

Agenda



FINANCE AND DEMOCRACY COMMITTEE

Date:	Monday, 21 November 2016 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor Karen Buckley (Chairman) Councillor Roger Small (Vice-Chairman)</p> <p>Councillors David Donaldson, Tony Ford JP, Angela Jacques, Kiran Mulholland, Linda Nulty, Liz Oades, Richard Redcliffe, Vince Settle, Elaine Silverwood, Richard Taylor.</p>

Public Platform

To hear representations from members of the public in accordance with council procedure rule 11.
To register to speak under Public Platform: see [Public Speaking at Council Meetings](#).

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meetings held on 26 September 2016 and 28 October 2016 as correct records.	1
3	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 24(c).	1
	DECISION ITEMS	
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5	Financial Forecast Update (Including Revenue, Capital & Treasury Management) 2016/17 to 2020/21	11 - 34
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8	Council Tax Reduction Scheme: Grants to Town and Parish Councils 2017/18	54 - 59
9	Review of Council Tax Discounts and Premium 2017/18	60 - 65

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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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	21 NOVEMBER 2016	4
APPROVAL FOR GRANT FUNDED SCHEME FOR IMPLEMENTATION OF A HEALTH WALK ON BLACKPOOL ROAD NORTH PLAYING FIELDS, ST ANNE'S			

PUBLIC ITEM

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

SUMMARY

This scheme was considered by the Tourism and Leisure Committee on the 3rd November 2016.

This report provides details of a grant funded scheme for improvements to the playing fields on Blackpool Rd North, St Anne's and recommends inclusion to the Capital Programme in 2016/17 to be fully funded from the Tesco 'Bags of Help' grant of £12K secured by the Parks Development Team on behalf of the Blackpool Rd North friends group.

Officers from the Parks Development Team have been working in partnership with the Blackpool Rd North friends group during 2016, on a community project to improve the facilities on the existing playing field.

This small project is part of a larger Masterplan to improve the whole site, and specifically relates to the creation of a 'health walk' around the perimeter of the site to encourage all members of the community to use the area.

The £12K grant was secured from the Tesco 'Bags of Help' fund and needs to be spent by the end of March 2017. The larger project of general improvements to the children's play area, landscaping, parking and drainage is currently going through the ten stage process of the community parks improvement programme and all elements of the scheme will be delivered by the Parks Development Team to ensure value for money and competent installation. There is no requirement for supplementary external funding for this part of the project.

This report describes the details of the grant funding and summarises and details the procurement procedure and project management of the scheme by the Parks Development Team.

RECOMMENDATION

The Finance and Democracy Committee is recommended:

1. to agree that the Council act as an accountable body for the proposed capital scheme;
2. to approve an addition to the 2016/17 capital programme in the sum of £12,000 to be fully funded from the Tesco 'Bags of Help' grant as detailed in the report.

SUMMARY OF PREVIOUS DECISIONS

Tourism & Leisure Committee 3 November 2016 – Approval for grant funded scheme for implementation of a health walk on Blackpool Road North Playing Fields, St. Anne's

Following consideration of this matter it was RESOLVED:

1. To recommend to the Finance & Democracy Committee that the Council act as accountable body for the proposed capital scheme;
2. To recommend to the Finance & Democracy Committee an addition to the 2016/17 capital programme in the sum of £12,000, to be fully funded from the Tesco 'Bags of Help' grant as detailed in the report;
3. To authorise the proposed expenditure in respect of the scheme to undertake improvements to Blackpool Road North Playing Fields as detailed in the report, subject to the Finance and Democracy Committee approving that the scheme be added to the capital programme for 2016/17.

CORPORATE PRIORITIES

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

REPORT

BACKGROUND

1. Blackpool Rd North Playing fields is leased to Fylde Council on a 999 year lease from Lytham Town Trust. The site is popular with the local community which has led to the creation of a 'Friends group' whose ambition is to improve and development the facilities on the site.
2. Fylde Council has received and is holding £9,000 sum of an overall £12,000 Tesco 'Bags of Help' grant. This has been secured through a bid submitted by the Parks Development Team with a view to funding improvements to the site. The remaining £3,000 sum will be paid to Fylde Council on successful completion of the project, which has a deadline of 31st March 2017.
3. Officers from the Parks Development Team have been working in partnership with Blackpool Road North Friends Group throughout 2016. The group are following the 10 stage community parks improvement process, which will lead to a final Masterplan and funding strategy, relating to improvements to the children's play facilities and improved landscaping, drainage and sports facilities at the site. Officers will continue to work with the Friends group to support the wider aims for the site.

SCHEME DETAILS

4. The existing site is largely given over to the enjoyment of football and sports activities. It is felt that the addition of a new health walk, will provide access around the perimeter of the site and will improve accessibility for all users. The path will be constructed of self – binding gravel, on a sub base of aggregate with timber edging. The group plan to add tree planting,

litter bins and benches around the health walk, as well as route markers to encourage further active participation. The group are currently actively seeking further external funding streams for these items, as part of the funding strategy.

5. The aim of the project is to provide an alternative facility, which is inclusive to all members of the community for passive recreation. The Health walk will promote walking, jogging and running as well as offering opportunities for people to stop and sit and relax.
6. It is felt by the group that encouraging all members of the community will encourage interaction of older people with young people, which will improve community benefit in both physical and mental health.

A COST BREAKDOWN OF THE SCHEME

Blackpool Rd North, St. Anne's	
Build Specification as described in the brief	Net Figure (£)
Materials	£9,200
Hire of Equipment & Plant	£2,800
TOTAL (Net)	£12,000

THE METHOD AND COST OF FINANCING THE SCHEME

7. The existing 'Tesco Bags of Help' Grant has been awarded and allocated to this scheme:

Development	Award
Blackpool Road North Playing Fields Health Walk	£12,000
Total	£12,000

FUTURE REVENUE BUDGET IMPACT

8. Due to the type of construction, on-going maintenance of the path will be minimal and will be covered from existing parks maintenance revenue budgets.

RELEVANT VALUE FOR MONEY ISSUES

9. In order to ensure that value for money is achieved three quotations have been sought for all goods and services in accordance with the Council's contract procedure rules. Due to the nature of the work, cost implications and community based nature of this project, members of the Parks Development Team have approached HMP Kirkham Prison, who have agreed to provide the labour aspect of the build, at no cost, thus maximising the Tesco funding grant.

RISK ASSESSMENT

10. A risk assessment has been carried out to identify and mitigate any risks associated with the project which is attached as Appendix 1.

VIABLE ALTERNATIVES

11. The community group could have applied for the funding of the scheme, but it was felt that using the design, procurement and project management resources of the Parks Development Team would provide the best value for money.

PROCUREMENT PATH (AND ANY DELEGATIONS AS REQUIRED)

12. Officers from Parks Development Team have led the procurement process. Initial quotations to implement the whole scheme were sought from 3 suppliers. Only two suppliers responded and the cost implications were such that alternative methods to construct the path were investigated, as the quotes far exceeded the budget.
13. To ensure maximum value for money of the £12,000 Tesco grant, Officers decided to partner with the HMP Kirkham outreach team, who have kindly offered to carry out the labour element free of charge, and to spend the grant on materials, equipment and plant hire.
14. Three quotations have been sought for the supply of materials, equipment and plant hire to the full value of £12,000. This is in accordance with the Council's contract procedure rules as no individual element exceeds £10,000.

OBJECTIVES, OUTPUTS AND OUTCOMES

15. Objectives, Outputs and Outcomes:

- Provide, safe and inclusive facilities
- Achieve the ambitions of the local community
- Improved access for all
- Clean and Green – “Deliver high quality parks and open spaces”
- Great Place to Live – “Support and promote volunteers effort to improve their local community”

DRAWINGS AND PLANS

16. A plan showing the proposed layout of the health walk is included in Appendix 2.

CONCLUSION

17. The proposal is to work in partnership with HMP Kirkham to construct a new healthy walk as detailed in this report at Blackpool Road Playing Fields, St Annes, and to purchase the relevant materials and plant hire to the value of £12,000 for completion before 31st March 2017.

IMPLICATIONS	
Finance	The report requests that the Committee agree that the Council act as accountable body for the additional capital budget in the sum of £12,000, fully funded from the Tesco 'Bags of Help' grant as detailed in the report. Furthermore, the Committee is requested to approve an addition to the 2016/17 capital programme in the sum of £12,000, to be fully funded from the Tesco 'Bags of Help' grant as detailed in the report.
Legal	None arising from this report
Community Safety	Provision of modern, accessible facilities is important in terms of providing diversionary activities
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	Due to the type of construction, on-going maintenance will be minimal and will be covered from existing parks maintenance revenue budgets
Health & Safety and Risk Management	The quotation requests included Health and Safety information which will be developed by HMP Kirkham prior to starting on site to safeguard the public and contractor personnel.

LEAD OFFICER	TEL	DATE	
Johanna Wood	01253 648636	8 th November 2016	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Tourism & Leisure Minutes	3 November 2016	Council Website

Appendices

1. Committee Risk Assessment
2. Detailed Design and illustration

Appendix 1

Committee Risk Assessment Template

Directorate: Development Services		Date of Assessment: 12 October 2016		
Section: Parks & Greenspace		Assessment Team: Lisa Foden & Johanna Wood		
Assessment Activity / Area / Type: Improvements to the recreation area and associated landscape improvement works at Blackpool Road North, St. Anne's				
Do the hazards create a business continuity risk? No				
RISK DESCRIPTION	RISK SCORE (Likelihood x Impact)	RISK MITIGATION	RESIDUAL RISK SCORE (Likelihood x Impact)	RISK OWNER / RISK REGISTER
Increased maintenance implication for Fylde Borough Council.	4	Fylde Borough Council leases the site and acts as Owner/Tenant. As such maintenance implications will lie with FBC however, the maintenance of such a pathway is minimal	3	Lisa Foden
Failure of contractor to deliver to specification	9	The project will be managed by the Senior Development Officer in the Parks Development Team to ensure competent project delivery and budget management.	6	Johanna Wood

Possibility of personal injury to the public during the construction period.	8	A pre-contract health and safety plan will be developed with HMP Kirkham to ensure the safe operation within the site. Areas of active construction will be fenced off and information provided about safety aspects of the construction site. HMP Kirkham will carry five million pounds public liability insurance.	6	Johanna Wood
The new health walk fails to meet community or stakeholder aspirations.	6	The existing facility does not meet the need of the local community. This project is being developed in partnership with local residents and they will be involved throughout the project	3	Johanna Wood
Increased risks to the public as a result of the development.	6	A full risk assessment will be completed before the area is open to the public.	4	Johanna Wood
Project not delivered on time and funding not utilised.	9	Officers work closely with HMP Kirkham to ensure timely start on site.	6	Johanna Wood
Project overspend	9	Project officer to monitor & control costs and to procure materials and hire the plant.	6	Johanna Wood

Risk Likelihood

6 = Very High

5 = High

4 = Significant

3 = Low

2 = Very Low

1 = Almost impossible

Risk Impact

1= Negligible

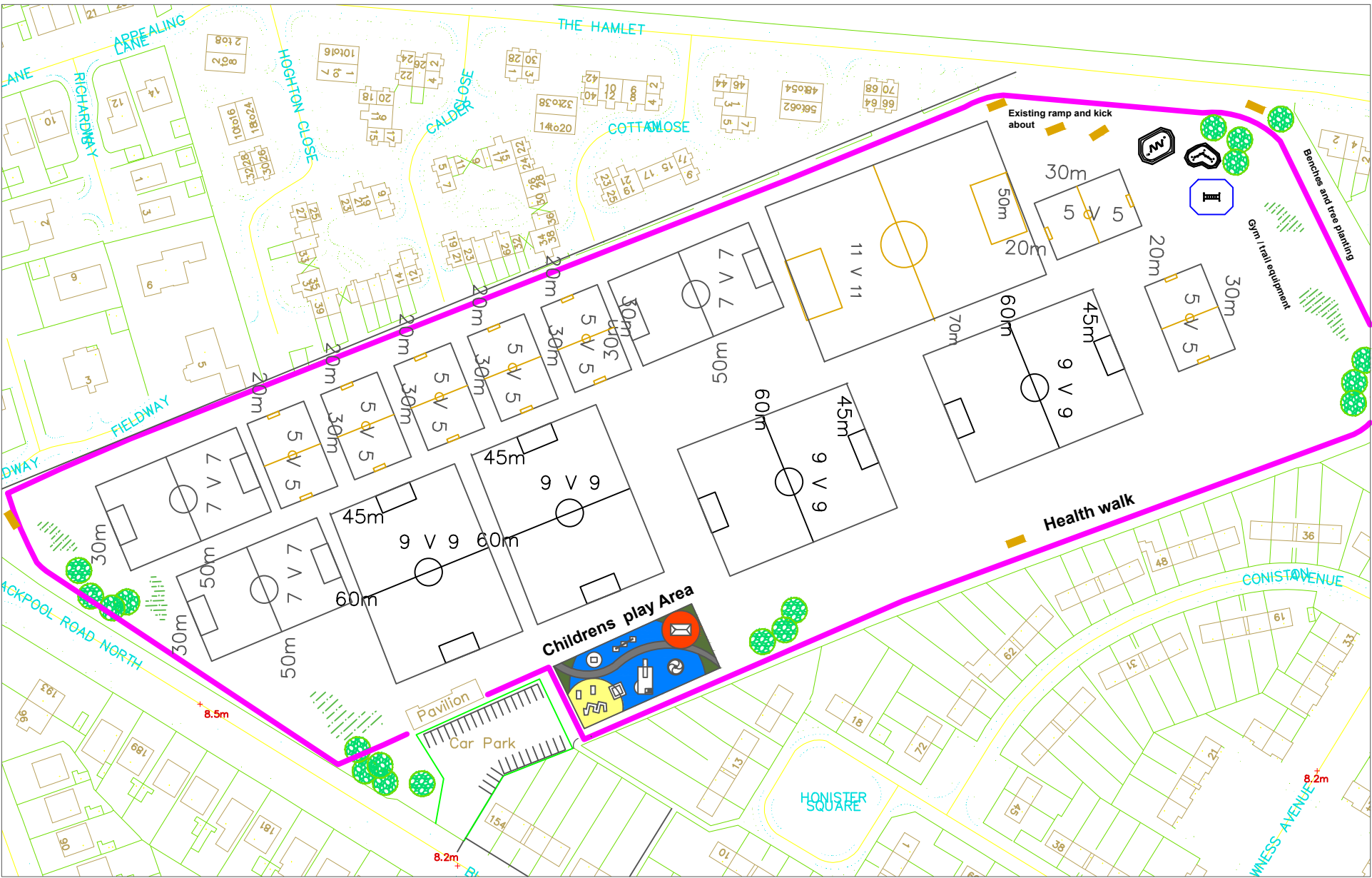
2 = Marginal

3 = Critical

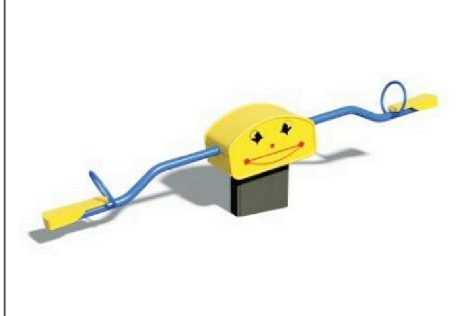
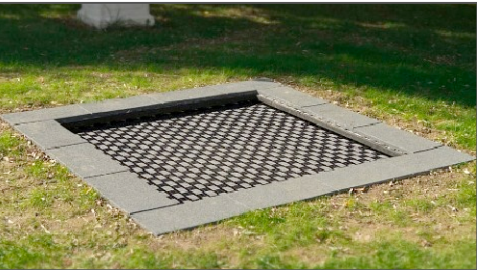
4 = Catastrophic

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

Blackpool Road North Playing Fields Concept 1

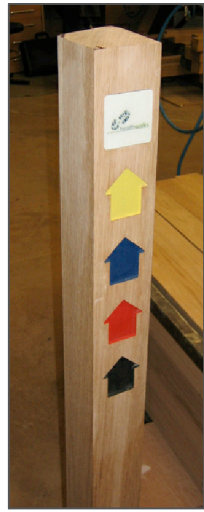
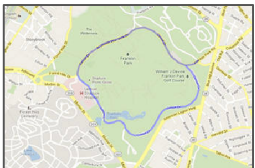


Play Ideas Toddler & Junior:



Play Ideas Older Children & Adults:

Health Walk:



in association with :
Friends of Blackpool Road North Playing Fields

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	FINANCE AND DEMOCRACY COMMITTEE	21 NOVEMBER 2016	5
FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2016/17 TO 2020/21			

PUBLIC ITEM

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

SUMMARY

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

RECOMMENDATION

The Committee is recommended :

1. To note the implications of this updated financial forecast, and to also note that this report will be presented to the Council meeting on 5th December 2016;
2. With regards to the transfer of funds into earmarked reserves:
 - a) To recommend to Council a transfer into the Accommodation Project Reserve in the sum of £320k to be funded from forecast favourable in-year revenue budget variances in 2016/17, and to note that this will provide sufficient funds for completion of the Accommodation Project;
 - b) To recommend to Council transfers into the M55 Link Road Reserve totalling £804k split between 2016/17 and 2017/18, to be funded from forecast favourable in-year revenue budget variances in the respective years, and to note that the balance on this reserve will then total £1M in line with Council's previous recommendation as an "in-principle" contribution to the Link Road project; and
 - c) To recommend to Council a transfer into the Funding Volatility Reserve in the sum of £2M to be funded from forecast favourable in-year revenue budget variances in 2017/18 in order to mitigate against the removal of safety-net protection as a result of the decision to enter the Lancashire Business Rate Pool for 2017/18 in order for the Council to retain a greater share of Business Rate income in that year.

SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2016/17 at its meeting of 2nd March 2016. This report provides Members with an update of the financial position of the Council, including changes since that date.

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

REPORT

1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

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

2. BACKGROUND TO THE FORECAST

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

(i) Original Budget 2016/17

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

(ii) General Fund Revenue Outturn Position 2015/16

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

(iii) Budget Right-sizing Exercise

During the autumn each year the Council undertakes a budget right-sizing exercise to identify any in-year budget variances and any future budget adjustments that

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

(iv) Capital Outturn Position 2015/16

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

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

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

3. THE GENERAL FUND REVENUE FORECAST

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

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

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

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

3.4 The Establishment of an M55 Link Road Reserve

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

- approved the transfer of £196k from the Capital Investment Reserve into the M55 Link-road Reserve;

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

3.5 The Accommodation Project Reserve

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

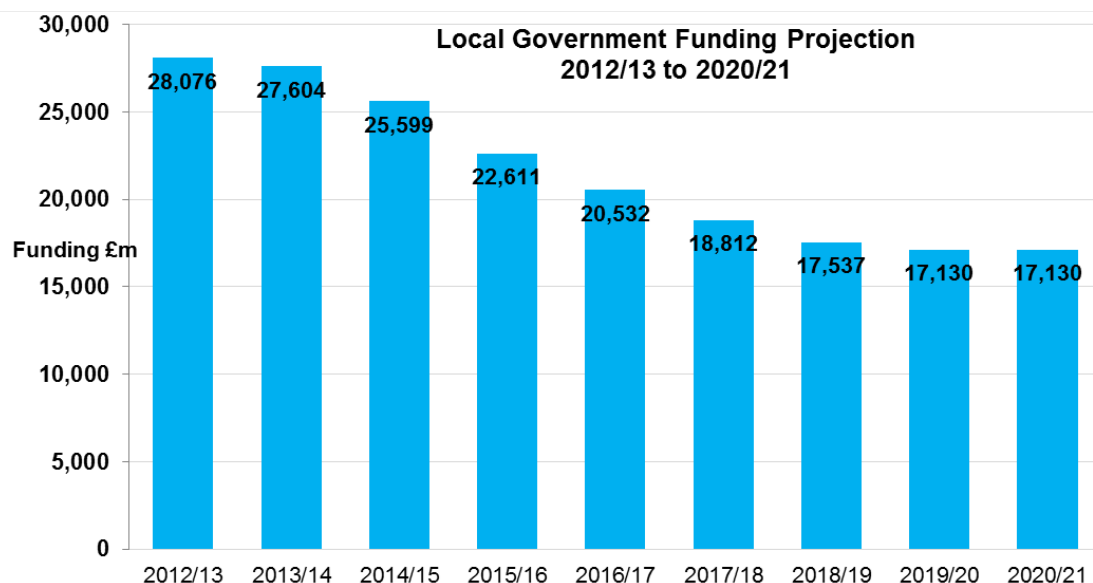
The funding sources that form part of the total central government illustrative settlement offer comprise:

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

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

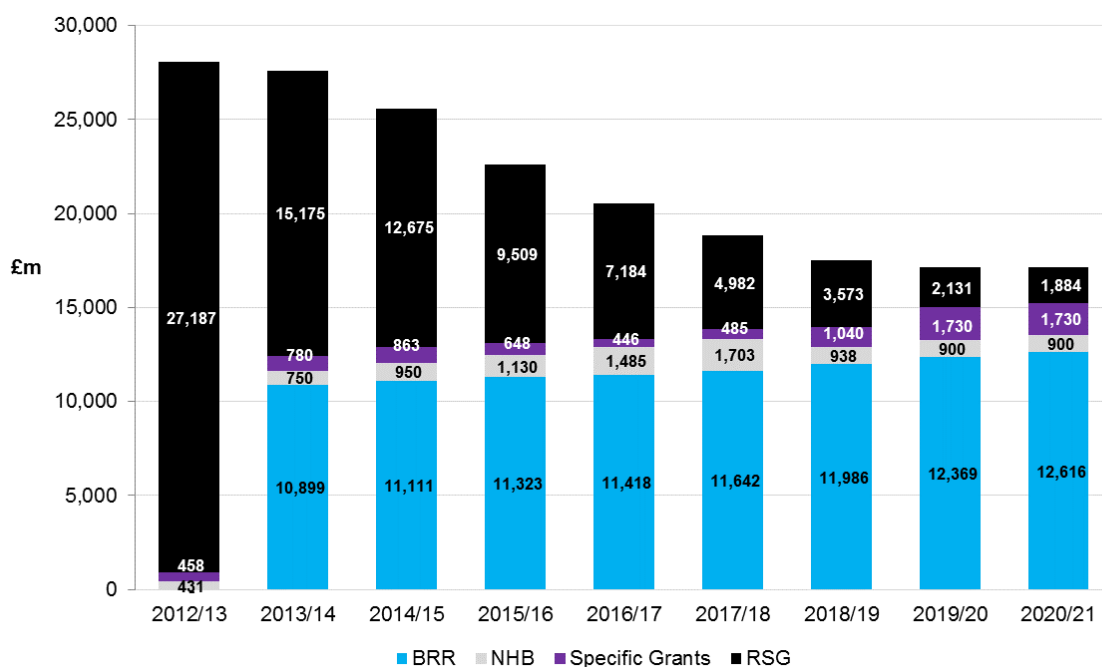
The illustrative figures of local government funding levels for future years, as set out in the 2016/17 Finance Settlement, compared with previous years funding levels are shown in the tables below.

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



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

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



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

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

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

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

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

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

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

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

High Level Financial Impact Risk

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

Medium Level Financial Impact Risk

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

Low Level Financial Impact Risk

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

5.2 High Level Financial Impact Risks

(i) Future Central Government Funding

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

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

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

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

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

5.3 Medium Level Financial Impact Risks

(i) Retained Business Rates - Pooling

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

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

(ii) Borrowing Cost Assumptions

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

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

(iii) Reduction in Housing Benefit Administration Grant

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

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

(iv) Universal Credit

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

(v) Grounds Maintenance – External Contracts

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

5.4 Low Level Financial Impact Risks

(i) The Living Wage

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

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

(ii) Community Infrastructure Levy (CIL)

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

6. GENERAL FUND RESERVE AND OTHER EARMARKED RESERVES & PROVISIONS

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

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

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

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

7. CONCLUSIONS – GENERAL FUND REVENUE FORECAST

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

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

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

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

7.4 Much of this work has already commenced and a number of decisions either have been taken, or are in the process of final determination, which will impact positively on the

Council's future revenue position by achieving a reduction in the gap between in-year income and expenditure in later years of the forecast. Specifically the important issues that have the potential to improve the Council's financial position to a significant extent are:

- the decision to join a Business Rates pool from 2017/18 (see section 3.6 above);
- the recommendation by the Council's Operational Management Committee in September 2016 that the Council approve:

1. The introduction of a year-round green waste subscription service for implementation from April 2017; and

2. An increase in car park tariffs by an average of 5% effective from April 2017.

7.5 The current forecast has a number of high risk financial assumptions which are outside the Council's control. These will be kept under close scrutiny and regular review, with any new information or amendments being incorporated into the latest update to the Financial Forecast.

7.6 Budget planning work for 2017/18 is well underway and further updates of the financial forecast will be brought before Members in due course.

8. COLLECTION FUND

8.1 As a Council Tax and National Non-Domestic Rates (NNDR) Billing Authority, the Council is required by legislation to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and NNDR, and to calculate the surplus or deficit for each financial year on the Collection Fund. Prior to 2013/14 the requirement was to maintain this for Council Tax only, however, as part of the Local Government Finance Act 2012 the Government implemented a Business Rates Retention Scheme from April 2013, whereby the collection and distribution of NNDR is also collected and distributed via the Collection Fund (the distribution of NNDR had previously been managed nationally).

8.2 For Council Tax only, there was a cumulative surplus on the fund as at 31st March 2016 of £513k. This will be shared between the Borough Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2016/17 & 2017/18. The Borough Council's share of the surplus is £70k.

8.3 For Non-Domestic Rates only, there was a deficit on the fund as at 31st March 2016 of £5.286m. This will be shared between Central Government, the Borough Council, the County Council and the Fire & Rescue Authority in 2016/17 & 2017/18. The Borough Council's share of the deficit is £2.114m, and the Council has previously set aside an equivalent sum in the Collection Fund Deficit Reserve to cover this deficit when it becomes due.

9. THE CAPITAL PROGRAMME

9.1 The Capital Programme is updated continually for agreed changes and reported to Members during the financial year on a periodic basis.

9.2 The latest updated Capital Programme Summary for the years 2016/17 to 2020/21 is set out in Table 1 below. The Programme has been updated for changes to the end of September 2016. A prudent approach is taken in preparing the programme to ensure that financing resources are only recognised when there is reasonable certainty that they will be received.

TABLE 1 - SUMMARY CAPITAL PROGRAMME

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

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

9.4 Financing the Capital Programme

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

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

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

10. VEHICLE PURCHASES

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

11. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME

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

11.1 Medium Level Financial Impact Risks

(i) Coast Protection Scheme

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

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

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

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

(ii) Vehicle Replacement Programme

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

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

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

11.2 Low Level Financial Impact Risks

(i) Project Slippage

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

(ii) Other Capital Receipts

The approved programme for 2016/17 onwards assumes “Right to Buy” receipts of £25k per annum and “General Asset Sales” of £45k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future quarterly monitoring reports, along with the impact this may have on the financing of the programme.

(iii) Capital Investment in St. Annes Pool

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

(iv) Disabled Facilities Grants (DFGs)

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

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

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

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

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

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

(v) Accommodation Project

The Accommodation Project was originally included in the capital programme on the basis that the scheme would be self-financing from capital receipts from the sale of 3 sites (St David's Road Depot, Derby Road, Wesham and the Public Offices). Actual asset sales and receipts are dependent on market conditions and cannot be predicted with certainty. St David's Road depot was sold in 2012/13, and the site at Derby Road, Wesham was sold in 2013/14. The Public Offices was re-marketed during 2014/15 and the Accommodation Working Group have reviewed a number of further expressions of interest. The site has additional complications of being in a conservation area with the Public Offices being a listed building and the tenure being leasehold not freehold. Disposals of this nature where purchasers require certainty of any planning and leasehold requirements prior to committal often take some time to bring to a conclusion.

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

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

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

The cross-party Accommodation Working Group continues to monitor and manage this project and regular update reports on the project will continue to be provided to Members.

12. CONCLUSIONS – CAPITAL PROGRAMME

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

13. TREASURY MANAGEMENT

- 13.1 The Treasury Management Strategy and Prudential Indicators were approved by Council on 2nd March 2016.
- 13.2 The regulatory framework for treasury management requires Councils to receive a mid-year Treasury Review report. This report will be presented to the Audit and Standards Committee for scrutiny on 17th November 2016 and subsequently will be presented to Council on 5th December 2016.

14. KEY AREAS OF FINANCIAL RISKS FOR TREASURY MANAGEMENT

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

15. CONCLUSIONS - TREASURY

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

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

- 16.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, is an improvement since Budget Council in March 2016. The current position is a forecast surplus in the current year and in 2017/18, with deficits in 2018/19 and beyond, albeit at a reduced level since the budget was set. A significant factor in the improved position is the forecast increase in funding receivable from the Business Rate Retention Scheme, including the impact of joining the Lancashire Business Rate Pool.
- 16.2 In light of the budget challenges that will need to be addressed in the later years of the forecast, the Council needs to continue with the approach to delivering savings and efficiencies which have helped deliver balanced budgets and contribute to reserves over recent years. Through continued focus on the importance of financial stability the Council has delivered a significant savings programme since 2007 and has continued to significantly reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period.
- 16.3 For Fylde Council to continue to successfully meet the future challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to the challenges ahead.

- 16.4 As part of that continued approach the Council's priorities for improvement remain and the Council is committed to the continuation of the overall financial management strategy, making any changes it feels are relevant whilst recognising the future uncertainties that exist. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis.
- 16.5 The assumptions set out in this forecast are the latest best estimates and will be updated as and when further information becomes available. External pressures outside the Council's control are being experienced by all local authorities, and instructions remain in place that Officers should not commit to any unnecessary expenditure
- 16.6 **The forecast financial position of the Council has improved since the budget was set in March this year, and the finances of the Council remain robust. Members should, however, remain cognisant of the risks that are detailed within this report and note that the gap between in-year income and expenditure in later years of the forecast will need to be addressed.**

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

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

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

Attached documents

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

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

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

General Assumptions

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

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

Appendix C

Forecast changes since Budget Council March 2016:

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

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

(1) Changes as a Result of Member Approvals

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

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

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

(3) Revised Crematorium and Crematorium income forecasts

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

(4) Extension of Parks Contracts – contribution to overheads

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

(5) Staffing Costs

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

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

(6) Removal of Borough Election Costs 2020/21

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

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

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

(8) Reductions in Photocopier budget requirement

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

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

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

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

The forecast has been updated to reflect both:

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

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

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

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
MANAGEMENT TEAM	FINANCE AND DEMOCRACY COMMITTEE	21 NOVEMBER 2016	6
BUDGET SETTING – CONSIDERATION OF REVENUE BID COMMUNITY PROJECTS FUND			

PUBLIC ITEM

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

SUMMARY

At the March 2017 Budget Council meeting Members will be requested to approve a revenue budget for 2017/18. That budget must include sufficient resources both for existing activities and for any new areas of expenditure that have been recommended by the Finance and Democracy Committee, following earlier consideration by the appropriate programme committee i.e. items of revenue growth.

The consideration of revenue growth items is a key component of the budget-setting process and contributes to the longer-term management of the Council's resources in an efficient and effective manner. This report requests that Members provide that consideration in respect of the revenue bids for 2017/18 which fall within the terms of reference of this Committee.

RECOMMENDATION

The Committee is requested:

To consider and provide any feedback or comments on the revenue growth bid relevant to this Committee's terms of reference.

SUMMARY OF PREVIOUS DECISIONS

The revenue growth bids that are relevant to the terms of reference of each Programme Committee are considered each year by that Committee as part of the annual budget-setting process.

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

REPORT

1. The role of the Council's Programme Committees in the consideration of revenue growth bids is described within the Timetable for Developing Budget Proposals 2017/18 report which was approved by the Finance and Democracy Committee at its September meeting. This provides the members of the programme committee with the opportunity to discuss all revenue growth bids and to indicate their support or otherwise for each bid.
2. Once revenue growth bids have been considered by the appropriate programme committee, the Budget Working Group will review the outcome of the deliberations of programme committees and will make recommendations back to the Finance and Democracy Committee via an updated Medium Term Financial Strategy (MTFS) report on a proposed budget package which will include any revenue budget proposals.

IMPLICATIONS	
Finance	The consideration of revenue growth bids for inclusion or otherwise within the Council's approved Revenue Budget is a key component of the budget-setting process. This report requests that Members provide that consideration in respect of the revenue growth bids for 2016/17 which fall within the remit of this Committee.
Legal	None arising directly from this report
Community Safety	None arising directly from this report
Human Rights and Equalities	None arising directly from this report
Sustainability and Environmental Impact	None arising directly from this report
Health & Safety and Risk Management	None arising directly from this report

LEAD AUTHOR	TEL	DATE	DOC ID
Tracy Morrison Director of Resources	01253 658521	October 2016	

LIST OF BACKGROUND PAPERS		
Finance and Democracy Committee - Timetable for Developing Budget Proposals 2017/18	September 2016	www.Fylde.gov.uk

Attached documents

Appendix A – Revenue Growth Bids for Consideration:

1. Community Projects Fund

FBC – Revenue Growth Bid 2017/18

Prepared by/Bid Originator – Tracy Morrison



Scheme Title: Community Projects Fund

Description of Scheme: Background

In March 2013, the former Local Strategic Partnership wound up. In doing so, it allocated an amount of £66,000 for 2013/14 and 2014/15 and a further £32,338 was allocated for 2015/16 to allow the Community Projects Fund, and associated Discretionary Fund, to continue into the future.

£50,000 was allocated for 2013/14 and 2014/15 and £24,000 for 2015/16 for the larger Community Projects Fund, which awards grants of between £500 and £2,000. £16,163 was allocated for the smaller discretionary bids for 2013/14 and 2015/16 and £8338 for 2015/16. Projects can only be supported for local Fylde groups who are of a voluntary or community based nature. The project must support one of the following objectives:

- To Promote the Enhancement of the Natural and Built Environment
- To Encourage Cohesive Communities
- To Promote a Thriving Economy

The Council supported the continuation of the Community Projects Fund, and its smaller Discretionary Fund. The Discretionary Fund supports bids up to £500, and bids can be made at any time. The larger Community Projects Fund supports bids between £500 and £2,000 and applications are invited through bidding rounds, three times per annum.

Applications for larger Community Projects Fund are considered by a Panel comprising the Council's Director of Resources, the Mayor of Fylde, the Chairman of the Community Safety Partnership and Voluntary Sector, Police, Public Health representatives. Applications for the smaller Discretionary Fund can be made at any time, and are considered at time of application, again by the Panel, by e-mail discussion and agreement. Applications for both funds are made in writing, and are subject of post bid evaluation. If the bid is supported it is also suggested that the Leader of the Council joins the Panel.

A number of projects have been supported through both funds. A flavour of some of the schemes is set out below. This is by no means an exhaustive list; it simply seeks to give a flavour of some of the bids which have been supported.

- Singleton (Fylde) Village Hall – Installation of a sustainable heating system
- Lytham St Annes & Fylde Sea Cadet Corp – Replacement of two boilers
- Our Lady Star of the Sea Parish Centre – Installation of a low-energy LED lighting system
- AFC Fylde – Equipment and marketing materials for girls football team
- Food Bank – Purchase of equipment and balance towards final payment to Trussell Trust for software package
- St Annes Kite Festival – Equipment and advertising banners
- Ormerod Trust – Equipment for gardening project
- Fylde Together – Continuation of Fylde Together
- Wesham Community Pride Trust – Funding for solar lighting at dog walking area
- Ansdell Business Development Partnership – Purchase of Christmas illuminations
- St Annes Football Club – Purchase of 2 sets of football goals
- Face to Face YMCA – Continuation of the drop in centre for homelessness
- Lytham St Annes Road Runners Club – To establish Parkrun
- Fylde Bike It – Storage container for equipment

- Lytham Town Trust – Purchase of equipment for volunteers to use
- AFC Fylde – Community garden at Lower Lane

However, the fund has now run its course and members are invited to consider if they would wish to allocate future funding.

Proposal

It is recommended that £25,000 revenue funding is allocated to the Community Projects fund in 2017/18. It is proposed that three bidding rounds are held throughout the financial year with £20,000 allocated to the larger Community Project Fund and the remaining £5,000 allocated to the smaller Discretionary Fund with a ceiling of £300 set for this fund, as opposed to the previous £500, to allow the smaller fund to be dispersed amongst a wider number of community groups. Any funds available at the conclusion of the financial year, will be made available through slippage into the next financial year. In addition, an evaluation of the effectiveness of the fund would take place at the conclusion of 2017/18.

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	21 NOVEMBER 2016	7
COUNCIL TAX REDUCTION SCHEME 2017/18			

PUBLIC ITEM

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

SUMMARY

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

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

This report provides the background to the change from Council Tax Benefit to CTRS in 2013/14; the approval of the CTRS for 2016/17; describes the experience to date of the operation of the local CTRS; and sets out the proposals in respect of the scheme for 2017/18. At the 5th December 2016 Council meeting Members will be requested to agree the details of a CTRS for 2017/18.

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

RECOMMENDATION

Having due regard to the Equality Analysis as detailed in section 3.7 of this report, and the consultation responses, the Committee is requested to:

1. Recommend to Council the continuation of the existing CTRS scheme for 2017/18 as set out in section 3 of this report, subject to the minor amendments to the scheme as detailed in paragraph 3.4 of this report;
2. Recommend to Council the continuation of Discretionary Hardship Relief for 2017/18 to provide additional support for claimants in exceptional circumstances and the Council's Discretionary Discount Policy which details discounts and reliefs in respect of Council Tax and Business Rates;
3. Recommend that Council approve, as necessary, that the financial implications are reflected in the Council's Revenue Budget and Financial forecast for 2017/18 onwards; and
4. To authorise the Director of Resources to make any necessary final amendments to the scheme arising from changes in the Department for Communities and Local Government's guidance or elsewhere and to bring any such changes to the Council meeting on the 5th December 2016 for approval.

SUMMARY OF PREVIOUS DECISIONS

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

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

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

REPORT

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

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

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

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

3. Proposed CTRS for 2017/18

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

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

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

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

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

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

4 Hardship Relief

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

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

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

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

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

5. Review of the CTRS

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

6. Equality Analysis

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

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

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

7. Linkages to Wider Welfare Reform

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

8. Conclusion

- 8.1 At the meeting of 5th December 2016 the Council will be requested to agree a local Council Tax Reduction Scheme for 2017/18 which (as is the case for the scheme currently in operation) will incorporate a reduction in awards to working age claimants.
- 8.2 The Council will be presented with the proposals for the 2017/18 scheme as described in this report, subject to any required changes in the intervening period as a consequence of new government regulations or other announcements. For 2017/18 it is proposed that the percentage reduction made at the end of the assessment for working age claimants shall remain as for 2014/15, 2015/16 and 2016/17 at 22.7%, the percentage reduction such that the full costs of the Council Tax Reduction Scheme are recovered from the working-age recipients of support.
- 8.3 Schedule 6 of the Council Tax Reduction Scheme will detail the percentage reduction in support to working age claimants once the scheme design has been determined by Council and following any final minor adjustments to the calculation of costs for 2017/18. That Schedule forms part of the adopted scheme.
- 8.4 A review of the Scheme (including the percentage reduction in support detailed within Schedule 6 of the Scheme) should be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. Therefore any decision with regard to changes to the CTRS will be in respect of 2017/18 only.

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

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

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

Attached documents

Appendix A - Consultation and responses from major preceptors

Appendix B - Public Consultation

Appendix C - Results of Public Consultation

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

Dear Sirs,

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

Summary:

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

Introduction:

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

That Scheme, in summary, is one which:

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

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

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

The proposed 2017/18 Scheme:

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

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

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

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

Changes to the Scheme for 2017/18

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

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

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

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

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

Hardship Fund

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

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

Consultation Questions

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

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

Responses

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

Yours sincerely



Paul O'Donoghue

Chief Financial Officer

Summary of Responses from Major Preceptors

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

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

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

In response to your questions I would submit the following:

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

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

3. The County Council has no further proposed changes

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

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

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

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

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

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

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

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

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

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

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

Agree

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

Agree

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

None

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

We agree this arrangement should remain in place

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

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

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

None

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

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

Responses to consultation questions:

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

Public Consultation

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

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

That Scheme, in summary, is one which:

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

The proposed 2017/18 Scheme:

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

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

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

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

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

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

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

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

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

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

Response – Council Tax Reduction Scheme Public Consultation

Fylde Council Tax Reduction Scheme Consultation Summary

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

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

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

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

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

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

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

DECISION ITEM



REPORT OF		MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE		FINANCE AND DEMOCRACY COMMITTEE	21 NOVEMBER 2016	8
COUNCIL TAX REDUCTION SCHEME: GRANTS TO TOWN AND PARISH COUNCILS 2017/18				

PUBLIC ITEM

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

SUMMARY

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

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

This report addresses the question of the payment of grants to Town and Parish Councils in relation to CTRS income reductions for 2017/18. At the December 2016 Council meeting Members will be requested to determine this issue.

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

RECOMMENDATION

The Committee is requested to:

1. Consider the options in relation to the payment of grants to Town and Parish Councils for 2017/18 (to compensate them for income foregone as a consequence of the local CTRS) as set out in section 1.5 of the report and provide a recommendation to Council;
2. Consider and provide a recommendation to Council in respect of the proposed distribution methodology should Council subsequently agree to the payment of grants to Town and Parish Councils for 2017/18;
3. Recommend that Council approve, as necessary, that the financial implications are reflected in the Council's Revenue Budget and Financial forecast for 2017/18 onwards.

SUMMARY OF PREVIOUS DECISIONS

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

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

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

REPORT

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

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

Option 2: Fylde Borough Council could agree to fund Town and Parish Councils to compensate them for losses in income as a consequence of CTRS in a total sum which reflects the overall central funding reductions that have been suffered by Fylde Borough Council. Based on the expected levels of central government funding for 2017/18 as contained within the latest Financial Forecast, the reduction would equate to 2.3%, leaving a sum of approximately £64.7k to be distributed.

Option 3: Fylde Borough Council could determine that due to the uncertainty surrounding central government funding and the expectation that the current funding reduction trajectory will continue in the future (thus reducing the total amount available for

distribution to Town and Parish Councils still further) the option which provides greatest clarity for future years for Town and Parish Councils is that funding relating to CTRS will be distributed for 2017/18 in the sum of either £66.2k or £64.7k, but that no such payments will be made at all in any future years. This would allow Parish Councils to determine their own financial environment without having to take regard of the actions of the Borough Council.

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

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

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

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

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

Consequently, assuming that town and parish councils remain outside of the precept restrictions for 2017/18 as currently proposed, they will be able to meet any funding shortfall arising from a reduction in CTRS grant from Fylde Council by way of an increase in their precept level (both in total and at a per property level).
- 1.9 In the written ministerial statement by the then Local Government Minister Brandon Lewis on the provisional local government finance settlement 2014 to 2015 that was issued on 18th December 2013, the subject of Parish Councils and local Council Tax support was addressed in the following paragraph:

'We have also set out previously that there is some £3.3 billion in the settlement this year for Council Tax support schemes. There is an element within this national pot

that is there specifically to reflect reductions in the parish tax base. We have not separately identified the money because it is not ring-fenced and as caseloads change and schemes evolve, the amount that different parishes need will change. It would be wrong to try to manage that centrally. But we have been clear that we expect billing authorities to carry on passing on support to town councils and parishes to help mitigate any reduction in their tax base due to the local Council Tax support scheme.'

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

Conclusion

- 1.11 At the meeting of 5th December 2016 the Council will be requested to consider the issue of the distribution of grants to Town and Parish Councils in relation to changes arising from the introduction of a local scheme. These alternative options are detailed at Section 1.6 of this report.
- 1.12 If the Council determines that grants to compensate Parish Councils for the impact of CTRS will be made for 2017/18 it is proposed that the distribution methodology will be similar to that used in previous years.

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

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

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

Attached documents

Appendix A - Comparison of levels of Town and Parish Councils Funding between 2012/13 and 2016/17

Appendix A

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

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

DECISION ITEM



REPORT OF		MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE		FINANCE AND DEMOCRACY COMMITTEE	21 NOVEMBER 2016	9
REVIEW OF COUNCIL TAX DISCOUNTS AND PREMIUM 2017/18				

PUBLIC ITEM

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

SUMMARY

With effect from 1st April 2013, the Government introduced legislation allowing local authorities the discretion to determine discounts for both second homes and empty properties. One of the government's main intentions in localising these decisions was to enable authorities to encourage empty homes to be brought back into use. An additional premium can also be charged to the owners of properties left empty for over two years.

In January 2013 the Council considered the subject and introduced a regime of discounts to take effect from 1st April 2013. Subsequently at its meeting in January 2014 the Council considered the issue once again and agreed further changes to the regime of Council Tax discounts and introduced a long-term empty property premium charge, effective from 1st April 2014, for properties that had remained empty for more than two years.

For 2015/16 and 2016/17 the arrangements were again reviewed but no further changes were introduced.

The Committee is requested to consider the suitability of the existing Council Tax discounts regime and the Council Tax Premium and to determine any changes to these arrangements effective from April 2017. It is intended that the regime of discounts and premium that operates in 2017/18 will continue to be in force until such time as further amendments are necessary.

RECOMMENDATION

The Committee is requested to consider this report and to confirm the continuation of the current Council Tax discounts and premium regime from April 2017, such regime to continue to be in force until such time as further amendments are necessary.

SUMMARY OF PREVIOUS DECISIONS

Having previously been considered by Cabinet at its meeting of 16th January 2013, Council resolved at its meeting of 28th January 2013 that with effect from 1st April 2013:

1. In respect of unfurnished vacant dwellings where major repairs or structural alterations are required, underway, or recently completed (previously class A exemptions) to approve a new discount at 100% for a period of up to 12 months;
2. In respect of vacant dwellings which are empty and substantially unfurnished (previously class C

<p>exemptions) to approve a new discount at 100% for a period of six months;</p> <p>3. In respect of long-term empty properties (class C exempt properties after the expiration of the current 6 month exemption period) to approve no discount; and</p> <p>4. In respect of second homes to approve retention of the existing discount of 10%.</p> <p>Subsequently, following consideration by Cabinet at its meeting of 15th January 2014, Council resolved at its meeting of 27th January 2014 that with effect from 1st April 2014:</p> <p>1. In respect of unfurnished vacant dwellings where major repairs or structural alterations are required, underway, or recently completed (previously class A exemptions) to continue to apply the current 100% discount for up to 12 months;</p> <p>2. In respect of vacant dwellings which are empty and substantially unfurnished (previously class C exemptions) to continue to apply the current discount at 100% for a period of six months;</p> <p>3. In respect of properties that have remained empty for more than 2 years to introduce a premium and charge 150% of council tax;</p> <p>4. In respect of Second Homes that the current 10% discount should no longer apply from April 2014; and</p> <p>5. To approve that the Revenues Shared Service will contact those property-owners who will become liable for the Council Tax premium as a consequence of their property having been unoccupied for in excess of two years to advise them of this decision prior to the dispatch of Council Tax bills.</p> <p>Having previously been considered by Cabinet at its meeting of 26th November 2014, Council resolved at its meeting of 1st December 2014 that with effect from 1st April 2015:</p> <p>1. To continue the current Council Tax discounts and premiums regime for 2015/16.</p> <p>Having previously been considered by the Finance and Democracy Committee at its meeting of 30th November 2015, Council resolved at its meeting of 14th December 2015 that with effect from 1st April 2016:</p> <p>1. To continue the current Council Tax discounts and premiums regime for 2016/17.</p>

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

REPORT

1 Background

- 1.1 Section 12 of the Local Government Finance Act (LGFA) 2012 (which amended s.11A of the LGFA 1992) allows billing authorities to have discretionary powers to amend the discounts to council tax applicable for both second homes and long term empty properties. The Act also

allows for a premium to be charged in cases where an owner has left a property unoccupied and unfurnished for over two years.

2 Current Position and Options from April 2017

2.1 Discount for dwellings undergoing major repairs

Current Position - 100% Discount for 12 Months

This is granted in respect of dwellings where the property is unoccupied and unfurnished, which needs or is undergoing major repairs or structural alterations. The maximum period for this discount is 12 months.

Options from April 2017

The Council can continue to allow a 100% discount for these properties or may set any lower percentage. The discount that is set will apply for a maximum of 12 months and the percentage discount cannot be varied during that time. Following the discount period the Council has previously decided that a full charge should apply.

The Government have suggested that a partial discount rather than a full 100% discount may encourage owners to bring these properties back into use more quickly than would otherwise be the case. However a degree of collection difficulty is inevitable if owners were to face an immediate charge instead of a 12 month 100% discount.

It is not anticipated that any change to the current position would have a material effect upon the number of long-term empty properties.

2.2 Discount for properties which are vacant

Current Position - 100% Discount for up to 6 months

Dwellings which become empty and unfurnished receive a 100% discount for up to 6 months. If the property remains empty beyond the 6 month period no further discount is given. (Where properties remain empty for a further 18 months a premium of 50% is applied – see below). Short periods of liability of under 6 weeks do not entitle the council tax payer to a further discount under this class if the property is subsequently vacated.

Options from April 2017

Billing authorities have been given discretion to set an appropriate level of discount of between 0% and 100% and the power to vary the period to which each percentage charge applies. It is commonly accepted that some period of full discount should be given.

It is not anticipated that any change to the current position would have a material effect upon the number of long-term empty properties.

2.3 Empty Homes Premium on Properties Remaining Empty for in Excess of 2 Years

Current Position – 50% premium is currently charged

Dwellings which have remained empty and unfurnished for over 2 years are charged 150% of the normal Council Tax charge.

Options from April 2017

This additional charge is discretionary and the Council could determine that the premium should no longer be applied. However the premium provides a strong incentive to owners to bring long-term empty properties back into use. **Since the introduction of the premium the number of long-term empty properties (empty for more than 6 months) has reduced from 710 in October 2013 to 521 at August 2016 – a reduction of 189 properties (27%).**

There remains a number of national exemptions in respect of certain classes of empty properties such that the premium does not apply in these cases. Full details are set out in section 3.0 of this report.

A further consideration in support of continuing to apply the premium charge links to the Council's Empty Property Strategy, which aims at reducing the number of empty properties in the borough. After two years of remaining empty, properties may start to deteriorate and impact negatively on neighbourhoods. The return to use of long term empty properties contributes to the New Homes Bonus received by the Council and helps improve current stock and increase overall supply.

Property owners are provided with advance notification that their property is approaching the date when the premium charge will commence – some three to four months prior to that date. This provides an opportunity for property owners to take appropriate action to avoid the premium charge where such a course of action is available to them e.g. the letting of a vacant property.

The current premium charge would appear to be having the intended effect and it could be reasonably implied that any reduction or removal of the charge would have the effect of increasing the number of long-term empty properties.

2.4 Second Home Discount

Current Position – No discount

For Fylde Borough Council there is no discount in respect of these properties.

Options from April 2017

A property is classed as a second home if it is furnished but no-one lives there as their sole or main residence. Council tax legislation allows the billing authority to award a discount on these properties of between 0% and 50%. Fylde Council could re-introduce a second homes discount within this range.

The removal of the Second Home discount has met with very little response amongst property owners who have been affected by this change. There would appear to be no compelling reason to suggest that a reversion to the previous discount position is required.

3.0 Continuing Exemptions

- 3.1 For certain types of properties there are exemptions under current legislation which apply nationally and which therefore exclude properties from the impact of locally determined changes to discounts and premiums. Examples of such exemptions include properties in probate, unoccupied dwellings which were previously the sole or main residence of a person who has moved into a hospital or care home, and unoccupied dwellings where the owner or tenant has moved in order to provide personal care to another person. Appendix A sets out the exemptions for the various categories of properties which would exclude them from the changes to discounts and the premium charge that is currently under consideration. The exemption in respect of properties in probate runs for a 6 month period following probate, and all other exemptions listed in Appendix A run for an indefinite period whilst the exemption applies.

4.0 Conclusions

- 4.1 Members are requested to consider the regime of Council Tax discounts and the premium charge currently in operation. It is recommended that the current regime of Council Tax discounts and premium is continued for 2017/18 and that this regime of discounts and premium will continue to be in force until such time as further amendments are necessary.

IMPLICATIONS	
Finance	Detailed financial implications are set out in the body of the report and the Appendices.
Legal	Section 12 of the Local Government Finance Act 2012 (which amended s.11A of the LGFA 1992) allows a billing authority to make a determination that any discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100%) as it may specify. In practice, this allows billing authorities to set a discount on unoccupied and unfurnished dwellings. Section 12 of the Local Government Finance Act 2012 also inserted a new section 11B into the LGFA 1992 allowing billing authorities, in relation to a dwelling that has been unoccupied and substantially unfurnished for more than two years, to charge up to 150% of the council tax that would be payable if the dwelling were occupied by two adults and no discounts were applicable. A billing authority which makes such a determination is required to publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination. Although, failure to comply with this condition shall not affect the validity of the determination.
Community Safety	None
Human Rights and Equalities	Any changes to the level of discount will be subject to an Equality Analysis.
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

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

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection

Attached documents

Appendix A – Analysis of property classes which will remain exempt from Council Tax charges

Council Tax Exemption Categories - November 2016

Note: Locally determined discounts or premia do not apply for the following classes of properties where national exemptions take precedence

Exemption Class	Property Type
B	Unoccupied dwellings owned by a charity (up to six months).
D	A dwelling left unoccupied by people who are in prison.
E	An unoccupied dwelling which was previously the sole or main residence of a person who has moved into a hospital or care home.
F	Dwellings left empty by deceased persons (from notification of death up to six months following probate, after which full liability for council tax applies).
G	An unoccupied dwelling where the occupation is prohibited by law.
H	Unoccupied clergy dwellings.
I	An unoccupied dwelling which was previously the sole or main residence of a person who has moved into another residence to receive personal care (but which is not a hospital or care home).
J	An unoccupied dwelling which was previously the sole or main residence of a person who is the owner or tenant and who has moved in order to provide personal care to another person
K	An unoccupied dwelling where the owner is a student who last lived in the dwelling as their main home.
L	An unoccupied dwelling which has been taken into possession by a mortgage lender.
M	A hall of residence provided predominantly for the accommodation of students.
N	A dwelling which is occupied only by students, the foreign spouses of students, or school and college leavers.
O	Armed forces' accommodation.
P	A dwelling where at least one person who would otherwise be liable has a relevant association with a Visiting Force.
Q	An unoccupied dwelling where the person who would otherwise be liable is a trustee in bankruptcy.
R	Empty caravan pitches and boat moorings.