



Agenda

Council

Date:	Monday, 7 December 2020 at 7:00 pm
Venue:	Remote Meeting Via Zoom
	<p>Mayor : Councillor Angela Jacques Deputy Mayor : Councillor Richard Redcliffe</p> <p>Leader : Councillor Karen Buckley Deputy Leader : Councillor Roger Small</p> <p>Councillors Ben Aitken, Frank Andrews, Peter Anthony, Tim Armit, Mark Bamforth, Brenda Blackshaw, Paula Brearley, Julie Brickles, Alan Clayton, Delma Collins, Peter Collins, Chris Dixon, Sue Fazackerley MBE, Trevor Fiddler, Ellie Gaunt, Brian Gill, Shirley Green, Noreen Griffiths, Peter Hardy, Will Harris, Gavin Harrison, Paul Hayhurst, Karen Henshaw JP, Paul Hodgson, John Kirkham, Matthew Lee, Cheryl Little, Roger Lloyd, Michelle Morris, Kiran Mulholland, Ed Nash, Sally Nash-Walker, Jayne Nixon, Linda Nulty, Liz Oades, David O'Rourke, Bobby Rigby, Michael Sayward, Vince Settle, Elaine Silverwood, John Singleton JP, Heather Speak, Ray Thomas, Tommy Threlfall, Stan Trudgill, Viv Willder, Michael Withers.</p>

PLEASE NOTE:

This meeting is being held remotely via Zoom and will be live streamed.

For public access to observe the meeting please use the link below.

<https://youtu.be/dfqXdXkWsX0>

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 19 October 2020 as a correct record.	1
	ANNOUNCEMENTS:	
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	REPRESENTATIONS:	

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9	Council Tax Reduction Scheme 2021/22	9-20
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13	Constitution Amendment – Terms of Reference - Committees	72-81

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

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

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

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REPRESENTATIONS

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	7 DECEMBER 2020	5
QUESTIONS FROM MEMBERS OF THE COUNCIL			

PUBLIC ITEM

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

SUMMARY

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

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

Any questions will be heard during the Council meeting on 7 December 2020 and a response will be given by the Leader of the Council or any other member nominated by her.

REPRESENTATIONS

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	7 DECEMBER 2020	6
QUESTIONS FROM MEMBERS OF THE PUBLIC			

PUBLIC ITEM

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

SUMMARY

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

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

If any questions are received before the constitutional deadline, which is, for the purpose of this meeting, 4.30pm on Tuesday 1 December 2020, they will be circulated prior to the meeting for members' information, under separate cover.

Any question(s) will be heard during the Council meeting on 7 December 2020 and a response will be given by the Leader of the Council or any other member nominated by her.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	7 DECEMBER 2020	7
NOTICE OF MOTION – BOBBY BALL MEMORIAL STATUE			

PUBLIC ITEM

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

SUMMARY

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

RECOMMENDATION

To consider the Notice of Motion received on 24 November 2020.

SUMMARY OF PREVIOUS DECISIONS

There have been no previous decisions on this item.

CORPORATE PRIORITIES

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

The Motion

1. The following Notice of Motion has been received:

“The council notes with sadness the recent passing of Bobby Ball, who brought laughter to millions over many years, and was well-known and well-loved in and about Lytham, where he chose to make his home. To mark and celebrate his life, it would be fitting for a statue of Bobby to be erected in Lowther Gardens, supported by public donations and with the backing of the council.

The council delegates responsibility to the Head of Governance, in consultation with the Leader and Chairman of the Tourism & Leisure Committee, to liaise with the family and Lowther Trust to set up an appropriate vehicle for this purpose and with a view to a report being brought to the next Tourism and Leisure Committee.”

The Notice of Motion was given by Councillor Karen Buckley.

Standing Orders

2. Part 4 (Rules of Procedure), Standing Order 10 (Motions) of the council Constitution details the procedural requirements of handling a Notice of Motion.

IMPLICATIONS	
Finance	None arising directly from this report.
Legal	None arising directly from this report.
Community Safety	None arising directly from this report.
Human Rights and Equalities	None arising directly from this report.
Sustainability and Environmental Impact	None arising directly from this report.
Health & Safety and Risk Management	None arising directly from this report.

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	tracy.manning@fylde.gov.uk Tel 01253 658521	24 November 2020

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Notification Received	24 November 2020	https://fylde.cmis.uk.com/fylde/DocumentsandInformation.aspx
Council Constitution	2015	https://fylde.cmis.uk.com/fylde/ConstitutionGovernanceMatters.aspx

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	7 DECEMBER 2020	8

NOTICE OF MOTION TO RESIND A DECISION – BEACH EXCLUSION ZONE

PUBLIC ITEM

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

SUMMARY

The Procedure Rules set out the circumstances in which a previous decision can be re-opened. This is set out below.

Motion to rescind a previous decision

A decision made at a Council or Committee meeting within the past six months can only be re-opened by a notice of motion if given by at least eight members (from at least two political groups), of the Council or the Committee in question. Where a committee has fewer than eight members, the notice of a motion must be given by all of them.

In accordance with this Procedure Rule a request has been made, by way of a Notice of Motion, to rescind a decision reached by the Operational Management Committee held on 10th November 2020.

RECOMMENDATION

To consider the Notice of Motion received on 24 November 2020.

SUMMARY OF PREVIOUS DECISIONS

There have been no previous decisions on this item.

CORPORATE PRIORITIES

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

The Motion

1. The following Notice of Motion has been received:

“1. the decision made in relation to item 4 of the meeting of the Operational Management Committee held on November 10 2020 be reopened insofar as it relates to the extent of the exclusion zone to allow further consideration of the effects of the decision on the environmental recognitions that presently apply to the amenity beach.

2. A special meeting of the committee be arranged for the purpose of such consideration.”

The Notice of Motion was given by Councillors Roger Small, Stan Trudgill, Mark Bamforth, Paul Hodgson, Alan Clayton, Viv Willder, Will Harris and John Kirkham.

IMPLICATIONS	
Finance	None arising directly from this report.
Legal	None arising directly from this report.
Community Safety	None arising directly from this report.
Human Rights and Equalities	None arising directly from this report.
Sustainability and Environmental Impact	None arising directly from this report.
Health & Safety and Risk Management	None arising directly from this report.

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	tracy.manning@fylde.gov.uk Tel 01253 658521	24 November 2020

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Notification Received	24 November 2020	https://fylde.cmis.uk.com/fylde/DocumentsandInformation.aspx
Council Constitution	2015	https://fylde.cmis.uk.com/fylde/ConstitutionGovernanceMatters.aspx

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	COUNCIL	7 DECEMBER 2020	9
COUNCIL TAX REDUCTION SCHEME 2021/22			

PUBLIC ITEM

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

SUMMARY

From April 2013 the local Council Tax Reduction Scheme (CTRS) replaced the previous national scheme of Council Tax Benefit. The scheme that operates within Fylde borough for 2020/21 was approved by this Council in February 2020 for 2020/21 only.

This report sets out the proposals in respect of the scheme for 2021/22.

RECOMMENDATIONS

The Finance and Democracy Committee considered the Council Tax Reduction Scheme 2021/22 report at the meeting of 23rd November 2020.

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

1. To approve the continuation of the existing CTRS scheme for 2021/22 as set out in section 3 of this report;
2. To approve the continuation of Discretionary Hardship Relief for 2021/22 to provide additional support for claimants in exceptional circumstances; and
3. To approve that, as necessary, the financial implications be reflected in the Council's Revenue Budget and Financial forecast for 2021/22 onwards.

SUMMARY OF PREVIOUS DECISIONS

The Council Tax Reduction Scheme in operation for 2020/21 was approved at the Council meeting of 10th February 2020. The full scheme is available on the Fylde Borough Council website at:

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

CORPORATE PRIORITIES

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

REPORT

1. Background to the CTRS Introduction and the adopted schemes for 2013/14 to 2020/21

- 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. The Council introduced such a scheme from that date and has updated the scheme annually since that date.
- 1.2 In February 2020 the Council approved a scheme for 2020/21. 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 has operated since the commencement of the scheme in 2014/15.
- 1.3 As part of the Government's response to the covid pandemic, local authorities were allocated specific grants to reduce the council tax liability of working age CTRS claimants by up to £150 by way of the Council Tax COVID-19 Hardship Fund. Fylde Council was allocated a sum of £568,269 and has to date applied the maximum £150 reduction for over 3,900 CTRS claimants. There is a separate report on this matter elsewhere on the agenda for this meeting.

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

- 2.1 No evidence has emerged to suggest that the scheme is in need of fundamental revision. The scheme has embedded well with no formal legal challenge to the principle of the scheme.
- 2.2 Experience of operating the scheme indicates that a 22.7% maximum reduction in the level of support is the correct level at which the scheme is self-funding, based on the initial level of funding provided for the scheme by way of specific grant from central government. However, support for the scheme is now part of the general central government funding and is not separately identifiable.
- 2.3 As at the end of October 2020, the number of claimants eligible for council tax support was 5,635 compared to 5,099 at the end of October 2019, an increase of 536, equivalent to a 10.5% increase year-on-year.

The latest estimate of the cost of the CTRS for 2020/21 is £5,235,730 which is split between this Council and the major preceptors, with Fylde Council's share being £593,208.

For 2019/20 the total scheme cost was £4,603,593, with the Fylde Council share being £521,587, the increase in cost being attributable to the increase in Council Tax levels (1.99% for 2020/21) and to an increase in the number of CTRS applicants largely owing to the impact of Covid-19.

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

Additionally, the Council receives a specific grant for administering the CTRS which for 2020/21 is in the sum of £81,756.

- 2.4 For 2020/21, as at 30th September 2020, a total of 3 hardship awards have been made under the existing discretionary hardship scheme in a total sum of £708.

3. Proposed CTRS for 2021/22

- 3.1 It is proposed that the 22.7% maximum reduction in the level of support is retained for the 2021/22 CTRS.
- 3.2 It is further proposed that the scheme for 2021/22 will continue to provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

The full details of the proposed scheme for 2020/21 is available on the Fylde Borough Council website at:

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

- 3.3 A consultation paper was distributed to the Major Preceptors - Lancashire County Council, Lancashire Fire and Rescue Service and the Lancashire Police and Crime Commissioner in October 2020 seeking their views on the proposed scheme for 2021/22. 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 2021/22 CTRS set out in this report.
- 3.4 Although there are no changes to the scheme proposed for 2021/22, the Equality Analysis that has been carried out in previous years for the CTRS scheme has been reviewed. This aims to mitigate the impact on protected groups. **As part of their consideration of the CTRS scheme for 2021/22 Members must read the Equality Analysis which is available on the Fylde Council website at:**

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

4. Hardship Relief

- 4.1 The provision of Discretionary Hardship Relief to provide support for claimants in exceptional circumstances, and who are unable to increase their income from other means, is a key element of the operation of the scheme. Section 76 of the Local Government Act 2003 in respect of Council Tax (as amended by section 13A of the Local Government Finance Act 2012) empowers a billing authority to reduce the amount of Council Tax as it thinks fit. Funding for such reductions must be provided by the Council and major preceptors as necessary.
- 4.2 In order to mitigate part of the impact of the CTRS on the most vulnerable households, the Council has adopted a Discretionary Discount Policy under the above powers. Strict criteria are used to determine if any additional relief is appropriate and the level of any such award. Awards are made only in exceptional circumstances to those unable to increase their income. The Council's Discretionary Discount Policy is available on the Fylde Borough Council website at:

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

- 4.3 It is proposed that for 2021/22 the Council Tax Reduction Scheme will continue to provide for additional discretionary awards which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

5. Equality Analysis

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

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

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

6. Conclusion

- 6.1 The Council is required to adopt a local Council Tax Reduction Scheme for 2021/22 which (as is the case for the scheme currently in operation) will incorporate a reduction in awards to working-age claimants.
- 6.2 Schedule 6 of the Council Tax Reduction Scheme will detail the percentage reduction in support to working age claimants once the scheme design has been determined by Council and following any final minor adjustments to the calculation of costs for 2021/22. That Schedule forms part of the adopted scheme.
- 6.3 For 2021/22 it is proposed that the percentage reduction made at the end of the assessment for working age claimants shall remain as for previous years at 22.7%.
- 6.4 A review of the Scheme (including the percentage reduction in support detailed within Schedule 6 of the Scheme) is carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. Therefore any decision with regard to changes to the CTRS will be in respect of 2021/22 only.

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

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	November 2020

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

Attached documents

Appendix A - Consultation and responses from major preceptors

Preceptor Consultation Letter – sent to LCC, Police and Fire Authorities – October 2020

Fylde Borough Council - Council Tax Reduction Scheme 2021/22 – 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 2021/22.

Introduction:

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

That Scheme, in summary, is one which:

- maintains most of the previous council tax benefit rules but reduces the award by a standard percentage at the end of the calculation for working age claimants such that the CTRS is self-funding ie. That the scheme does not result in the loss of Council Tax income to Fylde Council or the major preceptors. The claimant has to pay this amount to the Council as their contribution to Council Tax.
- in 2020/21 the maximum percentage reduction in support in respect of working-age claimants is 22.7%.
- includes the national scheme which protects claimants of pensionable age from any reductions.
- provides a Discretionary Hardship Fund to support claimants in exceptional circumstances who are unable to increase their income from other means.

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

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

The proposed 2021/22 Scheme:

It is proposed that for 2021/22 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 2021/22.

Council Members will be asked to agree a scheme of Council Tax Support in December 2020. The principles for the 2021/22 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 2021/22

It is proposed that the 2021/22 scheme will have the same design principles as that currently in operation and no changes are proposed.

It is proposed that the scheme for 2021/22 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 2021/22 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 2021/22 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (note: the maximum reduction in the level of support under the scheme for 2020/21 is 22.7%).
2. Do you agree or disagree that the 2021/22 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2020/21?
3. Do you have any suggested changes to the 2020/21 Fylde Council Tax Reduction Scheme?
4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants.
5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
6. Do you have any other comments to make about the proposed 2021/22 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 2020**.

Summary of Responses from Major Preceptors

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

1. Do you agree or disagree that the 2021/22 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (note: the maximum reduction in the level of support under the scheme for 2020/21 is 22.7%). - **Yes**
2. Do you agree or disagree that the 2021/22 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2020/21? - **Yes**
3. Do you have any suggested changes to the 2021/22 Fylde Council Tax Reduction Scheme - **No**
4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants. - **We support this view providing it is strictly controlled as in previous years**
5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012. - **We support this view providing it is strictly controlled as in previous years**
6. Do you have any other comments to make about the proposed 2021/22 Fylde Council Tax Reduction Scheme? - **No**



Paul Swindells

BY EMAIL

Phone: 01772 535259
Fax:
Email: Steve.freeman@lancashire-pcc.gov.uk
Your ref: P O'Donoghue
Our ref: SF
Date: 2 November 2020

Dear Paul

Fylde Borough Council - Council Tax Reduction Scheme 2021/22 – Consultation with major preceptors on the design of the local scheme.

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

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

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

In respect of your scheme for 2021/22 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 2021/22 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (note: the maximum reduction in the level of support under the scheme for 2018/19 is 22.7%).

Agree

2. Do you agree or disagree that the 2021/22 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2020/21?

Agree

3. Do you have any other suggested changes to the 2021/22 Fylde Council Tax Reduction Scheme?

None

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

We agree this arrangement should remain in place

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

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

6. Do you have any other comments to make about the proposed 2021/22 Fylde Council Tax Reduction Scheme?

None

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

Yours sincerely

Steve Freeman
Chief Finance Officer
The Office of the Police and Crime Commissioner for Lancashire

C. Neil Kissock, Director of Finance, Lancashire County Council

Mr P O'Donoghue
Chief Financial Officer
Fylde Borough Council
Town Hall
LYTHAM ST ANNES
Lancashire

Phone: (01772) 536154
Email: neil.kissock@lancashire.gov.uk

Your ref
Our ref NK/JR
Date: 19th October 2020

Dear Paul

COUNCIL TAX REDUCTION SCHEME CONSULTATION 2021/22

Thank you for your letter of 15th October 2020 consulting Lancashire County Council on the approach that Fylde Borough Council intends to adopt in continuing its scheme for Council Tax Support. We very much welcome the opportunity to provide our views on the proposals.

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

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

In response to your questions I would submit the following:

1. Do you agree or disagree that the 2020/21 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25%? (Note: the maximum reduction in the level of support under the scheme for 2019/20 is 22.7%).

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

2. Do you agree or disagree that the 2020/21 Fylde Council Tax Reduction Scheme should remain the same as the scheme in operation for 2019/20?

We agree that the 2020/21 scheme should remain the same as the current 2019/20 scheme.

3. Do you have any other suggested changes to the 2020/21 Fylde Council Tax Reduction Scheme?

None

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

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

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

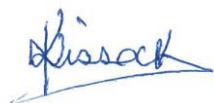
We do not object to the additional discretionary award. However we feel that it is fair and appropriate that Fylde Borough Council should maintain a cost neutral scheme. At a time when resources are extremely limited, it is vital that the operation of the scheme does not pass on additional costs to precepting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

6. Do you have any other comments to make about the proposed 2020/21 Fylde Council Tax Reduction Scheme?

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

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.

Yours sincerely

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

Neil Kissock
Director of Finance



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
FINANCE	COUNCIL	7 DECEMBER 2020	10
FINANCIAL FORECAST UPDATE (INCLUDING REVENUE, CAPITAL & TREASURY MANAGEMENT) 2020/21 TO 2024/25			

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 2020/21 to 2024/25. It includes changes arising since the Budget was set by Council in March 2020.

The Finance and Democracy Committee has considered the Financial Forecast Update report at the meeting of 23rd November 2020.

In accordance with those deliberations it is recommended:

1. That the Council approves this updated financial forecast; and
2. That the Council approve that the sum of £0.692m be transferred from the Funding Volatility Reserve into the M55 Link Road Reserve, ahead of the accumulation of further Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone, in order to confirm the availability of the full £2m contribution from Fylde Council to the scheme at this point, with an equivalent sum arising from business rates growth at the Enterprise Zone in future years being transferred into the Funding Volatility Reserve as and when such are growth is realised.

SUMMARY OF PREVIOUS DECISIONS

The Council set its budget for 2020/21 at its meeting of 4th March 2020. This report provides Members with an update of the financial position of the Council, including changes since that date.

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

REPORT

1. PURPOSE OF THE FINANCIAL FORECAST UPDATE

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

2. BACKGROUND TO THE FORECAST

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

(i) Original Budget 2020/21

At the Council meeting on the 4th March 2020 the budget for 2020/21 and the medium term financial forecast were agreed. The resolution included a 1.99% increase in the average Council Tax amounts and a total net budget requirement of £10.450m for 2020/21. The General Fund balance at that time was forecast at the end of 2023/24 to be £2.549m. In agreeing the Original Budget for 2020/21 a number of key high level financial risks and assumptions were highlighted.

(ii) General Fund Revenue Outturn Position 2019/20

The revenue outturn position for 2019/20 was reported to Members in July 2020. The impact of the outturn position, including slippage items in the total sum of £0.345m, has been reflected in this updated forecast.

The favourable outturn position for revenue allowed for a further contribution to be made into the Capital investment Reserve for that year in the sum of £0.924m. Appendix E includes the latest estimate in this regard.

(iii) Covid-19 Impact

In the weeks following the setting of the budget for 2020/21, and the revised budget for 2019/20, the impact of the covid outbreak became increasingly apparent. The national 'lock-down' that was implemented in late March was unprecedented and had a substantial impact on both the national and the local economy. However, due to the timing of the commencement of the lock-down (24th March 2020) the effects of that situation for the 2019/20 financial year were limited.

The impact of the covid restriction measures on a number of service areas, and consequently on the Council's financial position for 2020/21, has been much more apparent, although a range of national funding measures have also been introduced that assist in off-setting some of those negative financial effects.

Under the funding package for councils in respect of reduced sales, fees and charges income announced in July, the government will reimburse a proportion of lost income. Where losses are more than 5% of the budgeted income from sales, fees and charges, the government will cover them for 75p in every pound lost for the remainder i.e. the council will stand the first 5% of the loss and will be reimbursed for 75% of the remaining 95% of the shortfall. An initial assessment of the losses for the first four months of 2020/21 has recently been submitted with an anticipated initial receipt of grant in the sum of £0.426m. Further assessment of losses will be submitted later in 2020/21 and the position will be monitored carefully and reflected in future updates to the Financial Forecast.

The financial impact of the restriction measures for the current year, in terms of reduced levels of income and the cost of providing financial assistance to specific local businesses, continues to be carefully monitored. The pandemic has led to significant volatility in both income and expenditure levels across a number of service areas, and number of budget variations resulting from the impact of the covid restriction measures are included within this report, with details of the most significant variations being included within Appendix Cii.

In addition to the reimbursement for lost income, the government has announced funding allocations of both a general and specific nature to help local authorities manage the spending pressures caused by the covid restrictions. The specific and general grants notified to date are:

Covid Grant Allocation	£000
Employment costs of covid marshals	36
Funding to support vulnerable people (food and essential supplies)	74
Funding for the prevention of outbreaks of infectious diseases	109
Council Tax Reduction Scheme – reliefs awarded (£150 per claimant) plus other discretionary relief awards	586
Prevention of rough sleeping	5
Self Isolation (support payment low income families)	72
General / non-specific funding	1,151
Total	2,033

All Local Authorities are required to complete monthly government returns estimating the overall financial impact of the covid situation on their finances. Alongside all of the adverse financial impacts noted within the analysis at Appendix C, the single most significant anticipated consequence that is included within the Fylde Council return is the reduction in the collection of Council Tax and Business Rates for the year. Collection rates for 2020/21 are lower for the year to date than at this point in previous years and are being carefully monitored. It is possible that collection rates may improve through the remainder of the year. Similarly it is not clear at this stage

how much of the council tax and business rate debt will prove to be uncollectable and will ultimately be written off at a cost to the council and the other major preceptors.

(iv) Budget Right-sizing Exercise

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

(v) Capital Outturn Position 2019/20

The latest approved expenditure budget in the capital programme for 2019/20 was £14.299m. After adjusting for slippage of £2.131m, the overall outturn position for 2019/20 was an in-year favourable variance of £0.002m against the latest updated estimate.

(vi) General Fund Revenue Quarterly Budget Monitoring 2020/21

Revenue budget monitoring reports for the period to 30th September 2020 have been presented to each of the Programme Committees during the November cycle of meetings and are included later on the agenda for this meeting as information items. 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 employee costs.

3. THE GENERAL FUND REVENUE FORECAST

- 3.1 Appendix A of this report sets out the original revenue budget forecast as agreed at the Budget Council meeting on 4th March 2020.
- 3.2 Appendix B shows the general assumptions underpinning the base forecast, whilst Appendices Ci and Cii show 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 2019/20 and the budget right-sizing exercise. Appendix D sets out the narrative which explain the significant changes made to the forecast.
- 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 4th March 2020 and may have a significant impact of the financial position of the Council:

3.4 Further Contribution to the M55 Link Road

The construction of a new purpose-built link road from Lytham St Anne's to the M55 (junction 4) has been a transport priority for Fylde Council and Lancashire County Council

since the 1990's and has been included in a number of corporate plans and strategic transport plans. It is a key infrastructure project in the adopted Fylde Local Plan and is seen as essential to the delivery of planned sustainable growth for the borough. In July 2016, the Council committed to providing funding in the initial sum of £1m to assist in the delivery of the link road. Since then the design and delivery plans and funding packages have moved on considerably and the overall cost of the scheme has been refined.

At the Council meeting of 18th March 2020 the Council approved the transfer into the M55 Link Road Reserve of current and future Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone to a maximum sum of an additional £1m and that in the event that less than £1m of Business Rate growth has accumulated by the time that the funds are required by Lancashire County Council to deliver the road, that any shortfall would be met from the Funding Volatility Reserve.

The balance of the M55 Link Road Reserve currently stands at £1.308m. In order to expedite delivery of the road, by confirming the availability of the total £2m contribution from Fylde Council to the scheme, it is now proposed that the shortfall in the sum of £0.692m be transferred from the Funding Volatility Reserve into the M55 Link Road Reserve, ahead of the accumulation of further Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone. It is further proposed that an equivalent sum arising from business rates growth at the Enterprise Zone in future years be transferred into the Funding Volatility Reserve as and when such are growth is realised.

3.5 Business Rates: Membership of the Lancashire Business Rates Pool 2020/21 and Future Year Income Estimates

In 2018/19 the government announced plans to introduce '75% Business Rate Retention' for all authorities with effect from 2020/21. As part of the development of these revised arrangements the government invited bids from existing Business Rate Pools to act as 'pilots' for the proposed scheme. An analysis of the impact of the 'pilot' scheme arrangements for the Lancashire Business Rates Pool indicated that a significant net beneficial impact would result across Lancashire authorities. Consequently, the Lancashire pool applied for inclusion in the pilot scheme and was subsequently accepted as a participant for 2019/20.

The implementation of the '75% Business Rate Retention' scheme is closely linked to the Fair Funding Review which has now been delayed from 2019/20 first to 2020/21 and now to 2021/22 as a consequence of the covid-19 outbreak (see section 4 below).

As a result of the initial delay to the review, for 2020/21 there has been a reversion to the arrangements that were in place prior to the 'pilot' scheme i.e. that the Lancashire Business Rate Pool continued to operate but without the benefit of the '75% pilot' arrangements.

Although there remains a degree of uncertainty at this stage, it is increasingly likely that the business rate regime that operates for 2021/22 will be a continuation of the arrangements for the current year, including the option of a pooling arrangement across local authority areas.

Consequently each of the existing Lancashire pool members have indicated their support to the submitting of a proposal for a continuation of the pool for 2021/22. However, as the nature of the Business Rate regime for 2021/22 is uncertain, it may be that following the announcement of the provisional Local Government Finance Settlement, due to be announced in late 2020, a pool member may find themselves disadvantaged by the proposed 2021/22 Business Rate arrangements. It is open to each pool member to decide to withdraw from the pool within 28 days of the provisional Settlement. If any Lancashire pool

member were to decide to withdraw from the pool for 2021/22 the pool would effectively be dissolved and pooling would not be possible for Lancashire for 2021/22.

The latest in-year monitoring and future modelling suggests that continued participation in a Lancashire Business Rate Pool for 2021/22 would be financially beneficial to Fylde Council. Currently the Financial Forecast assumes that Fylde Council will participate in a Lancashire-wide pooling arrangement up to and including 2020/21 only, until such time as there is certainty that a pool will be in operation for 2021/22.

Following a re-assessment of the appropriate level of provision for Business Rate appeal losses in 2019/20, the updated Financial Forecast shows the impact of the release of a proportion of that provision, in part as a result of the settlement of a long-standing legal case against the local government sector by NHS Trusts which was ultimately settled in favour of local councils. This one-off beneficial impact takes effect during 2021/22 due to the timing of transactions relating to the business rate element of the Collection Fund. (See also Section 8 of the report). This has had the effect of significantly increasing the level of business rates income in 2021/22 as shown at Appendix E.

However, given the impact of covid restrictions on many businesses during the current year, it may be necessary to increase the provision for Business Rate appeal losses in 2020/21 and/or 2021/22 as many businesses will undoubtedly appeal the rateable values at which business properties have been assessed, particularly in instances where such assessments are based upon the revenues of the business during the year

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

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

The Council meeting of 4th March 2020 approved transfers to the Capital Investment Reserve in 2019/20 and 2020/21 equivalent to the balance of the revenue surplus for those years (after allowing for all approved transfers to other reserves), estimated at that time to be £0.832m for 2019/20 and £1.288m for 2020/21.

Following a favourable outturn position for 2019/20 and a review of the budget position for 2020/21 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 revised forecast revenue surplus for 2020/21, currently stands at £1.375m as detailed at Appendix E, and the revised forecast revenue surplus for 2021/22 is currently £1.311m.

4. CENTRAL GOVERNMENT FUNDING AND THE LOCAL GOVERNMENT SPENDING REVIEW

4.1 Retained Business Rates

The government had previously announced a reform to the Business Rates system due to be implemented for all authorities in 2020/21 as part of a Fair Funding Review into overall funding arrangements for Local Government. This was delayed from 2019/20 as a consequence of uncertainties surrounding the departure of the United Kingdom from the European Union, and again from 2020/21 due to the Covid-19 pandemic. This Review and the reform to the Business Rates system is now expected to take place during 2021/22 with implementation anticipated from 2022/23. A fundamental element of the proposed reforms is a “reset” of the business rate “baseline” for each local authority against which any growth and business rate retention can be measured. Fylde council has benefitted significantly from retained growth against the existing baseline, and there is a risk that the amount of Business

Rate income retained by Fylde Council in future years will be at a lower level. The financial forecast approved by Budget Council in March 2020 assumed a reduced level of business rate income from 2022/23 onwards at a level that is closer to the existing baseline level in anticipation of such a reset. This will be reviewed as part of the next Financial Forecast update and future estimates of business rate income will be updated when more information is known as necessary.

4.2 New Homes Bonus

In October 2019 the government published the 'Local Government Finance Settlement 2020-21: Technical Consultation'. Amongst a number of proposals, the settlement consultation proposed a review of the New Homes Bonus scheme and for 2020/21 the New Homes Bonus allocations were for one year only and not annual allocations for a longer period as had previously been the case. The outcome of that review has been delayed due to the Covid-19 outbreak and the situation for 2021/22 in respect of New Homes Bonus is unknown at this point. The scheme may continue to operate in its current, or in an amended form, or may be replaced by an entirely different mechanism by which central government funding is calculated and distributed to local authorities. Or it may not be replaced at all.

The Financial Forecast summary at Appendix E assumes a reduced level of New Homes Bonus for 2021/22 onwards based upon an estimate of a further single year allocation for 2021/22, together with the legacy payments from earlier year as previously notified.

Until further details are known in this regard, future year income estimates for New Homes Bonus have been assumed at this same level. These will be amended in future updates to the Financial Forecast as and when the future of the New Homes Bonus scheme is more clearly known.

No allocation of New Homes Bonus grant to town and parish councils for 2021/22 has been assumed in this update. Following consideration of this issue by the Finance and Democracy Committee at the November meeting of the committee, any changes necessary to the forecast will be reflected in future updates.

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 there is a clear risk that the actual levels of central government funding beyond the current year (i.e. for 2021/22 onwards) may differ from the amounts for those years that are reflected within this update.

Given that both retained Business Rates and New Homes Bonus are a major source of funding for the Council and that both will be subject to review during 2021/22, this represents a significant risk to the overall level of future central government funding.

Currently we await the funding settlement for 2021/22, which is expected to be announced in December 2020. It is likely that this will again be a single year settlement for 2021/22 and we may not have any certainty regarding funding for future years until next year.

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

(ii) Announcement of a 'Fair Funding Review'

Intrinsically linked to the risks as described above relating to future Central Government funding levels, the Government has also confirmed that it is now proposing to undertake the long awaited Fair Funding Review during 2021, with implementation of a revised funding mechanism being planned for 2022/23 (delayed initially from the intended review during 2019/20 and again from the planned review in 2020/21 due to the Covid-19 outbreak).

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

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

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

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

(iii) Retained Business Rates – Business Rates Pooling

The decision to continue membership of the Lancashire Business Rates Pool for 2021/22, should that prove to be a viable option for that year following the announcement of the provisional Finance Settlement for 2021/22, would provide for additional retained Business Rate income for 2021/22 as compared to the financial forecast approved by Council in March 2020.

Currently the Financial Forecast assumes that Fylde Council will participate in a Lancashire-wide pooling arrangement up to and including 2020/21 only, until such time as there is certainty that a pool will be in operation for 2021/22.

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

5.3 Medium Level Financial Impact Risks

(i) Borrowing Cost Assumptions

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

There is a risk therefore that if circumstances change over the forecast period and it is necessary to take out 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.

(ii) Reduction in Housing Benefit Administration Grant

The Council receives an annual grant to support the cost of the administration of Housing Benefit and Council Tax. The grant that the Council receives for these purposes has reduced in recent years, particularly in respect of the Housing Benefit element, as the government moves away from a system of Housing Benefit payments and towards a Universal Credit Scheme. This financial forecast reflects the latest estimates of reduced grant levels for 2020/21 and for subsequent years.

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

(iii) Universal Credit

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

(iv) Grounds Maintenance – External Contracts

Throughout the future life of the forecast a number of grounds maintenance contracts with external parties will come to an end or will be due for renewal/re-tender. At the same time other opportunities will arise for additional contract work and these will be actively pursued

as appropriate. Income from contracts supports the work of the Parks and Leisure Service teams by way of a contribution to management costs and corporate overheads. Officers will endeavour to seek extensions to contracts as they become due for renewal/expiry and will continue to seek suitable alternative new work. Should this not be possible there may be an adverse impact on the forecast.

5.4 **Low Level Financial Impact Risks**

(i) The Living Wage

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

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

(ii) Community Infrastructure Levy (CIL)

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

Fylde Council has commenced work on the introduction of a CIL, but this was placed on hold pending the adoption of the local plan and the publication of the updated Regulations. Now the revised Regulations have been published, work on a CIL for Fylde can recommence. However, this will have to await the partial revision of the local plan as a CIL will need to have regard to any revisions to, and a revised viability assessment of, the local plan. Until a CIL is adopted, Fylde will continue to utilise Sn 106 agreements in order to secure essential infrastructure.

Until the review of the Fylde Local Plan is completed, 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 2020 was £4.272m.

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

7. CONCLUSIONS – GENERAL FUND REVENUE FORECAST

- 7.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, is an improvement in the short-term since Budget Council in March 2020, with increased surpluses now forecast for 2020/21 and 2021/22. The improved financial forecast position for 2021/22 is due largely to the release of a proportion of the Business Rates appeal provision as described at 3.5 above.

- 7.2 However, in light of the impact of the Covid-19 restriction measures on the financial position of the Council for 2020/21, and possibly beyond 2020/21, together with the potential for future reductions in central government funding and uncertainties around the level of retained business rates from 2021/22 onwards, 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 over the last decade and has continued to reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain high quality frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period. For Fylde Council to continue to successfully meet the new challenges that it faces it is vital that this approach is re-doubled and that all reasonable opportunities for further cost-reduction measures and for the generation of additional income are seriously considered. Prudent financial management in previous years has provided a level of reserves which allows the necessary time to determine how this council can best respond to the increased challenges.

- 7.3 The assumptions that are contained within the Forecast Update are the latest best estimates and will be updated as and when further information is available. External pressures outside the Council's control are being experienced by all local authorities, in particular the impacts of the ongoing pandemic which is causing significant volatility. Instructions remain in place that budget-holders should remain prudent and not commit to any unnecessary expenditure. This approach saves money and may result in an under-spend for the 2020/21 financial year.

- 7.4 Budget planning work for 2021/22 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 by comparing estimated collection levels with actual levels on a rolling basis. Prior to 2013/14 the requirement was to maintain this for Council Tax only, however, as part of the Local Government Finance Act 2012 the Government implemented a Business Rates Retention Scheme from April 2013, whereby the collection and distribution of NNDR is also collected and distributed via the Collection Fund (the distribution of NNDR had previously been managed nationally).

- 8.2 For Council Tax only, there was a surplus on the fund as at 31st March 2020 of £861k. This will be shared between Fylde Council, the County Council, the Police Authority and the Fire & Rescue Authority in 2020/21 & 2021/22. Fylde Council's share of the surplus is £111k, the beneficial impact of which is reflected within Appendix E.
- 8.3 For Non-Domestic Rates only, there was a surplus on the fund as at 31st March 2020 of £3.869m. A large proportion of this arises from the release in 2019/20 of a provision for business rate appeals on behalf of NHS Trusts for mandatory charitable rate relief which has been defended successfully at a national level. The surplus will be shared between Central Government, Fylde Council, the County Council and the Fire & Rescue Authority in 2020/21 & 2021/22. Fylde Council's share of the surplus is £2.120m, the beneficial impact of which is reflected within the Business rate income forecasts within Appendix E.
- 8.4 As a consequence of the mechanism by which central government have compensated local authorities for the provision of national rate relief schemes for a large number of businesses in 2020/21 due to the covid situation, the Collection Fund will show a significant deficit at the end of 2020/21 as a result of lost income due to the awarding of those reliefs. These will be met by specific government grant to compensate for this loss of income which will be a General Fund item rather than Collection Fund. It will be necessary to set aside this specific grant during 2020/21 in order to offset the Fylde Council share of the deficit, which will impact the Council in 2021/22.

9. THE CAPITAL PROGRAMME

- 9.1 The Capital Programme is updated continually for agreed changes and reported to Members during the financial year on a periodic basis. The latest position on monitoring of the current year's programme on a scheme by scheme basis is set out in an information item report which has been before each of the programme committees during the current cycle of meetings and is included on the agenda of this meeting.
- 9.2 The latest updated Capital Programme Summary for the years 2020/21 to 2024/25 is set out in Table 1 below. The Programme has been updated for changes to the end of October 2020. 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 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000
Committee:					
Finance & Democracy Committee	57	0	0	0	0
Tourism & Leisure Committee	3,055	165	40	40	40
Operational Management Committee	2,864	197	366	1,001	821
Environment, Health & Housing Committee	1,679	1,290	1,130	1,130	1,130
Planning Committee	3,079	1,107	1,032	612	0
Total Capital Payments	10,734	2,759	2,568	2,783	1,991
Financing:					
Availability of Resources	10,734	2,759	2,568	2,783	1,991
Total surplus (-) / shortfall in year	0	0	0	0	0
Cumulative surplus (-) / shortfall	0	0	0	0	0

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

9.4 Financing the Capital Programme

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

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

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

10. VEHICLE PURCHASES

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

11. KEY AREAS OF FINANCIAL RISK TO THE CAPITAL PROGRAMME

There are a number of 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 Fairhaven and Church Scar Coast Protection Scheme budget is £22.1m, being funded by Flood Defence Grant-in-Aid (which is an Environment Agency eligible cost reimbursable grant) of up to £21.4m; alongside a contribution from Fylde Council of £670k.

Work started on site in December 2017 and was completed in July 2020, a completion some 5 months ahead of the original schedule, and with an underspend currently estimated at around £0.375m. There is a 12 months defects liability on the contract and the Council will have to keep a project manager on the project to administer any defects during this period. A final grant claim will be submitted to the Environment Agency and the retentions will be released in August 2021. Any unspent grant will be returned to the Environment Agency.

In addition to the core sea defence works the re-modelled car park entrance public realm enhancement at Stanner Bank has been added to the contract. Whilst the scheme is nearing completion on site, there remains the possibility of additional contract costs beyond those in the approved budget until such time that the scheme is finally completed.

Due to the significant value of scheme it is classified as a medium level financial risk

ii) Fairhaven Lake and Gardens Heritage Lottery Scheme

The Council meeting of 16th July 2018 approved the underwriting of external grant funding bids in respect of the Fairhaven Lake and Gardens Heritage Lottery Scheme in the maximum sum of £343k in the event that not all of the funding bids would be successful, this to be met from the Capital Investment Reserve. The underwriting by the Council allowed the Heritage Lottery Fund bid to progress, that bid subsequently being successful. In addition, the Council has approved funding for the scheme in the sum of £400k to be met from the Funding Volatility Reserve.

Additionally, delays in the procurement process has caused the commencement of the works to be delayed as the initial bids for the works that were received exceeded the available funding to a significant degree and a full re-tendering exercise was required to be undertaken. Contracts for the building and landscape works have now been let within budget and are scheduled to be completed by May 2021. The lake works project will be undertaken in financial year 2021/22.

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

iii) Town Centre Regeneration Kirkham

Following the Government's Future High Street funding initiative (FHSF), the Planning Committee resolved, in the autumn of 2019, to choose Kirkham Town Centre as its choice to pursue any bids for funding under the scheme. The first opportunity, being part of the broader FHSF, named the High Street Heritage Action Zone initiative (HS HAZ) was launched. This was a competitive process and seeks to enhance the historic environment of high streets that have conservation area status. Following the expansion of the funding for the scheme, due to unprecedented bids from a national perspective, the Kirkham bid proved to be successful, following a recommendation to Government from Historic England (HE). HE is the body responsible for administering the scheme. The grant award is £1.8m and will be

match funded from a number of sources including Fylde Council, Kirkham Town Council and commuted Section 106 payments associated with public realm contributions attributed to residential planning permissions. The scheme will run over 4 years, commencing in April 2020, and includes a wide range of projects.

In line with many other authorities, due to COVID 19, the implementation of the scheme has been delayed and a revised project plan, which sets out the projects to be delivered and the associated funding, is in the process of being agreed with Historic England (as at early October 2020). Some revenue spending will commence this year with the larger capital programmes from April 2021. A Project Board is in the process of being brought together, this being essential given the large portfolio of schemes and the number of external partners engaged in the projects.

A bid has also been submitted under the main body of the Future High Street Fund totalling £8.6m and proposes to deliver a number of schemes across the whole of the town centre including the repurposing of buildings, traffic management measures, building reuse and enhancement and public realm projects. This is once again a competitive process and the outcome will not be known until later in the year, but the bid is well founded and the economic case very strong. The governments measures for assessing economic benefits and value of money (known as the Cost Benefit Ratio) have been exceeded. It is known that the fund may well be oversubscribed and so it is not known how allocations will be made i.e. whether the most imaginative and value for money projects may prove to be more successful, requests made for authorities to prioritise schemes thereby reducing their 'ask', or some scheme not being successful at all. The outcome of this assessment is awaited.

It is now known that a second round of the Future High Street Fund will be launched in 2021.

Given the overall value of the scheme and current uncertainty regarding funding sources this scheme is considered a medium level risk.

11.2 Low Level Financial Impact Risks

i) St Annes Regeneration Schemes

Following the completion of the upgrading scheme for St. Andrews Road South, Planning Committee agreed that the next phase for regeneration activity should be Wood Street – Phase 3. Unfortunately, difficulties arose in negotiating the design proposals for the easterly side due to one owner being reluctant to participate in the scheme, primarily because the property was up for sale. It is understood that the new owner would wish to participate should the opportunity arise in the future. The scheme commenced in February but was placed on hold due to the Covid 19 Pandemic. Work resumed in June and is now complete (apart from the placing of the 5 trees) with the car park reopening. The trees will be planted shortly. The scheme has been completed to budget, absorbing extra costs due to delays whilst the work was suspended.

The next section of works has been agreed along St. Annes Road West between The Pier and The Square (known as the Square-Pier Link). A scheme designed to the available budget was presented and approved by Planning Committee, but the Regeneration Manager was asked to look at extending the scheme, potentially widening pavements to provide an enhanced pedestrian ambience and increased paving space capacity to absorb high levels of footfall that is encountered at peak times. As matters stand, the potential for achieving these

enhancements to the scheme is being discussed with Lancashire County Council as any further amendments would have to be agreed, since there would be changes to the highway configuration. It is hoped that a revised scheme, in principle, can be produced over the next few weeks with a detailed plan prepared and costed for presentation to the appropriate committees of the Council. Work could commence in the early part of Spring 2021 subject to agreement as regards additional funding being made available for the scheme. This would mean that the scheme would be delivered across the financial years 2020/21 and 2021/22.

ii) Lytham Regeneration Schemes

In respect of the large capital scheme for Lytham town centre, a number of suggestions have been made by the Lytham Business Group and other parties, some of which require careful consideration along with agencies such as Lancashire County Council. Options are being considered involving local members and a draft plan is being drawn together. This will have a phased programme of works to be considered in due course by the Planning Committee. It is envisaged that the first phase will be commenced in 2021/22. Plans have been prepared and will be presented to the Town Centre Working Group at the earliest opportunity. This will enable detailed schemes to be prepared. The proposed lighting replacement scheme for West/East Beach is at an advanced stage of planning and has been supported by the Working Group. It is hoped that subject to approval by Planning Committee, the scheme could be completed by the end of 2020/21. The lighting scheme is estimated to cost around £75k although contributions are being sought from Lancashire County Council.

iii) Vehicle Replacement Programme

The estimated vehicle replacement profile, to replace existing fleet at the end of its useful economic life from 2020/21 to 2024/25 within the Capital Programme totals £3.0m.

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

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

iv) Project Slippage

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

v) Other Capital Receipts

The approved programme for 2021/22 onwards assumes “Right to Buy” receipts of £25k per annum and “General Asset Sales” of £45k per annum. Future receipts are dependent on prevailing market conditions and values cannot be predicted with certainty. This will be monitored and reviewed during the year and adjusted accordingly in future quarterly monitoring reports, along with the impact this may have on the financing of the programme.

vi) Better Care Fund (Formerly Disabled Facilities Grants)

As the local housing authority, the Council has a statutory duty to provide disabled adaptations within the Borough. In order to fund these works the Council receives grant support which previously was provided by the Department for Communities and Local Government (DCLG). From 2015/16 the Government established the ‘Better Care Fund’, and under these new arrangements the funding for Disabled Facilities Grants transferred to the

Department of Health, with funding being distributed to all Councils via the upper-tier authority for that area. As such, in Lancashire the fund is administered by Lancashire County Council. Each upper-tier authority then allocates the funding to their respective housing authorities (i.e. district councils within their area) to enable them to continue to meet this statutory responsibility.

The level of government funding has increased significantly under the 'Better Care Fund' arrangements and budget for 2020/21 of £1.130m provides for the delivery of disabled adaptations to similar levels as 2019/20. It is anticipated that for 2020/21 all identified need for disabled adaptations can be met from the existing resource.

12. CONCLUSIONS – CAPITAL PROGRAMME

- 12.1 The current Capital Programme as updated is showing a balanced position for 2020/21 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 2021/22.
- 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 2020 was £6.455m including the budgeted transfer into the reserve of £1.288m in respect of 2020/21. Of this £3.522m is already committed to deliver existing approved capital schemes in the years 2020/21 to 2021/22, leaving a forecast unallocated balance on the reserve at 31st March 2020 of £2.933m. The estimated transfers in are of course subject to change as costs and income undoubtedly fluctuate over the next 2 financial years.

13. TREASURY MANAGEMENT

- 13.1 The Treasury Management Strategy and Prudential Indicators for the current financial year were approved by Council on 4th March 2020.
- 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 26th November 2020 and subsequently will be presented to Council on 7th December 2020.

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 The Covid-19 crisis has caused a major downturn in both the domestic and global economy, the long-term effects of which are yet to be fully understood. For the UK this is exacerbated by the consequences of Brexit, the outcome of which remains uncertain even at this late stage with Brexit due on 31st December 2020. Investment yields remain low and some financial institutions are offering only negative interest rates to investors.

The Council has complied with all aspects of the 2020/21 Treasury Management Strategy and Prudential Indicators as approved by Council in March and will continue to conduct all treasury management activities prudently and in line with those approvals.

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

- 16.1 The overall position on the Council's financial forecast, as summarised in Appendix E of this report, is an improvement in the short-term since Budget Council in March 2020, with increased surpluses now forecast for 2020/21 and 2021/22, with a much more challenging forecast position for the years thereafter. The improved financial forecast position for 2021/22 is due largely to the release of a proportion of the Business Rates appeal provision as described in section 3.5 of this report.
- 16.2 The impact of the Covid-19 restriction measures on the financial position of the Council for 2020/21, and possibly beyond 2020/21, together with the potential for future general reductions in central government funding from 2021/22 onwards, requires that the Council continue the approach to continually seek opportunities to achieve savings and efficiencies to enable a balanced budget position to continue into the future and to provide on-going contributions to reserves.
- 16.3 In light of the uncertainties surrounding future national funding arrangements the Council needs to continue with the approach to delivering savings and efficiencies and maximising income 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 in recent years and has continued to reduce senior management costs and other overheads. Ongoing modernisation work and business improvement will continue to make Council services more efficient, save money and maintain frontline services to customers. This work has yielded ongoing savings to help improve the Council's overall financial position over that period.
- 16.4 Although further challenges may be encountered in the future the reserves and balances are at healthy levels as compared to earlier periods. The outcome of the long-awaited Fair Funding Review into Local Government Financing is eagerly awaited and may provide a degree of greater clarity regarding the future financial landscape. Furthermore, Fylde Council has a past record of taking actions in order to meet and overcome those challenges; the recent introduction of a chargeable green waste collection service being a prime example of such action, as was the decision to join a Business Rates pool from 2017/18. Fylde Council will continue to seek other such opportunities to maintain a robust financial position in the face of a challenging and changing financial environment. This approach will ensure that the Council continues to achieve and sustain a balanced budget position on an ongoing basis and is able to deliver the priorities set out in the Corporate Plan.
- 16.5 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 financial position of the Council remains robust. Members should, however, continue to be cognisant of the risks that are detailed within this report in order to maintain a sustainable financial position for the Council.**

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

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658566	November 2020

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 2019/20 – 2023/24	Budget Council meeting 4 th March 2020	www.fylde.gov.uk
MTFS – Outturn Position For 2019/20 (Including General Fund, Capital Programme & Treasury Management)	Finance and Democracy Committee meeting 28 th July 2020	www.fylde.gov.uk
Revenue Budget Monitoring Report 2020/21 – to 30 th September 2020	Finance and Democracy Committee meeting 23 rd November 2020	www.fylde.gov.uk
Capital Programme Monitoring Report 2020/21 – to 30 th September 2020	Finance and Democracy Committee meeting 23 rd November 2020	www.fylde.gov.uk

Appendices:

1. Appendix A – Forecast approved at Council on 4th March 2020
2. Appendix B – Schedule of general assumptions underpinning the forecast
3. Appendices Ci & Cii – Schedules of changes to the forecast
4. Appendix D – Explanation of changes to the forecast
5. Appendix E – Updated latest forecast position

General Fund Budget Forecast 2019/20 to 2023/24 - Approved at Budget Council March 2020

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Adverse / Favourable
Forecast approved at Council on 5th March 2019	10,241	10,166	10,433	10,658	10,658	
Forecast Changes - per Appendix C of March 2020 MTFS Report	231	238	170	159	683	Adverse
Revenue Budget Growth Items - per Appendix F of March 2020 MTFS Report		46	49	52	53	Adverse
Forecast Budget Requirement	10,472	10,450	10,652	10,869	11,394	
Financed by:						
<i>Council Tax Funding:</i>						
Council Tax - Precept	6,212	6,456	6,660	6,869	7,084	
Council Tax - Share of Previous Years Surplus/(Deficit)	- 8	109				
<i>Sub Total - Council Tax Income</i>	6,204	6,565	6,660	6,869	7,084	
<i>Business Rates Funding:</i>						
Retained Rates (including pooling benefit & pilot impact 2019/20)	3,757	3,427	2,200	2,244	2,289	
<i>Sub Total - Business Rates Income</i>	3,757	3,427	2,200	2,244	2,289	
New Homes Bonus	1,412	1,822	1,431	1,380	1,380	
Less - NHB distribution to Town & Parish Councils	- 69	- 76				
<i>Sub Total - Other Income</i>	1,343	1,746	1,431	1,380	1,380	
Forecast Financing	11,304	11,738	10,291	10,493	10,753	
Forecast surplus(-)/deficit for year	- 832	- 1,288	361	376	641	
<u>Reserves</u>						
Forecast surplus/deficit (-) for year from above:	832	1,288	- 361	- 376	- 641	
Less: Proposed Transfer to Capital Investment Reserve	- 832	- 1,288				
Balance of surplus/deficit(-) remaining:			- 361	- 376	- 641	
Balance of General Fund Reserves b/f	3,927	3,927	3,927	3,566	3,190	
Less transfer to/from(-) General Fund Reserves in year			- 361	- 376	- 641	
Forecast Reserves at Year End	3,927	3,927	3,566	3,190	2,549	
Band D Council Tax (Excl Parish Precepts)	£206.60	£210.71	£214.91	£219.19	£223.56	
Band D Average Council Tax Increase	£4.99	£4.11	£4.20	£4.28	£4.37	
Band D Average Council Tax Increase	2.48%	1.99%	1.99%	1.99%	1.99%	

General Base Budget Assumptions

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

- General Prices Inflation – a freeze or cash-limiting of all general revenue expenditure budgets with the exception of payroll budgets;
- Slippage - underspend items from 2019/20 agreed by the Finance and Democracy Committee in July 2020 have been slipped into 2020/21;
- Pay award - assumed to be 2.75% per annum for 2020/21 and each year thereafter;
- Employers Pension Contributions – the Council's contribution to the Lancashire pension fund scheme is set in accordance with the estimated outcome of the 2016 Triennial Pension Review at 15.2% plus 9% deficit recovery lump sum payment for the period to 2019/20; any amendments resulting from the final 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;
- Council tax increases – assumed at 1.99% increase per annum from 2021/22 onwards;
- New Homes Bonus Grant – the forecast for 2021/22 currently assumes a reduced level of New Homes Bonus based upon the expectation of a further single year allocation for 2021/22, together with the legacy payments from earlier year as previously notified. No allocation of New Homes Bonus grant to town and parish councils has been assumed at this point;
- Fees and Charges – The forecast takes account of the revised fee levels as approved by Budget Council in March 2020. For future years budget-holders have reviewed fee levels as appropriate and any proposed changes to fees & charges will be considered at the Budget Council in March 2021 following consideration by the appropriate programme committee;
- Vacancy Savings – the forecast assumes vacancy savings of £300k per annum from 2020/21 onwards;
- Localisation of Council Tax Benefit Scheme – the forecast assumes a fully funded scheme with no cost to the Council from 2020/21 onwards.

Appendix Ci

General forecast changes since Budget Council March 2020

	2020/21	2021/22	2022/23	2023/24	2024/25	
	£000	£000	£000	£000	£000	<u>ADVERSE /</u> <u>FAVOURABLE /</u> <u>NEUTRAL</u>
1 <u>CHANGES AS A RESULT OF MEMBER APPROVALS:</u>						
F&D Committee - 28/07/20 - Slippage from 2019/20	345	0	0	0	0	ADVERSE
2 <u>BUDGET RIGHTSIZING EXERCISE:</u>						
Revenue impact of budget right-sizing across all budget areas of the Council	8	-9	-16	-20	8	FAVOURABLE
3 <u>STAFFING COSTS:</u>						
Update estimated pay award from 2020/21 to 2.75% per annum	75	150	225	300	300	ADVERSE
Estimated 2.75% pay award for 2024/25	0	0	0	0	275	ADVERSE
Employee costs: in-year additional savings	-100	0	0	0	0	FAVOURABLE
4 <u>OTHER FORECAST CHANGES</u>						
Additional Costs for Public Offices - delay in disposal	29	0	0	0	0	ADVERSE
Additional Income - Public Offices Car Park - delay in disposal	-4	0	0	0	0	FAVOURABLE
Revised Estimate of investment interest receipts	43	49	33	31	31	ADVERSE
TOTAL	396	190	242	311	614	

Covid Related Forecast changes since Budget Council March 2020

	2020/21	2021/22	2022/23	2023/24	2024/25	
	£000	£000	£000	£000	£000	<u>ADVERSE /</u> <u>FAVOURABLE /</u> <u>NEUTRAL</u>
1 CHANGES AS A RESULT OF MEMBER APPROVALS:						
F&D Committee - 22/06/20 - COVID 19 Local Authority Grants to Town Centres	15	0	0	0	0	ADVERSE
F&D Committee - 22/06/20 - Fylde Coast YMCA	100	0	0	0	0	ADVERSE
T&L Committee - 23/09/20 - Exempt Item - Rent Subsidies due to Covid-19	127	0	0	0	0	ADVERSE
2 UPDATED ESTIMATES OF INCOME BUDGETS:						
Green waste subscription service - Additional subscription income	-28	0	0	0	0	FAVOURABLE
Council Tax Court Costs Recovered - loss of income due to court closure	200	0	0	0	0	ADVERSE
Disabled Facilities Grant Fees - income reduction due to reduced level of grant awards	62	0	0	0	0	ADVERSE
Ashton Pavilion Café - rent reduction/subsidies due to closure	22	0	0	0	0	ADVERSE
Pleasure Island/Salters Wharf - rent reduction/subsidies due to closure	69	0	0	0	0	ADVERSE
Carr Bridge Wood Caravan site - rent reduction/subsidies due to closure	28	0	0	0	0	ADVERSE
Kirkham Offices/Rent of Rooms - rent reduction/subsidies due to closure	11	0	0	0	0	ADVERSE
Miscellaneous Properties -rent reduction/subsidies due to closure	64	0	0	0	0	ADVERSE
Land Charges - reduction in fee income	34	0	0	0	0	ADVERSE
Games Site Fees - reduction in fee income due to closure	58	0	0	0	0	ADVERSE
Lytham Wartime Festival - loss of income due to cancellation of event	18	0	0	0	0	ADVERSE
Kite Festival- loss of income due to cancellation of event	20	0	0	0	0	ADVERSE
Cemetery & Crematorium - reduction in memorial Income	25	0	0	0	0	ADVERSE
Taxi Licensing - reduction in income from issue/renewal of licences	10	0	0	0	0	ADVERSE
Public Conveniences - reduction in income due to closure	10	0	0	0	0	ADVERSE
Trade Waste - reduction in income due to closure of premises	61	0	0	0	0	ADVERSE
Household Refuse Special Collection - income reduction due to reduced demand	40	0	0	0	0	ADVERSE
Building Control Fees - income reduction due to reduced demand	81	0	0	0	0	ADVERSE
Planning Application Fees - income reduction due to reduced demand	270	0	0	0	0	ADVERSE
Car Parking Fees - reduction in usage due to covid restriction measures	170	0	0	0	0	ADVERSE
Car Parks Parking Fees - income reduction due to reduced usage of car parks	10	0	0	0	0	ADVERSE
Waste Services Recycling Project - loss of income from suspension of project	10	0	0	0	0	ADVERSE
Fleet Services MOT Test Fees - income reduction due to reduced demand	12	0	0	0	0	ADVERSE
Housing Benefit Overpayment Recovery - reduction in recovery activity in early 2020/21	250	0	0	0	0	ADVERSE
Government Compensatory Grant for Sales, Fees and Charges Income (Estimated)	-768	0	0	0	0	FAVOURABLE
3 UPDATED ESTIMATES OF EXPENDITURE BUDGETS:						
Mayoralty - Reduced Expenditure due to cancellation of events	-15	0	0	0	0	FAVOURABLE
Festival Support/Club Days - Reduced Expenditure due to cancellation of events	-10	0	0	0	0	FAVOURABLE
1940's Lytham Wartime Festival - Reduced Expenditure due to cancellation of event	-35	0	0	0	0	FAVOURABLE
Kite Festival - Reduced Expenditure due to cancellation of events	-30	0	0	0	0	FAVOURABLE
Bulky Waste Collection costs - Reduced Expenditure due to reduced demand	-35	0	0	0	0	FAVOURABLE
LCC-Landfill Levy/Tipping Charges - Reduced usage of facility	-60	0	0	0	0	FAVOURABLE
Recycling Project - Reduced Expenditure due to suspension of project	-10	0	0	0	0	FAVOURABLE
Parks Services - Purchase of additional Personal Protective Equipment (PPE)	7	0	0	0	0	ADVERSE
Waste Services - Purchase of additional PPE	13	0	0	0	0	ADVERSE
Cemetery & Crematorium - Additional IT costs for live streaming of services	2	2	2	2	2	ADVERSE
Waste Services - Additional agency staff costs to cover absences	50	0	0	0	0	ADVERSE
Increase in provision for bad debts - sundry debtors/Housing Benefit overpayments	200	0	0	0	0	ADVERSE
Housing - Additional Expenditure on bed & breakfast services to avoid homelessness	80	0	0	0	0	ADVERSE
General Government Grant to support Covid related costs	-1,151	0	0	0	0	FAVOURABLE
Specific Government Grant to meet costs of the Business Support Grant Schemes	-130	0	0	0	0	FAVOURABLE
TOTAL	-143	2	2	2	2	

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

Ci - General forecast changes since Budget Council March 2020

(1) Changes as a Result of Member Approvals

The forecast that was approved at the Council meeting in March 2020 has been updated to reflect the financial impact of Member decisions made since then. The significant decisions in financial terms of their effect are detailed within the body of the report.

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

Each year officers carry-out a budget right-sizing exercise focussing on a review of underspends across all budget areas. For the current year, due to the effect of covid restrictions on a range of services areas, the majority of the budget amendments are shown within Appendix Cii and there are only a modest number of non-covid related budget changes within this section.

(3) Staffing Costs

The agreed 2.75% per annum pay award for 2020/21 has been assumed in each future year of the forecast. The final year of the forecast, 2024/25 is included for the first time as part of this November 2020 update.

Additionally further in-year savings in employee costs for 2020/21 in the sum of £100k have been assumed in line with the budget-monitoring assessment as at 30th September 2020.

(4) Other Forecast Changes:

Public Offices - Additional Costs

As a result of delays in the sale and lease of the public offices site it is appropriate to now assume the requirement for full year budgets for the site in 2020/21, offset in part by additional car park income arising from the continued operation of the car park beyond the date previously assumed.

Revised Estimate of investment interest receipts

In response to the global outbreak of coronavirus the UK Government reduced the base rate 0.1% from 0.25%. Consequently investment yields have remained low during 2020/21, with some financial institutions offering only negative interest rates to investors. This has had the effect of reducing the level of investment interest income for the year, and a reduced level of investment income is also assumed for future years.

Cii - Covid Related Forecast changes since Budget Council March 2020

Details are provided within Appendix Cii, classified as either:

- Changes as a Result of Member Approvals;
- Updated Estimates of Income Budgets; or
- Updated Estimates of Expenditure Budgets.

Latest General Fund Budget Forecast 2020/21 to 2024/25

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Adverse / Favourable
Forecast approved at Council on 4th March 2020	10,450	10,652	10,869	11,394	11,394	Adverse Favourable
Forecast Changes - per Appendix C I - General	396	190	242	311	614	
Forecast Changes - per Appendix C ii - Covid Related	- 143	2	2	2	2	
Forecast Budget Requirement	10,703	10,844	11,113	11,707	12,010	
Financed by:						
Council Tax Funding:						
Council Tax - Precept	6,456	6,660	6,869	7,084	7,306	
Council Tax - Share of Previous Years Surplus/(Deficit)	109					
Sub Total - Council Tax Income	6,565	6,660	6,869	7,084	7,306	
Business Rates Funding:						
Retained Rates (including pooling benefit)	3,767	4,359	2,600	2,600	2,600	
Sub Total - Business Rates Income	3,767	4,359	2,600	2,600	2,600	
New Homes Bonus	1,822	1,136	1,136	1,136	1,136	
Less - NHB distribution to Town & Parish Councils	- 76					
Sub Total - Other Income	1,746	1,136	1,136	1,136	1,136	
Forecast Financing	12,078	12,155	10,605	10,820	11,042	
Forecast surplus(-)/deficit for year	- 1,375	- 1,311	508	887	968	
Reserves						
Forecast surplus/deficit (-) for year from above:	1,375	1,311	- 508	- 887	- 968	
Less: Proposed Transfer to Capital Investment Reserve	- 1,375	- 1,311				
Balance of surplus/deficit(-) remaining:	0	0	- 508	- 887	- 968	
Balance of General Fund Reserves b/f	4,272	4,272	4,272	3,764	2,877	
Less transfer to/from(-) General Fund Reserves in year			- 508	- 887	- 968	
Forecast Reserves at Year End	4,272	4,272	3,764	2,877	1,909	
Band D Council Tax (Excl Parish Precepts)	£210.71	£214.91	£219.19	£223.56	£228.02	
Band D Average Council Tax Increase	£4.11	£4.20	£4.28	£4.37	£4.46	
Band D Average Council Tax Increase	1.99%	1.99%	1.99%	1.99%	1.99%	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CHIEF FINANCIAL OFFICER	COUNCIL	7 DECEMBER 2020	11
MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2020/21			

PUBLIC ITEM

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

SUMMARY

This report is a mid-year Prudential Indicators and Treasury Management monitoring report which has been prepared in line with the recommendations of CIPFA's (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management. The report has also been considered at the Audit and Standards Committee meeting of 26th November 2020.

The recommendation for Council, was published prior to the meeting of the Audit and Standards Committee. Any changes will be reported to Council by the Chairman of Audit and Standards.

RECOMMENDATIONS

The Audit and Standards Committee considered the Mid-Year Prudential Indicators and Treasury Management monitoring report at its meeting on the 26th November 2020, and recommends to Council:

1. That the Prudential Indicators and the Investment Limits as detailed in Appendix B of the report be approved; and
2. That the limit for investment funds placed in each Money Market Fund to be increased from £2m to £3m and that the overall limit in respect of Money Market Funds be removed.

SUMMARY OF PREVIOUS DECISIONS

Council approved the 2019/20 to 2023/24 Capital Strategy, which incorporated the Prudential Indicators, at its meeting on 4th March 2020.

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

MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2020/21 – POSITION AS AT 30th SEPTEMBER 2020

Report

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

Background

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

1. Economic Update

1.1 Economic Background

- 1.1.1 The spread of the coronavirus pandemic dominated the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again.
- 1.1.2 The Bank of England maintained the Bank Base Rate at 0.1%. The potential use of negative interest rates was not ruled in or out by the Bank of England policymakers.
- 1.1.3 GDP growth contracted by 19.8% in the quarter to June 2020 according to the Office for National Statistics. Construction fell by 35% over the quarter, services output by almost 20% and production by 16%. Recent monthly estimates of GDP have shown growth recovering.
- 1.1.4 The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% in August, below the Bank of England's 2% target. Labour market data showed the unemployment rate increased in July to 4.1% while wages fell by 1%. The unemployment rate is expected to increase in the coming months when the government furlough scheme ends. The Bank of England has forecast unemployment could hit a peak of between 8% and 9%.

1.2 Economic Outlook

- 1.2.1 The medium-term global economic outlook is weak. Coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis. The global central bank and government responses have been significant and in many cases are ongoing. Brexit is a further complication with a trade deal looking difficult as the government tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law

1.3 Interest Rate Forecast

- 1.3.1 The latest forecast for interest rates from the Council's Treasury Advisors, Arlingclose, is shown in Table 1 below. Bank rate is expected to remain at a low level for a very long time with a possibility of being cut to zero. Longer term yields will also remain depressed with the potential for even lower rates.

Table 1: Interest Rate Forecast from Arlingclose

Quarter Ending	Bank Rate %	Investment Rates %		Borrowing Rates %		
		3 month	5 year	5 year	20 year	50 year
Dec 2020	0.10	0.10	0.00	1.80	2.40	2.30
Mar 2021	0.10	0.10	0.00	1.80	2.40	2.30
Jun 2021	0.10	0.15	0.05	1.85	2.40	2.30
Sep 2021	0.10	0.20	0.10	1.90	2.45	2.30
Dec 2021	0.10	0.20	0.15	1.95	2.45	2.35
Mar 2022	0.10	0.20	0.15	1.95	2.45	2.35
Jun 2022	0.10	0.20	0.20	2.00	2.50	2.40
Sep 2022	0.10	0.20	0.20	2.00	2.50	2.40
Dec 2022	0.10	0.20	0.25	2.05	2.55	2.45
Mar 2023	0.10	0.20	0.25	2.05	2.55	2.45
Jun 2023	0.10	0.20	0.25	2.05	2.55	2.45
Sep 2023	0.10	0.20	0.25	2.05	2.55	2.45
Dec 2023	0.10	0.20	0.25	2.05	2.55	2.45

2. Regulatory Updates

- 2.1 The 2017 Prudential Code includes a requirement for local authorities to produce a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy complying with the CIPFA's requirement, was approved by full Council on the 4th March 2020.

3. Debt Management

- 3.1 The Council currently holds no external debt.
- 3.2 The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts. For 2020/21 the Council has a £5.4m Capital Financing Requirement (CFR) based on prudential borrowing for past and current capital expenditure that has been approved as part of the Capital Programme (See Appendix B Table 2). Currently this is being funded by the Council's cash flow, i.e. internal borrowing, and it is expected that internal borrowing will continue to be used for the rest of the financial year in line with advice from the Council's Treasury Advisors.
- 3.3 The use of internal resources in lieu of borrowing, i.e. internal borrowing, has continued to be the most cost-effective means of funding capital expenditure. Using internal borrowing lowers the overall treasury risk by reducing both external debt and temporary investments. However, this position may not be sustainable over the longer term. Consequently, external borrowing options and the timing of such borrowing will continue to be assessed in consultation with the Council's Treasury Advisors.

4. Investments

4.1 Treasury Investment Activity

- 4.1.1 The Council holds significant invested funds, representing income received in advance of expenditure, monies held on behalf of the Council Tax and Business Rates Collection Fund (Lancashire County Council, the Police and Crime Commissioner for Lancashire and Lancashire Combined Fire Authority) plus balances and reserves held.

- 4.1.2 The Council held £26.6m of cash and investments as at 30th September 2020. The balance of cash is likely to reduce during the remainder of the financial year.
- 4.1.3 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk or return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 4.1.4 Given the increasing risk and low returns from short-term unsecured bank investments, the Authority has continued to invest in Local Authority loans with a maximum duration of 365 days.
- 4.1.5 The security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in the Investment Strategy for 2020/21 approved by Council on 4th March 2020.
- 4.1.6 The Council defines "high credit quality" organisations as:
- those having a credit rating of A- or higher and that are domiciled in the UK for deposits of up to one year,
 - those domiciled in a foreign country those with a sovereign rating of AA+ or higher for deposits of up to one year.

These criteria are specified within table 3 (Approved Investment Counterparties and limits) of the Treasury Management Strategy as approved by the Council on 4th March 2020.

- 4.1.7 On the 1st April the Council received central government funding of £21.7m to support small and medium businesses during the coronavirus pandemic through grant schemes. This money was temporarily held in the Debt Management Office and Money Market Funds until it was disbursed to qualifying businesses under the scheme criteria.
- 4.1.8 There has been continued downward pressure on the returns of short duration investments. The returns on some Money Market Funds are zero and on the 25th September 2020 the returns on overnight investments with the Debt Management Office became negative.
- 4.1.9 Internally managed funds of £29.5m (average for the period to 30th September 2020) have been invested in deposit accounts, call accounts, Local Authorities, Money Market Funds and the Debt Management Office during the first half of the year. The council's cash flow has fluctuated significantly during the first half of the year, due largely to the timings of receipts and payments in respect of the Government Covid Business Support Scheme monies. To allow sufficient flexibility to manage temporarily high cash balances it is recommended that the individual limit for each Money Market Fund is increased from £2m to £3m, and that the overall limit for monies held in Money Market Funds (which currently stands at £12m) is removed. This is in line with the advice from Arlingclose. Money Market Funds are highly diversified and liquid investments and achieve a higher counterparty rating than individual banks.
- 4.1.10 Deposits have been made at an average rate of 0.35%, considerably above the benchmark return (based on the 7 day LIBID - The London Interbank Bid rate) of -0.50%. This has been achieved in the main by investments in other Local Authorities that were placed before the Pandemic began. The Council's original estimate for investment income for 2020/21 was £108.5k. Income from investments has been lower than the forecast amount due to downward returns on short duration investments. Consequently this income budget has been reviewed and will be reduced to £65.5k to reflect the current level of income, representing a decrease in forecast interest earnings for the current year of £43k.

4.2 Readiness for Brexit

- 4.2.1 The scheduled date for the UK to leave the European Union currently remains as 31st December 2020 and negotiations to secure a post-Brexit trade deal with the rest of the EU are continuing. As the scheduled Brexit date approaches the Council will ensure that it has sufficient accounts with UK-domiciled banks and Money Market Funds to hold sufficient liquidity and that its account with the Debt Management Account Deposit Facility (DMADF) also remains available for use.

5. Compliance

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

6. Risk Assessment

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

7. Conclusion

- 7.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2020/21. As indicated in this report, all of the Prudential Indicators have been complied with and a prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

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

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658586	November 2020

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Medium Term Financial Strategy Update Including General Fund, Capital Programme & Treasury 2019/20 – 2023/24	Council meeting 4th March 2020	www.fylde.gov.uk

Attached documents

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

2. Appendix B – Prudential Indicators
3. Appendix C – Existing Investment and Debt Portfolio Summary

Appendix A

Glossary of Treasury Terms

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

Treasury Management and Prudential Indicators Frequently Asked Questions

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

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

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

2. What does the term 'financing' mean?

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

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

- borrowing
- contribution from earmarked reserves

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

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

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

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

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

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

6. What does the Council invest in?

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

The Council's investments are typically short term, i.e. less than a year, and are made in sterling with institutions with high credit ratings. This is in accordance with the Treasury Management Strategy approved on the 4th March 2020.

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

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

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

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

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

Prudential Indicators

1.1 Capital Expenditure

Table 1 shows the revised forecast capital expenditure as reported in the latest Capital Programme Monitoring Report 2020/21 as compared to the capital expenditure originally approved by Council.

Table 1: Forecast Capital Expenditure

Forecast Capital Expenditure	2020/21 Original Indicator £M	2020/21 Latest Estimate £M
Total	8.1	10.7

The above table shows the forecast capital expenditure for 2020/21. The increase in the latest estimate is a consequence of slippage from 2019/20 into 2020/21, the re-phasing of a number of schemes and new schemes that have been approved since the Budget Council meeting of March 2020.

1.2 Capital Financing Requirement (CFR)

Table 2 shows the CFR which is the total of all of the Council's capital assets (existing and planned) less all of the Council's capital reserves. This is the amount of capital expenditure that the Council has still to finance. The CFR is normally funded by external borrowing but currently is being funded by the Council's cash flow, i.e. internal borrowing, and it is expected that internal borrowing will continue to be used for the rest of the financial year in line with advice from the Council's Treasury Advisors. The Council has no existing borrowing therefore there is a requirement to finance £5.4m from internal cash resources as described in section 3 of the report.

Table 2: Capital Financing Requirement (CFR)

	2020/21 Original Indicator £M	2020/21 Latest Estimate £M
Total CFR	5.5	5.4

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

1.3 Gross Debt and Capital Finance Requirement

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

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

Table 3: Gross Debt and Capital Finance Requirement

As at 31/03/2020	2020/21 Original Indicator £M	2020/21 Latest Estimate £M
Estimated Long Term Borrowing	0	0
Capital Financing Requirement	5.5	5.4

The Council is forecast to be able to fund the capital borrowing requirement with internal borrowing and does not expect to require new external borrowing during 2020/21, in line with advice from Treasury Advisors.

1.4 Authorised Limit and Operational Boundary for External Debt

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

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

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

There were no breaches to the Authorised Limit and the Operational Boundary to 30th September 2020.

Table 4: Authorised Limit and Operational Boundary for External Debt

	2020/21 Original Indicator £M	2020/21 Latest Estimate £M
Authorised Limit – total external debt	8.0	6.0
Operational boundary	2.0	0

Note

1. The Authorised Limit and Operational Boundary have reduced as a consequence of there being no requirement to borrow in the short-term for day to day cash flow. The Council is able to fund the capital borrowing requirement with internal borrowing and does not expect to require new external borrowing during 2020/21.

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

1.5 Forecast Treasury Position

Table 5 shows the expected balances for investments and debt at 31st March 2020.

Table 5: Forecast Treasury Position

	2020/21 Estimate £M	2020/21 Revised £M
Debt (Long-Term External Borrowing)	0	0
Investments	12.1	18.1

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

The forecast investments position has been updated to reflect the latest changes to the movements in reserves, provisions and capital expenditure. The increase in the level of investments at the 31st March from £12.1m to £18.1m is a consequence of the forecast timing of daily cash flows.

1.6 Proportion of Financing Costs to Net Revenue Stream

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

Table 6: Ratio of Financing Costs to Net Revenue Stream

	2020/21 Estimate £M	2020/21 Revised £M
Financing costs (£m)	0.705	0.678
Proportion of net revenue stream	6.0%	5.8%

The latest estimate is lower than the original estimate due to a reduction in the forecast Minimum Revenue Provision (MRP) for 2020/21 as a result of the re-phasing of fleet purchases, the full effect of which is partially offset by the reduction in interest receivable from investments.

1.7 Investments over 365 days

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

Table 7: Investments over 365 days

	2020/21 Estimate £M	2020/21 Revised £M
Limit for investments over 365 days	5.0	0

Existing Investment & Debt Portfolio Position at 30.09.20

	30.09.209 Actual Portfolio £m	30.09.20 Average Rate %
External Borrowing:		
Public Works Loan Board	0	-
Total External Borrowing	0	
Treasury investments:		
<u>Short Term</u>		
Banks - unsecured	(4.6)	0
Local Authorities	(14.0)	0.46
Money Market Funds	(8.0)	0.04
Total Treasury Investments	(26.6)	
Net Borrowing / (Lending)	(26.6)	

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	7 DECEMBER 2020	12
BOUNDARY COMMISSION REVIEW			

PUBLIC ITEM

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

SUMMARY

At its meeting on 28 September, the Finance and Democracy Committee established a cross-party working group comprising six members, with four from the leading group together with two opposition members, who would be responsible for producing a council submission incorporating the proposed numbers of councillors going forward to the Boundary Commission. This piece of work to subject to the final approval of the council at its meeting on 7th December.

The following members were subsequently nominated to the Working Group and have participated in the four meetings which have taken place over recent weeks, namely Councillor Buckley (Chairman) and Councillors Green, Nulty, Oades, Singleton and Small.

The Working Group has completed this piece of work and this is attached for review. The Finance and Democracy Committee considered this at its meeting on 23 November and commended the same for approval by the council.

RECOMMENDATION

- To approve the submission and request it be forwarded to the Local Government Boundary Commission for its consideration in determining the future number of Fylde councillors.

SUMMARY OF PREVIOUS DECISIONS

Establishment of a cross-party working group – 28th September 2020 F and D Committee

Commendation of submission to council – 23 November 2020 F and D Committee

CORPORATE PRIORITIES

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

REPORT

1. Members are reminded of the programme of work of the Local Government Boundary Commission on its forthcoming review work. The review timetable is set out below in table one.
2. Members are reminded that the work is dealt with in two distinct phases. The first of which is around the council size going forward in terms of the number of elected members, with the latter part focusing on warding patterns. This first phase of work involves consultation and engagement with the political groups across the council and the second phase a wider consultation programme with both the council and its communities.

Table One – Review Timetable

Draft council size submission	2 December 2020
Final council size submission <i>including checklist document</i>	16 December 2020
Receive electoral forecasts	5 November 2020
Council size Commission meeting	19 January 2021
Warding patterns consultation opens	2 February 2021
Warding patterns consultation closes	12 April 2021
Commission meeting to agree draft recommendations	15 June 2021
Draft recommendations consultation opens	29 June 2021
Draft recommendations consultation closes	6 September 2021
Commission meeting to agree final recommendations	16 November 2021
Final recommendations published	30 November 2021

3. At the meeting of the Finance and Democracy Committee on 28th September, it was agreed to establish a cross-party working group of members in order that a submission could be prepared for the Local Government Boundary Committee with respect to the council size. This was in order to establish the council's position with respect to a proposed number of councillors going forward and to address and provide a range of information being sought by the commission.
4. The following members were subsequently nominated to the Working Group and have participated in the meetings which have taken place over recent weeks 8, 22 October and 6, 13 November namely Councillor Buckley (Chairman) and Councillors Green, Nulty, Oades, Singleton and Small.
5. The draft submission is attached based is based on the template provided by the Boundary Commission comprising the following elements:
 - Overview of the local authority profile
 - Outline of the proposed governance model going forward
 - External partnerships overview
 - Commentary on community leadership role
 - Casework approach/analysis
 - Comparison with others
 - Summary of the council size position
6. The submission is attached for approval. The narrative is also guided in part by the responses provided by elected members to the survey of all members which related to their community leadership role and casework analysis.

IMPLICATIONS	
Finance	No direct implications at this stage
Legal	No implications
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	Tracy.manning@fylde.gov.uk Tel 01253 658521	23 November 2020

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Draft submission and enclosures		Council office or within committee papers

Attached documents
Appendix 1 – Council Size Submission



Council Size Submission for Boundary Commission

Local Authority Profile

Fylde Borough Council was formed in 1974 under the Local Government Act 1972, by the merger of the borough of Lytham St Annes, Kirkham Urban District, and Fylde Rural District with 49 elected Members. A review carried out by the LGBCE in 1999/2000 resulted in a council size of 51 Members.

Fylde has a variety of local communities in diverse urban and rural settings, each distinct in character and population spread. The western seafront includes the seaside resort of Lytham St Annes with a large rural hinterland that includes the market town of Kirkham. There is a good rail connection through Kirkham linking urban settlements which sit close to the M55. Weeton has the largest number of armed forces personnel in the county, Warton being home to BAE Systems, with more rural picturesque villages to the North and East and hamlets spread out among attractive green space and farmland.

BAE Systems and Westinghouse Springfield Fuels Ltd are the major large employers, however there is a low equivalence of small to medium enterprises within the borough. Inward employment migration to serve the large sites increases the workday population above the fixed resident population. Fylde has a high jobs-density rate, with an above-average employment rate a result of 43,000 people in work in 3,295 active enterprises, and average earnings are above the national average when measured by place of work. There are two Enterprise Zones: the Lancashire Enterprise Zone with a site in Warton, and the Blackpool Enterprise Zone on the Blackpool and Fylde boundary at Blackpool Airport which ceased commercial passenger flights in 2014 but remains operational for general aviation traffic and business and is located in Fylde.

There are good links to the motorway network with access to the Manchester and Liverpool city regions from the M55, however, movement is hindered being positioned at the end of the M55 with an overburdened road network and most of the Borough coastal and rural in nature. Commuting outside the area is challenging with an underdeveloped rail infrastructure resulting in the fastest method of travel being by car.

Fylde is one of the smallest districts with 79,770 people in 39,330 dwellings, with a similar number of people per km² to the national average. Most residents (63%) live in Lytham St Annes resulting in the largest percentage of council spend in the urban area which also contains the coastal tourist resorts. Investment and service delivery is demand-led with the greatest demand from the urban coast; however, infrastructure investment and housing are spread across the borough.

A higher than average number of elderly residents presents additional challenges in terms of access to social care, health services, loneliness and isolation. Young people get a good education, leave the area for university, then secure employment elsewhere further distorting the demographic balance with most unable to afford to return to the area during their early career. The average age of the population is 45, compared with the national average of 39, over 65s account for 27%, with 32% living alone. Deaths exceed live births, under 16s make-up 16% of the population and 23% of dwellings having dependent children. Fylde residents are 51% female, 49% male and the percentage of the population who identify as Black or Minority Ethnic is 3%.

There is a strong sense of community, volunteer groups and charity organisations play a big part in making the borough a great place to live, work and visit. Fylde has the highest rate in Lancashire of second, or holiday, homes at 45 per 1,000.

Deprivation levels are low, ranked the 120th least deprived from 317 authorities in England and out-of-work benefits are far lower than the national average of 2.3%, at 1.4%. Fylde has the second-lowest crime rate in Lancashire and is one of the safest areas in the region. Residents are technology minded with 85% online and 78% of adults have the five Basic Digital Skills. Not accounting for mobile data, only 1% of households in Fylde do not receive broadband of any kind.

Data source for this section: [Appendix A - Fylde-District-Area-Profile-2019](#).

The report ([Appendix B - A Lancashire Combined Authority](#)) outlines the current position with a Combined Authority and local government re-organisation in Lancashire. The Leader of Lancashire County Council advised

Lancashire authorities on 28 July 2020 that he will be writing to the Secretary of State to request an invitation to submit proposals for the creation of three unitary authorities in Lancashire ([Appendix C - Combined Authority Letter](#)). Preston City and Blackburn with Darwin made similar requests to the Secretary of State to invite local government re-organisation across Lancashire. If an invite is made for re-organisation proposals a timetable could be set that runs parallel to the LGBCE review.

Council Size

The Commission believes that councillors have three broad aspects to their role. These are categorised as: Strategic Leadership, Accountability (Scrutiny, Regulation and Partnerships), and Community Leadership. Commentary of these various facets are set out within this submission.

Governance Model

Fylde Council will operate a committee system post Boundary Commission review; it is bound to do this until 2025 as a result of a governance referendum that was held in 2014. For this reason, it is not possible at all to consider a Cabinet model of governance.

Post review, the authority intends to refine its current arrangements, the committee system currently comprises 4 programme committees and the authority has previously determined to opt-out of scrutiny. However, moving forward, the authority intends to opt back into scrutiny for the reasons articulated in other sections of this submission. The committee system will have 1 singular overarching policy committee which deals with a cross-section of issues, thereby allow its membership to build up a broad corporate perspective of the workings of the local authority as opposed to working in silos as has been the case under the current system. It is also intended that a number of members on the policy committee will be nominated lead members with special responsibility positions held. These members will lead on specialisms or corporate themes thereby ensuring that appropriate support is offered to the chairman and vice-chairman of the committee so as not to overburden them and share responsibility more broadly.

At present, the policy committees meet 5 times per year, and this can leave significant gaps within the calendar in terms of meeting dates which can elongate decision making and for this reason a single issue policy committee that was able to meet more frequently (10 times a year) would expedite decision making. If a single policy committee met 10 times a year (maximum) it is 10 fewer meetings than present and provides twice the opportunity to deal with business than a to present.

Three examples of Policy Committee agendas, created from 3 cycles of the current programme committees:

[Appendix D Policy Committee - Cycle 1](#)

[Appendix E Policy Committee - Cycle 2](#)

[Appendix F Policy Committee - Cycle 3](#)

Scrutiny

When the council changed its governance structure to a committee system in 2015 it was given the ability to either opt-in or opt-out of scrutiny, at that time it decided to opt-out of scrutiny. Five years hence and in light of this review, members have had the opportunity to reconsider the position with respect to scrutiny. When scrutiny committees previously existed in the council, two of the scrutiny committees had the ability to consider cross-cutting issues which gave the ability for the members on the scrutiny committees to build up a holistic picture of the work of the council. As the council's current programme committees have been channelled to consider particular aspects of council business, this has meant that the ability to consider the holistic picture has been lost. For example, a member on the Tourism and Leisure committee would have no cognisance of a matter on a Finance and Democracy committee, and vice versa. Therefore, within the revised governance structure, it is the intention of members to opt-in to scrutiny. Also, the ability to work in task and finish groups in more detailed pieces of analysis is seen as a positive way of fostering good cross-party relations and teamwork.

For these reasons, an Internal Affairs Scrutiny Select Committee will be established to fulfil this role. However, members are also cognisant that a local authority must work with a myriad of different partnerships as evidenced by the collective response which has been required to the recent health pandemic. It is felt that emphasis should also be given to these external partnerships and relationships and in light of this, it is also intended to establish an external Community Focus Scrutiny Committee. Examples of the types of work that this outwardly facing scrutiny

committee would undertake are: reviewing partnership response to community safety issues, partnership approach to flooding across the borough, keeping an overview of external organisations for which the council provides external grant funding, and dealing with any services that require an outwardly facing public consultation to shape their future service delivery.

There will be total separation between the members on the Policy Committee and the members on either Scrutiny Committee.

A current and proposed committee chart is [Appendix G - Committee Structure Chart](#)

Examples of items which could be picked up by the new scrutiny committees is [Appendix O Examples of Scrutiny Items](#)

Regulatory Functions

Under the revised framework there will be a number of regulatory committees which will comprise the following:

- Planning Committee
- Licensing Committee
- Public Protection Committee
- Audit & Governance Committee
- Standards Committee

Planning - The planning committee has had as many as 22 members in the past and now has 12 members (and 10 substitutes), which is considered the minimum in order to adequately represent both urban and rural areas of the borough.

The planning committee is one of the busiest committees on the council, in 2019/20 the committee met 16 times and is due to meet 17 times in the 2020/21 cycle. Since the Local Plan has been adopted the number of speculative applications has reduced and so the length of meetings has also reduced from an average of 51 hours to 39 hours and 32 minutes.

Members of the planning committee, and a pool of substitutes, receive training for their role. The quality of debate has improved recently with more unanimous decisions and less polarisation. Again, the adoption of the Local Plan has played a large role in this improvement.

Around 90% (*1420 decisions were issued of which 1272 were delegated 89.6%*) planning applications are delegated to officers and this is considered the right balance. On most occasions, when applications are referred to the committee, the officers' recommendations are followed but the public debate surrounding these recommendations are valued by members who consider it important that decision making is transparent, inclusive, and democratically accountable.

The council's planning committee will have a dual role in that it will act as local planning authority and deal with all planning control functions, and it will also have a role in considering all related development management policies including the formation of Local Plans. The thinking in having a single committee to fulfil both these functions is that the same members who take decisions on local planning control functions need to be cognisant of the formulation of the relevant plans which lead to the formulation of decision making with respect to applications. This means that the Planning Committee will continue in its current guise.

Licensing - The committee only meets as a full committee to approve policy. Panels of 3 members, drawn ad hoc from the full committee would hear licensing applications and reviews. To date in 2020, there have been 7 licensing panels, compared with 4 in 2019, the call on member resource is expected to remain minimal. The opportunity for different members to sit on panels is provided by inviting different members on each occasion, however, availability has led to some members being able to attend more than others.

As with the current structure, there will be two separate committees one dealing with licensing and the other dealing with public protection issues. The membership of the **Public Protection** Committee is currently broadly the same as the Licensing Committee, it has 11 members and politically balance, the committee meets 3 times per year. Going forward both the committees will have 12 common members, dependant on council size and political balance. The thinking in that the members of these two areas of responsibility will be a common membership is that the quasi-regulatory framework of these committees, which is based around hearings and determination of appeals, is common across both areas of work. The result of this is that whilst the areas of work invariably have a different focus there is a common set of skills that members will need to employ to fulfil their role in these areas.

The Audit and Standards Committee currently consists of 9 members, meeting 7 times per year and has proved enough. It has been decided to separate out the work of Audit and Governance from that of Standards and establish two committees to deal with these important issues. There is need for the **Audit Committee** to meet on a more regular basis whereas standards related matters only occur in general as and when issues arise. In recent years, this has meant that items relating to **standards** matters are less frequent and it is therefore felt that a smaller group of five elected members meeting on a less frequent basis would be sufficient to deal with this area of expertise. The council's additional three Independent Persons would advise members of the standards committee and attend these meetings but in a non-voting capacity. The councils Audit Committee will continue to focus its work on keeping an overview of audit activity across the authority and well as keeping the council's regulatory framework, including the council's constitution, under review. It will also have the important role of liaison with the council's external auditors.

The balance of delegation will be broadly the same in terms of authority instilled in the over-arching Policy Committee in terms of decision-making and the existing Scheme of Delegation.

External Partnerships

Members will continue to represent the council on outside bodies, these will be reflected with relationships that exist post review, but a list of current partnerships that the council is represented at is attached as an appendix.

The council is represented on a wide variety of outside bodies, members are appointed to these positions annually by the council and members are requested to submit regular reports, as laid down in the constitution, to the respective programme committees on key issues faced by these respective organisations in order that the council can be aware and respond to ongoing issues as necessary. Going forward it is envisioned that this important area of work will also be overseen by the council's community focus scrutiny committee, giving this area of work a higher focus and more coordinated overview.

[Appendix H Outside Bodies 2020-21 - Approved by Council 19 October 2020](#)

[Appendix I - Part 5f - Protocol for Members on Outside Bodies](#)

Community Leadership

The Council does not have area committees and does not intend to under the revised governance model. Members engage in community leadership through a variety of means and in order to build up a holistic picture of this. A member's survey has been undertaken in which 34 anonymous responses were received with the results summarised below.

53% of respondents had served on the Fylde council for less than 5 years, with 21% serving 6-10 years, 12% serving 11-15 years, 3% serving 16-20 years and 12% serving over 20 years. This compares to the [national census of Councillors in 2018](#) which showed "on average, councillors had served for 9.2 years in their current authority; 47 per cent had served for up to 5 years while 11 per cent had done so for more than 20 years".

Positions of responsibility (Chairman, Vice Chair, Mayor etc) are held by 50% of members who responded, similar to the national average of 54%.

The headline results from the survey indicate that members on average spend between 49 and 84 hours per month on Council business, with the majority of time spent on attendance at committee meetings, engaging with constituents, dealing with casework, and preparing for meetings. This compares to a national average of “22 hours per week (spent) on council business, the largest chunk of which was on council meetings (8 hours)”.

Just over half of members stated that they spend more time on Council business than expected when they became a councillor and over recent years almost three quarters stated that they spend more time on Council business than they used to. It is worth noting that the challenges of the current coronavirus health pandemic have had a significant impact on workload, and due to social distancing measures, it has led to an increase in remote communications rather than face-to-face interaction. Other reasons provided for an increase in hours spent on Council business include easier communication and accessibility between constituents and members via social media; becoming more well-known in the community the longer a member is appointed; the change from a Cabinet to Committee system of governance; increased responsibilities; becoming double or triple-hatted (representing constituents at Parish and County level); greater pressures on councils from central government; and, reacting to more objections, activism, and misinformation via social media. The issues from constituents that have been highlighted as increasing the workload are complexities in planning applications, flooding, speeding, parking, dogs, green, and environment. A number of members also commented on their appointment to outside bodies which will also impact the amount of time spent on council business.

With respect to member development there is a cross party Member Development Steering Group that considers all the training and wellbeing needs of elected members and it is envisaged that this group will continue under the new governance framework with recommendations being made direct to the overarching policy committee. The ultimate purpose of the work of the Steering Group is to champion learning and to ensure that all members are provided with opportunities for training and development which allows them to work effectively as a local community representative and member of the council. Members at Fylde adopt the LGA definition of the role and it is also defined in Part 2 of the constitution 2.03. Members are trained in their role at induction, provided with a mentor, and regular training sessions are made available including digital transformation with incentives, wellbeing support, and leadership skills. The group has achieved the North West Elected Member Development Charter Level 1 and 2.

[Appendix J - Member Development Plan](#)

[Appendix K - Members Survey Results](#)

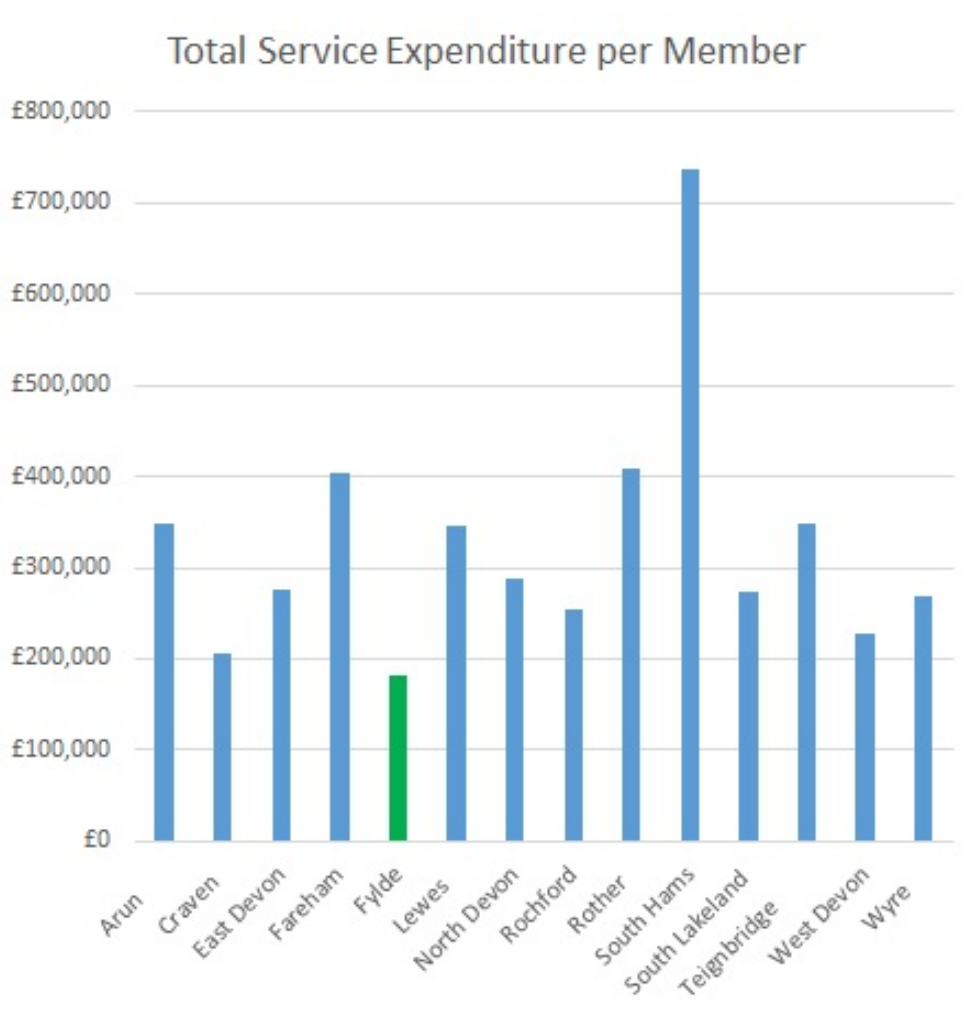
Members deal with their casework in a variety of ways, including by referring for help and advice to a relevant officer or department at the Council; training material provided by the Council; fellow ward Councillors; community organisations; the MP; or, fellow party association members. It is commented that helpful and timely support is received from officers and other members of the Council. Issues are usually followed through directly with the constituent, sometimes collectively with other ward members, and contact may be face-to-face, telephone, email, or meetings; depending on the complexity of the case. Casework does not come in at a regular pace so is often in peaks and troughs, which are dealt with as and when needed.

Members communicate with their constituents in a variety of ways; however, the members survey showed that predominantly this is through telephone and email. Almost a third of respondents spend no time using social media, and over half do not send letters. Eleven members stated that they hold surgeries and twenty-four stated that they send newsletters. The majority of councillors spend between 1% and 40% of their time dealing with constituents face-to-face.

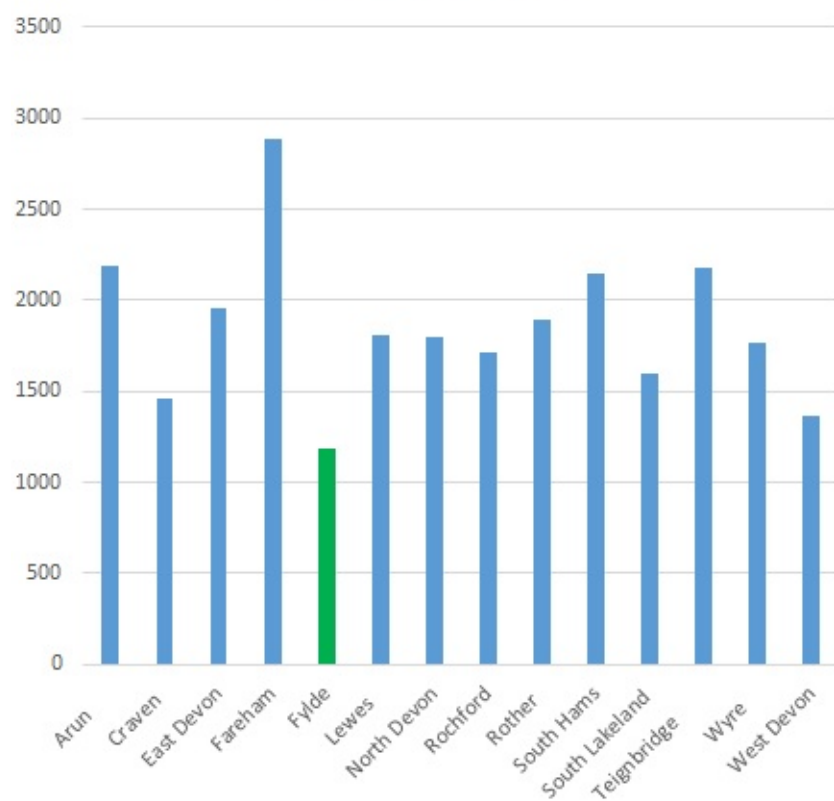
Comparison with Others

It is useful to compare against the CIPFA family group (the authorities most like Fylde) to provide context. When comparing the number of members by almost all metrics Fylde is an 'outlier' in the family group with a disproportionately high number of elected members (see graphs below).

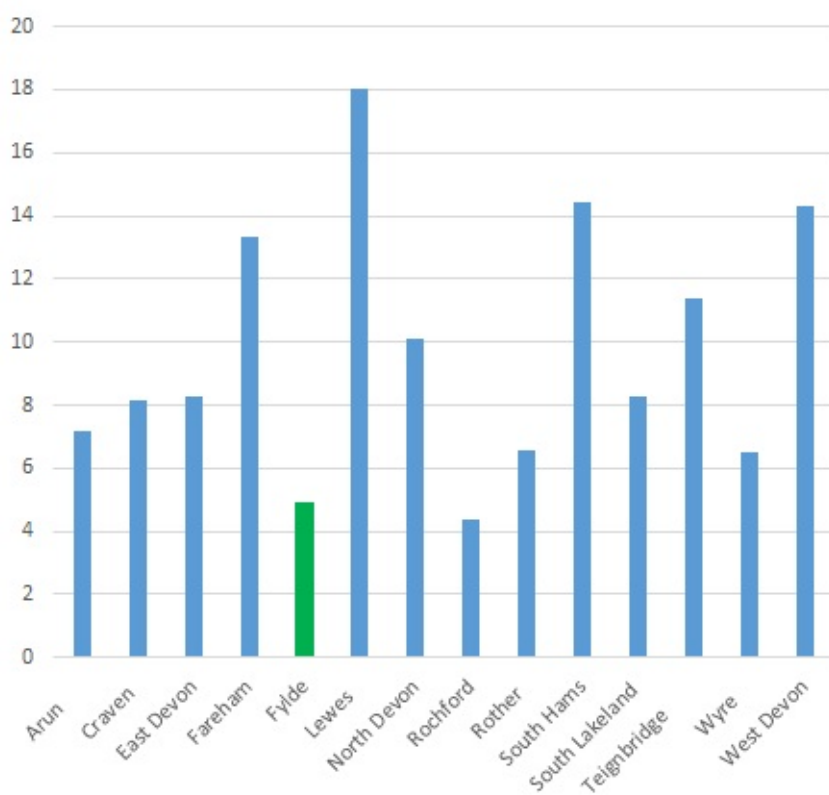
The average number of registered electorate per member in the CIPFA family group ([Appendix L - CIPFA Family Group Data Comparison](#)) is 1,960, Fylde's is currently 1,225 (lowest in the family group), the [two-tier district council average for the country is 1,972 and the average for all local authorities is 2,917](#). If Fylde was to have the average number of electorates per member in 2026 (based on the forecast of 69,001 registered electorate [Appendix M Polling District Forecasting Tool](#)) as the CIPFA family group or the district council average there would be 35 members, if the average for all local authorities was taken there would be 24 members. Whilst this is a simplistic comparison it provides the context that places Fylde as an 'outlier' in the data sets.



Electorate per Member



Number of Officers per Member



Conclusion

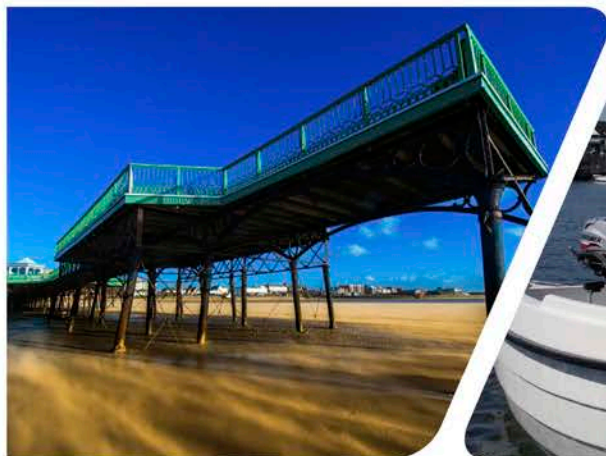
In coming to the recommendation for an optimum number of councillors for Fylde, particular consideration has been given to the following:

1. Average number of electorate per councillor in the CIPFA family of councils which demonstrates that Fylde Council is an outlier in terms of representation
2. The adoption of a streamlined governance structure which maximises member involvement in decision-making at a strategic level
3. The present community involvement of members in terms of their engagement with residents and their workload as informed by an all-member survey in comparison with the LGA National Census

In summary, members propose that there are **37 council seats** going forward. Based on discussions around the governance model this would give every councillor the ability to sit on two committees each in theory. This has the advantage of giving a clear signal to those standing for office in the future of the expectation in terms of their input into participating in the council's decision-making framework. It is also anticipated that the Policy Programme Committee, together with the Internal Affairs and Community Focus Scrutiny Committees will each have a membership of twelve on each committee. This will ensure that every member will have a role in the council's governance structure in terms of membership of either the Policy Committee, or a role on one of the two scrutiny committees (bar the Mayor who maintains more of a politically neutral role in their year of office), as well as a role on one of the other committees within the decision-making structure. All members will fulfil a role on full Council also.

[Appendix N - Committees Per Member](#)

The other option available to the council was to continue with its existing governance model. It has been rehearsed why this proposal is preferable within the body of this submission but it is broadly based on the perception that a single programme committee will aid more focused and speedier decision-making against a back-drop of those involved having a better rounded position in terms of strategic leadership and overview. Cross-party working through scrutiny is seen as a means of fostering improved team working between councillors and political groups.



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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	COUNCIL	7 DECEMBER 2020	13
CONSTITUTION AMENDMENT – TERMS OF REFERENCE - COMMITTEES			

PUBLIC ITEM

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

SUMMARY

At its meeting on 26 November the Audit and Standards Committee, in line with its constitutional role to review and recommend amendments to Council, was asked to consider amendments to the terms of reference of several committees.

These amendments are the first substantial amendments to terms of reference since the committee system was put in place in May 2015.

(This report was published prior to the Audit and Standards Committee meeting on 26th November and any changes arising as result of the deliberations of the Committee will be reported verbally at the council meeting by the Chairman of Audit and Standards).

RECOMMENDATIONS

1. To approve the recommended proposed amendments to the terms of reference of the committees (Part 2 and Part 3 of the Council's Constitution – Responsibility for Functions), as they appear at Appendix A.

SUMMARY OF PREVIOUS DECISIONS

19 January 2017 – “To add the following wording to the constitution under the remit of the Operational Management Committee; “Considering reports, reviewing and formulating where necessary policies relating to building control and land charges”

9 March 2020 – Agreed that the Finance and Democracy Committee the most appropriate forum to take decisions of the council as trustees of Lytham Institute

CORPORATE PRIORITIES

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

REPORT

1. At Council in July 2020, a number of changes were made to the membership of the Council's committees, including newly appointed Chairman.
2. Since July a number of senior councillors, including the newly appointed Chairmen, have had a stocktake of the programme committees' terms of reference.
3. A number of suggested amendments were put before Audit and Standards Committee at its meeting on 26 November for its consideration.
4. These suggested amendments represent the first substantial changes to the terms of reference for the programme committees since their inception in 2015.

Finance and Democracy Committee

5. Finance and Democracy Committee currently has responsibility for the Revenues and Benefits Service. The service works extremely closely with the Customer Services team but the responsibility for the oversight of Customer Services currently sits with Operational Management together with ICT and the website. Similarly public communications and communications rest with Finance and Democracy but ICT and the website are inextricably linked to this.
6. It is therefore suggested that oversight of Customer Services, ICT and the website all sit within the terms of reference for the Finance and Democracy Committee.

Operational Management

7. The Operational Management Committee has responsibility for much of the Council's operational areas of activity such as car parking, footway lighting and bus shelters. Given that the cemetery and crematorium is one of the council's largest assets, it would appear that its overview would have more synergy in being under the remit of Operational Management rather than Environment, Health and Housing Committee.
8. It is therefore suggested that this area of activity sits within the terms of reference for Operational Management Committee.

Environment, Health and Housing Committee.

9. As a result of an internal audit, it has been identified that safeguarding should also sit within the remit of one of the programme committees and it is felt that the most appropriate place for this would be under the remit of the Environment, Health and Housing Committee.
10. A tracked changed version of the terms of reference is attached at Appendix A to assist members.

Planning Committee

11. The Environmental Health and Housing Committee has responsibility for all housing functions. However, the Planning Committee is responsible for the functions of the Council as the Local Planning Authority. It also formulates the relevant parts of the Development Plan (Local Plans). This work overlaps with the strategic planning required to forecast and plan for housing needs and growth within the context of the council as local planning authority.
12. As a result, it is proposed that strategic housing and the oversight of the provision of social housing (including s.106 agreements) should sit within the remit of the Planning Committee rather than Environment, Health and Housing Committee.

IMPLICATIONS	
Finance	No implications arising from this report
Legal	No implications arising from this report
Community Safety	No implications arising from this report
Human Rights and Equalities	No implications arising from this report

Sustainability and Environmental Impact	No implications arising from this report
Health & Safety and Risk Management	No implications arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	Email tracy.manning@fylde.gov.uk & Tel 01253 658521	12 October 2020

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Constitution	2015	https://fylde.cmis.uk.com/fylde/ConstitutionGovernanceMatters.aspx

Attached documents

Appendix A – tracked changes of terms of reference

Appendix A - Tracked changes to Programme Committee Terms of Reference

SECTION 2

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Regulatory Committees

Council Functions which the Council has delegated to a Committee of the Council under Section 101 of the Local Government Act 1972

PLANNING COMMITTEE

1. The functions of the Council as Local Planning Authority and any planning control functions which, by virtue of agency arrangements between the County Council and the Borough Council, the Borough Council is authorised to discharge.
2. Determining applications for planning permission; for consent under the Town and Country Planning (Control of Advertisements) ([England](#)) Regulations ~~2007~~¹⁹⁹²; for listed building consent; determining whether planning permission is required ([including permitted development and prior notification](#)); certificates of appropriate alternative development; matters relating to the Building Regulations 1991, the Building Act 1984, and the Building (Local Authority Charges) Regulations 1998; all matters relating to Tree Preservation ~~and development proposals under Department of Environment circular 18/84~~ or any amendment thereto.
3. Taking appropriate action in respect of dangerous dilapidated or ruinous buildings or structures seriously detrimental to the amenities of the neighbourhood; and land in such condition as to be injurious/detrimental to amenities.
- ~~3-4.~~ [To formulate and consider Strategic Housing policies/matters and the oversight of the provision of ~~social affordable~~ affordable housing \(including affordable housing delivered through s.106 agreements\).](#)
- ~~4-5.~~ To consider Development Management policies.
- ~~5-6.~~ To formulate [and oversee](#) the relevant parts of the ~~Local Development Plan Framework~~ (Local Plans [and neighbourhood development plans](#)).
- ~~6-7.~~ Considering reports, reviewing, and formulating where necessary policies relating to Economic Development and associated matters.
- ~~7-8.~~ Considering reports, reviewing, and formulating where necessary policies relating to Regeneration.
- ~~8-9.~~ To consider and scrutinise periodic revenue and capital budget monitoring reports on areas under the committee's remit.
- ~~9-10.~~ To establish any Working Group to consider, and make recommendations, on any issues within the remit of the committee's terms of reference.

Comment [ME1]: Long gone!

SECTION 3

Programme Committees

The Council has four programme committees.

Terms of Reference

The committees are the Tourism and Leisure Committee, the Operational Management Committee, the Environment, Health and Housing Committee and the Finance and Democracy Committee. The Environment, Health and Housing Committee is the crime and disorder committee for the purposes of the Police and Justice Act 2006. Subject to any matters reserved to the council by law or by any other part of this constitution, each programme committee has full delegated authority to take decisions on matters falling within its work area. The work areas of the committees are as follows:

(a) Tourism and Leisure Committee

1. To consider and scrutinise reports relating to performance of services under the remit of the committee
2. To consider and scrutinise periodic revenue and capital –budget monitoring reports on areas under the committee’s remit
3. Considering reports, reviewing, and formulating where necessary, policies relating to leisure management and community development
4. Considering reports, reviewing, and formulating where necessary policies in relation to recreation including parks and open spaces development and grounds maintenance in relation to areas under the jurisdiction of the council
5. Considering reports, reviewing, and formulating where necessary policies relating to arts, culture and heritage
6. Considering reports, reviewing, and formulating where necessary policies relating to sand dunes management
7. Considering reports, reviewing, and formulating where necessary, policies relating to tourism and events promotion
8. Considering reports, reviewing, and formulating where necessary policies relating to beach management
9. To review, and formulate where necessary, policies relating to coast and countryside
10. To deal with issues arising in relation to the Trust set up to manage Lowther Pavilion and Gardens

PART 3 – RESPONSIBILITY FOR FUNCTIONS

11. To consider swimming provision and deal with partnership issues arising in relation to the operation of swimming pools
12. To keep under review income generating activity and subsequent contractual arrangements with respect to parks and open spaces
13. To consider any management issues arising in relation to land or property within the remit of the committee

~~14. To keep the Council's sports development programme under review~~

~~15-14.~~ To interface with partners involved in the work of the committee as necessary

~~16-15.~~ To establish any Working Group to consider, and make recommendations, on any issues within the remit of the committee's terms of reference

(b) Operational Management Committee

1. To consider and scrutinise reports relating to performance of services under the remit of the committee
2. To consider and scrutinise periodic revenue and capital budget monitoring reports on areas under the committee's remit
3. To keep under review arrangements regarding depot arrangements with respect to operational services and consider issues relating to the Council's Vehicle Replacement Programme
4. Considering reports, reviewing, and formulating where necessary policies relating to waste management and recycling
5. Considering reports, reviewing, and formulating where necessary policies relating to public toilet provision
6. Considering reports, reviewing, and formulating where necessary policies relating to amenity cleaning
7. Considering reports, reviewing, and formulating where necessary policies relating to car parking
- ~~8. Considering reports, reviewing, and formulating where necessary policies relating to customer access, ICT and website~~
9. Considering reports, reviewing, and formulating where necessary policies relating to coastal defences
10. Considering reports, reviewing, and formulating where necessary policies relating to dog Control
11. Considering reports, reviewing, and formulating where necessary policies relating to Emergency Planning
12. Considering reports, reviewing and formulating where necessary policies relating to building control and land charges
13. To consider and review provision in relation to footway lighting and bus shelters

~~14. Considering reports, reviewing, and formulating where necessary -policies relating to cemetery and crematorium~~

~~15-14.~~ To consider any management issues arising in relation to land or property within the remit of the committee

~~165.~~ To interface with partners involved in the work of the committee as necessary

~~176.~~ To establish any Working Group to consider, and make recommendations, on any issues within the remit of the committee's terms of reference

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PART 3 – RESPONSIBILITY FOR FUNCTIONS

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(c) Environment, Health and Housing Committee

1. To act as the crime and disorder committee for the purposes of the Police and Justice Act 2006
2. To make reports or recommendations to the council or any committee with respect to any matter which is a local crime and disorder matter in relation to a councillor
3. To consider and scrutinise reports relating to performance of services under the remit of the committee
4. To consider and scrutinise periodic revenue and capital budget monitoring reports on areas under the committee's remit
5. Considering reports, reviewing, and formulating where necessary, policies relating to ~~housing~~, homelessness and housing advice
6. To consider any matters arising in relation to health development and promotion together with weight management including matters relating to the Health and Wellbeing Board
7. To keep under review matters relating to disabled facilities grants, housing standards and energy efficiency
8. Considering reports, reviewing, and formulating where necessary— policies relating to community safety including CCTV provision
9. To fulfil the statutory overview and scrutiny role in terms of the ~~Crime and Disorder Reduction Partnership~~
10. Considering reports, reviewing, and formulating where necessary policies relating to environmental health, protection and sustainability
- ~~11. Considering reports, reviewing, and formulating where necessary policies relating to cemetery and crematorium~~
- ~~12.~~11. Considering reports, reviewing, and formulating where necessary policies relating to Fylde Coast Bathing Waters
- ~~13.~~12. Considering reports, reviewing, and formulating where necessary-, policies relating to Food hygiene
- ~~14.~~13. Considering reports, reviewing, and formulating where necessary-, policies relating to Pest Control
- ~~15.~~14. Considering reports, reviewing, and formulating where necessary, policies relating to the Children's Trust, Working Together for Families partnership and the Health and Well-Being Partnerships
15. To receive reports from partners who receive community grants from the council and to interface with partners involved in the work of the Committee including Fylde CAB, Age Concern, Care and Repair and Face to Face

~~To keep the Council's sports development programme under review~~

16. ~~To consider matters relating to Safeguarding~~
17. To establish any Working Group to consider, and make recommendations, on -any issues within the remit of the committee's terms of reference

(d) Finance and Democracy Committee

Comment [PW2]: Tracy, Sports Development defiantly sits with Tourism and Leisure Committee. The work that Ian Brookes is doing on weight management is already covered by EH&H comm under number 6 above 6. . . To consider any matters arising in relation to health development and promotion including matters relating to the Health and Wellbeing Board I suggest this line is deleted

PART 3 – RESPONSIBILITY FOR FUNCTIONS

1. To consider and scrutinise reports relating to performance of services under the remit of the committee
2. To consider and scrutinise periodic revenue and capital budget monitoring reports on areas under the committee's remit
3. To lead the budget setting process, in consultation with the other programme committees, and to put forward a draft budget package to the Council for approval
4. To consider Medium Term Financial Strategy updates and provide guidance and commentary to other committees as necessary
5. To consider the Financial Outturn report of the Council annually
- ~~6.~~ To consider reports from the Head of Revenues and ~~Benefits~~~~Exchequer Services (Shared Service)~~ and Head of Benefits and Customer Se Services (Shared Service) as necessary in relation to the revenues and benefits service related matters including debt write offs
- ~~6-7.~~ Considering reports, reviewing, and formulating where necessary policies relating to customer access, ICT and website
- ~~7-8.~~ To keep under review the Council tax reduction scheme and make recommendations to the Council on the same
- ~~8-9.~~ To review the Pay Policy annually and make recommendations to the Council on the same
- ~~9-10.~~ To consider any matters arising in relation to Strategic Procurement
- ~~10-11.~~ To keep under review matters relating to the Council's Community projects fund
- ~~11-12.~~ To consider any matters arising in relation to the mayoralty, civic functions and civic ceremonial
- ~~12-13.~~ To monitor and evaluate progress towards achieving the objectives by the council within the Corporate Plan
- ~~13-14.~~ Considering reports, reviewing, and formulating where necessary- policies relating to public relations and communications
15. To manage any land and property owned by the council and not specifically held for the purposes of another committee
- ~~14-16.~~ To consider any matters in relation to the Lytham Institute in line with Charity Commission guidance
- ~~15-17.~~ To consider any community assets nominations
- ~~16-18.~~ All of the Council's functions relating to elections
- ~~17-19.~~ To interface with partners involved in the work of the committee as necessary
20. To establish any Working Group to consider, and make recommendations, on -any issues within the remit of the committee's terms of reference

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PART 3 – RESPONSIBILITY FOR FUNCTIONS

Updated: January 2020

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