Covid-19 outbreak).

The Government has previously issued a consultation document which focussed specifically on potential approaches that have been identified to measure the relative needs of local authorities. In particular, it:

- presents the idea of using a simple foundation formula to measure the relative needs of local authorities, based on a small number of common cost-drivers;
- considers a number of service areas where in addition, a more sophisticated approach to measuring relative needs may potentially be required; and
- outlines the statistical techniques that could be used to construct relative needs.

The consultation did not cover the relative resources adjustment, transition or other technical matters but noted that these will be the subject of a later series of discussion papers.

Although no details are known at this stage it is possible that, given the financial pressures on upper-tier and unitary councils with responsibility for services with escalating costs such as adult social care, that the review could result in shire district councils being regarded as requiring a reduced share of national resources. Any implications arising from this review will be reported within future updates to the financial Forecast when they are known.

(iii) Retained Business Rates – Business Rates Pooling

The decision to continue membership of the Lancashire Business Rates Pool for 2022/23, should that prove to be a viable option for that year following the announcement of the provisional Finance Settlement for 2022/23, would provide for additional retained Business Rate income for 2022/23 as compared to the financial forecast approved by Budget Council in March this year.

Currently the Financial Forecast has been updated to reflect the potential beneficial impact of pooling in 2022/23 but there is a risk that the business rate regime is changed as part of the financial settlement and the pooling benefit is diminished.

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

5.3 Medium Level Financial Impact Risks – Revenue Budget

(i) Borrowing Cost Assumptions

In light of the current level of reserves and balances held by the Council, the forecast currently assumes that no external borrowing will be required during the life of the Financial Forecast, that internal cash balances will be utilised to fund capital expenditure, and that the council remains debt-free. This means that the base forecast contains no provision for any external borrowing costs.

There is a risk therefore that if circumstances change over the forecast period and it is necessary to take out external borrowing to fund existing capital commitments, there is no budget cover for such an eventuality. It is not currently envisaged that such circumstances

will occur during the life of the forecast, and the position will be monitored carefully on an ongoing basis.

(ii) Reduction in Housing Benefit Administration Grant

The Council receives an annual grant to support the cost of the administration of Housing Benefit and Council Tax. The grant that the Council receives for these purposes has reduced in recent years, particularly in respect of the Housing Benefit element, as the government moves away from a system of Housing Benefit payments and towards a Universal Credit Scheme. This financial forecast reflects the latest estimates of reduced grant levels for 2021/22 and for subsequent years.

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

(iii) Universal Credit

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

(iv) Grounds Maintenance – External Contracts

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

5.4 Low Level Financial Impact Risks – Revenue Budget

(i) The Living Wage

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

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

(ii) Community Infrastructure Levy (CIL)

The Community Infrastructure Levy (CIL), which came into operation nationally in April 2011, was intended to assume the role of the traditional Section 106 Agreement. A review of the operation of the CIL Regulations considered that the CIL process was too complex and uncertain and was acting as a barrier to the delivery of housing. Accordingly, on 1 September 2019, the Regulations that govern the introduction of CIL and its operation alongside Section 106 agreements were revised. Under the new arrangements, Section 106 Agreements will continue to have a role to play in securing essential infrastructure.

Fylde Council commenced work on the introduction of a CIL but as CIL needs to have regard to the economic viability of an up to date local plan, this was placed on hold pending the adoption of the local plan, the publication of the updated CIL Regulations and ultimately the adoption of the Partial Review of the Fylde Local Plan to 2032.

As it has been some time since the Council resolved to introduce CIL, it is proposed to present a further report to the Planning Committee to allow further consideration of the merits of introducing CIL having regard to the changes in legislation and policy that have occurred since that decision. This will follow on from the adoption of the Partial Review of the Fylde Local Plan.

Until a CIL is adopted, the financial implications of which remain uncertain, Fylde will continue to utilise section 106 agreements as part of the planning process in order to secure essential infrastructure.

6. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS

- 6.1 The Council carries a General Fund Reserve (often referred to as General Reserves) and a number of other earmarked reserves and provisions. These are held for a number of purposes:
- As a working balance to help cushion the impact of uneven cash flows and avoid the need for temporary borrowing;
 - As monies specifically set aside for future events or liabilities (known as earmarked reserves and provisions); and
 - As a contingency to cushion the impact of unexpected events or emergencies.
- 6.2 The Council's General Fund Reserve Balance as at 31st March 2021 was £4.571m.
- 6.3 The Council has a Useable Reserves and Balances Policy in place, which is reviewed and approved annually as part of the budget setting process. If any reserves can be released, proposals will be presented in a future financial forecast update.

7. CONCLUSIONS – GENERAL FUND REVENUE FORECAST

- 7.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, shows a forecast surplus of resources for 2021/22 and 2022/23, followed by budgeted deficits in the following years as central funding arrangements remain unclear. The improved financial forecast position for 2022/23 is due largely to the estimated increase in business rate income based upon the assumptions around continuation of the Lancashire Business Rate pooling arrangements as set out in paragraph 3.3 of this report.
- 7.2 Further commentary on the overall financial position of the council is provided within the conclusions of this report at section 16.

8. COLLECTION FUND

- 8.1 As a Council Tax and National Non-Domestic Rates (NNDR) Billing Authority, the Council is required by legislation to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and NNDR, and to calculate the surplus or deficit for each financial year on the Collection Fund by comparing estimated collection levels with actual levels on a rolling basis. Prior to 2013/14 the requirement was to maintain this for Council Tax only, however, as part of the Local Government Finance Act 2012 the Government implemented a Business Rates Retention Scheme from April 2013, whereby the collection and distribution of NNDR is also collected and distributed via the Collection Fund (the distribution of NNDR had previously been managed nationally).
- 8.2 **For Council Tax only**, there was a deficit on the fund as at 31st March 2021 of £119k. This will be shared between Fylde Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2021/22 to 2023/24. Fylde Council's share of the deficit is £15k, the impact of which has been reflected in the Council Tax income forecast within Appendix E.
- 8.3 **For Non-Domestic Rates only**, there was a deficit on the fund as at 31st March 2021 of £11.156m. A large proportion of this arises from the decision from Government due to the impact of Covid-19 to increase business rate reliefs during 2020/21 to support businesses during the pandemic which as a consequence means a reduction in the amount of NNDR collectable by the council. The deficit will be shared between Central Government, Fylde Council, the County Council, and the Fire & Rescue Authority in 2021/22 to 2023/24. Fylde Council's share of the deficit is £3.907m, the negative impact of which will be funded in 2021/22 from the specific government grant allocated for this purpose and set aside into the Collection Fund Deficit Reserve during 2020/21. The remaining balance on the Collection Fund Deficit Reserve will be required to offset similar collection fund deficits in 2021/22 and later years as business rate reliefs are extended and compensatory government grants are awarded. It will again be necessary to set aside this specific grant during 2021/22 in order to offset the Fylde Council share of the deficit, which will impact the Council in 2022/23. The net impact of these movements is reflected within the business rate income forecasts within Appendix E.

9. THE CAPITAL PROGRAMME

- 9.1 The Capital Programme is updated continually for agreed changes and reported to Members during the financial year on a periodic basis. The latest position on monitoring of the current year's programme on a scheme by scheme basis is set out in an information item report which has been before each of the programme committees during the current cycle of meetings and is included on the agenda of this meeting.
- 9.2 The latest updated Capital Programme Summary for the years 2021/22 to 2025/26 is set out in Table 1 below. The Programme has been updated for changes to the end of September 2021. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is reasonable certainty that they will be received:

TABLE 1 - SUMMARY CAPITAL PROGRAMME

	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000
Committee:					
Finance & Democracy Committee	6	0	0	0	0
Tourism & Leisure Committee	2,375	380	40	40	40
Operational Management Committee	2,151	2,236	8,481	2,691	1,281
Environment, Health & Housing Committee	1,728	1,130	1,130	1,130	1,130
Planning Committee	7,756	4,085	1,305	0	0
Total Capital Payments	14,016	7,831	10,956	3,861	2,451
Financing:					
Availability of Resources	14,016	7,831	10,956	3,861	2,451
Total surplus (-) / shortfall in year	0	0	0	0	0
Cumulative surplus (-) / shortfall	0	0	0	0	0

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

9.4 Financing the Capital Programme

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

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

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

10. VEHICLE PURCHASES

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

11. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME

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

11.1 High Level Financial Impact Risks – Capital Programme

i) Town Centre Regeneration Kirkham

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

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

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

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

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

ii) St Annes Sea Wall

St Annes Seawall is 660m long and was constructed in 1935. It reduces the risk of coastal erosion and flooding to over 400 properties. The seawall surrounds The Island, which is one of three strategic headlands which are critical to maintaining healthy beaches, dunes and reducing the risk of coastal erosion along Fylde Council's frontage. St Annes Seawall is at the end of its design life and is in poor condition; it is cracking and crumbling and is subject to ongoing repairs and maintenance. Voids have previously been identified resulting in settlement of the promenade. The crest level is low and overtopping during storms results in damage to the promenade and flooding of the car park, swimming pool and fitness centre

plant room, and flooding up to the thresholds of the cinema, casino, amusement, and restaurant complex.

In 2020 the council were awarded £300k Pipeline acceleration funding to develop the St Annes Seawall Outline Business Case. Following this a bid has now been submitted to the Environment Agency (EA) formally for their appraisal and consideration and if EA funding is approved the planning phase will commence consisting of technical surveys including topographical, geotechnical, detailed design, ecological and bird surveys and an environmental impact assessment. It will include securing all the necessary licenses, consents and approvals including: Marine License, Planning Permission and Environment Agency Flood Risk Activity Permit (FRAP) licence. Initial estimates were that the scheme would be in the sum of £11.8m funded by Environment Agency grant of £9.5m and the council's contribution of £2.3m towards the total project cost which was approved at Council on the 5th July 2021. The EA have subsequently approved the scheme and the final award is a total scheme cost of £12.1m funded by EA Grant of £9.7m and the council's contribution of £2.4m. These updated costs have now been reflected within the updated capital programme. Following the planning phase it is proposed to start the construction phase early in 2023.

Due to the complexities of the scheme with multiple businesses and other stakeholders affected in the locality during delivery, and its high value, the scheme is classified as a high level risk.

11.2 Medium Level Financial Impact Risks – Capital Programme

i) Fairhaven Lake and Gardens Heritage Lottery Scheme

In December 2018, the council was notified that it had been successful in securing the second round capital grant from the Heritage Lottery Fund in the sum of £1.4m for the restoration of Fairhaven Lake & Gardens, with further match funding provided by Fylde Council and other external financial contributions. Works have progressed throughout 2020/21 albeit at a reduced pace as a result of the pandemic and the Adventure Golf is now complete and open to the public and the restoration works are due to be completed during 2021. Fairhaven Café re-opened in October 2021.

Until the scheme is fully delivered there remains the possibility of additional contract costs beyond those in the approved budget this scheme is considered a medium level risk.

11.3 Low Level Financial Impact Risks – Capital Programme

i) St Annes Regeneration Schemes

The next section of works has been agreed along St. Annes Road West between The Pier and The Square (known as the Square-Pier Link). A scheme designed to the available budget was presented and approved by Planning Committee, but the Regeneration Manager was asked to look at extending the scheme, potentially widening pavements to provide an enhanced pedestrian ambience and increased paving space capacity to absorb high levels of footfall that is encountered at peak times. As matters stand, the potential for achieving these enhancements to the scheme is being discussed with Lancashire County Council as any further amendments would have to be agreed, since there would be changes to the highway configuration. It is now proposed to pursue the scheme as part of a wider programme of works in the town centre following the preparation of a masterplan which has recently been commissioned.

ii) Lytham Regeneration Schemes

In respect of the large capital scheme for Lytham town centre, a number of suggestions have been made by the Lytham Business Group and other parties, some of which require careful consideration along with agencies such as Lancashire County Council. Options are being considered involving local members and a draft plan is being drawn together. This will have a phased programme of works to be considered in due course by the Planning Committee. It is envisaged that the first phase of work, the improvements to lighting on East, Central and West Beaches will be completed during the current financial year in line with the scheme agreed by Planning Committee in March 2021. The Lytham Beach Lighting Scheme is programmed for delivery during the current financial year and the proposed improvements to Clifton Street are now timetabled for Q2 2022/23 in line with the Corporate Plan. Plans have been prepared and will be presented to the Town Centre Working Group at the earliest opportunity. This will enable detailed schemes to be prepared and consulted upon.

iii) Vehicle Replacement Programme

The estimated vehicle replacement profile, to replace existing fleet at the end of its useful economic life from 2021/22 to 2025/26 within the Capital Programme totals £3.8m.

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

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

iv) Project Slippage

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

v) Other Capital Receipts

The approved programme for 2022/23 onwards assumes "Right to Buy" receipts of £25k per annum and "General Asset Sales" of £45k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future quarterly monitoring reports, along with the impact this may have on the financing of the programme.

vi) Better Care Fund (Formerly Disabled Facilities Grants)

As the local housing authority, the Council has a statutory duty to provide disabled adaptations within the Borough. In order to fund these works the Council receives grant support which previously was provided by the Department for Communities and Local Government (DCLG). From 2015/16 the Government established the 'Better Care Fund', and under these new arrangements the funding for Disabled Facilities Grants transferred to the Department of Health, with funding being distributed to all Councils via the upper-tier authority for that area. As such, in Lancashire the fund is administered by Lancashire County Council. Each upper-tier authority then allocates the funding to their respective housing authorities (i.e. district councils within their area) to enable them to continue to meet this statutory responsibility. The level of government funding has increased significantly under the 'Better Care Fund' arrangements and the budget for 2021/22 of £1.236m provides for the delivery of disabled adaptations to similar levels as 2020/21. It is anticipated that for 2021/22 all identified need for disabled adaptations can be met from the existing resource.

12. CONCLUSIONS – CAPITAL PROGRAMME

- 12.1 The current Capital Programme as updated is showing a balanced position for 2021/22 onwards.
- 12.2 The capital programme and the associated financing will be subject to discussion with Members during the coming months as part of the annual budget setting process for 2022/23.
- 12.3 Any additional expenditure which is not fully funded by external finance would normally require the generation of capital receipts or further borrowing (the latter placing further pressure on the Revenue Budget from the consequent repayment costs). However, Budget Council on 4th March 2013 approved the creation of a Capital Investment Reserve to finance future capital expenditure. The balance of this reserve at 31st March 2021 was £5.224m. Of this £2.441m is already committed to deliver existing approved capital schemes in the capital programme, the estimated budgeted transfer into the reserve for 2021/22 is £1.090m and 2022/23 is £0.516m leaving an estimated forecast unallocated balance on the reserve at 31st March 2023 of £4.389m. The estimated transfers in are of course subject to change as costs and income will undoubtedly fluctuate over the next 2 financial years.

13. TREASURY MANAGEMENT

- 13.1 The Treasury Management Strategy and Prudential Indicators for the current financial year were approved by Council on 4th March 2021.
- 13.2 The regulatory framework for treasury management requires Councils to receive a mid-year Treasury Review report. This report was presented to the Audit and Standards Committee for scrutiny on 11th November 2021 and subsequently will be presented to Council on 6th December 2021.

14. KEY AREAS OF FINANCIAL RISKS FOR TREASURY MANAGEMENT

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

15. CONCLUSIONS – TREASURY MANAGEMENT

- 15.1 The Covid-19 pandemic has caused a downturn in both the domestic and global economy, the long-term effects of which are yet to be fully understood. For the UK this is exacerbated by the consequences of Brexit on the 31st December 2020, the outcome of which remains uncertain.

Fylde Council's Treasury Management Strategy prioritises the security of any investment over the return achieved. Investment yields remain low and some financial institutions are offering only negative interest rates to investors, which results in a reduced rate of return on investments. The Council has complied with all aspects of the 2021/22 Treasury Management Strategy and Prudential Indicators as approved by Council in March and will continue to conduct all treasury management activities prudently and in line with those approvals.

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

- 16.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, shows an estimated surplus of resources for 2021/22 and 2022/23, followed by budgeted deficits in the following years as central government funding arrangements remain unclear. The improved financial forecast position for 2022/23 is due largely to the estimated increase in business rate income based upon the assumptions around continuation of the Lancashire Business Rate pooling arrangements as set out in paragraph 3.3 of this report. The Council continues to approve and finance capital investment in a measured way, the approved capital programme is fully financed, and the council remains debt-free.
- 16.2 As a result of the future funding uncertainty the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contributed to reserves over recent years which has enabled continuing delivery of the priorities set out in the council's Corporate Plan. Through continued focus on the importance of financial stability the Council has delivered a significant savings programme over the last decade and has continued to reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain high quality frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to future challenges.
- 16.3 Although challenges may be encountered in the future the reserves and balances are at healthy levels as compared to earlier periods. The outcome of the long-awaited Fair Funding Review into Local Government Financing is eagerly awaited and may provide a degree of greater clarity regarding the future financial landscape. Furthermore, Fylde Council has a past record of taking actions in order to meet and overcome any financial challenges; the recent introduction of a chargeable green waste collection service being a prime example of such action, as was the decision to join the Lancashire Business Rates pool from 2017/18. Fylde Council will continue to seek other such opportunities to maintain a robust financial position in the face of a challenging and changing financial environment. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis and is able to deliver the priorities set out in the Corporate Plan.
- 16.4 The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information becomes available. External pressures outside the Council's control are being experienced by all local authorities, and instructions remain in place that officers should not commit to any unnecessary expenditure.
- 16.5 Budget planning work for 2022/23 is well underway and further updates of the financial forecast will be brought before Members in due course.
- 16.6 **The financial position of the Council as set out in this report remains robust. Members should, however, continue to be cognisant of the risks that are detailed within the report in order to maintain a sustainable financial position for the Council.**

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

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658566	November 2021

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy (MTFS) Update, Including General Fund, Capital Programme and Treasury Management for 2020/21 – 2024/25	Budget Council meeting 4 th March 2021	www.fylde.gov.uk
MTFS – Outturn Position For 2020/21 (Including General Fund, Capital Programme & Treasury Management)	Finance and Democracy Committee meeting 29 th July 2021	www.fylde.gov.uk
Revenue Budget Monitoring Report 2021/22 – to 30 th September 2021	Finance and Democracy Committee meeting 22 nd November 2021	www.fylde.gov.uk
Capital Programme Monitoring Report 2021/22 – to 30 th September 2021	Finance and Democracy Committee meeting 22 nd November 2021	www.fylde.gov.uk

Appendices:

1. Appendix A – Forecast approved at Council on 4th March 2021
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendices Ci – Schedule of changes to the forecast
4. Appendix D – Explanation of changes to the forecast
5. Appendix E – Updated latest forecast position

General Fund Budget Forecast 2020/21 to 2024/25 - Approved at Budget Council March 2021

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Adverse / Favourable
Forecast approved at Council on 4th March 2020	10,450	10,652	10,869	11,394	11,394	
Forecast Changes - as itemised in March 21 MTFS report - General	186	554	226	374	513	Adverse
Forecast Changes - as itemised in March 21 MTFS report - Covid Related	63	- 31	2	2	2	Adverse
Revenue Budget Growth Items - as itemised in March 21 MTFS report		42				Adverse
Use of Reserves - Funding Volatility Reserve - as itemised in March 21 MTFS report	- 250	- 283	- 97	- 73		Favourable
Forecast Budget Requirement	10,449	10,934	11,000	11,697	11,909	
Financed by:						
Council Tax Funding:						
Council Tax - Precept	6,456	6,657	6,866	7,081	7,302	
Council Tax - Share of Previous Years Surplus/(Deficit)	109					
Sub Total - Council Tax Income	6,565	6,657	6,866	7,081	7,302	
Business Rates Funding:						
Retained Rates (including pooling benefit & pilot impact 2019/20)	3,951	4,501	2,600	2,600	2,600	
Sub Total - Business Rates Income	3,951	4,501	2,600	2,600	2,600	
Other Funding:						
Lower Tier Services Grant		379				
New Homes Bonus (NHB)	1,822	1,161	1,136	1,136	1,136	
Less - NHB distribution to Town & Parish Councils	- 76	- 58				
	1,746	1,482	1,136	1,136	1,136	
Forecast Financing	12,262	12,640	10,602	10,817	11,038	
Forecast surplus(-)/deficit for year	- 1,813	- 1,706	398	880	871	
Reserves						
Forecast surplus/deficit (-) for year from above:	1,813	1,706	- 398	- 880	- 871	
Less: Proposed Transfer to Capital Investment Reserve	- 1,813	- 1,706				
Balance of surplus/deficit(-) remaining:			- 398	- 880	- 871	
Balance of General Fund Reserves b/f	4,272	4,272	4,272	3,874	2,994	
Less transfer to/from(-) General Fund Reserves in year			- 398	- 880	- 871	
Forecast Reserves at Year End	4,272	4,272	3,874	2,994	2,123	
Band D Council Tax (Excl Parish Precepts)	£210.71	£214.91	£219.19	£223.56	£228.01	
Band D Average Council Tax Increase	£4.11	£4.20	£4.28	£4.37	£4.45	
Band D Average Council Tax Increase	1.99%	1.99%	1.99%	1.99%	1.99%	

General Base Budget Assumptions

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

- General Prices Inflation – a freeze or cash-limiting of all general revenue expenditure budgets with the exception of payroll budgets and where contractual commitments require increases;
- Slippage – approved underspend items from 2020/21 agreed by the Finance and Democracy Committee in July 2021 have been slipped into 2021/22;
- Pay award - assumed to be 2.75% per annum for 2021/22 and each year thereafter;
- Employers Pension Contributions – the Council's contribution to the Lancashire pension fund scheme is set in accordance with the outcome of the 2019 Triennial Pension Review at 17.8% plus deficit recovery lump sum payment for the period to 2022/23; with future years estimates provided on a continuation basis;
- Employer's National Insurance contributions – the forecast reflects the statutory contribution rates currently in place, including a reduced contribution rate as a result of the Council being part of the pension scheme;
- Council tax increases – assumed at 1.99% increase per annum from 2022/23 onwards;
- New Homes Bonus Grant – the forecast for 2022/23 onwards assumes a reduced level of New Homes Bonus based broadly upon the current year's allocation. No allocation of New Homes Bonus grant to town and parish councils has been assumed beyond the current year at this point pending the outcome of the recent consultation exercise;
- Fees and Charges – The forecast takes account of the revised fee levels as approved by Budget Council in March 2021. For future years budget-holders have reviewed fee levels as appropriate and any proposed changes to fees & charges will be considered at the Budget Council in March 2022 following consideration by the appropriate programme committee;
- Vacancy Savings – the forecast assumes vacancy savings of £300k per annum from 2021/22 onwards; and
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no additional cost to the Council from 2021/22 onwards.

General forecast changes since Budget Council March 2021

	2021/22	2022/23	2023/24	2024/25	2025/26	
	£000	£000	£000	£000	£000	<u>ADVERSE /</u> <u>FAVOURABLE /</u> <u>NEUTRAL</u>
1 CHANGES AS A RESULT OF MEMBER APPROVALS:						
F&D Committee - 29/03/21 - Public Offices Site - Revenue (Exempt Item)	0	0	-30	-30	-30	FAVOURABLE
F&D Committee - 29/07/21 - Slippage from 2020/21 as part of Financial Outturn Report	299	0	0	0	0	ADVERSE
O.M. Committee 16/06/21 - Changes to Overnight Motorhome Parking	17	15	15	15	15	ADVERSE
F&D Committee - 28/06/21 - Fee for the Fit and Proper Person Test Application	-4	-4	-4	-4	-4	FAVOURABLE
F&D Committee - 28/06/21 - Welcome Back Fund Grant	-243	0	0	0	0	FAVOURABLE
F&D Committee - 28/06/21 - Welcome Back Fund Expenditure	243	0	0	0	0	ADVERSE
F&D Committee - 28/06/21 - Rough Sleeper Initiative Funding MHCLG 2021-22	-52	0	0	0	0	FAVOURABLE
F&D Committee - 28/06/21 - Rough Sleeper Initiative External Support 2021-22	27	0	0	0	0	ADVERSE
F&D Committee - 28/06/21 - Next Steps Funding Programme	25	0	0	0	0	ADVERSE
F&D Committee - 28/06/21 - Holiday, Activity and Food Programme Grant	-123	0	0	0	0	FAVOURABLE
F&D Committee - 28/06/21 - Holiday, Activity and Food Programme Expenditure	123	0	0	0	0	ADVERSE
F&D Committee - 28/06/21 - Contain Outbreak Management Fund Grant	-101	0	0	0	0	FAVOURABLE
F&D Committee - 28/06/21 - Contain Outbreak Management Fund Expenditure	101	0	0	0	0	ADVERSE
F&D Committee - 28/06/21 - Sand Extraction St Annes Foreshore - additional costs	76	0	0	0	0	ADVERSE
F&D Committee - 28/06/21 - Sand Extraction St Annes Foreshore - funding from Funding Volatility Reserve	-76	0	0	0	0	FAVOURABLE
F&D Committee - 29/07/21 - ARG grant income - Fully Funded Budget Increase	-583	0	0	0	0	FAVOURABLE
F&D Committee - 29/07/21 - ARG expenditure budgets - Fully Funded Budget Increase	583	0	0	0	0	ADVERSE
F&D Committee - 29/07/21 - The Island Regeneration - Fully Funded Budget Increase - Expenditure	120	0	0	0	0	ADVERSE
F&D Committee - 29/07/21 - The Island Regeneration - Fully Funded Budget Increase - Grant	-108	0	0	0	0	FAVOURABLE
F&D Committee - 29/07/21 - The Island Regeneration - Fully Funded Budget Increase - FBC Contribution	-12	0	0	0	0	FAVOURABLE
F&D Committee - 07/10/21 - Fully Funded Budget Increase - PRS HMO Inspection Programme - Expenditure	28	79	0	0	0	ADVERSE
F&D Committee - 07/10/21 - Fully Funded Budget Increase - PRS HMO Inspection Programme - Grant	-28	-79	0	0	0	FAVOURABLE
F&D Committee - 07/10/21 - Fully Funded Budget Increase - Domestic Abuse Act 2021 - Expenditure	16	17	0	0	0	ADVERSE
F&D Committee - 07/10/21 - Fully Funded Budget Increase - Domestic Abuse Act 2021 - Grant	-16	-17	0	0	0	FAVOURABLE
Council - 05/07/21 - Deputy Mayors Allowance	1	1	1	1	1	ADVERSE
Council - 05/07/21 - Unfunded Revenue Budget Increase - Economic Development Team Resourcing	16	32	33	34	34	ADVERSE
Council - 05/07/21 - Education Contribution Section 106 Contribution	-393	0	0	0	0	FAVOURABLE
Council - 05/07/21 - Education Contribution Section 106 Expenditure	393	0	0	0	0	ADVERSE
Council - 18/10/21 - Unfunded Revenue Budget Increase - Communication Resources	33	69	69	69	69	ADVERSE
2 BUDGET RIGHTSIZING EXERCISE:						
Revenue impact of budget right-sizing across all budget areas of the Council	-3	-8	-10	-8	-11	FAVOURABLE
3 STAFFING COSTS:						
Estimated 2.75% pay award for 2025/26	0	0	0	0	275	ADVERSE
4 UPDATED ESTIMATES OF INCOME BUDGETS:						
Green waste subscription service - updated income estimates from additional subscriptions	-47	-50	-50	-50	-50	FAVOURABLE
Council Tax Court Costs Recovered - loss of income due to court closure	50	0	0	0	0	ADVERSE
Government Compensatory Grant for Sales, Fees and Charges Income - Council Tax Court Costs Recovered	-36	0	0	0	0	FAVOURABLE
Lytham Festival Income - loss of income due to cancellation of event	64	0	0	0	0	ADVERSE
Kite Festival - loss of net income due to scaled down event	4	0	0	0	0	ADVERSE
Cemetery & Crematorium - updated income estimates based upon most recent income levels	67	70	70	70	70	ADVERSE
Updated estimates of investment interest receipts	22	18	18	18	18	ADVERSE
Pre-Planning Application advice fee income	-15	-15	-15	-15	-15	FAVOURABLE
5 OTHER FORECAST CHANGES						
1940's Lytham Wartime Festival - Reduced Net Expenditure due to cancellation of event	-17	0	0	0	0	FAVOURABLE
Publishing of press notices in the local paper required by statute	5	5	5	5	5	ADVERSE
Ashton Gardens Café - Floor Replacement	14	0	0	0	0	ADVERSE
Increase in car parking cash collection and enforcement costs from LCC	15	15	15	15	15	ADVERSE
Housing benefits - updated estimate of cost net of housing benefit subsidy	10	34	58	58	58	ADVERSE
Contribution from Coast Protection Revenue Budget to St Annes Sea Wall capital scheme	0	-50	-50	-20	0	FAVOURABLE
Direct Revenue Financing - St Annes Sea Wall	120	0	0	0	0	ADVERSE
TOTAL	615	132	125	158	450	

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

Ci - General forecast changes since Budget Council March 2021

(1) Changes as a Result of Member Approvals

The forecast that was approved at the Council meeting in March 2021 has been updated to reflect the financial impact of Member decisions made since then. The significant decisions in terms of their financial effect are detailed within the body of the report.

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

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

(3) Staffing Costs

The agreed 2.75% per annum pay award for 2021/22 has been assumed in each future year of the forecast. The final year of the forecast, 2025/26 is included for the first time as part of this November 2021 update.

(4) Updated Estimate of Income Budgets, including:

- Green Waste Subscription service:

Income on green waste has increased during 2021/22 and these increased levels have been updated throughout the life of the forecast.

- Revised Estimate of investment interest receipts:

In response to the global outbreak of coronavirus the UK Government reduced the base rate 0.10% from 0.25%. Consequently, investment yields have remained low during 2021/22, with some financial institutions offering only negative interest rates to investors. This has had the effect of reducing the level of investment interest income for the year, and a reduced level of investment income is also assumed for future years.

(5) Other Forecast Changes:

A number of other changes have been made to the forecast as itemised in the appendix, including the re-phasing of the coast defence revenue budget to support the estimated increase in the council's contribution to the St Annes Sea Wall capital scheme from existing resources.

Latest General Fund Budget Forecast 2021/22 to 2025/26 - as at November 2021

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Adverse / Favourable
Forecast approved at Council on 4th March 2021	10,934	11,000	11,697	11,909	11,909	Adverse
Forecast Changes - per Appendix C i	615	132	125	158	450	
Forecast Budget Requirement: TOTAL	11,549	11,132	11,822	12,067	12,359	
Financed by:						
<i>Council Tax Funding:</i>						
Council Tax - Precept	6,656	6,932	7,148	7,370	7,599	
<i>Sub Total - Council Tax Income</i>	6,656	6,932	7,148	7,370	7,599	
<i>Business Rates Funding:</i>						
Retained Business Rates	4,501	3,580	2,600	2,600	2,600	
<i>Sub Total - Business Rates Income</i>	4,501	3,580	2,600	2,600	2,600	
<i>Other Funding:</i>						Adverse
Lower Tier Services Grant	379					
New Homes Bonus (NHB)	1,161	1,136	1,136	1,136	1,136	
Less - NHB distribution to Town & Parish Councils	- 58					
<i>Sub Total - Other Income</i>	1,482	1,136	1,136	1,136	1,136	
Forecast Financing: TOTAL	12,639	11,648	10,884	11,106	11,335	
Forecast surplus (-) / deficit for year	- 1,090	- 516	938	961	1,024	
<u>Reserves</u>						
Forecast surplus/deficit (-) for year from above:	1,090	516	- 938	- 961	- 1,024	
Less: Proposed Transfer to Capital Investment Reserve	- 1,090	- 516				
Balance of surplus/deficit(-) remaining:			- 938	- 961	- 1,024	
Balance of General Fund Reserves b/f	4,571	4,571	4,571	3,633	2,672	Adverse
Less estimated transfer to/from(-) General Fund Reserves in year			- 938	- 961	- 1,024	
Forecast Reserves at Year End	4,571	4,571	3,633	2,672	1,648	
Band D Council Tax (Excl Parish Precepts)	£214.91	£219.19	£223.56	£228.01	£232.55	
Band D Average Council Tax Increase	£4.20	£4.28	£4.37	£4.45	£4.54	
Band D Average Council Tax Increase	1.99%	1.99%	1.99%	1.99%	1.99%	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CHIEF FINANCIAL OFFICER	COUNCIL	6 DECEMBER 2021	14
MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2021/22			

PUBLIC ITEM

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

SUMMARY

This report is a mid-year Prudential Indicators and Treasury Management monitoring report which has been prepared in line with the recommendations of CIPFA's (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management. The report has also been considered at the Audit and Standards Committee meeting of 11th November 2021.

RECOMMENDATIONS

The Audit and Standards Committee considered the Mid-Year Prudential Indicators and Treasury Management monitoring report at its meeting on the 11th November 2021, and recommends to Council:

1. That the Prudential Indicators and the Investment Limits as detailed in Appendix B of the report be approved.

SUMMARY OF PREVIOUS DECISIONS

Council approved the 2020/21 to 2024/25 Capital Strategy, which incorporated the Prudential Indicators, at its meeting on 4th March 2021.

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

MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING

REPORT 2021/22 – POSITION AS AT 30th SEPTEMBER 2021

Report

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

Background

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

1. Economic Update

1.1 Economic Background

- 1.1.1 The economic recovery from the coronavirus pandemic continues to dominate the first half of the financial year. By the end of the period over 48 million people in the UK had received the first dose of the COVID-19 vaccine and almost 45 million their second dose.
- 1.1.2 The Bank of England maintained the Bank Base Rate at 0.1% throughout the period and maintained its Quantitative Easing Programme at £895 billion. In its September 2021 policy announcement, the Bank of England noted it now expected the UK economy to grow at a slower pace than was predicted in August as the pace of the global recovery had shown signs of slowing and there were concerns that inflationary pressures may be more persistent.
- 1.1.3 Government initiatives continued to support the economy over the period, including the furlough scheme which came to an end on the 30th September 2021.
- 1.1.4 Annual CPI inflation rose to 3.1% in September 2021 with the largest upward contribution coming from restaurants and hotels. The Bank of England now expects inflation to exceed 4% by the end of the calendar year owing largely to developments in energy and goods prices.

1.2 Economic Outlook

- 1.2.1 The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand had led to the expected rise in inflationary pressures, but the disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rate ahead. This is particularly apparent in the UK due to the impact of Brexit.
- 1.2.2 While Q2 UK GDP expanded more quickly than originally thought, the 'pingdemic' and more latterly the supply disruption will leave Q3 GDP broadly stagnant and consequently indications are that the outlook appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver for recovery, will slow considerably as the support measures introduced to support the economy are reduced.
- 1.2.3 The Monetary Policy Committee has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policy makers suggest Bank Rate will rise unless data indicates a more severe slowdown.

1.3 Interest Rate Forecast

- 1.3.1 The latest forecast for interest rates from the Council's Treasury Advisors, Arlingclose, is shown in Table 1 below. Bank rate is expected to increase in the quarter to June 2022 by 0.15%.
- 1.3.12 Investors have priced in multiple rises in Bank Rate to 1% by 2024. While Arlingclose believes Bank Rate will rise it is by a lesser extent than expected by the markets.

Table 1: Interest Rate Forecast from Arlingclose

Quarter Ending	Bank Rate %	Investment Rates %		Borrowing Rates %		
		3 month	5 year	5 year	20 year	50 year
Dec 2021	0.10	0.10	0.65	2.45	3.20	3.10
Mar 2022	0.10	0.15	0.65	2.45	3.20	3.10
Jun 2022	0.25	0.35	0.65	2.45	3.20	3.10
Sep 2022	0.25	0.40	0.65	2.45	3.20	3.10
Dec 2022	0.25	0.45	0.65	2.45	3.15	3.05
Mar 2023	0.50	0.60	0.60	2.40	3.15	3.05
Jun 2023	0.50	0.65	0.60	2.40	3.10	3.00
Sep 2023	0.50	0.65	0.60	2.40	3.10	3.00
Dec 2023	0.50	0.60	0.60	2.40	3.10	3.00
Mar 2024	0.50	0.60	0.60	2.40	3.10	3.00
Jun 2024	0.50	0.60	0.60	2.40	3.10	3.00
Sep 2024	0.50	0.60	0.60	2.40	3.10	3.00
Dec 2024	0.50	0.60	0.60	2.40	3.10	3.00

2. **CIPFA Consultations**

- 2.1 In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for commercial investment purposes. The revised codes are still to be released but the following changes are likely:

- Clarification and definitions to define commercial activity and investment, and that an authority must not borrow to invest for the primary purpose of commercial return.
- Defining acceptable reasons to borrow money (i) to finance capital expenditure relating to an authority's functions (ii) temporary cash flow management (iii) securing affordability by removing exposure to future interest rates (iv) refinancing current borrowing and replacing internal borrowing.
- Proportionality will be included as an objective with a new indicator to measure income from commercial and service investments.
- A liability benchmark will become a mandatory treasury indicator.
- Environmental, social and governance issues will become a consideration as part of the Treasury Management Code of practice.

3. **Debt Management**

- 3.1 The Council currently holds no external debt.

- 3.2 The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts. For 2021/22 the Council has a £4.6m Capital Financing Requirement (CFR) based on prudential borrowing for past and current capital expenditure that has been approved as part of the Capital Programme (See Appendix B Table 2). Currently this is being funded by the Council's cash flow, i.e. internal borrowing, and it is expected that internal borrowing will continue to be used for the rest of the financial year in line with advice from the Council's Treasury Advisors.
- 3.3 The use of internal resources in lieu of borrowing, i.e. internal borrowing, has continued to be the most cost-effective means of funding capital expenditure. Using internal borrowing lowers the overall treasury risk by reducing both external debt and temporary investments. However, this position may not be sustainable over the longer term. Consequently, external borrowing options and the timing of such borrowing will continue to be assessed in consultation with the Council's Treasury Advisors.

4. Investments

4.1 Treasury Investment Activity

- 4.1.1 The Council holds significant invested funds, representing income received in advance of expenditure, monies held on behalf of the Council Tax and Business Rates Collection Fund (Lancashire County Council, the Police and Crime Commissioner for Lancashire and Lancashire Combined Fire Authority) plus balances and reserves held.
- 4.1.2 The Council held £37.0m of cash and investments as at 30th September 2021. This balance of funds is likely to reduce during the remainder of the financial year.
- 4.1.3 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.1.4 Given the increasing risk and low returns from short-term unsecured bank investments, the Authority has continued to invest in Local Authority loans with a maximum duration of 365 days.
- 4.1.5 The security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in the Investment Strategy for 2021/22 approved by Council on 4th March 2021.
- 4.1.6 The Council defines "high credit quality" organisations as:
- those having a credit rating of A- or higher and that are domiciled in the UK for deposits of up to one year,
 - those domiciled in a foreign country those with a sovereign rating of AA+ or higher for deposits of up to one year.

These criteria are specified within table 4 (Approved Investment Counterparties and limits) of the Treasury Management Strategy as approved by the Council on 4th March 2021.

- 4.1.7 There has been continued downward pressure on the returns of short duration investments. The returns on some Money Market Funds are zero and there have been occasions when returns on overnight investments with the Debt Management Office became negative.
- 4.1.8 Internally managed funds of £31.7m (average for the period to 30th September 2021) have been invested in deposit accounts, call accounts, Local Authorities, Money Market Funds and the Debt Management Office during the first half of the year. The council's cash flow has continued to fluctuate during the first half of the year, due largely to the timings of receipts and payments in respect of the Government Covid Business Support Scheme monies.

- 4.1.9 Deposits have been made at an average rate of 0.16%, which is above the benchmark return (based on the SONIA – Sterling Overnight Interbank Average Rate) of 0.05%. This has been achieved in the main by investments in other Local Authorities. The Council's original estimate for investment income for 2021/22 was £49.6k. Income from investments has been lower than the forecast amount due to downward returns on short duration investments driven by the historically low bank base rate. Consequently, this income budget has been reviewed and will be reduced to £28.1k to reflect the latest estimated level of income, representing a decrease in forecast interest earnings for the current year of £21.5k. This change will be updated in the financial forecast.

5. Compliance

- 5.1 The Chief Financial Officer reports that all treasury management activities undertaken during the half year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.
- 5.2 Details of the Prudential Indicators can be found in Appendix B. As changes arise during the year some of the Prudential Indicators and Limits need to be revised.

6. Risk Assessment

- 6.1 Scrutiny of the revised Prudential Indicators and Limits and the subsequent recommendation of approval to the revisions by Audit and Standards Committee to Council helps to protect the Council from the risk of not having adequate liquidity or funding for the Council's capital plans.
- 6.2 Additionally, if this scrutiny process was absent the Council would not be compliant with the Council's approved Treasury Management Practices (as detailed in the Council Constitution) or CIPFA's Code of Practice on Treasury Management.

7. Conclusion

- 7.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2021/22. As indicated in this report, all of the Prudential Indicators have been complied with and a prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

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

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658566	November 2021

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy Update Including General Fund, Capital Programme & Treasury 2020/21 – 2024/25	Council meeting 4th March 2021	www.fylde.gov.uk

Attached documents

1. Appendix A – Glossary of Treasury Terms and Treasury Management and Prudential Indicators Frequently Asked Questions
2. Appendix B – Prudential Indicators
3. Appendix C – Existing Investment and Debt Portfolio Summary

Glossary of Treasury Terms

Term	Description
Counterparty	Another party to an agreement.
Credit rating	A measure of the credit worthiness of an institution, corporation, or a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the counterparty being able to pay back a loan.
Liquidity	As assessment of how readily available an investment is. It is safer to invest in liquid assets because it is easier for an investor to get their money out of the investment.
Minimum Revenue Provision (MRP)	The minimum amount that the Council must charge to the revenue accounts each year in order to reflect the notional costs of financing capital expenditure.
Security	As assessment of the creditworthiness of a counterparty.
Treasury adviser	External consultancy firms that provide information to local authorities, including information regarding counterparty creditworthiness.
Prudential Borrowing	Borrowing that is not funded via the Revenue Support Grant or other grant aid system but rather from the Council's own resources, this is conditional that prudence is demonstrated.

Treasury Management and Prudential Indicators Frequently Asked Questions

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

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

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

2. What does the term 'financing' mean?

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

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

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

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

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

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

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

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

6. What does the Council invest in?

The Council is restricted in where it can invest its surplus funds. The restrictions are prescribed by statute (Local Government Act 2003 section 12(1) (b)). Councils are also required to have regard to supplementary investment guidance provided by the Communities and Local Government.

The Council's investments are typically short term, i.e. less than a year, and are made in sterling with institutions with high credit ratings. This is in accordance with the Treasury Management Strategy approved on the 4th March 2021.

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

The focus of external auditors work is a Council's annual accounts and the financial management systems and processes that underpin them. The external audit will enquire as to whether the Treasury Management Code has been adopted and whether its principles and recommendations have been implemented and adhered to.

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

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

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

Prudential Indicators

1.1 Capital Expenditure

Table 1 shows the revised forecast capital expenditure as reported in the latest Capital Programme Monitoring Report as at 30th September 2021 as compared to the capital expenditure originally approved by Council.

Table 1: Forecast Capital Expenditure

Forecast Capital Expenditure	2021/22 Original Indicator £M	2021/22 Latest Estimate £M
Total	8.6	14.0

The above table shows the forecast capital expenditure for 2021/22. The large increase in the latest estimate of capital spend for the year is a consequence of slippage and re-phasing of a number of capital schemes from 2020/21 into 2021/22 and the addition to the capital programme of two new significant grant funded schemes (namely the Kirkham Future High Street Fund scheme, estimated expenditure in 2021/22 - £3.5m and the St. Anne's Sea Wall Scheme, estimated expenditure in 2021/22 - £0.9m), both of which have been approved since the Budget Council meeting of March 2021.

1.2 Capital Financing Requirement (CFR)

Table 2 shows the CFR which is the total of all of the Council's capital assets (existing and planned) less all of the Council's capital reserves. This is the amount of capital expenditure that the Council has still to finance. The CFR is normally funded by external borrowing but currently is being funded by the Council's cash flow, i.e. internal borrowing, and it is expected that internal borrowing will continue to be used for the rest of the financial year in line with advice from the Council's Treasury Advisors. The Council has no existing borrowing therefore there is a requirement to finance £4.6m from internal cash resources as described in section 3 of the report.

Table 2: Capital Financing Requirement (CFR)

	2021/22 Original Indicator £M	2021/22 Latest Estimate £M
Total CFR	4.8	4.6

The latest estimate of the CFR is broadly in line with the original approved indicator.

1.3 Gross Debt and Capital Finance Requirement

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

There are no difficulties anticipated in keeping the long term capital borrowing below the CFR.

Table 3: Gross Debt and Capital Finance Requirement

As at 31/03/2021	2021/22 Original Indicator £M	2021/22 Latest Estimate £M
Estimated Long Term Borrowing	0	0

Capital Financing Requirement	4.8	4.6
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The Council is forecast to be able to fund the capital borrowing requirement with internal borrowing and does not expect to require new external borrowing during 2021/22, in line with advice from Treasury Advisors.

1.4 Authorised Limit and Operational Boundary for External Debt

Affordable Borrowing Limit: The Council is legally obliged to set an affordable borrowing limit (also termed 'Authorised Limit' for external debt) each year. In line with statutory guidance, a lower 'Operational Boundary' is also required to be set as a warning level should debt approach the limit. This is detailed in table 4.

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

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

There were no breaches to the Authorised Limit and the Operational Boundary to 30th September 2021.

Table 4: Authorised Limit and Operational Boundary for External Debt

	2021/22 Original Indicator £M	2021/22 Latest Estimate £M
Authorised Limit – total external debt	8.0	6.0
Operational boundary	2.0	0

Note

1. The Authorised Limit and Operational Boundary have reduced as a consequence of there being no requirement to borrow in the short-term for day to day cash flow. The Council is able to fund the capital borrowing requirement with internal borrowing and does not expect to require new external borrowing during 2021/22.

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

1.5 Forecast Treasury Position

Table 5 shows the expected balances for investments and debt at 31st March 2022.

Table 5: Forecast Treasury Position

	2021/22 Estimate £M	2021/22 Revised £M
Debt (Long-Term External Borrowing)	0	0
Investments	14.6	18.1

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

The forecast investments position has been updated to reflect the latest changes to the movements in reserves, provisions and capital expenditure. The increase in the level of investments at the 31st March 2022 from £14.6m to £18.1m is a consequence of the forecast timing of daily cash flows.

1.6 Proportion of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the financing costs (Minimum Revenue Provision (MRP) plus interest payable less interest receivable) as a percentage of the net revenue stream as shown in Table 6.

Table 6: Ratio of Financing Costs to Net Revenue Stream

	2021/22 Estimate £M	2021/22 Revised £M	
Financing costs (£m)	0.734	0.750	
Proportion of net revenue stream	5.9%	5.9%	

The latest estimate is in line with the original approved indicator.

1.7 Investments over 365 days

This limit is set to ensure adequate liquidity and is the maximum amount of funds the Council will invest longer term.

Table 7: Investments over 365 days

	2021/22 Estimate £M	2021/22 Revised £M
Limit for investments over 365 days	5.0	0

Existing Investment & Debt Portfolio Position at 30.09.21

	30.09.21 Actual Portfolio £m	30.09.21 Average Rate %
External Borrowing:		
Public Works Loan Board	0	-
Total External Borrowing	0	
Treasury investments:		
<u>Short Term</u>		
Banks – unsecured	(1.0)	0
Debt Management Office (DMO)	(11.0)	0.01
Local Authority Loans	(14.0)	0.16
LCC Call Account Facility	(5.0)	0.05
Money Market Funds	(6.0)	0.01
Total Treasury Investments	(37.0)	
Net Borrowing / (Lending)	(37.0)	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF PLANNING AND HOUSING	COUNCIL	6 DECEMBER 2021	15
FYLDE LOCAL PLAN TO 2032 (INCORPORATING PARTIAL REVIEW): ADOPTION			

PUBLIC ITEM

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

SUMMARY

The Fylde Local Plan to 2032 (the Local Plan) was adopted in October 2018. The Council has undertaken a Partial Review to address two matters that have triggered the need for a Partial Review:

- The Local Plan was examined under the 2012 National Planning Policy Framework, but this has been superseded. The Framework of 2018/2019 states that plans may need to be revised to reflect policy changes ... as quickly as possible, either through a partial revision or by preparing a new plan.
- The Local Plan as adopted includes a commitment to a review (full or partial) in the event that Wyre's Local Plan was adopted with unmet need. The Wyre Local Plan (2011-2031) was adopted in February 2019 with a shortfall of 380 dwellings.

The Partial Review revises 9 policies of the Local Plan. The most significant of these relate to the housing need and housing requirement figures, and the matter of the shortfall in Wyre. The Partial Review is narrow in scope, revising only those parts of the plan where it is necessary to address changes in national policy, or the shortfall in Wyre. Most of the Local Plan, including the site allocations policies, has not been revised.

The Partial Review was published for public consultation in accordance with the Regulations and has been Examined by an Inspector on behalf of the Secretary of State. The Inspector, in her report (Appendix 2), found the Partial Review legally compliant and sound, subject to a series of main modifications.

The application of the main modifications to the revisions made to the Local Plan by the Partial Review, results in a reduction to the housing requirement from 2019 onwards to 305 net dwellings per annum, instead of the 415 net dwellings per annum in the existing adopted Local Plan. This new requirement of 305 also addresses the issue of the shortfall in Wyre.

The Fylde Local Plan to 2032 (incorporating Partial Review) is provided as Appendix 1 to this report. A version showing revisions to the Local Plan is provided as Appendix 3. If adopted, it will protect the Local Plan by ensuring it is up-to-date; with the reduced housing requirement, it will ensure that the plan will be delivered as intended. Once adopted, the new housing requirement of 305 will be used as the basis for the calculation of the 5 year housing land supply. Therefore, as the existing allocations continue to come forward, the Council will be in a much stronger position to resist unallocated development sites brought forward through the appeal process based on challenges to the Council's 5 year housing land supply, preventing the Local Plan from being undermined.

RECOMMENDATION

1. That the Fylde Local Plan to 2032 (incorporating Partial Review), attached as Appendix 1 of this report, be Adopted as a statutory Development Plan Document by the Council in accordance with Section 23 of the Planning and Compulsory Purchase Act 2004.

SUMMARY OF PREVIOUS DECISIONS

On 28th July 2021, Planning Committee resolved:

1. That the Draft Schedule of Main Modifications to the Partial Review of the Fylde Local Plan to 2032 Appendix 1 as referred to in the Late Observation Schedule be approved by Planning Committee.
2. That the contents of the Sustainability Appraisal Addendum – Main Modifications (Appendix 2) and the Economic Viability Assessment Review Addendum Report (Appendix 3) of the report be noted.
3. That the Draft Schedule, the Sustainability Appraisal Addendum – Main Modifications and the Economic Viability Assessment Review Addendum Report referred to in 1 (as amended) and 2 above be issued for public consultation and the responses submitted to the Inspector.

On 19th May 2021, Planning Committee resolved:

1. To accept the directions of the Inspector as set out in her letter included at Appendix 1 of the report.
2. To request that Draft Main modifications which set out these changes directed by the Inspector are drafted for further consideration by the Planning Committee prior to being consulted up on, in order that the PRFLP32 can progress towards adoption.

On 14th October 2020, Planning Committee resolved:

1. To note the representations made to the Partial Review of the FLP32 in the documents accompanying the report;
2. To approve the Council's response to those representations in the Statement of Regulation 20 Consultation (Regulation 22(1)(c)(v)) Statement) as set out in Appendix 10 of the report.
3. To approve the Partial Review, supporting documents, technical assessments and responses to the Regulation 19/20 consultation for submission to the Secretary of State.

On 11th March 2020, Planning Committee resolved:

1. To approve the Partial Review, supporting documents and technical assessments for Publication in accordance with Regulation 19/20 of the Town and Country Planning (Local Planning) (England) Regulations 2012.
2. To approve the Partial Review, supporting documents, technical assessments and responses to the Regulation 19/20 consultation for submission to the Secretary of State.
3. That officers be asked to continue to liaise with Wyre Council in order to seek to address the issue of unmet housing need in Wyre.

On 22nd January 2020, Planning Committee resolved:

1. To approve the responses made to the Regulation 18 Consultation Appendix 2.
2. To approve the objectives and scope of the review as described by the Schedule of Revisions Appendix 6.
3. To approve the Schedule of Revisions, and supporting documents for Viability Appraisal, Sustainability

CORPORATE PRIORITIES

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

REPORT**BACKGROUND TO THE PARTIAL REVIEW OF THE FYLDE LOCAL PLAN TO 2032**

1. Local Planning Authorities are required to produce a Local Plan for their area. The Government's objective is that the planning system should be genuinely plan-led. The production of an up-to-date Local Plan allows councils to set out their strategy for how and where development needs will be met and make detailed allocations of land for development, as well as to set out a broad suite of policies for the determination of planning applications, the requirements that developers must meet and the types of developments that are acceptable.
2. This report invites members to adopt an updated version of the Local Plan that incorporates the Partial Review. The Fylde Local Plan to 2032 (incorporating Partial Review) is attached as Appendix 1.
3. The Fylde Local Plan to 2032 (the Local Plan) was adopted by the Council on 22nd October 2018. The Local Plan provides the overall strategy for the development of the Borough to 2032, allocates sites to meet development needs, provides protection from development in certain areas, and provides a complete suite of policies for assessing planning applications for different types of development. The Local Plan is the principal part of the statutory development plan for the Borough.
4. Before adoption, in July 2018, a new version of the National Planning Policy Framework (the Framework) was published. The Local Plan had been prepared in accordance with the 2012 version of the Framework. However, a transitional arrangement in the 2018 Framework allowed the adoption of the Local Plan, although it had been prepared with reference to earlier national policy. The Council adopted the Local Plan, as there were considerable advantages in having the Local Plan in place, under the national approach of a plan-led system, which gives full weight in decision-making to policies in adopted development plans.
5. The new Framework advised that:

"Plans may ... need to be revised to reflect policy changes which this replacement Framework has made. This should be progressed as quickly as possible, either through a partial revision or by preparing a new plan."

After adoption of the Local Plan, a further revised Framework (February 2019) was published, with only very minor changes and retaining this policy wording. The revised Frameworks provided a significant policy change in that it included a simpler, standard method of calculating housing need, which for Fylde is substantially lower than the figure calculated using the previous, highly complex method.

6. The Local Plan had been adopted whilst the preparation of the plan for the Borough of Wyre had been at an early stage of production. Wyre Council had indicated the possibility that it considered it would be unable to provide sufficient housing sites and allowances to meet its "objectively assessed needs". The Fylde Local Plan to 2032 was, therefore, adopted with a commitment, which stated:

“Fylde Council recognises that Wyre Council have identified difficulties in planning to meet its objectively-assessed need for housing. Any need that remains unmet following the adoption of Wyre’s Local Plan will need to be addressed. Fylde Council will undertake an early review of the Fylde Local Plan (whether full or partial) to examine this issue, working with other authorities adjoining Wyre under the Duty to Co-Operate. The objective of this process would be to ensure that any unmet need is met within the Housing Market Area and/or in other appropriate locations, where consistent with the achievement of sustainable development.”

7. The Wyre Local Plan was adopted on 28th February 2019. It identified housing needs over its plan period of 9,580 dwellings. The Wyre Local Plan provides for the delivery of 9,200 dwellings, leaving a shortfall of 380 dwellings. This is need that remains unmet, which paragraph 1.27 of the Fylde Local Plan to 2032 commits to examine through a review, as noted above.
8. The two factors of the changes to national planning policy and the adoption of the Wyre Local Plan with a shortfall to its housing provision triggered the need for the Council to undertake the Partial Review of the Fylde Local Plan to 2032.

THE PARTIAL REVIEW

9. The Council issued a consultation on the scope of the Partial Review on 25th April 2019, for 6 weeks to 6th June 2019. The consultation made clear that the scope (of the Partial Revision as it was termed at that stage) would be strictly narrow, restricted to the two matters of the changes to the Framework and the shortfall in Wyre.
10. Evidence was prepared to inform the contents of the Partial Review. This included schedules of the changes that had been made to national policy, a screening of references to national policy in the adopted Local Plan, and an assessment of housing need for Fylde under the revised national policy.
11. A Draft Statement of Common Ground was produced and discussed with neighbouring authorities, as required under national policy and the Duty to Co-operate. The Council’s position stated that the Wyre Local Plan required Wyre Council to conduct its own plan review which would seek to address its shortfall; Wyre Council stated that the shortfall existed in the meantime and remained to be addressed, and Wyre Council’s revised housing need figure remained unknown. All of these facts were included in the Statement of Common Ground.
12. From the evidence gathered and informed by the updated national policy, the Council produced the Partial Review of the Fylde Local Plan to 2032: Schedule of Revisions to the FLP32 (the Partial Review). This was the main Partial Review document that set out the Council’s proposed changes. This was considered by Planning Committee in initial draft form in January 2020, together with the supporting evidence documents.
13. It is a statutory requirement, national policy and best practice that development plan documents are subject to technical assessments during preparation to ensure that the specific issues of sustainability, impacts on international sites of nature conservation importance, economic viability and health are considered and addressed. Therefore, the following technical assessments of the Partial Review were undertaken:
 - Sustainability Appraisal (SA)
 - Habitat Regulations Assessment (HRA) - Screening Report
 - Health Impact Assessment Screening
 - Review of Economic Viability
14. The Partial Review in the form proposed for publication, together with the completed technical assessments, were considered by Planning Committee in March 2020. The Partial Review as published proposed revisions to 9 policies in the Local Plan, together with revisions to supporting text. The main changes to the Local Plan as proposed in the publication Partial Review were:

- Revision of Policies H1 (housing) and DLF1 (development strategy) to make the housing requirement a range of 275-415 per annum (instead of the Local Plan requirement of 415). The 275 figure is the annual housing need for Fylde based on the standard method;
 - Revision of paragraphs 1.24-1.27 of the Local Plan to state that the shortfall in Wyre would be dealt with in the first instance through Wyre Council's plan review, which was required by the adopted Wyre Local Plan, but that the shortfall could be addressed by Fylde as a contingency, if Wyre's review was unable to do so.
 - Revision of Policy GD4 (countryside) and supporting text to include reference to supporting business and community needs, and to entry-level exception sites, both of which were included in the new Framework;
 - Revision of Policy GD7 (design) to include a clause to prevent the diminishing of development quality between permission and completion, as included in the new Framework;
 - Revision of Policy EC5 to remove offices as a use requiring a sequential test when located out of centres, in line with the new Framework;
 - Revision of Policy H6 (isolated homes) to allow for sub-division of homes, in line with the new Framework;
 - Revision of Policy ENV2 (biodiversity) to include the requirement for measurable net gains in biodiversity, in line with the new Framework.
 - Other revisions where supporting text in the Local Plan derives from or quotes the earlier Framework but was subsequently altered.
15. The scope of the Partial Review remains strictly to address the two issues of changes to national policy, and the shortfall in Wyre. Changes for other reasons have not been considered to be within the scope, and have not been made. It has been vital throughout the process to ensure that the scope did not become extended, as a full review of the Local Plan would have required substantial new evidence and would have extended the process into considering a very broad range of issues which could have led to very substantial delay and possible failure of the process.
16. A delay due to Covid-19 followed the March 2020 Planning Committee, as it was initially impossible to carry out a consultation in accordance with the Regulations. The Partial Review was published for public consultation from 23rd July 2020 to 3rd September 2020. 27 representations were duly made, with one further (from Lancashire County Council) received after the deadline. Representations raised issues including those concerning: the likelihood (at that time) of fundamental changes to the standard method (which were not taken forward by Government as a revision to national policy); suggestions that any review should await the outcome of Wyre Council's review; that the Council had no right to bring the Partial Review forward at all; projections for the Council's site delivery falling short of needs; and suggestions for additional development sites.
17. Documents were produced setting out the text of the representations by policy and the Council's response to these, and providing copies of the original representations. This was considered by Planning Committee in October 2020, which resolved to submit the Partial Review to the Secretary of State for Examination. The submission was made on 21st October 2020.

EXAMINATION IN PUBLIC

18. Following submission, the Inspector, Mrs Yvonne Wright, was appointed to conduct the Examination in Public of the Partial Review. The purpose of the Examination is to assess whether the Local Plan has been prepared in accordance with all legal requirements, and whether it is sound. The tests of soundness are set out in the Framework. All the documents that formed part of the Examination process are available on the Council's website: a link is provided under the "Background Documents" section below.

19. The Examination hearing sessions took place on 17th and 18th March 2021, online using Zoom. Hearings were live streamed on the Council's website for the public to view. The programme for the hearing sessions addressed the revisions proposed in the Partial Review, but also matters relating to Local Plan Policy H2, which was not part of the Partial Review, but where a suggestion had been made that it should have been included. A number of issues were identified by the Inspector during the sessions for the Council to address by proposing main modifications.
20. Following the hearing sessions, the Inspector sent a letter to the Council setting out her initial findings. In respect of the housing needs figure, the Inspector agreed with the Council's identification of 275 dwellings per annum through the standard method in the revised national policy, and that no uplift on this was required. However, she was not satisfied that the issue of Wyre's shortfall should be left to Wyre's review, stating that it is an existing need that should be accommodated now. The Inspector then assessed the housing requirement proposed in the Partial Review, and considered that the use of the range 275-415 was ambiguous and therefore unsound. Instead, the requirement should be based on the lower figure, but with the 30 dwellings per annum to meet Wyre's shortfall added, giving a requirement of 305 dwellings per annum for the remainder of the plan period. This conclusion was considered and accepted by Planning Committee on 19th May 2021.
21. Main modifications were drafted in line with the Inspector's recommendations. In relation to Policy H2, three alternative versions of the policy were proposed for further consideration by representors. However, officers did not consider that any main modification was necessary to make the Partial Review sound, as this policy had not been in the submitted Partial Review.
22. Shortly before the proposed main modifications were due to be considered by Planning Committee, a new version of the Framework was published (20th July 2021). At the Inspector's request, the Council provided an assessment as to whether any further main modifications to the Partial Review or revisions to the Local Plan were necessary as a result of the new Framework. One further main modification was required, to Policy H6 (Isolated New Homes in the Countryside). Sustainability appraisal screening was undertaken on the proposed main modifications. The main modifications were approved by Planning Committee for consultation, which then took place between 29th July 2021 and 9th September 2021. Following the consultation, the responses were collated into documents and provided for the Inspector to consider.
23. The Inspector's Report into the Partial Review is provided for information in Appendix 2. The Inspector found the Partial Review sound and legally compliant providing that main modifications are made to the Partial Review: the main modifications are listed at the end of the Inspector's Report in Appendix 2. The Fylde Local Plan to 2032 (incorporating Partial Review) has included all of the main modifications recommended by the Inspector. The Inspector's main modifications, along with additional modifications (i.e. those changes proposed by the Council that are inconsequential to the policies themselves), are shown underlined or struck through in the version of the Fylde Local Plan to 2032 (incorporating Partial Review) provided in Appendix 3.

HOW THE FYLDE LOCAL PLAN TO 2032 (INCORPORATING PARTIAL REVIEW) WILL BENEFIT THE BOROUGH OF FYLDE

24. If Members accept the recommendation, the Fylde Local Plan to 2032 (incorporating Partial Review) will replace the Local Plan to become the principal part of the statutory Development Plan for Fylde. Planning law requires that planning decisions must be in accordance with the Development Plan, unless material considerations indicate otherwise. The Fylde Local Plan to 2032 (incorporating Partial Review) will maintain the role of the existing Local Plan as a powerful tool for the Council in determining the shape of the Borough in the future.
25. The adoption of the Fylde Local Plan to 2032 (incorporating Partial Review) will provide the Council's endorsement of the findings of the Partial Review Inspector. The Inspector's finding that the Partial Review is sound will ensure that the Council is able to restrict development to proposals that are in accordance with the Fylde Local Plan to 2032 (incorporating Partial Review). In particular, confirmation that the local housing need

figure of 275 net dwellings per annum is appropriate, and that the housing requirement figure should be 305 net dwellings per annum from 2019 onwards, will protect the existing development strategy and site allocations in the plan, and allow the large strategic sites to be brought forward.

26. The new housing requirement of 305 net dwellings per annum will, following adoption, be used as the basis for the calculation of the 5 year housing land supply. Therefore, as the existing allocations continue to come forward, the Council will be in a much stronger position to resist unallocated development sites brought forward through the appeal process. On adoption, the Fylde Local Plan to 2032 (incorporating Partial Review) will therefore represent a strengthened position for the Local Plan from that prior to the Partial Review, and will ensure the continuation of plan-led development in Fylde.
27. Members are therefore invited to adopt the Fylde Local Plan to 2032 (incorporating Partial Review) as a Development Plan Document.

IMPLICATIONS	
Finance	The submission and examination in public of the Partial Review have incurred costs which have been met from existing approved budgets. The Partial Review has been carried out by the existing policy team at the Council at no additional cost. The additional costs arising from adoption of the Partial Review are negligible.
Legal	The Partial Review has been undertaken in line with the Planning and Compulsory Purchase Act 2004 (as amended) and has followed the process set out in the Town and Country Planning (Local Planning) (England) Regulations 2012. Sustainability Appraisal has been carried out in accordance with the Environmental Assessment of Plans and Programmes Regulations 2004. The Partial Review has been reviewed for legal compliance by the Inspector on behalf of the Secretary of State; the Inspector has confirmed legal compliance subject to the main modifications, which have been incorporated.
Community Safety	The Partial Review maintains the impacts of the Local Plan which seeks to improve community safety through developments.
Human Rights and Equalities	Implications of the revisions proposed have been considered throughout the Partial Review process.
Sustainability and Environmental Impact	The Partial Review has been subject to Sustainability Appraisal. Modifications proposed by the Inspector have also been subject to Sustainability Appraisal. The Partial Review has been subject to Habitats Regulations Assessment Screening to assess for any likely significant effects on Internationally protected sites.
Health & Safety and Risk Management	There are no health and safety implications

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Partial Review Examination documents	Up to 21 st October 2021	https://new.fylde.gov.uk/resident/planning/planning-policy-local-plan/partial-review-of-the-fylde-local-plan-to-2032-examination/

Partial Review Submission documents	21 st October 2020	https://new.fylde.gov.uk/resident/planning/planning-policy-local-plan/partial-review-of-the-fylde-local-plan-to-2032-flp32/
Adopted Local Plan and Policies Maps	22 nd October 2018	https://new.fylde.gov.uk/resident/planning/planning-policy-local-plan/adopted-local-plan-to-2032/

Link to Supporting documents

Appendix 1: [Fylde Local Plan to 2032 \(incorporating Partial Review\)](#)

Appendix 2: [Report on the Examination of the Partial Review of the Fylde Local Plan to 2032](#)

Appendix 3: [Fylde Local Plan to 2032 \(incorporating Partial Review\) showing changes from the FLP32](#)

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	6 DECEMBER 2021	16

EXCLUSION OF THE PUBLIC

PUBLIC ITEM

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

RECOMMENDATION

Members are invited to consider passing a resolution concerning the exclusion of the public from the meeting for the following item and reason :-

Item 17 "Acquisition of Property for Kirkham Regeneration Programme" in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 on the grounds that the business to be discussed is exempt information as defined under paragraph 3 of Schedule 12A to the Local Government Act 1972, information relating to the financial or business affairs of any particular person (including the authority holding that information).