

APPENDIX 5: SECOND HOMES FUNDS MANAGEMENT

Details on making applications to the 2nd Homes Fund are available on the LSP Website: www.westlancslsp.org

Partnership Budgets Arising from Additional Council Tax Raised on Second Homes

Protocol for Governance and Financial Management

1. Contributions

1. In each district area where the District Council has reduced the council tax discount on second homes from 50%, the County and District authorities shall make a contribution to the Local Strategic Partnership (LSP) based on the amount of additional council tax collectable by each authority as a result of that reduction. In this protocol, such money will be referred to as “second home funds”. This arrangement will apply as long as the LSPs remain in existence.
2. To the extent that a district council make a commitment to collect second homes council tax for a period of more than one year and for up to three years, the County Council and the district council will agree to contribute their second home funds to the LSP for the same period as that commitment.

2. Accounting Arrangements

1. The District Council shall act as host authority and banker for the second home funds of the LSP and shall hold all the money raised by the two authorities from this source.
2. The host authority shall create and maintain a clearly identifiable accounting structure for the second home funds.
3. The contributions to the LSP by the contributing authorities will be reflected in their normal revenue accounts.
4. The host authority shall also prepare, in October of each year, an interim monitoring report on LSP spending to 30 September and projected spend for the remainder of the year and any planned use of second homes funds in future years. This shall be for presentation to the LSP and copies for information are to be forwarded to the contributing authorities.
5. The host authority shall also prepare a final year-end report for the second home funds expenditure on a similar basis as the interim report, within the statutory accounting timetables of the contributors.
6. The interim and final year-end reports shall have a form and content which is to be agreed by the host authority and the County Council, in consultation with the LSP.
7. The interim and final year-end reports shall be offered to each appropriate Lancashire Local for information.

8. Unused funds arising from the current and earlier years' contributions may be carried forward into the following financial year with the proviso that the total carry-forward must not exceed 25% of the latest year's contributions.
9. Any surplus funds in excess of this threshold shall be repaid to contributors pro rata to their contributions.
10. However, with the agreement of the contributing authorities, LSPs may carry forward amounts in excess of the 25% threshold if the funds are firmly and specifically earmarked for a purpose in the future. This would apply to projects that have been approved but where the start is delayed or to projects that will not be required to start until a future date.
11. Funds must not be committed by the LSP in excess of the budget available. However, if, for reasons beyond the control of the LSP or of the host authority, an overspending of the available funds should occur, the overspending shall be temporarily funded by the contributing authorities pro rata to their contributions for the year but recouped by commensurate reductions in the amounts payable to the LSP by the contributing authorities in the following year. The host authority shall be responsible for ensuring that, in normal circumstances, there are uncommitted funds in the LSP budget to cover outgoing payments.

3. Use of the Second Home Funds

1. Spending decisions taken by the LSP shall be in accordance with its work programme encompassing its plans and strategies including the Sustainable Community Strategy and the Lancashire Local Area Agreement.
2. Spending decisions of the LSP shall be communicated to the District host authority and shall be ratified by that authority through its usual executive process. This may be by the full Cabinet, by a Cabinet member, by a Chief Officer under a scheme of delegation or by any other means within the host authority's constitution. The County Council shall delegate its executive function in respect of ratifying the LSP expenditure to the District host authority.
3. After executive ratification, the host authority shall make the payment or payments to implement the decision as and when necessary on behalf of the LSP
4. No spending decision shall be taken by the LSP which gives rise to a commitment to make payments in future years unless those payments are covered by currently available funds, either those carried forward for the specific purpose or sufficient funds are already forecast as being available in the future financial years, for example from a joint commitment under point 1.2 to operate the scheme for more than one year.

Supplementary Item

1. The provision number 8 in the Accounting Arrangements above relating to the restriction on the carry forward of unspent budgets to 25% shall not apply in full to the Preston Local Strategic Partnership. For Preston, the restriction shall apply only to the contribution made to the Partnership by the County Council. The contribution made by

the City Council shall not be subject to any restriction in terms of what may be carried forward from one year to the next.