



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

Wednesday, 4 March 2009
2.00 p.m.
Morecambe Town Hall

Mark Cullinan
Chief Executive
Town Hall
LANCASTER



LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Sir/Madam,

You are hereby summoned to attend a meeting of the Lancaster City Council to be held in the Town Hall, Morecambe on Wednesday, 4 March 2009 commencing at 2.00 p.m. for the following purposes:

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES**

To receive as a correct record the Minutes of the Meeting of the City Council held on 4th February, 2009 (previously circulated).

3. **DECLARATIONS OF INTEREST**

4. **ITEMS OF URGENT BUSINESS**

5. **ANNOUNCEMENTS**

To receive any announcements which may be submitted by the Mayor or Chief Executive.

6. **QUESTIONS FROM THE PUBLIC UNDER COUNCIL PROCEDURE RULE 11**

To receive questions in accordance with the provisions of Council Procedure Rules 11.1 and 11.3 which require members of the public to give at least 3 days' notice in writing of questions to a Member of Cabinet or Committee Chairman.

7. **PETITIONS AND ADDRESSES (Page 1)**

To receive an Address from Ian Blears, notification of which has been received by the Chief Executive in accordance with the Council's Constitution. A copy of Mr Blear's address is attached.

8. **QUESTIONS UNDER COUNCIL PROCEDURE RULE 12.2**

To receive questions in accordance with the provisions of Council Procedure Rules 12.2 and 12.4 which require a Member to give at least 3 working days notice, in writing, of the question to the Chief Executive.

9. **LEADER'S REPORT**

The Leader will report on the proceedings since the last meeting of Council in presenting the Cabinet report on the Budget and Policy Framework at Agenda Item 10.

REPORTS REFERRED FROM CABINET, COMMITTEES OR OVERVIEW AND SCRUTINY

10. **2009/10 BUDGET AND POLICY FRAMEWORK - GENERAL FUND REVENUE BUDGET AND CAPITAL PROGRAMME** (Pages 2 - 46)

To consider the recommendations of Cabinet from its meeting on 17th February, 2009.

11. **TREASURY MANAGEMENT FRAMEWORK 2009/10** (Pages 47 - 62)

To consider the recommendations of Cabinet from its meeting on 17th February, 2009.

OTHER BUSINESS

12. **COUNCIL TAX 2009/10** (Pages 63 - 69)

To consider the report of the Head of Financial Services.

13. **SUPPORT TO MORECAMBE PARISH COUNCIL** (Pages 70 - 75)

To consider the report of the Chief Executive.

14. **MINUTES OF CABINET** (Pages 76 - 132)

To receive the Minutes of Meeting of Cabinet held on 17th February, 2009.



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Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on Tuesday 24th February, 2009

Address to Council Meeting of 4th March 2009 by Ian Blears, Lune Valley Transport

I come here today representing Lune Valley Transport to urge you as a council to accept the recommendation decided on by your cabinet following some lengthy deliberations on the nature of reimbursement for concessionary fares charged to the users of community transport provided by ourselves.

At this point I should perhaps state that the recommendation was for the implementation of a flat £1.30 fare.

We feel that a more complicated charging structure would be unhelpful because of the administrative costs involved and whilst we acknowledge that any charges will be unpopular with our passengers initially, we do feel that the vast majority will accept these as a reasonable alternative to losing the service. Also it is felt that savings would be attained due to passengers making more economical use of the service.

More punitive charges may bring greater savings but it must be pointed out that in addition to severe unpopularity there will also be a significant drop in passenger numbers.

The concerns are that with falling passenger numbers there is considerable loss in the economies attained by scale. There will be dissent amongst members of the public depending on the service and some people will be forced to struggle with regular public transport. For passengers who use public transport as an alternative, the council will see no net savings.

We at Lune Valley Transport see that any greater charges than those already suggested will inevitably bring about the decimation of the service and the eventual demise of community transport as we have developed it.

This area has a community transport service that it can be proud of, it is held in high esteem by its many users who see it as a lifeline, we feel that to curtail it would be to discriminate against people with no alternative and because of the wish to preserve it we strongly recommend the adoption of the recommendations of your cabinet.

COUNCIL**2009/10 Budget and Policy Framework -
General Fund Revenue Budget and Capital Programme****04 March 2009****Report of Cabinet****PURPOSE OF REPORT**

To present Cabinet's budget proposals in order that the City Council can approve the 2009/10 Revenue Budget and Capital Programme in accordance with statutory deadlines and the framework previously approved by Council.

This report is public.

RECOMMENDATIONS:***In respect of the General Fund Revenue Budget:***

1. That the City Council's 2009/10 General Fund Revenue Budget of £23.999M be approved, together with the supporting proposals as set out at Appendices A to D.
2. That the Medium Term Financial Strategy for 2009/12 as set out at Appendix E be approved.
3. That Council notes the Section 151 Officer's advice regarding robustness of budget estimates, the adequacy of reserves and balances and the affordability of borrowing.

In respect of the General Fund Capital Programme:

4. That the current year's revised Capital Programme as set out at Appendix F be approved.
5. That the five-year Capital Programme from 2009/10 onwards, also as set out at Appendix F, be approved.
6. That the Capital Investment Strategy as set out at Appendix G be approved.

1 INTRODUCTION

- 1.1 At Cabinet on 17 February Members reconsidered their General Fund budget proposals for 2009/10. Those items requiring Council approval are reflected in the recommendations above, although the recommendation relating to Prudential Indicators has been incorporated into the proposed Treasury Management Framework, which is the subject of a separate report elsewhere on this agenda. Furthermore, some items that have been included in the budget proposals were considered as separate items by Cabinet, and therefore at the time of producing this report, they were still subject to call-in.
- 1.2 For the Housing Revenue Account (HRA), the budget and rent setting exercise was completed at the Council meeting held on 04 February, therefore there are no specific recommendations contained within this report for Council Housing services.
- 1.3 With regard to the Corporate Plan, proposals for the specific targets and outcomes to be considered for each corporate priority will be finalised after Council has approved the detailed proposals of the Revenue Budget and Capital Programme included in this report. Final recommendations relating to the Corporate Plan will therefore be presented to the Council meeting to be held on 08 April, following consideration by the Council's Business Committee.
- 1.4 Supporting information in connection with Cabinet's budget proposals is outlined in the following sections. In addition Members are requested to refer to earlier Cabinet reports for additional information as appropriate.

2 2008/09 GENERAL FUND REVENUE BUDGET UPDATE

- 2.1 At the last meeting Council approved this year's overall revised budget position, reflecting a net overspending of £571K. Within that amount, however, Cabinet have approved a number of changes as follows:
 - Very recently the Council was notified of a further award of Local Authority Business Growth Incentive (LABGI) grant, amounting to £344K in the current year. Whilst the award is subject to consultation, it has been calculated based on the same principles as used for earlier awards and therefore no major changes are expected.
 - The review of earmarked reserves has now been completed, as reflected in the attached appendices. Most notably, a Restructuring Reserve of £933K has been created, to provide funding for costs arising as a result of the various staffing changes and reductions associated with other budget proposals. In support of this, Cabinet has requested the Personnel Committee to review the Council's Redeployment and Early Termination of Employment policies.
 - Other remaining reserves still provide for some limited progress regarding accommodation and customer services integration, but this is on the basis that any wider plans will not be taken forward at present. Once the Council's financial prospects are more certain, any future plans can be re-assessed.

3 **2009/10 GENERAL FUND REVENUE BUDGET PROPOSALS**

- 3.1 In line with the resolutions of the last Council meeting, updated revenue proposals for 2009/10 have been prepared, as set out at **Appendix A**. These take account of various base budget adjustments as well as many other specific budget proposals considered by Members.
- 3.2 Also the Collection Fund position has now been reviewed, indicating that overall the Fund is broadly in balance and therefore there are no surpluses or deficits for distribution. This too has been taken account of in Cabinet's budget proposals.
- 3.3 The most significant changes in the base budget position relate to the following:
- repayment of capital related debt, and a review of investment interest rates
 - concessionary travel, based on latest usage forecasts
 - contributions to and from earmarked reserves
 - updates regarding various grant notifications and income, e.g. benefits & planning.
- 3.4 In terms of savings and growth proposals, the items reported into Council in February amounted to only £306K net. Much work has been undertaken since then, and the new savings and growth proposals result in a reduction in net spending of £1.325M. Given the financial pressures facing the Council, in particular from current economic conditions and from concessionary travel, the overall aim of this budget exercise has been to reduce net spending on an ongoing basis, and it must be recognised that such a level of savings cannot be achieved through efficiency measures alone. The savings and growth proposals set out at Appendix A should be considered with this in mind.
- 3.5 In order to achieve the necessary savings, Cabinet approved a number of specific budget proposals at its meeting on 17 February and these are reflected in the appendix. In response to various concerns, however, Cabinet chose not to take the following savings options forward:
- closure of community pools
 - turfing over of various flower beds
 - reductions to the dog warden service
 - removal of Special Responsibility Allowances for Group Leaders & Administrators.
- 3.6 Taking account of all the above, the budget proposals are now based on a £187K contribution from Balances in 2009/10. This would result in balances being broadly at their minimum level, and therefore no further contributions are scheduled in years 2010/11 and 2011/12. Updated statements on all provisions and reserves are included at **Appendices B and C**. These include the changes referred to earlier, in the current year.
- 3.7 Council is now recommended to approve the schedule of budget proposals as set out in the appendices. This would result in a net General Fund Revenue Budget (excluding parish precepts) of £23.999M, as shown at **Appendix D**, representing a 3.4% or £788K increase in net revenue spending. This ties in with a 4.0% increase in the basic City Council Tax Rate, excluding parish precepts, as agreed at the last Council meeting. The actual Band D Tax rate payable has now been confirmed as £185.31, representing a cash increase of £7.14, though this excludes any impact from the recent abolition of the Special Expenses adjustment for non-parished areas. It does correspond with the Council Tax amounts that the Secretary of State is

expected to consider when considering capping, however. Recommendations regarding the full Council Tax charges for the district are included later on the agenda.

4 PROSPECTS FOR FUTURE YEARS

- 4.1 Indicative revenue spending and Council Tax forecasts for 2010/11 and 2011/12 have been reported and updated on an ongoing basis during the budget process. The latest projections are also included at **Appendix D** and are summarised below:

	Revenue Budget Projections			Council Tax Projections	
	Net Budget	Annual Increase	Assumed Contribution from Balances	Average Band D Tax Rate	Annual Increase (YOY)
	£000	%	£000		%
2010/11	25,785	7.4	--	£217.52	17.4
2011/12	26,705	3.6	--	£230.96	6.2

- 4.2 As in previous years, some limited work has been done in analysing the drivers behind future years' budget increases and this will be used to inform further budget reviews. From the work undertaken so far, it is clear that the projections are as robust as they can be, taking into account the inherent risks and assumptions underlying any financial projections.
- 4.3 It is also recognised that certain key issues have yet to be addressed, and these will need to be resolved or clarified during the next year or so. The main issues are:
- Final outcome of Fairpay / Job Evaluation
 - prospects for recovery of Icelandic investments
 - Luneside East & other regeneration plans
 - future plans for Access to Services (accommodation / customer services)
 - future responsibilities regarding Concessionary Travel (from 2011/12 onwards)
 - pension costs (from 2011/12 onwards)
 - wider organisational review of Council services
 - achievement of other ongoing efficiency savings and reductions in services.

Coupled with the above, future prospects for the UK Economy as a whole will have a major bearing.

- 4.4 Regarding Government funding, the Council received a good three-year provisional Settlement for the period to 2010/11, but prospects are gloomy and authorities may well see real reductions in their funding levels in the not too distant future.
- 4.5 Whilst the Council has the potential to achieve substantial recurring savings of over £1M during this budget exercise, based on current forecasts there is still a considerable way to go before the Council has what could be viewed as a financially sustainable budget. The Council needs to maintain focus on the medium term, in order to make future budget exercises easier to manage and deliver. Should there

be an over-reliance on one-off savings, this makes future years' budget setting much more difficult, including managing various stakeholder expectations. With these points in mind, a number of other potential savings measures are to be taken forward during 2009/10, to inform budget setting for 2010/11 onwards. There are highlighted at the bottom of Appendix A.

4.6 A year ago, the forecast increases in Council Tax for 2009/10 and 2010/11 were 13.1% and 8.8% respectively. A year on, the proposed rate increase for 2009/10 is down to 4% but 2010/11 is now forecast at around 17%. To some degree this follows a similar pattern in previous years but there are many factors that have changed the projections; the major ones being:

- the economy as a whole, and its impact on income and services
- service growth coming on line in 2010/11 (e.g. food waste recycling)
- the timing and nature of savings proposals, in particular one-off items
- to a lesser degree, changes in contributions from balances.

4.7 Given this context, at this time Council is recommended to retain the 4.0% target increase for Council Tax in years 2010/11 and 2011/12, and these have been incorporated into the updated Medium Term Financial Strategy (MTFS) set out at **Appendix E**. In considering the Strategy, the following points are highlighted:

- Should Members wish to retain the existing target of a 4% year on year Council Tax increase, the net savings requirements would be:

2010/11:	£1.073M
2011/12:	£1.322M

These are also shown in Appendix D. No general headroom for future years' growth has been quantified, other than for those items previously considered (e.g. food waste). Instead, the savings requirements would need to be increased to cover any such needs.

- It is again assumed that Cabinet would attempt to generate additional savings beyond those required to meet the proposed MTFS targets, to support the options of either allowing further growth, and/or allowing lower increases in Council Tax.
- In the main, the content of the strategy document is the same as in previous years but the main text changes are shaded, for ease.

5 GENERAL FUND CAPITAL PROGRAMME

5.1 With regard to the current year's programme, a review of all capital schemes has now been undertaken. After allowing for various changes and estimated slippage, the exercise has resulted in a Revised Gross Programme totalling £11.653M for 2008/09. Capital receipts unapplied as at 31 March 2009 are estimated at £370K (to be carried forward for use in the following year).

5.2 The proposed programme for the current year is included at **Appendix F**, for Council's approval. It is highlighted that the appendix includes two versions of the programme. The first sheet shows the full Gross Capital Programme, which sets out the total estimated cost of schemes including any amounts to be funded from external grants and contributions, etc. The second sheet shows the Net Capital

Programme that focuses on only the City Council's own contributions to schemes. This second sheet also includes a small summary statement on capital receipts.

- 5.3 With regard to future years, at earlier meetings Members have approved a number of financing principles to be followed in determining the General Fund Capital Programme. In line with these, a balanced programme for the five-year period to 2013/14 is also set out at **Appendix F** for Council's approval.
- 5.4 Other than the inclusion of the Chatsworth Gardens scheme, subject to funding, and the re-scheduling of various other projects to ease pressure on the funding position in 2009/10, there have been few changes to the capital position overall. In total the 5-year draft Capital Programme (from 2008/09 onwards) now amounts to £34.63M.
- 5.5 In Council considering the proposals for next year onwards, the basic funding assumptions are as follows:
- A £1.401M reduction in the underlying need to borrow, to offset the interim increase approved by Council back in December / November.
 - £8.983M of applied capital receipts over the period. A further £717K is receivable, but any additional resources such as this would not be allocated to fund new capital expenditure. Instead, these balances will be left for now, to help with any potential funding difficulties arising over the period.
 - £779K funding from revenue / reserves. This has increased by £250K, to provide additional cover for legal costs associated with Luneside compensation claims.
 - £26.269M funding from grants and contributions.
- 5.6 The funding position is balanced in all years, and should the programme and its financing be delivered as currently planned, there would be a surplus in capital receipts of £717K at the end of 2013/14.
- 5.7 With regard to the timing of specific capital receipts, around £4.5M (of the £7.1M due in 2009/10) is needed to fund capital spending in that year. There is a clear risk in that schemes may not be able to progress as planned, if receipts are not received early enough in the financial year.
- 5.8 There are also a number of points and risks to note regarding specific schemes:
- i. For Luneside, the draft programme provides only for defending existing compensation claims, and for settling such claims at previously budgeted levels. In the event that further liabilities arise, the Council would have no option other than to meet such liabilities from an increase in its borrowing assumptions and this has been provided for within the Council's proposed borrowing limits accordingly, for approval by Council. Regarding any revenue implications and any assessment of Prudential Code implications, (i.e. affordability, sustainability and prudence), these would be considered at that time. For now though, and on the basis that this provision is a fall-back for an asset that would still be under development, no provision for any future years' repayment needs to be provided as yet – although clearly this would change if the borrowing provision is needed. In such a situation, this would add further pressure to future years' revenue budgets and this risk should be noted.

- ii. Similarly the draft programme makes no provision for any new Access to Services developments, as highlighted earlier, nor any capitalisation of any potential losses in respect of Icelandic investments.
 - iii. As in previous years, for several proposed schemes their funding positions and/or their business cases are not finalised and whilst they are included provisionally within the draft programme, this is only on the basis that positive outcomes will be forthcoming. It is highlighted that the recently approved arrangements for strengthening programme management and project support will assist with ensuring that robust appraisals are undertaken, before any such schemes progress.
 - iv. Other potential capital schemes have been omitted at this stage, and will only be incorporated into the Programme should they gain the relevant approvals to progress.
 - v. Members will see from the attached draft Programme that by far the biggest area of capital investment to be funded from the Council's own resources still relates to Municipal and other Building Works. Under the Financial Regulations, schemes cannot progress until funding is in place, and section 5.7 above touches on the risks involved. Notwithstanding the financial pressures, there could be a need to progress some emergency works to ensure that key health and safety standards are met and buildings can be kept in operation, irrespective of the funding position (this is also catered for within Financial Regulations.) In this regard, an additional interim increase of £1M has been built into the proposed borrowing limits on a similar basis to that approved by Council last year (i.e. short term only, to be 'repaid' through future capital receipts). A strict approach would be adopted to ensure that the use of any such facility is kept to an absolute minimum, and Members would be updated on any usage of this facility, accordingly.
 - vi. Finally, and also with regard to Municipal and Other Building Works, it is recognised that the draft Programme assumes that the bulk of backlog 'repairs' will constitute capital expenditure, given the amount of structural works involved, but there is significant risk in this approach (i.e. some costs might have to be charged to revenue instead). Specific arrangements have been put in place to manage this, but it is an area that will require close monitoring. It will also be covered by future plans for facilities management generally.
- 5.9 Overall the draft programme allows for some very limited new investment in various facilities and regeneration continues to form the key part, although this relies heavily on external funding. This fits with proposed priorities, and the Council's financial prospects.
- 5.10 The Council is still ambitious, however, and this continues to reflect in its appetite for bidding for (and success in attracting) external funding. As is evidenced in the Luneside position though, delivering externally financed schemes can have significant financial and other risks attached, leading to potential difficulties regarding affordability. In ensuring that the recommended programme fits well with proposed priorities but is still affordable, prudent and financially sustainable, there has been the need to delay or put on hold some investment plans, the most notable of which is the wider Access to Services accommodation scheme.
- 5.11 The Capital Investment Strategy has been updated to reflect all of the above and is attached at **Appendix G** for consideration. This also outlines the management

arrangements for actually delivering and monitoring the Programme. As with the MTFS document, the main changes (other than figures and tables) have been shaded, for ease.

RELATIONSHIP TO POLICY FRAMEWORK

The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The Local Government Act 2003 places explicit requirements on the s151 Officer to report on the robustness of the estimates included in the budget and on the adequacy of the Council's reserves. Previous Cabinet and Council reports have already included details of this advice, together with the risks and assumptions underpinning the budget process. A summary is provided below for information. In addition the legislation requires that the Council should have regard to the s151 officer's report, hence the recommendation.

The s151 Officer is also responsible for ensuring that when setting and revising Prudential Indicators, which include borrowing limits and relate mainly to capital investment plans, all matters to be taken into account are reported to Council for consideration.

Reserves and Provisions

- Specific earmarked reserves and provisions are satisfactory at the levels currently proposed, given that measures are in place to manage and reassess other key issues such as Fairpay / Job Evaluation, and recognising that the arrangements to deal with any principal losses arising from Icelandic investments have effectively been postponed, in line with Government Regulations. The budget proposals and future plans include a number of measures that involve reductions to the staffing establishment. With this in mind, a restructuring reserve has been created but clearly actual costs arising cannot yet be accurately assessed. This will need careful monitoring and control as the year progresses.
- Unallocated balances of £1M for General Fund are reasonable levels to safeguard the Council's overall financial position. £1M represents about 4.2% of the General Fund Net Revenue Budget. This advice regarding unallocated balances is dependent upon other provisions and reserves remaining broadly at proposed levels, unless a specific service policy change indicates otherwise.

At present the General Fund budget proposals assume that estimated surplus balances as at 01 April 2009 (£191K) will, in the main, be used to support next year's revenue budget. The use of any further surplus balances arising would be linked with future MTFS reviews, and would require Council approval.

Robustness of Estimates

A variety of exercises have been undertaken to establish a robust budget for the forthcoming year. These include:

- Producing a continuation budget, taking account of service commitments, pay and price increases and expected demand / activity levels as appropriate, and the consideration of key assumptions and risks.
- Reviewing the Council's priorities and its associated service activities and spending / income generation plans. This has been supported by the Star Chamber exercise and by consultation. It includes putting some wider plans on hold for the time being, e.g. accommodation.
- Reviewing the Council's medium term financial strategy and planning, following its adoption last March, together with other corporate financial monitoring information produced during the year.
- Undertaking a review of the Council's affordable borrowing levels to support capital investment, in line with the Prudential Code, but taking account of Government Regulations regarding Icelandic investments.
- Reviewing the level of reserves and other sources of financing, to ensure as far as possible that funding arrangements are in place for potential but un-quantified costs and liabilities (again this excludes any provision for Icelandic investments, but does cover Luneside and future restructuring).

These measures ensure that as far as is practical at this stage, the estimates and assumptions underpinning the budget are robust. The major areas of uncertainty, however, and therefore risk, relate to:

- Prospects for recovery of Icelandic investments. As yet, there is no information on which to make an informed view regarding how much of the total amounts owing (£6M plus £260K accrued interest to October 2008) will be returned. Members will be aware that updates on the Icelandic investments position are to be reported into Council, to inform budget considerations. A summary statement is set out at **Appendix H**, regarding the current position of the three banks in which the Council holds investments. Now that the budget exercise for 2009/10 is completed, it is intended that formal updates will be included through the usual routes (i.e. in particular through quarterly PRT meetings). Monthly updates from the Local Government Association (LGA) to Group leaders will continue.
- For a number of budget savings proposals, the exact detail of how these will be achieved is not yet clear, although options do exist to achieve them. (Salt Ayre savings is one such example). Overall, keeping next year's spending line with the budget overall will be challenging, given the number of savings to be achieved, and the additional work identified to help with future years. There are substantial risks attached to such approaches, but they should be manageable as long as robust arrangements are put in place. Again, this is an aspect that will require careful monitoring. For all savings and growth proposals, formal arrangements will be implemented to monitor and review progress, and to allow remedial actions to be taken if required. This will include reporting through existing Performance Review Team (PRT) meetings.
- Fairpay / Job Evaluation. Based on current modelling there is sufficient funding in place to address the costs of this in the medium term, but until the new pay and grading structure is finally adopted, financial (and other) risks still remain.
- Assumed capital and other income from property sales. As reported previously, these assumptions are still significant, though the budget proposals should help provide some flexibility if difficulties arise.

- Potential liabilities arising from capital schemes. As outlined in the report, if necessary further borrowing may be required and this would add further pressure to the revenue budget.
- The economic position generally poses further risks, especially given the uncertainties that still exist in the financial sector, together with the potential implications of recession for service demands and income levels. Again however, as far as possible these have been taken account of in developing the budget.

It is anticipated that most, if not all of the above should become clearer during 2009/10 and the Council's financial and performance monitoring arrangements should enable timely identification of any additional actions required.

Affordability of Spending Plans

In considering affordability, the fundamental objective is to ensure that the Council's capital investment remains within sustainable limits, having particular regard to the impact on council tax and housing rents. Affordability is ultimately determined by judgements on what is 'acceptable' - this will be influenced by public, political, local and national influences.

The factors that have been taken into account in considering capital investment plans include the following.

- Availability of capital resources, including capital grants, capital receipts, etc
- Existing commitments and service / priority changes
- Revenue consequences of any proposed capital schemes, including interest and debt repayment costs of any borrowing
- Future years' revenue budget projections, and the scope to meet borrowing costs
- The likely level of government support for borrowing and for revenue generally.
- The likely need for further capital investment and prudential borrowing, as yet unquantified, to address other potential liabilities arising.

In considering and balancing these factors, the capital proposals to date are based on a net reduction in prudential borrowing of £1.4M over the period from 2009/10 to 2013/14. As far as possible, measures have been taken to minimise capital investment, in recognition of the pressures facing the Council. That said, it is acknowledged that some degree of unsupported borrowing may be unavoidable to address Luneside and Municipal Building Works. It is acknowledged that if this is the case it will add further pressure to the revenue budget, at least in the short term, and further revenue savings would be required to ensure affordability. These issues have been built into the draft Prudential Indicators elsewhere on the agenda, for approval by Council.

LEGAL IMPLICATIONS

Legal Services have been consulted and there are no legal implications arising directly from this report.

DEPUTY MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

LG Finance Settlement
Prudential Code

Contact Officer: Nadine Muschamp

Telephone: 01524 582117

E-mail: nmuschamp@lancaster.gov.uk

SAVINGS & GROWTH PROPOSALS

APPENDIX A

For Consideration by Council 04 March 2009

BUDGET PROJECTIONS : Per Budget Report to Cabinet 17 February 2009

TARGET REVENUE BUDGET (for a 4% increase in basic Council Tax, assumed year on year)

SAVINGS REQUIREMENT TO ACHIEVE A 4% COUNCIL TAX

Further Base Budget Adjustments

Proposed Savings (see schedule below)

Proposed Growth (see schedule below)

Net Total

REMAINING SAVINGS REQUIREMENT (assuming 4% year on year increase in Council Tax)

2009/10 £000	2010/11 £000	2011/12 £000
25,324.2	26,857.1	28,113.0
23,999.0	24,712.0	25,383.0
1,325.2	2,145.1	2,730.0
+3.9	-	-
-1,376.3	-1,095.8	-1,432.2
+47.2	+23.7	+24.2
-1,325.2	-1,072.1	-1,408.0
-0.0	1,073.0	1,322.0

BUDGET PROPOSALS :

SAVINGS :	NOTES	-1,376.3	-1,095.8	-1,432.2
Corporate				
Management Restructure		-50.0	-50.0	-50.0
Amendments to profiling of capital projects funded from revenue		-179.0	+179.0	-139.0
Removal of 2009/10 inflation increase (general supplies and services only)		-50.0	-50.8	-51.6
Conferences & Seminars : 50% reduction for all Services		-5.2	-5.4	-5.5
Democratic Services				
Democratic & Member Support : Printing & Stationery		-7.1	-7.2	-7.3
Member Development & Conferences		-6.7	-6.9	+0.0
Civic & Ceremonial : Civic & Mayoral Functions	Cabinet 17 Feb 09	-4.3	-4.4	-4.5
Civic & Ceremonial : Floral Decorations	Cabinet 17 Feb 09	-2.3	-2.3	-2.3
Youth Games (withdrawal from 2010/11 onwards)		-	-8.0	-12.0
Corporate Strategy				
Service Restructure		-30.0	-30.6	-31.2
Communications & Marketing Review	Cabinet 20 Jan 09	-30.0	-50.0	-50.0
Additional Income : withdrawal of free publicity for LSP (District Council Matters)		-2.0	-2.0	-2.0
Information & Customer Services				
IT Desktop & Telephony : use of multi-functional devices (MFD's) & Mobile Phone savings		-13.0	-15.0	-15.0
Revenue Services				
Council Tax & Housing Ben Admin : Staffing Restructures (combined savings)		-104.5	-109.6	-112.5
City Council (Direct) Services				
Waste Collection : Increase charge for Bulky Matters		-11.0	-11.2	-11.4
KIMO Subscription		-1.7	-1.7	-1.7
Finance/Admin/Depot/ Vehicle Mtce : Reduction in establishment		-10.1	-25.1	-28.0
Street Cleansing : Cease funding of 4 Environmental PCSOs		-49.9	-50.1	-50.3
Public Conveniences (13 toilets : Bull Beck to remain open, saving net of Community Scheme)	Cabinet 17 Feb 09	-54.0	-55.6	-57.2
Other Grounds Maintenance : reduced mowing of cemeteries & bridge embankment	Cabinet 17 Feb 09	-13.6	-13.8	-14.0
Reduction in Building Cleaning service		-24.0	-24.4	-24.8
Cultural Services				
Salt Ayre : Operational Savings (focusing on energy, as far as possible, & increasing income)	Cabinet 17 Feb 09	-119.0	-120.8	-122.6
Festivals Innovation Fund (FIF)	Cabinet 17 Feb 09	-26.9	-32.4	-33.0
Reduction in support for FIF Events		-30.0	-50.0	-50.0
Environmental Health & Strategic Housing				
Fees & Charges (all elements)	Cabinet 20 Jan 09	-37.0	-37.0	-37.0
Grounds Maintenance : Cemeteries		-8.8	-8.9	-9.0
Planning Services				
Achievement of Break-even for Building Control (reduction in staffing / increase in fees)		-143.4	-138.7	-137.2
Property Services				
Discontinuation of distribution to Members (Provisional, from 2010/11 onwards)		-	-9.0	-9.0
Community Transport : Introduction of Flat Fee (assumes 50% budget saving)	Cabinet 20 Jan 09	-78.0	-82.0	-86.0
Concessionary Travel: Re-negotiation of Reimbursement Rates		-134.0	-134.0	-134.0
Venue Hire to break even		-10.0	-10.0	-10.0
Economic Development & Tourism				
Removal of 2008/09 Growth (Regeneration Staffing)		-19.0	-	-
Reductions in Support to Outside Bodies				
Twinning	Cabinet 17 Feb 09	-6.3	-6.4	-6.5
Miscellaneous Grants		-7.5	-7.6	-7.7
Welfare Grants		-2.6	-2.6	-2.7
Ludus		-10.0	-10.2	-10.4
Morecambe Music Residency		-1.4	-1.4	-1.4
Community Projects		-10.8	-11.0	-11.2
Heysham Heritage		-5.1	-5.2	-5.3
Strategic Housing (savings from procurement exercise)		-6.7	-11.4	-15.9
CABs (£10K each : Linking to reduction in support for management costs)		-20.0	-20.0	-20.0
CVS		-3.9	-4.0	-4.1
Shopmobility		-1.0	-1.0	-1.0
The Dukes		-40.0	-40.6	-41.2
Countryside Projects		-3.0	-3.0	-3.1
Armside & Silverdale AONB		-2.5	-2.5	-2.6
Forest of Bowland AONB		-1.0	-1.0	-1.0

GROWTH :	+47.2	+23.7	+24.2
CC(D)S			
Schools Recycling	+7.0	+7.2	+7.4
Property Services			
Facilities Management : Energy Performance Certificates	+16.2	+16.5	+16.8
Financial Services			
Parish Financial Arrangements Review	+24.0	-	-

SAVINGS PROPOSALS TO BE TAKEN FORWARD DURING 2009/10 (for future years)	-	-	-
Corporate			
Management Restructure (potential for additional savings from 2010/11 onwards)	-	?	?
Support Services Review	-	?	?
Cultural Services			
Museum Partnership efficiency savings	-	?	?
Charging policy for Community Pools			
Planning Services			
Implications of Pitt Report (Flood Defence)	-	?	?
Property Services			
Facilities Management (including energy)	-	?	?



LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside

Provisions and Reserves Policy

(Details of General Fund Items)

March 2009

Provisions & Reserves Policy

1. Legislative/Regulatory Framework

- 1.1 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 1.2 There is also a requirement reinforced by section 114 of the Local Government Finance Act 1988 which requires the chief financial officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.
- 1.3 Furthermore, sections 26 and 27 of the Local Government Act 2003 set out the requirements regarding the determination of minimum levels of controlled reserves (i.e. currently unallocated balances), and actions required should they fall below such minimum levels.
- 1.4 A key element contained within the Use of Resources assessment criteria is Financial Standing; the authority must be able to demonstrate that "The Council monitors and maintains its level of reserves and balances within the range determined by its agreed policy".

2. Role of the Chief Financial Officer

- 2.1 Within the existing statutory and regulatory framework, it is the responsibility of the Chief Financial Officer (at Lancaster this is the Head of Financial Services) to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use.
- 2.2 For clarity, within the legislation the minimum level of any reserve is not quantified, and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA), or other external agencies, to give prescriptive guidance on the minimum, or maximum, level of reserves required either as an absolute amount or a percentage of the budget.

3. Purpose of Reserves and Balances

- 3.1 Reserves and balances can be held for three main purposes:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of what is commonly referred to as 'general balances';
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of 'general balances';
 - A means of building up funds, commonly referred to as earmarked reserves, to meet known or predicted liabilities.
 - 3.2 For each earmarked reserve held by a local authority there should be a clear protocol setting out:
 - The reason for/purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserve's management and control; and
 - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.
-

4. Principles to Assess Adequacy

- 4.1 Setting the level of reserves and balances is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements. In addition to the cash flow requirements of the authority the following factors should be considered:

Budget Assumptions

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings/gains
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
- The availability of other funds to deal with major contingencies and the adequacy of provisions

Financial Standing and Management

- The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates, etc.)
 - The authority's track record in budget and financial management including the robustness of the medium term financial plans
 - The authority's capacity to manage in-year budget pressures
 - The strength of the financial information and reporting arrangements
 - The authority's virement and end of year procedures in relation to budget under/over spends at authority and departmental level
 - The adequacy of the authority's insurance arrangements to cover major unforeseen risks.
- 4.2 The minimum level of general reserves which is considered appropriate for the Council is reviewed annually as part of the budget process and Medium Term Financial Strategy. At present, the minimum level of general reserves is set at £1 million for the General Fund and £350K for the Housing Revenue Account.
- 4.3 A review of the level of earmarked reserves is undertaken generally as part of the annual budget preparation and as part of the closure of accounts process.
- 4.4 The Council's external auditors recommend the use of a risk based approach when setting the level of reserves. As far as reasonably practical this approach is used, although for many reserves the balance is being held to meet a specific budgeted need, or alternatively future spending needs can be restricted to tie in with monies available. For others, whilst the risk of financial liabilities arising is acknowledged, it may be impossible to assess accurately (or quantify) the financial risks involved, and the balances of such reserves are determined initially based on informed judgement. Their future levels will be further reviewed as more information becomes available.

5. Reporting Framework

- 5.1 The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Head of Financial Services.
- 5.2 The Council's annual budget report includes a statement showing the estimated opening general fund balances for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. A statement is also included commenting on the adequacy of general balances and provisions in respect of the forthcoming financial year and the authority's medium term financial strategy.
- 5.3 Similarly, a statement is also included, as part of the budget report, identifying earmarked reserves, the opening balances for the year, planned additions/withdrawals and the estimated closing balance.
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6 Provisions & Reserves Protocol : General Fund

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
CAPITAL RESERVES				
Marsh Capital	The monies held in this reserve came from the proceeds of land sold at Willow Lane on the Marsh, as set out by the Lancaster Corporation Act 1900. The Act determines that the interest generated on this reserve be applied in perpetuity to the payment to the freemen of the City.	Investment interest generated on the reserve is used to make the annual payments to the freemen of the City.	Financial Services	Outturn
Capital Support	Contributions to support the Storey Institute and Luneside East Projects.	Between 2008/09 to 2009/10, to help fund Capital Programme. (Surplus resources being transferred into the Restructuring Reserve.)	Financial Services	Half -yearly Capital Investment Strategy updates, & Outturn
REVENUE RESERVES				
Private Housing Rental Deposits	The reserve has been established as a rental deposit guarantee for private landlords, against tenants who are financially unable to provide such a deposit.	The money is to be applied to fund any necessary repairs upon the vacation of a tenant for whom a guarantee has been provided. Contributions to the reserve are to be approved by Cabinet.	Health & Strategic Housing / Financial Services	Budget & Outturn
Building Regulations	This is a statutory reserve to which the annual surplus or deficit on the Building Control Account is transferred. In addition, the reserve may be used to finance expenditure which will make the Building Control function more efficient.	The surplus or deficit on the Building Control Account is appropriated to/from the reserve at the end of each financial year. In addition, it may be used to finance specific one-off Building Control expenditure, with Head of Financial Services approval (to reflect statutory usage), or with Cabinet approval for recurring items.	Planning Services / Financial Services	Budget & Outturn
Emergency Planning	This reserve was established to cover the cost of any major storm damage repairs.	This reserve has now been closed and future costs will be funded as and when they occur.	N/A	N/A

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
Risk Management	The reserve was established to finance any Risk Management initiatives.	Expenditure relating to risk management is charged to revenue and financed by an appropriation from the reserve. Its application must be in line with the Risk Management Policy. Contributions to the reserve are to be approved by Cabinet.	Financial Services	Budget & Outturn
Access to Services	To finance smaller scale accommodation works (one-off costs), on the basis that the wider plans will not be taken forward at present.	Contributions to the reserve to be approved by Cabinet. Use of the reserve to be determined by Access to Services Board, in conjunction with the Head of Financial Services.	Financial Services	Budget & Outturn, & MTFS Update
Job Evaluation	To support development and modelling of pay structures.	Contributions to the reserve to be approved by Cabinet. Use of the reserve to be agreed by both the Head of Legal & Human Resources and Head of Financial Services, linked to adoption of new Pay & Grading structure.	Legal & Human Resources / Financial Services	Quarterly PRT, Budget & Outturn
Allotment Improvements	To improve allotments across the district.	Surpluses on the allotments account to be contributed into the reserve on an annual basis and applied as determined by the Head of Corporate Strategy.	Corporate Strategy / Financial Services	Budget & Outturn
Insurance	To provide cover against the impact of adverse claims that may be experienced in any one year.	To be applied if the Council experiences significant adverse claims over and above those provided for within the Insurance Provision. Reserve reassessed and balance transferred to the Insurance Provision.	Financial Services	Quarterly PRT, Budget & Outturn
HMO Registration Fees	This is a mandatory scheme which is required to be self funding over a five year period.	Surpluses generated at the start of the scheme will be set aside in this reserve to off-set any future losses.	Health & Strategic Housing / Financial Services	Budget & Outturn

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
Project Implementation	To meet one-off costs of project implementation that cannot be directly charged to other funding sources : e.g. training, site visits and providing temporary cover for secondments.	To be applied when no other source of funding can be used to cover such costs. Use of the reserve to be agreed by Head of Financial Services (note balance already earmarked).	Financial Services	Budget & Outturn, & MTFS Update
Concessionary Travel	Potential savings on the cost of Concessionary Travel temporarily set aside.	This reserve has now been closed and future costs will be funded as and when they occur.	N/A	N/A
Smokefree Legislation	Government grant received to cover the cost of implementing Smokefree legislation.	Reserve now closed.	N/A	N/A
Business Continuity	To provide funding to ensure Business Continuity Plans can be effectively actioned as and when required (one-off costs).	Use and any contributions to/from reserve to be approved by Cabinet. Reserve reduced in 2008/09 to reflect more accurate cost of providing infrastructure.	Health & Strategic Housing / Financial Services	Budget & Outturn
Every Child Matters	To support Council input and any responsibilities in connection with Every Child Matters (one-off costs).	Use and any contributions to/from reserve to be approved by Cabinet. Reserve supporting Play Schemes in 2009/10 and Diversionary Activities in 2010/11. Balance to be applied to LSP linked projects.	Corporate Strategy / Financial Services	Budget & Outturn
Homelessness (Supporting People)	To support Council responsibilities in connection with homelessness, should Supporting People funding not be forthcoming.	Reserve now closed.	N/A	N/A
Customer First	To cover one-off costs associated with the approved roll out and integration of Customer Services.	To be applied as and when required in line with the roll out of Customer Services integration. Use of the reserve to be determined by Access to Services Board, in conjunction with the Head of Financial Services.	Information and Customer Services / Financial Services	Budget & Outturn

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
City Lab	Surpluses on the operation of the building to be used to support any future losses / economic development in the district.	Contributions to and from the reserve to be approved by Cabinet.	Financial Services	Budget & Outturn
Planning Delivery Grant (PDG)	To enable grant monies committed against approved spend to be rolled forward between financial years.	Where specific approved budgets have not been spent, which are funded from PDG, the balance of unapplied grant will be transferred into the reserve and applied in the following financial year. Reserve also to be used to fund additional staffing not met from increased income. Any other use to be approved by Cabinet.	Planning Services / Financial.	Budget & Outturn
Business Development	To ensure grant commitments given to Businesses are safeguarded thereby ensuring the maximum amount of matched funding is obtained.	Grant commitments which have not been paid at the end of a financial year will be transferred into the reserve, and will be transferred out as and when required. Reserve to be fully utilised in 2008/09, then closed.	Economic Development & Tourism / Financial Services	Budget & Outturn
Modernising Local Government	To provide funding for modernisation initiatives associated with efficiency improvements.	Now closed.	N/A	N/A
Cohesion Reserve	Currently unallocated.	Established in 2008/09 from additional Area Based Grant. Application to be determined by Cabinet.	Financial Services	Budget & Outturn
Restructuring Reserve	To fund the cost of redundancies and early retirements as a result of Service restructures during 2009/10 and 2010/11.	Use linked to large service restructurings requires Personnel Cttee approval. Use linked to minor changes, to be approved through existing officer delegation, in agreement with Head of Financial Services. Any further contributions to the reserve to be approved by Cabinet.	Financial Services	Quarterly PRT, Budget & Outturn

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
MAINTENANCE / RENEWALS				
Open Spaces – Commuted Sums	This reserve receives all sums paid to the Council from third parties for the maintenance of open spaces adopted by the City Council. An amount is then transferred from the revenue on an annual basis to cover the additional maintenance costs associated with the open space.	Lump sums are credited to the reserve, and an annual contribution is made from the reserve to cover the additional grounds maintenance costs. The value of commuted sums due is to be agreed with Financial Services prior to the development agreement being completed. Budgets to be updated by Financial Services in consultation with CC(D)S as sums received.	City Council (Direct) Services / Financial Services	Budget & Outturn
Other Commuted Sums	This reserve receives all sums paid to the Council from third parties other than for Grounds Maintenance, e.g. through s106 agreements.	Lump sums are credited to the reserve and appropriated either to revenue or capital dependent upon the nature of the agreement. Reserve fully utilised in 2009/10.	Planning Services / Financial Services	Budget & Outturn
Graves Maintenance	This reserve holds monies donated to the City Council by individuals, specifically for the maintenance of graves.	The capital sum must be maintained at the original level of contribution, with interest earned being appropriated to revenue to offset maintenance costs.	Health & Strategic Housing / Financial Services	Outturn
SMART Card Replacement	Contributions made into the reserve in order to provide sufficient monies to renew the SMART Cards.	Reserve now closed.	N/A	N/A
Renewals (Including AONB Vehicle, Car Park Equipment, Courier Vehicle, Parks vehicles & Salt Ayre Sports Centre renewals)	Contributions are made into the fund to provide for renewal of major assets such as vehicles, plant and equipment.	Contributions are made into the reserve on an annual basis, and transferred to revenue as and when renewals are undertaken. Contributions to the reserve are to be approved by Cabinet. Use of the reserve to be agreed by Head of Financial Services.	Financial Services	Quarterly PRT, Budget & Outturn
Homeworking / Hotdesking Project	To provide initial funding for Homeworking / Hotdesking initiatives.	Reserve now closed.	N/A	N/A
Kellet Road	To cover cost of repair and maintenance at the site.	Site to be sold, reserve now closed.	N/A	N/A

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
PROVISIONS				
Bad & Doubtful Debts	This provision is used to write off all General Fund bad debts that have been approved.	The provision is funded by an annual contribution based on assessment of the level of debt outstanding.	Financial Services	Budget & Outturn
Equal Pay	To meet the cost of settling equal pay claims	The provision was established in 2008/09, to meet any liabilities arising.	Legal & Human Resources / Financial Services	Budget & Outturn, & MTFS Update
Insurance	The cost of insurance claims, premiums and brokerage are charged to the provision.	Contributions are made to the provision from individual services at a level sufficient to cover the anticipated claims experience and premiums.	Financial Services	Budget & Outturn
Provision for Write-Off / Obsolete Stock	The provision provides for obsolete stock or stock that has reduced in value.	The stock is valued as part of the closure of accounts process and adjustments made as appropriate.	City Council (Direct) Services / Financial Services	Outturn
Derelict Land Grant	This provision covers the cost of anticipated grant clawback in respect of land sales, previously financed from grant.	The provision currently holds monies due to be paid back to English Partnerships during 2009/10.	Financial Services	Budget & Outturn
Vehicles, Plant & Machinery	This provision has been established to cover future years costs associated with vehicle renewals, when budgets may be insufficient due to the timing of replacements and procurement method applied.	Provision now closed.	N/A	N/A
Williamson Park	As the company is wholly controlled by the City Council, provision must be made for any losses arising.	Provision established during 2008/09 following review of operations. Contributions to / from the provision to be approved by Cabinet.	Financial Services	Budget & Outturn

Future Years' Budgets, Provisional Settlements and associated Council Tax Rates
For Consideration by Council 04 March 2009

	2008/09 Estimate £000	2009/10 Proposed £000	2010/11 Projection £000	2011/12 Projection £000
Original Revenue Budget Projection	23,211	24,726	25,925	0
Projection per MTFS Review November 2008	23,211	25,831	27,200	0
Base Budget Amendments :				
Changes resulting from Budget review to February 2009	+235	-528	-485	+28,042
Cabinet's Savings & Growth Proposals :				
Growth		+47	+24	+24
Savings		-1,376	-1,096	-1,432
Change in Contributions to (+) / From (-) Balances	-235	+25	+142	+71
Latest Revenue Budget Projection	23,211	23,999	25,785	26,705
Provisional Government Support	15,523	15,994	16,377	16,705
Collection Fund Deficit / (-) Surplus	+0	+0	+0	+0
Amount met by Council Tax	7,688	8,005	9,408	10,000

Latest Tax Base Estimates	43,150	43,200	43,250	43,300
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COUNCIL TAX IMPLICATIONS :

Band D Basic Council Tax (across district)	£178.17	£185.31	£217.52	£230.96
Percentage Increase Year on Year	4.6%	4.0%	17.4%	6.2%

As Compared with:

Original Projections	£201.43	£219.24
	13.1%	8.8%
MTFS Original Targets	£185.30	£192.70
	4.0%	4.0%

Assumed Target Year on Year Basic Council Tax Increase	In % terms	4.0%	4.0%	4.0%
	In £ terms (Band D)	£7.14	£7.41	£7.71
Target Basic City Council Tax Rate across the District		£185.31	£192.72	£200.43
Budget assumptions to achieve these targets:		£'000	£'000	£'000
Current Revenue Budget Projection (from above table)		23,999	25,785	26,705
Net Savings Requirement (-)		+0	-1,073	-1,322
Target Revenue Budget Requirement		23,999	24,712	25,383

The above net savings requirements would need to be increased to cover any additional growth proposals.



DRAFT MEDIUM TERM FINANCIAL STRATEGY 2009/10 TO 2011/12

For consideration by Council 04 March 2009



INTRODUCTION

Lancaster City Council operates in a dynamic environment. There is a continual need to respond to changes in service demand and new legislation, as well as expectations for new and improved services for the community.

These demands and aspirations must be balanced against the resource constraints that the organisation faces. Such constraints have become increasingly challenging and are likely to remain so.

The City Council manages its response to these challenges through a rolling process of policy review and financial planning. The Medium Term Financial Strategy (MTFS) is integral to this.

A MEDIUM TERM FINANCE STRATEGY - OUTLINE

What is the Medium Term Finance Strategy?

Competing demands and limited resources mean that difficult choices must be made. The MTFS outlines the key financial principles and targets that the Council is seeking to achieve, subject to various constraints and conditions. The Strategy also sets out the policy / financial planning and budget setting processes that the Council will undertake in seeking to achieve these targets. These processes are designed to ensure that policy objectives and spending demands are balanced against available resources, having regard to risk considerations and the community's needs. Overall, this supports the achievement of best value in providing services for local taxpayers, whilst keeping Council Tax increases at a reasonable level.

In broad terms the MTFS concentrates on services funded through Council Tax. Financial planning arrangements associated with the provision of council housing are tied in with the statutory need to have a thirty year business plan for that service.

Aims and Objectives

The aims and objectives of the MTFS are to:

- avoid volatile fluctuations in the provision of Council services and related annual levels of Council Tax
- match resources both to demand and to Council priorities
- plan for and respond to any changes in Local Government funding
- provide a basis for informed decision-making across all Council policies and activities, underpinned by risk management
- support consultation with stakeholders on a broad range of associated issues, where appropriate

APPENDIX E

- support the achievement of efficiency, effectiveness and economy in the use of the Council’s resources, including any associated targets. This includes:
 - maximising efficiency savings (see below) and, where acceptable, increasing income
 - protecting front-line services as far as possible, whilst minimising administration costs, and
 - challenging traditional methods of service provision.

Typically there is the need to address a funding gap between spending aspirations and the resources available and, consequently, how to achieve savings. However, there is also the need to accommodate growth in demand for services, legislative changes and the costs of financing and implementing major projects. This can require a significant realignment of resources so that expenditure can be contained within budget and Council Tax increases can be set at an acceptable level.

The Council’s corporate priorities and key objectives for the period of this Strategy are as follows:

Local Economy:	Work in partnership for economic regeneration
Clean & Green Places:	Maintain clean streets & open spaces Develop local responses to climate change
Safe & Healthy Communities:	Work in partnership to make the district even safer Contribute towards health improvement
Local Communities:	Work in partnership to meet differing community needs Improve housing standards, availability & affordability

An analysis of the Council’s revenue spending will be included in the final Corporate Plan document, once details have been finalised.

The Focus on Savings

Efficiency savings are regarded as a priority over other forms of making savings in Council expenditure. Efficiency savings are achieved through measures that:

- maintain the same level of service provision while reducing the resources needed or deploying fewer staff;
- result in additional outputs, such as enhanced quality or quantity of service, for the same resources; or
- remodel service provision to enable better outcomes.

Such measures can lead either to “cashable” savings, where there is a direct financial saving or benefit, or “non-cashable” savings, where there may not necessarily be a reduction in costs, but there is improved performance for the resources used. More emphasis is placed on achieving cashable savings, and this is reflected in the latest Government targets, which now cover only cashable items.

Over recent years the Council has achieved significant cashable efficiency savings which have, in part, contributed to balancing the books, though a proportion of these savings has been reinvested to meet growth in service demand and legislative requirements. To maintain this for the future, the Council’s strategy for achieving value for money, and its supporting arrangements, will be key tools.

APPENDIX E

In view of the key financial targets set out later, however, the Council recognises that to achieve the required level of savings, service reductions and/ or restructuring will be inevitable. Care will be taken to achieve service reductions in areas that are considered least "harmful", given statutory and regulatory responsibilities, Council priorities and the outcome of consultation.

Timetable and Key Dates

Generally the budget process looks at a three to five-year time span but as it develops through the year, attention will become more focussed on the detailed budget for the next financial year.

Although there is some flexibility within the process certain key dates are fixed by Government, particularly those regarding funding announcements and legislative requirements. Government funding directly influences the match between service provision and Council Tax levels, and so is a critical factor in the process. In previous years the timing of announcements has created uncertainty during the initial stages of each year's budget development and the lack of certainty regarding future years' funding levels has made financial forecasting difficult. The Government is now in a cycle of providing 3-year provisional Settlements, however. Whilst these run consecutively, in line with Government's 3-year Comprehensive Spending Reviews (CSRs), they will still assist the Council significantly in terms of financial planning. As usual, a budget timetable will also be drawn up to facilitate the planning process.

Who is Involved?

The MTFS process relies on:

- liaison between elected Members and officers of the Council; and
- consultation with stakeholders and key partners, (including the public, the LSP, businesses, and trade unions).

In recent years the Council has widened its consultation with members of the public who pay Council Tax and with other stakeholders. It will consider further improvements as part of the overall Consultation Strategy, given the Council's increased commitment to support consultation, and taking account of any feedback as appropriate. Key messages regarding the MTFS will be communicated to major stakeholders, once it has been formally approved.

B FINANCIAL TARGETS AND PRINCIPLES

Key Financial Revenue Targets

The Strategy provides a framework for matching resources to spending priorities, translating this into realistic expectations for future Council Tax levels. Lancaster City Council believes that tax increases should allow for a balance between spending aspirations and best value for local taxpayers. In deciding on the level of Council Tax, the Council should also have regard to

- anticipated level of pay awards,
- the level and measure of inflation,
- Government's *targets* for the overall rise in Council Tax,
- Government's *targets* for efficiency savings,
- the ability to meet Statutory minimum requirements.

The Council will aim to set an upper limit of a 4.0% Council Tax increase for 2010/11 and 2011/12. Given the existing capping criteria, this limit applies to the basic City Council Tax Rate across the district, excluding parish precepts.

APPENDIX E

As a consequence, the table below sets out the key financial targets that the Council will strive to work within for the next three years.

	2009/10	2010/11	2011/12
Target Council Tax Increase	4.0%	4.0%	4.0%
Target Year on Year Net Savings Requirement	--	£1,073,000	£249,000
Target Cumulative Net Savings Requirement	--	£1,073,000	£1,322,000

Headroom for known and approved policy driven growth (e.g. food waste recycling) is already provided for in the budget projections. The net savings targets would need to be increased for any additional headroom for any further policy driven growth that may be required in future, or for any further net increases arising to the base budget, given the financial risks facing the Council. Clearly savings targets are indicative and will continue to be monitored and reviewed as referred to later in this Strategy document.

The target tax increases set out in the table for 2010/11 and 2011/12 are much lower than those forecasted during the budget exercise (i.e. 17.4% and 6.2% respectively). In order to achieve the targets, significant reductions in spending or increases in other income will therefore be required, particularly for 2010/11. This need will be addressed by the Council as part of the Monitoring and Review process set out in section D of this document.

Use of Revenue Balances

The Council recognises that general balances are needed to provide:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, and
- a contingency to cushion the impact of significant unexpected events or emergencies.

The Council's Section 151 Officer has advised that the Council's balances should be maintained at £1M for General Fund and £350K for the Housing Revenue Account; the Council accepts this advice.

In retaining balances at these levels, as at 31 March 2009 the Council is estimated to have only £191K surplus balances available to support revenue spending, and most of this will be used in 2009/10. Thereafter, there are no contributions from balances assumed within the General Fund budget projections.

Borrowing to Support Capital Investment

The Council's capital programme is based on an underlying reduction of £1.4M in its borrowing requirement in 2009/10; this is to offset the short-term increase approved for 2008/09. No further borrowing requirement is assumed, although certain flexibilities have been built into the borrowing limits for Luneside and Municipal Building Works, if required.

APPENDIX E

The level of borrowing requirement has been determined taking account of various factors such as:

- Availability of other sources of finance
- Existing commitments and service / priority changes
- Other Council strategies (particularly regarding property)
- Revenue consequences of borrowing, including the anticipated level of Government supported borrowing.
- The potential for further liabilities arising, e.g. in connection with Icelandic investments.

Details of the Council's Prudential Indicators as required under the relevant Code are set out at Annex A (to be attached) and the Treasury Strategy for next year sets out the framework for managing the Council's associated debt.

In reviewing capital plans, the Council has taken a reasonable approach in forecasting future capital receipts and in doing so it has recognised that over the years, there may be potential to generate extra resources depending on planning and economic factors. It has also recognised, however, that forecast receipts are high (and therefore riskier), and the position will require close management. To support this, Members have also resolved that additional measures should be taken forward to provide alternative funding solutions, as further mitigation.

The Council has also continued with measures to improve the renewal and refurbishment of assets and provision remains within both Revenue and Capital budgets. This is in line with previously recognised needs, and the Council's Corporate Property Strategy. The Council will continue to review its capital investment plans during 2009/10, to combine these aspects in view of the ultimate aim of securing a portfolio of fit for purpose, energy efficient municipal buildings and accommodation.

Budget Cash Limits

The Council ultimately approves the budget forecasts for future years and any associated use of balances. Cabinet must work within this framework, unless any flexibility is agreed by Council.

The budget before the use of balances is known as the cash limit. The budget after the use of balances is known as either the Net Revenue Budget or the Budget Requirement.

For the next three years, the figures are as follows:

Year	Basic Cash Limit £'000	Forecast Use of Balances £'000	Forecast Net Revenue Budget £'000
2009/10	24,186	187	23,999
2010/11	25,785	--	25,785
2011/12	26,705	--	26,705

Cabinet has no flexibility to increase net spending over the amounts shown above (or to take on new spending commitments for subsequent years).

C BUDGET SETTING

This is the annual process that integrates any agreed policy changes and priorities with inflation and other financial adjustments, to arrive at a set of detailed management budgets for the year ahead within the targets set for annual Council Tax increases.

Introduction

Through the review process, elected Members determine the allocation of resources across services and Corporate Plan priorities. In conjunction with the Head of Financial Services, Service Managers are responsible for the more detailed aspects of budget preparation including bringing forward project approvals and service provision options to assist elected Members' deliberations.

The annual budget approved therefore is a resource plan that, as far as possible, matches inputs (e.g. staff, premises, equipment) to planned outputs and objectives, and gives authority to spend. Therefore budgets are critical to ensuring that resources are directed in accordance with agreed policies, strategies and priorities, and in providing a basis for monitoring and accountability.

Lancaster's Approach to Budget-Setting

The Council generally takes an incremental approach to budget-setting. Broadly speaking, this means that the current year's budget provides the starting point for next year's.

This "baseline" assessment of the cost of service provision is referred to as the base budget. In the course of the planning process, the base budget for each service area is updated to include the following:

- an allowance for the estimated level of inflation from one year to the next;
- adjustments, e.g. to reflect the transfer of functions in the Council, or changes in activity / demand levels for services where appropriate;
- any previously approved changes to policy or strategy, for example a reduction in budget to reflect withdrawal of services or an increase to fund a new initiative or the impact of new legislation.

Major Budget Assumptions and Risks

During the budget process, the main assumptions underpinning the process are identified, assessed and reported to Members, together with the main financial risks facing the Council. This is an important element of the Council's Risk Management arrangements, and major issues will influence the scope and timing of the monitoring and review processes outlined elsewhere in this Strategy. A summary of key risks and assumptions is attached at Annex B.

Publication of the Annual Budget

The Council's budget is approved in line with the agreed timetable and is published each year in three main documents:

- the budget / council tax leaflet, which is distributed to local tax payers along with the Council Tax bills each spring;
- the budget book, which is distributed to Council officers and elected members;

APPENDIX E

- the Corporate Plan, linking spending with the Council's priorities and objectives.

In addition, information is available from the Council's Website at www.lancaster.gov.uk

D MONITORING AND REVIEW

In balancing policy objectives and spending demands against available resources, the Council needs to ensure that it takes adequate account of the many changes or issues that inevitably arise during the course of a year. This will be done in a variety of ways:

- The Council has in place a performance management framework; through this a quarterly review of services' performance and financial management is conducted. Performance Review Team (PRT) meetings involve Directors, Service Managers and elected Members. Members' involvement is also reflected in the democratic arrangements for both the executive and scrutiny functions, to ensure that there is sufficient liaison and constructive challenge for the process to be robust.
- For 2009/10, given the extent of budget savings to be implemented, these will be covered specifically within PRT and other supporting monitoring arrangements.
- The Council also has processes to facilitate further review of the budget. This review process has generally commenced early in each year, and may focus on key priority or 'hotspot' activities as appropriate.
- Any potential impact generally from the Council's corporate financial monitoring arrangements will be considered, together with the impact of the previous year's outturn. This will also include a review of the national economic outlook and other key assumptions and risks underpinning the budget. Corporate financial monitoring reports will be produced quarterly, and reported to the Leader's PRT and on to Budget and Performance Panel. They will also be reported into Cabinet.
- An impact assessment of any key decisions will be undertaken, including any proposed major policy changes. In particular, this covers Human Resources (HR) and Property.
- The Council's arrangements for consultation on budget matters and its overall budget timetable will be reviewed, with any approved changes implemented in time for the 2010/11 budget process.

Major changes in policy or service delivery that are implemented over a number of years on a phased basis will have budgetary impact spread over a corresponding period. These will be reported to Council for full incorporation into this strategy as appropriate, once they have been evaluated.

The outcome of the monitoring and review arrangements will be brought together to avoid a piecemeal approach to reviewing the Strategy. This may necessitate changes to the MTFs framework and the key financial targets contained within it. Any changes will ultimately be reported twice yearly (once during autumn 2009 and once as part of the 2010/11 budget process) for referral on to Council for approval, together with the rationale behind such changes. This is on the basis that the MTFs forms part of the Council's overall Budget and Policy Framework.

Annex 2 (to MTF5)

2009/10 BUDGET - RISKS AND ASSUMPTIONS

The current economic climate has significantly impacted on the Council's financial situation, and the uncertainty surrounding its recovery has greatly increased the risks associated with a wide range of budgets. In addition, the assumptions made are based on the most up to date information available, however it should be noted that in the current climate this can fluctuate greatly over a short period of time.

In considering next year's budget, Members should be aware of the following points:

- Inflation assumptions are set out below:

	2009/10 %	2010/11 %	2011/12 %
General (excl. contractual)	0	2	2
Pay Award	2	2	2
Energy	0	0	0
Water	4	4	4
Transport	1.5	2	2
Concessionary Travel	5	5	5
Insurance	1.5	5	5
Building Repairs	1.5	2	2
Business Rates	3	3	3
Council Tax	4	4	4
Landfill Tax	25	2	2
Housing Rents	5	5	5
Fees & Charges	2	2	2

- The budget is based on General Fund reserves being a minimum of £1M by 31 March 2010, with any additional funds being applied in support of the 2009/10 revenue budget.
- No provision has been made for a general contingency.
- Housing Benefit grants and overpayment recovery have been based on the latest available information.
- Treasury management investment income and borrowing assumptions have been based on consultation with the Councils' treasury management consultants. However, unpredictable fluctuations in the economy can have a significant impact on these assumptions. These estimates may also be affected by the timing of payments and reimbursement for major capital schemes or unforeseen cashflows. Recovery of the investments in the failed Icelandic banks is still subject to administration processes and no assumptions on recovery (or non-recovery) have been made within the budget.
- The cost of food waste recycling has been built into the budget from 2010/11 onwards.
- Licensing Act income has been based on assumptions of the numbers and timing of license applications.
- Pension rates are in line with the most recent Actuarial review undertaken in 2007/08. This fixed employer contribution rates until 31 March 2011. For 2011/12 it has been assumed rates will increase by a further 2%, based on the most recent information from the Pension Fund Authority.
- As in previous years, a staff turnover provision has been provided for, which is around £241K for 2009/10.
- Council Tax income from 2nd homes will continue to be allocated through the LSP for 2009/10.
- The concessionary travel scheme cost is now based on the new pooling arrangements and has been increased in line information provided by Lancashire County Council. This is now based on actual Swipe Card data provided by the bus operators.
- An additional allocation of Business Rate income due under the Local Authority Business Growth Incentive Scheme should be received in 2008/09 (currently subject to consultation). This has been built into the 2008/09 budget, however 2009/10 assumes no further allocations being made.
- General income from fees and charges assume an inflationary increase of 2%, unless statutorily determined, and are based on the latest trends in demand.
- Insurance costs are based on the current 5 year Long Term Agreements, and assumes that the majority will not be broken by the insurers. The exception is that the vehicle premium is anticipated to increase by 5%.
- Government funding has been based on the 2008/09 Settlement which provides information on grant allocations for 2009/10 and 2010/11. It has been assumed that funding for 2011/12 will increase by 2%.

Detailed Areas of Risk Inherent in the Budget

- A number of savings proposals have not been finalised and some are tied in with various management restructures. A restructuring reserve has been established to cover one off costs, but liabilities cannot be accurately assessed at present.
- The outcome of Fairpay / Job Evaluation is assumed to be managed within the medium term pay bill, although extra turnover savings of £100K per year are also assumed, with interim costs being met from the Job Evaluation Reserve. There are clearly key risks attached to the position until the final outcome is known, but this forms the basis of the current budget projections. Provision for equal pay claims is based on estimated liabilities arising.
- A provision of £100K has been established to cover the accumulated losses of the Williamson Park Company. The level of the provision is based on the most up to date forecasts of the operation. Under law the Company is classed as a wholly local authority controlled and as such the Council must provide for any significant losses.
- Following the collapse of a number of major financial institutions the Council's Treasury Management Strategy has been reviewed in order to minimise the Council's exposure to risk. (Recovery prospects regarding Icelandic investments remain a significant risk, but this is not yet quantifiable).
- Car parking income – risk of factors such as impact of concessionary travel, bad weather next season and reduced visitor numbers could affect the level achieved, and changes in parking patterns could affect the level of enforcement activity and its spread between off-street and on-street parking.
- Street cleansing, refuse collection and grounds maintenance - these areas account for a significant proportion of net spending and therefore a small percentage increase in costs could have a relatively large impact. A material increase in the population/number of households could have a longer term effect, as could take up of recycling initiatives.
- Housing benefit figures are based on current legislation and assumptions re caseloads, which can fluctuate. Monitoring procedures have been strengthened to ensure that fluctuations are identified early so that their implications can be assessed.
- CTAX/NNDR recovery costs and income recovered are difficult to predict with certainty.
- Commercial property rents - obviously assume a certain level of occupancy, similarly markets income.
- Legal & Court costs - the exact liabilities cannot be accurately determined and are dependent on litigation arising.
- Insurance – Long Term Agreements may be broken by insurers, e.g. if claims experience deteriorates.
- Land Charges Search Fees - could be affected by further changes in the housing market/interest rates as well as forthcoming regulatory or guidance changes (this may apply to other charging areas).
- Planning & Building Regulation fees etc. are dependent on the construction industry market and housing markets.
- In general, fees and charges that are demand led or driven by legislation are often difficult to accurately predict and can be significantly affected by market changes.
- The cost of fuel, tyres and wheeled bins are all linked to the price of oil. Fluctuations in this market will directly impact on these budgets. Also, future trends in energy prices remain uncertain.
- The extent to which salary costs can be charged to capital is dependent on the continuation of the relevant capital schemes at the levels of activity currently anticipated.
- The 2009/10 pay award is subject to negotiation / agreement and may vary from the estimated 2% included within the employee estimates. In addition, the 2008/09 pay claim is still in arbitration and may result in an additional award, which will also impact on future years costs.
- The funding of the capital programme is largely dependent on a number of major receipts. Should there be delays or the amounts vary from estimates then, as examples, schemes may need to be cut, or further unsupported borrowing may be required as a last resort or as an interim measure, thereby impacting on the current treasury management estimates (see report for more details). Significant financial risks exist regarding current regeneration schemes, and in the assumed treatment of Municipal Buildings works.
- Ultimately the major financial risks facing the Council could mean that other plans (e.g. wider accommodation works, etc) prove unaffordable, even in the medium to longer term.

**General Fund Proposed Gross Capital Programme
For Consideration by Council 4 March 2009**

Service	Scheme	2008/09	Gross Total	2009/10	2010/11	2011/12	2012/13	2013/14	Gross Total
		£	£	£	£	£	£	£	£
City Council (Direct)	White Lund Depot Improvements	6,000	6,000	0	0	0	0	0	0
Services	District Playground Improvements	76,000	76,000	0	60,000	60,000	0	0	120,000
	Morecambe Toilet Improvements	98,000	98,000	0	0	0	0	0	0
	Marketgate Toilet Refurbishment	45,000	45,000	0	0	0	0	0	0
	Other Toilet Works (linked to revenue budget proposal)	0	0	0	100,000	0	0	0	100,000
	Three Stream Waste Equipment	175,000	175,000	0	0	0	0	0	0
Corporate Strategy	Building Safer Communities (Capital Elements)	2,000	2,000	0	0	0	0	0	0
	Fairfield Allotments Extension	30,000	30,000	0	0	0	0	0	0
Cultural Services	Salt Ayre Athletics Track Resurfacing Works	38,000	38,000	0	0	0	0	0	0
	Salt Ayre Cycle Track	172,000	172,000	0	0	0	0	0	0
	Salt Ayre Building Works	78,000	78,000	0	0	0	0	0	0
	Salt Ayre Athletics Track Security Fencing	0	0	0	20,000	0	0	0	20,000
	Salt Ayre Poolside Seating Project	35,000	35,000	0	0	0	0	0	0
	Salt Ayre Reception Refurbishment	0	0	0	40,000	0	0	0	40,000
	Williamson Park Developments	0	0	0	75,000	0	0	0	75,000
	Happy Mount Park Natural Adventure (subject to funding confirmation)	0	0	99,000	0	0	0	0	99,000
	The Platform Improvements (Subject to business case)	0	0	108,000	0	0	0	0	108,000
	The Dome (Demolition)	0	0	85,000	0	0	0	0	85,000
Econ Devt and Tourism	Port of Heysham Site 4 Access Improvements	29,000	29,000	2,000	0	0	0	0	2,000
	Port of Heysham Sites 1&4 (Payment of Clawback)	0	0	328,000	0	0	0	0	328,000
	EDZ-4/5 Dalton Square	20,000	20,000	0	0	0	0	0	0
	Lancaster Science Park (Subject to Cabinet report)	0	0	2,802,000	7,219,000	7,219,000	0	0	17,240,000
	Storey Institute Centre for Industries	2,958,000	2,958,000	0	0	0	0	0	0
	Carnforth Market Town Initiative	154,000	154,000	0	0	0	0	0	0
	Lancaster Hub TIC Refurbishment	120,000	120,000	0	0	0	0	0	0
	Dukes Theatre Refurbishment (Feasibility)	29,000	29,000	0	0	0	0	0	0
	Winter Gardens Morecambe (Feasibility)	378,000	378,000	0	0	0	0	0	0
	Harbour Band Arena Works	226,000	226,000	0	0	0	0	0	0
Financial Services	Finance Replacement Ledger System	17,000	17,000	0	0	0	0	0	0
Health and Strategic	Mellishaw Park Improvements Scheme	166,000	166,000	0	0	0	0	0	0
Housing	Disabled Facilities Grants	907,000	907,000	653,000	0	0	0	0	653,000
	Acquisition of Land at Clarendon Road East	70,000	70,000	0	0	0	0	0	0
	District Wide Home Assistance	26,000	26,000	48,000	30,000	20,000	0	0	98,000
	Primrose Street Group Repairs / Renovation	151,000	151,000	0	0	0	0	0	0
	Euston Road Group Repairs	240,000	240,000	0	0	0	0	0	0
	Individual Property Renovation Grants	144,000	144,000	0	0	0	0	0	0
	Chatsworth Road Scheme (subj. to Cabinet report)	0	0	3,813,000	0	0	0	0	3,813,000
	Bold Street Renovation Scheme	150,000	150,000	0	0	0	0	0	0
	Clarendon Road Car Park	112,000	112,000	0	0	0	0	0	0
	Clarendon/West End Road Rear Yard Wall	80,000	80,000	0	0	0	0	0	0
	Marlborough Road Demolition	18,000	18,000	0	0	0	0	0	0
	Marlborough Road Adactus Project	323,000	323,000	0	0	0	0	0	0
	Adactus Top-Up Grants, including West End Flats	258,000	258,000	0	0	0	0	0	0
	Public Realm Works (Safer Stronger Communities Funding)	137,000	137,000	0	0	0	0	0	0
	Other Private Housing (Unallocated Funding; subject to Cabinet Report)	70,000	70,000	0	0	0	0	0	0
	Cemetery Paths Improvements	18,000	18,000	0	0	0	0	0	0
	YMCA Places of Change	750,000	750,000	750,000	0	0	0	0	750,000
Information & Customer	I.T. Infrastructure	77,000	77,000	15,000	0	15,000	15,000	25,000	70,000
Services	I.T. Application Systems Renewal	40,000	40,000	64,000	200,000	120,000	100,000	0	484,000
	I.T. Desktop Equipment	116,000	116,000	30,000	87,000	87,000	87,000	82,000	373,000
	Computer Room: Air Conditioning & Fire Detection	2,000	2,000	0	0	0	0	0	0
Planning Services	Morecambe Coast Protection: Scheme 6	232,000	232,000	0	0	0	0	0	0
	Beach Monitoring	3,000	3,000	16,000	0	0	0	0	16,000
	Sunderland Point Resilience Measures	5,000	5,000	0	0	0	0	0	0
	Strategic Monitoring (River & Sea Defences)	128,000	128,000	130,000	123,000	0	0	0	253,000
	Mill Head Warton (Flood Defences)	243,000	243,000	35,000	0	0	0	0	35,000
	Wave Reflection Wall Study	20,000	20,000	0	0	0	0	0	0
	Wave Reflection Wall Refurbishment (Subj. to Env. Agency approval)	0	0	510,000	510,000	0	0	0	1,020,000
	Morecambe Strategy Study (Sea Defences)	0	0	33,000	0	0	0	0	33,000
	Artle Beck Improvements (Flood Defences)	0	0	109,000	0	0	0	0	109,000
	Cycling England	412,000	412,000	350,000	350,000	0	0	0	700,000
	Luneside East - Land Acquisition & Associated Fees	317,000	317,000	371,000	0	0	0	0	371,000
	Luneside East Compensation Claims	160,000	160,000	290,000	0	0	0	0	290,000
	Middleton Wood	4,000	4,000	0	0	0	0	0	0
	EDZ-Cycling and Walking Network	167,000	167,000	0	0	0	0	0	0
	Morecambe Townscape Heritage Initiative (THI)	400,000	400,000	0	0	0	0	0	0
	Fisherman's Square Improvements	92,000	92,000	0	0	0	0	0	0
	Poulton Pedestrian Route	0	0	0	160,000	0	0	0	160,000
	Christmas Lights Renewals	35,000	35,000	0	31,000	0	0	0	31,000
	Morecambe Promenade Frontage	0	0	0	40,000	0	0	0	40,000
	Bike It - Links to Schools	140,000	140,000	0	0	0	0	0	0
	Denny Beck Bridge Improvements	0	0	0	139,000	0	0	0	139,000
	Morecambe THI 2 : A View For Eric	0	0	1,653,000	0	0	0	0	1,653,000
	St George's Quay - Heritage Lighting	18,000	18,000	0	0	0	0	0	0
Property Services	Car Park Improvement Programme	86,000	86,000	0	50,000	0	0	0	50,000
	Customer Service Centres	29,000	29,000	0	0	0	0	0	0
	Fire Safety Works	60,000	60,000	0	0	0	0	0	0
	St Leonards House Electrics	112,000	112,000	0	0	0	0	0	0
	Other Corporate and Municipal Building Works	412,000	412,000	1,871,000	1,656,000	1,156,000	459,000	0	5,142,000
	Carnforth CCTV	0	0	0	50,000	0	0	0	50,000
	Energy Efficiency Schemes	20,000	20,000	20,000	20,000	20,000	0	0	80,000
Revenues Services	Electronic Document Mgmt & Workflow System	17,000	17,000	0	0	0	0	0	0
GENERAL FUND CAPITAL PROGRAMME		11,653,000	11,653,000	14,185,000	10,960,000	8,697,000	681,000	107,000	34,630,000
Financing :									
	Usable Capital Receipts	599,000	599,000	4,496,000	2,341,000	1,408,000	631,000	107,000	8,983,000
	Revenue Financing	523,000	523,000	384,000	275,000	70,000	50,000	0	779,000
	Underlying Increase in Unsupported Borrowing	1,811,000	1,811,000	-1,401,000	0	0	0	0	-1,401,000
	Grants and Contributions	8,720,000	8,720,000	10,706,000	8,344,000	7,219,000	0	0	26,269,000
TOTAL FINANCING		11,653,000	11,653,000	14,185,000	10,960,000	8,697,000	681,000	107,000	34,630,000
Annual Surplus/Shortfall (-)		0	0	0	0	0	0	0	0
Cumulative Surplus/Shortfall (-)		0	0	0	0	0	0	0	0

**General Fund Proposed Net Capital Programme
For Consideration by Council 4 March 2009**

Service	Scheme	2008/09	Grants & Contribs.	Gross Total	2009/10	2010/11	2011/12	2012/13	2013/14	Net Total	Grants & Contribs.	Gross Total	
		£	£	£	£	£	£	£	£	£	£	£	
City Council (Direct)	White Lund Depot Improvements	6,000	0	6,000	0	0	0	0	0	0	0	0	
Services	District Playground Improvements	76,000	0	76,000	0	60,000	60,000	0	0	120,000	0	120,000	
	Morecambe Toilet Improvements	98,000	0	98,000	0	0	0	0	0	0	0	0	
	Marketgate Toilet Refurbishment	45,000	0	45,000	0	0	0	0	0	0	0	0	
	Other Toilet Works (linked to revenue budget proposal)	0	0	0	0	100,000	0	0	0	100,000	0	100,000	
	Three Stream Waste Equipment	175,000	0	175,000	0	0	0	0	0	0	0	0	
Corporate Strategy	Building Safer Communities (Capital Elements)	0	2,000	2,000	0	0	0	0	0	0	0	0	
	Fairfield Allotments Extension	2,000	28,000	30,000	0	0	0	0	0	0	0	0	
Cultural Services	Salt Ayre Athletics Track Resurfacing Works	13,000	25,000	38,000	0	0	0	0	0	0	0	0	
	Salt Ayre Cycle Track	0	172,000	172,000	0	0	0	0	0	0	0	0	
	Salt Ayre Building Works	78,000	0	78,000	0	0	0	0	0	0	0	0	
	Salt Ayre Athletics Track Security Fencing	0	0	0	0	20,000	0	0	0	20,000	0	20,000	
	Salt Ayre Poolside Seating Project	35,000	0	35,000	0	0	0	0	0	0	0	0	
	Salt Ayre Reception Refurbishment	0	0	0	0	40,000	0	0	0	40,000	0	40,000	
	Williamson Park Developments	0	0	0	0	75,000	0	0	0	75,000	0	75,000	
	Happy Mount Park Natural Adventure (subject to funding confirmation)	0	0	0	0	0	0	0	0	0	99,000	99,000	
	The Platform Improvements (Subject to business case)	0	0	0	108,000	0	0	0	0	108,000	0	108,000	
	The Dome (Demolition)	0	0	0	85,000	0	0	0	0	85,000	0	85,000	
Econ Devt and Tourism	Port of Heysham Site 4 Access Improvements	21,000	8,000	29,000	2,000	0	0	0	0	2,000	0	2,000	
	Port of Heysham Sites 1&4 (Payment of Clawback)	0	0	0	328,000	0	0	0	0	328,000	0	328,000	
	EDZ-4/5 Dalton Square	10,000	10,000	20,000	0	0	0	0	0	0	0	0	
	Lancaster Science Park (Subject to Cabinet report)	0	0	0	0	0	0	0	0	0	17,240,000	17,240,000	
	Storey Institute Centre for Industries	415,000	2,543,000	2,958,000	0	0	0	0	0	0	0	0	
	Carnforth Market Town Initiative	59,000	95,000	154,000	0	0	0	0	0	0	0	0	
	Lancaster Hub TIC Refurbishment	60,000	60,000	120,000	0	0	0	0	0	0	0	0	
	Dikes Theatre Refurbishment (Feasibility)	0	29,000	29,000	0	0	0	0	0	0	0	0	
	Winter Gardens Morecambe (Feasibility)	0	378,000	378,000	0	0	0	0	0	0	0	0	
	Harbour Band Arena Works	0	226,000	226,000	0	0	0	0	0	0	0	0	
	Financial Services	Finance Replacement Ledger System	17,000	0	17,000	0	0	0	0	0	0	0	0
	Health and Strategic	Mellishaw Park Improvements Scheme	0	166,000	166,000	0	0	0	0	0	0	0	0
		Disabled Facilities Grants	0	907,000	907,000	0	0	0	0	0	0	653,000	653,000
	Housing	Acquisition of Land at Clarendon Road East	22,000	48,000	70,000	0	0	0	0	0	0	0	0
		District Wide Home Assistance	0	26,000	26,000	40,000	30,000	20,000	0	0	90,000	8,000	98,000
Primrose Street Group Repairs / Renovation		65,000	86,000	151,000	0	0	0	0	0	0	0	0	
Euston Road Group Repairs		0	240,000	240,000	0	0	0	0	0	0	0	0	
Individual Property Renovation Grants		144,000	0	144,000	0	0	0	0	0	0	0	0	
Chatsworth Gardens (Cabinet 17Feb09, subject to funding)		0	0	0	234,000	0	0	0	0	234,000	3,579,000	3,813,000	
Bold Street Renovation Scheme		0	150,000	150,000	0	0	0	0	0	0	0	0	
Clarendon Road Car Park		0	112,000	112,000	0	0	0	0	0	0	0	0	
Clarendon/West End Road Rear Yard Wall		0	80,000	80,000	0	0	0	0	0	0	0	0	
Marlborough Road Demolition		0	18,000	18,000	0	0	0	0	0	0	0	0	
Marlborough Road Adactus Project		0	323,000	323,000	0	0	0	0	0	0	0	0	
Adactus Top-Up Grants, including West End Flats		219,000	39,000	258,000	0	0	0	0	0	0	0	0	
Public Realm Works (Safer Stronger Communities Funding)		6,000	131,000	137,000	0	0	0	0	0	0	0	0	
Other Private Housing (Unallocated Funding; subject to Cabinet Report)		0	70,000	70,000	0	0	0	0	0	0	0	0	
Cemetery Paths Improvements		18,000	0	18,000	0	0	0	0	0	0	0	0	
YMCA Places of Change		0	750,000	750,000	0	0	0	0	0	0	750,000	750,000	
Information & Customer		I.T. Infrastructure	77,000	0	77,000	15,000	0	15,000	15,000	25,000	70,000	0	70,000
		I.T. Application Systems Renewal	40,000	0	40,000	64,000	200,000	120,000	100,000	0	484,000	0	484,000
		I.T. Desktop Equipment	116,000	0	116,000	30,000	87,000	87,000	87,000	82,000	373,000	0	373,000
Planning Services		Computer Room: Air Conditioning & Fire Detection	2,000	0	2,000	0	0	0	0	0	0	0	0
	Morecambe Coast Protection: Scheme 6	2,000	230,000	232,000	0	0	0	0	0	0	0	0	
	Beach Monitoring	0	3,000	3,000	1,000	0	0	0	0	1,000	15,000	16,000	
	Sunderland Point Resilience Measures	1,000	4,000	5,000	0	0	0	0	0	0	0	0	
	Strategic Monitoring (River & Sea Defences)	5,000	123,000	128,000	7,000	0	0	0	0	7,000	246,000	253,000	
	Mill Head Warton (Flood Defences)	2,000	241,000	243,000	1,000	0	0	0	0	1,000	34,000	35,000	
	Wave Reflection Wall Study	0	20,000	20,000	0	0	0	0	0	0	0	0	
	Wave Reflection Wall Refurbishment (Subj. to Env. Agency approval)	0	0	0	10,000	10,000	0	0	0	20,000	1,000,000	1,020,000	
	Morecambe Strategy Study (Sea Defences)	0	0	0	0	0	0	0	0	0	33,000	33,000	
	Artle Beck Improvements (Flood Defences)	0	0	0	2,000	0	0	0	0	2,000	107,000	109,000	
	Cycling England	0	412,000	412,000	0	0	0	0	0	0	700,000	700,000	
	Luneside East - Land Acquisition & Associated Fees	115,000	202,000	317,000	371,000	0	0	0	0	371,000	0	371,000	
	Luneside East Compensation Claims	160,000	0	160,000	290,000	0	0	0	0	290,000	0	290,000	
	Middleton Wood	2,000	2,000	4,000	0	0	0	0	0	0	0	0	
	EDZ-Cycling and Walking Network	4,000	163,000	167,000	0	0	0	0	0	0	0	0	
	Morecambe Townscape Heritage Initiative (THI)	0	400,000	400,000	0	0	0	0	0	0	0	0	
	Fisherman's Square Improvements	34,000	58,000	92,000	0	0	0	0	0	0	0	0	
	Poulton Pedestrian Route	0	0	0	0	33,000	0	0	0	33,000	127,000	160,000	
	Christmas Lights Renewals	35,000	0	35,000	0	31,000	0	0	0	31,000	0	31,000	
	Morecambe Promenade Frontage	0	0	0	0	40,000	0	0	0	40,000	0	40,000	
Bike It - Links to Schools	0	140,000	140,000	0	0	0	0	0	0	0	0		
Denny Beck Bridge Improvements	0	0	0	0	139,000	0	0	0	139,000	0	139,000		
Morecambe THI 2 : A View For Eric	0	0	0	0	0	0	0	0	0	1,653,000	1,653,000		
St George's Quay - Heritage Lighting	18,000	0	18,000	0	0	0	0	0	0	0	0		
Property Services	Car Park Improvement Programme	86,000	0	86,000	0	50,000	0	0	0	50,000	0	50,000	
	Customer Service Centres	29,000	0	29,000	0	0	0	0	0	0	0	0	
	Fire Safety Works	60,000	0	60,000	0	0	0	0	0	0	0	0	
	St Leonards House Electrics	112,000	0	112,000	0	0	0	0	0	0	0	0	
	Other Corporate and Municipal Building Works	412,000	0	412,000	1,871,000	1,656,000	1,156,000	459,000	0	5,142,000	0	5,142,000	
Revenues Services	Carnforth CCTV	0	0	0	0	25,000	0	0	0	25,000	25,000	50,000	
	Energy Efficiency Schemes	20,000	0	20,000	20,000	20,000	20,000	20,000	0	80,000	0	80,000	
	Electronic Document Mgmt & Workflow System	17,000	0	17,000	0	0	0	0	0	0	0	0	
GENERAL FUND CAPITAL PROGRAMME		2,933,000	8,720,000	11,653,000	3,479,000	2,616,000	1,478,000	681,000	107,000	8,361,000	26,269,000	34,630,000	
Financing :				11,653,000								34,630,000	
	Usable Capital Receipts (see below)	599,000			4,496,000	2,341,000	1,408,000	631,000	107,000	8,983,000			
	Direct Revenue Financing	523,000			384,000	275,000	70,000	50,000	0	779,000			
	Underlying Increase in Unsupported Borrowing	1,811,000			-1,401,000	0	0	0	0	-1,401,000			
TOTAL FINANCING		2,933,000			3,479,000	2,616,000	1,478,000	681,000	107,000	8,361,000			
Annual Surplus/Shortfall (-)		0			0	0	0	0	0	0			
Cumulative Surplus/Shortfall (-)		0			0	0	0	0	0	0			

Funding Analysis							
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Total (2009/10 onwards)
Capital Receipts							
Balance Brought Forwards:	1,424	370	2,949	1,828	1,415	804	n/a
Receipts Due In Year:	1,250	7,075	1,220	995	20	20	9,330
Amount Set Aside for other purposes:	-1,705	0	0	0	0	0	0
In Year Capital Programme Financing:	-599	-4,496	-2,341	-1,408	-631	-107	-8,983
Balance Carried Forwards :	370	2,949	1,828	1,415	804	717	



DRAFT CAPITAL INVESTMENT STRATEGY 2009 TO 2014



For Consideration by Council 04 March 2009

1 INTRODUCTION

This Strategy sets out the Council's approach to capital investment over the next five years, taking account of its corporate priorities and objectives for the medium term and also affordability, given that resources are limited and the Council is faced with managing competing demands.

The Prudential Code for Capital Finance in Local Authorities was introduced to support councils in planning for capital investment at a local level. The key objectives of the Code are to ensure, within a clear framework, that:

- the capital investment plans of local authorities are affordable, prudent and sustainable;
- treasury management decisions are taken in accordance with sound professional practice; and
- local strategic planning, asset management planning and proper options appraisal are supported.

By setting out the framework through which capital resources will be allocated and managed, the ultimate aim is to help ensure value for money from capital investment, and to show how such investment will contribute to the achievement of the authority's objectives. Also, it reinforces openness and accountability in the decision-making and management surrounding capital spending.

2 LINKS WITH COUNCIL PRIORITIES

As is clear in the 2009/12 outline Corporate Plan, the City Council remains committed to working in partnership, to maximise the positive impact it can have on the quality of people's lives.

The 2009/12 Corporate Plan combines the relevant strategic district-wide aspirations, as set out in the recently updated and adopted Sustainable Community Strategy (SCS), with the Council's own specific proposals and brings these together into seven key objectives, which underpin four key priorities. There has been extensive consultation with the people of the district regarding district-wide aspirations and through this, the key themes and objectives have been determined. These form the heart of the Council's plans.

The themes of the current Sustainable Community Strategy are:

- | | |
|-------------------------------------|---------------|
| - Children & Young People | - Economy |
| - Education, Skills & Opportunities | - Environment |
| - Health & Well Being | - Safety |
| - Valuing People | |

The Council's main priorities and objectives in summary are:

Local Economy:	Work in partnership for economic regeneration
Clean & Green Places:	Maintain clean streets & open spaces Develop local responses to climate change
Safe & Healthy Communities:	Work in partnership to make the district even safer Contribute towards health improvement
Local Communities:	Work in partnership to meet differing community needs Improve housing standards, availability & affordability

It is imperative that the investment of capital resources contributes clearly to the achievement of the authority's objectives and supporting activities, and that such investment represents real value for money for people in the district. Therefore the above objectives are used as the basis for prioritising capital investment.

3 PARTNERSHIP WORKING

This Strategy has been prepared in the full knowledge that direct financial support from the Government for capital investment and the Council's asset sales programme will not finance all the Council's capital investment aspirations. The Council has, therefore, formed partnerships, some of which bring specialist knowledge and skills and some of which also provide sources of funding for schemes.

The City Council has demonstrated its strong commitment to partnership working through its Corporate Plan and the Council believes that effective partnership working has a key role to play in the achievement of its objectives. With this in mind, the Council is currently undertaking an evaluation of certain key partnerships and is also developing further a specific framework for partnership performance monitoring and evaluation. The outcome of this may influence the strategy for capital investment in future.

4 PROCUREMENT AND VALUE FOR MONEY

The City Council procures capital schemes via a range of tendering processes, which are carefully appraised and selected to meet the requirements of projects in terms of size, scope and complexity to get the best value for money. As referred to above this includes a partnering approach for specific contracts, where it is considered most effective to do so.

The Council's Procurement Strategy takes account of national procurement targets, and Contract Procedure Rules provide a flexible but robust approach to determining the most effective procurement route for projects.

In terms of value for money, the options appraisal undertaken for each project helps demonstrate the achievement of value for money and where applicable, the 'whole life' costs are also considered for relevant projects. The Council has also recently introduced arrangements to strengthen its support for project delivery and to improve overall co-ordination.

5 CURRENT CAPITAL POSITION

The Council's Balance Sheet is summarised below. The balance sheet pulls together all the Council's assets (*including 'fixed' assets such as property holdings and 'current' assets such as cash holdings and monies owed by debtors*) and its liabilities (*including outstanding borrowing – both short and long term, as well as provisions and reserves, which may or may not be cash backed*).

In financial terms, therefore, the balance sheet shows the 'value' of the authority at that date, but based on accounting conventions and certain valuation principles; these are not necessarily the same as 'market' values. Furthermore, clearly much of the Council's worth is tied up in property holdings, the majority of which are integral to providing services and supporting delivery of the Council's objectives. This means that such assets cannot readily be sold.

A key task within the Council's Corporate Property Strategy is to keep the authority's property portfolio under regular review to ensure that its capital base remains fit for purpose and that any major associated risks or opportunities are identified and managed as appropriate.

Summary Consolidated Balance Sheet	31 March 2007 £'000	31 March 2008 £'000
Intangible Assets	485	678
Tangible Fixed Assets:		
Council Dwellings	150,436	153,065
Other Land and Buildings	44,992	49,363
Vehicles, Plant and Equipment	4,739	5,022
Infrastructure	19,321	32,503
Community Assets	4,966	7,182
Non Operational Assets	39,752	29,761
Other Long Term Assets	3,266	1,047
Current Assets	25,415	30,149
Current Liabilities	(13,972)	(15,250)
Other Liabilities (including capital related borrowing)	(119,602)	(139,134)
Total Assets less Liabilities	159,798	154,386
Capital Adjustment Account	172,867	176,161
Revaluation Reserve	--	3,923
Financial Instruments Reserve	--	(975)
Pensions Reserve	(27,803)	(41,517)
Other (Usable) Reserves & Balances	14,734	16,794
Total Equity	159,798	154,386

APPENDIX G

The Council's proposed gross Capital Programme and financing (combining General Fund and Council Housing) is also summarised below, analysed over the Council's corporate priorities and other supporting investment:

	2009/10	2010/11	2011/12	2012/13	2013/14	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Priority Areas:						
Local Economy	5,118	7,259	7,219	--	--	19,596
Clean & Green Places	853	828	20	20	--	1,721
Safe & Healthy Communities	449	620	60	--	--	1,129
Local Communities	8,811	3,576	3,497	3,477	3,477	22,838
Other Supporting Investment	2,501	2,223	1,378	661	107	6,870
Total Gross Programme	17,732	14,506	12,174	4,158	3,584	52,154

6 FUNDING FORECASTS AND ASSUMPTIONS

To support affordable, sustainable and prudent capital investment, the Council's approach to planning and forecasting its future capital resources is outlined below. Whilst the Strategy covers all capital investment irrespective of how it is financed, many sources of external funding (mainly through grants and contributions) are tied in with delivering specific schemes; decisions on whether these should be progressed will be based on the options appraisal and prioritisation processes outlined later. With this in mind, at this stage this section focuses on the availability of the Council's resources through borrowing, revenue financing or capital receipts.

6.1 UNDERLYING BORROWING REQUIREMENT TO SUPPORT CAPITAL INVESTMENT

There is no **supported** underlying borrowing requirement forecast for the five-year period.

Assumptions underpinning the Council's **unsupported** underlying borrowing requirement are outlined below:

- i. Taking into account the latest revenue budget and council tax projections in the Medium Term Financial Strategy, and the Council's likely investment needs arising from the condition of its asset base and from progressing its corporate and service priorities, the General Fund capital programme provides for a £1.4M reduction in the underlying requirement for unsupported borrowing from 2009/10 onwards.
- ii. As in previous years, the practice will continue by which the Head of Finance will, under delegated authority, assess the most appropriate means of financing for the purchase of new vehicles and equipment. Unsupported borrowing will be selected if this offers a more cost effective solution than leasing, with the Capital Programme being updated as necessary (see also 6.4 below).
- iii. Further prudential unsupported borrowing may be considered, but only in context of either:
 - providing funding to meet any additional costs arising in connection with Luneside East compensation claims. Cabinet approval would be required before this facility could be called on;

APPENDIX G

- providing interim funding for any emergency building works, prior to other sources of funding (e.g. capital receipts) becoming available;
- robust, achievable revenue savings being identified or income being generated to at least offset the ongoing (whole life) costs associated with individual schemes, and / or borrowing being required to support the cashflow position of major schemes spanning financial years. This would require further specific Cabinet / Council approval as required.
- No underlying borrowing requirement is assumed for council housing investment.
- Whether or not any of these underlying borrowing needs will give rise to actual additional long-term borrowing or, alternatively, be financed by utilising the Council's cash balances, is a decision that will be made within the framework of the Council's Treasury Management Strategy.

6.2 REVENUE FINANCING OF CAPITAL SCHEMES

Assumptions regarding direct revenue financing (DRF) are as follows:

- Substantial general budgetary provision for direct revenue financing will be made within the Housing Revenue Account (HRA) for council housing purposes. No such general provision will be built into the General Fund revenue budget, though revenue financing related to specific schemes may be considered in appropriate circumstances, e.g. invest to save schemes.
- Revenue financing from reserves will be based on existing earmarked reserve levels (or projections), as long as capital investment proposals match with the approved use of those reserves.

6.3 CAPITAL RECEIPTS FORECASTS

Over the next five years, from 01 April 2009, general capital receipts totalling £10.5M are anticipated, of which approximately £9.3M relates to General Fund property disposals with the remainder relating to Council housing. The assumptions regarding their use are set out below:

- Any council housing capital receipts will be used to support capital investment in council housing stock and supporting assets, and related environmental improvements.
- For General Fund, capital receipts of up to £9.0M will be used over the period to support capital investment generally, with the balance being set aside to provide for contingencies and/or the repayment of debt. Capital receipts will not normally be ring-fenced into reinvestment into particular areas, as this can undermine the prioritisation of investment needs, but there are exceptions to this:
 - o Capital receipts arising from the West End Masterplan implementation will be ring-fenced to the further development of projects identified in the Masterplan itself, subject to appropriate Cabinet approval.
- The application of any additional General Fund capital receipts arising (i.e. apparently exceeding the target referred to above and not covered by the specific

APPENDIX G

ring-fencing arrangements outlined) will be considered in context of the likelihood of meeting the overall target. They will not be used to support new spending or commitments. For Council Housing, any additional capital receipts may be used to support the 30-year business plan.

6.4 SUMMARY OF FORECAST CAPITAL RESOURCES

In line with the above assumptions, the forecast of capital resources is summarised as follows. Furthermore, the delegated authority granted to the Head of Financial Services still applies for arranging the most cost-effective means of financing equipment acquisitions, subject to various constraints and reporting requirements. This may result in some switching between funding sources (*Cabinet Feb. 2005 refers*).

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
General Fund:						
Capital Receipts	4,496	2,341	1,408	631	107	8,983
Revenue Financing (incl. reserves)	384	275	70	50	--	779
Reduction(-) in underlying need for Unsupported Borrowing	-1,401	--	--	--	--	-1,401
External Grants & Contributions	10,706	8,344	7,219	--	--	26,269
Funding Forecast	14,185	10,960	8,697	681	107	34,630
Council Housing:						
Supported / Unsupported Borrowing	--	--	--	--	--	--
Capital Receipts	84	164	250	339	348	1,185
Direct Revenue Financing (General)	1,571	1,607	1,728	1,350	1,500	7,756
Reserves	100	--	--	--	--	100
Major Repairs Allowance	1,792	1,775	1,499	1,788	1,629	8,483
Funding Forecast	3,547	3,546	3,477	3,477	3,477	17,524

7 CAPITAL INVESTMENT PRIORITIES

In line with the Council's core values, priorities and associated targets, capital investment for the period to 2014 will be focused into delivering the Council's medium term priorities and objectives as set out earlier. In determining priorities where funding is limited, then preference will be given to those schemes that contribute to delivering the agreed high priorities for capital investment, as set out below:

- Delivering the Council's Economic Vision as set out in the Economic Regeneration Strategy
- Delivering improvements for Cleaner Streets and the Public Realm
- Completion of the phased implementation of the Recycling and Waste Management Strategy
- Delivering schemes that support the Council's Climate Change agenda
- Developing further the district's Cycling Infrastructure

APPENDIX G

- Delivering the City Council's obligations in the Sustainable Community Strategy, Community Safety Partnership, and the county wide Lancashire Local Area Agreement.
- Progressing the priorities within the Council's agreed Housing Strategy and in particular, in meeting the 'Lancaster' Standard in the provision of Council Housing, in line with the 30-Year Business Plan.
- Refurbishment/ replacement of existing property or facilities required to deliver existing service levels, or to achieve key performance targets as set out in the Corporate Plan or Corporate Property Strategy, or to meet other legislative requirements.
- New (or the expansion of existing) facilities, where they link clearly with the draft Corporate Plan and they are either :
 - at least self financing (both in revenue and capital terms) or
 - invest to save proposals that require some up front capital investment but would generate cashable (and where possible, non-cashable) ongoing revenue savings. As a general guide, payback should be achievable in the medium term, up to 5 years, but longer payback periods may be considered should circumstances warrant it.

8 PRIORITISATION OF SCHEMES

The authority's annual review of its budget, planning and policy framework underpins the development of a five year rolling programme. The prioritisation process ensures that the programme is informed by the outcome of all relevant reviews and improvement/development plans. Additionally, corporate property requirements are identified through the asset management arrangements in place. An outline of the prioritisation process is provided below. As mentioned earlier, this will be supported by the new project delivery and programme management arrangements recently approved:

- i. Each year services draw up their capital investment plans and outline project appraisals, in accordance with anticipated service needs and objectives (linked to service business and asset management plans) as well as this Strategy document. Services are required to liaise closely with the Corporate Property Officer, Financial and other Support Services as appropriate. Services' investment plans include a review of the schemes within the existing five year Capital Programme, as well as any potential new needs in line with any emerging priorities or changing circumstances.
- ii. In conjunction with relevant directors, Services prioritise their service requirements for consultation with relevant Cabinet Members and discussion at informal briefings such as Star Chamber sessions.
- iii. The authority requires all proposed capital projects to undergo a rigorous project appraisal, using a standard framework to ensure that all projects are appraised consistently and are deliverable. **Annex A** provides further details on how projects are currently appraised, although this may be updated from time to time.
- iv. Through consultation, Members, Committees and key partners may advise on the projects which they wish to put forward for inclusion.

APPENDIX G

- v. A corporate prioritisation exercise (programme appraisal) is undertaken initially through Star Chamber, to compile a corporate list of projects for Cabinet's initial formal consideration. This takes account of the outcome of any project appraisals and corporate property matters, as well as Members' and other Stakeholders' views regarding proposed priorities for the period. Examples of the criteria are also shown in **Annex A**. The outcome is then reported to Cabinet for formal consideration.

9 FUNDING LEVELS AND ALLOCATION OF RESOURCES

In Cabinet making its initial recommendations to Council regarding the Capital Programme, the principles of prudence, affordability and sustainability are considered fully against prioritised capital investment needs and aspirations. Given that resources are scarce, this process enables the authority to consider and appraise alternative financing levels or strategies and their impact on the Council's revenue budget and medium term financial planning, or the 30-year Business Plan for Council housing.

This is an iterative process (between Cabinet and Council), in line with the requirements of the Prudential Code. Ultimately the General Fund Capital Programme and its financing will be approved by Council at the Budget Meeting to be held in late February / early March, together with the Revenue Budget and resulting Council Tax. Generally the Council Housing Programme will be approved at the meeting earlier in February.

The resources allocated within the five year programme will be based on an assessment of how closely the projects put forward:

- contribute to the delivery of the strategic objectives and corporate priorities
- meet identified needs and opportunity
- draw on the aims of service and corporate asset management plans
- illustrate that options and alternatives have been appraised
- achieve value for money
- have used partnership working to set and achieve the objectives laid down.

The Capital Investment Strategy and Corporate Property Strategy will be essential tools in helping to focus and prioritise capital expenditure. A five year cycle with annual reviews will enable the City Council to work towards a balanced capital programme that addresses all priorities.

10 FRAMEWORK FOR THE MANAGEMENT AND MONITORING OF CAPITAL INVESTMENT

- i. Full Council is responsible for approving the Capital Investment Strategy, as part of the Council's overall medium term financial planning arrangements. Cabinet is responsible for formulating proposals, linked with the annual budget and policy framework process. Individual Cabinet Members (as portfolio holders) are responsible for identifying priorities for capital investment and asset management planning that fit within the City Council's overall corporate objectives and its Corporate Plan priorities, and this Capital Strategy.
- ii. The Cabinet (through the Performance Review Teams in part) and the Budget and Performance Panel play a key role in the planning and monitoring of the capital

programme. This is to ensure that:

- an affordable balance is achieved between the authority meeting local and service needs and responding to any other corporate priorities
 - the Capital Programme evolves to reflect changes in circumstances and corporate and service priorities
 - officers are held accountable as appropriate for delivering capital schemes on time and within budget.
- iii. As an additional safeguard and / or to test the robustness of the processes involved, the Overview and Scrutiny Committee may commission or undertake work or on related issues as part of its Work Programme or take other measures (such as the call-in of decisions) as set out the Constitution.
- iv. Detailed Officer responsibilities and the key controls are set out in the Council's Financial Regulations and Procedures, with additional supporting guidance provided on all aspects of contract management and control.

11 MONITORING AND EVALUATION OF PROGRESS

- i. All projects are reviewable. Documentation (e.g. the full project appraisal and monitoring reports) will be maintained for each capital project by the responsible service (through the named responsible officer) and will be sufficiently clear to enable a competent third party to review the project with minimum additional explanation. A central register of projects will also be maintained by Financial Services. Each project appraisal will include a delivery plan as necessary, covering the following:
- The project's objectives and target outputs / outcomes
 - Key milestones of the project development
 - Management and monitoring arrangements
 - Financial details, both capital and revenue including financial details
 - Post completion review and evaluation arrangements
- ii. Services are required to provide comprehensive monitoring information to Financial Services on a monthly basis. Financial Services will also co-ordinate and produce summary monitoring information for Cabinet, Budget and Performance Panel and Officer Working Groups as necessary.
- iii. Financial Services will report on a quarterly basis through Corporate Financial Monitoring regarding the overall capital investment and funding position. The fourth quarter (provisional outturn) report will incorporate an annual review of the capital programme performance, covering key performance indicators such as no. of projects delivered on time / on budget, both to monitor and drive continuous improvement.
- iv. Financial Services will also report twice yearly on updating this Strategy (once during autumn 2009, and once during the 2010/11 budget process) in line with the MTFS review.
- v. Services are responsible for developing, agreeing and implementing further scheme or service specific monitoring into their own performance management

APPENDIX G

and reporting arrangements to relevant directors, individual Cabinet Members or other key Stakeholders, either formally or informally. This includes reporting to their quarterly PRT meetings on their capital projects.

- vi. Services are responsible for reporting the outcome of post completion reviews and evaluations as necessary. An update on this will be incorporated in summary into the annual review (as mentioned above).
- vii. In addition to the ongoing monitoring and evaluation, the performance of Lancaster City Council's Capital Programme may be measured through the Local Area Agreement, if appropriate.
- viii. Nothing in the above monitoring framework overrides the responsibilities or requirements placed on individuals or services as set out in the Financial Regulations. As examples (and not exhaustive):
 - Commencement of schemes is still subject to the approval of the Section 151 Officer to confirm availability of funding.
 - Separate reporting requirements are in place should schemes significantly overspend, when comparing with contract sums and/or budget provision.

Further details regarding property responsibilities can be found in the Council's draft Corporate Property Strategy.

12 LANCASTER'S APPROACH TO MANAGING PROJECTS (LAMP)

The City Council has adopted a standardised approach to managing projects and this has been rolled out across the Council. All officers who have any involvement with projects, whether as Project Executive, Project Managers, Project Team Members and Project Support, are now required to use and follow as appropriate the processes, structures, tasks and controls set out in LAMP throughout a project lifecycle .

This formal project management methodology will help ensure intended benefits are realised and that individual projects are delivered to time, cost and quality.

The requirements of LAMP will complement this strategy and will provide officers with a structured methodology by which they can fulfil their responsibilities. Wherever possible, LAMP methodology and documentation and the processes outlined in sections 8 to 11 above have been fully integrated, thus minimising administrative effort while maximising the benefits to the Council.

Use of LAMP will be supported by the new support arrangements for project delivery and programme management.

ANNEX A

Project Appraisal

The project appraisal procedure seeks to ensure that all projects are appraised consistently and are deliverable. Projects are appraised to address issues such as the following:

- How do they contribute towards the authority's aims and objectives?
- How do they meet the identified requirements of the Capital Strategy?
- How do they meet Members' priorities?
- Does the project form part of an adopted strategy or policy objective of the Council?
- Are there clear objectives for the project?
- How does the project approach take account of consultation?
- Links to Asset Management Planning - has the information obtained from the Corporate Property Officer etc. been considered?
- Have the implications of relevant reviews been taken into consideration?
- What is the timescale for the project – is it realistic and achievable, or appropriate?
- Has there been a risk assessment of the project?
- Will the project achieve value for money (e.g. by cost benefit analysis)?
- Have avenues for alternative or match funding been explored?
- Is it appropriate to deliver this project in partnership with another agency?
- Have the capital costs and revenue implications been assessed reasonably and robustly (on a whole life basis) and sources of appropriate funding been identified where appropriate?
- Have milestones been identified?
- Have project outputs and the method of monitoring / management been set and agreed?
- Are stakeholders involved in the review of targets and achievements?

Corporate Prioritisation

The main criteria of the overall programme appraisal (corporate prioritisation) include:

- How projects meet key policy /priority areas of the Council
- How projects meet the asset management requirements of the Council
- How projects contribute to raising the performance of the council in any areas of weakness
- How projects impact on the revenue budget (present and future)
- The impact on service delivery and urgency of the project
- Evidence and challenge of consultation and performance measures to achieve outcomes/outputs
- Evidence and challenge of providing value for money
- Evidence and challenge of whether external funding opportunities have been explored
- Evidence and challenge of project appraisal
- Evidence and challenge of whether opportunities of partnership working have been examined.

Update regarding Icelandic Banks (in which the City Council holds investments)

Summary Position Statement

Glitnir

- Information from the last Informal Creditor Committee (ICC) / open meetings is on their public website (<http://www.glitnir.co.uk/frontpage/meeting/>).
- This provides an indicative valuation of assets and liabilities of the old bank.
- Clearly, liabilities are more than double the value of assets.
- However, wholesale deposits are only 2% of total liabilities.
- Therefore, if local authorities are among the preferential creditors - which has yet to be confirmed - there is the prospect of a significant payout.
- All appropriate steps are being taken to clarify the issue of whether deposits have preferential status.

Landsbanki

- No old bank valuations have yet been provided.
- It is anticipated that more information will be gained at the ICC and open meetings next week (18-20 February).
- Creditors can review the public website to see what information is released. (<http://www.oldlandsbanki.com/creditorinformation/>)

KSF

- A further meeting of the statutory creditor committee on which Peterborough CC represents local government interests is due to take place on 23 February.
- The administrator's practice in this administration has been to make available progress reports after each such meeting, and the next progress report will be circulated as soon as it becomes available
- The administration is progressing in accordance with the strategy set out in the administrator's formal proposals to creditors
- The administrator will be making a further report to all creditors in April.

COUNCIL

Treasury Management Framework 2009/10 04 March 2009

Report of Cabinet

PURPOSE OF REPORT

This report contains the Council's overall Treasury Management Framework for 2009/10, setting out separately each of the component elements that the Council must either formally note or approve by 31 March 2009, in accordance with the relevant legislation and the Code of Practice for Treasury Management in Local Authorities.

This report is public.

RECOMMENDATIONS

- (1) That Council notes the Treasury Management Policy Statement and the Treasury Management Strategy Statement, as set out in Appendices B and C of the report.
- (2) That Council approves the Prudential Indicators as set out in Appendix D of the report.
- (3) That Council approves the Investment Strategy as set out in Appendix E of the report.

1.0 Introduction

- 1.1 The Code of Practice on Treasury Management for Local Authorities was last updated in 2001 in order to reflect developments in the economic climate at that time.
- 1.2 The Code was adopted by Council at its meeting on 13 March 2002. The Code requires the Council to create and maintain the following:
 - a Treasury Management Policy,
 - a Treasury Management Strategy,
 - Treasury Management Practices, and
 - an Investment Strategy.
- 1.3 Responsibilities associated with the Code's requirements are set out at **Appendix A**. Further detail in respect of those documents that require either formal noting or approval by Council is set out in sections 2 to 5 below.

- 1.4 The proposals regarding the treasury management framework are also to be considered by Budget and Performance Panel at its meeting on 24 February 2009 and any recommendations arising will be fed directly into this meeting.

2.0 Treasury Management Policy Statement

- 2.1 The Treasury Management Code of Practice requires the Council to set out a Policy Statement outlining the policies and objectives of its treasury management activities. The Code requires a specific form of words for the Policy Statement, which is set out at **Appendix B**. As such, there is no discretion available to the Council.
- 2.2 Once adopted, Council needs only to note the Policy Statement each year.

3.0 Treasury Management Strategy Statement

- 3.1 The Code also requires that an annual Treasury Management Strategy be adopted by 31 March each year, for the forthcoming financial year. This must be approved by Cabinet, but noted by Council. The relevant aspects of the Strategy Statement are attached at **Appendix C**. The document covers the following activities and forecasts:
- the current treasury position,
 - expected movements in interest rates, and
 - the Council's borrowing and debt strategy.
- 3.2 In terms of borrowing, the Strategy takes account Cabinet's final budget proposals, in particular in respect of the General Fund Capital Programme. The proposed strategy needs to provide sufficient flexibility to manage the treasury function over the coming year, however, and therefore a number of scenarios are covered.

4.0 Prudential Indicators

- 4.1 In developing its budget proposals, Cabinet has reviewed various associated Prudential Indicators, the majority of which are required by statute, and these are set out at **Appendix D** for Council's approval. They are also referred to in (and should be considered alongside) the Budget Report contained elsewhere on this Agenda. They will continue to be reviewed at certain times during the course of the year, such reviews being linked to the quarterly reporting of treasury management performance.

5.0 Investment Strategy

- 5.1 The Council's investment activities are subject to the Local Government Act 2003, which introduced the Prudential Capital Finance system. Under this Act authorities may invest for any purpose relevant to their functions, or to support prudent management of their financial affairs.
- 5.2 The Act also provides for authorities to carry out their investment activities in accordance with Government guidance rather than with legislation, but it also requires authorities to have regard to any such guidance issued by the Secretary of State.
- 5.3 The Investment Strategy has been drawn up in line with the relevant guidance and is attached at **Appendix E**.

- 5.4 Clearly the recent failure of Icelandic Institutions has had a major impact on the Council and its financial position and future planning. As a result of this, together with recent decisions to repay some capital related debt, as well as expected reductions in the Council's reserves and balances, the Council's cash flow and level of monies available for investment are forecast to be much lower over the coming year. This in itself reduces the exposure to further "counterparty risk" (i.e. the risk of a bank failing), but in addition the following measures are included in the proposals, to reduce the Council's investment risk exposure further:
- The maximum amount to be invested with any one institution (other than the UK Government) has been reduced from £6M to £4M. Generally this maximum would only apply to investments where there is instant access (i.e. not fixed term investments), but with the exception of investments placed with other local authorities or the European Central Bank. Other time / value limits have been similarly reduced.
 - The Strategy includes a separate limit of £10M specifically for the Government's Debt Management Accounts Deposit Facility (DMADF). This is included as a 'safe haven', if further major crises occur in the banking sector, as it represents the lowest risk option in the UK. The downside is that its investment rate can be very very low.
 - UK institutions will take precedence over other countries, and sovereign ratings (i.e. the credit ratings of countries) will be used. Aside from the UK, only other EU countries would be used, if required.
 - No forward deals will be entered into.
 - No investments will be made for any period longer than a year (though the bulk of investments are expected to be instant access anyway, to support cashflow needs. There would need to be a major improvement in the Council's financial position to warrant investment periods anywhere near approaching 12 months).
 - Various other restrictions have been introduced, centred around restricting the criteria used to determine counterparty lists etc. In addition, the Strategy makes it clear than other restrictions on investment activity may be introduced, should circumstances warrant it.
- 5.5 It is stressed that in terms of treasury activity, there is no risk free option, but it is felt that the measures set out above provide a sound framework within which to work over the coming year, in response to the turmoil in the global financial sector, and the uncertainty and lack of confidence that surrounds it.
- 5.6 Finally, it is known that nationally a number of inquiries and reviews are being undertaken in response to the Icelandic banking collapse, and it may well be that further guidance and / or regulations are issued over the coming months. If so, the Council's Treasury Management framework will be reviewed accordingly and any required updates will be presented for Members' consideration in due course.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None directly arising.

FINANCIAL IMPLICATIONS

None directly arising. The Framework will support the achievement of the estimates for borrowing costs and investment interest included within the proposed budget.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been involved in the formulation of the Treasury Management Framework and has no further comments to add.

LEGAL IMPLICATIONS

Legal Services have no observations to make on this report.

DEPUTY MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

CIPFA Treasury Management Code of Practice
CIPFA Prudential Code for Capital Finance in Local Authorities
DCLG Guidance on Local Authority Investments

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Ref:

TREASURY MANAGEMENT DOCUMENTS and RESPONSIBILITIES

DOCUMENT	RESPONSIBILITY
<p>CODE of PRACTICE</p> <p>POLICY STATEMENT</p> <p>TREASURY MANAGEMENT STRATEGY</p> <p>PRUDENTIAL INDICATORS</p> <p>INVESTMENT STRATEGY</p> <p>TREASURY MANAGEMENT PRACTICES</p>	<p>This was adopted by Council on 13 March 2002.</p> <p>The Code of Practice recommends a specific form of words to be used to set out the Council's objectives within the Policy Statement, for its Treasury Management activities. It is the responsibility of Council to approve this document initially, and then note it each year thereafter.</p> <p>The Strategy document breaks down the Policy Statement into detailed activities and sets out the objectives and expected market forecasts for the coming year. It is the responsibility of Cabinet to approve this document, and Council must be then informed of its content for information only.</p> <p>These are included within the Strategy Statement as part of the framework within which treasury activities will be undertaken. It is the responsibility of Council to approve these limits.</p> <p>The Investment Strategy states which types of investments the Council may use for the prudent management of its treasury balances during the financial year. The Secretary of State recommends that the Strategy should be approved by Council.</p> <p>These are documents that set out the procedures that are in place for the Treasury Management function within the Council. The main principles were approved by Cabinet following the adoption of the Code of Practice; they include:</p> <p><i>TMP 1:</i> Risk management <i>TMP 2:</i> Best value and performance management <i>TMP 3:</i> Decision-making and analysis <i>TMP 4:</i> Approved instruments, methods & techniques <i>TMP 5:</i> Organisation of responsibilities & dealing <i>TMP 6:</i> Reporting & management information <i>TMP 7:</i> Budgeting, accounting & audit <i>TMP 8:</i> Cash & cash flow management <i>TMP 9:</i> Money laundering <i>TMP 10:</i> Staff training & qualifications <i>TMP 11:</i> Use of external service providers <i>TMP 12:</i> Corporate governance</p> <p>Any changes to the above principles will require Cabinet approval. It is the Head of Financial Service's responsibility to maintain detailed working documents and to ensure their compliance with the main principles. It is highlighted that for 2009/10, quarterly treasury management reports will continue to be included within Corporate Financial Monitoring and in turn, these will be reported into Cabinet and Budget and Performance Panel.</p>

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

For consideration by Council on 04 March 2009

(This is unchanged from previous years)

1. This organisation defines its treasury management activities as:

“The management of the authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Treasury Management Strategy 2009/10 to 2011/12

For Consideration by Council 04 March 2009

Introduction

1. The treasury management function is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. Whilst the prudential indicators consider the affordability and impact of capital expenditure decisions, the function covers the effective funding of these decisions. There are also specific treasury prudential indicators included in this strategy that need approval.
2. The Council's activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 13 February 2002, and as a result adopted a treasury management policy statement. This adoption complies with the requirements of the first of the treasury prudential indicators.
3. The Code requires an annual strategy to be reported to Cabinet outlining the expected treasury activity for the forthcoming 3 years. A further report is produced after the year-end to report on actual activity for the year.
4. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury function.
5. This strategy covers:
 - The current treasury position
 - The expected movement in interest rates
 - The Council's borrowing and debt strategy (including its policy on making provision for the repayment of debt)
 - The Council's investment strategy (in compliance with the Department for Communities and Local Government guidance)
 - Specific limits on treasury activities

Treasury Position

6. The forecasted treasury position and the expected movement in debt and investment levels over the next three years are as follows.

Table 1: Gross external debt and investment forecast

	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
	£'000	£'000	£'000
EXTERNAL DEBT			
Borrowing	39,200	39,200	39,200
Other long term liabilities	265	260	255
Total Debt at 31 March	39,465	39,460	39,455
INVESTMENTS			
Total Investments at 31 March*	9,600	12,900	12,900

*this figure is inclusive of the £6m principal held with Icelandic banks.

The forecast position on external borrowing remains static across the three years, despite the fact that by the end of 2009/10 there will be a cumulative increase in the underlying need to borrow of £3.78M (made up of 2006/07 £1.608M, 2007/08 £1.762M, 2008/09 £1.811M, 2009/10 -£1.401M), for which no actual additional borrowing has been taken up. This is because the twin issues of the amounts set aside for the future repayment of debt, and a cashflow position that is forecast to remain relatively stable, mean that there is no immediate need to take out new loans.

Expected Movement in Interest Rates

7. The UK economy has entered a profound recession, worsened by a dangerous combination of negative growth and dislocation in the domestic and world financial markets. The situation in the economy is considered critical by the policy setters who are concerned that the testing financial environment, the sharp decline in house prices and persistently tight credit conditions could trigger a collapse in consumer confidence. At best this could deliver a short, sharp downturn, at worst a prolonged Japanese-style recession.
8. The sharp downturn in world commodity, food and oil prices, the lack of domestic wage pressures and weak retail demand promises a very steep decline in inflation in the year ahead. In the recent pre-Budget Report, the Treasury suggested RPI inflation could fall to minus 2.25% by September 2009. Inflation considerations will not be a constraint upon Bank of England policy action. Indeed, the threat of deflation strengthens the case for more aggressive policy ease.
9. The Government's November pre-Budget Report did feature some fiscal relaxation but it also highlighted the very poor health of public sector finances. The size of the package is considered insufficient alone to kick-start the economy. The onus for economic stimulation will fall upon monetary policy and the Bank of England.
10. The Bank will continue to ease policy and the need to drive commercial interest rates, currently underpinned by the illiquidity of the money market, to much lower levels suggests the approach will be more aggressive than might otherwise have been the case. A Bank Rate below 1% now seems a distinct possibility and short-term LIBOR rates of below 2% may result. Only when the markets return to some semblance of normality will official rates be edged higher.
11. Long-term interest rates will be the victim of conflicting forces. The threat of deep global recession should drive bond yields to yet lower levels and this will be a favourable influence upon the sterling bond markets. But the prospect of exceptionally heavy gilt-edged issuance in the next three years (totalling in excess of £100bn per annum), as the Government seeks to finance its enormous deficit, could severely limit the downside potential for yields.
12. The expected movement in interest rates is as follows:

Table 2: Medium-Term Rate Estimates (averages)

Annual Average %	Bank Rate	Money Rates		PWLB Rates*		
		3 month	1 year	5 year	20 year	50 year
2008/09	3.9	5.0	5.3	4.2	4.8	4.5
2009/10	1.0	1.6	1.8	2.4	4.8	4.7
2010/11	1.7	2.1	2.8	3.2	4.9	4.8
2011/12	2.4	2.8	3.6	4.0	5.1	4.9

* Borrowing Rates

Information provided by Butlers Consultants (updated since Cabinet: now as at February 2009).

The following debt and investment strategies are based on the above interest rate projections. The general scene is one of low returns on investment with little opportunity to restructure debt due to the premia charged by the PWLB which, simplistically speaking, increase as interest rates decrease. In the scenario that rates are expected to increase, this may mean that repaying debt is a more attractive option in the future, as this will become relatively cheaper than when the underlying rates are low. Similarly if rates are expected to rise any borrowing requirement will be taken earlier in the year.

Borrowing and Debt Strategy 2009/10 to 2011/12

13. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
14. Long-term fixed interest rates are at risk of being higher over the medium term. The Head of Financial Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide better opportunities.
15. With the likelihood of a steepening of the yield curve debt restructuring is likely to focus on switching from longer term fixed rates to cheaper shorter term debt, although the Head of Financial Services and treasury consultants will monitor prevailing rates for any opportunities during the year.
16. The option of postponing borrowing and running down investment balances will also be considered. This would reduce counterparty risk and hedge against the expected fall in investments returns.
17. Whilst the Capital Programme for 2009/10 provides for an in-year reduction in the underlying need for unsupported borrowing, over recent years the need has increased with £1.608M brought forward from 2006/07, £1.762M from 2007/08 and £1.811M from 2008/09. No additional actual borrowing has been entered into, however (see under paragraph 6 above). Any borrowing activity needed will take place when it is viewed most advantageous for the authority, and this will be regularly monitored by officers. The monitoring will also cover, as appropriate, continued use of the option of utilising the Council's cash balances as an alternative to immediately entering into new borrowings.

Provision for the Repayment of Debt 2009/10 to 2011/12

18. Up until 2007/08 the Council calculated the basic amount of provision, which it sets aside each year for the repayment of debt, in accordance with a prescribed formula. To this was added a further provision in respect of the financing of assets with relatively short lives, as considered prudent.
19. New arrangements were introduced from 1 April 2008. In summary:
 - the prescribed formula has been abolished and replaced by a simple requirement for Councils to make 'prudent' provision;
 - the old calculation may still be used for capital expenditure financed by unsupported borrowing (known as 'unsupported' capital expenditure) before 31 March 2008;
 - provision for supported capital expenditure can continue in the future as per the previous requirements, but
 - provision for unsupported capital expenditure after this date must either be based on the estimated life of the asset, or equal to the depreciation on the asset.

20. Financially, this has no real impact on the Council, because the changes effectively codify the full 'prudent' provision which the Council was already making, but because an element of discretion has been introduced, the Council's approach needs to be incorporated within the borrowing strategy.
21. Therefore, for 2009/10, the Council's policy for the making of provision for the repayment of debt will be as follows.
- For all unsupported non-HRA capital expenditure prior to 01 April 2008, with the exception of that in respect of motor vehicles (less than 15 years life), by the application of the methodology detailed in the former Regulations (*i.e. 4% of the non-housing Capital Financing Requirement at the start of the year*).
 - For all such expenditure on motor vehicles prior to 01 April 2008, and for all unsupported capital expenditure after that date, equal annual amounts based on the estimated life of each individual asset so financed.

Treasury Management Prudential Indicators and Limits on Activity

22. There are four mandatory treasury Prudential Indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. The treasury management indicators are as follows:
- Upper limits on fixed interest rate exposure – This indicator identifies a maximum limit for fixed interest rates based upon the debt position net of investments
 - Upper limits on variable interest rate exposure – Similar to the previous indicator, this covers a maximum limit on variable interest rates.
 - Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
 - Total principal funds invested for greater than 364 days – given the current economic climate the Authority is not willing to risk investing sums for fixed terms of greater than 1 year and so this is £0.
23. The full list of prudential indicators is attached (at Appendix D for Council approval).

Performance Indicators

24. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:
- Debt – Average rate movement year on year
 - Investments – Internal returns above the 7 day LIBID rate

The results of these indicators will be reported in the Treasury Annual Report.

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

	2009/10 £'000	2010/11 £'000	2011/12 £'000
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AFFORDABILITY

PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	12.4%	11.5%	10.2%
	HRA	8.5%	8.1%	7.8%
	Overall	11.1%	10.4%	9.4%
PI 2: Actual ratio of financing cost to net revenue stream	Reported after each financial year end			
PI 3: Estimates of impact of Capital Investment decisions on the Council Tax This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme		£11.62	£8.69	£5.74
		6.52%	4.88%	3.22%
PI 3A: Illustrative Impact of Additional Borrowing £1 million		Repayment Period		
		5 Years	10 Years	25 Years
	Increase in Council Tax (£)	£4.93	£2.73	£1.54
	Increase in Council Tax (%)	2.66%	1.47%	0.83%
PI 4: Estimates of impact of Capital Investment on Housing Rents		Nil	Nil	Nil

PRUDENCE

PI 6: Estimates of capital expenditure	Non - HRA	14,185	10,960	8,697
	HRA	3,547	3,546	3,477
	Total	17,732	14,506	12,174
PI 7: Actual capital expenditure	Reported after each financial year end			
PI 8: Estimates of Capital Financing Requirement	Non - HRA	27,702	26,245	25,044
	HRA	15,303	15,303	15,303
	Total	43,005	41,548	40,347
PI 9: Actual Capital Financing Requirement	Reported after each financial year end			
PI 10: Authorised Limit	Authorised Limit for Borrowing	57,710	57,710	57,710
	Authorised Limit for Other Long Term Liabilities	290	290	290
	Authorised Limit for External Debt	58,000	58,000	58,000
PI 11: External Debt: Operational Boundary		56,000	56,000	56,000
PI 12: Actual external debt	Reported after each financial year end			

TREASURY MANAGEMENT

PI 13: Treasury Management: adoption of CIPFA code of Practice	The Council adopted the CIPFA code of Practice for Treasury Management at its meeting on the 13th March 2002.				
PI 14: Fixed Interest Rate Exposure The Authority will limit its exposure to fixed interest rate costs to the amounts payable on the following amount of outstanding debt.		£58m	£58m	£58m	
PI 15: Variable Rate Interest Rate Exposure The Authority will limit its exposure to variable interest rate costs to the amounts payable on the following amount of outstanding debt.		£15m	£15m	£15m	
PI 16: Maturity Structure of Borrowing	Upper and Lower Limits	Under 12 months	0% to 35%	0% to 35%	0% to 35%
		12 months and within 24 months	0% to 20%	0% to 20%	0% to 20%
		24 months and within 5 years	0% to 20%	0% to 20%	0% to 20%
		5 years and within 10 years	0% to 20%	0% to 20%	0% to 20%
		10 years and above	60% to 100%	60% to 100%	60% to 100%
	Maturity Profile of Current Outstanding Debt	Under 12 months	0%	0%	0%
		12 months and within 24 months	0%	0%	0%
		24 months and within 5 years	0%	0%	0%
		5 years and within 10 years	0%	0%	0%
		10 years and above	100%	100%	100%
	PI 17: Investments for periods longer than 364 days The Authority will not invest for periods of longer than 364 days.		Nil	Nil	Nil

Investment Strategy 2009/10 to 2011/12

For Consideration by Council 04 March 2009

Introduction

1. In the current climate, the main principle governing the Council's investment criteria is the security of its investments. After this main principle the Council will ensure:
 - It maintains a policy covering the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

Counterparty criteria and investment types

2. The Head of Financial Services will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. It is highlighted that these criteria select which counterparties the Council will choose, rather than defining what its investments are. The ratings criteria will use the 'lowest common denominator' method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside of the lending criteria.
3. The use of the lowest common denominator method reflects the current economic climate and the Council's priority to ensure the security of its financial assets. The credit rating limits to be applied are as follows:
 - The Council will use banks, subsidiary and treasury operations of banks, Money Market funds, building societies, local authorities, the UK government and supranational institutions (i.e. the European Central Bank (ECB)) in line with the limits set out in table 1.
 - In exceptional circumstances, the Council will consider using UK banks whose ratings fall below the criteria specified in table 1 if all of the following conditions are met
 - (a) wholesale deposits in the bank are covered by a government guarantee;
 - (b) the government providing the guarantee is rated "AAA" by all three major rating agencies (Fitch, Moody's and Standard & Poors); and

- (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
- The Council will also consider using banks whose ratings fall below the criteria specified in table 1 if the organisation is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008.
 - In addition, should the authority's own bank (i.e. currently the Co-Operative Bank) fall below the criteria specified in table 1, Council will consider still using it for investment purposes, with the caveat that this will be monitored on a daily basis, with funds being moved to other counterparties meeting the criteria per table 1 at the first opportunity. Although, due to the nature of Local Government funding, there will be spikes in the balances on the current account that mean it may well exceed the £4M upper limit set in table 1 at some point (e.g. overnight), daily banking practices are already in place which aim to maintain the net current account balance at 0 +/- £100K.
4. Due to the uncertainty in the financial markets, it is acknowledged that Officers may restrict further the pool of available counterparties from the above criteria, to safer instruments and institutions. Currently this involves the use of the Debt Management Account Deposit Facility (DMADF), AAA rated Money Market Funds and institutions with higher credit ratings than those outlined in the investment strategy, or which are provided support from the Government.
 5. The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its treasury management consultants, on a daily basis, in respect of any changes in ratings, and counterparties are checked promptly. On occasion, ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Financial Services. New counterparties which meet the criteria will, similarly, be added to the list. More details on the different ratings can be found in Appendix E2.
 6. The Authority will make deposits in both Specified and Non Specified Investments, these are defined in Appendix E1. As the Council will no longer risk investing cash for greater than 1 year at present, this effectively prevents using most Non Specified products apart from the exceptions included in paragraph 3 above.
 7. In addition to the credit ratings applied to institutions, the Council will only deposit with institutions in EU countries with a AAA sovereignty rating. Precedence will be given, however, to institutions listed as UK banks in the Butler's counterparty listing.
 8. The exception to these sovereignty limits relates to institutions within the UK. In these cases the limits will apply as per table 1 but no sovereignty limit will apply. The Head of Financial Services retains the discretion to apply further limits where the relationship between institutions and sovereignties is ambiguous, for example UK banks who are owned by foreign institutions.
 9. For the above categories of Specified and Non Specified Investments, and in accordance with the Code, the Council has developed additional criteria to set the maximum amounts which will be invested in these bodies. The criteria, using the lowest common denominator approach (see paragraph 3 above) are set out below.

Table 1: Counterparty criteria and investment limits.

	Minimum across all three ratings			Money Limit	Time Limit
	Fitch	Moody's	Standard & Poors		
Upper Limit ¹	F1+/AA-	P-1/AA3	A-1+/AA-	£4M	Instant Access
Middle Limit ²	F1/A-	P-1/A3	A-1/A-	£2M	1 Year
Other Institutions ³	N/A	N/A	N/A	£4M	1 Year
Money Market fund ⁴	AAA	AAA	AAA	£4M	N/A - Instant Access Only
DMADF deposit ⁵	N/A	N/A	N/A	£10M	1 Year
Sovereign rating to apply to all foreign counterparties except UK investments ⁶	AAA	AAA	AAA	N/A	N/A
Notes:					
1 & 2 The Upper and Middle Limits apply to appropriately rated banks and building societies.					
3 The Other Institutions limit applies to other local authorities and supranational institutions (e.g. ECB).					
4 Sterling, constant net asset value funds only, sovereignty limits apply to domicile of host institution.					
5 The DMADF facility is direct with the UK government, it is extremely low risk and hence the higher limit.					
6 UK investments are defined as those listed under UK banks or building societies in the Butler's counterparty listing.					

Operational issues

10. In the normal course of the Authority's cash flow operations it is expected that both Specified and Non-specified Investments will be utilised for the control of liquidity as both categories allow for short term investments. The Council will maintain a minimum £2M of investments in Specified Investments provided that the cashflow allows for this.
11. To control the geographical risk, no more than £4M will be invested in any one country, with the exception of institutions listed as UK banks on the counterparty listings supplied by Butlers.
12. The use of longer term instruments (greater than one year from inception to repayment) will not be used.
13. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 1.0% Bank Rate reducing during 2009/10. This means that the average rate receivable on the Council's investments will be significantly below that for 2008/09, which was running at an average of 5.1% over the year to the end of December 2008.
14. The criteria for choosing counterparties set out above provide a sound approach to investment in current market circumstances. Whilst formal Member approval is required for the base criteria above, under exceptional market conditions the Head of Financial Services will temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out above.
15. Examples of these restrictions would be the greater use of the Debt Management Account Deposit Facility (DMADF) – the Government body which accepts local authority deposits, but at very low rates of interest.

Definition of specified and non specified investments.

See table 1 in the investment strategy for details on limits to be applied.

1. Specified Investments are defined as follows.

SPECIFIED INVESTMENTS

These are to be sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. These include investments with:

- (i) The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- (ii) Supranational bonds of less than one year's duration.
- (iii) A local authority, parish council or community council.
- (iv) An investment scheme that has been awarded a high credit rating by a credit rating agency.
- (v) A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society)

For category (iv) this covers a money market fund rated by Standard and Poor's, Moody's or Fitch rating agencies.

2. Non-specified Investments are defined as follows:

Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments are set out below.

Ref	Non Specified Investment Category	Limit
(i)	A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.	Included as per Appendix E, paragraph 3
(ii)	A body which is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008.	Included as per Appendix E, paragraph 3
(iii)	The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	Included as per Appendix E, paragraph 3

Background information on credit ratings

Credit ratings are a key part of the Authority's investment strategy. The information below summarises some of the key features of credit ratings and why they are important.

What is a Credit Rating?

A credit rating is:

- An independent assessment of an organisation;
- It gauges the likelihood of getting money back on the terms it was invested;
- It is a statement of opinion, not statement of fact;
- They help to measure the risk associated with investing with a counterparty;

Who Provides / Uses Credit Ratings?

There are three main ratings agencies, all of which are used in the Authority's treasury strategy.

- Fitch
- Moody's Investor Services
- Standard & Poors

The ratings supplied by these agencies are used by a broad range of institutions to help with investment decisions, these include:

- Local Authorities;
- Other non-financial institutional investors;
- Financial institutions;
- Regulators;
- Central Banks;

Rating Criteria

There are many different types of rating supplied by the agencies. The key ones used by the Authority are ratings to indicate the likelihood of getting money back on terms invested. These can be split into two main categories:

- 'Short Term' ratings for time horizons of 12 months and less. These are generally the most important for local authorities, in the current climate.
- 'Long Term' ratings for time horizons of over 12 months. These are less important in the current climate.

In addition, the agencies issue sovereign, individual and support ratings which will also feed into the Council's Investment Strategy.

Rating Scales (Fitch, Moody's and Standard & Poors)

The table below shows how some of the higher graded short and long term ratings compare across the agencies, the top line represents the highest grade possible. Officers will liaise with the Council's treasury consultants (Butlers), who provide information relating to the appropriate gradings for the investment strategy.

Short Term			Long Term		
Fitch	Moody's	S&P	Fitch	Moody's	S&P
F1+	P-1	A-1+	AAA	Aaa	AAA
F1	P-1	A-1	AA	Aa2	AA
F2	P-2	A-2	A	A2	A

COUNCIL**Council Tax 2009/10
04 March 2009****Report of the Head of Financial Services****PURPOSE OF REPORT**

To approve 2009/10 Council Tax levels for the district, in accordance with the budget proposals approved by Council. On the basis that Council sets a revenue budget of £23.999M, in line with its previous resolutions regarding a 4% Council Tax increase in next year, there are no alternatives to the recommendations as set out below.

This report is public.

RECOMMENDATIONS

- (1) That the total General Fund Revenue Budget for the financial year 2009/10 be set at £24,513,633.00. (City Council £23,999,000 plus Parish Precepts £514,633).

- (2) That it be noted that, under delegated powers in accordance with the Local Government Act 2003 Section 84, the City Council calculated the following amounts for the year 2009/10 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) made under Section 33(5) of the Local Government Finance Act 1992:
 - (a) 43,200.00 being the amount of its Council Tax Base for the whole District;
 - (b) 17,291.49 being the amount of its Council Tax Base for the non-parished part of the District; and

(c)	Parish	Tax Base	Parish	Tax Base
	Arkholme-with-Cawood	156.90	Over Kellet	345.45
	Bolton-le-Sands	1647.99	Over Wyresdale	120.68
	Borwick	92.53	Overton	381.35
	Burrow-with-Burrow	89.31	Priest Hutton	94.09
	Cantsfield	55.59	Quernmore	230.02
	Carnforth	1759.18	Roeburndale	23.32
	Caton-with-Littledale	1060.61	Scotforth	132.08
	Claughton	57.04	Silverdale	786.16
	Cockerham	231.18	Slyne-with-Hest	1352.56
	Ellel	935.13	Tatham	207.71
	Gressingham	81.64	Thurnham	245.20
	Halton-with-Aughton	885.98	Tunstall	64.04
	Heaton-with-Oxcliffe	760.93	Warton	899.32
	Hornby-with-Farleton	339.80	Wennington	56.37
	Ireby and Leck	112.25	Whittington	163.02
	Melling-with-Wrayton	149.76	Wray-with-Botton	215.32
	Middleton	217.00	Yealand Conyers	109.94
	Morecambe Parish Council	11418.70	Yealand Redmayne	153.87
	Nether Kellet	276.49		

being the amounts of the Council Tax Base for each Parish within the District.

- (3) That the following amounts be now calculated by the City Council for the year 2009/10 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
- (a) £95,852,833 being the aggregate of the amounts which the City Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.
 - (b) £71,339,200 being the aggregate of the amounts which the City Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.
 - (c) £24,513,633 being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the City Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
 - (d) £15,993,940 being the aggregate of the sums which the City Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant and Collection Fund balances.
 - (e) £197.22 being the amount at 4(c) above less the amount at 4(d) above, all divided by the amount at 3(a) above, calculated by the City Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
 - (f) £514,633 being the aggregate amount of special items referred to in Section 34(1) of the Act.
 - (g) £185.31 being the amount at 4(e) above less the result given by dividing the amount at 4(f) above by the relevant amount at 3(a) above, calculated by the City Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year without special items.

- (h) £185.31 being the amount given by adding to the amount at 4(g) above the amount of the special item or items relating to dwellings in the non-Parished part of the District, divided by the amount at 3(b) above, calculated by the City Council, in accordance with Section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in the non-Parished part of the District to which one or more special items relate.

(i)

Parish	Tax Rate £	Parish	Tax Rate £
Arkholme-with-Cawood	206.15	Over Kellet	208.47
Bolton-le-Sands	205.12	Over Wyresdale	201.88
Borwick	196.12	Overton	211.65
Burrow-with-Burrow	202.11	Priest Hutton	206.57
Cantsfield	190.89	Quernmore	198.35
Carnforth	203.50	Roeburndale	185.31
Caton-with-Littledale	201.53	Scotforth	196.90
Cloughton	208.10	Silverdale	210.22
Cockerham	211.70	Slyne-with-Hest	206.53
Ellel	202.42	Tatham	204.09
Gressingham	197.56	Thurnham	204.07
Halton-with-Aughton	214.16	Tunstall	193.12
Heaton-with-Oxcliffe	196.48	Warton	203.04
Hornby-with-Farleton	210.91	Wennington	222.12
Ireby and Leck	210.40	Whittington	205.55
Melling-with-Wrayton	237.69	Wray-with-Botton	215.50
Middleton	208.35	Yealand Conyers	198.95
Morecambe Parish Council	204.62	Yealand Redmayne	209.36
Nether Kellet	208.82		

being the amounts given by adding to the amount at 4(g) above the amounts of the special item or items relating to dwellings in those parts of the District mentioned above, divided in each case by the relevant amount at 3(c) above, calculated by the City Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the District to which one or more special items relate.

(j) VALUATION BANDS

Area	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Non Parished Area	123.54	144.13	164.72	185.31	226.49	267.67	308.85	370.62
Arkholme-with-Cawood	137.43	160.34	183.24	206.15	251.96	297.77	343.58	412.30
Bolton-le-Sands	136.75	159.54	182.33	205.12	250.70	296.28	341.87	410.24
Borwick	130.75	152.54	174.33	196.12	239.70	283.28	326.87	392.24
Burrow-with-Burrow	134.74	157.20	179.65	202.11	247.02	291.94	336.85	404.22
Cantsfield	127.26	148.47	169.68	190.89	233.31	275.73	318.15	381.78
Carnforth	135.67	158.28	180.89	203.50	248.72	293.94	339.17	407.00
Caton-with-Littledale	134.35	156.75	179.14	201.53	246.31	291.10	335.88	403.06
Cloughton	138.73	161.86	184.98	208.10	254.34	300.59	346.83	416.20
Cockerham	141.13	164.66	188.18	211.70	258.74	305.79	352.83	423.40
Ellel	134.95	157.44	179.93	202.42	247.40	292.38	337.37	404.84
Gressingham	131.71	153.66	175.61	197.56	241.46	285.36	329.27	395.12
Halton-with-Aughton	142.77	166.57	190.36	214.16	261.75	309.34	356.93	428.32
Heaton-with-Oxcliffe	130.99	152.82	174.65	196.48	240.14	283.80	327.47	392.96
Hornby-with-Farleton	140.61	164.04	187.48	210.91	257.78	304.65	351.52	421.82
Ireby and Leck	140.27	163.64	187.02	210.40	257.16	303.91	350.67	420.80
Melling-with-Wrayton	158.46	184.87	211.28	237.69	290.51	343.33	396.15	475.38
Middleton	138.90	162.05	185.20	208.35	254.65	300.95	347.25	416.70
Morecambe Parish Council	136.41	159.15	181.88	204.62	250.09	295.56	341.03	409.24
Nether Kellet	139.21	162.42	185.62	208.82	255.22	301.63	348.03	417.64
Over Kellet	138.98	162.14	185.31	208.47	254.80	301.12	347.45	416.94
Over Wyresdale	134.59	157.02	179.45	201.88	246.74	291.60	336.47	403.76
Overton	141.10	164.62	188.13	211.65	258.68	305.72	352.75	423.30
Priest Hutton	137.71	160.67	183.62	206.57	252.47	298.38	344.28	413.14
Quernmore	132.23	154.27	176.31	198.35	242.43	286.51	330.58	396.70
Roeburndale	123.54	144.13	164.72	185.31	226.49	267.67	308.85	370.62
Scotforth	131.27	153.14	175.02	196.90	240.66	284.41	328.17	393.80
Silverdale	140.15	163.50	186.86	210.22	256.94	303.65	350.37	420.44
Slyne-with-Hest	137.69	160.63	183.58	206.53	252.43	298.32	344.22	413.06
Tatham	136.06	158.74	181.41	204.09	249.44	294.80	340.15	408.18
Thurnham	136.05	158.72	181.40	204.07	249.42	294.77	340.12	408.14
Tunstall	128.75	150.20	171.66	193.12	236.04	278.95	321.87	386.24
Warton	135.36	157.92	180.48	203.04	248.16	293.28	338.40	406.08
Wennington	148.08	172.76	197.44	222.12	271.48	320.84	370.20	444.24
Whittington	137.03	159.87	182.71	205.55	251.23	296.91	342.58	411.10
Wray-with-Botton	143.67	167.61	191.56	215.50	263.39	311.28	359.17	431.00
Yealand Conyers	132.63	154.74	176.84	198.95	243.16	287.37	331.58	397.90
Yealand Redmayne	139.57	162.84	186.10	209.36	255.88	302.41	348.93	418.72

being the amounts given by multiplying the relevant amount at 4(h) or 4(i) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the City Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into

account for the year in respect of categories of dwellings listed in different valuation bands.

- (4) That it be noted that for the year 2009/10 the Lancashire County Council, the Lancashire Police Authority and the Lancashire Fire Authority have stated the following amounts in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

<i>Valuation Band</i>	<i>Lancashire County Council £</i>	<i>Lancashire Police Authority £</i>	<i>Lancashire Fire Authority £</i>
A	738.87	94.72	41.61
B	862.01	110.51	48.54
C	985.16	126.29	55.48
D	1,108.30	142.08	62.41
E	1,354.59	173.65	76.28
F	1,600.88	205.23	90.15
G	1,847.17	236.80	104.02
H	2,216.60	284.16	124.82

- (5) That, having calculated the aggregate in each case of the amounts at 4(j) and 5 above the City Council, in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the following amounts as the amounts of Council Tax for the year 2009/10 for each of the categories of dwellings below:

Area	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
Non Parished Area	998.74	1,165.19	1,331.65	1,498.10	1,831.01	2,163.93	2,496.84	2,996.20
Arkolme-with-Cawood	1,012.63	1,181.40	1,350.17	1,518.94	1,856.48	2,194.03	2,531.57	3,037.88
Bolton-le-Sands	1,011.95	1,180.60	1,349.26	1,517.91	1,855.22	2,192.54	2,529.86	3,035.82
Borwick	1,005.95	1,173.60	1,341.26	1,508.91	1,844.22	2,179.54	2,514.86	3,017.82
Burrow-with-Burrow	1,009.94	1,178.26	1,346.58	1,514.90	1,851.54	2,188.20	2,524.84	3,029.80
Cantsfield	1,002.46	1,169.53	1,336.61	1,503.68	1,837.83	2,171.99	2,506.14	3,007.36
Carnforth	1,010.87	1,179.34	1,347.82	1,516.29	1,853.24	2,190.20	2,527.16	3,032.58
Caton-with-Littledale	1,009.55	1,177.81	1,346.07	1,514.32	1,850.83	2,187.36	2,523.87	3,028.64
Cloughton	1,013.93	1,182.92	1,351.91	1,520.89	1,858.86	2,196.85	2,534.82	3,041.78
Cockerham	1,016.33	1,185.72	1,355.11	1,524.49	1,863.26	2,202.05	2,540.82	3,048.98
Ellel	1,010.15	1,178.50	1,346.86	1,515.21	1,851.92	2,188.64	2,525.36	3,030.42
Gressingham	1,006.91	1,174.72	1,342.54	1,510.35	1,845.98	2,181.62	2,517.26	3,020.70
Halton-with-Aughton	1,017.97	1,187.63	1,357.29	1,526.95	1,866.27	2,205.60	2,544.92	3,053.90
Heaton-with-Oxcliffe	1,006.19	1,173.88	1,341.58	1,509.27	1,844.66	2,180.06	2,515.46	3,018.54
Hornby-with-Farleton	1,015.81	1,185.10	1,354.41	1,523.70	1,862.30	2,200.91	2,539.51	3,047.40
Ireby and Leck	1,015.47	1,184.70	1,353.95	1,523.19	1,861.68	2,200.17	2,538.66	3,046.38
Melling-with-Wrayton	1,033.66	1,205.93	1,378.21	1,550.48	1,895.03	2,239.59	2,584.14	3,100.96
Middleton	1,014.10	1,183.11	1,352.13	1,521.14	1,859.17	2,197.21	2,535.24	3,042.28
Morecambe Parish Council	1,011.61	1,180.21	1,348.81	1,517.41	1,854.61	2,191.82	2,529.02	3,034.82
Nether Kellet	1,014.41	1,183.48	1,352.55	1,521.61	1,859.74	2,197.89	2,536.02	3,043.22
Over Kellet	1,014.18	1,183.20	1,352.24	1,521.26	1,859.32	2,197.38	2,535.44	3,042.52
Over Wyresdale	1,009.79	1,178.08	1,346.38	1,514.67	1,851.26	2,187.86	2,524.46	3,029.34
Overton	1,016.30	1,185.68	1,355.06	1,524.44	1,863.20	2,201.98	2,540.74	3,048.88
Priest Hutton	1,012.91	1,181.73	1,350.55	1,519.36	1,856.99	2,194.64	2,532.27	3,038.72
Quernmore	1,007.43	1,175.33	1,343.24	1,511.14	1,846.95	2,182.77	2,518.57	3,022.28
Roeburndale	998.74	1,165.19	1,331.65	1,498.10	1,831.01	2,163.93	2,496.84	2,996.20
Scotforth	1,006.47	1,174.20	1,341.95	1,509.69	1,845.18	2,180.67	2,516.16	3,019.38
Silverdale	1,015.35	1,184.56	1,353.79	1,523.01	1,861.46	2,199.91	2,538.36	3,046.02
Slyne-with-Hest	1,012.89	1,181.69	1,350.51	1,519.32	1,856.95	2,194.58	2,532.21	3,038.64
Tatham	1,011.26	1,179.80	1,348.34	1,516.88	1,853.96	2,191.06	2,528.14	3,033.76
Thurnham	1,011.25	1,179.78	1,348.33	1,516.86	1,853.94	2,191.03	2,528.11	3,033.72
Tunstall	1,003.95	1,171.26	1,338.59	1,505.91	1,840.56	2,175.21	2,509.86	3,011.82
Warton	1,010.56	1,178.98	1,347.41	1,515.83	1,852.68	2,189.54	2,526.39	3,031.66
Wennington	1,023.28	1,193.82	1,364.37	1,534.91	1,876.00	2,217.10	2,558.19	3,069.82
Whittington	1,012.23	1,180.93	1,349.64	1,518.34	1,855.75	2,193.17	2,530.57	3,036.68
Wray-with-Botton	1,018.87	1,188.67	1,358.49	1,528.29	1,867.91	2,207.54	2,547.16	3,056.58
Yealand Conyers	1,007.83	1,175.80	1,343.77	1,511.74	1,847.68	2,183.63	2,519.57	3,023.48
Yealand Redmayne	1,014.77	1,183.90	1,353.03	1,522.15	1,860.40	2,198.67	2,536.92	3,044.30

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None directly arising.

FINANCIAL IMPLICATIONS

The report is in accordance with the 2009/10 tax base and budget requirements.

The Council Tax increases for each element of the basic Band D Council Tax, together with their respective annual increases, are show below :

	2008/09	2009/10	
	£	£	%
Lancashire County Council	1,077.06	1,108.30	2.90
Lancashire Police Authority	135.96	142.08	4.50
Lancashire Fire Authority	60.16	62.41	3.74
Lancaster City Council	178.17	185.31	4.00
	<u>1,451.35</u>	<u>1,498.10</u>	3.22

Note that for comparative purposes, the Lancaster City Council increase shown relates to the basic City Council Tax rate excluding local precepts. This is the rate that the Secretary of State is expected to consider when considering capping. Actual year on year increases will vary, because of the recent abolition of Special Expenses from 2009/10 onwards.

DEPUTY SECTION 151 OFFICER'S COMMENTS

The deputy S151 Officer has been consulted and has no comments to add.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no observations to make on this report.

DEPUTY MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Precept notices 2009/10

Contact Officer: Nadine Muschamp

Telephone: 01524 582117

E-mail: nmuschamp@lancaster.gov.uk

Ref:

Council

Support to Morecambe Parish Council

4th March 2009

Report of the Chief Executive

PURPOSE OF REPORT

To consider requests from the Morecambe Town Council Working Group for the City Council to provide support to the future Morecambe Parish Council

This report is public

RECOMMENDATION

- (1) That consideration be given to the following requests made by the Elected Member Working Group that the City Council:
 - (a) allow Morecambe Parish Council (and its committees) to meet, free of charge, in Morecambe Town Hall
 - (b) consider the possible provision of clerical assistance to the new Parish Council, if requested and at cost, from 1st April until such time as they are able to recruit a Parish Clerk. Full details to be negotiated with the Chief Executive.
 - (c) retain the precept income until such time as the elected Parish Council can establish a bank account (which will probably be after the elections on 4th June 2009)
- (2) That consideration be given to the options contained in paragraph 2.4 relating to the future of the PCSO's in Morecambe.

1.0 Introduction

- 1.1 The Order relating to the establishment of a Parish and the election of a Parish Council for Morecambe was approved at the last meeting of Council and will be effective from 1st April, 2009.
- 1.2 Whilst all previous reports have referred to a "Town Council" for Morecambe the legislation requires the word "Parish" to be used. However, Morecambe Parish Council will be able, at their first meeting following the election, by resolution, to change the name to Morecambe Town Council

- 1.3 In considering the potential operation of the Parish Council in order to estimate a reasonable budget, a number of other issues were discussed by the Working Group who agreed the following recommendations:

That the City Council be requested:

- (a) To allow Morecambe Parish Council (and its committees) to meet, free of charge, in Morecambe Town Hall
 - (b) To hold two 'Prospective Councillor' training events at Morecambe Town Hall during April, 2009 for members of the public wishing to stand for election to the Parish Council
 - (c) To maintain the existing Working Group until the "Shadow Parish Council" is inaugurated on 1st April, 2009.
 - (d) To consider the possible provision of clerical assistance to the new Parish Council, if requested and at cost, from 1st April until such time as they are able to recruit a Parish Clerk. Full details to be negotiated with the Chief Executive.
 - (e) To retain the precept income until such time as the elected Parish Council can establish a bank account (which will probably be after the elections on 4th June, 2009)
- 1.4 With regard to (b) above, the City Council would not normally hold events for prospective election candidates this year as these will be run by the County Council. They have previously been held for Parish candidates and the request would meet the obligations now placed on the City Council to promote electoral participation and are considered best practice. The minimal cost of the events can be contained within existing budgets and the City Council agreed to this request at its meeting on 4th February.
- 1.5 It was also agreed to maintain the existing Working Group as set out in (c) above should any issues require discussion prior to 1st April, 2009 when the Shadow Parish Council will be established.

2.0 Proposals

2.1 Use of Morecambe Town Hall

- 2.1.1 Parish Councils are required to meet a minimum of four times a year one of which must be the Annual Meeting. However, it is anticipated that a parish the size of Morecambe would wish to meet, on average, at least once per month as a full council and may have additional committee meetings to deal with matters such as planning.
- 2.1.2 The cost for the use of Morecambe Town Hall for meetings of this nature would be £40 for the first two hours and £17 per hour thereafter.
- 2.1.3 Currently Heaton-with-Oxcliffe Parish Council and the Morecambe Neighbourhood Council hold their meetings in Morecambe Town Hall without charge. However, Cabinet, as part of the Budget proposals to Council, have requested a review of the existing charging policy with the intention of breaking even on bookings. Such free usage will be considered as part of that review.

- 2.1.4 Option 1 – to allow Morecambe Parish Council free use of Morecambe Town Hall for its meetings.
- 2.1.5 Option 2 – to allow Morecambe Parish Council free use of Morecambe Town Hall for its meetings for 2009/10, pending the outcome of the review of room hire charges.
- 2.1.6 Option 3 – to charge Morecambe Parish Council for the use of Morecambe Town Hall.
- 2.1.7 Officers preferred option is option 3.

2.2 Provision of Clerical Assistance

- 2.2.1 The Working Group has asked the City Council to consider the possible provision of clerical assistance to the new Parish Council, if requested and at cost, from 1st April until such time as they are able to recruit a Parish Clerk.
- 2.2.2 The City Council is required to provide support to the Working Group until the “Shadow Council” comes into force on 1st April, 2009 and it is normal practice for the principal Authority to provide support to the Shadow Council up to and including the first Annual meeting after the elections to ensure that the meeting is legally convened and newly elected Councillors understand their obligations.
- 2.2.3 Option 1 – Offer clerical support for the first three months from 1st April 2009 until after the election and the Annual Meeting at a cost to be determined by the Chief Executive to reflect the actual cost to the City Council of any work carried out in support of the Parish Council.
- 2.2.4 Option 2 - Offer clerical support until such time as the new Morecambe Parish Council is able to recruit a suitable Parish Clerk at a cost to be determined by the Chief Executive, to reflect the actual cost to the City Council of any work carried out in support of the Parish Council.
- 2.2.5 Option 3 – Offer no clerical support to the Shadow Parish Council or the new Morecambe Parish Council.
- 2.2.6 Officers’ preferred option is Option 1 although it may be possible to further assist by identifying a willing volunteer to continue in the role of temporary clerk in their own time should there be a delay in making a permanent appointment.

2.3 Precept Income

- 2.3.1 The Working Group has requested that the City Council retain the precept income until such time as the elected Parish Council can establish a bank account (which will probably be after the elections on 4th June, 2009)
- 2.3.2 The precept for the Morecambe Parish Council, under current arrangements, becomes payable on 1st April, 2009. However, it is only on that date that the “Shadow Parish Council” comes into being. Whilst the “shadow” has full powers of a parish council it is unlikely to exercise many; its main role will be to arrange for the first meeting of the new Council and the promotion of the forthcoming election. It is

unlikely that they would want to fetter the new council by establishing a bank account and the relevant signatories before the election.

2.3.3 Option 1 – With the agreement of the Shadow Morecambe Parish Council to retain the precept sum until such time as the new Parish Council has established a bank account. No interest would be payable.

2.3.4 Option 2 – Pay the precept to the Shadow Parish Council as soon as it has established a bank account.

2.3.5 The Officer preferred option is option 1.

2.4 Employment of PCSO's

2.4.1 The Working Group, comprising the Ward Councillors for the area to be included in the Parish Council, considered the potential budget for the Parish Council and the majority of members agreed that whilst setting a very basic precept would allow the Council to function in the initial twelve months it would also fetter their ability to explore all expenditure options. Furthermore it was felt that the principle of enabling the new Parish Council to look at providing 'added value' to some existing services provided by the City Council should underpin the calculation of a 'reasonable' budget.

2.4.2 A precept was therefore set which would provide a working budget of £220,500 for 2009/10. However, the Working Group was fully aware that setting a budget and precept in no way committed the new Parish Council to either expend that level of monies for the year nor the specific budget heads that made up the precept.

2.4.3 Included in the draft proposals was a sum of £44,000 for the provision of PCSOs in the Parish. This was in an endeavour to retain the four existing PCSOs that have been working in the Poulton and West End areas of Morecambe for a number of years. The loss of funding for these regeneration areas in 2009/10 would result in these four PCSOs being relocated elsewhere in the County. (Previously PCSOs were 2/3rds funded by the Home Office and 1/3rd by the City Council using Area Based Grant, which Council have currently allocated to help bridge the revenue budget funding gap).

2.4.4 Whilst no explicit request has been made to the City Council, Members are requested to consider the issue of retaining the PCSOs during the period from 1st April until 30th June to enable the Morecambe Parish Council to make a decision on their future provision following the election.

2.4.5 The retention of the four PCSOs beyond the 31st March, 2009 will, if the new Morecambe Parish Council agree to continue meeting the costs of £44,000 per annum, enable the continuance of the current funding arrangements and government financial assistance.

2.4.6 There will be a cost of approximately £11,000 to retain the PCSOs until 30th June, 2009. There is no provision to meet this cost contained in the Cabinet budget recommendations and the cost will therefore need to be met by Morecambe Parish Council.

2.4.7 Option 1 – the City Council can agree to retain the PCSOs beyond 31st March, 2009 and as soon as possible after 1st April the Shadow Morecambe Town Council be requested to make a decision as to whether they wish to fund the PCSOs to 30th

June at a cost of £11,000 (to enable the elected Parish Council to take the decision for the period after that date).

2.4.8 Option 2 – the City Council takes no action and the employment of the PCSOs terminates on 31st March 2009, leaving the Parish Council to consider any future employment in due course. Such future employment would be a new arrangement and the Parish Council would probably have to meet the full costs of such appointments.

2.4.9 Officers' preferred option is option 1.

2.5 General

2.5.1 The City Council will establish a Shadow Parish Council to make initial plans and decisions for the commencement of the new Parish Council. This will comprise the City Council Ward Councillors for the area of the new Parish Council. As stated earlier the Shadow Council will have full decision-making powers and can co-opt other members if desired. However, no decisions are binding on the new Parish Council once it has been elected, although it will be constrained by the funding level set. It would be unusual for a shadow parish council to make any financial commitments on behalf of the new parish council on services to be provided, but may make some 'small scale' decisions such as when and where to hold the first Annual Meeting after the elections.

3.0 Conclusion

The City Council is requested to consider the various options contained in the report.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The proposal for a parish for Morecambe is in accordance with Council's policy which highlights its strong commitment to Town and Parish Councils as a means of addressing the UK democratic deficit and affording local people a greater say on how their localities are shaped.

FINANCIAL IMPLICATIONS

Support to a shadow Town Council will have resource implications in Democratic, Legal and Financial Services which may affect progress with other pieces of work contained within the respective Business Plans. In particular the requirement to service the Shadow Council and steer the implementation of the new Town Council, at the same time as preparations for the combined elections, may affect progress in other areas or result in a reduced level of service in Democratic Services – such as reduced support to Overview & Scrutiny Task Groups and/or Cabinet Liaison Groups or a reduction in member development support.

The financial implications of the specific requests are set out in each section of paragraph 2 in the report:

1. Free use of Morecambe Town Hall – there may be staffing and heating/lighting costs to keeping the building open in the evenings if meetings are held when the building would otherwise have been closed. The officer preferred option seeks to include this proposal within a planned review of the usage of Morecambe Town Hall and detailed costs will be

reported at that time - see above.

2. Provision of Clerical Assistance – the officer preferred option will ensure that appropriate support and advice is provided to the new Parish Council at no cost to the City Council.
3. Retention of Precept Income – there is no cost to the City Council in respect of this request.
4. Employment of PCSOs – the officer preferred option allows the retention of the existing PCSOs until the Shadow Council and subsequently the newly elected Morecambe Town Council can make a decision on their future but at no cost to the City Council. There remains a small risk to the City Council should the Shadow Council not agree to the proposal in that the City Council would be liable for the cost from 1st April to the date of the Shadow Council meeting. In this case however the City Council would terminate the funding with immediate effect and therefore any costs would be very small.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

The City Council has created a new Parish and established a Parish Council in Morecambe under Chapter 3 of the Local Government and Public Involvement in Health Act 2007.

Regulation 3 of the Local Government Finance (New Parishes) (England) Regulations 2008 provides for the City Council to set a precept on behalf of the newly established parish.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Notes of meetings of the Morecambe Town Council Working Group – 6th, 13th and 19th January 2009

Contact Officer: Gillian Noall

Telephone: 01524 582060

E-mail: gnoall@lancaster.gov.uk

Ref:

CABINET

10.00 A.M.

17TH FEBRUARY 2009

PRESENT:- Councillors Abbott Bryning (Chairman), Evelyn Archer, Jon Barry, Eileen Blamire, Susie Charles, Jane Fletcher, John Gilbert, David Kerr and Roger Mace

Apologies for Absence

Councillor Shirley Burns

Officers in attendance:-

Mark Cullinan	Chief Executive
Peter Loker	Corporate Director (Community Services)
Roger Muckle	Corporate Director (Finance and Performance)
Nadine Muschamp	Head of Financial Services and Section 151 Officer
Graham Cox	Head of Property Services (part)
David Owen	Head of Cultural Services
Andrew Clarke	Accountancy Services Manager
Debbie Chambers	Principal Democratic Support Officer

135 MINUTES

The minutes of the meeting held on 20th January 2009 were signed by the Chairman as a correct record.

136 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

The Chairman advised that there were no items of urgent business.

137 DECLARATIONS OF INTEREST

Councillor Gilbert declared a personal and prejudicial interest with regard to the Financial Support to External Organisations report, in view of his role as a member of the Citizens Advice Bureau (CAB) (Minute 151 refers).

Councillor Fletcher declared a personal and prejudicial interest in the the Financial Support to External Organisations report, report item as far as it related to the Arnside and Silverdale AONB in view of her involvement with Arnside and Silverdale AONB (Minute 151 refers).

Councillor Archer declared a personal and prejudicial interest with regard to the Revenue and Capital Programme report, should the Winter Gardens be discussed, in view of her involvement with the Winter Gardens, Morecambe (Minute 150 refers).

138 PUBLIC SPEAKING

Members were advised that there had been a request to speak at the meeting from a member of the public in accordance with Cabinet's agreed procedure, as set out in Cabinet Procedure Rule 2.7, with regard to West End Housing Exemplar Project – Chatsworth Gardens (Minute 139 refers). However, the request had subsequently been withdrawn.

The Chairman advised that he had also agreed to two Ward Members speaking at the meeting upon the report regarding West End Housing Exemplar Project - Chatsworth Gardens (Minute 139 refers). Councillors Hanson and Robinson both addressed the meeting in support of the project.

139 WEST END HOUSING EXEMPLAR PROJECT - CHATSWORTH GARDENS

(Cabinet Members with Special Responsibility Councillors Archer and Kerr)

The Corporate Director (Regeneration) submitted a report to provide Cabinet with an update regarding the delivery of the Chatsworth Gardens West End Housing Exemplar Project.

The options, options analysis, including risk assessment, were set out in the report as follows:

Taking all the information to hand, and following a further officer meeting with HCA, a request has been received advising that HCA are prepared to consider possible funding options for the "new build" scheme, on the proviso that Member support is sought in principle to the scheme (see email Appendix C). This, therefore, provides for the following options:-

Option 1

That Members support, in principle, the future delivery of a "new-build" Exemplar scheme at Chatsworth Gardens, in line with the development process that the City Council has been party to, on the proviso that HCA provide sufficient funding to secure the developer, Places for People, signing a Development Agreement which will contribute £1,239,300 to acquisition costs, and that HCA also provide interim support for the £1,379,000 capital receipts monies which will result from the City Council undertaking its best endeavours "to dispose of assets currently held by the City Council, which are "outside" of the Exemplar Scheme".

Table 1 – Financial Costs

The projected financial cost of this option will remain largely as reported to Cabinet on the 11th November, with the main differences being:

- The transfer of £62,200 contingency from the Surveyors / Valuations & Contingency, into Property Holding costs. This does not alter the total cost of the project, and
- The funding allocation between Capital and Revenue as shown in Table 2. The shortfall in the Capital funding would be met from a contribution from

the revenue allocation, with the overall project cost being contained within the total available funding.

A summary of the indicative costs and funding are set out in the tables below.

Capital Costs	(£)
Remaining property acquisitions including Compensation and Disturbance	4,810,000
Less Developer Bid – Places for People	<u>(1,239,300)</u>
Net Cost of Property Acquisition	3,570,700
Contingency	209,000
Surveyors/ Valuations & Conveyancing Costs.	33,600
Total Capital	3,813,300
Revenue Costs	
CPO Legal Advice	49,200
Property Holding Costs	148,200
Delivery Team	150,600
Total Revenue Costs	348,000
GRAND TOTAL	4,161,300

Table 2 - Funding

Capital Funding	(£)
EP Deed of Variation	2,200,200
Resale of Existing Property	1,379,500
Illuminations Depot Receipt	200,000
Total Capital	3,779,700
Revenue Funding	
EP Deed of Variation	242,600
Rental Income	139,000
Total Revenue Funding	381,600
Total	4,161,300

Operational Risk	Financial Risk	Legal Risk	Benefits
The City Council must ensure the effective property management of all the properties currently acquired as part of the Exemplar scheme, and as soon as contracts are in place, must ensure a robust management plan is in place to manage the said properties up until	Subject to all appropriate funding being in place to acquire the remaining properties, a robust financial plan will need to be in place to manage the “property management plan” for the scheme, and the revised funding agreement with HCA	The City Council must ensure that it has robust legal arrangements in place to ensure the Developer is contractually committed to the scheme, and at the same time, any legal agreements are made with HCA	The City Council is seen to be proactive with the community and its funders to finding a positive solution in current economically challenging times.

<p>all the properties have been acquired (either by agreement or compulsory purchase order).</p>	<p>will reflect such costs.</p> <p>As an interim provision, funds will need to be made available to cover the holding costs of the properties, as current funding for this expires on 31st March 2009. These costs are contained within Table 1 and will be covered, should option 1 be approved. It is estimated that up to £66,000 of the £148,200 would need to be allocated, within the first quarter of 2009/10.</p>	<p>to accept further funding for the scheme.</p>	
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Option 2

The City Council does not approve in principle the revised proposal to deliver a “new build” Exemplar scheme in line with the Development process that has been carried out.

Operational Risk	Financial Risk	Legal Risk	Benefits
<p>To proceed with this option would leave the City Council with ownership of residential properties to which no funding would immediately be available to progress an alternative scheme. The failure to deliver this would also significantly affect the delivery of a significant element of the West End Masterplan. A property management plan will also need to be put in place to assure the on-going safety of the public and buildings.</p>	<p>Should the City Council agree to not progress the “new build” Exemplar scheme, cost will be incurred in managing the currently vacant buildings acquired for the Exemplar scheme for example the holding costs alone are currently estimated at £66K per annum, and such costs could not be re-charged to HCA as there is currently no contractual funding agreement in place after 31 March 2009 to accommodate these costs.</p> <p>The City Council</p>	<p>The legal advice sought on this matter is that, technically, because a Development Agreement has not been signed, there is currently a breach of the 2005 Funding Agreement with HCA. Should the Council not wish to pursue the HCA option of progressing with the “new build” Exemplar project, then further work will be required to seek an appropriate legal framework to exit the project (see legal advise, Appendix A).</p> <p>It should also be</p>	<p>Given current economic climate, and the City Council’s current financial position, it is difficult to advise Members of what benefits there would be in not progressing the “new build” Exemplar scheme.</p>

	<p>would then need to incur costs of re-appraising what progress, which are currently not provided for within the City Council's Capital and Revenue programmes, particularly with the threat of "Critchell Down" (see legal risk).</p>	<p>noted that further work will also need to be carried out to assess the implications of the "Critchell Down" rules in this matter.</p>	
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With regard both these options, it should be noted that the financial data used is based on 2008 figures. Subject to Cabinet decision, these will be revisited and a further report will be submitted to Cabinet regarding the proposed funding agreement with HCA.

The officer preferred option is Option 1.

It was moved by Councillor Kerr and seconded by Councillor Archer:-

"(1) That Members support, in principle, the future delivery of a "new-build" Exemplar scheme at Chatsworth Gardens, in line with the development process that the City Council has been party to, on the proviso that HCA provide sufficient funding to secure the developer, Places for People, signing a Development Agreement which will contribute £1,239,300 to acquisition costs, and that HCA also provide interim support for the £1,379,000 capital receipts monies which will result from the City Council undertaking its best endeavours "to dispose of assets currently held by the City Council, which are "outside" of the Exemplar Scheme."

By way of amendment, Councillor Mace proposed and Councillor Charles seconded:

"The Homes and Communities Agency has refused to enter dialogue with the City Council. Instead they demand support in principle for the current flawed project. This is unacceptable bullying. As Cabinet has not been provided with a costed option that is acceptable on both environmental and financial grounds (Cabinet Minute 89, Resolution 3, 11th November 2008) or a report setting out alternative options for the Council in place of a complete new-build (Cabinet Minute 89, Resolution 4, 11th November 2008), the information for taking the decision is incomplete and Cabinet resolves that officers communicate with the Homes and Communities Agency on a "without prejudice" basis as described in paragraph 2.20 in Appendix A of the report, to rectify the situation."

2 Members (Councillors Charles and Mace) voted in favour of the amendment, 5 Members (Councillors Archer, Blamire, Bryning, Gilbert and Kerr) voted against and 2 Members (Councillors Barry and Fletcher) abstained, whereupon the Chairman declared the amendment lost.

Members then voted on the substantive motion:-

Resolved:

(6 Members (Councillors Archer, Barry, Blamire, Bryning, Gilbert and Kerr) voted in favour, 2 Members (Councillors Charles and Mace) voted against and 1 Member (Councillor Fletcher) abstained).

- (1) That Members support, in principle, the future delivery of a “new-build” Exemplar scheme at Chatsworth Gardens, in line with the development process that the City Council has been party to, on the proviso that HCA provide sufficient funding to secure the developer, Places for People, signing a Development Agreement which will contribute £1,239,300 to acquisition costs, and that HCA also provide interim support for the £1,379,000 capital receipts monies which will result from the City Council undertaking its best endeavours “to dispose of assets currently held by the City Council, which are “outside” of the Exemplar Scheme.

Officer responsible for effecting the decision:

Corporate Director (Regeneration)

Reasons for making the decision:

The decision provides a way forward that will help manage the Council’s financial risk, whilst still delivering a regeneration scheme in economically challenging times.

140 PUBLIC TOILET REVIEW

(Cabinet Member with Special Responsibility Councillor Barry)

The Corporate Director (Community Services) submitted a report to provide options for toilet provision in 2009/10. In order to provide options that would have a budgetary impact in 2009/10 the report listed 14 toilets where there was immediate scope for review:-

West End (Regent Road) Morecambe
Toilets adjacent to the Dome- Morecambe
Heysham Village
Sunderland point
Glasson Dock
Cockerham
Silverdale
Warton
Red bank shore
Carnforth
Bolton Le Sands
Hest Bank
Bull Beck
Victoria Institute- Caton (cleaned by Council)

The options, options analysis, including risk assessment, were set out in the report as follows:

Option	Pros	Cons
1- status quo	Retains existing levels of toilet provision.	<ul style="list-style-type: none"> • Does nothing to meet requirements of MTFS. • Many of the toilets where City Council are in need of major repair, suffer from ongoing vandalism and are in exposed locations.
2- Mothball 14 toilets as listed in para 2.2 - from April 1 2009, with capital changes in para 2.4	<ul style="list-style-type: none"> • Provides a £100,000 per year saving to revenue budget. • Provides a £100,000 general capital budget, for future works (including any demolition). • Mothballing toilets allows for medium term / long term consideration of their future. • Allows other bodies the opportunity to consider taking over the ongoing running of the facility. • Many of these toilets are in need of major repair, suffer from ongoing vandalism and are in exposed locations. 	<ul style="list-style-type: none"> • Represents a significant service reduction and will be unpopular with many. • Mothballed public buildings are unsightly and can attract vandalism. • Although the facility is mothballed it will still incur some service / maintenance charges. • If at a future date the decision is taken to reopen or demolish the mothballed toilets there will obviously be further financial implications to consider, and these might not be fully covered by the £100K capital provision.
3- Mothball some toilets of the toilets in the list in para 2.2- from April 1 2009, with capital changes in para 2.4	<ul style="list-style-type: none"> • Would provide some savings to revenue budget. • As above. • Reduced service reduction. 	<ul style="list-style-type: none"> • The mothballing proposal of 14 toilets has been designed to generate the maximum saving from the resources that are used (eg staff, transport etc). Leaving some open would greatly reduce the saving as it would not be as efficient (ie. staff and a vehicle still have to be allocated to cleaning a reduced amount of toilets). • If at a future date the decision is taken to reopen or demolish the mothballed toilets again there will obviously be further financial implications to consider.
4- Community Toilet Pilot - from April 2009	<ul style="list-style-type: none"> • Retains levels of service provision. • Cheaper to run (Pilot, but assume £20,000 per annum). • Provides toilets that are clean, safe, located within managed buildings and available when 	<ul style="list-style-type: none"> • Businesses may not be willing to participate.

	<p>people need them.</p> <ul style="list-style-type: none"> • Will impact positively on the businesses that participate through an annual contribution, publicity and signage. • Using 2009/2010 as pilot year allows for time to assess effectiveness and then make recommendations for 2010/2011 	
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Because of the need to make savings the officer preferred option is option 2 (mothball 14 toilets as listed in para 2.2) combined with option 4 (Community Toilet Pilot). The effective date for this would be 1st April 2009.

It was moved by Councillor Barry and seconded by Councillor Archer:-

- “(1) That, with the exception of Bull Beck, the 13 toilets listed in the report (para 2.2) are ‘mothballed’ with effect from 1st April 2009 and the draft revenue budget is updated accordingly.
- (2) That the £26,000 savings options for Bull Beck are put into the budget process for consideration.
- (3) That the draft capital programme is updated to reflect the proposed changes highlighted in paragraph 2.4 of this report.
- (4) That a ‘Community Toilet’ scheme is put in place from April 2009 and that £20,000 is allocated to this in 2009/10.
- (5) That a further report is brought to Cabinet in 2009/10 to make further recommendations for the medium / long term future of these toilets and to make recommendations for the future of the ‘Community Toilet’ scheme. In the meantime, if Parish Councils express an interest in acquiring toilets in their Parish, Cabinet would support this.”

By way of an addendum to recommendation (1) regarding Bull Beck toilets, which was accepted as a friendly amendment by the mover and seconder of the original proposition, Councillor Gilbert proposed:

- “(1b) That officers explore, as far as possible, ways to reduce expenditure on Bull Beck toilets including the possibility of renewing the septic tank and looking at the possibility of locking the enclosure at night to reduce vandalism.”

By way of amendment, Councillor Mace proposed and Councillor Charles seconded:

- “(6) That discussions be commenced with Parish Councils to investigate the long term future of and funding of the public toilets situated in Parished Areas of the District, and that the outcome of these discussions be reported to Cabinet.”

2 Members (Councillors Charles and Mace) voted in favour of the amendment and 7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted against, whereupon the Chairman declared the amendment lost.

Members then voted on the substantive motion:-

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Charles and Mace) voted against).

- (1) That, with the exception of Bull Beck, the 13 toilets listed in the report (para 2.2) are 'mothballed' with effect from 1st April 2009 and the draft revenue budget is updated accordingly.
- (1b) That officers explore, as far as possible, ways to reduce expenditure on Bull Beck toilets including the possibility of renewing the septic tank and looking at the possibility of locking the enclosure at night to reduce vandalism.
- (2) That the £26,000 savings options for Bull Beck are put into the budget process for consideration.
- (3) That the draft capital programme is updated to reflect the proposed changes highlighted in paragraph 2.4 of this report.
- (4) That a 'Community Toilet' scheme is put in place from April 2009 and that £20,000 is allocated to this in 2009/10.
- (5) That a further report is brought to Cabinet in 2009/10 to make further recommendations for the medium / long term future of these toilets and to make recommendations for the future of the 'Community Toilet' scheme. In the meantime, if Parish Councils express an interest in acquiring toilets in their Parish, Cabinet would support this.

Officers responsible for effecting the decision:

Corporate Director (Community Services)
Head of City Council (Direct) Services

Reasons for making the decision:

The decision takes account of the "Community Toilet" example of best practice whilst also providing budgetary savings.

141 LANCASTER TOWN HALL CENTENARY

(Cabinet Member with Special Responsibility Councillor Burns)

The Head of Democratic Services submitted a report advising Cabinet of options for marking the centenary of the opening of Lancaster Town Hall in 1909.

The options, options analysis, including risk assessment, were set out in the report as follows:

Officers in Cultural Services, Democratic Services, Economic Development and Tourism and Property Services have worked together to develop the following options which can be delivered within existing resources as indicated:

Town Hall Tours

It is suggested that a series of enhanced tours of the Town Hall are arranged as part of the Heritage Open Day Tours on 12th/13th September and over the weekend of 25th/26th/27th September 2009 to coincide with the Lancaster Unlocked promotion being organised by the Heritage Group where events at museums and places of interest in the town are specially marketed and promoted for a particular weekend.

The intention is to widen the scope of the tours of this weekend to introduce an historical interpretation using an actor to play the role of Lord Ashton who will lead the tours as if he is showing members of the public around his new building, culminating in refreshments in the Mayors Parlour with the Mayor. A second actor playing the role of Mr Belcher, the Ashton Memorial Architect could also be used to tie in the celebration of 100 years of the Ashton Memorial in Williamson Park.

Charges are made for Town Hall Tours which cover the cost of opening the building. Funding for the additional costs of hiring a 'Lord Ashton' would need to be identified and refreshments could be provided from the Mayoral Functions budget. Savings can be made on events within the Civic programme to provide additional funding for this purpose, eg. reductions in numbers invited to the Annual Council Mayor Making Lunch.

Guided Walks

A local blue badge guide could also be employed to lead Edwardian Lancaster (or 'Lord Ashton's Lancaster') themed guided walks on at least some of the Heritage open days & Lancaster Unlocked days referred to above.

Funding for the cost of these would also need to be identified.

Mayoral At Homes

The Mayoral At Homes event have previously taken place in May each year. However this year they have been moved for the first time and are due to be held in March 2009. If during 2009/10, these are held in January 2010 instead the At Home in Lancaster can be promoted to the public as replicating the open days held in January 1910 and a similar acted scenario using a Lord Ashton and Mr Belcher could be included.

Funding for the additional costs of staging the scenario would need to be identified. There would be no additional costs for refreshments other than those budgeted for on an annual basis.

Lancaster Fireworks Festival

It is suggested that the Fireworks in November 2009 be arranged around an Edwardian Theme, both during the day and in respect of the music in the evening.

Subject to approval of the proposed Festival programme, funding for this is included in the Cultural Services budget – there would be no additional costs.

Community Festival – Williamson Park

Subject to further approval of the 2009/10 budget process, a sum of £7,500 is provisionally allocated for holding events in the Park. This could be used to hold an Edwardian themed Fair in the Park, possibly alongside the Community Festival held for the past few years in which the Council participated for the first time in 2008. This would enable the public to look at Lancaster as it was 100 years ago alongside the Lancaster of today.

Community Leaders Event/Choral Concert

If funding can be identified, a community event could be organised in the Ashton Hall during December to be hosted by the Mayor. The Lancaster and District Male Voice Choir are interested in performing a concert with the support of Leyland Brass Band who are willing to provide the music for them. This choir performed a concert in the Ashton Hall 100 years ago and were the first public performance in the room. This could be arranged as a separate concert or as part of a Community Leaders Event.

Interest has also been expressed by the NCBI in Lancaster who have recently done a new Welcome poster for the Town Hall steps and it is suggested that the promotion of this could be timed and themed to mark the centenary.

Costs of organising a Community Leaders Event could be met from the as yet unallocated 2008/09 Area Based Grant Reserve for Community Cohesion. A separate concert would need to be a ticketed event and self financing.

Cabinet are requested to consider whether they wish to pursue any or all of the above options. Alternatively Cabinet may agree not to make any arrangements to mark the centenary of Lancaster Town Hall or the Ashton Memorial.

There is no Officer preferred option.

It was moved by Councillor Barry and seconded by Councillor Fletcher:-

“(1) That Cabinet approves the Mayoral ‘at homes’; Lancaster Firework Festival and Choral Concert in Ashton Hall to mark the centenary of the opening of Lancaster Town Hall.”

By way of amendment, which was accepted as a friendly amendment by the mover and seconder of the original proposition, Councillor Mace proposed and Councillor Charles seconded:

“That in order to mark the centenary of Lancaster Town Hall and the Ashton Memorial, arrangements be made for the following:

- (1) The Lancaster Fireworks Festival in November 2009 be arranged around an Edwardian Theme, both during the day and in respect of the music in the evening, subject to the approval of the proposed Festival programme as part of the 2009/10 budget process
- (2) That the Mayor for 2009/10 be requested to hold Mayoral 'at homes' in January 2010 to enable promotion of the Lancaster 'at homes' as replicating the open days held in January 1910 at no additional cost beyond that contained within the existing budget
- (3) The Mayor for 2009/10 be requested to consider holding the following events at a suitable time and appropriately themed to mark the celebration:
 - (a) Visit of Lancashire Civic Heads, subject to any decision on the funding of the 2009/10 civic programme as part of the budget process
 - (b) A Mayor's Ball/Charity Dinner.

Members then voted as follows:-

Resolved unanimously:

"That in order to mark the centenary of Lancaster Town Hall and the Ashton Memorial, arrangements be made for the following:

- (1) The Lancaster Fireworks Festival in November 2009 be arranged around an Edwardian Theme, both during the day and in respect of the music in the evening, subject to the approval of the proposed Festival programme as part of the 2009/10 budget process
- (2) That the Mayor for 2009/10 be requested to hold Mayoral 'at homes' in January 2010 to enable promotion of the Lancaster 'at homes' as replicating the open days held in January 1910 at no additional cost beyond that contained within the existing budget
- (3) The Mayor for 2009/10 be requested to consider holding the following events at a suitable time and appropriately themed to mark the celebration:
 - (a) Visit of Lancashire Civic Heads, subject to any decision on the funding of the 2009/10 civic programme as part of the budget process
 - (b) A Mayor's Ball/Charity Dinner.

Officers responsible for effecting the decision:

Chief Executive
Head of Democratic Services

Reason for making the decision:

The decision allows for a programme of events to mark the 100th anniversary of Lancaster Town Hall and the Aston Memorial, within existing resources.

142 PAY INFLATION AND EARLY TERMINATION OF EMPLOYMENT POLICIES

(Cabinet Member with Special Responsibility Councillor Bryning)

The Chief Executive submitted a report at the request of Councillor Mace, seeking Cabinet's views on pay inflation for 2009/10 and the application of Redeployment and Early Termination of Employment Policies. The Policies and the comments made by the North West Employers Organisation (NWEO) during its review of the Policies were attached to the report.

The options, options analysis, including risk assessment and officer preferred options, were set out in the report as follows:

Pay Inflation

- (a) Option 1 – Take no further action. The risk is that, at this stage, we do not know whether the National Agreement on pay inflation will match budget provision. However, it is not possible at this stage to estimate the outcome of national pay inflation.
- (b) Option 2 – Adjust the amount included in the budget. The City Council is already at the lower end of pay inflation assumptions, however, when compared with other authorities, and coupled with this, the Council is facing greater financial risks generally in terms of its budget proposals for next year, than has been the case in recent years.
- (c) Option 3 – Lobby National Employers to introduce a zero pay inflation increase across the Local Government workforce.
- (d) Option 4 – Begin negotiations to remove Lancaster City Council from the National Pay Agreement and instead agree an approach through local pay bargaining. This is a complex process and it is not possible to identify timescales. There is a high risk of industrial relations problems.

There is no specific preferred officer option, but Officers would not recommend Option 2, given the financial risks outlined above. Furthermore, Officers would not recommend Option 4 as being realistic within the timescales required for setting the 2009/10 revenue budget. Clearly, whilst the financial and budgetary aspects of pay are a matter for Cabinet, the terms and conditions on which staff are employed are a matter for the Personnel Committee, and if options 3 or 4 were to be pursued, then Personnel Committee should be involved.

Voluntary Redundancy

- (a) Option 1- Offer voluntary redundancy as an approach to people in posts "affected".
- (b) Option 2 – Offer voluntary redundancy to people in those Service areas "affected".

- (c) Option 3 – Offer the opportunity to apply for voluntary redundancy to all post holders apart from those in areas already identified as priorities. For example, refuse collection and street cleansing.
- (d) Option 4 – Offer the opportunity to apply for voluntary redundancy to all post holders.

The officer preferred options are 1 or 2. These approaches fall within the scope of the Council's Early Termination of Employment Policy, and represent least risk (including financial risk) to the Council, of all the options outlined. On the other hand, options 3 or 4 would require a review of the general approach set out in the Policy, and this would need to be considered by Personnel Committee as part of any review of the Policy.

Review of HR Policies

To request Personnel Committee to review its Redeployment Policy and Early Termination of Employment Policy. Officer comments on the work of the NWEO would be included in any report to Personnel Committee. Furthermore, if voluntary redundancy requests were sought in line with any of the options outlined above, the timing of such actions would need careful consideration, in view of any Policy review.

The three separate issues of Pay Inflation, Voluntary Redundancy and Review of HR Policies, as set out in the report, were considered in turn.

Regarding Pay Inflation, it was moved by Councillor Bryning and seconded by Councillor Blamire:-

- “(1) That Option 1 as set out in the report, to take no further action regarding pay Inflation, be approved.”

By way of amendment, Councillor Mace proposed and Councillor Charles seconded adding to the motion:-

- “(2) That Option 3, as set out in the report, to Lobby National Employers to introduce a zero pay inflation increase across the Local Government workforce, be approved.”

Upon being put to the vote, 2 Members voted in favour of the amendment (Councillors Charles and Mace) and 7 Members voted against (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) whereupon the Chairman declared the amendment lost.

Members then voted as follows on the original proposition:-

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Councillors Charles and Mace) voted against.)

- (1) That Option 1 as set out in the report, to take no further action regarding pay Inflation, be approved.

Regarding Voluntary Redundancy, Councillor Bryning proposed and Councillor Blamire seconded:-

“(2) That Option 2, as set out in the report, to offer voluntary redundancy to people in those service areas “affected” be approved.”

Members then voted:-

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Councillors Charles and Mace) abstained.

(2) That Option 2, as set out in the report, to offer voluntary redundancy to people in those service areas “affected” be approved.

Regarding Review of HR Policies, Councillor Bryning moved and Councillor Kerr seconded:-

“(3) That Cabinet requests Personnel Committee to review its Redeployment and Early Termination of Employment Policy.”

Resolved unanimously:

(3) That Cabinet requests Personnel Committee to review its Redeployment and Early Termination of Employment Policy.

Officers responsible for effecting the decisions:

Chief Executive
Head of Legal and Human Resources

Reasons for making the decisions:

The 2009/10 projected budget includes provision for an estimated 2% pay increase and the decision to take no further action regarding pay inflation means that this provision will remain in the budget. The decision regarding voluntary redundancy represents less financial risk to the Council than some of the other options presented in the report. The decision regarding HR Policies recommends a review of the Council’s Redeployment and Early Termination of Employment Policies following on from a recent desktop review by the North West Employers Organisation.

143 CIVIC PROGRAMME 2009/10

(Cabinet Member with Special Responsibility Councillor Burns)

The Head of Democratic Services submitted a report advising Cabinet of options for reducing expenditure on the Civic Programme in 2009/10.

The budgets for Civic Receptions and Mayoral Functions and for floral decorations at Civic Events were detailed in the report, with options for reducing expenditure. The options, options analysis, including risk assessment, were set out in the report as follows:

Visit by Civic Heads of Lancashire

- Option 1 – not to hold the event at all, producing a saving of at least £500. The content of the event is personal to each Mayor and the event in 2008 cost over £900 due to the requirement to hire a coach.
- Option 2 - to hold a small scale event based in Lancaster Town Hall comprising an afternoon reception with tea and coffee and a tour of the building. This could be run on similar lines to the reception for overseas students held in 2008, tying in a tourism presentation to publicise the district.

Annual Council

- Option 1 – Not to hold a celebratory reception at the end of the Annual Council meeting. This would produce a saving in excess of £3,000.
- Option 2 – To reduce the number of guests being invited to a reception on the same basis as in previous years, eg a three course lunch. Reducing the number of invitees by half would produce a saving of over £1,500. A separate report on the Lancaster Town Hall Centenary celebrations for 2009 has already identified that a reduction in the number of guests would produce a saving which could then be utilised to enhance the Heritage and Lancaster Unlocked weekends.
- Option 3 – To set a total budget allocation for this event, say £1,000 or £2,000 and with the agreement of the Mayor choose a reduced level of catering, e.g a buffet rather than a served meal. Numbers would be invited according to the budget allocation.

Attendance at the Royal Garden Party in London

The City Council applies annually for the full allocation of four places to attend the Royal Garden Parties in London in July. The City Council at present pays for a short break to London for the four guests, usually the Mayor and Mayoress/Consort and the Deputy Mayor and their Mayoress/Escort. The cost of the break includes hotel accommodation and rail travel and in 2008 cost the City Council £683.03. The Council then also covers the cost of food and travel (eg taxi fares) whilst in London, raising the cost of this to approximately £840.

- Option 1 – that the City Council applies for the allocation of 4 tickets to enable attendance at the Royal Garden Party in London, but that the cost of attending is covered by the Mayor and Deputy Mayor from within their allocated Mayoral Allowances should they wish to attend.
- Option 2 - that the City Council does not apply for the allocation of tickets and is not represented at the Royal Garden Party in London.

Floral Decorations

The budget for floral decorations, currently estimated at £2,300 for the 2009/2010 financial year could be deleted. Limited floral decoration could be provided from the remaining

Civic Receptions and Mayoral Functions budget allocation for specific events where required.

There is no officer preferred option. Members need to understand however that this budget has been substantially reduced over the years and all events reviewed to ensure that they provide value for money. It would not be possible to continue to provide the same level of events at reduced costs. Savings can be made, but only by cutting a specific event or making major alterations to events.

It was moved by Councillor Blamire and seconded by Councillor Gilbert:-

“(1) That the budget for floral decorations, currently estimated at £2,300 for the 2009/2010 financial year, be deleted.”

Members then voted:-

Resolved unanimously:

(1) That the budget for floral decorations, currently estimated at £2,300 for the 2009/2010 financial year, be deleted.

It was moved by Councillor Gilbert and seconded by Councillor Archer:-

“(2) That the number of guests being invited to a reception on the same basis as in previous years, (eg a three course lunch) be reduced and that Elected Members and their guests be charged for their lunch.”

Members then voted:-

Resolved:

(6 Members (Councillors Archer, Blamire, Bryning, Charles, Gilbert and Kerr) voted in favour and 3 Members (Councillors Barry, Fletcher and Mace) abstained.

(2) That the number of guests being invited to a reception on the same basis as in previous years, (eg a three course lunch) be reduced and that Elected Members and their guests be charged for their lunch.

Councillor Blamire proposed and Councillor Barry seconded:

“(3) That a budget of £8,400 be allocated to the Civic Programme for 2009/10 for the Mayor to prioritise.”

Members then voted as follows:-

Resolved unanimously:

(3) That a budget of £8,400 be allocated to the Civic Programme for 2009/10 for the Mayor to prioritise.

Officers responsible for effecting the decisions:

Chief Executive
Head of Democratic Services

Reasons for making the decisions:

The decisions allows savings to be made without reducing the Mayoral profile.

The meeting adjourned for lunch at 12.30pm and reconvened at 1.00pm.

144 REVIEW OF CABINET APPOINTMENTS TO OUTSIDE BODIES, PARTNERSHIPS AND BOARDS

The Chief Executive submitted a report asking Members to review Cabinet appointments to Outside Bodies, Partnerships and Boards following the appointment of a new Leader of the Council and the consequential changes to Cabinet portfolios.

The current appointments were set out in the report and it was noted that Councillors no longer sit on the Governing Body of Lancaster and Morecambe College Corporation or on Groundwork Trust, Lancashire West.

It was moved by Councillor Bryning and seconded by Councillor Blamire:-

“(1) That the Cabinet appointments to outside bodies, as set out in the report, remain in place until the end of the 2008/9 municipal year.”

Members then voted as follows:-

Resolved:

(6 Members (Councillors Barry, Blamire, Bryning, Charles, Gilbert and Mace) voted in favour, 2 Members (Councillors Archer and Kerr) voted against and 1 Member (Councillor Fletcher) abstained.)

(1) That the Cabinet appointments to outside bodies, as set out in the report, remain in place until the end of the 2008/9 municipal year.

Officer responsible for effecting the decision:

Chief Executive

Reason for making the decision:

Representation on outside bodies is part of the City Council's Community Leadership role. The most appropriate time to align appointments as closely as possible to individual Cabinet Member's portfolios was considered to be the start of the new Municipal Year.

145 REVISED STRUCTURES FOR PROGRAMMES AND EXTERNAL FUNDS, PROJECT DELIVERY TEAMS, AND THE FUTURE OF STRATEGIC HOUSING ROLE (MAJOR PROJECTS DELIVERY)

The Corporate Director (Regeneration) submitted a report proposing a new corporate approach, including the establishment of a central, corporate team, for the management of programmes and external funding and project delivery.

The options, options analysis, including risk assessment, were set out in the report as follows:-

Option 1

The proposal is to create three new teams with specific responsibilities for (i) programme management and external funds, (ii) regeneration project delivery, and (iii) worklessness, with effect from 1st April 2009.

(i) Programme management and external funds

The proposal suggests a core, established team, which can provide the capacity guarantees that will be required and can deal with the level of work that is known at this time. It assumes further development of close working relationships with other corporate services and an exchange of expertise with those services. It specifically suggests the transfer of the Projects and Performance Officer into the team to ensure that the approach to project management (LAMP) is integrated with project monitoring and vice versa and also reinforce the link with performance monitoring for all projects. In the case of other specific officers, where there are clear overlapping interests, it may be useful to arrange part-time secondments into the team to work jointly on key developments. This can be flexible and short term or ongoing, depending on the requirements. The way in which the proposed new team works with existing services has been developed in consultation and is flexible, adaptable and focused on achieving results.

This approach also offers the opportunity to capture the Council's contribution to the overall model and identify this as match funding, offering value for money to external funders whilst not incurring additional costs for the Council.

The philosophy behind this approach is very much about enabling strong delivery and achievements, supported by good management and sound processes. There is a very clear focus on end results and the presentation of the approach is centred on facilitation, improvement and cooperation.

(ii) Regeneration Projects Team

With regards to the actual delivery of major projects, the Council currently has officers who operate out of several different services, and provides for a mixture of core funded staff on permanent contracts, and externally funded staff on temporary, short term contracts.

The proposal is to organise officers into a core team within Planning Services. This would ensure that a consistent, corporate approach is taken to the delivery methodologies of all major projects. It will also provide for a strong core team who can facilitate working up the detail of regeneration projects, and provide capacity for delivery, whilst at the same time ensuring full conformity with the LDF. This team should also include two posts currently allocated into Strategic

Housing, which deliver housing capital projects in the Poulton and West End renewal projects. It is anticipated that this team would ensure a strong corporate direction is taken in delivering the requirements of the Council's approved Local Development Framework document, and will provide strong strategic direction in the Council's corporate regeneration agenda.

The proposal also provides to incorporate the City Council's Strategic Housing Officer and associated support (currently in Health and Strategic Housing) into the 'LDF' planning team, which aligns the work currently being carried out on the sub-national review.

(iii) Worklessness Team

A separate proposal is being made to continue the work of the Worklessness Team, and subject to an external funding bid to the LDLSP, it is anticipated that the team (currently within the West End delivery team) will work alongside the Council's current business development unit.

Benefits

The proposal offers the Council a number of benefits including:

- Coordinated strategy development across the Council, clear presentation of objectives and priorities
- Maximised access to external funds
- Maximised delivery of benefits, outcomes, performance
- Efficiency and cost effectiveness – achieving more with existing resources
- Joint working to develop streamlined processes that avoids duplication and utilises key skills and experience
- Added value
- Raising quality and managing risk
- Revising quality of delivery of projects
- Ensure early tie in of major projects to the Council financial and legal obligations.
- Provides flexibility of having a strong core team (using external sources only when required)

Risks

- The proposals being put forward require a re-grouping of some posts, and will also bring to an end the need for temporary posts. The proposal is also subject to external funding being successful.

Financial Issues

(i) Programmes Team

The structure provides that the City Council seeks to extend the temporary contract arrangement of officers, subject to future funding being made available from external funders. Such posts are essential in ensuring that sufficient capacity is in place to submit further, substantial funding bids in future years. It is anticipated that the NWDA bid will be made before March 2009 with negotiations already being carried out. As an interim measure, funding will be needed to be allocated on a temporary 6 month basis to permit staff to remain in post, until the NWDA determine the application for funding. The total costs of the proposed restructure on a 6 month basis are approximately £267,300 (this includes existing Council funding of £158,800).

The additional staff costs of £108,500 arising from an unsuccessful bid would be covered by the Project Management Reserve.

It should also be noted that, should funding not be forthcoming from the NWDA, then the City Council will need to serve statutory notice of termination of fixed term contract posts, which will have a financial cost to the City Council of approximately £55,400.

(ii) Regeneration Team

A revised delivery timescale for current and new projects in accordance with new proposals to be submitted to funders is not likely to come on line for at least two years. In the meantime the Council continues to deliver a range of major high profile projects which rank the authority as a credible regeneration body. These include Luneside East, The Bailrigg Science Park, and Townscape Heritage Initiative II at Morecambe. At the present time it is envisaged that the existing core staff plus one additional post, will provide the sufficient capacity to manage this programme, work alongside the Local Development Framework Team to develop an Action Area Plan for Central Morecambe, and work up further projects in line with the Council Regeneration Programme.

Whilst there is a cost associated with providing any level of management service, this particular proposal is unusual in that it brings efficiencies in terms of existing Council resources as well as the potential to draw down a considerable contribution from external funding sources. As such, it is unlikely to create additional costs overall. It captures the current contribution of external funders to management costs which is considerable and has historically required only a very small contribution from the Council, allowing other resources to be focused on delivery.

Where additional funding is offered to support delivery of projects, the Council will have the opportunity to consider costs and benefits of this alongside any funding contribution. There is no automatic assumption that the Council will accept the Accountable Body role and Council decision making to determine this will be supported by internal appraisal and risk assessment in the normal way.

There will, inevitably, be a cost of terminating contracts, and these will need to be assessed, and, as detailed, there is a requirement to funding an initial 6 month period or less, subject to the NWDA making a decision on funding.

(iii) Worklessness Team

As detailed previously, a bid is being made into the LDLSP to continue the work of this team. In the meantime, Lancashire County Council has agreed to provisionally extend its current contract with the City Council with regards the Supporting People programme. This will effectively leave an initial gap in funding for the team of £29,300 for a 12 month period. Cabinet are therefore requested to support this 12 month gap funding through the Project Implementation Reserve.

It should also be noted that, should funding not be forthcoming from the LDLSP or Lancashire County Council, then the City Council will need to serve statutory notice of termination of fixed term contracts, which will have a financial cost to the City Council of approximately £35,000.

Legal Issues

Members will be aware that the current fixed term contract posts covered by these proposals are all on notice to terminate from 31st March 2009. Should Cabinet approve recommendation Option 1 in extending the posts relating to this report for 6 months, then this will be carried out as an extension to the existing fixed term contracts. If funding is not available, Lancaster City Council will need to find sufficient funding for termination of these contracts.

With all the proposed posts in the new structure, subject to funding approval, it is recommended that they are all made "permanent", despite only 3 years funding possibly being available. The justification for this is that currently the City Council pays a "premium" on many fixed term contract posts, because, by their very nature, officers are usually happy to accept uncertainty about their permanent employment and take a larger salary to compensate. The law provides that any employee exceeding 2 years employment has the right to receive statutory redundancy payments on termination, which effectively means that the City Council is currently paying "redundancy costs" to all staff to which temporary contracts are being terminated at a higher level than had the post been permanent.

On all the posts identified in the report, the salary quoted is existing salary and will be subject to any amendment as a result of the City Council's Job Evaluation process.

Option 2

The City Council does not progress the proposed structure.

Risk

The City Council would find it more difficult to provide a coordinated approach to the Programmes and Regeneration teams. It would not be in the best position to bid for further regeneration funds from NWDA and HCA, and as such, the Council's priority on regeneration may be affected.

The Council currently has contractual programme and project agreements with funders. Not having appropriate arrangements in place to manage this will significantly raise the risk of any clawback of external funds.

Benefits

There are few benefits in remaining with existing structures, particularly as the sub-national review of economic regeneration is progressing the consequence of this, as detailed in 'Risk', in that the City Council will have to have strong government structures in place to deal with rapidly changing agendas.

The officer preferred option is Option 1.

It was moved by Councillor Bryning and seconded by Councillor Kerr:-

- "1. That Cabinet approves the re-structure of existing staff resource to create three new sections; (i) the external funding/programmes team, (ii) the regeneration Project Delivery Team, (iii) the Worklessness Team, and agree the budgetary provision identified in the report.
2. That Cabinet approves the proposal to integrate Housing Strategy into the Local Development Framework (LDF) Team with Planning."

Members then voted:-

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Councillors Charles and Mace) voted against.)

1. That Cabinet approves the re-structure of existing staff resource to create three new sections; (i) the external funding/programmes team, (ii) the regeneration Project Delivery Team, (iii) the Worklessness Team, and agree the budgetary provision identified in the report.
2. That Cabinet approves the proposal to integrate Housing Strategy into the Local Development Framework (LDF) Team with Planning.

Officers responsible for effecting the decisions:

Corporate Director (Regeneration)

Reasons for making the decisions:

External funding, which has in recent years been closely guarded by regional agencies, now looks set to be delegated down to local areas that meet certain conditions. Lancaster District is very well placed to achieve this but will be required to guarantee its management capacity and capability. This decision has been made to meet this need and deliver additional benefits to the Council in terms of corporate management, efficiencies and added value.

146 SALT AYRE/COMMUNITY POOLS SAVINGS OPTIONS

(Cabinet Member with Special Responsibility Councillor Fletcher)

The Corporate Director (Regeneration) submitted a report asking Members to consider savings options in respect of Salt Ayre Sports Centre and the three community swimming pools in Carnforth, Heysham and Hornby. The report was in two parts; the first dealt with Salt Ayre Sports Centre (SASC) and the second with the proposals regarding savings in respect of the three community swimming pools in Carnforth, Heysham and Hornby.

The options, options analysis, including risk assessment for SASC, were set out in the report as follows:

Option 1

Officers enter into early negotiations with CAPITA regarding the facilities management issues and seek to address where, and if possible, savings that can be made.

Operational Risk	Financial Risk	Legal Risk	Benefits
In re-allocating the facilities management function, care needs to	Clarity around fixed cost budgets should provide clarity around	The City Council has substantial health and safety, and corporate	The City Council is currently setting itself challenging targets

<p>be taken that the building operates in accordance with the Service needs and a strong Service Level Agreement will need to be in place.</p>	<p>monitoring of budgets and future financial management. It would also mitigate future increasing costs such as utilities.</p>	<p>liabilities. A more focussed approach to facilities management should reduce the risk associated with this area.</p>	<p>following recommendations made in the recent Carbon Trust report and a more proactive approach to facilities Management will assist this. Mitigate increasing unknown costs associated with utilities.</p>
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Option 2

Cabinet resolve to request a financial saving of 10%, which equates to £119,000 from the Service Delivery budgets, and request that a further report be brought back to Cabinet advising which areas of Service delivery have been affected by the proposal.

Operational Risk	Financial Risk	Legal Risk	Benefits
<p>Any cut in service costs will have an issue on the level of service provided. Officers will need to carry out a full options analysis and consultation process to identify where a revised capped budget can best achieve maximum service delivery, whilst minimising any effect on income. The above option will include the opportunity for officers to consider the possible closure of the SASC for 1 or 2 days.</p>	<p>Providing a set budget will provide clarity around monitoring of budgets and future financial management.</p>	<p>The service provision is discretionary. However, there may be employment and other contractual arrangements in place, which may be affected by redefining the services. However, these will be addressed as part of the options analysis that officers will undertake.</p>	<p>Setting a revised fixed budget will offer up the necessary contribution to the 2009/10 Budget Process, and by allowing officers the flexibility and time to carry out a full options appraisal on future services delivery, will ensure that minimum service disruption within budget is achieved.</p>

Option 3

With regard to the revenue income (£956,600), Cabinet request officers look to explore possibilities of increasing additional income generation, and maximise

such income, bearing in mind possible service delivery cuts, should Option 2 also be taken.

Operational Risk	Financial Risk	Legal Risk	Benefits
<p>Should the service savings be taken under Option 2, this may affect the capability of increasing income.</p> <p>For a number of years, Cultural Services have adopted a 'market pricing policy' which subsidises targeted users via the Passport to Leisure scheme (PTL). If these are to be reviewed, this may have an impact on disadvantaged groups.</p>	<p>Any increase in income fees that are sustainable can only be a financial benefit to the City Council.</p> <p>Care must be taken not to exceed the fees of any competitive market as this could cause a reduction in use and therefore income.</p>	<p>There is no legal risk as fees are entirely at the City Council's discretion.</p>	<p>Increased income can have a direct knock on effect of increasing service delivery as in theory more budgets could be made available to improve future service delivery.</p> <p>The issues of service delivery and the cost of delivering services are cyclical.</p>

Option 4

To retain existing budgets and service provision within SASC and not take any savings from the service.

Operational Risk	Financial Risk	Legal Risk	Benefits
<p>There are no operational risks</p>	<p>There would be no contribution from SASC towards the City Council's challenging financial position, and the cost is likely to increase as a result of additional utility costs.</p>	<p>There is no legal risk as the service is discretionary.</p>	<p>Cultural Services contributes to 3 out of 4 of Lancaster City Council's corporate objectives, and delivers against 6 out of 7 of the Local Strategic Partnership (LSP) priority themes. The work undertaken by, and with, the district's sports organisations contribute to the City Council's service priorities as well as local and national indicators.</p>

The options, options analysis, including risk assessment for the community swimming pools were set out in the report as follows:

Option 1

Cabinet resolve to serve notice on Lancashire County Council to terminate its current agreements with regards to the community swimming pools, with effect from 31 March 2010, and officers provide support over the next 12 months in assisting users to seek alternative venues.

Operational Risk	Financial Risk	Legal Risk	Benefits
<p>The City Council currently only operate the facilities due to the fact that Lancashire County Council withdrew its service provision. Closure of the pools would clearly have an impact on community provision but it would be hoped that these could be picked up within the other private/public facilities available (including SASC).</p>	<p>The Council would make significant cost savings. It would also mitigate future increasing costs such as utilities. The cost of redundancies will need to be addressed.</p>	<p>The City Council would need to ensure that it terminates the contracts in accordance with the Legal Agreement in place. The Council has no statutory requirement to make provision for community, or educational, swimming.</p>	<p>Substantial budgetary savings without impacting on statutory service provision. Mitigate increasing unknown costs associated with utilities.</p>

Option 2

Continue with existing Agreement.

Operational Risk	Financial Risk	Legal Risk	Benefits
<p>The City Council currently only operates the facilities due to the fact that Lancashire County Council withdrew its service provision. Closure of the pools would clearly have an impact on community provision but it would be hoped that these could be picked up within the other private/public facilities available (including SASC).</p>	<p>The cost of operating the pools would still have to be met by the Council. In addition, this cost may increase if the current increased energy costs continue into future years.</p>	<p>The Council has no statutory requirement to make provision for community, or educational, swimming.</p>	

The officer preferred option for the community swimming pools is option 1.

It was moved by Councillor Fletcher and seconded by Councillor Gilbert:-

“That, regarding Salt Ayre Sports Centre:-

- (1) That Options 1, 2 and 3 for savings at Salt Ayre Sports Centre, as set out in the report, be approved.”

By way of amendment, which was accepted as a friendly amendment by the mover and seconder of the original proposition, Councillor Barry proposed:-

- “(2) That energy savings be as high as possible within the £119,000 savings.”

Members then voted as follows:-

Resolved unanimously:

(Councillor Archer was not present when the vote was taken.)

That, regarding Salt Ayre Sports Centre:-

- (1) Officers enter into early negotiations with CAPITA regarding the facilities management issues and seek to address where, and if possible, savings that can be made.
- (2) Cabinet resolve to request a financial saving of 10% per year, which equates to £119,000 from the Service Delivery budgets, and request that a further report be brought back to Cabinet advising which areas of Service delivery have been affected by the proposal.
- (3) That energy savings be as high as possible within the £119,000 savings.
- (4) With regard to the revenue income (£956,600), Cabinet request officers look to explore possibilities of increasing additional income generation, and maximise such income, bearing in mind possible service delivery cuts.

Regarding the Community Pools, it was moved by Councillor Fletcher and seconded by Councillor Mace:-

- “(5) That, in recognition of the value of the 3 Community Pools, they are retained. In light of increasing energy costs, the 3 pools are involved in the facilities management review in order to achieve year on year reductions in energy costs.”

By way of amendment, which was accepted as a friendly amendment by the proposer and seconder of the original motion, Councillor Gilbert proposed:-

- “(6) That officers investigate raising charges to service users.”

Members then voted:-

Resolved unanimously:

- (5) That, in recognition of the value of the 3 Community Pools, they are retained. In light of increasing energy costs, the 3 pools are involved in the facilities management review in order to achieve year on year reductions in energy costs
- (6) That officers investigate raising charges to service users.

Officers responsible for effecting the decisions:

Corporate Director (Regeneration)
Head of Cultural Services

Reasons for making the decisions:

The decisions allow the Council to make ongoing savings and achieve value for money.

147 MEMORIAL SAFETY PROGRAMME

(Cabinet Member with Special Responsibility Councillor Kerr)

The Corporate Director (Community Services) submitted a report informing Members about the options for the future of the Council's Memorial Safety Programme, as requested by Cabinet at its meeting on 20th January 2009.

The options, options analysis, including risk assessment, were set out in the report as follows:

Options	Advantages	Disadvantages	Risk Assessment	Financial
1 To make the Memorial Safety Team (reduced to 2 posts), full time.	<p>Retains expertise to allow:</p> <ul style="list-style-type: none"> ▪ Implementation of rolling testing programme. ▪ Ability to repair unsafe and vandalised memorials. ▪ Ability to monitor work of private masons to ensure future compliance with standards. ▪ Provide the necessary operational resources to deliver essential services required at the time of burial. ▪ To carry out permanent repair to previously staked and banded memorials. ▪ Provides extra resilience for business continuity in the event of a major incident. 	<ul style="list-style-type: none"> ▪ Ongoing revenue costs as outlined in financial implications section. ▪ One post made redundant ▪ Noticeable reduction in GM standards, especially grass cutting. 	<p>Ensures Council is complying with legal responsibilities and cemeteries good management.</p>	<ul style="list-style-type: none"> ▪ 2-man team including equipment, tools and vehicle approximately £55k/year. ▪ In 2009/2010 up to £6,000 redundancy costs required ▪ In 2010/2011 onwards memorial safety programme would be fully funded from within existing cemeteries grounds maintenance budgets.

	Options	Advantages	Disadvantages	Risk Assessment	Financial
2	Laying flat memorials.	<ul style="list-style-type: none"> ▪ Cost saving on materials that would be used to make a permanent repair. 	<ul style="list-style-type: none"> ▪ Would interfere with grass cutting operation leading to increased costs. ▪ Would affect neat and tidy appearance of lawn sections leading to increased complaints. ▪ Increased officer time in dealing with complaints and distress caused to relatives and public by laying flat large numbers of headstones. 	<ul style="list-style-type: none"> ▪ Large scale laying down of memorials may be deemed to be maladministration should a complaint be made to the Ombudsman. ▪ Potential trip and slip hazard. ▪ Potential for damage to headstone by grass cutting operation. ▪ Could lead to bad PR for Service and Council. 	<ul style="list-style-type: none"> ▪ By not carrying out a repair, approximate annual saving would be £3,000 on materials.

	Options	Advantages	Disadvantages	Risk Assessment	Financial
3	Carry out a repair to staked and banded memorials to ensure compliance with NAMM standards.	<ul style="list-style-type: none"> ▪ Makes memorial safe. ▪ Preserves lawn section layout and allows for cost effective grass cutting and maintenance. 	<ul style="list-style-type: none"> ▪ Increased material costs when compared with laying flat. 	<ul style="list-style-type: none"> ▪ Reduces risk of accidents and potential litigation. 	<ul style="list-style-type: none"> ▪ Cost in materials for in-house repair is £20/memorial. ▪ Costs can be met from within the allocated running costs budget of £3,500 for 2009/2010. ▪ Cost of repair will be recouped from relatives should contact be made with them in the future.

Option 1 is recommended for approval on the basis that it enables the Council to meet its responsibilities for Memorial Safety in a cost effective way which can be delivered operationally.

Option 3 (refixing memorials in place) is the recommended option for effecting a permanent solution which reflects recently published guidance and best practice.

It was moved by Councillor Kerr and seconded by Councillor Mace:-

- “(1) That the two person Memorial Safety Team be retained
- (2) That the preferred method of making memorials permanently safe is to re-fix headstones in place rather than lay down.”

Members then voted as follows:-

Resolved:

(7 Members (Councillors Archer, Blamire, Bryning, Charles, Gilbert, Kerr and Mace) voted in favour and 2 Members abstained (Councillors Barry and Fletcher.)

- (1) That the two person Memorial Safety Team be retained
- (2) That the preferred method of making memorials permanently safe is to re-fix headstones in place rather than lay down.

Officers responsible for effecting the decisions:

Corporate Director (Community Services)
Head of City Council (Direct) Services

Reasons for making the decisions:

Expertise will be kept within the Memorial Safety Team. Repairing memorials has more advantages and less disadvantages than laying memorial flat.

148 GROUNDS MAINTENANCE - OPTIONS FOR SERVICE REDUCTION

(Cabinet Member with Special Responsibility Councillor Barry)

The Corporate Director (Community Services) submitted a report providing Cabinet with options for service reduction in the area of grounds maintenance.

The options, options analysis, including risk assessment, were set out in the report as follows:

The options are as follows-

Option	Description	Pros	Cons
1	Maintain current levels of service provision.	<ul style="list-style-type: none"> • Targets for LAA and corporate plan 	<ul style="list-style-type: none"> • Does not generate any savings for

Option	Description	Pros	Cons
		assume current levels of service. <ul style="list-style-type: none"> Will maintain the current level of cleanliness of streets and public spaces. 	2009/2010 budget.
2	Reduce current levels of service provision through selection of some of or all of the sub- options set out below.	<ul style="list-style-type: none"> Generates savings for 2009/2010 budget The options have been designed to be realistic and can be immediately implemented. The options have been designed so that they do not impact on the District's parks. 	<ul style="list-style-type: none"> Savings will be very visible Will generate ongoing complaints from residents / visitors / users. Likely to have negative impact on corporate plan priority outcomes and targets in LAA

The sub- options for option 2 are as follows-

Sub - option	Description and officer comments	Saving per annum
2a	Cease over marking of football pitches- currently pitches are over marked 15 times per season. They would be marked only once at the beginning of the season. Users of the pitches will consider this is something they contribute to via pitch fees.	£3,100
2b	Turf over 33 of the 37 flower beds in Harbour garden area of Morecambe promenade- regeneration work is taking place in the adjoining area. The flower beds are in need of some redesign.	£6,800
2c	Turf over all flower beds in the sunken gardens at Morecambe Town Hall- the flower beds are a long standing and popular feature. They are not visible from the main road.	£3,300
2d	Turf over all 4 flower beds in the oval gardens in Dalton Square- the flower beds are a long standing and popular feature.	£1,800
2e	Reduce the playground improvement revenue budget by 50%- this budget is used to repair/ replace broken playground equipment throughout the year. If the budget was reduced the remaining amount would be spent on a priority basis (using playground priority list). Equipment in playgrounds lower down in the priority list would be removed once damaged / broken.	£18,100
2f	Reduce number of grave plots that are mown on a regular basis in Lancaster cemetery- currently all areas are mown 16 times per year. If the budget was approximately 50% of the plots would only be mown once per year.	£8,900
2g	Reduce frequency of mowing on Broadway Bridge bankings to once per year- currently these bankings are cut 16 times per year. The	£4,700

	area would be included on a more frequent litter picking schedule if this option was selected.	
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The officer preferred option is option 2 with the exception of 2a.

It was moved by Councillor Barry and seconded by Councillor Fletcher:-

“(1) That, from the list of savings described in 2a-2g of the report, only 2f (reduction in mowing at Lancaster Cemetery) and 2g (Reduce frequency of mowing on Broadway Bridge bankings to once per year) are taken through as budgetary savings.”

Members then voted as follows:-

Resolved:

(6 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher and Gilbert) voted in favour and 2 Members (Councillors Charles and Mace) voted against.)

(Councillor Kerr was not present when the vote was taken.)

(1) That, from the list of savings described 2a-2g of the report only 2f (reduction in mowing at Lancaster Cemetery) and 2g (Reduce frequency of mowing on Broadway Bridge bankings to once per year) are taken through as budgetary savings.

Officers responsible for effecting the decision:

Corporate Director (Community Services)
Head of City Council (Direct) Services

Reasons for making the decision:

The decision can be quickly implemented and generate savings.

149 TREASURY MANAGEMENT STRATEGY 2009/10

(Cabinet Member with Special Responsibility Councillor Bryning)

The Head of Financial Services submitted a report setting out the position regarding the 2009/10 to 2011/12 Treasury Management Strategy for Cabinet's approval.

The options, options analysis, including risk assessment, were set out in the report as follows:

As part of the adoption of the CIPFA Code of Practice on Treasury Management it is a statutory requirement that the authority has a Treasury Management Strategy Statement and Investment Strategy. In this regard, Cabinet may put forward alternative proposals or amendments to the proposed documents, but these would have to be considered in light of legislative, professional and economic factors. As such, no further options analysis is available at this time.

Furthermore, the Strategies must fit with other aspects of Cabinet's budget proposals, such as investment interest estimates and underlying prudential borrowing assumptions, feeding into Prudential Indicators. It should be noted that the Prudential Indicators will also be covered in the Budget report, elsewhere on this agenda.

The officer preferred option and justification:

To approve the annual Treasury Management Strategy Statement as set out, including the Investment Strategy, for referral on to Council, but as updated for Cabinet's final budget proposals.

It was moved by Councillor Bryning and seconded by Councillor Barry:-

"(1) That Cabinet approves the Treasury Management Strategy for the period 2009/10 to 2011/12, including the Investment Strategy, and as updated for Cabinet's final budget proposals, for subsequent referral to Council."

Members then voted as follows:-

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Councillors Charles and Mace) abstained.)

(1) That Cabinet approves the Treasury Management Strategy for the period 2009/10 to 2011/12, including the Investment Strategy, and as updated for Cabinet's final budget proposals, for subsequent referral to Council.

Officers responsible for effecting the decision:

Corporate Director (Finance and Performance)
Head of Financial Services

Reasons for making the decision:

As part of the adoption of the CIPFA Code of Practice on Treasury Management it is a statutory requirement that the authority has a Treasury Management Strategy Statement and Investment Strategy.

150 REVENUE BUDGET AND CAPITAL PROGRAMME (PAGE 1)

(Cabinet Member with Special Responsibility Councillor Bryning)

The Corporate Director (Finance and Performance) and the Head of Financial Services submitted a joint report informing members of the latest position following Council's consideration of the Budget and Policy Framework at its meeting held on 4th February, to make recommendations back to Council in order to complete the budget setting process for 2009/10.

The options, options analysis, including risk assessment, were set out in the report as follows:

Cabinet are now requested to finalise their preferred revenue budget and capital programme proposals for referral on to Council, using the latest information as set out in this report.

Corporate Plan and Policy Framework

This is for noting only and therefore no options have been put forward.

Funding Assumptions and Achieving a Balanced Capital Programme

The broad options for achieving a balanced programme are set out below and are very much dependent on Members' views on spending priorities. As such, a full options appraisal and risk assessment cannot be completed until budget proposals are known in more detail. That said, the basic options for achieving savings include:

- removing schemes from the draft programme, taking account of service needs and priorities;
- reducing proposed net expenditure on schemes, where possible;
- generating additional capital resources (e.g. receipts, direct revenue financing or borrowing), within affordable limits;
- deferring projects into later years – although this would not help with the overall five-year programme unless schemes were deferred until after 2013/14.

Should surplus resources be available, these could be used:

- to repay borrowing, or to reduce the call on the revenue budget;
- to fund new capital schemes;
- to make provision for other anticipated liabilities.

As referred to in earlier reports, setting a balanced capital programme is an iterative process, essentially balancing service delivery impact and aspirations against what the Council can (and is prepared to) afford. The programme attached represents the outcome of the work undertaken to date.

In deciding the way forward, Cabinet is asked also to take into account the relevant basic principles of the Prudential Code, which are:

- *that the capital investment plans of local authorities are affordable, prudent and sustainable, and*
- *that local strategic planning, asset management planning and proper options appraisal are supported.*

Revenue Budget

As Council have now determined the City Council Tax Rate for 2009/10, there are no options to change the total net revenue budget for next year (recommended at £23.999M) but Cabinet now needs to put forward detailed budget proposals that add back to that amount. Detailed options would be dependent very much on Members' views on spending priorities and as such, a full options analysis could only be undertaken once any alternative proposals are known and it should be noted that Officers may require more time in order to do this. The Head of Financial Services (as s151 Officer) would advise as strongly as possible that emphasis should be very much on achieving recurring reductions

to the revenue budget, and avoiding any “unidentified” savings targets that undermine the robustness of the budget and financial planning arrangements generally.

With regard to the use of surplus balances, Cabinet could put forward alternative arrangements with regard to the £191K available, but this would result in the need to make other budget savings.

Medium Term Financial Strategy (MTFS)

In terms of target Council Tax increases for future years and Government’s position on capping, it is felt that there is little scope for increasing the target above 4%, as Government has made it very clear about expecting increases to be substantially below 5%. In considering any lower target, Members should have regard to the impact on service delivery, the need (and capacity) to make savings, or to provide for growth, and the impact on subsequent years.

Officer Preferred Option and Comments

The recommendations as set out in the report are in line with Officer recommendations.

Recommendations put forward by Cabinet should fit with any external constraints and the budgetary framework already approved (i.e. establishing a balanced, affordable capital programme, approving a budget level to tie in with a 4% increase in Council Tax and the Government’s stance regarding capping). The recommendations as set out meet these requirements; the detailed supporting budget proposals are then a matter for Members.

Members firstly considered the General Fund Capital Programme and the Corporate Plan.

It was moved by Councillor Bryning and seconded by Councillor Gilbert:-

“That recommendations 2-7, as set out in the report, be approved.”

Members then voted:-

Resolved:

(5 Members (Councillors Archer, Blamire, Bryning, Gilbert and Kerr) voted in favour, 2 Members (Councillors Charles and Mace) voted against and 2 members (Councillors Barry and Fletcher) abstained.)

- (1) That Cabinet notes the actions of the Head of Financial Services with regard to the funding of asset acquisitions as outlined in section 3.1 of the report.
- (2) That Cabinet approves the current year’s revised General Fund Capital Programme as set out at Appendix B (as amended for items elsewhere on the agenda), for referral on to Council.
- (3) That Cabinet approves the draft Capital Investment Priorities for 2009/10 onwards, as set out at Appendix C.
- (4) That Cabinet approves the five-year draft Capital Programme from 2009/10 onwards as set out at Appendix B (as amended for items elsewhere on the

agenda), together with the supporting principles and information as set out in section 3 of the report, and refers the resulting 5-year Programme on to Council, for final approval.

- (5) That the associated Prudential Indicators at Appendix D be updated in line with (4) above, and be referred on to Council for approval.
- (6) That the existing Capital Investment Strategy be updated in line with (3) and (4) above, for referral on to Council.

Members were provided with the current draft of the Corporate Plan and were reminded that Council approved the Plan at its meeting on 4th February 2009, and asked that the remained outstanding sections of the Plan be completed and referred to the Council's Business Committee for further consideration prior to Council formally signing off the Plan.

Councillor Bryning moved and Councillor Barry seconded:-

"That Cabinet notes the latest position regarding the Corporate Plan."

Members then voted as follows:-

Resolved unanimously:

- (7) That Cabinet notes the latest position regarding the Corporate Plan.

The meeting adjourned for a comfort break at 2.30pm and reconvened at 2.40pm.

Cabinet then considered the General Fund Budget.

(The Corporate Director (Finance and Performance) declared an interest with regard to the part of the report relating to Williamson Park, in view of his role as Secretary to the Williamson Park Board of Directors).

Councillor Fletcher proposed and Councillor Kerr seconded:-

- "(8) That Cabinet recommends that £12,700 of the Every Child Matters reserve of £22,700 be retained, thereby offering up £10,000".

Members then voted:-

Resolved:

(5 Members (Councillors Barry, Blamire, Fletcher, Gilbert and Kerr) voted in favour, 2 Members (Councillors Charles and Mace) voted against and 2 members (Councillors Archer and Bryning) abstained.)

- (8) That Cabinet recommends that £12,700 of the Every Child Matters reserve of £22,700 be retained, thereby offering up £10,000.

Councillor Bryning moved and Councillor Blamire seconded:-

- "(9) That Cabinet notes the position regarding estimated Collection Fund balances.

- (10) That Cabinet approves the reassessment of reserves as set out in section 5 of the report (as amended by Resolution 8 above), and notes that the full policy on provisions and reserves, as updated, will be reported into Council in support of Cabinet's budget proposals."

Members then voted:-

Resolved unanimously:

- (9) That Cabinet notes the position regarding estimated Collection Fund balances.
- (10) That Cabinet approves the reassessment of reserves as set out in section 5 of the report (as amended by Resolution 8 above), and notes that the full policy on provisions and reserves, as updated, will be reported into Council in support of Cabinet's budget proposals.

Members then looked, item by item, at the information in Appendix G to the report, relating to Provisional Savings and Growth.

Councillor Blamire proposed and Councillor Mace seconded:-

- "(11) That Cabinet recommends the reduction to Cemeteries Grounds Maintenance of £8,800 in 2009/10; £8,900 in 2010/11 and £9,000 in 2011/12, as set out in Appendix G to the report"

Members then voted:-

Resolved:

(4 Members (Councillors Blamire, Bryning, Charles and Mace) voted in favour, 1 Member (Councillor Kerr) voted against and 4 Members (Councillors Archer, Barry, Fletcher and Gilbert) abstained.)

- (11) That Cabinet recommends the reduction to Cemeteries Grounds Maintenance of £8,800 in 2009/10; £8,900 in 2010/11 and £9,000 in 2011/12, as set out in Appendix G to the report.

Regarding Community Transport and the introduction of a flat fee, Councillor Mace proposed and Councillor Charles seconded:-

- "(12) That Cabinet recommends that a cap on the budget should not be introduced for this service."

Members then voted:-

Resolved:

(4 Members (Councillors Barry, Charles, Gilbert and Mace) voted in favour and 5 Members (Councillors Archer, Blamire, Bryning, Fletcher and Kerr) abstained.)

- (12) That Cabinet recommends that a cap on the budget should not be introduced for this service.

Councillor Barry proposed and Councillor Gilbert seconded:-

- “(13) That Cabinet requests a further report on the Community Transport service level agreement.”

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Councillors Charles and Mace) voted against.)

- (13) That Cabinet requests a further report on the Community Transport service level agreement.

Members then went on to consider Financial Support to External Organisations (Minute 151 refers) before returning to Provisional Savings and Growth.

Councillor Bryning proposed and Councillor Barry seconded:-

- (14) That Council be recommended to approve the General Fund Revenue Budget at £23.999M for 2009/10, excluding parish precepts.

- (15) That, after consideration of provisional savings and growth within the table in Appendix G to the report, Cabinet makes the following recommendations regarding a balanced revenue budget for 2009/10, for referral on to Council:

- reductions in support to outside bodies as detailed in Minute 151,
- adjustments to the figures for Public Toilets and Grounds Maintenance (Minutes 140 and 148 refer)
- removal of proposed savings on Community Pools, the Dog Warden service and Special Responsibility Allowances for Group Leaders and Administrators
- removal of both the Legal and HR provisional growth items for voluntary registration with the Land Registry and increased Occupational Health advice.

The revised table of provisional savings and growth is attached as an Appendix to these minutes.

- (16) That the existing Medium Term Financial Strategy be updated in line with Cabinet's budget proposals, for consideration by Council.

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Councillors Charles and Mace) voted against.)

- (14) That Council be recommended to approve the General Fund Revenue Budget at £23.999M for 2009/10, excluding parish precepts.

(17) That, after consideration of provisional savings and growth within the table in Appendix G to the report, Cabinet makes the following recommendations regarding a balanced revenue budget for 2009/10, for referral on to Council:

- reductions in support to outside bodies as detailed in Minute 151,
- adjustments to the figures for Public Toilets and Grounds Maintenance (Minutes 140 and 148 refer)
- removal of proposed savings on Community Pools, the Dog Warden service and Special Responsibility Allowances for Group Leaders and Administrators
- removal of both the Legal and HR provisional growth items for voluntary registration with the Land Registry and increased Occupational Health advice.

The revised table of provisional savings and growth is attached as an Appendix to these minutes.

(15) That the existing Medium Term Financial Strategy be updated in line with Cabinet's budget proposals, for consideration by Council.

Officers responsible for effecting the decision:

Corporate Director (Finance and Performance)
Head of Financial Services

Reasons for making the decisions:

The decisions enable Cabinet to make recommendations back to Council in order to complete the budget setting process for 2009/10. The report outlined the actions required to complete the budget setting process for 2009/10 and to set the financial planning framework for future years.

151 FINANCIAL SUPPORT TO EXTERNAL ORGANISATIONS

(Cabinet Member with Special Responsibility Councillor Bryning)

The Chief Executive submitted a report asking Members to consider the future level of funding to those external organisations set out in the report, to approve the recommendations listed in the table below, and to make additional recommendations where required.

	Name of Organisation	Grant £	Recommendation	Savings for 2009/10
1	Age Concern, Lancashire	3,800 (no inflation)	This is match funded by the County Council. Recommended - no reduction.	
2	CAB Lancaster	87,300 + £7,200 rent (no inflation)	Consider options to reduce total support to CAB's by between £20 - 50,000	
3	CAB Morecambe	88,300 (no inflation)	“ “ “ “ “	
4	CVS	18,900 (including	Joint agreement with County Council.	

	Name of Organisation	Grant £	Recommendation	Savings for 2009/10
		inflation)	No recommendation to date.	
5	One Voice	6,000 (no inflation)	This organisation, similar to Thumbprint below, operates out of the Cornerstones in Lancaster and provides advice and support to the disabled. No recommendation to date.	
6	Lune Valley Transport (Dial a Bus)	3,300 (no inflation)	Continue with grant following consideration at Cabinet on 20 th January, 2009	
7	Relate	6,800 rent (no inflation)	No recommendation to date	
8	Rainbow Centre	2,500 (no inflation)	Joint agreement with the County Council. Recommended – no reduction.	
9	Samaritans	1,500 (no inflation)	Recommended – no reduction	
10	Shopmobility (Preston Community Transport)	12,900 (including inflation)	Operates mobility scooters for hire one day per week in Lancaster and Morecambe. No recommendation to date	
11	Thumbprint	4,000 (no inflation)	See One Voice at 5 above. No recommendation to date.	
12	Twinning Association (includes grant of 4,100 and sundry expenses)	6,300 (including inflation)	The service level agreement requires the Twinning Association to 'assist in the organisation of cultural, sporting, socio-economic and educational exchanges, between Lancaster and its official and associated twin towns of a non-Civic nature' and 'to strengthen links between Lancaster and its official and associated twin towns.' Whilst it could be argued that following the decision of Council to cancel the Youth Games for 2009 this would assist in maintaining relationships with our twin towns, the anticipated hosting of guests and assisting in arrangements for the Games in Lancaster will not now be necessary and anticipated expenditure will be reduced. Recommend withdraw funding	6,300

	Name of Organisation	Grant £	Recommendation	Savings for 2009/10
			for 2009/10 (in line with decision not to host the Youth Games in 2009).	
13	Victim Support	5,000 (no inflation)	No recommendation to date.	
		=====		=====
	Sub Total	253,800		6,300
1	Miscellaneous Grants	7,500 (including inflation)	Recommend - discontinue funding	7,500
2	Welfare Grants	4,100	This is a net figure and is match funded by the County Council but has been reduced in line with previous years spending patterns. Recommended - no further reduction.	2,600
		=====		=====
	Sub Total	11,600		10,100

CULTURAL SERVICES

	Name of Organisation	Grant £	Recommendation	Savings for 2009/10
1	Dukes Playhouse	167,800	Options requested for reduction up to £75,000	
2	Friends of the Storey Institute	35,000	Recommended - no reduction	
3	Groundwork Trust	18,500	Agreement already terminated – adjusted in base budget.	
4	Ludus	29,900	Recommended - reduce grant	10,000
5	Morecambe Music Residency	11,400	Recommended - reduce grant	5,000
6	Lancaster Lit Fest	9,100	SLA linked to the Storey Institute Recommended – no reduction	
7	Community Projects	10,800	Recommended discontinue funding	10,800
		=====		
	Sub Total	282,500		25,800

PLANNING SERVICES

	Name of Organisation	Grant £	Recommendation	Savings
1	Heysham Heritage Centre	5,100	Officer Recommendation Discontinue grant	- 5,100
2	Countryside Projects	9,600	Recommended - no reduction	
3	Arnside & Silverdale AONB	13,900	Recommended - no reduction	
4	Forest of Bowland AONB	7,000	Recommended - no reduction	
		=====		=====
	Sub Total	35,600		5,100

HEALTH & STRATEGIC HOUSING

	Name of Organisation	Grant £	Recommendation	Savings
1	Signposts	95,300	Following the development of the Homelessness Strategy 2008-2013, the City Council resolved to put contracts with voluntary organisations out to tender to target the money much more closely on the priorities identified in the Homelessness Strategy. It is anticipated that greater value for money will be gained by one contract as opposed to the six current SLA's. The 3 year contract to 31.3.2012 has just been awarded to YMCA/Signposts. These are the savings are as a result of this approach.	6,700
2	Portland Street Night Shelter			
3	L/C Homeless Action Service			
4	M/C Homeless Action Service			
5	Women's Aid			
6	YMCA			
		=====		
	Sub Total	95,300		6,700

	Total of Support 2008/09	678,800		54,000
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The options and options analysis, including risk assessment, was set out in the report:-

The risk in any grant reduction will be born by the individual organisations. However, Members should be aware that some of these organisations contribute to the aims of the

Sustainable Community Strategy. Officer comments are included in the tables above where appropriate.

Where Service Level Agreements exist, Members should be aware that any reduction in funding will result in a re-negotiation of the level of service to be provided.

Proposals to amend the level of funding to organisations were considered, and voted on, in turn:-

(Councillor Charles declared a personal and prejudicial interest in the following item as far as it related to the CAB, in view of her role as a member of the CAB. It was noted that Councillor Gilbert had previously declared a personal and prejudicial interest in the following item as far as it related to the CAB, in view of his role as a member of the CAB. Both Councillors left the meeting prior to consideration of matters in the report relating to their interest).

Regarding the CAB grant, it was moved by Councillor Mace and seconded by Councillor Charles:-

“(1) That Cabinet recommends that support for the management of the two CABs be reduced by £20,000 for 2009/10 onwards in total (£10,000 reduction for each CAB).”

Members then voted:-

Resolved:

(5 Members (Councillors Councillors Archer, Blamire, Bryning, Charles, Kerr and Mace) voted in favour and 2 Members (Councillors Barry and Fletcher) voted against).

(1) That Cabinet recommends that support for the management of the two CABs be reduced by £20,000 for 2009/10 onwards in total (£10,000 reduction for each CAB).

(Councillors Charles and Gilbert returned to the meeting.)

Regarding the grant to the CVS, it was moved by Councillor Blamire and seconded by Councillor Archer:-

“(2) That Cabinet recommends that the grant to the CVS be reduced by £3,900 to £15,000 for 2009/10 onwards”

By way of amendment, Councillor Charles proposed and Councillor Mace seconded:

“(2) That Cabinet recommends that the grant to the CVS be reduced by 50% for 2009/10 onwards”

Councillor Charles then withdrew the proposed amendment and Members voted as follows on the original proposition:-

Resolved unanimously:

- (2) That Cabinet recommends that the grant to the CVS be reduced by £3,900 to £15,000 for 2009/10 onwards.

Regarding One Voice, it was moved by Councillor Kerr and seconded by Councillor Archer:-

- “(3) That Cabinet recommends that the grant to One Voice remain the same (£6,000) for 2009/10 onwards.”

Members then voted:-

Resolved:

(5 Members (Councillors Archer, Barry, Fletcher, Gilbert and Kerr) voted in favour, 2 Members (Councillors Blamire and Bryning) voted against and 2 members (Councillors Charles and Mace) abstained).

- (3) That Cabinet recommends that the grant to One Voice remain the same (£6,000) for 2009/10 onwards.

Regarding Shopmobility (Preston Community Transport), it was moved by Councillor Kerr and seconded by Councillor Archer:-

- “(4) That Cabinet recommends that the grant to Shopmobility (Preston Community Transport) be reduced by £1,000 to £11,900 for 2009/10 onwards.”

Members then voted:-

Resolved:

(8 Members (Councillors Archer, Barry, Blamire, Bryning, Charles, Fletcher, Kerr and Mace) voted in favour and 1 Member (Councillor Gilbert) voted against.

- (4) That Cabinet recommends that the grant to Shopmobility (Preston Community Transport) be reduced by £1,000 to £11,900 for 2009/10 onwards.

Regarding the Twinning Association, Councillor Bryning moved and Councillor Blamire seconded:-

- “(5) That Cabinet recommends that the grant to the Twinning Association (£6,300) should be removed in full for 2009/10 onwards”

Members then voted:-

Resolved:

(8 Members (Councillors Archer, Barry, Blamire, Bryning, Charles, Fletcher, Gilbert and Kerr) voted in favour and 1 Member (Councillor Mace) voted against.

- (5) That Cabinet recommends that the grant to the Twinning Association (£6,300) should be removed in full for 2009/10 onwards.

Regarding Miscellaneous Grants, Councillor Bryning moved and Councillor Blamire seconded:-

- “(6) That Cabinet recommends that support for Miscellaneous Grants be discontinued.”

Members then voted:-

Resolved:

(8 Members (Councillors Archer, Barry, Blamire, Bryning, Charles, Fletcher, Gilbert and Mace) voted in favour and 1 Member (Councillor Kerr) abstained.

- (6) That Cabinet recommends that support for Miscellaneous Grants be discontinued.

Regarding Welfare Grants, Councillor Gilbert proposed:-

- “(7) That Cabinet recommends that support for Welfare Grants be reduced by £2,600 to £1,500 for 2009/10 onwards.”

Members then voted:-

Resolved unanimously:

- (7) That Cabinet recommends that support for Welfare Grants be reduced by £2,600 to £1,500 for 2009/10 onwards.

Regarding the Dukes Playhouse, Councillor Kerr moved and Councillor Archer seconded:-

- “(8) That Cabinet recommends that the grant to the Dukes Playhouse be reduced by £60,000 to £107,800 for 2009/10 onwards.”

By way of amendment, Councillor Charles proposed and Councillor Mace seconded:-

- “(8) That Cabinet recommends that the grant to the Dukes Playhouse be reduced by 50% (£83,900) for 2009/10 onwards.”

Councillor Charles then withdrew the amendment.

By way of amendment, Councillor Mace proposed and Councillor Charles seconded:-

- “(8) That Cabinet recommends that the grant to the Dukes Playhouse be reduced by £75,000 to £92,800 for 2009/10 onwards.”

2 Members voted in favour of the amendment (Councillors Charles and Mace) and 7 Members voted against (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr), whereupon the Chairman declared the amendment lost.

(At this point Councillor Fletcher declared a personal and prejudicial interest in the report as far as it related to the Dukes Playhouse, in view of her role as a member of the Board of the Dukes Playhouse, and left the meeting).

By way of amendment, Councillor Barry proposed and Councillor Gilbert seconded:-

“(8) That Cabinet recommends that the grant to the Dukes Playhouse be reduced by £40,000 to £127,800 for 2009/10 onwards.”

Members then voted on the amendment:-

Resolved:

(4 Members (Councillors Barry, Blamire, Bryning and Gilbert) voted in favour and 4 Members (Councillors Archer, Charles, Kerr and Mace) voted against. The Chairman used his casting vote in favour).

(8) That Cabinet recommends that the grant to the Dukes Playhouse be reduced by £40,000 to £127,800 for 2009/10 onwards.

Members then voted on the substantive motion, as amended:-

Resolved:

(4 Members (Councillors Barry, Blamire, Bryning and Gilbert) voted in favour and 4 Members (Councillors Archer, Charles, Kerr and Mace) voted against. The Chairman used his casting vote in favour).

(8) That Cabinet recommends that the grant to the Dukes Playhouse be reduced by £40,000 to £127,800 for 2009/10 onwards.

(Councillor Fletcher returned to the meeting).

Regarding the Friends of the Storey Institute, Councillor Archer proposed and Councillor Kerr seconded:-

“(9) That Cabinet recommends that the grants to the Friends of the Storey Institute (£35,000) and the Lancaster Literature Festival (£9,100) remain unchanged for 2009/10.”

Resolved unanimously:

(9) That Cabinet recommends that the grants to the Friends of the Storey Institute (£35,000) and the Lancaster Literature Festival (£9,100) remain unchanged for 2009/10.

Regarding Ludus, Councillor Blamire proposed and Councillor Bryning seconded:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £10,000 to £19,900 in 2009/10 onwards.”

3 Members voted in favour of the proposition (Councillors Barry, Blamire and Bryning) and 5 Members voted against (Councillors Archer, Charles, Gilbert, Kerr and Mace) whereupon the Chairman declared the proposition lost.

Councillor Archer proposed and Councillor Kerr seconded:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £15,000 to £14,900 in 2009/10 onwards.”

2 Members voted in favour of the proposition (Councillors Archer and Kerr) and 7 Members voted against (Councillors Barry, Blamire, Bryning, Charles, Fletcher, Gilbert and Mace) whereupon the Chairman declared the proposition lost.

Councillor Gilbert proposed:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £3,000 to £26,900 in 2009/10 onwards.”

There was no seconder to this proposal, which was therefore withdrawn.

Councillor Kerr proposed and Councillor Archer seconded:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £12,500 to £17,400 in 2009/10 onwards.”

4 Members voted in favour of the proposition (Councillors Archer, Charles, Kerr and Mace) 4 Members voted against (Councillors Blamire, Bryning Fletcher and Gilbert) and 1 Member (Councillor Barry) abstained. The Chairman used his casting vote against, whereupon he declared the proposal lost.

Councillor Gilbert again proposed and Councillor Fletcher seconded:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £3,000 to £26,900 in 2009/10 onwards.”

2 Members voted in favour of the proposition (Councillors Fletcher and Gilbert) 7 Members voted against (Councillors Archer, Barry, Blamire, Bryning Charles, Kerr and Mace), whereupon the Chairman declared the proposal lost.

Councillor Blamire proposed and Councillor Bryning seconded:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £7,000 to £22,900 in 2009/10 onwards.”

3 Members voted in favour of the proposition (Councillors Blamire, Bryning and Fletcher) 6 Members voted against (Councillors Archer, Barry, Charles, Gilbert, Kerr and Mace), whereupon the Chairman declared the proposal lost.

Councillor Kerr moved and Councillor Archer seconded:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £12,000 to £17,900 in 2009/10 onwards.”

4 Members voted in favour of the proposition (Councillors Archer, Charles, Kerr and Mace) 4 Members voted against (Councillors Blamire, Bryning, Fletcher and Gilbert, Kerr and Mace) and one Member (Councillor Barry) abstained. The Chairman used his casting vote against, whereupon he declared the proposal lost.

Councillor Archer moved and Councillor Bryning seconded:-

“(10) That Cabinet recommends that the grant to Ludus be reduced by £10,000 to £19,900 in 2009/10 onwards.”

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Charles, Fletcher and Mace) voted in favour, 1 Member (Councillor Gilbert) voted against and 1 Member (Councillor Kerr) abstained.

(10) That Cabinet recommends that the grant to Ludus be reduced by £10,000 to £19,900 in 2009/10 onwards.

Regarding Morecambe Music Residency, Councillor Charles moved and Councillor Mace seconded:-

“(11) That Cabinet recommends that the grant to Morecambe Music Residency be reduced by £5,000 to £6,400 in 2009/10 onwards.”

By way of amendment, Councillor Archer proposed and Councillor Kerr seconded

“(11) That Cabinet recommends that the grant to Morecambe Music Residency be reduced by £1,400 to £10,000 in 2009/10 onwards.”

Resolved:

(5 Members (Councillors Archer, Barry, Fletcher, Gilbert and Kerr) voted in favour, 4 Members (Councillors Blamire, Bryning, Charles and Mace) voted against).

(11) That Cabinet recommends that the grant to Morecambe Music Residency be reduced by £1,400 to £10,000 in 2009/10 onwards.

Regarding Community Projects, Councillor Barry moved:-

“(12) That Cabinet recommends that the grant to Community Projects (£10,800) be removed in full in 2009/10.”

Councillor Barry then withdrew the proposal.

Regarding Community Projects, Councillor Charles then moved and Councillor Mace seconded:-

“(12) That Cabinet recommends that the grant to Community Projects (£10,800) be removed in full in 2009/10.”

Resolved:

(4 Members (Councillors Bryning, Charles, Kerr and Mace) voted in favour, 3 Members (Councillors Archer, Fletcher and Gilbert) voted against and 2 Members (Councillors Barry and Blamire) abstained).

- (12) That Cabinet recommends that the grant to Community Projects (£10,800) be removed in full in 2009/10.

Regarding Countryside Projects, Councillor Fletcher proposed and Councillor Kerr seconded:-

- “(13) That Cabinet recommends that the grant to Countryside Projects be reduced by £5,000 to £4,600 in 2009/10 onwards.”

Upon being put to the vote, 3 Members voted in favour (Councillors Blamire, Fletcher and Kerr) and 6 Members (Councillors Archer, Barry, Bryning, Charles, Gilbert and Mace) voted against, whereupon the Chairman declared the proposition lost.

Councillor Bryning proposed and Councillor Blamire seconded:-

- “(13) That Cabinet recommends that the grant to Countryside Projects be reduced by £3,000 to £6,600 in 2009/10 onwards.”

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour, 2 Members (Councillors Charles and Mace) voted against).

- (13) That Cabinet recommends that the grant to Countryside Projects be reduced by £3,000 to £6,600 in 2009/10 onwards.

(It was noted that Councillor Fletcher had previously declared a personal and prejudicial interest in this item as far as it related to the Arnside and Silverdale AONB in view of her involvement with Arnside and Silverdale AONB. Councillor Fletcher left the meeting prior to consideration of matters in the report relating to this interest).

Regarding Arnside and Silverdale AONB Councillor Archer proposed and Councillor Kerr seconded:-

- “(14) That Cabinet recommends that the grant to Arnside and Silverdale AONB be reduced by £3,900 to £10,000 in 2009/10 onwards.”

By way of amendment, Councillor Barry proposed and Councillor Gilbert seconded that:-

- “(14) That Cabinet recommends that the grant to Arnside and Silverdale AONB be reduced by £1,000 to £12,900 in 2009/10 onwards.”

Upon being put to the vote, 3 Members voted in favour (Councillors Barry, Blamire, and Gilbert) and 4 Members (Councillors Archer, Bryning, Charles, and Mace) voted against, whereupon the Chairman declared the proposition lost.

Members then voted on the original proposition. 2 Members (Councillors Archer and Kerr) were in favour, 3 Members (Councillors Barry, Blamire and Bryning) voted against and Councillors Charles and Mace abstained, whereupon the Chairman declared the proposition lost.

Councillor Bryning proposed and Councillor Kerr seconded:-

“(14) That Cabinet recommends that the grant to Arnside and Silverdale AONB be reduced by £2,500 to £11,400 in 2009/10 onwards.”

Members then voted:-

Resolved:

(3 Members (Councillors Archer, Bryning and Kerr) voted in favour, 3 Members (Councillors Barry, Blamire and Gilbert) voted against and 2 Members (Councillors Charles and Mace) abstained. The Chairman used his casting vote in favour.)

(14) That Cabinet recommends that the grant to Arnside and Silverdale AONB be reduced by £2,500 to £11,400 in 2009/10 onwards.

(Councillor Fletcher returned to the meeting.)

Regarding the Forest of Bowland AONB Councillor Archer proposed and Councillor Kerr seconded:-

“(15) That Cabinet recommends that the grant to the Forest of Bowland AONB be reduced by £1,000 to £6,000 in 2009/10 onwards.”

Members then voted:-

Resolved:

(6 Members (Councillors Archer, Barry, Bryning, Fletcher, Gilbert and Kerr) voted in favour, 1 Member (Councillor Blamire) voted against and 2 Members (Councillors Charles and Mace) abstained.)

(15) That Cabinet recommends that the grant to Forest of Bowland AONB be reduced by £1,000 to £6,000 in 2009/10 onwards.

Regarding Heysham Heritage Centre, it was noted that the funding of £5,100 from 2009/10 onwards would be removed from the budget.

Regarding the Health and Strategic Housing grant, Councillor Gilbert proposed and Councillor Charles seconded:-

“(16) That Cabinet recommends that the Health and Strategic Housing grant savings be noted.”

Members then voted:-

Resolved:

(7 Members (Councillors Barry, Blamire, Bryning, Fletcher, Gilbert, Kerr and Mace) voted in favour and 2 Members (Councillors Archer and Kerr) abstained.)

- (16) That Cabinet recommends that the Health and Strategic Housing grant savings be noted.

Officer responsible for effecting the decisions:

Chief Executive.

Reasons for making the decisions:

The decisions were taken in the context of the budget position and the need to make ongoing savings and achieve value for money, as well as proposed priorities and the impact on service users.

152 EXCLUSION OF THE PRESS AND PUBLIC

The Chairman asked for any further declarations of interest from Cabinet Members regarding the exempt reports.

It was moved by Councillor Bryning and seconded by Councillor Barry:-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraphs 1 and 2 of Schedule 12A of that Act.”

Members then voted as follows:-

- (1) That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraphs 1 and 2 of Schedule 12A of that Act.

153 EMPLOYEE ESTABLISHMENT - VACANCY AUTHORISATION**(Cabinet Member with Special Responsibility Councillor Bryning)**

The Chief Executive submitted a report seeking Cabinet's approval for the filling of established vacancies where recommended.

The options, options analysis, including risk assessment, were set out in the report as follows:

The information contained within each form provides details related to the risks of not filling the related vacancy. Cabinet has the option of releasing funding on either a time limited or permanent basis or withholding funding. If funding is not released, there will be

an impact on Service provision. If funding is time limited, it will be more difficult and possibly more expensive to fill a post.

The officer preferred option is to fill those posts as recommended by Service Heads unless Cabinet identifies the work as being of a low priority.

It was moved by Councillor Bryning and seconded by Councillor Blamire:-

- “(1) That the increase in hours for post CL0372 be approved.
- (2) That posts CL0325 and PL0042 be filled as recommended in the reports.”

Resolved:

(4 Members (Councillors Blamire, Bryning, Gilbert and Kerr) voted in favour, 2 Members (Councillors Charles and Mace) voted against and 3 Members (Councillor Archer, Barry and Fletcher) abstained.)

- (1) That the increase in hours for post CL0372 be approved.
- (2) That posts CL0325 and PL0042 be filled as recommended.

It was moved by Councillor Barry and seconded by Councillor Fletcher:-

- “(3) That the reduction in hours of post TC0014 be approved.”

Resolved:

(6 Members (Councillors Archer, Barry, Bryning, Fletcher, Gilbert and Kerr) voted in favour, 2 Members (Councillors Charles and Mace) voted against and 1 Member (Councillor Blamire) abstained.)

- (3) That the reduction in hours of post TC0014 be approved.

It was proposed by Councillor Barry and seconded by Councillor Bryning:-

- “(4) That posts CH0077 and CH0283 be filled as recommended.”

Members then voted as follows:-

Resolved:

(7 Members (Councillors Archer, Barry, Blamire, Bryning, Fletcher, Gilbert and Kerr) voted in favour and 2 Members (Councillors Charles and Mace) voted against.)

- (4) That posts CH0077 and CH0283 be filled as recommended.

Officer responsible for effecting the decisions:

Chief Executive

Reasons for making the decisions:

The decisions enable the decision made at Cabinet on 11th November 2008, removing the delegated decision making to fill employee vacancies away from Service Heads to Cabinet to be implemented.

154 CAPITAL RECEIPTS**(Cabinet Member with Special Responsibility Councillor Archer)**

The Corporate Director (Regeneration) submitted a report updating Cabinet on the current position with the planned major receipts and to consider adopting a Disposal Strategy for the Council as part of a Medium Term Corporate Property Strategy.

The options, options analysis, including risk assessment, were set out in the report as follows:

Option 1 – That the current position with capital receipts is noted and that the Disposal Strategy be adopted. This would build on the Corporate Property Strategy provide an improved framework for managing the Council's asset disposal process.

Option 2 - That the current position with capital receipts is noted but that the Disposal Strategy is not adopted. The existing guidance of the Corporate Property Strategy would be maintained although this is now out of date and does not meet the Council's current priorities.

Option 1 is the officer preferred option. The adoption of the Disposal Strategy provides an improved framework for managing the Council's asset disposal process.

It was moved by Councillor Archer and seconded by Councillor Kerr:-

- “(1) That the position with regard to capital receipts be noted.
- (2) That the Disposal Strategy be adopted to act as guidance to the Council in the disposal of assets to achieve the need for capital receipts.”

By way of amendment, which was accepted as a friendly amendment by the mover and seconder of the original proposition, Councillor Mace proposed and Councillor Fletcher seconded:

- “(2) That the recommendation for the Disposal Strategy to be adopted be deferred until the Cabinet meeting on 17th March 2009.”

Members then voted as follows:-

Resolved unanimously:

- (1) That the position with regard to capital receipts be noted.

- (2) That the recommendation for the Disposal Strategy to be adopted be deferred until the Cabinet meeting on 17th March 2009.

Officers responsible for effecting the decision:

Corporate Director (Regeneration)
Head of Property Services

Reasons for making the decision:

The decision will allow Cabinet to consider the Council's Disposal Strategy at its meeting in March 2009.

Chairman

(The meeting ended at 6.10 p.m.)

**Any queries regarding these Minutes, please contact
Debbie Chambers, Democratic Services, telephone 01524 582057 or email
dchambers@lancaster.gov.uk**

MINUTES PUBLISHED ON FRIDAY 20th FEBRUARY 2009.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
MONDAY 2nd MARCH 2009.**

SAVINGS & GROWTH PROPOSALS

Appendix to Cabinet Minutes from meeting held on 17 February 2009

2009/10 £000	2010/11 £000	2011/12 £000
+25,324.2	+26,857.1	+28,113.0
+23,999.0	+24,712.0	+25,383.0
+1,325.2	+2,145.1	+2,730.0
+3.9	-	-
-1,376.3	-1,095.8	-1,432.2
+47.2	+23.7	+24.2
-1,325.2	-1,072.1	-1,408.0
-0.0	+1,073.0	+1,322.0

BUDGET PROJECTIONS : Per Budget Report to Cabinet 17 February 2009

TARGET REVENUE BUDGET (for a 4% increase in basic Council Tax, assumed year on year)

SAVINGS REQUIREMENT TO ACHIEVE A 4% COUNCIL TAX

Further Base Budget Adjustments

Proposed Savings (see schedule below)

Proposed Growth (see schedule below)

Net Total

SAVINGS REQUIREMENT (assuming 4% year on year increase in Council Tax)

BUDGET PROPOSALS :

SAVINGS :	NOTES	-1,376.3	-1,095.8	-1,432.2
Corporate				
Management Restructure		-50.0	-50.0	-50.0
Amendments to profiling of capital projects funded from revenue		-179.0	+179.0	-139.0
Removal of 2009/10 inflation increase (general supplies and services only)		-50.0	-50.8	-51.6
Conferences & Seminars : 50% reduction for all Services		-5.2	-5.4	-5.5
Democratic Services				
Democratic & Member Support : Printing & Stationery		-7.1	-7.2	-7.3
Member Development & Conferences		-6.7	-6.9	+0.0
Civic & Ceremonial : Civic & Mayoral Functions	Cabinet 17 Feb 09	-4.3	-4.4	-4.5
Civic & Ceremonial : Floral Decorations	Cabinet 17 Feb 09	-2.3	-2.3	-2.3
Youth Games (withdrawal from 2010/11 onwards)		+0.0	-8.0	-12.0
Corporate Strategy				
Service Restructure		-30.0	-30.6	-31.2
Communications & Marketing Review	Cabinet 20 Jan 09	-30.0	-50.0	-50.0
Additional Income : withdrawal of free publicity for LSP (District Council Matters)		-2.0	-2.0	-2.0
Information & Customer Services				
IT Desktop & Telephony : use of multi-functional devices (MFD's) & Mobile Phone savings		-13.0	-15.0	-15.0
Revenue Services				
Council Tax & Housing Ben Admin : Staffing Restructures (combined savings)		-104.5	-109.6	-112.5
City Council (Direct) Services				
Waste Collection : Increase charge for Bulky Matters		-11.0	-11.2	-11.4
KIMO Subscription		-1.7	-1.7	-1.7
Finance/Admin/Depot/ Vehicle Mtce : Reduction in establishment		-10.1	-25.1	-28.0
Street Cleansing : Cease funding of 4 Environmental PCSOs		-49.9	-50.1	-50.3
Public Conveniences (13 toilets : Bull Beck to remain open, saving net of Community Scheme)	Cabinet 17 Feb 09	-54.0	-55.6	-57.2
Other Grounds Maintenance : reduced mowing of cemeteries & bridge embankment	Cabinet 17 Feb 09	-13.6	-13.8	-14.0
Reduction in Building Cleaning service		-24.0	-24.4	-24.8
Cultural Services				
Salt Ayre : Operational Savings (focusing on energy, as far as possible, & increasing income)	Cabinet 17 Feb 09	-119.0	-120.8	-122.6
Festivals Innovation Fund (FIF)	Cabinet 17 Feb 09	-26.9	-32.4	-33.0
Reduction in support for FIF Events		-30.0	-50.0	-50.0
Environmental Health & Strategic Housing				
Fees & Charges (all elements)	Cabinet 20 Jan 09	-37.0	-37.0	-37.0
Grounds Maintenance : Cemeteries		-8.8	-8.9	-9.0
Planning Services				
Achievement of Break-even for Building Control (reduction in staffing / increase in fees)		-143.4	-138.7	-137.2
Property Services				
Discontinuation of distribution to Members (Provisional, from 2010/11 onwards)		-	-9.0	-9.0
Community Transport : Introduction of Flat Fee (assumes 50% budget saving)	Cabinet 20 Jan 09	-78.0	-82.0	-86.0
Concessionary Travel: Re-negotiation of Reimbursement Rates		-134.0	-134.0	-134.0
Venue Hire to break even		-10.0	-10.0	-10.0
Economic Development & Tourism				
Removal of 2008/09 Growth (Regeneration Staffing)		-19.0	-	-
Reductions in Support to Outside Bodies				
Twinning	Cabinet 17 Feb 09	-6.3	-6.4	-6.5
Miscellaneous Grants		-7.5	-7.6	-7.7
Welfare Grants		-2.6	-2.6	-2.7
Ludus		-10.0	-10.2	-10.4
Morecambe Music Residency		-1.4	-1.4	-1.4
Community Projects		-10.8	-11.0	-11.2
Heysam Heritage		-5.1	-5.2	-5.3
Strategic Housing (savings from procurement exercise)		-6.7	-11.4	-15.9
CABs (£10K each : Linking to reduction in support for management costs)		-20.0	-20.0	-20.0
CVS		-3.9	-4.0	-4.1
Shopmobility		-1.0	-1.0	-1.0
The Dukes		-40.0	-40.6	-41.2
Countryside Projects		-3.0	-3.0	-3.1
Arnsdale & Silverdale AONB		-2.5	-2.5	-2.6
Forest of Bowland AONB		-1.0	-1.0	-1.0

GROWTH :	+47.2	+23.7	+24.2
CC(D)S			
Schools Recycling	+7.0	+7.2	+7.4
Property Services			
Facilities Management : Energy Performance Certificates	+16.2	+16.5	+16.8
Financial Services			
Parish Financial Arrangements Review	+24.0	-	-

SAVINGS PROPOSALS TO BE TAKEN FORWARD DURING 2009/10 (for future years)	-	-	-
Corporate			
Management Restructure (potential for additional savings from 2010/11 onwards)	-	?	?
Support Services Review	-	?	?
Cultural Services			
Museum Partnership efficiency savings	-	?	?
Charging policy for Community Pools			
Planning Services			
Implications of Pitt Report (Flood Defence)	-	?	?
Property Services			
Facilities Management (including energy)	-	?	?