



Committee: CABINET

Date: TUESDAY, 19 APRIL 2011

Venue: MORECAMBE TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on Tuesday, 15 March 2011 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. Declarations of Interest

To consider any such declarations.

5. Public Speaking

To consider any such requests received in accordance with the approved procedure.

Reports from Overview and Scrutiny

None

Reports

6. Shared Services Programme (Pages 1 - 10)

(Cabinet Member with Special Responsibility Councillor Langhorn)

Report of the Chief Executive

7. Shared Services Arrangements with Preston City Council for the Revenues and Benefits Service

(Cabinet Member with Special Responsibility Councillor Langhorn)

Report of the Heads of Financial Services and Governance (to follow)

8. Charities Review (Pages 11 - 24)

Cabinet Member with Special Responsibility Councillor Langhorn)

Report of the Head of Governance

9. Corporate Plan and Resource Policy Framework 2011-14 (Pages 25 - 120)

(Cabinet Member with Special Responsibility Councillor Langhorn)

Report of the Deputy Chief Executive

10. Lancaster Market

(Cabinet Member with Special Responsibility Councillor Barry)

Oral update from the Lancaster Market Cabinet Liaison Group.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Stuart Langhorn (Chairman), June Ashworth, Jon Barry, Eileen Blamire, Abbott Bryning, David Kerr, John Whitelegg, 1 Free Independent and 2 Conservative vacancies.

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047 or email ebateson@lancaster.gov.uk.

(iii) Changes to Membership, substitutions or apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

MARK CULLINAN
CHIEF EXECUTIVE
TOWN HALL,
LANCASTER LA1 1 PJ

Published on 7th April 2011

CABINET

Shared Services Programme 19 April 2011

Report of Chief Executive

PURPOSE OF REPORT			
To report to Cabinet on progress made in developing a shared services programme for the Council as requested as an action from the Corporate Performance Monitoring Report Quarter 1 2010, since the last progress report presented to Cabinet on the 18 January 2011.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officers	X		
Date Included in Forward Plan	N/A		
This report is public			

OFFICER RECOMMENDATIONS:

- 1 That Cabinet notes the progress made in developing a Shared Services Programme for the Council, since the last progress report presented to Cabinet on the 18 January 2011.
- 2 That officers continue to develop shared service partnership opportunities for achieving service improvements and efficiencies with a view to reporting back as determined by Cabinet and to help achieve future years' savings targets.

REPORT

1 Introduction

- 1.1 At its meeting on the 5 October 2010, amongst other things Cabinet resolved that shared accommodation, customer contact services, strategic partnership and winter maintenance services be identified as the four priority areas for the Shared Services Programme.

1.1.1 Shared accommodation

Full terms have been agreed with the county council for their occupation of Palatine Hall. Their staff are now moving into the premises on a phased basis. Her Majesty's Revenues & Customs have taken occupation of space within the Customer Services Centre at Lancaster Town Hall.

In addition to these recent agreements, the city council already provides accommodation for Morecambe Town Council, the Registrar and the Coastguard.

1.1.2 Customer contact services

The county council operates services on a part time basis from within the Customer Service Centres at Morecambe and Lancaster Town Halls and the Citizens' Advice Bureau operates one afternoon a week from Morecambe Town Hall by appointment only.

Opportunities may exist to provide shared face to face and telephony service between the county council and the city council. Officers from both councils are progressing options on this in the context of the strategic partnership between the county council and BT.

The logic behind this is that the citizens of the district are customers of both the county and the city councils and the same set of taxpayers for both councils' services.

1.1.3 Strategic partnership

County are undertaking an exercise to procure a strategic partner for ICT & Customer Services with BT. Lancaster City Council agreed to add its name to the OJEU notice.

The benefits from the Strategic Partnership could be significant and an early appraisal of potential benefits, particularly in respect of ICT, should be available in the near future.

1.1.4 Winter maintenance services

A shared approach to winter maintenance commenced this winter. Residents of the district benefitted from the city council working with the county council to deal with the effects of the harshest winter in decades. This ensured that besides the majority of the roads remaining open, priority footways were gritted. As a result the vast majority of services like waste collection continued to be provided. We intend to continue with these joint arrangements in 2011/12. Feedback received has been positive.

- 1.2 The full range of shared services opportunities that are in development are set out in the attached as **Appendix A** which provides the latest position on each.

- 1.3 Cabinet are asked to note the progress made to date on each shared service opportunity.

2.0 **Options and Options Analysis (including risk analysis)**

Option 1

To note the progress being made in respect of the service areas identified in the Appendix and to receive reports back to Cabinet as appropriate to ensure that any service improvements and efficiencies are considered as part of the budget exercise.

Option 2

To note the progress being made in respect of the service areas identified in the Appendix and identify any particular priorities.

RELATIONSHIP TO POLICY FRAMEWORK

The efficiencies delivered from developing a shared service programme will greatly assist in achieving the outcomes of the council's savings and efficiency programme and targets included in the Medium Term Financial Strategy.

It will also support the council's Corporate Plan priorities for working closely with other partner organisations to deliver improved benefits for the Lancaster district community.

CONCLUSION OF IMPACT ASSESSMENT

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

The use of business cases to develop options will ensure that benefits identified for introducing shared services will be sustainable and achievable.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising at this stage, although the progression of the shared service programme is expected to deliver further service efficiencies and/or cashable savings in future.

OTHER RESOURCE IMPLICATIONS

Human Resources:

N/A

Information Services:

N/A

Property:

N/A

Open Spaces:

N/A

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments (subject to seeing final report).

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS

None.

Contact Officer: Chief Executive

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E-mail: chiefexecutive@lancaster.gov.uk

Ref:CE/ES/Committee/Cabinet/Shared
Services/April2011

SHARED SERVICES PROGRAMME
Update for Cabinet Meeting – 19 April 2011

PARTNER	SERVICE ACTIVITY - CURRENT POSITION
	PROPERTY SERVICES – Facilities Management
	<p>Specifications have been prepared for either advising the shared services process or putting out to tender. This is also to be supported by proposals to restructure the service. It is anticipated that a report will be available following the results of the government's spending review in October.</p> <p>Efficiencies From Proposal:- These will need to be quantified as the process is developed.</p> <p><i>Update: Report considered by Cabinet in December 2010 which approved the concept of shared services and authorised negotiations to take place with South Lakeland District Council (involving Norfolk Property Services as their contracted supplier) and Lancashire County Council. Negotiations are continuing with all parties.</i></p>
	COMMUNITY ENGAGEMENT SERVICE - Customer Contact Services
	<p>Opportunities to provide shared face to face and telephony service. Officers from both councils are progressing options on this in the context of the strategic partnership between the county council and BT.</p> <p>Efficiencies From Proposal:- Discussions on the efficiency benefits to be achieved from shared customer services are continuing.</p> <p><i>Update: Work continues to progress options for shared service delivery</i></p>

	<p>COMMUNITY ENGAGEMENT SERVICE - Museums</p> <p>No firm proposals at this stage.</p> <p>Efficiencies From Proposal:- No firm proposals at this stage</p> <p><i>Update: Discussions are ongoing with both parties engaging positively in developing options for the coming year.</i></p>
	<p>INFORMATION SERVICES</p> <p>Strategic Partnership</p> <p>County are undertaking an exercise to procure a strategic partner for ICT & Customer Services with BT. Lancaster City Council agreed to add its name to the OJEU notice.</p> <p>Efficiencies From Proposal:- The benefits from the Strategic Partnership could be significant and an early appraisal of potential benefits should be available. In the interim, until there is some certainty as to what benefits there could be from participating in the county council's Strategic Partnership, it has been possible to operate without replacing the previous Head of IT Services following their departure to another council. This arrangement saved the council approximately £50k In 2010/11.</p> <p>FINANCIAL AND HR SERVICES – Payroll</p> <p>Being considered in the context of the Strategic Partnership</p> <p><i>Update: The dialogue with county is ongoing. As Liverpool Direct operate a similar structure and HR/payroll system as the one being developed for county, an officer group visited Liverpool Direct in February to see the Oracle HR/Payroll system in operation.</i></p> <p><i>In March 2011, county supplied details of their own implementation plan and an outline of the HR/Payroll system features.</i></p> <p><i>The implementation plan indicates that the earliest which the city council could take up the use of the county HR/payroll system would be September/October 2011.</i></p> <p><i>County commence the rollout of the new system on 4 April 2011. An officer visit to county has been planned for week</i></p>

	<p><i>commencing 19 April 2011. The aim of this meeting being to develop a more detailed understanding of the operational and technical aspects of the system available.</i></p> <p><i>The above information is being considered by Management Team following the meeting with county.</i></p> <p>ENVIRONMENTAL SERVICES</p> <p>Public Realm - Grounds Maintenance Services</p> <p>As a result of county's consultation with the district as part of the review of the 'public realm' the city council approved the business case for delivering a range of grounds maintenance activities (mowing, weed spraying, out of hours work, tree works) outside of the urban core from April 2011. The operational details of this are now being finalised.</p> <p>Efficiencies From Proposal:-</p> <p>Focussed around more joined up approach to service delivery and the customer benefits that will result from that.</p>
	<p>Highways Maintenance</p> <p>Currently the city council acts as a subcontractor to the county council to deliver some Highways Maintenance Works. The formal agreement for this expires 30 June 2011. Discussions are currently taking place to agree new arrangements that are consistent with county's 'one team' approach for highway.</p> <p>Efficiencies From Proposal:-</p> <p>The continued direct delivery of highways maintenance by the council supports other directly delivered services and provides value for money services for our citizens.</p>

	<p>Waste Collection Cost Sharing-</p> <p>The Lancashire Waste Strategy sets out how waste authorities will manage waste. The county as waste disposal authority supports the cost of the waste collection authorities, supporting the delivery of this strategy, through a per household, per annum payment. The details of the cost sharing arrangement are due to be reviewed ahead of the 2012/13 financial year. The city council will contribute to the review with a view to ensuring that the revised cost sharing arrangements will ensure the effective delivery of the Lancashire Waste Strategy</p> <p>Efficiencies From Proposal:-</p> <p>TBA</p>
	<p>Depot Relocation</p> <p>There may be mutual advantages to the depot at White Lund Depot relocating to land owned by county adjacent to the Middleton transfer station. Resources are required to assess the feasibility of such a move.</p> <p>Efficiencies From Proposal:-</p> <p>No firm proposals at this stage</p>
REGENERATION & POLICY SERVICES	
	<p>Land Drainage (Pitt Report)</p> <p>A county wide working group has been assembled to address how best to progress.</p> <p>Efficiencies From Proposal:-</p> <p>No firm proposals at this stage</p> <p><i>Update: Restructuring of funding through DEFRA will inform how county council intend to lead in this area. City council resource maintained to support new initiatives</i></p>
	<p>National Infrastructure Projects for National Grid Upgrade and Nuclear New Build</p> <p>The city council has agreed to work in partnership with the Cumbrian local authorities, Lancashire County Council and the</p>

	<p>affected districts in Lancashire to act as a consortium of local authorities responding to these major national projects.</p> <p>Efficiencies from Proposal:- The local authorities have to submit Local Impact Statements and analyse community consultation in relation to these major projects. These are equivalent to considering major planning applications with a resultant public inquiry for each district area. Major duplication is avoided by establishing a central team for the consortium to deal with process and secure funding through a planning performance agreement with the developer.</p> <p><i>Update : Advanced negotiations are now taking place leading towards the signing of a Planning Performance Agreement between National Grid and the consortium of local authorities. National Grid have already agreed to pay the local authority team for work undertaken on the PPA process to date and they are being billed for the Head of Regeneration and Policy's time spent working on the project.</i></p>
PRESTON CITY COUNCIL	<p>FINANCIAL SERVICES</p>
	<p>Revenues and Benefits Shared Service</p> <p>Cabinet at its meeting in August gave officers approval to develop a business case for progressing Phase 2 of this initiative, which would consider amongst other things issues in respect of shared accommodation, systems, service standards, and governance arrangements.</p> <p>Efficiencies From Proposal: As reported to December Cabinet estimated efficiencies from the full shared service proposals amount to £46K per full year, over and above other service efficiencies being taken forward in the lead up, but excluding any one-off costs of transition. These savings have been incorporated into the approved budget.</p> <p><i>Update: A report elsewhere on the agenda seeks Cabinet's consideration of the governance issues.</i></p>
	<p>University Hospitals of Morecambe Bay NHS Trust</p>
	<p>Opportunities for developing an interceptor car park for South Lancaster following Cabinet's consideration of this in February 2010</p>

	<p>Efficiencies From Proposal:- No firm proposals at this stage</p> <p><i>Update: Scheme options have been prepared and advice received in respect of planning and highways issues. Further advice required from NHS Trust relating to operational issues prior to feasibility work being completed to inform Cabinet.</i></p>
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23 November 2010
Revised December 2010
Revised March 2011

CABINET

Charities Review 19th April 2011

Report of Head of Governance

PURPOSE OF REPORT				
To consider options for the use of existing charity and trust funds for which the Council is responsible which are currently dormant.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date included in Forward Plan: 1 st April 2011				
This report is public				

RECOMMENDATION OF COUNCILLOR LANGHORN:

- (1) That Cabinet agree to transfer the Council's dormant charity and trust funds to the Community Foundation for Lancaster, which would establish a grant-making fund for the benefit of the District. In the event of Cabinet agreeing to transfer the funds, a decision would be required on whether to establish a new Grants Panel, or use one of the Community Foundation for Lancashire's existing Panels.

1.0 Introduction

- 1.1 The Council currently holds nine dormant charitable funds, left in bequests and endowments, which have a total anticipated balance at 31st March 2011 of £32,743.14. The funds were brought to the attention of Council in a report prepared by the Overview and Scrutiny Civic Task Group in December 2006. The report recommended that dormant charities, bequests and endowments be brought back into active use. A list of the funds and their associated balances can be found at Appendix A.
- 1.2 The matter of how best to bring the dormant funds into use was further considered by Cabinet at its meeting on 20th January 2009. At that meeting a decision to consolidate the charities into five charities to be managed by Lancaster City Council was deferred until resources were available in Democratic Services to carry out the work required to set up and support the new arrangements.
- 1.3 Resources did not become available in Democratic Services to start this work and, on 6th October 2009, Cabinet considered a further report with a number of options. Members noted that the work was not a priority and, although

included in Democratic Services Business Plan, was unlikely to progress quickly. Cabinet also noted a concern as to the staffing capacity to manage the new Trusts once established. Members resolved to invite a representative of the Community Foundation for Lancashire (CFL) to meet the Head of Democratic Services and relevant portfolio holders.

- 1.3 The CFL is part of a national charity which distributes grants to local community groups and voluntary projects operating in Lancashire. To date, the organisation has given almost £8million to local causes in Lancashire, and they work with donors and invest ethically to maintain sustainable grant-making funds. A copy of the CFL's investment policy is attached at Appendix C.
- 1.4 On 9th February 2011 Councillor Langhorn, as the portfolio holder for finance, met representatives from the CFL with the Democratic Services Manager to discuss how the Council's dormant funds could be brought back into use for the benefit of the District. Details of the subsequent proposal are set out below.

2.0 Proposal Details

- 2.1 The Community Foundation for Lancashire has offered to wind up the Council's dormant charities and establish a new fund with modernised objectives. This would be restricted to funding projects exclusively in the District, thus enabling the Council to address current community priorities whilst respecting the funds' original aims.
- 2.2 Fully trained by the Charity Commission, the CFL would lead on the process of transferring funds from the Council's accounts. This would include researching the trust funds' original governing documents and advising the Council on how to proceed in adherence to Charity Commission guidelines.
- 2.3 Upon completion of the assets' transfer, the CFL would undertake the administration and assessment of all grant applications to ensure due diligence, followed by clear monitoring and evaluation of each grant's impact. The charitable assets would become the CFL's legal responsibility, and be accounted for in their annual accounts. The Council would have the option to establish its own Grant Panel to make recommendations on funding, or to use one of the CFL's existing Grant Panels which consist of community leaders, local residents, and community sector representatives.
- 2.4 Rossendale Borough Council underwent a similar process in 2010, transferring their dormant trust funds to the Community Foundation for Lancashire. This brought over £100,000 back into active use, which is now supporting local causes as the 'Rossendale Community Fund'.
- 2.5 The Community Foundation for Lancashire would require a financial contribution of 1% of the capital value of the fund, to cover the costs of administering the grants programme. In addition, the fund would be ethically invested with the Foundation's professional investment managers, who would provide an annual report of their low-to-medium risk investment programme.

- 2.6 Full details of the proposal can be found within Appendix B of the report under section (f) *“Opportunities for Lancaster City Council”* as Option A – *“Wind up trust funds & establish a new endowment fund at the Community Foundation”*. An alternative suggestion was to create a ‘flow-through management agreement’ with the Community Foundation for Lancashire, also detailed under section (f) of Appendix B, as Option B. However, this has not been presented as the preferred option as the Community Foundation would request a financial contribution of 10% per annum, in an arrangement whereby the Council would remain responsible for the annual accounting and reporting of the charitable accounts.

3.0 Options and Options Analysis (including risk assessment)

	Option 1: To transfer the Council’s dormant funds to the Community Foundation for Lancashire	Option 2: To take no action
Advantages	Currently dormant accounts will be reactivated to fund good causes in the Lancaster district.	No known advantages
Disadvantages	No known disadvantages	Charitable bequests and funds would continue to lie dormant in the Council’s accounts, as opposed to supporting good causes in the District.

4.0 Conclusion

- 4.1 It is recommended that Cabinet agree to transfer the Council’s dormant charitable funds to the Community Foundation for Lancashire, which would establish a new endowment fund to support good causes exclusively within the District.

RELATIONSHIP TO POLICY FRAMEWORK

The recommendation supports the Council’s priority of providing strong community leadership and promoting partnership working to address local need, such as housing, health, children and young people, environment, education, social care and crime and disorder.

CONCLUSION OF IMPACT ASSESSMENT

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

Bringing the Council’s dormant charitable trusts into active use would support the Council’s Community Leadership role, and have a beneficial impact on charitable organisations in the District which successfully bid for funding.

LEGAL IMPLICATIONS

Upon the understanding the creation of the Community Foundation for Lancashire would satisfy the requirements of the Charities Act 2006 there are no legal implications arising from this report.

FINANCIAL IMPLICATIONS The adoption of this report will not lead to any change in the current Revenue Budget.	
OTHER RESOURCE IMPLICATIONS Human Resources: n/a Information Services: n/a Property: n/a Open Spaces: n/a	
SECTION 151 OFFICER'S COMMENTS The Deputy Section 151 Officer has been consulted and has no further comments.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS None.	Contact Officer: Peter Baines, Senior Democratic Support Officer Telephone: 01524 582074 E-mail: pbaines@lancaster.gov.uk

Dormant Funds Currently Held by the City Council

Estimated Balance as at 31.03.11

£

Albright Legacy	615.11
Jane Garner Sanatorium Legacy	1,575.80
Enid Smith Child Study Foundation	7,465.50
William Briggs Trust	3,977.40
Unknown Donors Charity	416.58
Matthew Piper Foundation	14,020.86
Dean Music Scholarship	4,448.70
Seward Prize	642.92
Dr James Aitken Memorial	2,426.05

Total Estimate of Dormant Funds as at 31.03.11

35,588.92



Community Foundation for Lancashire

Lancaster City Council's Trust Funds

Contents

- a) Background to Community Foundation for Lancashire
- b) Boost Initiative
- c) Local Authorities' Trust Funds
- d) Community Foundation: An Overview of Our Work
- e) Rossendale Borough Council: A Case Study
- f) Opportunities for Lancaster City Council
- g) Benefits of Working with the Community Foundation
- h) The Community Foundation Service to You
- i) Contact Details

Lancaster City Council & Community Foundation for Lancashire

We would welcome the opportunity to work in partnership with Lancaster City Council to enhance your work in supporting the local community and voluntary sector.

This document provides an overview of the Community Foundation and how we can work in partnership with you to ensure that your trust funds are being managed as cost-effectively as possible and that their charitable objects are meeting real social need in the communities of Lancaster.

For Communities. For Donors. For Lancashire.

Registered charity number 1123229

Community Foundation for Lancashire

Lancaster City Council's Trust Funds



a) Background to Community Foundation for Lancashire

Community Foundation for Lancashire is a local grant-maker belonging to a national network of community foundations. As one of the UK's most innovative community foundations, we work with donors with varying levels of wealth and resources all having one common aim; they care passionately about the future of Lancashire and wish to make a genuine difference to local lives.

The Community Foundation connects donors to the community by distributing grants to local community groups and voluntary projects operating in Lancashire. Since 2003 almost £8 million has been given to local causes. We work with philanthropic individuals, corporate donors, trusts, foundations and public sector partners; all wishing to achieve social change and improve the immediate community.

The Community Foundation for Lancashire is a member of the Community Foundation Network (CFN) - a national network of 58 community foundations in the UK. The Community Foundation has The Rt. Hon. Lord Shuttleworth as President and a board of trustees, led by Chairman Peter Robinson OBE DL. As a Community Foundation, we involve you every step of the way from determining what issues or causes you want to support, through to who actually receives a grant.

The Community Foundation for Lancashire team, working in partnership with the Community Foundation for Merseyside, has eleven years of experience in managing grants on behalf of public and private sector organisations and individuals.

The donor journey travels through fund creation to grant-making where panels are established and decisions are made. Full assessment and appraisals take place ensuring due diligence. Once a community group has submitted a successful application and the project has been executed, the Community Foundation ensures that full monitoring takes place with project visits to funded groups, and full reporting on the impact of the grant-making.

We have local expertise and in-depth knowledge of the community and voluntary sector having worked closely with voluntary and community groups across Lancashire and Merseyside for over a decade. We work with a wide range of community groups, giving us a comprehensive view of local issues and the ability to make connections between various needs and issues. We aim to utilise voluntary and community groups to help shape the direction of our organisation and ensure that we are responsive to the communities we serve.

We ensure that funds are spent effectively and efficiently to achieve the greatest positive impact. We have a proven track record in successfully delivering projects that target corporate social responsibility, charitable objectives and strategic grant-making on behalf of private and public sector organisations that are committed to improving Lancashire.

We are currently undertaking our first **Local Social Needs Analysis** to research the areas and themes of greatest need across the region. This report will help us inform donors about the most effective potential impact their funding can have. By making this connection between issues in the community, we will drive our grant-making programmes to address real issues, ensuring maximum impact and achieving social change in the local community.

Further information on the Community Foundation can be found at www.lancsfoundation.org.uk

Community Foundation for Lancashire

Lancaster City Council's Trust Funds



b) The Boost Initiative



The Community Foundation for Lancashire's sister foundation, Community Foundation for Merseyside, manages a national award winning project called the Boost Initiative.

The aim of Boost is to unlock dormant and inactive charitable assets, and enhance the impact of these assets for the benefit of people and communities throughout the UK. The Boost Initiative is a partnership between the Charity Commission and the Community Foundation Network.

Community Foundations are ideally placed to reactivate charitable assets due to our expertise in fund management and the disbursement of grants, our experience in managing endowment funds and our in-depth local knowledge.

Since the launch of the Boost Initiative a number of private charitable trusts and local authorities have made the decision to work with their local Community Foundation across the whole of the UK.

More information on the Boost Initiative can be found at www.boostinitiative.org.uk

c) Local Authorities' Trust Funds

Local Authorities often act as a trustee for a number of trust funds. The Community Foundation offers local authorities the opportunity to work in partnership to ensure that trust funds are managed as effectively as possible to benefit the local community, whilst respecting the original objects of the trust funds.

Now more than ever local authorities are seeking to minimise costs and ensure the best use of staff time and resource. Community foundations are able to provide a flexible and cost-effective solution to local authorities, freeing them from the administrative burden of managing and reporting on several separate small trust funds that often struggle to meet their charitable objects.

Community Foundations, with the Charity Commission's support, are able to amalgamate local authorities' small trust funds into one larger fund that can be more effective, not only in terms of grant-making and administration, but also in terms of investment income on endowment, enabling more money to be distributed to charitable causes.

The Charity Commission has produced a tool-kit as a resource for local authorities which can be accessed at www.charitycommission.gov.uk/Library/toolkitppt.ppt.

This tool-kit highlights the responsibility of local authorities that are the trustee of trust funds, as outlined overleaf.

The Community Foundation for Lancashire

Lancaster City Council's Trust Funds

1. Compliance

- Ensure that the charity does not breach any of the requirements or rules set out in its governing document and that it remains true to, and fulfils, the charitable purpose and objects set out there
- Ensure that the charity complies with charity law, and with the requirements of the Charity Commission as regulator; in particular ensure that the charity prepares reports on what it has achieved and annual returns and accounts as required by law
- Comply with the requirements of other legislation and other regulators (if any) which govern the activities of the charity
- Act with integrity, and avoid any personal conflicts of interest or misuse of charity funds or assets

2. Duty of Prudence

- Ensure that the charity is and will remain solvent
- Use charitable funds and assets reasonably, and only in furtherance of the charity's objects
- Avoid undertaking activities that might place the charity's endowment, funds, assets or reputation at undue risk
- Take special care when investing the funds of the charity, or borrowing funds for the charity to use

3. Duty of Care

- Use reasonable care and skill in their work as trustees, using their personal skills and experience as needed to ensure that the charity is well-run and efficient
- Consider getting external professional advice on all matters where there may be material risk to the charity, or where the trustees may be in breach of trust.

Local authorities strive to manage their trust funds in an effective way whilst respecting the original benefactor's wishes, however in practice this is not always possible due to time and resource constraints.

The Community Foundation is able to ensure that local authorities' charitable assets are used effectively to target real need in the local community, whilst adhering to Charity Commission regulations.

d) The Community Foundation: An Overview of Our Work

The Community Foundation for Lancashire has been grant-making since 2003, originally under the umbrella of the Community Foundation for Merseyside prior to the official launch of Community Foundation for Lancashire in the summer of 2008.

The Community Foundation has delivered almost £8 million to grassroots community groups and voluntary organisations throughout Lancashire in the past nine years. Over £540,000 has been distributed in Lancaster.

Some examples of funds that we have delivered in Lancashire include:

Fair Share - The Fair Share Trust Programme was established to distribute Big Lottery funding in areas that were recognised as not having received as much lottery funding for projects as other areas in the UK. The Community Foundation has delivered Fair Share in Hyndburn, distributing grants aiming to:

- Build capacity and sustainability in local communities
- Build social capital offering funding for projects supporting job creation, skills development, social networks and community engagement
- Improve the local environment

Grassroots Grants - Community Foundation for Lancashire has distributed over £1.5 million into local grassroots communities to increase or develop the capacity of small community and voluntary groups.

Local Network Fund - This fund supported small community and voluntary groups to improve outcomes and opportunities for children and young people aged 0-19. Over £5,250,000 was awarded throughout Lancashire to projects that worked with young people during the duration of this programme.

Sport Relief - This programme was established by Comic Relief and the BBC to use sports as a means of tackling poverty and disadvantage. The Community Foundation distributed approximately £185,000 of grants in Lancashire as part of this programme.

Community Foundation for Lancashire

Lancaster City Council's Trust Funds

e) Rossendale Borough Council: A Case Study

In 2010 Rossendale Borough Council made the decision to wind up their trust funds, all of which were dormant or inactive, and establish a new fund at the Community Foundation for Lancashire.

14 trust funds were wound up with assets totalling approximately £100,000. The trust funds had varying objects, with the majority supporting educational activities and the relief of poverty.

The 'Rossendale Community Fund' was established as a restricted fund which now sits under the Community Foundation's registered charity number, absolving the Council's annual accounting and reporting to the Charity Commission. The new fund will support the local community of Rossendale, particularly the areas of Bacup, Rawtenstall and Haslingden, via grants for educational activities and training and/ or tackling disadvantage and deprivation.

The assets have been invested with the Community Foundation's Investment Managers and the first grant-making will take place in April 2012.

"Rossendale Borough Council has established the 'Rossendale Community Fund' in partnership with the Community Foundation for Lancashire. By reactivating trust funds that had previously become dormant, the Council is now supporting residents in the local community around the themes of education, the relief of poverty and community cohesion.

At a time when national budget cuts are looking likely, the 'Rossendale Community Fund' is an ideal way to ensure money is available to support local residents. By working with the Community Foundation we know that the assets will be both invested wisely to support future generations, and we are also benefiting from the Community Foundation's expertise and experience in grant-making."

Phil Seddon, Head of Finance and Property Services,
Rossendale Borough Council

f) Opportunities for Lancaster City Council

The Community Foundation is able to provide administrative support in the management of charitable trust funds that local authorities are responsible for.

The Community Foundation can offer a flexible and cost-effective solution to Lancaster City Council, relieving the Council from the administration resource required to manage and report on several trust funds that may be struggling to meet their charitable objectives.

Option A:

Wind up trust funds & establish a new endowment fund at the Community Foundation

The Community Foundation proposes that Lancaster City Council winds up their trust funds to establish a new Fund at the Community Foundation. This will relieve the Council of its current responsibilities of managing these trust funds.

The new Fund can have new, **modernised objects** (in a similar spirit as the original objects detailed in the funds' governing documents), enabling the Council to address current community priorities in the local area.

Transferring the assets **enables the Council to continue to achieve the trust funds' objects without the administrative, legal and financial responsibilities**, which the Community Foundation will undertake.

Cat Kirkcaldy, Development Manager at the Community Foundation for Merseyside, has been **trained on the relevant aspects of Charity Law by the Charity Commission**. Should this option be chosen Cat would lead on the winding up of the trust funds, researching the trust funds original governing documents and advising the Council on the process required to adhere to Charity Commission guidelines.

Once the new fund is established the **Community Foundation will undertake all administration, solicitation of grants, assessment of all grant applications to ensure due diligence, and monitoring and evaluation of the impact of the grant-making.**

The Council has the option to either establish its own **Grant Panel to make recommendations on funding**, or utilise one of the Community Foundation's Community Grant Panels, consisting of local community leaders, residents and community sector representatives.

All recommendations on grants to be awarded are ratified by the Community Foundation's board of trustees.

By establishing an endowment fund with the Community Foundation, the charitable **assets become the legal responsibility of the Community Foundation**. The new fund will be accounted for in the Community Foundation's annual accounts as a registered charity. No further reporting or administration would be required by the Council. The endowment would be invested with the Community Foundation's professional investment managers, Rensburg Sheppards. An **annual report will provide an overview of investment performance** in-line with the Community Foundation's low to medium risk Investment Strategy.

The Community Foundation typically requests a financial contribution of 1% of the capital value of an endowment fund, to ensure that the Community Foundation as a registered charity is able to cover its costs in administering its grant programmes.

Option B:
Establish a 'flow-through' management agreement with the Community Foundation

Lancaster Council also has the option of working with the Community Foundation by entering into a management agreement. This would be what the Community Foundation refers to as a 'flow-through fund'.

If Lancaster Council were to establish a flow-through fund, the income from the trust funds endowment would be transferred to the Community Foundation on an annual basis for the Community Foundation to then grant-make on behalf of the Council.

With this option the Council would remain trustee of its trust funds and would remain responsible for the annual accounting and reporting of the charitable assets, both as part of the Council's accounts and the Charity Commission as the charity regulator.

The Community Foundation typically requests a financial contribution of 10% per annum for the administration of a flow-through fund, to ensure that the Community Foundation as a registered charity is able to cover its costs in administering its grant programmes.

g) Benefits of Working with the Community Foundation

- As the Charity Commission provides technical and legal guidance, the local authority can be assured that Charity Commission guidelines are being adhered to. The **Community Foundation has received and delivered training in partnership with the Charity Commission on the relevant aspects of Charity Law**
- The Community Foundation can enable trusts that are struggling to grant-make with outdated objectives to **modernise their objectives** to meet relevant social need and issues
- The Community Foundation is a **specialist in the management and disbursement of funds** for hugely diverse charitable activities, including the management of endowed capital
- The Community Foundation has an in-depth knowledge of local grassroots communities
- The **Community Foundation's local knowledge and partnerships** with local outreach agencies ensures that suitable grant recipients are aware of funds that are available
- The **Council can maintain involvement in grant-making by becoming a Grant Panel Member**, but without fulfilling the requirements and obligations and administrative burden that is inherent to being a trustee
- Community foundations are able to add value to trust funds, as they are often able to deliver match funding from other resources that are able to enhance the impact of a fund. **Advisory groups are often formed to support the growth of a fund.**

Community Foundation for Lancashire

Lancaster City Council's Trust Funds



h) The Community Foundation - Our Service to You

Should the Council choose Option A, the winding up of the trust funds will be led by the Community Foundation and this service will be provided as part of the overall Community Foundation service.

In managing the Council's trust funds the Community Foundation will provide the following service to the Council:

- Dedicated contact at the Community Foundation who will account manage your fund
- Support from the Charity Commission, in association with the Boost Initiative, on transfer of funds
- Receiving assets and establishing a new restricted fund, in-line with the Council's objectives
- Planning criteria for grant-making, as directed by the Council - this can change annually or be fixed
- Aiming to encourage match funding by contacting local businesses and private charitable trusts in Lancaster to potentially contribute to the fund
- Soliciting grants via targeted outreach activity, utilising local Councils for Voluntary Service
- Grants team will assess grant applications to ensure due diligence
- Panel Meetings facilitated by the Community Foundation on a six monthly or annual basis
- Annual Report provided to key stakeholders detailing all grants awarded, monitoring to demonstrate impact of grant-making and up to date overview of endowment activity
- Payments made to all successful grant applicants
- Feedback provided to unsuccessful grant applicants and re-application supported
- Annual project visits organised for key stakeholders to visit funded projects
- Arranging an annual review of all services provided, to inform the next years grant-making.

i) Contact Details

The Community Foundation would welcome the opportunity to work in partnership with Lancaster City Council to help deliver your charitable objects.

Should you require any further information or wish to arrange a meeting to discuss further please contact:

Cat Kirkcaldy, Development Manager (Philanthropy)
Community Foundation for Merseyside

Address: Third Floor, Stanley Building
43 Hanover Street
Liverpool L1 3DN

Telephone: 0151 232 2444

Email: cat.kirkcaldy@cfmerseyside.org.uk

Karen Fitzgerald, Development Director
Community Foundation for Lancashire

Address: Community Foundation for Lancashire
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Centurion Way
Lancashire Business Park
Leyland, PR26 6TT

Telephone: 01772 642 387

Telephone alt: 0151 966 3603 (Merseyside Office)

Email: karen.fitzgerald@lancsfoundation.org.uk

www.lancsfoundation.org.uk



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Funded by the Office of the Third Sector

Community Foundation for Lancashire Investment Policy and Procedures

	Standard Criteria
Objective	'Balance' return between income and capital
Risk	Low/Medium
Mandate	Discretionary

Background

- Community Foundation for Lancashire manages a number of funds on behalf of clients. Having consulted with clients our investment policy aims to maximise our ability to make grants without reducing the real terms value of the endowment.
- We recognise that need to provide income for grant-making may compromise some of the capital growth opportunities that are available to us, especially in rising markets. This also needs to be borne in mind when reviewing our performance against external benchmarks which are more likely to place a higher emphasis on growth and a lower emphasis on income.
- The investment parameters are widely drawn to give a degree of discretion to our investment managers. However, we would never expect to hold 100% of the funds in equities, or indeed be significantly higher in overall equities (75%) than our internal benchmark would suggest for any significant period of time,
- We intend to take a medium-term view of performance and are working on a 7 – 10 year time horizon. As such there will inevitably be short-term fluctuations as the markets change. However, once the portfolio settles down we are not looking for a high level of transaction to maximise short-term gain; instead we are taking a lower risk approach through quality stocks to achieve a stronger medium-term position.

Targets

- The portfolio mix will fall within the following broad planning ranges:

UK Equities	35-75
Non-UK Equities	10-30
Fixed Interest	15-35
Other Assets	0-10
Cash	0-20

Benchmark

- We intend to monitor performance against 2 benchmarks, 1 internal and 1 external. The reason for this is that our investment drivers are slightly different from those contained within the standard external benchmarks so we wish to be able to monitor like for like performance (the internal benchmark) but also ensure that we do not lose sight of wider sector performance (the external benchmark).

Appendix C

The internal benchmark will assume the following:

55%	FTSE All Share
20%	FTSE World ex UK
25%	Government Securities All Stocks (Gilts)

The external benchmark will be WM Unconstrained Charity Median.

The bonds held will be of 'investment grade' i.e. BBB or better

Restrictions

- No initial equity investment should exceed 5% of the total value of the funds under management.

Risk Profile

- The trustees recognise the risk associated with investment in mainstream financial markets and accept this risk in return for the prospect of additional returns over longer periods of time. As such, they wish to remain largely invested at all time, subject to cash reserves being held as part of the investment management process and to cover liabilities. The investments of the trusts should be well diversified and include a range of assets including fixed interest stocks, UK shares, overseas shares and alternative investments. Investments in Fund of Hedge Funds are permitted if deemed appropriate.

Review

- This policy statement will be reviewed on an annual basis.
- We would expect the Investment Managers to meet annually with each of the Community Foundation trustees and the Finance & Management Advisory Group, and that these meetings should be roughly 6 months apart.
- The trustees of the Community Foundation and the Finance & Management Advisory Group review investment performance on a quarterly basis.

CABINET**Corporate Plan and Resource Framework 2011/14****19 April 2011****Report of Deputy Chief Executive**

PURPOSE OF REPORT				
To present to Cabinet the Corporate Plan and Resource Management Framework for the 3 year period commencing 2011/12 and seek any amendments.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member <input checked="" type="checkbox"/>
Date Included in Forward Plan		March 2011		
This report is public				

OFFICER RECOMMENDATION

1. That Cabinet considers the Council's Corporate Plan and the Resource Management Framework, which includes the Medium Term Financial Strategy (MTFS), the Medium Term Corporate Property Strategy (MTCPS), the Human Resources (HR) Strategy and the Information and Communication Technology (ICT) Strategy, and makes any amendments that it considers appropriate.
2. That Cabinet refers the Corporate Plan and Resource Management Framework to Council in May 2011, and recommends Council to approve the Corporate Plan and MTFS, which form part of the Policy Framework, and asks Council to note the MTCPS, HR Strategy and ICT Strategy, which do not.
3. That Cabinet notes that officers will be reviewing the definition of the Policy Framework as set out in Article 4.01 of the Constitution, and will be bringing recommendations to Cabinet and Council in due course.

1.0 Introduction

- 1.1 The Corporate Plan brings together the Council's strategic priorities and objectives that it wishes to deliver in the medium term. It is not just an annual plan – its content drives the allocation of resources that are included in the Council's medium term budgets and capital programme, and related service business plans. The Corporate Plan forms part of the Policy Framework, and as such, must be approved by Council.

- 1.2 The Resource Management Framework brings together the MTFS, MTCPS, HR Strategy and the ICT Strategy, and allocates resources against priorities in the corporate plan. Therefore, the documents should be read in conjunction with one another. Currently, only the MTFS forms part of the Policy Framework, and must be approved by Council.
- 1.3 The documents that form the Policy Framework are listed in Article 4.01 of the Constitution. It is intended that this list will be reviewed by officers over the next few months, and that recommendations will be made as to whether the list should be updated.
- 1.4 Cabinet has agreed as part of the 2011/12 Budget process the corporate priorities and these have been used to refresh the Corporate Plan for the three year period beginning 2011/12.
- 1.5 The four draft corporate priorities are set out below and these have been included in a first draft of the Corporate Plan.
 - Economic Regeneration – Energy Coast, visitor Economy and Housing Regeneration
 - Climate change – prioritising reducing the Council's energy costs and increasing income
 - Statutory responsibilities – fulfilling at least our minimum statutory duties – focus on keeping the streets clean and safe
 - Partnership working and Community Leadership – working with partners to reduce costs, make efficiencies and create resilience within the district.

The intention to protect the most vulnerable in our society will be a thread that runs through all the above priorities.

- 1.6 The above priorities run through into the Resource Management Framework.

2.0 Proposal Details

- 2.1 The Corporate Plan provides members with a document which clearly sets out priorities so that people can understand what each priority means. Consequently, Cabinet needs to consider the current wording included for each priority and determine if and where changes need to be made.
- 2.2 The Corporate Plan is accompanied by the council's Resource Management Framework. This comprises how the council will utilise its resources to deliver the vision of the council and the priorities it has set.
- 2.3 Cabinet is therefore asked to consider the draft Corporate Plan and Resource Management Framework and agree any changes to enable the next stages to be completed.

3.0 Options and Options Analysis (including risk assessment)

	Option 1: That Cabinet considers the Corporate Plan and Resource Management Framework and makes any changes as appropriate	Option 2: That Cabinet determines an alternative course of action to prepare the Corporate Plan and Resource Management Framework than that recommended in Option 1
Advantages	The Corporate Plan and Resource Management Framework set the strategic direction for council services and the necessary framework for performance management.	None
Disadvantages	None	There would be no strategic framework set in time for Council to implement its budgets.
Risks	Objectives and funding may change throughout the year following Government initiatives. However, this will be managed through the Planning and Policy Framework.	There could be insufficient strategic direction for officers to implement members' priorities.

- 3.1 The preferred option is Option 1, as it would provide a process for ensuring that Cabinet could agree a version of the Corporate Plan and Resource Management Framework to refer to Full Council in May.

4.0 Conclusion

- 4.1 The Corporate Plan and Resource Management Framework are the cornerstones of the council's Policy Framework and effectively link the council's service delivery aspirations to its spending plans included in the budget and capital programme. It is essential that the council agrees its Corporate Plan and MTFS in good time to provide a clear framework for officers to work within.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Plan and Resource Management Framework are the cornerstones of the council's Policy Framework and outline its service delivery priorities and objectives for the next three years.

CONCLUSION OF IMPACT ASSESSMENT

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

Proofing)

None arising direct from this report

LEGAL IMPLICATIONS

There are no legal implications arising directly from the report.

FINANCIAL IMPLICATIONS

The Corporate Plan brings together all the Council's key priorities and objectives and its content drives the allocation of the resources that are included in the Revenue Budget and Capital Programme together with Service Business Plans over the next 3 years.

As such the current and future years' budgets have been built around the Corporate Plan's draft Corporate Priorities but as outlined within the MTFs, at present there is an imbalance beyond 2012. Current plans and methods of service delivery are unaffordable over the medium term and the Corporate Plan, Resource Management Framework and Service Plans set out the ways in which savings will be made, e.g. through efficiency changes, investment to save initiatives, income generation and lastly service reductions. A savings requirement of around £1M is currently estimated for 2012/13, with an additional £600K (on top of the £1M) required in 2013/14.

Any significant changes to the Council's priorities and plans may have further financial implications. In the event that any changes are made to the draft priorities, the implications will be reviewed and reported back to members.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

None

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

The s151 Officer is responsible for leading the development of the MTFs and the annual budgeting process to ensure financial balance. This includes developing and maintaining an effective resource allocation model to deliver business priorities.

The s151 Officer has therefore produced the draft MTFs for Members' consideration in line with her responsibilities.

Care needs to be taken in establishing and communicating the term 'resource framework', to ensure that it does not confuse the budget process – this being the method by which financial resources will be allocated to particular priorities and service activities, taking account of HR, property and other resource considerations. Whilst there are always improvements possible, generally the budget process has worked well over the last couple

of years. Proposals for the 2012/13 budget process will be considered in the new municipal year, alongside corporate planning proposals and any updates to the policy framework.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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E-mail: hmcmanus@lancaster.gov.uk

Ref: DCE/DP/CAR/2011/02



Managing our Resources

Resource Management Framework 2011-14

LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

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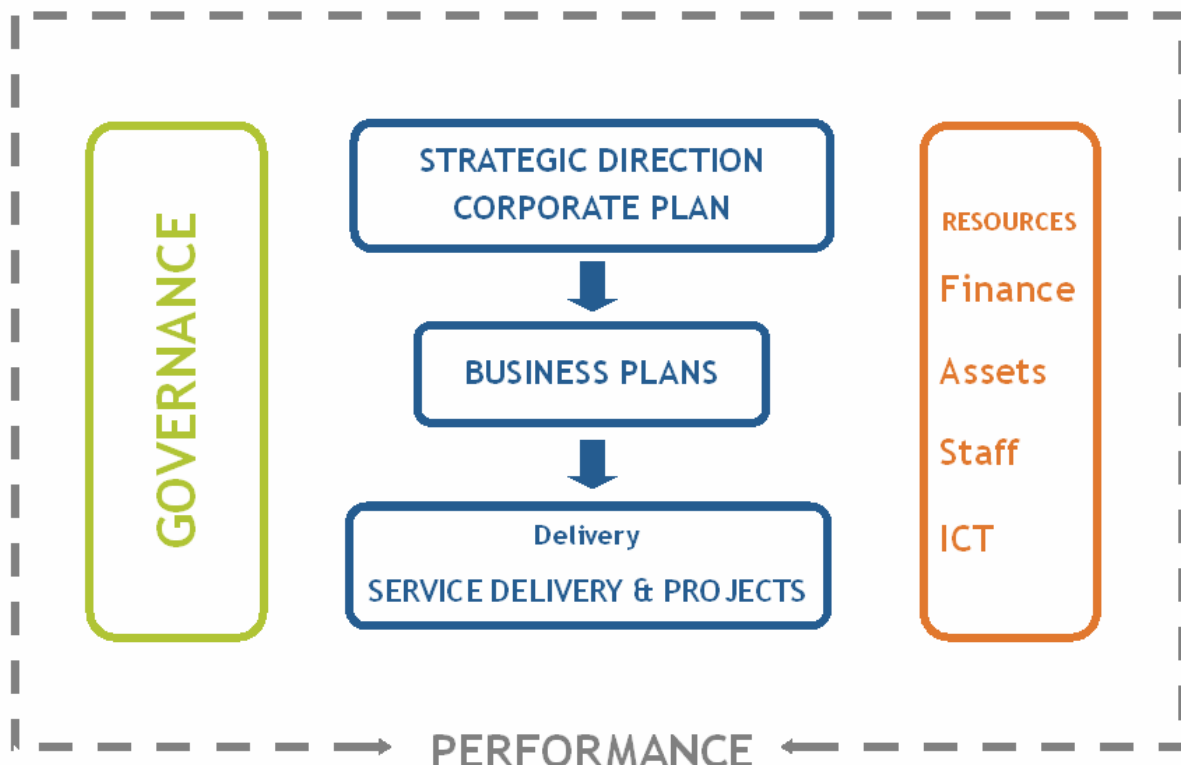
Introduction

Lancaster City Council operates in a dynamic and challenging environment. There is an ongoing need to respond to changes in service demand and new legislation, as well as managing the community's expectations and aspirations as a whole.

The council's Resource Framework sets out how the council's resources of finance, property, people and IT are utilised to meet the council's current circumstances and the anticipated future requirements of customers, staff, legislation and best practice. In moving forward, there are clear resource constraints that the organisation faces and, following the Government's Comprehensive Spending Review (CSR) in October 2010, and the proposed introduction of new legislation around the Localism Bill (e.g. Community Right to Buy and Community Right to Challenge) achieving a balance of such resources, to priorities over the medium term presents a huge challenge. Competing demands and limited resources mean that difficult choices may need to be made.

The council will manage its response to these challenges through a rolling process of corporate planning and policy review and will, as part of this process, produce relevant policy documents, which are integral to this. The council's Medium Term Financial Strategy (MTFS), Medium Term Corporate Property Strategy (MTCPS), IT Strategy and HR Strategy are core to this work.

Due to the significant changes to the way Local Government may deliver services in the medium term, the council's planning and policy framework will be reviewed in the summer of 2011. However, the Corporate Plan identifies an outline of the proposed approach, and members will receive a detailed framework in the summer. However, members should be aware that, in order to have successful outcomes for the district's communities, the council needs to consider key strategic documents of corporate planning, resource planning and governance. Below is a simple policy framework which illustrates how each of these documents interact:



The council's Resources Framework must support and inform the council's Vision for the district and strategic direction, as set out in the Corporate Plan, to match available resources. The council's priorities, to which all resources are aligned, are as follows:

- **Economic regeneration** – energy coast, visitor economy and housing regeneration
- **Climate change** – prioritising reducing the council's energy costs and increasing income
- **Statutory responsibilities** – fulfilling at least our minimum statutory duties – focus on keeping the streets clean and safe
- **Partnership working and community leadership** – working with partners to reduce costs, make efficiencies and create resilience within the district
- The intention to protect the most vulnerable in our society should also be a thread that runs through all the above priorities

The documents, which form the Resource Framework, detail key approaches that the council needs to take in addressing the council's corporate priorities and future challenges of aligning resources accordingly.

MEDIUM TERM FINANCIAL STRATEGY 2011-14

**Head of Financial Services
2011**

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1.0 INTRODUCTION

- 1.1 The Medium Term Financial Strategy (MTFS) sets out how Lancaster City Council proposes to manage its financial resources in line with current corporate priorities and future challenges the council faces in service delivery.
- 1.2 The city council responds to these challenges through a rolling process of policy review and financial planning. The Medium Term Financial Strategy (MTFS) is integral to this; it forms part of the council's wider resources framework linking to the Medium Term Corporate Property Strategy (MTCPS), the Human Resources (HR) Strategy and the Information and Communications Technology (ICT) Strategy.
- 1.3 The MTFS covers both revenue and capital financial planning. It outlines the key financial targets and constraints for the council, together with the financial planning and budget setting timescales that will be followed in seeking to achieve those targets. The 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.

In short:

- The Corporate Plan sets out the council's Vision for the district and summarises the council's medium term key priorities, aims and objectives in terms of outcomes and outputs to achieve the Vision;
- The MTFS also summarises the same key priorities, aims and objectives, but expresses them in financial terms. It also highlights any imbalance – which is the need to make savings and/or change aspirations for the future. Such needs should be considered in context of the Government's latest Comprehensive Spending Review (CSR), which resulted in unprecedented year on year public spending reductions.



- 1.4 At present, for revenue planning the Strategy's focus is very much on General Fund services funded through Council Tax. In broad terms, this covers all council activities with the exception of council housing. Council housing finances are managed through a separate Housing Revenue Account (HRA).
- 1.5 Financial planning for council housing will change significantly under the Government's proposals for "Implementing Self-Financing for Council Housing". Details of these arrangements were received in February 2011 and the target for implementation is April

2012. The implications of the new arrangements will be assessed and reported during this financial year, and updated into the MTFS as appropriate.

2.0 AIMS AND OBJECTIVES

2.1 The aims and objectives of the MTFS are to:

- protect the council's financial standing and avoid volatile or unnecessary fluctuations in the provision of council services, by:
 - providing a clear and regularly updated view of the council's future financial prospects;
 - setting out the council's key financial objectives and budget constraints within which members and officers must operate;
 - promoting and progressing the delivery of a financially sustainable and balanced budget for the medium term.
- deliver a balanced, robust budget (for both revenue and capital) each year, which:
 - matches and realigns resources both to council priorities and statutory needs;
 - is based on informed decision-making across all council policies and activities, underpinned by risk management;
 - takes account of budget consultation with stakeholders.
- help achieve value for money in the use of the council's resources. This includes:
 - maximising efficiency savings and, where appropriate, increasing income;
 - protecting statutory services and minimising reductions in other front-line services, where possible and where this is in line with council priorities, and
 - working with services to challenge traditional methods of service provision.
- be transparent about how the council will manage and plan its finances, together with the implications on service delivery.

3.0 CURRENT POSITION

3.1 NET REVENUE SPENDING

3.1.1 The Council's current approved forecasts for net revenue spending and resulting Council Tax rates for the next three years are shown below:

	Revenue Budget Projections (allowing for savings & growth)			Council Tax Projections	
	Net Budget	Annual Change	Net Contributions from Balances*	Average Band D Tax Rate	Annual Increase (YOY)
	£000	%	£000		%
2011/12	21,481	-13.2	1,261	£192.25	0.0
2012/13	21,131	-1.6	326	£218.89	13.9
2013/14	21,726	2.8	--	£237.64	8.6

* This includes the amounts being transferred from Balances into the Invest to Save Reserve.

- 3.1.2 The transfer of concessionary travel responsibilities has resulted in a major reduction in the Council's net budget for 2011/12, but, in addition, the Council has implemented measures to make net recurring savings of £1.8M. These achievements, together with Government's incentive package, have resulted in a Council Tax freeze for 2011/12.
- 3.1.3 The Council's budget is forecast to reduce further in 2012/13 and there are two main reasons for this:
- the Council's underlying borrowing requirement, known as its Capital Financing Requirement (CFR), is expected to reduce by £5M in 2011/12, and this will reduce borrowing costs from 2012/13 onwards;
 - the cost of local elections falls out in 2012/13.
- 3.1.4 In terms of Government funding, this is expected to reduce in cash terms by 11% between 2011/12 and 2012/13. Thereafter, year on year reductions of 2% are assumed. Whilst different scenarios may be modelled in due course, in terms of sensitivity a 1% change in Government support from 2012/13 onwards amounts to over £110K or a little under a 1.5% change in Council Tax.
- 3.1.5 Whilst such ongoing reductions in Government support add pressure, the Council believes that its current forecasts for Council Tax are unacceptably high and, therefore, over the next two years, it needs to make further substantial recurring savings in its revenue spending. This scenario is typical for public sector organisations over the medium term. It is in this context that Council has determined its key financial targets for future years, as set out later.

3.2 RESERVES AND BALANCES

- 3.2.1 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.
- 3.2.2 The Council's Section 151 Officer has advised that balances should be maintained at £1M for General Fund and £350K for the Housing Revenue Account; the Council accepts this advice and this is taken account of in future financial strategy.
- 3.2.3 As at 31 March 2011, the Council's General Fund balances are estimated to be almost £2.6M, and a further contribution of almost £200K is due to be made in next year. In order to provide financial capacity to help achieve budget reductions in future years, the Council has established an Invest to Save Reserve of almost £1.8M over the next two years, from these surplus balances. These transfers would therefore result in balances reducing to the minimum £1M. In addition the Council has established other specific earmarked reserves to help manage costs and other potential liabilities arising from a range of issues, such as restructuring of services, Lancaster Market improvements and potential liabilities in connection with Icelandic investments. The Council has a full approved policy on the use of such funds.

3.3 CAPITAL INVESTMENT AND FINANCING

- 3.3.1 The Council's current asset base is summarised below, based on its Balance Sheet. As at the end of last financial year the Council held land and other property of £278M, against which it had £42M borrowing outstanding. The majority of assets held are integral to providing services and supporting delivery of the Council's objectives, however, and this means that most assets cannot readily be sold.

Summary Consolidated Balance Sheet	31 March 2009 £'000	31 March 2010 £'000
Intangible Assets	474	306
Tangible Fixed Assets:		
Council Dwellings	160,152	142,165
Other Land and Buildings	47,994	49,641
Vehicles, Plant and Equipment	4,675	4,487
Infrastructure	33,808	32,854
Community Assets	8,055	8,066
Non Operational Assets	36,514	40,070
Total Capital Asset Base	291,672	277,589

- 3.3.2 A key task within the Council's MTCPS 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. In turn these are reflected in either the council's capital investment priorities, or its capital receipts forecasts.
- 3.3.3 Accordingly, over the next five years, the council's capital investment and its assuming financing is summarised as follows:

	Council Housing £'000	General Fund £'000	Total £'000
Total Gross Capital Programme	18,160	12,615	30,775
Financed by:			
External Grants and Contributions	25	4,004	4,029
Capital Receipts (from other land & property sales)	258	9,451	9,709
Direct Revenue Financing (including HRA Major Repairs)	17,737	450	18,187
Use of Reserves	140	704	844
Net Reduction (-) in underlying borrowing need	--	-1,994	-1,994
Total Financing	18,160	12,615	30,775

- 3.3.4 It can be seen that the council is heavily reliant on selling other land and property in order to finance its capital investment. For General Fund, the investment plans are based on receiving around £9M of capital receipts in 2011/12, of which £4M is required to finance the programme in that year, with the remaining £5M being used to offset increases in

borrowing need from previous years, as mentioned earlier. If these receipts do not materialise, then borrowing need would increase further, increasing the amount of revenue savings required in future. Members have considered and accepted this risk, especially given that the bulk of council funded capital investment is targeted at renewal and refurbishment of municipal buildings and facilities. The capital financing principles outlined later help provide some mitigation. This scenario does help to highlight, however, the interdependency between revenue and capital planning.

4.0 LINKS WITH COUNCIL PRIORITIES

- 4.1 The MTFS must both support and inform the Council's Vision for the District and strategic direction as set out in the Corporate Plan, to match available resources to the following agreed priorities and any other supporting needs. The following table provides a simple breakdown of the General Fund revenue budget and all capital budgets (including council housing) broadly analysed over the council's priorities.

PRIORITY / KEY OBJECTIVE	ANNUAL REVENUE BUDGET £000	5 YEAR CAPITAL PROGRAMME £000
Economic Regeneration Climate Change Partnership working & Community Leadership Statutory responsibilities Other Supporting Investment: Municipal Land & Buildings ICT Support Services		
TOTAL PLANNED INVESTMENT	21,481	30,775

(The above table will be completed once the Corporate Plan is fully drafted)

- 4.2 Given the nature of the Council's priorities, it is inevitable that spending will not be evenly spread. As an example, partnership working and community leadership does not typically involve significant capital investment. Furthermore, if the financial scope for affording discretionary activities reduces, a greater proportion of spend and investment will be incurred in maintaining essential statutory services. The council's role in pursuing its priorities is also changing; in particular the environment surrounding external funding will impact on the ways in which services are delivered in future.
- 4.3 For capital investment, there is a need to be more specific in terms of priorities. In particular, as reflected in the table above, much investment relates to property used corporately across the full range of Council activities. For this reason, the following supplementary priorities have been adopted to direct investment over the next five years, subject to annual review:
- Delivering the Council's Economic Vision as set out in the Economic Regeneration Strategy.
 - Delivering improvements for the Public Realm.
 - Delivering schemes that support the Council's Climate Change agenda, with focus on energy efficiency and income generation.

- Progressing the priorities within the Council's Housing Strategy and in particular, in meeting the current '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 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 (taking account of the Prudential Code - see later).

5.0 TARGETS AND CONSTRAINTS

5.1 COUNCIL TAX

5.1.1 Lancaster City Council believes that Council Tax should give good value for local taxpayers. In setting its tax rates, the council should also have regard to:

- anticipated levels of pay and price inflation
- Government funding levels
- Government targets for Council Tax
- the ability to meet minimum statutory requirements
- its Vision for the district.

5.1.2 The Council aims to keep Council Tax increases to no more than 2% for 2012/13 and 2013/14. These targets apply to the basic City Council Tax Rate across the district, excluding parish precepts.

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

Target	2011/12	2012/13	2012/13
Budget Requirement	£20.481M	£20.140M	£20.088M
Council Tax Increase	0%	2%	2%
Year on Year Net Savings Requirement (assumes recurring savings achieved)	-	£991,000	£647,000
Cumulative Net Savings Requirement	-	£991,000	£1,638,000

- 5.1.4 The net savings targets would need to be increased for any additional growth that may be required in future, or for any further net increases in the base budget. Clearly the savings targets are indicative and will continue to be monitored and reviewed as referred to later in this Strategy.

5.2 REVENUE BUDGET LIMITS

- 5.2.1 Council ultimately approves the budget forecasts for future years and any associated use of balances. Cabinet members and officers must then work within this framework, unless any flexibility is agreed by Council. The budget, after any use or contributions from balances, is known as either the Net Revenue Budget or the Budget Requirement.

- 5.2.2 For the next three years, current figures are as follows:

Year	Basic Budget Limit £'000	Forecast Contribution from Balances £'000	Forecast Net Revenue Budget £'000
2011/12	22,742	1,261	21,481
2012/13	21,457	326	21,131
2013/14	21,726	--	21,726

- 5.2.3 Cabinet has no flexibility to increase net spending over the amounts shown above, or to increase the contributions from balances, or to take on new spending commitments for subsequent years. Any flexibility within these overall financial constraints is set out within the council's Financial Regulations.

5.3 CAPITAL: UNDERLYING BORROWING NEED (ALSO KNOWN AS CAPITAL FINANCING REQUIREMENT OR CFR)

- 5.3.1 To support affordable, sustainable and prudent capital investment, and taking into account the latest revenue budget and Council Tax projections, previous years' interim increases in the CFR and the Council's expected future investment needs, the Council's basic underlying borrowing need should reduce by £1.994M over the next five years.

- 5.3.2 The practice will continue by which the Head of Financial Services, will, under delegated authority and in consultation with relevant Service Heads, assess the most appropriate means of financing for the acquisition of new vehicles and equipment (as budgeted). This may give rise to further increases in underlying borrowing need.

- 5.3.3 Further increases to the CFR may be considered, but only in context of either:

- providing funding to meet any additional costs arising in connection with settling existing claims and liabilities in connection with the Luneside East scheme. Further specific Cabinet approval would be required before this facility could be called on;
- providing cover for any losses associated with Icelandic investments, should there be any increase in need following changes in Icelandic court decisions and associated recovery prospects;

- providing interim funding for progressing the 2011/12 approved Capital Programme, prior to other expected sources of funding (e.g. capital receipts) becoming available;
- robust, achievable revenue savings being identified or income being generated, which reasonably exceed the ongoing (whole life) costs associated with a new capital proposal and meet any other payback requirements. This scenario would require further specific Cabinet / Council approval as required.

5.3.4 No underlying borrowing requirement is assumed for council housing investment at present but this will need to be updated in light of the outcome of the housing funding review, for consideration by both Cabinet and Council given the likely amounts involved.

5.3.5 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.

5.4 REVENUE FINANCING FOR CAPITAL INVESTMENT

5.4.1 Substantial general budgetary provision for direct revenue financing will be made within the Housing Revenue Account (HRA) for council housing purposes, in line with approved budgets and forecasts to support the Business Plan. No such general provisions will be built into the General Fund revenue budget, though revenue financing relating to specific schemes may be considered in appropriate circumstances, e.g. Invest to Save and other energy efficiency works, and the Townscape Heritage Initiative.

5.4.2 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.

5.5 CAPITAL RECEIPTS

5.5.1 Over the next five years, usable capital receipts totalling £9.7M are anticipated, of which approximately £9.5M relates to General Fund property disposals, with the remainder relating to council housing. The controls regarding their use are set out below:

- Council housing capital receipts may be used either to support capital investment in council housing stock and supporting assets, or to reduce HRA capital financing costs. The use of any additional receipts arising will be considered in context of the forthcoming housing finance changes.
- For General Fund, of the £9.451M capital receipts budgeted, only £4.484M will be used over the period to support capital investment generally. The remaining £4.967M will be used to reduce underlying borrowing need. 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:
 - Capital receipts arising from the West End Housing Schemes will be ring-fenced to meeting associated costs and liabilities arising, subject to appropriate Cabinet approval.

- The application of any additional General Fund capital receipts arising will only be considered once sufficient anticipated receipts have been received to finance existing programmes and achieve the planned reductions in the Council's underlying borrowing need. They will not be used to support new spending or commitments.

5.6 EXTERNAL GRANTS AND CONTRIBUTIONS

5.6.1 The Council anticipates that external sources of finance will be scarcer than in recent years. Nonetheless, it will continue to pursue funding opportunities where:

- they fit clearly with the Council's Vision and capital investment priorities;
- the funding makes provision for extra capacity to support the workload involved, should it be required; and
- pursuing such opportunities requires no extra financial support over and above that already provided for within approved budgets, or included in budget proposals supported by Cabinet, or alternatively, the funding opportunity may reasonably result in the council avoiding future costs or liabilities.

5.6.2 Should potential funding opportunities arise for provision of services, these will be considered as part of the budget and planning process wherever possible.

5.6.3 The use of any general, non-specific grants will also be considered as part of the budget process, should timescales permit, to allow appraisal in light of overall spending needs and priorities.

6.0 THE BUDGET PROCESS

6.1 This is an annual process, which is part of the Council's corporate planning and policy-making arrangements. It integrates any agreed policy changes and priorities with inflation and other financial adjustments, to arrive at a set of detailed budgets for the year ahead within the targets as set out (for Council Tax, as an example).

6.2 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, Management Team is responsible for the more detailed aspects of budget preparation including bringing forward project proposals and service provision options to assist elected Members' deliberations.

6.3 The approved annual budget is therefore 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. It provides a basis for monitoring and accountability.

6.4 The Council is currently reviewing its planning and policy framework, and will report to members with a revised proposal in the summer of 2011. Notwithstanding this revision, there are certain key dates which must be adhered to in budget setting. These are determined by Government, either through funding announcements or legislative requirements.

6.5 Ultimately, the Council must set a budget on Council Tax before 11 March each year. The Council's financial year runs from 01 April to 31 March. Generally the budget process looks at a three year time span for revenue and a five year time span for capital, but as the

year moves on, attention will become more focussed on the detailed budget for the next financial year.

6.6 BUDGET PREPARATION

6.6.1 The Council has taken an incremental approach to budget-setting for 2011/12 and for future years' forecasts underpinning this Strategy. Broadly speaking, this means that the current year's budget provides the starting point for next year's. It is based on the assumption that unless any specific decisions are taken to determine otherwise, services and activities will continue at the same level, from one year to the next. This does not preclude efficiency or innovation being sought in service delivery, however. Indeed efficiencies are the first priority for achieving budget savings and this is reflected later.

6.6.2 The initial "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:

- an allowance for the estimated level of pay and price inflation from one year to the next;
- adjustments to reflect the transfer of functions in the Council, changes in activity / demand levels for services where appropriate or general cost reductions, as examples;
- 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.

6.6.3 As part of the subsequent reviews of this Strategy, consideration may be given to other budgeting approaches such as zero-based budgeting, as an example.

6.7 GOVERNMENT FUNDING

6.7.1 Government funding directly influences the match between service provision and Council Tax levels, and so is a critical factor in the budget process; around 60% of the Council's revenue funding is received directly from Government. The results of the latest Comprehensive Spending Review (CSR) were announced in October 2010 and this set out significant reductions in public spending plans for the next 4 years. However, the Local Government Settlement only covers 2 years - a further finance review is planned - and therefore this leaves some uncertainty over funding levels from 2013/14 onwards. There has also been a marked reduction in the number of specific or ring-fenced grant funding streams and whilst this has, overall, resulted in reduced funding, it does also reduce the associated administrative burdens.

6.7.2 Estimates of expected general revenue support, as well as any remaining ring-fenced specific grants and associated costs, will be revised during the planning and budget setting process.

6.8 BALANCING THE REVENUE BUDGET: SAVINGS AND GROWTH OPTIONS

6.8.1 Typically there is the need to address a funding gap between spending aspirations and the resources available and, consequently, savings must be achieved. There is also the need to accommodate any required growth in services, other legislative changes and the costs

of financing and implementing major projects. This can require a significant realignment of resources. The council will achieve this through the following means.

a. Efficiency Savings:

These are regarded as a priority over other forms of making savings in council expenditure. Given the need to make substantial ongoing reductions to the budget, the council will focus on 'cashable' efficiency savings predominantly, rather than those that seek to enhance service standards for the same cost. Efficiency savings may arise in the following ways:

-Shared Service Programme

An important element of achieving efficiencies (either to improve service delivery or make cashable savings) is the Council's programme for collaborative or joint working with other local authorities or public sector organisations. The Council will continue with this programme, to achieve better value for money for the community across the public sector as a whole.

-Re-engineering and Re-structuring of Services

The council will continue to use "business process re-engineering" tools and techniques to ensure services are delivered within minimum cost and maximum outputs. The above proposals of shared services and "business process re-engineering" will change the Council's workforce over time. These changes are identified in the HR Strategy and associated reductions may involve upfront costs.

b. Invest to Save Initiatives:

The Council is committed to reducing its energy costs and/or generating related income. Priority will be given to progressing such proposals during 2011/12. In addition the feasibility for redeveloping Lancaster Market will also be taken forward and this too may result in an Invest to Save business case being presented for consideration. Other options for achieving further savings will be considered in light of available resources and the council's priorities; these may cross over with other efficiency proposals.

c. Income Generation

In previous years, the Council has reviewed some, but not all, of its charging policies for specific services or activities. During the autumn of 2011/12, Cabinet will review the overall charging policy, to identify potential options for increasing income generation (and potentially reducing the subsidy for services), in line with the council's corporate priorities.

d. Service Reductions

Notwithstanding the drive for efficiency, it is also expected that savings will be needed through reducing the level or range of services provided, if future financial targets are to be met. The Council will consider options for:

- reducing statutory service standards, where these are provided at above minimum standards;
 - reducing or withdrawing discretionary services and activities, informed by the council's current priorities and any proposed future changes, as well as any provision made by other organisations and partners.
- e. Growth**
- The scope for supporting growth may be limited and therefore any future growth need will only be considered if it meets any of the following conditions:
- it is needed to meet statutory service standards;

- it is essential to meet a key objective proposed within the council's Vision and Corporate Plan, for which there are no alternative providers or sources of funding available; and it is considered affordable and sustainable in the medium to long term.

6.9 BALANCING THE CAPITAL PROGRAMME: REQUIREMENTS OF THE PRUDENTIAL CODE

6.9.1 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.

6.9.2 The ultimate aim is to help ensure value for money from capital investment. Also, it reinforces openness and accountability in the decision-making surrounding capital spending.

6.9.3 Details of the council's Prudential Indicators as required under the relevant code are set out at **Appendix A** (to be added; already approved at Budget Council) and the Treasury Strategy for next year sets out the framework for managing the council's associated debt.

6.10 OPTIONS APPRAISAL

6.10.1 The appraisal of key budget options will incorporate an appropriate impact assessment and consider the workforce, property and any other resource implications, as well as the timescales for implementation and impact on partnerships. It is recognised that major change programmes cannot all be agreed and delivered at the same time and this will be reflected within the council's planning arrangements.

6.10.2 Options for capital investment and their financing will also be appraised as part of the budget process, in line with priorities as set out earlier and to meet the requirements of the Prudential Code. 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.

6.10.3 Given that resources are scarce, the planning and budget process enables the authority to consider and appraise, at a higher level, alternative capital 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.

6.10.4 The annual planning and budget exercise also underpins the development of a detailed five year rolling Capital Programme, ensuring that this is informed by the outcome of all relevant reviews and development plans. In particular, corporate property requirements are identified through the Council's asset management arrangements as set out in the Council's MTCPS; ICT requirements are similarly identified and assessed.

6.10.5 The authority also requires potential key capital projects to undergo a rigorous project appraisal, using a standard framework to ensure that they are appraised consistently and are deliverable. Wherever possible, this will be undertaken prior to Members considering scheme proposals.

6.10.6 Essentially, budget development and options appraisal is an iterative process, particularly between Cabinet and Council.

6.11 **DECISION-MAKING**

6.11.1 In recent years the council, through its Cabinet, has moved towards taking budget-related decisions on savings proposals during the year, rather than keeping all options open until Budget Council in late February/early March.

6.11.2 As the council still needs to make substantial savings in future, and, in any event, it makes sense to implement any true efficiency measures as soon as possible to give better value for money, this practice of taking decisions on efficiency proposals throughout the year will continue, rather than leaving all such options for consideration as part of the budget process.

6.11.3 For Invest to Save initiatives, in order to maximise the returns from the finite resources available, the proposals already identified will be appraised and determined simultaneously, but in view also of other outline ideas for the use of Reserve. Once these have been determined, another round of initiatives may be considered if funding permits.

6.11.4 For income generation and service reduction proposals, decisions will be taken throughout the year where operationally it makes sense to do so. In other scenarios, decisions may be taken in principle, subject to the budget process (i.e. Budget Council). In any event, decision-makers will be clear about the nature and status of their decisions.

6.11.5 Regarding growth, unless there is an unavoidable council or corporate need, all growth options will be considered as part of the budget process (at Budget Council).

6.11.6 Ultimately, the General Fund Revenue Budget, the Capital Programme and its financing, together with Council Tax levels, will be approved by Council at the Budget meeting to be held in late February / early March. Generally the Housing Revenue Account Budget and Council Housing Programme will be approved at the meeting earlier in February, to give adequate time for any rent variation notices to be issued, although this could change in future.

6.12 **MANAGING FINANCIAL AND OTHER RISKS**

6.12.1 During the annual 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. A summary of key risks and assumptions underpinning the council's financial planning is attached at **Appendix B** (as previously reported). These have a major bearing on the council's levels of provisions and reserves, which in themselves are an important tool in managing financial risk.

7.0 **MONITORING AND REVIEW**

7.1 The Council needs to ensure that its financial planning takes adequate account of the many changes or other issues that inevitably arise during the course of a year, including risk considerations. The council's approach to financial management forms a key element of the performance management framework which is detailed in the Corporate Plan. Financial monitoring will be done in a variety of ways:

- 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 and reported quarterly, as part of the performance management framework.
- A financial impact assessment of any key decisions will be undertaken, including any proposed major policy changes. (It should also be noted that similar impact assessments will also take place for HR, IT and Property issues).

7.2 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 incorporated into this Strategy as appropriate, once they have been evaluated and approved.

7.3 As detailed, 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 2011 and once as part of the 2012/13 budget process) for referral on to Council for approval, together with the rationale behind such changes.

8.0 GOVERNANCE

8.1 **Members** - Cabinet is responsible for formulating and recommending proposals and updates to Council.

Full Council is responsible for approving the MTFS and any updates; this is on the basis that it forms part of the council's overall Policy and Budget Framework.

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 in the Constitution.

8.2 **Officers** - The Head of Financial Services (as Section 151 Officer) is responsible for leading the development of the MTFS, the annual budgeting process to ensure financial balance, and the financial monitoring arrangements to ensure delivery. She is also responsible for ensuring the MTFS reflects any joint planning with partners and other stakeholders. All Management Team actively contributes to this process.

Other detailed officer responsibilities and key controls are set out in the council's Financial Regulations and Procedures. Nothing within this Strategy overrides the responsibilities or requirements placed on individuals or services as set out in the Financial Regulations.

9.0 PUBLIC ACCESS TO INFORMATION

9.1 As a publicly funded organisation, the Council is committed to being as open and transparent as possible on how it spends tax-payers' money. The Government requires councils to be so; this is mainly to improve public scrutiny and accountability, but such openness also helps to gain a wider understanding of the many financial pressures and

challenges that the organisation faces. The council demonstrates this openness through various means:

The Annual Budget

Information 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 in various forms to council officers and members, with a summary version available on the website;
- the Corporate Plan, which incorporates a financial overview.

Spending in Year

Each month, through its website, the council provides information on payments, made to suppliers for goods and services, where the value is over £500. As referred to earlier, on a quarterly basis, the Council considers its overall financial position and these monitoring reports are available through the council's website.

Outturn and other annual reports

After the year end, the council reports on its actual financial performance. Information is included in the council magazine, and more formally reported through the audited Statement of Accounts. In addition, the council publishes information on specific aspects such as senior officer pay.

- 9.2 As well as informing the public and other stakeholders, the council uses the results and feedback from this information to inform its financial planning and strategy going forward.
- 9.3 All information is available through the Council's website or alternatively, queries can be sent to finance@lancaster.gov.uk.

APPENDIX A

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

As Approved and Updated by Council 02 March 2011 (For MTFS)

2011/12	2012/13	2013/14
£'000	£'000	£'000

AFFORDABILITY

PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	13.7%	11.7%	11.3%
	HRA*	7.2%	7.2%	7.1%
	Overall	11.3%	10.0%	9.7%
PI 2: Actual ratio of financing cost to net revenue stream		Reported after each financial year end		
PI 3: Estimates of the incremental impact of new 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		2.29%	1.12%	1.17%
		£4.41	£2.19	£2.35
PI 3A: Illustrative Impact of Additional Borrowing £1 million		Repayment Period		
		5 Years	10 Years	25 Years
	Increase in Council Tax (£)	£4.99	£2.80	£1.65
	Increase in Council Tax (%)	2.59%	1.46%	0.86%
PI 4: Estimates of the incremental impact of Capital Investment on Housing Rents		Nil	Nil	Nil

CAPITAL EXPENDITURE

PI 5: Estimates of capital expenditure	Non - HRA	5,765	3,822	1,196
	HRA	3,658	3,616	3,616
	Total	9,423	7,438	4,812
PI 6: Actual capital expenditure		Reported after each financial year end		
PI 7: Estimates of Capital Financing Requirement	Non - HRA**	28,655	30,133	29,336
	HRA*	15,303	15,303	15,303
	Total	43,958	45,436	44,639
PI 8: Actual Capital Financing Requirement		Reported after each financial year end		

EXTERNAL DEBT

PI 9: Authorised Limit	Authorised Limit for Borrowing* **	51,740	51,640	51,650
	Authorised Limit for Other Long Term Liabilities	260	260	250
	Authorised Limit for External Debt	52,000	51,900	51,900
PI 10: External Debt: Operational Boundary* **		47,000	46,900	46,900
PI 11: Actual external debt		Reported after each financial year end		

PRUDENCE

PI 12: Treasury Management: adoption of CIPFA code of Practice		The Council has adopted the updated Treasury Management code of practice (November 2009).		
PI 13: Net borrowing and the capital financing requirement				
	Anticipated indebtedness (Authorised limit)	47,000	46,900	46,900
	Anticipated average investment	15,960	15,750	14,590
	CFR	47,153	44,697	45,037
	(Under)/over borrowed	-16,113	-13,547	-12,727

*This does not take into account potential reforms to the Housing Revenue Account Subsidy system

**This is on an IFRS basis including proposed adjustments to the balance sheet for reclassification of leases.



MEDIUM TERM FINANCIAL STRATEGY 2011/12 TO 2013/14



KEY FINANCIAL RISKS

The following sections set out key financial risks, which could significantly impact on the Council's ability to achieve its plans and strategies.

Luneside East

Key risks relate to the final outcome of the lands tribunal and associated legal costs, and potential clawback of funding should the project not progress to deliver its economic outputs. Should the project progress, however, there is the opportunity to receive a developer contribution on site transfer. *(Mitigation: specialist legal support, discussions with and commitment from funders/partners, budget and capital investment strategy provisions)*

Municipal Buildings

Essential works are being progressed to protect the Council's interests, but this may lead to additional financing costs. Price increases are being experienced on the municipal building works programme and there will be a need to increase the budgets over the coming years to reflect these. At present, the broad assumption is that most works will fall as capital but this has not been fully tested as yet. There is therefore the risk that budgets are inappropriate. *(Mitigation: capital investment strategy provisions, incorporating appraisal of revenue v capital, establishment of new earmarked reserve to cover revenue costs)*

Funding of Capital Programme

Should the latest capital receipts schedule not be achievable, this would prevent some capital investment from happening, but ensuring that funding is in place for essential works would add more pressure on revenue and cause affordability and financial sustainability risks. As an indication £1M of additional borrowing need could cost £60K per year, depending on various factors. *(Mitigation: capital investment strategy provisions, ongoing review and monitoring, options appraisal through budget process)*

Capital Liabilities

There is a potential liability relating to properties developed jointly with a Housing Association in the West End of Morecambe. If ultimately the value of properties sold is less than the cost of purchase and development then the Council will need to stand losses. The converse also applies if the value is greater, however due to falls in the property market the current situation is potentially negative. *(Mitigation: ongoing review and monitoring of capital programme and market conditions)*

Decision-making

There is always the outside risk that the Council fails to reach agreement in order to deliver a balanced, robust and deliverable budget for future years. *(Mitigation: through training and Member induction, budget and planning process, learning from previous years, not being over-ambitious in terms of balancing service provision against funding levels or delivering change)*

Icelandic Investments (and investment losses generally)

The prospects for successful recovery action and affordability risks are influenced mainly by creditor status for two of the investments made. Priority status for UK wholesale depositors (such as local authorities) has very recently been upheld in test cases heard by the Icelandic District Court, but this is subject to any appeals. Risks remain throughout the banking sector generally. *(Mitigation: defence through any appeals to Icelandic Supreme Court, ongoing work through LGA, capitalisation directive applied, impairment reserve established to cover balance of 'worst case' estimated losses, updated investment strategy & future review)*

Government Support (future years)

2011/12 and 2012/13 have seen significant reductions in Government funding levels. There is still uncertainty over 2013/14 and beyond, however the initial two years allocations have been broadly in line with the 4 year Comprehensive Spending Review (CSR) projections. The level of support for 2013/14 assumes a further 2% reduction, in line with the CSR. In addition, the withdrawal of various ring-fencing arrangements or funding streams

may create some potential flexibility but in turn this could cause further difficulties in decision-making, particularly if such funding streams are linked to statutory obligations such as with Disabled Facilities Grants, as an example. *(Mitigation: scenario planning, future budget processes and monitoring / review.)*

Other Economic Factors and Prospects generally

As well as affecting future levels of government support, economic factors will affect the Council's finances through other funding streams, inflation, interest rates and pay settlements, as well as demand for services. *(Mitigation through monitoring and future budget processes)*

Council Tax Capping (or replacement measures)

In recent times the Government has demonstrated a firm commitment to capping. The new Localism Bill includes provision for Council Tax referendums should council tax increases exceed the principles set down by the Secretary of State. *(Mitigation: setting of targets for future years, review any national criteria etc. for 2012/13 and beyond)*

Concessionary Travel

From 2011/12 responsibility for concessionary travel transfers to the County Council and all costs of the statutory scheme have been removed from future years' budgets; one year's budget provision has been retained for community transport in the interim. Transitional arrangements are to be implemented (led by the County Council) for this element, with the aim of ensuring a sustainable level of service provision in future. *(Mitigation: countywide approach.)*

Fair Pay

The financial implications of the current pay and grading structure have been recognised as unsustainable in the medium and longer term. A further review has now been started to establish a more sustainable grading structure. *(Mitigation: supporting HR policies, use of earmarked reserves, commitment to review and amend the grading structure within 2 years of implementation)*

Change Management & Investing to Save (e.g. Restructuring Reserves)

The Council has gone through a period of significant change and is still progressing with a number of service restructures. Whilst there are sufficient funds identified to facilitate current plans, further development is still needed in a number of areas. There is the general risk that the Council could have insufficient funds available to enable sufficient invest to save schemes, or such initiatives prove unsuccessful. There are also financial risks attached to the process of change, and maintaining sufficient capacity to ensure sound financial management and planning etc. *(Mitigation: through budget process, earmarked reserves, and change management and appraisal arrangements)*

Shared Services

As an example, the Council has already entered into a Shared Management arrangement with Preston City Council in respect of Revenues and Benefits and will be looking to create a full shared service during 2011/12. The Council has benefited financially from the changes already made without impacting on service delivery, however the new shared service will need to demonstrate that further efficiency savings can be made whilst still maintaining current service standards. *(Mitigation: financial appraisal and project management, development of governance arrangements, communication, involvement of support services)*

Council Housing Finance review

The Government has now published the rationale, methodology and financial parameters for the reforms to council housing finance otherwise known as "self-financing" which will be achieved with a form of redistributed housing debt. The current subsidy system will continue for 2011/12 with self-financing due to start in April 2012. Details of the new system were only published at the start of February and officers will determine what impact there will be on the Housing Revenue Account and potentially General Fund, in particular in relation to Treasury Management and other cost allocations. As an indication, the changes may involve the Council taking on around £30M additional debt, with associated risks involved *(Mitigation: monitoring, review and appraisal of current information)*

Future Savings Potential

Each year the Council continues to make efficiency savings, however some of the larger savings such as those in areas like Revenues and Benefits and Environmental Services have already been taken with the introduction of shared services and co-mingling respectively. The achievement of future savings targets may well prove more difficult. *(Mitigation: robust consideration of risks by Cabinet, financial planning arrangements, Invest to Save options, change management arrangements)*

MEDIUM TERM CORPORATE PROPERTY STRATEGY 2011-14

**Head of Property Services
2011**

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1.0 INTRODUCTION

- 1.1 Lancaster City Council has a small but diverse range of land and property that contributes in many ways to the council's objectives. The 2011 - 2014 Medium Term Corporate Property Strategy (MTCPS), sets out the strategic direction for the management of the council's property portfolio during this three year period, reflecting all the other relevant government policies, council plans and strategies.
- 1.2 In particular, the MTCPS forms part of the council's wider resources framework linking to the Medium Term Finance Strategy (MTFS), the Human Resources (HR) Strategy and the IT Strategy.

2.0 AIMS AND OBJECTIVES

- 2.1 The aims and objectives of the MTCPS are to:
- highlights the progress made against the key performance targets and property improvements implemented over the last year
 - set out the key asset management tasks and targets for the forthcoming year.
- 2.2 The way that the Council manages its land and property assets has a direct impact on both the quality of services that it delivers to the public and the quality of the environment. It is therefore important that efficient and effective use is made of these assets to support corporate and service objectives.

For example, the council's Property Service has been a lead Service in the Access to Services Review under which we must continue to exploit the opportunities to improve the way we deliver services to our communities, whether face to face or by telephone, increasing the range of services we offer through our customer service centres in Morecambe and Lancaster Town Halls.

CORPORATE ASSET OBJECTIVES

- 2.3 The council's previous Corporate Property Strategies were based on the premise:

That challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives

- 2.4 This was linked to a corporate approach to property holding based on a corporate landlord approach. Continuing that basic premise, this strategy identifies a number of separate objectives against which the council's asset portfolio should be assessed. These are set out below:

ASSET OBJECTIVE		OUTCOMES & MEASUREMENT
1.	Fit for Purpose &	Enhanced user satisfaction e.g. provision of

	compliance with Statutory/Regulatory codes	Customer Service Centres; improved office accommodation, determined by undertaking surveys of customers and by undertaking condition surveys of buildings and carrying out works of repair and improvement. Where buildings are beyond economical repair options for alternative use or disposal should be considered. To ensure that all relevant legislation is fully enforced e.g. DDA legislation, Health & Safety, Asbestos, Legionella, Fire Safety, NICEIC.
2.	Value for Money	To ensure that assets deliver value for money, minimising costs in use and working towards the development of option appraisals, and whole life costings, maximising return on investment. These are determined by analysing performance indicators, undertaking regular valuation programmes, working with the AMWG to ensure good option appraisals are in place and that good project management techniques are utilised.
3.	Improved corporate management	That in respect of the buildings that it occupies, the Council ensures that there is optimum utilisation of its office space, cross departmental and partnership working,
4.	Sustainability	To ensure that all assets are managed efficiently and sustainably, in accordance with Council policies on climate change, by monitoring, for example, CO2 emissions and the use of green energy and setting targets for the future. This also links to objective 5 below
5.	To serve the Council's corporate priorities	To identify how assets can contribute to the key aims of the Council as set out in its annual Corporate Plan. This will include the need to secure capital receipts to help fund the capital programme and therefore reduce borrowing, all to help keep Council Tax levels low. In addition improving the Council's assets will help to meet customer access requirements and sustainability measures, whilst assets will be acquired where schemes are approved by the council to improve the district. Climate change is also a key aim – see objective 4 above
6.	Enabling	Where assets do not meet any of the other elements of these objectives, to use the council's land and property assets to achieve strategic development and regeneration opportunities within the district. This could be by way of asset transfer to community groups as envisaged in the Quirk report or alternatively, where there are no other Council priorities, disposal of assets would

		provide a capital receipt that can be utilised to fund other Council capital schemes. In addition, assets can be used to assist the shared services and localism agendas.
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3.0 CURRENT POSITION

STATEMENT OF PORTFOLIO

- 3.1 The council holds a diverse and widespread portfolio of land and property assets throughout the district which includes operational property (e.g. offices, administration buildings, leisure centres, visitor information centres, markets etc.) and non-operational property (e.g. shops, offices, agricultural land, allotments and garden tenancies etc.). The net book value of the council's property assets as identified in the council's 2009/10 final accounts amounts to £92.27m excluding the Housing Revenue Account property. The following tables identify a schedule of property types held by the council.

Asset Type	Value (£)
Operational Property	49.51m
Non-Operational Property	34.69m
Community Assets	8.07m

Current Property Holdings

Type	Number of buildings or plots	Comments
Commercial Premises - Retail	41	Includes shops on Housing estates, Promenade cafes etc
Commercial Premises – Industrial	17	Includes premises at Luneside East waiting development
Commercial Premises - Office	14	Includes CityLab, Storey Institute & St. Leonards House
Commercial Premises - other	9	Includes The Dome, Dukes Playhouse, Community centres
Public Open Space (POS)	154	Various plots
Land	605	Includes open spaces not designated as POS
Car Parks	52	Including land let for parking
Garage & Garage sites	61	Largely on Housing estates
Changing Rooms	3	Provided on playing fields
Cycleway/Footpaths	19	Plots that form part of the main cycleway
Adopted Highway	92	
River Defence Walls	3	
Market Halls	2	

Agricultural land	10	Including land held for cemetery extensions
Allotment sites	14	
Municipal Buildings	4	
Depots	3	
Museums	3	
Cemetery/Churchyard	8	Including dis-used churchyards
Public Conveniences	22	Including those recently closed
Sports Centre/Swimming Pool	4	
Residential Property	75	Largely held in advance of schemes in Morecambe West End
Bus Station	2	
Pumping Station/Water Treatment Plant	3	
Foreshore Promenade	13	
Septic tanks (or sites of)	16	Adjacent to Housing Estates
Miscellaneous	73	Including bus shelters, play pitches, buildings in Williamson Park etc

- 3.2 The rationalisation and categorisation of this portfolio is an ongoing process and this is linked into the council's "business process re-engineering" processes and corporate planning processes.

SERVICE DELIVERY & ACCOMMODATION NEEDS

3.3 Overview

- 3.3.1 'Corporate Property Ownership' was the main principle adopted by the council in the 2005 Corporate Property Strategy. This process is based on the corporate centre providing greater influence over property decisions to meet wider corporate objectives, partner and area initiatives and at the same time address service needs. Collective management of these resources enables a more corporate and proactive approach especially in the light of shared provision, options for disposal and acquisitions to support regeneration and maximise potential income from sites deemed surplus.

3.4 Council Services

- 3.4.1 An essential element of the Access to Services process in reviewing council services is the consideration of service restructuring which requires a close look at the activities that Services undertake as well as dealing with the potential for property efficiencies. Service asset management plans would inform and support the corporate property strategy will assist this process and identify opportunities for rationalisation at individual Service and authority wide level.
- 3.4.2 Although most property management arrangements have successfully been brought into a single base, some are still fragmented where operational management dictates. It is proposed to procure new maintenance and energy management arrangements that will enable a more corporate approach to asset management.

3.5 New Working Practices in the Council

3.5.1 The Access to Services Review has resulted in relocation of the majority of staff into Lancaster and Morecambe Town Halls. This will result in staff vacating:

- St Leonards House (vacated but subject to third party leases)
- Palatine Hall (let to the County Council)
- 1 Dalton Square (Sold March 2010)
- 56-60 Euston Road (let to third parties prior to disposal)
- 29 Castle Hill (Sold July 2009)
- Morecambe Town Hall Cottage (Sold October 2009)
- Albert Road (vacated but held as part of the West End Chatsworth Gardens proposals)

3.5.2 The Review has been achieved by combining improvement of the buildings whilst instigating new working practices such as hot desking, home working and use of improved IT systems such as electronic document management systems, new telephone systems and improved computer interfaces. By the end of the scheme it is anticipated that the accommodation ratio will have reduced from 10.76 m² per workstation to closer to 7.5 m² per workstation.

3.5.3 The final stages of the review, involves remodelling of office space as part of a major refurbishment of Morecambe Town Hall, with completion due in summer 2011.

3.6 Working with Partners to provide/improve accommodation and facilities

3.6.1 Although there is a reduction of office space as a result of the Access to Services Review, facilities are or will be provided for our partners as follows:

- The Registrar
- Coastguard
- County Council
- Pensions Service
- External Auditors and Inspectors
- Citizens Advice Bureau
- HMRC

3.6.2 Discussions are also continuing with the County Council about how more of their services can be made available from the new Customer Service Centres within Lancaster and Morecambe Town Halls.

3.6.3 The Council does work closely with other partners to try and facilitate improved facilities within the district. In particular, the Care Trusts operating within the district occupy the following Council premises:

- Moor Lane Mills
- St Leonards House
- Ryelands House

3.6.4 Lancashire Constabulary utilise facilities within Lancaster Bus Station

3.6.5 Through the provision of a land disposal process, the Council acts as an enabler, working with developers to provide new facilities. Examples are:

- The Canal Corridor scheme under which the Developer, Centros, will, subject to planning permission, provide a mixed use development including new car park and coach park facilities in a modern form to replace the existing surface level facilities
- Morecambe FC have developed a new football stadium at Westgate and provided increased playing pitches which will improve the Football in the Community programme
- The Courts Service are looking to centralise their facilities in the vicinity of the Lancaster Magistrates Court by acquiring Council land and that would include the potential for the Crown Court to vacate the Castle premises, thereby improving not only the overall courts facilities, but also the tourism potential of the Castle

3.6.6 The council will continue to consider making its land available to facilitate new housing requirements as part of the corporate plan priorities. In particular potential development land within existing council housing estates will be considered for this purpose.

CURRENT PERFORMANCE IN RELATION TO THE CORPORATE ASSET OBJECTIVES

3.7 This section reports on the council's performance in relation to its Corporate Asset Objectives (as scheduled above, paragraph 2.4) and highlights the council's performance in respect of its land and property assets over the last twelve months. The associated key performance indicators are detailed in Appendix 1 and show information for the last nine years.

Corporate Asset Objective 1: Fit for Purpose & compliance with Statutory/Regulatory codes

3.8 **Building Condition** – Building condition surveys are undertaken every 5 years. The 2006 survey identified that the cost of the backlog of repairs for the council's assets amounted to £11.236m. Following a property review, it was identified that £5.67m needed to be spent on retained property and a five year plan was identified. The Council has included this cost within the capital programme and a programme of significant work commenced in 2010 with particular emphasis on Lancaster and Morecambe Town Halls.

3.9 In addition, detailed surveys in respect of Legionella risk assessments, fire risk assessments, asbestos surveys, and access audits have been undertaken.

3.10 The information is valuable in supporting the planned maintenance programme, but it has also been invaluable in improving the position in respect of our statutory responsibilities. The council now has in place a formal policy in respect of fire risk, asbestos and Legionella management. Asbestos registers are now in place as are logs to manage the council's water systems to prevent Legionella, whilst asbestos is being managed in line with the council's approved policy.

3.11 **Access to public buildings** - The council's annual submission in respect of the former Best Value Performance Indicator (BVPI) 156 reported that 75% of existing public buildings [falling within the definition of the former BVPI 156] were fully accessible to and suitable for disabled people [in accordance with the 1991 Version of the Building Regulations Approved Document M].

- 3.12 Access Audits have been completed for all of these buildings and Accessibility Plans prepared. Capital funding has been included within the funding for the backlog of repairs programme and when the works are completed over the five year programme, all buildings should be fully accessible.
- 3.13 The Council undertakes these functions with very tight constraints in terms of staff and budget. A review of all of the Property Service functions has been undertaken and the council's cabinet has approved negotiations taking place for shared service to ensure efficient operation and reduce the risk to the council of failure of these functions.

Corporate Asset Objective 2: Value for Money

- 3.14 **Asset Valuations Programme** - The council has a five year Asset Valuation Programme with all assets valued during that period on a rolling programme. In addition, there has been a complete revaluation of the Council's insurance valuations.
- 3.15 **Property Performance Benchmarking** - The council has demonstrated a longstanding commitment to the benchmarking of its assets and property-related services. National Property Performance Indicators continue to be benchmarked against the COPROP Property Performance Programme as part of an exercise organised through the Association of Chief Estates Surveyors (currently facilitated in the north-west region by Blackburn with Darwen Council).
- 3.16 Local indicators are also held to identify performance in a range of areas of work at a lower level. As part of the Performance Review Team (PRT) programme, Property Services reports on performance quarterly, and at regular monthly meetings with the cabinet portfolio holder.
- 3.17 **Options appraisal/project management** – when schemes are proposed that are linked to assets, the council will work through an options appraisal process. All reports to the council's cabinet require options to be provided with an analysis of the risks involved, whilst the technical support requires, where appropriate, whole life costing in accordance with the council's Guide to Whole Life Costing. This is in turn linked to the council's LAMP project management process.
- 3.18 **Working with partners** – to progress the opportunity to work with partners within the LSP to consider the wider issues involved in asset management planning within the district.

Corporate Asset Objective 3: Improved Corporate Management

- 3.19 **Access to Services Review** – This involves implementing, an office accommodation strategy and rationalising the amount of space used by individual staff. The current space utilisation rate is 10.74m² per workstation and it is aimed to reduce this to 7.5m² per workstation by the end of the project, anticipated to be in 2011. This would provide a 30% reduction in office space with the consequent operational savings.
- 3.20 **Asset data systems** - The council utilises the TechnologyForge database to keep records of the property portfolio. The data is being reviewed to ensure that it contains accurate data on its efficiency, effectiveness, and asset value, which can be used to support decision making on investment and disinvestments in property. It also needs to support new requirements, such as those under International Financial Reporting Standards (IFRS).

Corporate Asset Objective 4: Sustainability
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- 3.21 Lancaster has established a Climate Change Cabinet Liaison Group to advise on and monitor responses to global, as well as local environmental challenges. The council has published both a Climate Change Strategy and a Sustainability Strategy and the CPS aims to support the work of the Climate change Cabinet liaison group and to support implementation of actions in the In-house Climate Change Strategy.
- 3.22 The council has a Climate Change Strategy 2008-2013 includes actions for works within the council's buildings. This is based upon survey information that has been being prepared via the Carbon Trust and reflects the requirements of the Carbon Reduction Commitment. However, it should be noted that, with regards the current commitment to this agenda, the council's priorities are to only put resources to invest-to-save options, and any statutory works.
- 3.23 As required since October 2008 all relevant council buildings display a Display Energy Certificate (DEC) in a prominent place, clearly visible to the public, indicating the energy performance of a building based on actual energy consumption and showing the "asset rating" of the building, which is a numerical indicator of the amount of energy estimated to meet the different needs associated with a standardised use of the building.
- 3.24 In addition an Energy Performance Certificate (EPC) is required on the sale or new letting of a commercial property that is over 50m² with its own heating system. Arrangements are in place to procure these certificates when required.

Corporate Asset Objective 5: To serve the council's Corporate Priorities

- 3.25 **Capital receipts** - The budget set for 2011/12 sets out a three year capital receipts programme to be raised from the disposal of surplus land and property. Such funding is an essential element in delivering future priorities for the council, as identified in the MTFS.
- 2011/12 - £8,989,150
 - 2012/13 - £314,150
 - 2013/14 - £64,150
- 3.26 The most significant disposal relates to land at Scotforth Road, Lancaster which requires planning permission for development. Careful monitoring of the development process is required together with communication with Financial Services to allow budgets to be adjusted as required. Progress on receipts is regularly monitored by the quarterly PRT monitoring process.
- 3.27 To reflect the importance of capital receipts, the Council approved a Disposal Strategy in March 2009.
- 3.28 **Review of Assets** - This is an ongoing process linked to the basic premise that challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives.

Corporate Asset Objective 6: Enabling
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- 3.29 One of the basic elements of the asset management process and which underpins this Strategy, is the challenge process referred to in the council's corporate plan and MTFS. From this principle, consideration is therefore given to the disposal of any property that is no longer required for the purpose of providing council services or meeting the requirements of the Corporate Plan.
- 3.30 The council's enabling role for assets can be the driver for delivery of many of the corporate priorities, detailed in Objective 5.

4.0 LINKS WITH COUNCIL PRIORITIES

- 4.1 Further to the information above, relating to Corporate Asset Objective 5, specific projects are linked to the Council's current priorities detailed in the Medium Term Resources Strategy. They are as follows:

4.2 Economic Regeneration Priority:

- The emerging Luneside East urban village project will replace contaminated and derelict land with a mixed development of 300+ housing units; 80,000 sq ft of modern office space, parkland and leisure facilities.
- The Council led development of a £2.7M state of the art office development in the heart of the City, 'CityLab', providing much needed quality city centre office space.
- A £0.5m capital project to improve industrial access in the Port of Heysham has supported 100 existing jobs and created a further 190.
- Funding of £3.5 million has created a Centre for Creative Industries in the Storey Institute, workspace as well as public galleries, a new auditorium/conference centre, a bar/café and a new state of the art Visitor Information Centre. This has enabled the Council to transfer the building to a third party and remove the need for major repairs to be funded from council budgets.
- The City Council is working to develop a new science park at Bailrigg adjacent to Lancaster University. The Science Park is designated as one of the North West's Regional Strategic Sites where technological spin-out from academic research will provide an internationally significant contribution to the local economy.
- The council has resolved to extend the development agreement with developers Centros for a retail led regeneration of the Canal Corridor North area in central Lancaster subject to planning permission being granted.
- The Midland Hotel in Morecambe has been renovated as part of a wider development partnership agreement with "Urban Splash".
- Promenade facilities in the West End of Morecambe have been improved, including community designed public art and play facilities.
- £1m NWDA funding has supported the development of Carnforth as a service centre for its wider rural hinterland.

4.3 Partnership Working and Community Leadership Priority:

- The development of new stadium facilities for Morecambe Football Club as befits their Football League status, including enhanced playing pitches for the community and a capital receipt to assist in funding the capital programme

5.0 TARGETS AND CONSTRAINTS

- 5.1 The MTCPS action plan in relation to the Corporate Asset Objectives is detailed in Appendix 2.

THE RESOURCE CONTEXT

- 5.2 The council has a track record of robust financial management and a strong finance function. Value for Money (VFM) has been long embedded in service and resource planning.
- 5.3 Target savings are set in the MTFS for the Council as a whole and reflect the savings that the council needs to make in light of the current national and local financial circumstance. Efficient use and management of assets will play a major role in achieving these savings, much of which will arise through the Access to Services Review, working with partner organisations who occupy Council buildings, and integrated financial and performance management arrangements to drive out efficiencies and savings.
- 5.4 The Council's capital programme is set annually as part of the budget process but is based on a three year programme and should be considered in conjunction with this MTCPS. In 2011/12 the council has committed the following capital financial resources to its asset management priorities. All these schemes are funded from either unallocated capital receipts (UCR) or borrowing. Much depends upon the availability of capital receipts in times of recession. The town hall schemes aside, the programme of municipal building works are yet to be finalised.

Extract from General Fund Net Capital Programme As approved by Council 02 March 2011		GROSS PROGRAMME
Scheme	Asset objective	2011/12 £000
District Playground Improvements	To serve the council's corporate priorities/fit for purpose	60
Toilet Works	To serve the council's corporate priorities/fit for purpose	90
Salt Ayre Athletics Track	Fit for purpose	20
Security Fencing		
Salt Ayre Reception Refurbishment	Fit for purpose	40
Salt Ayre Synthetic pitch	Fit for purpose	25
Salt Ayre Reflexions changing rooms	Fit for purpose	30
MTH main contract	Fit for purpose & compliance/sustainability	735
LTH roof works contract	Fit for purpose & compliance/sustainability	545

MTH boiler works under energy saving initiative	Fit for purpose & compliance/sustainability	200
Condition survey	Fit for purpose & compliance/sustainability	70
Lancaster Chapel Roof	Fit for purpose & compliance/sustainability	91
Morecambe Town Hall Garages	Fit for purpose & compliance/sustainability	45
Musicians CO-OP Lancaster	Fit for purpose & compliance/sustainability	22
DDA Repairs	Fit for purpose & compliance/sustainability	116
Cat (1) Electrical repairs all buildings	Fit for purpose & compliance/sustainability	212
Cat 2 Electrical works	Fit for purpose & compliance/sustainability	76
Cat C repairs all buildings	Fit for purpose & compliance/sustainability	868
Total		3,245

5.5 As an alternative form of delivery, development agreements involving Council land are used as a method of achieving Council objectives. As an example the development agreement for the recently completed Morecambe FC stadium has been used to drive out improved and additional playing pitches for use in the community.

5.6 The council continues to make its non-operational land available to facilitate development but must balance the need for capital receipts against the opportunity to see improvement in the district. Transfer of assets to the community is an option for consideration.

GOVERNMENT POLICIES

5.7 The emerging guidance on the Big Society, localism and shared services will also have a significant effect on the way in which the council and other public organisations manage their assets.

6.0 MONITORING AND REVIEW

6.1 As identified in the Corporate Asset Objectives (Objective 6) challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives. This statement is seen as an underlying principle of the CPS.

6.2 This review and challenge process will be provided by:

- Property services staff in their daily professional work.
- The LSP as part of the wider view of the use of assets by public bodies in the district.
- Council Members in considering reports on assets and as part of the performance management process.

- 6.3 The City Council is a limited user of property compared to metropolitan, unitary or county councils. As a result many Services do not require property other than the office accommodation for their staff. Suitability and sufficiency surveys were undertaken as part of the **gap analysis** to determine Service requirements. These surveys identified Service requirements that have now been incorporated into the council's Access to Services Review.

SERVICE ASSET MANAGEMENT PLANS

- 6.4 All council Services prepared initial service asset management plans to cover the period 2006-2010. Many of the requirements of these plans were identified in the Access to Services Review, whilst other elements have been included in the council's capital programme or other areas of the council's review process.
- 6.5 As part of the MTCPS and the Access to Services Review, the items identified in the service asset management plans will be the subject of further review to highlight any new issues and/or opportunities that have arisen in the intervening period. In particular, this will cover the extent of service change underway or planned for the medium term.

PERFORMANCE MANAGEMENT OF THE ASSETS

- 6.6 This is critical to achieving 'successful asset management'. Having appropriate and sufficient data is necessary to identify the performance of the property portfolio. Condition surveys have been undertaken and are being updated to provide information on the outstanding repairs required to Council buildings, whilst also providing information that advises on Access, Legionella, Asbestos and Fire Risk Assessments. This is in response to the growth in the number of statutory obligations pertaining to asset management in recent years. Data has been assembled to present a profile of the current state of building assets and is being used to reinforce asset reviews (refer to Section 11.) and formulate improvement programmes.

7.0 GOVERNANCE

- 7.1 The Head of Property Services is the designated Corporate Property Officer for the council with responsibility for strategic asset management activities.

8.0 PUBLIC ACCESS TO INFORMATION

- 8.1 The MTCPS is published on the council's website and actions from the strategy are included in service business plans. Work is ongoing as part of the corporate Geographic Information System (GIS) programme to enable property information to be available to a wider audience.

PROPERTY SERVICES PERFORMANCE INDICATORS
Indicators to be redefined in some cases before publishing

Indicator	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
% gross internal floor-space in condition categories: A B C D	9.52% 86.5% 3.82% 0.16%	20.87% 36.09% 43.04% Not req'd	20.87% 36.09% 43.04%	21.24% 34.96% 43.80%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined A-19.65% B-40.94% C-38.21% D-1.21% Operational A-30.70% B-34.60% C-33.44% D-1.26% Non-Operational A-0% B-52.2% C-46.48% D-1.13%	Combined A 18.93% B 36.72% C 43.14% D1.21% Operational A 29.59% B 15.67% C 53.48% D 1.26% Non-Operational A 0% B 74.09% C 24.78% D 1.13%	Combined A 18.56% B 38.30% C 41.62% D1.52% Operational A 30.87% B 16.42% C 51.39% D 1.32% Non-Operational A 0.62% B 70.19% C 27.39% D 1.01%
Backlog of maintenance by cost by total value: 1 2 3 4	0 £1,921,500 £2,848,925 £291,150	£913,170 £1,399,720 £716,750 Not req'd	£858,170 £1,318,920 £716,200	£517,320 £1,730,420 £284,250	£2,096,093 £3,769,553 £2,138,994	£2,096,093 £3,769,553 £2,138,994	£1,976,682 £3,769,553 £2,138,994	£1,793,251 £3,769,553 £2,138,994	2,335,267 3,769,553 2,138,994
Backlog of maintenance as a % in priority levels 1-4: 1	0	30.14%	29.66%	20.43%	26.19%	26.19%	25.07%	23.28%	28.33%

2	37.96%	46.2%	45.59%	68.34%	47.09%	47.09%	47.81%	48.94%	45.73%
3	56.29%	23.66%	24.75%	11.23%	26.72%	26.72%	27.13%	27.77%	25.95%
4	5.75%	Not req'd							
Overall average rate of return (IRR) for each of the following portfolios:									
Industrial	0	0	0	0		0	0	0	0
Retail	7.24%	8.1%	8.42%	7.08%	7.45%	8.17%	7.82%	7.26%	7.50%
Agricultural	0	0	0	0		0	0	0	0
Repair and Maintenance Costs per sq. mt. (GIA)	£6.98	£16.62	£13.24	15.52	£15.89	£14.49	£14.56	£13.80	£14.54
Energy Costs per sq.mt. (GIA) (Gas, electric, oil, solid fuel)	£8.02	£7.95	£8.54	8.58	£11.58	£16.96	£19.27	£22.09	£19.76
Water Costs per sq. mt. (GIA)	£1.77	£1.58	£2.46	2.45	£2.84	£2.84	£3.07	£3.46	£3.62
CO2 emissions in tonnes of carbon dioxide per sq. mt.	0.0885	0.0958	0.0702	0.0636	0.0666	0.1043	0.1015	0.1018	0.09
% of projects falling within +/- 5% of the estimated timescale, expressed as a % of the total number of projects	None within definition	None within definition	66%	Not collated	Not collated	Not collated	Not collated	Not collated	Not Collated

completed in that financial year									
<i>The percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people.</i>	75%	75%	76%	75%	75%	75%	75%	75%	75%
Number of private room bookings of Town Hall accommodation	151	150	158	210	124	184	200	203	350
Income from functions in Town Hall accommodation	£25,451	£29,785	£27,417	£34,842	£36,705	£30,881	£43,923	£33,528	£53,782
Income from rental as a % due	98.5% Excl. Markets	97.38%	97.25%	97.61%	95.49%	93.39%	92.2%	89.72%	94.01%
% of floorspace currently vacant	22.41%	32.15%	31.97%	10.74%	7.21%	19.34%	10.69%	8.43%	9.93%
Number of void units as a % of lettable units	6.06%	3.77%	13.33%	8.08%		23.13%	18.12%	22.76%	35.33%
% of disposal plan achieved	70%	84.6%	250%	116.66%			100%	100%	100%
% of capital receipts actually achieved	40%	56.2%	45.55%	101.65%			65.8%	27.28%	6.92%
Actual income as	N/A	100.25%	101.12%	103.32%	104.22%	91.13%	105.21%	102.07%	94.01%

a % of projected income									
Arrears as a % of projected income	1.5%	2.62%	2.75%	2.39%	4.51%	6.61%	7.8%	10.28%	5.99%
% of Right to Buy valuations valued within time limits	100%	98.37	98.2%	97%	95.35%	93%	92%	90%	100%
Cost of Right to Buy disposals	N/A	£75	£75	£75	£75	£75	£75	£75	£75
Maintenance expenditure as % of total revenue budget	2.68%	3%	2.36%	3.59%	5.65%	6.02%	6.85%	6.91%	6.28%
Ratio of planned to reactive maintenance	N/A	50:50	N/A	73:27		73:27	76:24	72:28	70:30
Performance of investment portfolio	7.24%	8.1%	8.42%	7.08%	7.45%	8.17%	7.82%	7.26%	7.50%
Sickness absence rate – days lost per employee	N/A	13.09	11.54	5.3	7.2	5.99	6.47	4.53	6.71
Number of designated car parking spaces for people with disabilities, per 100 park spaces					3.37%	3.37%	3.37%	4.00%	4.20%
Number of PCNs Issued **					24,026	21,201	19,180	19,185	10,844
Number of PCNs paid in 14 days **					12,540	10,448	9,485	10,061	5,804
Number of cases					5,042	4,415	3,476	3,343	2,028

where no further action is taken (i.e. PCNs cancelled) **									
Number of cases going for NPAS adjudication **					90	77	80	73	52
Rate of appeal per PCN (number of adjudications as a % of PCNs issued)**					0.5%	0.4%	0.4%	0.4%	0.5%
Allowed by Adjudicator **					30	17	16	14	15
Not contested by Council **					32	50	31	36	21
Refused by Adjudicator (won by Council) **					28	10	33	23	16
Number of permits (NoW cards) for free travel on eligible services issued to elderly persons per 1,000 of pensionable age					524	702	722	738	781

** City Council no longer responsible for on-street parking enforcement after 6th September 2009

Indicators in bold are part of the suite of “national” indicators originally identified in Asset Management Plans

Indicator in italics is the former Best Value Performance Indicator 156.

The remaining indicators are local indicators

MEDIUM TERM CORPORATE PROPERTY STRATEGY ACTION PLAN

Task	Progress so far	Task Owner	Target Date	Planned Outcome
Corporate Asset Objective 1: Fit for Purpose & compliance with Statutory/Regulatory codes				
To undertake a programme of backlog of repairs	Condition survey complete. Budgets included in capital programme	HPropS	Ongoing	Increase the numbers of buildings that are fit for purpose and reduce long term costs
Review the programme of repairs and update costs or 2009/10 budget	Tender documentation prepared for urgent works to confirm costs	HPropS	Ongoing	A more corporate and strategic approach to the capital programme and asset management
To update, implement and monitor all health & safety policies	Fire safety, asbestos & Legionella audits underway.	HPropS	Ongoing	To ensure compliance with legislation
To continue the review of Property Services.	Cabinet approval obtained to enter into negotiations for a shared service with either South Lakeland DC or Lancashire CC	HPropS	July 2011	To ensure efficient operation of the functions and reduce the risks to the council
Corporate Asset Objective 2: Value for Money				
To undertake a programme of asset valuations	All annual valuations completed to date	HPropS	Ongoing on an annual basis	To ensure compliance with accounting procedures
To review and continually develop performance measures	Business Plan in place. PRT quarterly monitoring in place. Revised Corporate Property Strategy approved	HPropS	Ongoing	Evidence that property assets are fulfilling Corporate Asset Objectives
To ensure that all projects are undertaken in accordance with LAMP methodology	LAMP methodology adopted	AMWG	Ongoing	To ensure efficient management of capital schemes in terms of time, cost and outcome.

Corporate Asset Objective 3: Improved Corporate Management				
To continue with the access to Services Review with an emphasis on staff vacating St Leonards House & Palatine Hall	Euston Road and Albert Road properties vacated. MTH Cottage sold. Palatine Hall vacated and let. St Leonards House vacated. Most staff now occupy Lancaster & Morecambe Town Halls	HPropS	July 2011	More efficient use of office space
To continue an audit of the data in the TF asset management system	Lancaster base data audit complete, Morecambe review underway	HPropS	Ongoing	To ensure that accurate information is available for management of the portfolio
Corporate Asset Objective 4: Sustainability				
To continue with work to meet the requirements of the Climate Change Strategy	Reports to Climate Change Liaison Group as required	HPropS	Ongoing	To meet legislative requirements, reducing both carbon and cost outputs
To continue with the access to Services Review with an emphasis on staff vacating St Leonards House & Palatine Hall	Euston Road and Albert Road properties vacated. MTH Cottage sold. Palatine Hall vacated and let. St Leonards House vacated. Most staff now occupy Lancaster & Morecambe Town Halls	HPropS	July 2011	To reduce office energy requirements and costs
To undertake a programme of backlog of repairs	Condition survey complete. Budgets included in capital programme. Major schemes underway at Town Halls	HPropS	Ongoing	To meet legislative requirements, reducing both carbon and cost outputs
Corporate Asset Objective 5: To serve the council's Key Aims				
To achieve the 2010/11 capital receipts programme	Properties identified in Receipts schedule	HPropS	March 2012	Funding available to meet council's capital programme requirements as set out in the MTFS

To keep under review the council property portfolio, identifying both council and community needs	Initial review completed in January 2008	HPropS	Ongoing	To identify under performing assets. Property rationalisation & disposal/transfer opportunities identified
Where appropriate, to consider asset transfer to community or shared service organisations, provided this is line with the approved disposal strategy	Disposals being highlighted for consideration eg St Leonards House.	HPropS	Ongoing	To ensure that the property requirements of the community and other public bodies are considered.
To acquire assets where required	Ongoing where funding is available	HPropS	Ongoing	To facilitate approved regeneration schemes
Corporate Asset Objective 6: Enabling				
To keep under review the council's property portfolio	Initial review completed in January 2008 and ongoing annually since then.	HPropS	Ongoing	To identify under performing assets Property rationalisation & disposal opportunities identified
To achieve the 2011/12 capital receipts programme	Properties identified in Receipts schedule	HPropS	March 2012	Funding available to meet council's capital programme requirements as set out in the MTFS
To use the council's land and property assets to achieve the council's corporate priorities within the district	Council land included in Canal Corridor proposals. Land acquired for Luneside East scheme. Land disposal for Scotforth supermarket agreed & approved by Secretary of State.	HPropS	Ongoing	Economic growth & prosperity in the district. To evidence that asset management supports the council's corporate objectives.

**INFORMATION &
COMMUNICATION TECHNOLOGY
(ICT) STRATEGY
2011-14**

**Applications Manager
2011**

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1.0 INTRODUCTION

- 1.1 The Information and Communications Technology (ICT) service within Lancaster City Council provides support to all the council's services, and, consequently, the corporate objectives.
- 1.2 The 2011 – 2014 ICT Strategy sets out the strategic direction for the management of the council's ICT service during this three year period, as well as focussing on the forthcoming year in detail.
- 1.3 The ICT Strategy forms part of the council's wider resource framework, linking to the Medium Term Financial Strategy (MTFS), the Medium Term Corporate Property Strategy (MTCPS), and the Human Resources (HR) Strategy.

2.0 AIMS AND OBJECTIVES

- 2.1 The aims of the ICT Service are to:
 - Support services in the provision of statutory services
 - Be flexible and responsive to changes in priorities
 - Allow customers, staff, partners and other stakeholders access to the information and systems they require wherever and whenever it is appropriate
 - Be focused on energy savings and carbon emission reductions
 - Obtain the best value from all technology over its lifetime
 - Exploit new technologies to reduce costs and improve services
- 2.2 The ICT service will do this by:
 - Adopting industry standards in service delivery
 - Making best use of available IT skills and resources
 - Accessing additional skills and resources through partnership working

3.0 CURRENT POSITION

- 3.1 Historically individual service areas have procured business application systems and computer hardware for their individual purposes and we now need to be looking at consolidation across the council and the possibilities arising from sharing with partner organisations.

4.0 LINKS WITH COUNCIL PRIORITIES

- 4.1 The ICT Service links into all the council priorities as it underpins the other services and supports them in delivering the priorities.

5.0 TARGETS AND CONSTRAINTS

MEDIUM TERM TARGETS

5.1 Business Support

- ITIL® Version 3 standards will be adopted for all areas of ICT provision. IS staff will be trained on ITIL®.
- Implement SFIPlus4 or similar so that best use of ICT skills can be made across the strategic partnership and other partnerships.
- Train IS staff to keep up to date with technology and get industry standard accreditation in order to provide the highest standards of support now and into the future.
- Review service desk opening hours and if an extension of current arrangements is required then seek to do this through the strategic partnership.

5.2 Partnership Working

- Further develop partnership working wherever there can be benefits for the Lancaster City area.

5.3 Online Services

- Implement plan regarding greater online self-service.

5.4 Infrastructure

- Complete virtualisation of servers.
- Implement plan for database consolidation and licence rationalisation.
- Implement wireless technology where appropriate.

5.5 Business Applications

- Work with Services to review the current business applications, plan for replacements and retirements.

5.6 Desktop Provision

- Implement the best solutions identified in the short-term plan.
- Keep up to date on developments within the IT industry so that plans can be made for upgrading as and when technology can be exploited for the benefit of the authority.
- IS staff to receive training / attend workshops in order to keep up to date with technology and get industry standard accreditation.

5.7 Mobile and Home Working

- Implement home working and Hotdesking policy.

5.8 Corporate Data

- Implement Geographic Information System (GIS) plan.
- Explore other areas throughout the authority where the Document Management System can be used to improve processes and generate savings, assess any costs, and implement changes.

5.9 Telephony and Video

- Investigate the business case for implementing video conferencing between Morecambe and Lancaster town halls, other council locations and with partners.

5.10 Printing and Copying

- Identify and exploit any ways to further reduce printing.

SHORT TERM TARGETS (2011/12)

5.11 Business Support

- Each Service will have their own named contact within Information Services who will meet regularly with the Service Head and service managers to discuss new and changing business requirements, review progress and plan for future developments.
- The IS Helpdesk will be rebranded as the Service Desk, in line with ITIL^{®1} terminology, to change the emphasis from helping when there is a problem to full service provision. The Service Desk will provide a catalogue of services, ranging from basic technology provision (PCs, phones etc) with options and prices to examples of resources required and timescales for project implementation so that Services can budget and plan accordingly.
- In addition to training currently offered in the corporate training programme, develop and run training/technology workshops to assist IT users to get the best from technology within our environment.
- Where they do not already exist, policies will be developed in support of all areas of this strategy. Existing policies will be reviewed. A timetable will be prepared for reviewing and revising policies in a timely and structured manner.

5.12 Partnership Working

- Revenues Shared Service - Take on responsibility for application support, upgrades and maintenance of Academy across Preston City Council and Lancaster sites while Preston IT provide the server support. Work with Preston IT to cross train so that both parties gain enough knowledge and skills to support both the applications and servers, giving resilience to support.
- Lancashire Strategic Partnership - ICT - Complete negotiations with Lancashire County Council and BT regarding Information Services moving into the partnership in order to obtain access to resources not currently available and reduce costs.
- Lancashire Strategic Partnership - Other - Support the partnership working between Lancashire Strategic Partnership and the City Council in respect of telephony and face-to-face customer services.

5.13 Online Services

- Work with Community Engagement to identify further areas for providing online self-service to information and appropriate transactional services to provide through our website. Produce a plan for implementation of these changes.

5.14 Infrastructure

- Design an enterprise architecture for the future structure and behaviour of processes, information systems, products and services.
- Currently 66% of servers are virtualised. Plan for further virtualisation in order to reduce costs of server management and power consumption.
- Plan for database consolidation and licence rationalisation in order to make best use of existing licences.
- Make use of available tools to enable the taking of database backups without service interruption for both internally and externally presented applications.
- Explore the options available, costs savings and benefits from wireless technology.

¹ ITIL, originally the Information Technology Infrastructure Library, is now the most widely adopted approach for IT Service Management in the world - see <http://www.itil-officialsite.com/AboutITIL/WhatIsITIL.asp>

5.15 Business Applications

- Provide ICT advice and support for the procurement and implementation of a replacement HR and Payroll system.
- Provide ICT advice and support for the procurement and implementation of a new management information system.

5.16 Desktop Provision

- Software - The current desktop provision (Windows XP for PCs, XP Unlimited for Hotdesking and Microsoft Office 2003) adequately meets Services' requirements at present but the technology is ageing and support will cease by April 2014. Options for upgrading or replacing will be identified, including Open Source solutions, together with time scales and estimates of lifetime costs.
- Hardware - Investigate the use of virtual desktop so that, as they become due for replacement, PCs are replaced with cheaper to run units. All computer equipment must be purchased through Information Services so that customers get equipment that meets their needs, is cost effective and meets the authority's standards for consistency and efficiency of support.

5.17 Security

- GSi CoCo 4.1 - The Government Connect Secure Intranet (GSi) provides a secure network for all government bodies and accredited commercial suppliers to exchange data electronically. Last year we gained accreditation under CoCo 3.2 but now, in order to continue to be allowed access to the GSi, we need to gain CoCo 4.1 accreditation. This will involve changes to mobile working, firewall, restrictions on execution of certain software, requirement for external IT Healthchecks and the labelling of e-mails with protective markings. Any changes that need to be made will first be discussed with Services so that impact on business can be assessed and, if necessary, we can submit any concerns to Government Connect before implementation.
- General approach to security - While it is recognised across the organisation that high levels of security are needed in order to prevent hacking and similar activities any changes made must not negatively impact on the provision of council services. Therefore consultation with Services will take place where possible before any security changes are made.

5.18 Mobile and Home Working

- Management Team are considering the development of a Home working and Hotdesking Policy. In order to support this current provision of technology will be reviewed together with alternate options.
- Equipment that will be supported for the purposes of mobile and/or home working will be defined.

5.19 Corporate Data

- Achieve the National Land and Property Gazetteer Gold standard for quality of addresses (currently Silver).
- A plan will be developed to identify areas where GIS can be exploited to improve services and productivity.
- Implement the Retention and Disposal module so that the amount of records stored can be reduced, in line with legal requirements regarding the retention of personal data.

5.20 Telephony and Video

- Assist Preston City Council with the implementation of video conferencing for Revenues Services and assess the wider needs/benefits/costs of video conferencing across Lancaster City Council.
- Investigate how our telephony system can be utilised to its full potential, including, but not limited to, supporting mobile and home working.
- Implement and support modern CCTV where required.
- Exploit facilities available from our telephony/messaging systems in support of the online service delivery strategy (being developed separately).

5.21 Printing and Copying

- Now that there is a fleet of low print cost multi-function devices, the number of inkjet and laser printers, currently 164, are to be reduced to 68 or fewer.
- All printing devices are to be purchased through Information Services so that needs of all customers can be met in a cost effective way.
- Assess the potential savings in printing that could be achieved by implementing Publisure on-line publishing which will allow customers to sign up to receive documents over the internet.

5.22 Business Continuity

- Review disaster recovery arrangements as part of the proposed strategic partnership with Lancashire County Council.

REVENUE

5.23 The following table shows the estimated financial information for ICT for the next 3 years

	2011/12 Estimate £	2012/13 Forecast £	2013/14 Forecast £
Revenue	1,376,000	1,373,900	1,394,100
Expenditure*			
of which:			
Staffing costs, training and expenses	674,000	680,700	690,000
Support recharge from other General Fund	110,800	114,100	116,600
Capital Charges (notional)	112,200	112,200	112,200

* Note: Expenditure on Service specific business applications is excluded from these figures since each is held within the budgets of the owning Service.

5.24 Various budget restrictions have arisen since the outcome of the comprehensive spending review which must be taken into consideration when implementing this strategy.

5.25 The Government is also looking to make more local government data available while, at the same time, protecting personal and confidential data.

6.0 GOVERNANCE

- 6.1 Management Team are the owners of this strategy and are responsible for ensuring that everything contained in this document is carried out. Either the Applications Manager or someone representing the customer relationship executive role from within the strategic partnership (see Lancashire Strategic Partnership below) will report in to Management Team as required on progress.
- 6.2 This strategy will be a dynamic document and itself will reflect changes in priorities, but all changes to this document must be agreed through Management Team. This will not only control the document but will also control the strategic direction of the ICT function.

7.0 PUBLIC ACCESS TO INFORMATION

- 7.1 As a publicly funded organisation, the Council is committed to being as open and transparent as possible. As such, this ICT Strategy is published on the council's website.

HUMAN RESOURCES (HR) STRATEGY 2011-14

**Human Resources Manager
2011**

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1.0 INTRODUCTION

- 1.1 Lancaster City Council must be in a position to respond to the needs of the communities it serves and the wider regional and national demands for continuously improving, high quality services.
- 1.2 The recent cuts in public spending have placed an unprecedented set of objectives on local government. This places a greater challenge on how services are delivered and how resources are utilised.
- 1.3 Within the current financial climate, the council's strategies and plans must address the challenges of delivering value for money services. The council can only provide these with a highly skilled and well motivated workforce. This can be achieved through the effective application of modern organisational development and workforce planning techniques.
- 1.4 The Human Resources (HR) Strategy sets out how the council will recruit, develop and retain people to deliver efficient and high quality citizen and customer centred services. The plans which the council develop will ensure that its workforce has the right balance of skills and knowledge to achieve its stated objectives. In short, the council's plans will deliver a workforce that is "fit for purpose".

2.0 AIMS AND OBJECTIVES

- 2.1 This strategy serves to underpin the achievement of the council's corporate aims. It sets out how the council will meet its current and future workforce needs. The council aims to do this through:
 - The alignment of its workforce to deliver its corporate priorities
 - The effective contribution of every employee in delivering the priorities
 - Improved employee engagement
 - Becoming an employer of choice
 - Improved corporate performance
- 2.2 The council must:
 - Engage its workforce in the transformation process
 - Understand the medium to long term skills and knowledge gaps within its workforce and respond with innovative solutions
 - Develop a skilled and knowledgeable workforce
 - Develop and embed HR policies and practices that support good people management and diversity in our workforce.

3.0 CURRENT POSITION

Background

- 3.1 In 2008/09 the Annual Audit assessment of the use of resources, particularly the workforce planning Key Line of Enquiry (KLOE), reported that the council's workforce planning arrangements were inadequate. In 2010 it was reported that the council has made significant progress in respect of workforce planning. This has been achieved by a service by service review in part driven by the needs for service change and redesign. As part of this improving process a comprehensive workforce plan will be developed in 2011 to support the achievement of the strategy objectives.

Employee Engagement

- 3.2 In 2008 the council undertook an organisation wide employee survey which combined the previous Stress Survey, Staff Attitude Survey and Communications Survey. This survey will be repeated in May 2011. The information gained from this survey and the Joint Consultative Committee and Work's Council, is used to inform the development of our approach to employee engagement and the creation of our development plans.

4.0 TARGETS AND CONSTRAINTS

- 4.1 The key strategic themes for the council to address in 2011-2014 are:

- Change our approach to Human Resources, through the application of new technology, which will improve efficiency and allow for a more flexible approach to how we manage our workforce
- Ensure our Leadership and Management Practices are appropriate to our needs, and consistently effective
- Improve employee satisfaction in all service areas.
- Develop a robust apprenticeship and graduate development programme in partnership with other organisations.
- Continue to move forward in the diversity of our workforce
- Develop a robust workforce strategy that ensures the Council has the right mix of knowledge, skills and capabilities to adapt to the changing landscape of public service delivery.
- Continue to develop the way we reward our workforce, ensuring our employees are fairly rewarded.

- 4.2 The challenges for the near future are:

- Improving our approach to workforce (and succession) planning and development
- Addressing the identified knowledge and skills gaps across the council.
- Developing our Leadership and Management capacity
- Improving workforce morale and job satisfaction
- Developing our approach to redeployment and re-training/skilling Developing competencies and behaviours that support performance and workforce development
- The recruitment to and development of our workforce talent
- Proactively managing attendance (sickness absence)
- Shaping service and job to meet emerging service needs.
- Developing Equality and Diversity
- Implementing a single pay and grading structure across all employees
- Managing the potential impact of the changing age profile of the workforce.
- Improving our engagement with our workforce

Organisational Performance

- 4.3 The Human Resource Team will focus on delivering a combined Human Resource (HR) and Organisational Development (OD) function that reflects the needs of the Council. The delivery model will evolve over the next two years, which will include the introduction of a new HR and Payroll Management System in 2012. The OD elements of the service will focus on strategic and operational priorities and ensure that we have the right people, working practices, leadership and management competencies in place to achieve the corporate aims. The HR element will enable Managers to effectively deliver services and manage the resources more effectively. These areas combined will ensure the Council has

an efficient and effective service delivery structure and that where appropriate savings are achieved.

4.4 The features of the service are:

- The development and support of our Leaders and Managers to enable better performance management across all Council services.
- The development of our workforce knowledge, skills and competencies.
- Improved employee attendance and reduces instances of staff absence due to stress.
- Improved employee wellbeing

Workforce Development Programme

- 4.5 The Employee Development and Performance Appraisal (EDPA) system has served the Council well. However, as we strive for better efficiencies and a wider range of workforce competencies, it is recognised that this system will need to be augmented to meet our evolving needs.
- 4.6 As part of the move to a new HR/Payroll Management System, the Council will develop the existing EDPA process to incorporate a range of employee competencies and behaviours that will enable managers to appraise individual employees more effectively, and ensure our workforce has a clear framework which sets out their expected levels of performance and standards of behaviour.

Learning Organisation

- 4.7 From 2011 the Council will develop a range of new approaches as we develop our workforce. These will include:
- The implementation of a Management “Essentials” Programme which will feature:
 - Performance Management
 - Employee induction
 - Problem Solving
 - Assertiveness / Dealing with challenging Behaviour
 - Team Leadership
 - Communication Skills
 - Customer Focus
 - Dealing with Disciplinary and Grievances
 - Equality and Diversity
 - The implementation of an Employees “Essentials” Workshops which will feature:
 - Corporate and Workplace Induction
 - Attendance
 - Personal Safety
 - Equality and Diversity
 - Commitment to the Skills Pledge
 - The development of an Apprenticeship Programme
- 4.8 In addition to the above, we will develop the council’s approach to the management of projects – Lancaster Approach to Managing Projects (LAMP). We will expand our relationship with our partner organisation to exploit our collective ability to better develop our workforce and provide greater opportunities for apprenticeship and graduate trainees than has been the case in the past.

Health and Wellbeing

- 4.9 The Health, Safety and Welfare of our workforce is of paramount importance. This cannot be achieved without a healthy working environment. We recognise that as an employer we can influence the health and wellbeing of our workforce and that this can have a positive impact on morale.
- 4.10 The Council will continue to develop the Health Awareness activities launched with great success in 2010. This combined with a robust health surveillance structure will aid:
- The reduction in sickness absence
 - Improved work performance
 - Promote positive mental health
 - Improve employee self-awareness of the importance of improving their own health.
 - Promote a culture of positive health and wellbeing

An Employer of Choice

- 4.11 Key to our ability to provide the best service we can to the citizens we serve is the ability to recruit, retain and develop talented and committed people. We can only achieve this if we create the right environment in which people want to work. Much of what we have already set out in the strategy is aligned to developing a robust reputation as a genuine employer of choice. We will work to remove any perceived barriers to employment within the Council and ensure we promote the career opportunities available and ensure our management practice, policies and procedures are aligned to develop a reputation as an employer of choice.
- 4.12 Key features which will aid this development are:
- Robust job design
 - A corporate acceptance of the psychological contract
 - A sense of justice across our workforce
 - A sense of identity and loyalty to the organisation
 - Mutual trust between our political leaders, manager and staff.
 - A recognition of needs and expectations of our workforce
 - Positive recognition and equitable rewards

Workforce Development Plan

- 4.13 From May 2011 the Workforce Development Plan will be developed. The Plan will address:
- The critical skill and knowledge gaps identified within the EDPAs
 - The development needs drawn from the 2011 employee survey
 - Development needs based on the review of HR Policies and Procedures.
 - Development needs emerging from service improvement plans
 - Service specific skills audits
 - Critical resource Issues

Workforce Profile

- 4.14 The Council reports on the workforce establishment and attendance on a monthly basis through the internal reporting systems.

5.0 GOVERNANCE

- 5.1 **Members** - Many decisions taken with regard to employees are approved at Personnel Committee, as the committee with responsibility for dealing with the appointment of staff and to determine the terms and conditions on which staff are employed.
- 5.2 **Officers** - The Chief Executive is the Head of the Paid Service, and consequently has overall responsibility for the council's workforce.

6.0 PUBLIC ACCESS TO INFORMATION

- 8.1 As a publicly funded organisation, the Council is committed to being as open and transparent as possible. As such, this HR Strategy is published on the council's website.



Corporate Plan 2011-14

Making Every Penny Count

**LANCASTER
CITY COUNCIL**
Promoting City, Coast & Countryside

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Lancaster District is diverse and contains the coastal towns of Morecambe and Heysham, the historic city of Lancaster, the railway town of Carnforth and an extensive rural area. The population of the district was estimated at almost 140,000 in 2010. The district has a number of distinct features such as:

- A high proportion of students in Higher and Further Education (approx 15,000);
- High numbers of retired people in Morecambe and Silverdale;
- Fewer people of non-white ethnic origin than national averages;
- High levels of disability or limiting long-term illness, particularly in Morecambe and Heysham;
- High levels of educational qualification in most areas of the district, but not in Morecambe, Heysham and North Lancaster.

Heysham Power Station, public sector and small and medium enterprises (SMEs) provide the majority of the district's employment.

There are around 54,000 employee jobs of which 85% are in service industries, with only 7% in manufacturing. Unemployment is close to the national average but parts of both Morecambe and Lancaster suffer deprivation. Jobs are clustered at our Universities, in Central Lancaster, White Lund Industrial Estate and Heysham's port and power stations.

The district is a major tourism destination. Its countryside, including two Areas of Outstanding Natural Beauty, offers many recreation opportunities. Morecambe's tourism offer is based on the wildlife of its Bay and its promenade area. Lancaster's historic and cultural assets and shopping offer are also a major opportunity.

The district is relatively self-contained - 16% of working age residents commute out whilst around 13% of employees commute in. Around 2000 people commute between Lancaster and South Lakeland in either direction. Lancaster is a major shopping and service centre for the Morecambe Bay area with around 420 town centre businesses.

Lancaster is on the M6/ West Coast Main Line corridor with fast links to London and direct links to Manchester Airport. A road link between Heysham and the M6 aimed at improving the road network and providing further development opportunities in district, particularly in Morecambe and Heysham, is in the planning stage with construction expected to begin in Spring 2013. Heysham Port has links to Ireland (freight) and the Isle of Man (passenger and freight). There is also a port at Glasson Dock. The district has an excellent off-road cycle network including the Lune Millennium Bridge.

Lancaster District is proud of its many rich and diverse landscapes and internationally important habitats including Morecambe Bay (wading birds), limestone pavements, open water and reed bed habitats in the Silverdale area and the Bowland Fells (birds of prey).

Our core purpose and values 5

The role of the council is to:

Provide the democratic leadership, with high ethical standards, needed to help the district address the major issues facing it

Bring communities and agencies together to work in partnership to address the major issues affecting the district

Provide a range of customer focused services that offer value for money and meet the needs of people who live, work and visit the district

Maintain a cohesive community by ensuring we understand the needs of our communities and provide equality of access to our services and employment opportunities

Our values state clearly and simply what the council stands for and wants to be known for. They are:

Leading our communities: We will bring communities together to deal with the major issues facing us and work with our partners to deliver real improvements to the quality of life of those in our district

Putting our customers first: Our customers are at the heart of what we do. We will listen to, respect and value their views, using them to shape our services

Maintaining a skilled and professional workforce: We are proud of our skilled and professional employees. We want our people to feel supported, valued and proud to serve our communities and be our ambassadors in the community

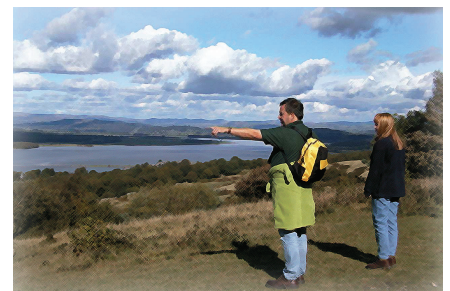
Providing value for money: Ensuring that the council's limited resources are used in the most cost effective manner to deliver our approved priorities and agreed standards of service

“By promoting city, coast and countryside, we will secure a safe and prosperous community that’s proud of its natural and cultural assets and provides lasting opportunities for all.”

In Morecambe this means a vibrant seaside resort recognised for its Tourism offer in an exceptional natural setting with a sustainable economy and a stable resident community.

In Lancaster this means being recognised as an important University city with an envied quality of life, strong economic opportunity and rich heritage.

In our countryside this means a sustainable quality of life that protects communities and landscapes while providing the economic opportunity to flourish.




Like everyone the council faced enormous challenges and had to make major savings during 2010/11 as part of the Government's drive to reduce the public deficit. Fortunately the council had been preparing for the spending cuts for some time which meant that by the time they were announced in October 2010 we were more resilient to their impact.

Nevertheless, competing demands and limited resources mean that difficult choices are still to be made and greater challenges lie ahead. We already expect that to achieve a balanced budget in 2012/13 we will have to find additional savings of around £1 million. There is also uncertainty over the 2013/14 and 2014/15 budgets as we do not yet know exactly how much money we will receive from the Government to help to run our services. To withstand these financial challenges and still deliver our services we will continue to identify expenditure savings and seek out opportunities to generate more income which will help to reduce the pressure.

Having listened to our residents we have reduced the number of council-owned buildings and introduced ways of making more efficient use of available workspace. We have also undertaken a major review of our services which has identified ways in which we can work more effectively with our partners and has streamlined the way we do things, resulting in a reduction in employees whilst still managing to deliver frontline services. Our committed workforce have faced these challenges head on and they remain essential to ensuring that we deliver high quality services for our residents.

Overall we are managing in the short term, but the medium term will be more difficult. This means that we will need to keep our priorities under review and continue to seek further savings and innovative ways of working in the future.



The council has four priorities for 2011-2014.

These are:

Economic regeneration



Climate change



Statutory responsibilities

Partnership working and Community leadership

Energy Coast

Lancaster district has an exceptional opportunity to develop its energy economy. Our coastline and landscape offer vast potential for renewable energy including both wind and hydro power and the district's future contribution to nuclear energy seems clear.

The council is prioritising its support for the investment in new energy infrastructure in the northern part of the region in partnership with Lancashire County Council and Cumbrian local authorities. This involves support for the new nuclear nominations at Heysham and Sellafield, the National Grid upgrade through Lancashire and Cumbria, and a wide range of provision for energy generation from renewable sources. It will seek to secure economic benefits from the development of this infrastructure through direct jobs, construction jobs and by developing a local supply chain to support the growth. The ongoing development of the knowledge sector in the district will continue as will the aim of generating new jobs and opportunities for the young people of the Lancaster, Morecambe and the wider Morecambe Bay area.

In the next three years we will:



- Take a leading role in the Lancashire/ Cumbria consortium of LA's on the major infrastructure project for the national grid
- Promote Heysham's nomination for nuclear new build and consider opportunities for their involvement in regeneration projects
- Develop a Community Infrastructure Levy (CIL) Framework for the district in support of sustainable economic growth

We will have succeeded if, by 2014:

- A shared vision is in place for the district's contribution to the nationally important energy infrastructure
- A further step change in continuing the regeneration of Morecambe and the Heysham peninsula is in place
- Improved community infrastructure provided as part of development and regeneration initiatives by developing a Community Infrastructure Levy (CIL) scheme

Visitor Economy

The council is seeking to build on the area's improving potential for tourism by producing a new Cultural Heritage Strategy to focus on the areas where action and investment need to be targeted. Having identified the visitor economy as a key economic driver in the Local Development Framework, there is a continuing need to stimulate investment in the areas where there is the most potential for growth. Morecambe will enter a new phase of concentrated effort to deal with the need to improve the attractiveness and function of its central area. Lancaster will be targeted with actions to make far more of its heritage assets, public spaces and retail offer. The district's rural areas will improve the focus of their tourism identities.



In the next three years we will:

- Continue to work with the private sector developer partner to bring forward a comprehensive scheme for Lancaster Canal Corridor taking into account the heritage assets of the site
- Develop an Area Action Plan for Morecambe, including Central Promenade
- Undertake detailed planning and delivery of the first phase of the Lancaster Square Routes scheme
- Commence delivery of Townscape Heritage Initiative 2 in Morecambe
- Work with partners to develop a brand development plan for the district
- Develop shops and visitor service provision at Williamson Park
- Complete a review of the Museums Partnership and Lancaster Market
- Work with partners to deliver a district programme of events and festivals throughout the district
- Continue to develop Happy Mount Park as a key visitor destination

We will have succeeded if, by 2014:

- Number of visitors to the district is increased and visitor spend maximised
- The profile of the district as a visitor destination is improved
- Retail offer and built environment in Lancaster city centre is improved
- Economic impact of festivals and events is increased
- The attractiveness, accessibility and enjoyment of the district's parks and open spaces for visitors is improved
- A long term sustainable agreement for Canal Corridor North is in place to develop the potential of Lancaster's city centre for both residents and visitors
- An improved future for the district's museums is secured
- An Area Action Plan for Morecambe is in place
- Our rural areas are recognised for their outstanding natural beauty

Housing Regeneration

In January 2011, the council resolved that housing regeneration should be included as a theme in its corporate priorities. Following this Cabinet determined that no changes to budget proposals would be made for 2011 to 2012 but they would draw on existing housing related activity to inform development of the Corporate Plan. Proposals are now being developed for consideration as part of the current year's budget exercise.

In the meantime, the council is continuing its work in a number of housing related areas, including the improvement of council housing stock, housing renewal, particularly in the West End of Morecambe, and improvements in the private rented sector. As part of the statutory planning process, the council will allocate land for housing purposes and will seek opportunities to include new affordable housing as part of development plans. Regeneration projects currently identified include Luneside East in Lancaster and Chatsworth Gardens in Morecambe. Both of these major projects require significant funding and the council is focusing on innovative ways to take them forward and working proactively with the private sector.

Once more detailed plans for housing regeneration and the priority actions for the district have been developed, these will be included in the corporate plan for 2012 to 2013.



Prioritising reducing the council's energy costs and increasing income.

The council is committed to tackling the challenges of climate change by focusing on reducing the Council's energy costs and increasing income.

To ensure the success of this priority we are delivering a suite of projects to mitigate climate change and reduce our impact on the environment. Since April 2008 we have successfully reduced our carbon emissions by over 7% through such projects and we continue to deliver savings in this area. Our ongoing commitment is demonstrated by the following agreed carbon reduction targets for the future:

- 3.4% carbon reduction in 2011/12
- 34% carbon reduction by April 2020
- 80% carbon reduction by April 2050

In the next three years we will:

- Deliver the energy efficiency measures included within the 2011/2012 and future Housing Revenue Account Capital Programmes
- Explore opportunities emerging from the Governments proposed "green deal" scheme relating to council houses and a "green deal provider"
- Deliver actions from the Green Fleet Review (commercial vehicles and staff business use) including consultation on and roll out of grey fleet policy and installation of vehicle telematics for council owned small vans
- Commission energy efficiency works at Salt Ayre Sports Centre
- Complete a programme of improvements at council buildings including maintenance improvements to both Town Halls and installation of new boilers, together with a feasibility study on the need for secondary glazing at Lancaster Town Hall
- Agree partnership working arrangements to deliver the Property Services Review, including developing Energy Reduction Plans for our buildings
- Develop a business case to make use of feed in tariffs

We will have succeeded if, by 2014:

- CO2 emissions from council activities are reduced
- Council's energy usage is reduced
- Income is generated from energy, including feed-in tariffs
- Income is increased through climate change mitigation and adaptation projects



Fulfilling at least our minimum statutory duties with a focus on keeping the streets clean and safe.

The council continues to face up to the challenges presented by the current economic climate by placing an increased emphasis on the things that matter most to the people of the district and the delivery of, at least, our minimum statutory responsibilities.

This approach ensures that our resources are focussed on these important areas before discretionary areas of spend are considered and will be crucial going forward in identifying further efficiencies and reduced costs in the services we provide.

In the next three years we will:

- Work with partners to deliver services that keep the streets clean and safe (including Street Pride and Community Payback)
- Deliver responsive and efficient statutory services in accordance with regulatory and service standards
- Deliver City and County Council 'public realm' services, making most efficient use of resources and achieving the aim of keeping the streets clean and maintained
- Deliver the objectives of the Lancashire Waste Strategy 2008 to 2020 'Rubbish to Resources' including food waste collection, bulky household waste collection and increased recycling of litter

We will have succeeded if, by 2014:

- Streets and public spaces are clean
- Our district is safe
- Our local environment is protected by a reduction in incidents of environmental antisocial behaviour (such as climate change, tipping, littering, fly posting, graffiti and vandalism)
- Household waste reused, recycled and composted has increased



Working with partners to reduce costs, make efficiencies and create resilience within the district.

A key part of what we do to ensure that services are delivered in the most cost-effective and efficient way possible is developing opportunities to work more closely with our partners. This is something that we have prioritised and will continue to develop so that we are better able to tackle district-wide issues.

As community leaders, we are committed to working with all those who can help us to have a positive impact on life in the district, such as the county council, police, fire, education, health, private companies, voluntary organisations and community groups. The council has been able to continue its support for voluntary, community, faith and arts and culture groups in 2011/ 12 but wants to work with these sectors to consider how to work together in the future to deliver important services.



In the next three years we will:

- Develop the a programme with Lancashire County Council to reduce costs by sharing more of our services
- Support development of an Arts and Culture Partnership
- Work with partners to support the Children's Trust Board and partnership and to develop a Children and Young People's Plan for the district
- Deliver a development/ training programme including training around the community leadership role of councillors
- Work with our public sector partners to deliver a range of innovative approaches to communicate and engage with our communities
- Continue development of a single customer service function through a shared service arrangement for all council services. This will include improved on-line service delivery arrangements and capacity to include external partners

- Work to develop the resilience and capacity in the Voluntary Community Faith Sector to deliver sustainable local services and to maximise the benefits achieved from the council's investment in Voluntary Community Faith Sector
- Implement a shared Revenues and Benefits service with Preston City Council, and work with other partners and stakeholders to help ensure smooth implementation of any future welfare reforms


We will have succeeded if, by 2014:

- The impact of budget cuts across the district is minimised through joint working between partners to deliver efficiency savings
- We have a thriving Arts and Cultural sector supported by stronger and more resilient Arts and Cultural partnership for the district
- We have a strong Voluntary Community Faith Sector with a shared capability and capacity to deliver services for the benefit of the district
- The district Children's Trust Board and partnership is in place and working effectively
- Needs and aspirations of local communities are understood
- Local communities are actively working with partners to improve where they live in ways that matter to them
- Our partnerships produce tangible outcomes that benefit our citizens.

16 Our achievements 2010/11

Despite significant constraints and challenges the council has continued to provide good, value for money services that put the community at the heart of everything we do. Through strong leadership, the past year has given us a good foundation to build on as we continue to transform the way in which we deliver public services. Every year the council produces an Annual Report, which details what has been achieved in the previous year. The Annual Report for 2009 to 2010 can be found [here](#) and the Annual Report for 2010 to 2011 will be published by July.

Some highlights of last year's achievements are set out below and these illustrate just a few of the ways in which the council has made a positive difference in the last year.

- Renovations to Bold Street and Marlborough Road in Morecambe which had some of the poorest housing in the district
 - Reduced energy, waste and carbon emissions in council buildings and reduced fuel consumption of our vehicles
 - Introduced new cycle routes through the University of Cumbria and one covering 170 miles linking Morecambe with Bridlington!
 - Reduced the amount of rubbish going to landfill and increased the amount of household waste that is recycled or composted
 - With our partners, undertook our 'Clean Sweep', 'Street Pride' and 'Community Payback' schemes
 - Worked with other councils and partners to share the services we provide
 - Worked in partnership to deliver an innovative project to engage with and improve the quality of life for people who live and/or work in Skerton
 - Supported the work of Voluntary, Community and Faith Sector (VCFS) groups and developed positive relationships with diverse and emerging communities
 - Restructured council services and developed plans for further efficiencies in anticipation of the lean times ahead
 - Achieved budget savings to protect our front line services
 - Introduced more efficient use of workspace to reduce costs
- 
- Three large, hand-drawn style blue checkmarks are positioned to the right of the list items, indicating that each item is a positive achievement.

Our strategic planning, policy and performance framework provides the council with a way of managing the way we consult with our communities, how priorities and service delivery are determined and how resources are utilised to deliver the things that matter most to our communities.

The council's ambitions must be balanced against the resource constraints that the council faces. The council has a current framework for strategic planning which helps determine what we do and how we use the resources we have to get the best outcomes we can. In line with this we manage our performance on an ongoing basis to make sure we are getting the right results for the district.

Strategic planning

Consultation

The council regularly asks for peoples views on a range of council services in a number of different ways including evaluation forms, questionnaires, letters, emails, telephone and face-to-face, through social media, such as face book and working in schools.

We believe that local people should be at the forefront of decision making. To have your say, join our Community Consultation Register and get involved in future consultations on a range of council subjects. You can get involved in online, postal, telephone or face to face consultation - the choice is yours.

For more information contact the council's consultation officer on 01524 582268, email consultation@lancaster.gov.uk or visit www.lancaster.gov.uk/consultation

Developing priorities

Our priorities are developed by your councillors based on what is known about our district and its communities. Corporate priorities are considered first by Cabinet and then by full Council (all 60 members) where all councillors are involved. Progressing our priorities invariably costs money, and Government funding is expected to reduce over the next few years. The council recognises, however, that council tax bills are a significant burden for many households and therefore we aim to keep council tax increases to no more than 2% for 2012/13 and 2013/14.

Services and activities

The services and activities the council undertakes are linked to priorities set by council but include some areas of work that are statutory or are needed to make sure we can do things in the right way within the appropriate financial, legal and democratic framework.

Through its decision making processes the council will decide what services will be delivered and the activities we will undertake to deliver the priorities that have decided, and within the council tax and budget levels that full Council have set.

Policy framework

The Corporate Plan is a central part of the policy framework stating our key priorities, the actions that are necessary to deliver the priorities and the outcomes we hope to achieve for our district. Underpinning the Corporate Plan the council has specific policies that explain our approach to particular areas of activity and that link to relevant legislation.

Resource management is vital and the council plans carefully how it will use resources wisely to make sure they support delivery of the services that matter to local people, that we get the most value from our budgets, our employees, our land and property and our information and communications technology and that we can plan for medium term challenges.

The key strategies that support our Resource Management Framework (see page 20) are supported by a number of other important policies, strategies and plans that help us to deliver our objectives. These are:

- **Sustainable Community Strategy**
- **Corporate Plan**
- **Local Development Framework**
- **Housing Strategy**
- **Economic Vision/Regeneration Strategy**
- **Community Safety Strategy**

Performance management

Our **Performance Management Framework** explains how we will manage our performance to make sure we can achieve planned outcomes and objectives but also make sure that we address any underperformance and risk quickly and effectively. It involves councillors, senior managers and all staff in considering whether or not performance is on track towards achieving our ambitions.

We manage our performance by setting clear and measurable milestones and targets to track delivery of our priorities through regular monitoring, panel reviews and comparing best practice with other councils. We use this framework to ensure our success in meeting challenges but also to provide evidence of achievement.

In the current economic climate it is more important than ever to provide more with less and to publicly account for both the money we spend and the quality of the services we deliver – our performance framework gives us the tools to do that effectively.



The council recognises the importance of managing our resources (finance, land and property assets, people and information and communications technology) effectively and that this is vital when planning for the future to respond to changes in service demand and new legislation and to balance our aspirations against the resource constraints that the council faces.

Finance

The Government's Spending Review in October 2010 has resulted in unprecedented year on year public spending reductions, as the Government strives to balance its books and tackle its budget deficit. The council's **Medium Term Financial Strategy** (MTFS) is the council's expression of how it plans to balance demands and aspirations against the financial constraints it faces.

The MTFS covers both revenue and capital financial planning, supporting and informing the council's strategic direction as set out in the Corporate Plan by matching available resources to the council's priorities and statutory responsibilities.

It outlines the key financial targets and constraints for the council, together with the financial planning, monitoring and budget setting processes that will be followed in seeking to achieve those targets.

Through the MTFS the council will:

- protect the council's financial standing and avoid volatile or unnecessary fluctuations in the provision of council services;
- deliver a balanced, robust budget;
- help achieve value for money in the use of the council's resources; and
- be transparent about how the council will manage and plan its finances.

As mentioned earlier, the council's key target is to keep council tax increases to no more than 2% for 2013 onwards.

The council will update its MTFS midway through each year, setting out how we will work within the current tight financial constraints to deliver our priorities and manage the key financial and other risks facing the council.

Land and property assets

The **Medium Term Corporate Property Strategy** sets out how the council's land and property assets are managed to meet both the council's current circumstances and the anticipated requirements of customers, staff, legislation and best practice. It is important that efficient and effective use is made of these assets to support the delivery of corporate and service objectives. The Strategy is based on the premise that challenge and review of use, provision and performance is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives.

The council will utilise its assets to facilitate regeneration schemes such as the canal corridor scheme in Lancaster and the promenade in Morecambe. Council land is also being used to facilitate the creation of an urban nature reserve at Edenbreck, Lancaster.

The Strategy is also being used as the basis for reducing the amount of accommodation that the council uses to deliver its services, whilst at the same time ensuring that its stock of buildings is adequately maintained. Four buildings have recently been vacated and the emphasis is on the council providing services from both Lancaster and Morecambe Town Halls. Investment is now being made into both buildings to bring them up to standard in terms of condition and sustainability.

People

We recognise that the council needs to consider its strategic workforce issues within the changing context of public sector working.

We are committed to becoming an "employer of choice" and transforming the council through the skills, knowledge and commitment of our workforce.


The core principle behind how we shape our services is the flexibility of our workforce. We aim to achieve this consistently across all services through robust leadership and management practice and a skilled and knowledgeable workforce that has clarity of purpose in what we are aiming to achieve.

We will collaborate with our partners and exploit technology to ensure we deliver high quality citizen-centred services. This collaborative working will also enable greater flexibility in how we deploy our workforce to achieve our collective public service aims. We will also explore innovative service delivery models in collaboration with others, and develop a more harmonised approach to how we deliver learning and development activities, with the aim of reducing cost and achieving better outcomes.

Our workforce is at the heart of the services we deliver. The quality of service outcomes are intrinsically linked to the competence of our workforce and their motivation to deliver services as “one council”.

Equality and diversity are key building blocks in the development of a diverse, skilled and competent workforce that is committed to delivering responsive citizen-centred services. They lie at the heart of how we employ people, deliver services and collaborate with our partners to help shape the district as a place to live and work.

To this end we will:

- Commit to promoting equality throughout the district as a service provider and internally as an employer
 - Commit to ensuring all sectors of the community have access to good quality public services
 - Commit to making equality an intrinsic part of the way we act as a service provider
- 

Information and communications technology

Our **Information and Communications (ICT) Strategy** sets out how ICT will support the achievement of our corporate priorities and service objectives.

Key to this is enabling our residents, customers, staff and partners access to information and systems whenever they need it, whilst exploiting new technologies to reduce costs, save energy and improve services.

With this, very much in mind, we are planning to enter into a strategic partnership with Lancashire County Council and British Telecom which will give us access to additional skills and make best use of available resources.



The council

We have 60 elected Members who are democratically accountable to residents in their Ward and the citizens of the district as a whole. Collectively the councillors form 'full Council' with responsibility for adopting the council's constitution which sets out how the council operates, how decisions will be made and the procedures that must be followed to ensure that these are efficient, transparent and accountable to the district. Full Council is also responsible for approving our policy framework including the council's priorities, Corporate Plan and setting of budget and Council Tax levels. The council elects members to its committees and the Mayor, and Deputy Mayor, and the Leader of Lancaster City Council.


For more information about the council and a full A-Z listing of council services, visit our website www.lancaster.gov.uk.

Governance and decision making

Decisions within the policy framework and budget set by council are made by our Cabinet of up to 10 members who will be chosen by the leader of the council. Key decisions to be discussed or made are published in the leader's Forward Plan where these can be anticipated. Cabinet meetings are open to the public except where personal or confidential matters are being considered.

An Overview and Scrutiny Committee holds Cabinet to account and can challenge the decisions it makes. The Overview and Scrutiny Committee allows residents a greater say by holding public reviews/inquiries into matters of local concern and carry out activities that support the work of Cabinet and the council as a whole.

There are some decisions that as a matter of law cannot be taken by Cabinet and there are standing and regulatory committees to deal with these including Planning, Licensing, Personnel and Audit.




These committees form part of our corporate governance framework, the effectiveness of which is the responsibility of Audit Committee. These arrangements comprise all the systems and processes, culture and values, that ensures we are doing the right things, in the right way and for the right people in a timely, inclusive, open, honest and accountable manner.

The Audit Committee reviews these arrangements annually and it also has responsibility for approving the council's annual accounts, once they have been checked by the council's external auditors.

The council is committed to open governance which means that all our meetings wherever possible, are open to the public and agendas and decisions are posted on the website.

We believe that local people should be at the forefront of decision making. To have your say, join our Community Consultation Register and get involved in future consultations on a range of council subjects. You can get involved in online, postal, telephone or face to face consultation. You can also speak at Council, Planning Committee, Overview and Scrutiny Committee and Cabinet meetings.

The council recognises that good governance leads to good management, good performance, good stewardship of public money, good engagement with the community and, ultimately, good outcomes for our residents. We take this responsibility seriously, undertaking a review and reporting on the effectiveness of these arrangements annually and making recommendations for improving any significant issues.



Services

Together, around 950 staff provide a wide range of quality services including rubbish and recycling collection, planning and building control, housing and homelessness, environmental health, car parking, leisure and sport, economic development, tourism, events, licensing, benefits, council tax collection, support for the community and voluntary sector.

All of these, and a lot more, are delivered and supported by the following eight Services:

- **Community Engagement**
- **Environmental Services**
- **Financial Services**
- **Governance**
- **Health and Housing Services**
- **Information Services**
- **Property Services**
- **Regeneration & Policy**

Our staff provide advice and support to the public and elected members, implement decisions and manage the day-to-day delivery of our services. There are also officers who have a statutory duty to ensure that the council acts within the law and uses its resources wisely. A protocol governs the relationship between staff and elected members.

Partnership working & community leadership

Outcomes

- Services that matter prioritised
- Efficiency savings achieved
- The voluntary, community and faith sector will have capacity to deliver services for the district
- Key partnerships working effectively
- Local communities actively working to improve where they live

Actions

- Develop a joint public sector approach to delivering services
- Shared services programme with Lancashire County Council
- Ensure our key partnerships work effectively
- Engage with our communities
- Work with the voluntary, community, faith sector to deliver local services

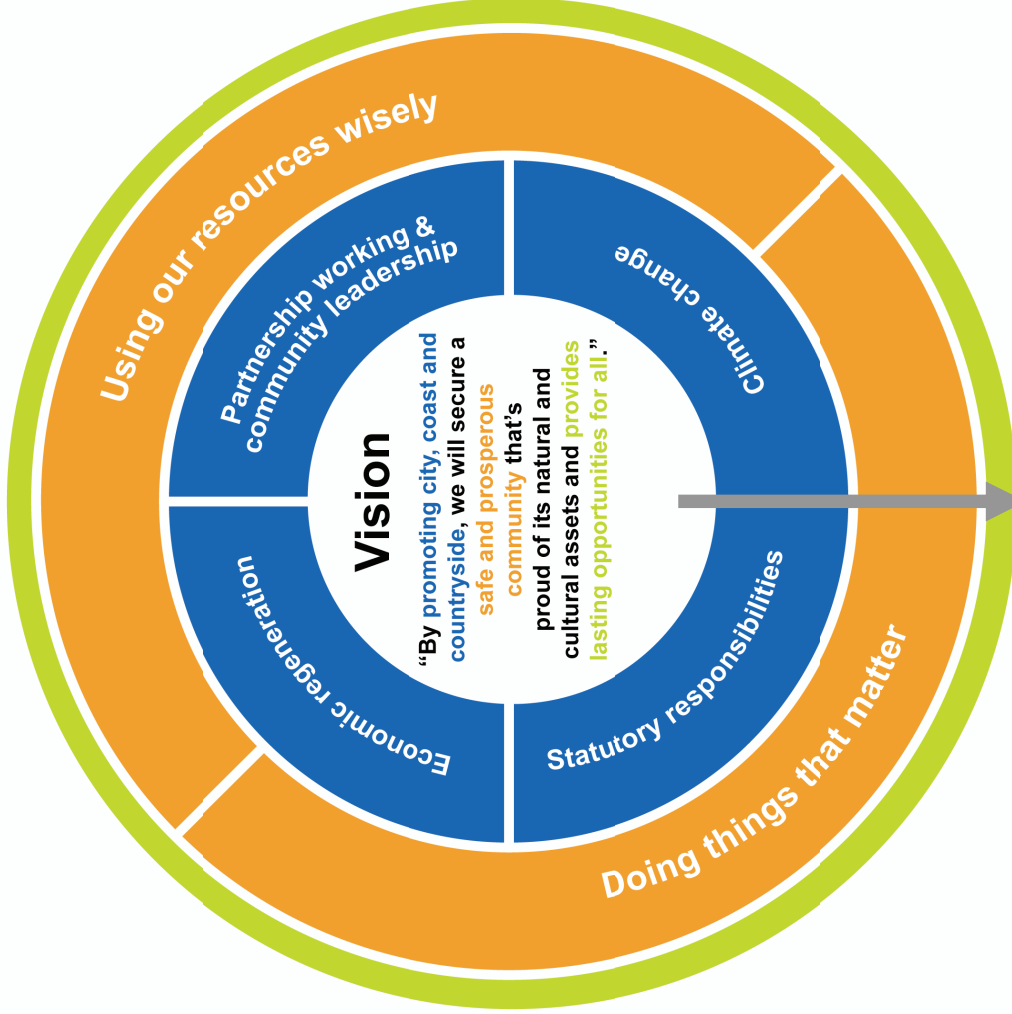
Climate change

Outcomes

- CO2 emissions from council activities reduced
- Council's energy usage will have reduced
- Council will generate income from energy
- Income generated through climate change mitigation and adaptation

Actions

- Energy efficiency measures for housing and vehicles
- Improvements to council buildings
- Increase income from energy recycling projects



Economic regeneration

Outcomes

- A vision for energy infrastructure
- More tourists coming to the district and tourist income is maximised
- Improve the district as a place to visit
- Improved cultural, retail and tourism offer

Actions

- Recognised as a visitor destination
- Promote nomination for nuclear new build
- Support national infrastructure development
- Improve public realm, parks and open spaces
- Maximise cultural, heritage and retail offer

Statutory responsibilities

Outcomes

- Streets and public spaces are clean
- Our district is safe
- Our local environment is protected
- Increased household waste reused, recycled and composted

Actions

- Actions to increase amount of household waste re-used, recycled and composted
- Deliver services that keep our streets safe
- Deliver public realm services that keep our streets clean
- Deliver statutory services to ensure minimum standards are met

In Morecambe this means a vibrant seaside resort recognised for its Tourism offer in an exceptional natural setting with a sustainable economy and a stable resident community.

In Lancaster this means being recognised as an important University city with an envied quality of life, strong economic opportunity and rich heritage.

In our countryside this means a sustainable quality of life that protects communities and landscapes while providing the economic opportunity to flourish.

Priorities

		Economic regeneration	Climate change	Statutory responsibilities	Partnerships
<div>Key outcomes for our community</div> <div>Key actions</div> <div>What we will do</div> <div>Our 2011/12 Success Measures</div>	Key outcomes for our community	Energy Coast <ul style="list-style-type: none"> A shared vision will be in place for the district's contribution to the nationally important energy infrastructure Visitor Economy <ul style="list-style-type: none"> More tourists coming to the district and tourist income is maximised The attractiveness of the district as a place to visit will be improved The district's cultural, retail and tourism offer will be improved Lancaster District will be recognised as a visitor destination 	<ul style="list-style-type: none"> CO2 emissions from council activities will have reduced Council's energy usage will have reduced Council will generate income from energy, including feed-in tariffs Income generated through climate change mitigation and adaptation projects for reinvesting into the invest-to-save fund 	<ul style="list-style-type: none"> Streets and public spaces are clean Our district is safe Our local environment is protected by a reduction in incidents of environmental antisocial behaviour 	<ul style="list-style-type: none"> Services that matter most to our communities will be prioritised Efficiency savings will be achieved through joint working The voluntary, community and faith sector will have capacity to deliver services for the district The Children's Trust Community Safety and the Arts and Culture partnerships will be in place and working effectively Local communities will be actively working with partners to improve where they live, in ways that matter to them
	Key actions	Energy Coast <ul style="list-style-type: none"> Promote nomination for nuclear new build Support national infrastructure development Visitor Economy <ul style="list-style-type: none"> Improve public realm, parks and open spaces Maximise cultural, heritage and retail offer 	<ul style="list-style-type: none"> Energy efficiency measures for housing and vehicles Improvements to council buildings Increase income from energy recycling projects 	<ul style="list-style-type: none"> Actions to increase amount of household waste re-used, recycled and composted Deliver services that keep our streets safe Deliver public realm services that keep our streets clean Deliver statutory services to ensure minimum standards are met 	<ul style="list-style-type: none"> Develop a joint public sector approach to delivering services Shared services programme with Lancashire County Council Ensure our key partnerships work effectively Engage with our communities Work with the voluntary, community, faith sector to deliver local services
	Our 2011/12 Success Measures	Energy Coast <ul style="list-style-type: none"> Heysham nominated for nuclear build Proposals for upgrade of the national grid commenced (towards determination by 2014) Visitor Economy <ul style="list-style-type: none"> Visitor numbers increased Visitor spend increased Visitor enquiries increased 	<ul style="list-style-type: none"> Average Standard Assessment Procedure (SAP) rating of 72 in council housing homes Annual reduction in carbon emissions from the Council's operations of 3.4% towards 80% cut by 2050 Reduce energy costs across Lancaster City Council owned buildings Increased income from climate change initiatives and projects 	<ul style="list-style-type: none"> Improved perception of people who live in, work in or visit the District that streets and public spaces are clean and safe Incidents of environmental antisocial behaviour (such as climate change, fly tipping, littering, fly posting, graffiti and vandalism) are reduced Increased % of household waste re-used, recycled or composted All statutory service requirements are met 	<ul style="list-style-type: none"> Savings/ efficiencies from joint working Service delivery arrangements in place with VCFS partners Number of local residents satisfied with council services Savings and efficiencies from on-line customer service delivery Number of diversionary activities delivered

