



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

**Wednesday, 1 March 2017 –
6.00 p.m.
Morecambe Town Hall**

Susan Parsonage,
Chief Executive,
Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ



LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Sir/Madam,

You are hereby summoned to attend a meeting of the Lancaster City Council to be held in the Town Hall, Morecambe on Wednesday, 1 March 2017 commencing at 6.00 p.m. for the following purposes:

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES**

To receive as a correct record the Minutes of the Meeting of the City Council held on 1st February 2017 (previously circulated).

3. **DECLARATIONS OF INTEREST**

To receive declarations by Members of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 10 and in the interests of clarity and transparency, Members should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Members are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

4. **ITEMS OF URGENT BUSINESS**

5. **ANNOUNCEMENTS**

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

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

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

7. **PETITIONS AND ADDRESSES**

To receive any petitions and/or addresses from members of the public which have been notified to the Chief Executive in accordance with the Council's Constitution.

8. **LEADER'S REPORT** (Pages 1 - 3)

To receive the Cabinet Leader's report on proceedings since the last meeting of Council.

REPORTS REFERRED FROM CABINET, COMMITTEES OR OVERVIEW AND SCRUTINY

9. **BUDGET FRAMEWORK 2017/2021** (Pages 4 - 88)

Referral from Cabinet.

10. **TREASURY MANAGEMENT STRATEGY 2017/18** (Pages 89 - 112)

Referral from Cabinet.

11. **MEMBER TRAINING - MANDATORY TRAINING** (Pages 113 - 119)

Referral from Council Business Committee.

12. **COMMITTEE TIMETABLE 2017/18** (Pages 120 - 131)

Referral from Council Business Committee.

OTHER BUSINESS

13. **COUNCIL TAX 2017/18** (Pages 132 - 137)

To consider the report of the Chief Officer (Resources).

14. **PAY POLICY STATEMENT 2017/18** (Pages 138 - 155)

To consider the report of the Chief Executive.

15. **QUESTIONS UNDER COUNCIL PROCEDURE RULE 12**

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

16. **MINUTES OF CABINET** (Pages 156 - 173)

To receive the Minutes of Meeting of Cabinet held on 14th February 2017.



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Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on Thursday 21st February 2017.

COUNCIL**Leader's Report****1 March 2017****Report of the Leader of the Council****PURPOSE OF REPORT**

To present the Leader's report to Council.

This report is public.

RECOMMENDATIONS

To receive the report of the Leader of Council.

REPORT**1.0 Cabinet**

Information on Cabinet matters is provided in the minutes from the Cabinet meeting held on 14 February 2017 later in this agenda.

2.0 Decisions required to be taken urgently

There are no decisions to report since the last Leader's Report on 1 February 2017.

3.0 Leader's Comments

At this time of year work on the Budget takes precedence. At the Budget and Performance Panel meeting on 24 January, all the authorities presented their budgets, but it is always disappointing that they are in written form with no one presenting them so that questions cannot be asked. Only the District Council Member was there in person and she gave an excellent presentation. This was the first opportunity for Members to raise questions and enables her to address them. Unfortunately, it was not well attended by the public.

On the 11 January, representatives of the Confucius Institute from Lancaster University came to meet us. They are keen to improve relationships with the Council and especially with the town. They are situated at The Round House on Campus. Their aim is to engage with people to help improve the understanding of

China. They run courses on Campus which are Credit Level and Non-Credit Level and are open to all. Language, Tai Chi and Martial Arts are taught at The Storey and people can drop in and out. Proposals for a Business Dinner with the Chamber and City were discussed and an idea to renew an invitation to new international students in the Autumn in the Town Hall.

On the 12 January, members of the Local Government Association (LGA) attended a workshop on Lancashire's Combined Authority proposals. They advised that establishing the Combined Authority (CA) is just the start. There will be a need to deal with scrutiny and accountability, cross party working, communications and engagement and how to develop devolution deals. We need to shift the focus onto outcomes. The LGA have developed a CA leadership programme and advice on leadership support. Councillor Sir Steve Houghton (Leader of Barnsley Metropolitan Borough Council) also came to talk on outcomes/actions. He talked about learning lessons from others.

The meeting that followed gave updates from the Working Groups, including a Housing update and a Skills and Employment Progress Report.

Lancashire's Growth Deal 3 allocation of nearly £70M is only significantly bettered by London and Manchester which represents a really strong performance. Over three competitive Growth Deal funding rounds, the Lancashire Enterprise Partnership (LEP) and local authority partners have secured £320M in new public investment for Lancashire, which is supporting the delivery of 45 major initiatives across the county.

The Cabinet met with The Chamber and BIDs (Business Improvement Districts) on the 24 January. Items for discussion included: International Trade – China, Flooding, and Bay Gateway official opening. Morecambe BID members raised anti-social behaviour in Morecambe over Christmas, quick reporting for fly tipping on mobiles or twitter, taxis using bus lanes and CCTV. Lancaster BID talked about future retailing in the City and an open meeting to take place. Street pedlars were also mentioned. The Council talked about the Local Plan, the City Centre Master Plan, Canal Corridor and the Garden Village.

Group Leaders were invited to a meeting on the 25 January. This was to update them on the Canal Corridor Scheme as well as other matters so that they could speak to their own groups.

Saturday 28 January was the Lancaster University Court Annual Meeting. The Pro Chancellor, Roger Liddle, spoke about the new Education Bill in the Lords, about the University's teaching excellence and about their offer of bursaries which need to be extended. He also mentioned the new Chemistry Department and building.

The Vice Chancellor spoke about the effect of the University on Lancaster. He said it was supporting 1200 jobs, supporting Lancaster Arts by £350K direct subsidy and a partnership with The Dukes of £80K per annum. He mentioned the Innovation Campus, the Garden Village and Forest Hills. He said that registration in 2016 is up and that research funding is the second highest of any University in the country.

Lancaster also gets the largest amount of money from the European Union of any university in the country so there is some uncertainty about that.

On the 29 January, I attended the Chinese New Year event at Moorside School. As always this was a very pleasant event that brings people together and offers music and a Chinese buffet.

On the 30 January, Lancaster MP, Cat Smith, came to meet officers and myself. We discussed a range of matters including Canal Corridor, the Local Plan, South Lancaster Growth Deal, the River Lune Flood Defence Scheme, the Innovation Campus. Also, the Museums Review, Salt Ayre Leisure Centre progress and success, and support for tenants through early intervention, Council Tax proposals and the continuation of the Localised Council Tax support, as well as the Business Rates revaluation, were also discussed.

The Housing Needs Study Methodology on the 02 February gave members an insight into how these are assessed and they agreed to keep Members who are interested involved.

4.0 Other Matters

Cabinet minutes for 14 February 2017 are attached at the end of this agenda.

5.0 Key Decisions

The following Key Decisions were taken by Cabinet on 14 February 2017:

- (1) Platform Review
- (2) Bailrigg Garden Village – Capacity Funding
- (3) Empty Homes Strategy
- (4) Lancaster Flood Management Scheme – River Lune Phase 3
- (5) Budget and Policy Framework Update 2017 to 2021 – General Fund Revenue Budget and Capital Programme
- (6) Treasury Management Strategy 2017/18
- (7) Fees and Charges Review – 2017/18
- (8) Office of the Chief Executive – Senior Leadership Team

The following Officer Delegated Key Decisions were taken during this period:

- (1) Installation of Disabled Access Ramp at Lancaster Town Hall
- (2) Lancaster City Museum Roof Covering Renewals
- (3) Installation of New Kitchens to 19 Properties at Parkside Court Morecambe
- (4) Provision of Repairs to Void Council Housing Stock

Background Papers

Cabinet agenda and minutes of the meetings held on 14 February 2017.

COUNCIL

Budget Framework 2017 to 2021 01 March 2017

Report of Cabinet

PURPOSE OF REPORT

To present Cabinet's budget framework proposals in order that the City Council can complete its budget setting for 2017/18 and update its financial strategy to 2021.

This report is public.

RECOMMENDATIONS:

- (1) That the General Fund Revenue Budget of £15.839M for 2017/18 be approved, resulting in a Council Tax Requirement of £8.623M excluding parish precepts, and a Band D basic City Council tax rate of £213.97.
- (2) That the Medium Term Financial Strategy (MTFS) be approved as set out at Appendix A, subject to Council agreeing the following:
 - (a) That the supporting General Fund revenue budget proposals be approved, as summarised at Annexes 1 and 10.
 - (b) That the Housing Revenue Account budgets and future years' projections be approved, as set out at Annex 2.
 - (c) That the Policy and Statement on Provisions and Reserves be approved, as set out at Annexes 3 and 4.
 - (d) That the General Fund Capital Programme be approved, as set out at Annex 5.
 - (e) That the Council Housing Capital Programme be approved, as set out at Annex 6.
 - (f) That the budget transfer (virements and carry forwards) limits be approved, as set out at Annex 7.
- (3) That Council notes the Section 151 Officer's advice regarding robustness of budget estimates, the adequacy of reserves and balances and the affordability of borrowing.

1 INTRODUCTION

- 1.1 At its meeting on 14 February Cabinet finalised its budget framework proposals for General Fund, with Council Housing proposals being finalised at the earlier meeting on 17 January. These are all now reflected in the recommendations of this report. Government published the final Settlement for debate on 22 February and whilst there are some minor presentational changes arising, there is no impact on council tax.
- 1.2 Supporting information in connection with Cabinet's proposals is outlined in the following sections. Members are requested to refer to earlier Cabinet reports for further background information.

2 STRATEGIC CONTEXT

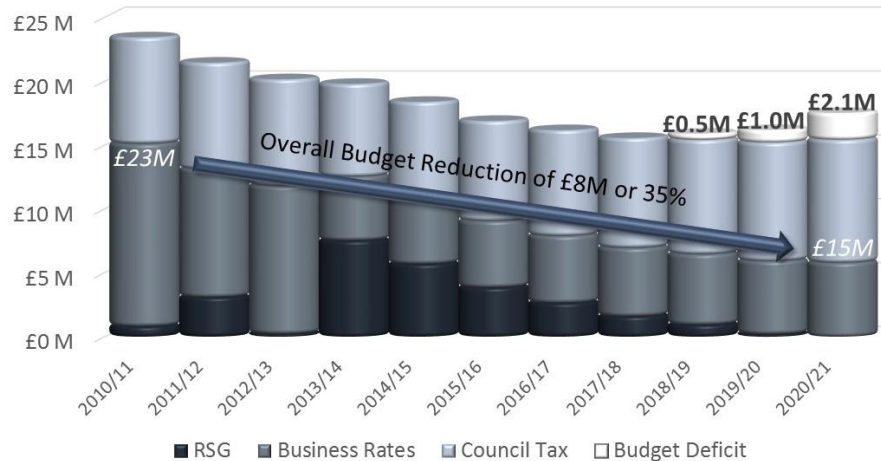
- 2.1 As reported previously, in strategic terms the main challenge of budget setting is to match priorities and corporate planning objectives against what is affordable financially. To achieve this, in previous budget exercises the Council has sought to redefine the outcomes and reduce many of the actions within the Corporate Plan, in support of the existing four priorities of:
- Health and Wellbeing
 - Clean and Green Places
 - Community Leadership
 - Sustainable Economic Growth
- 2.2 In light of the two-phased budget approach being taken and the forthcoming strategic review of the Council's services and priorities, it is not intended at this stage to undertake an annual refresh of the Corporate Plan. Instead, performance information against current corporate planning will be fed into that strategic review, with the ultimate outcome informing new Corporate Plan proposals from 2018/19 onwards.
- 2.3 Nonetheless, the Council's financial challenges continue and in order to protect future viability, there is no real choice other than to focus on balancing the budget for the medium term. This aim is central to Cabinet's two-phased budget strategy.
- 2.4 By continuing to make efficiency savings and increase income generation, and by keeping with steady annual increases in council tax, Cabinet is in a fortunate position to present balanced budget proposals for 2017/18 – allowing for some modest growth in connection with predominantly statutory areas, but importantly, creating a £500K reserve to support economic strategy and growth, whilst strengthening other reserves to support the development of future budget plans.
- 2.5 For Council Housing services, Cabinet has managed to contain the ongoing reductions in housing rents whilst putting in place plans to improve support to tenants, to help them cope better with Government's ongoing welfare reform agenda. Also, Council Housing services will contribute to the proposals for tackling anti-social behaviour.
- 2.6 Council is requested to consider the budget proposals in context. The key points and main changes since last Council are outlined in the following sections.

3 GENERAL FUND

3.1 Revenue Budget

3.1.1 The financial challenges still facing the Council, and the progress made so far, must both be appreciated and these aspects are shown in the following diagram.

The Budget: Past, Present and Future



3.1.2 In essence, it is still anticipated that the Council will have to reduce its annual net spending on services by another £2M or so by 2021, on top of the £7M+ it has already saved.

3.1.3 Full details are provided in the updated Medium Term Financial Strategy (MTFS), which is set out in **Appendix A** for Council's consideration. This incorporates all of Cabinet's budget proposals. In addition, the detail behind specific General Fund savings and growth is attached at **Appendix B**.

3.1.4 As was reported in February, the bulk of the MTFS remains much the same. It will be updated as necessary during next year, as part of the strategic review process. The key figures and targets set out in the MTFS are replicated below.

Target	2017/18	2018/19	2019/20	2020/21
Target Budget Requirement	£15.839M	£15.688M	£15.487M	£15.784M
Target Council Tax Requirement	£8.623M	£8.956M	£9.295M	£9.640M
Target Council Tax Increase (Band D)	£5.00 2.39%	£5.00 2.34%	£5.00 2.28%	£5.00 2.23%
Target Council Tax Rate (Band D)	£213.97	£218.97	£223.97	£228.97
Year on Year Net Savings Requirement (assumes recurring savings achieved)	-	£0.512M	£0.994M	£2.103M
Cumulative Net Savings Requirement	-	£0.512M	£1.506M	£3.609M

- 3.1.5 Taking account of the proposed £5 increase in Band D council tax and the final Settlement, the resulting General Fund Revenue Budget needs to be set at £15.839M. In simple terms this translates into a 4.1% year on year reduction in net spending.
- 3.1.6 Setting the Revenue Budget at £15.839M would result in a 2.4% increase in the basic City Council tax rate for the district. The actual basic Band D City Council tax payable (excluding parish precepts) would be £213.97, which would raise income of £8.623M for City Council services. Increases for other bandings are included in the attached MTFs.
- 3.1.7 In support, Council is recommended to approve updated revenue proposals as summarised at **Annexes 1 (i and ii) and 10** to the MTFs. These take into account the decisions of Cabinet at its meeting on 14 February, subject to call-in.
- 3.1.8 Regarding Community Pools, in line with the resolution from December Council and the position statement sent to all Members on 01 February, the recent consultancy report concludes that whilst there appears to be viable business cases for Carnforth and Heysham pools, unfortunately this is not the case for Hornby pool. Regrettably, this means that Hornby pool will cease to operate on 31 March 2017 and the building will transfer back to the County Council, for them to decide its future. Carnforth and Heysham pools will be funded until the end of September 2017, by which time it is hoped that the schools will be in a position to take them on. In terms of the budget, Cabinet's proposals currently anticipate that the County Council will provide funding to support the extension for the two pools for the six month period. If sufficient funds are not forthcoming, the shortfall will be met from the Budget Support Reserve.
- 3.1.9 In finalising its budget proposals, Cabinet has also given due consideration to the various points fed back from the January Budget and Performance Panel and February Council meetings, the responses to which are set out below:

- **More detailed information be provided prior to Budget Council regarding Key Performance Indicators (KPI's) in relation to new posts proposed as growth items within the Budget Proposals.**

As far as possible given time constraints, more information has been reflected in the relevant growth proposals attached at Appendix B. They will be reviewed, updated and reported on as need be during the course of the year.

- **Further details be provided regarding the £500,000 reserve to be earmarked for supporting economic growth.**

More information has been reflected in the relevant growth proposals also attached at Appendix B. Any use of the reserve will be reported on as part of the usual arrangements during the course of the year.

- **Consideration be given to reappraising the Solar Farm, Middleton.**

Whilst the last appraisal undertaken indicated that the project was not financially viable, it was recognised that circumstances may change and so was worth keeping the project under review. This will be done as part of next year's strategic review / prioritisation process, allowing it to be considered

alongside all other potential competing investment opportunities and demands. It is now shown in Annex 10 to the MTFS.

- **Request made for realistic savings as many did not come to fruition last year.**

Difficulties were experienced in some key areas, but this was not across the board. As in-year reporting has shown, many savings have been successfully achieved. Latest monitoring indicates that key initiatives such as green waste charging and Salt Ayre are now performing well, and at least meeting (or potentially exceeding) budget targets. Monitoring will continue, with action being taken as need be if issues do arise. For next year, it is reiterated that new savings proposals are much smaller than last year's, with less risk attached.

3.2 Provisions, Reserves, and Balances

- 3.2.1 As a whole, Cabinet's budget proposals are based on Balances reaching £4.476M by 31 March 2017. The s151 Officer advises that the minimum level of General Fund Balances should be retained at no less than £1.5M.
- 3.2.2 Should the outturn for this year be as expected, the position would mean that the Council has around £3M of surplus Balances available for use over and above the recommended minimum level of £1.5M. Further information is included within the attached MTFS.
- 3.2.3 A full review of other reserves and provisions has been completed as reflected in the policy and statements at **Annexes 3 and 4** to the MTFS. These funds will help progress a number of initiatives in line with the Council's priorities, as well as providing more flexibility to support future planning. The policy is in line with the s151 Officer's further comments and advice, which is included at the end of this report.

3.3 Capital Programme

- 3.3.1 The proposed General Fund investment programme for the period to 2020/21 is included at **Annex 5** to the MTFS, for Council's consideration.
- 3.3.2 There have been no further updates since the last Council meeting, other than some re-profiling of expenditure and financing between this year and next.
- 3.3.3 The proposed programme retains a strong focus on ensuring that the Council's infrastructure and facilities are fit for purpose, as well as retaining previously approved measures to help promote health and wellbeing, and public realm improvements to help promote economic growth.
- 3.3.4 The current year's Revised Programme now stands at £14.496M. During the next four years, a further £25.192M of investment is currently planned, giving a total 5 year programme of £39.688M.
- 3.3.5 Overall the programme is balanced, allowing for a gross increase of £18.464M in the underlying need to borrow (known as the Capital Financing Requirement or

CFR). This has not changed from the position reported to February Council. Over the course of the last year, the full financing movements are as follows:

Movements in forecasts over the last year (Budget Council March 2016 to March 2017)	Movements** in Financing
	£'000
Key Changes:	
CFR Increase	+804
Increase in Capital Receipts	+1,349
Use of Earmarked Reserves	+288
Direct Revenue Financing	+27
External Grants and Contributions	+281
Total Changes	+2,749

*** Movement from the original 4-year 2016/17 to 2019/20 programme, to the proposed 5-years for 2016/17 to 2020/21.*

- 3.3.6 Capital receipts forecasts have increased by £1.349M to £2.089M over the period to 2020/21 to reflect recent disposal decisions. Many have either already been received already or are contractually bound, and therefore associated financing risks are fairly low.
- 3.3.7 In terms of CFR related charges against the revenue budget, over the next four years they are estimated as follows:

	Minimum Revenue Provision	External Interest (excl. recharge to HRA)	Total CFR Related Charges
	£'000	£'000	£'000
2017/18	1,488	1,083	2,571
2018/19	2,006	1,093	3,099
2019/20	2,102	1,097	3,199
2020/21	2,266	1,103	3,369

- 3.3.8 Whilst the CFR is expected to rise in the coming years, the increased capital receipt expectations have helped avoid the need for a greater rise. Through future asset management reviews it is anticipated that capital financing costs can be further offset, with relevant performance measures being developed as part of updating the Council's Corporate Property Strategy, for monitoring and reporting during the course of the year. It is acknowledged that this work has been delayed, and so Cabinet's revenue budget proposals increase capacity to help ensure that real progress can be achieved in the coming year.
- 3.3.9 The above capital investment plans link closely with aspects of treasury strategy, included elsewhere on the agenda. Furthermore it is clear that the availability of

capital funding impacts on the Council’s planning and decision-making. Essentially capital investment decisions cannot be divorced from revenue budget setting and the challenge of balancing priorities against affordability applies equally to both.

4 COUNCIL HOUSING (THE HOUSING REVENUE ACCOUNT)

4.1 Rent Policy

4.1.1 The Council has a legal requirement to maintain a separate ring-fenced account for the provision of local authority housing, known as the Housing Revenue Account (HRA). This covers the maintenance and management of the Council’s housing stock.

4.1.2 Prior to 2016/17 the HRA was well placed to invest and enhance its service provision significantly, but the Council’s opportunities in this area have fundamentally reduced as a result of recent Government policy changes.

4.1.3 Unfortunately, through the Welfare Reform and Work Act 2016, the Government removed the flexibility that local authorities previously had in determining their own rent policies. The Council’s current rent policy fits with the latest statutory requirements, and it is summarised as follows:

For general properties, average rent of £71.69 applies for 2017/18, representing a 1% year on year reduction.	For sheltered and supported properties, average rent of £66.97 applies for 2017/18, also representing a 1% year on year reduction.
For 2018/19 to 2019/20 average rents will reduce by 1% year on year.	
Following relevant properties becoming vacant, they will be re-let at ‘formula rent’ less the relevant cumulative year on year reduction applicable (i.e. generally 2% for 2017/18 rising to 4% in 2019/20).	
For 2020/21 onwards, it is assumed that council housing rents revert to increasing by 2% year on year, subject to annual review and any future determinations that may be issued by Government from time to time.	

4.1.4 The restrictions on rent setting to 2019/20 brought about by the change in Government policy were estimated to cost around £90M over the life of the 30-year business plan. Furthermore there is no certainty regarding Government rent policy beyond 2020 and the associated risks attached to assumed future rent increases from 2020/01 onwards must be recognised.

4.1.5 On a much smaller scale, the Council does still have discretion in setting garage rents and these have increased, to bring them more in line with the current market.

4.2 Revenue Budget

4.2.1 Despite these constraints and uncertainties, Cabinet remains committed to improving services to its housing tenants, and it also recognises the challenges that tenants face in the wake of ongoing welfare and other potential social housing reforms. Drawing on this, there are two growth areas included in Cabinet's HRA budget proposals:

- a) Provision for additional tenancy and household support, to encourage tenant independence and sustainability to mitigate the effects of government welfare reforms and the wider public sector housing reforms (reported to December Cabinet).
- b) The HRA's contribution to tackling anti-social behaviour (included at Appendix B, item number 16).

4.2.2 In terms of savings, various operational measures have been built into the draft budget forecasts. In particular, £300K of capital financing savings have been identified and whilst there will be some comparatively minor service and tenant impact arising, the change is predominantly a financing matter.

4.2.3 Council should note also that actions arising from the ongoing review of how council houses are repaired and maintained are likely to have resource implications. These will be quantified and considered in due course, and fed into the next update of the HRA Business Plan. This is important, not least to help avoid any overspendings as are expected in the current year.

4.2.4 The associated summary of HRA budget proposals is attached at **Annex 2**.

4.3 Capital Programme

4.3.1 The proposed Council Housing capital programme is included at **Annex 6**.

4.3.2 Future years' programmes are set in line with the HRA Business Plan wherever possible. Drawing on this, together with the 2014 stock condition survey and allowing for revenue funded maintenance, the draft programme should enable current housing stock to be maintained to the appropriate standards.

4.3.3 In terms of other investment, due to current uncertainty surrounding future Government policy, there is still no new build provision within the programme. The current position on schemes is as follows:

- the two schemes at Carnforth are being taken to full planning approval, alongside progressing the scheme for additional sheltered housing bungalows;
- the conversion of the ex-scheme manager houses into two sheltered flats at Parkside Court, Westgate and Melling House, Hala are underway;
- work on all other schemes has ceased for now, until the impact of all the legislative and policy changes being introduced by Government are properly understood and have been appraised.

- 4.3.4 There may well be other options to explore how the Council might seek to help increase housing stock, for example through the setting up of a housing company, but complex matters such as this need careful consideration, hence they may be considered during next year as part of the strategic review and 2018/19 budget planning.
- 4.3.5 Taking account of the above points, the total draft five year programme for 2016/17 onwards now stands at £20.822M, the majority of which will be financed from revenue sources. There is no prudential borrowing requirement.

4.4 Provisions, Reserves and Balances

- 4.4.1 A formal review of the HRA's Balances, Reserves and Provisions has been undertaken, the outcome of which is also reflected in **Annexes 3 and 4**.
- 4.4.2 In terms of Balances, after reviewing the Housing Revenue Account and General Fund in comparative terms and considering the key issues, assumptions and risks underlying the budget projections, the Section 151 Officer has advised increasing the minimum level of HRA Balances to £500K from 01 April 2017 to support the budget forecasts, as part of the overall medium term financial planning for the HRA. This is in recognition that the recent and ongoing changes in respect of social housing/rent policy have substantially increased risks around rental income and the viability of the service going forward, and the lack of a clear legislation framework for rent policy beyond 2019/20 adds considerably to these risks.
- 4.4.3 As at 31 March 2017 HRA Balances are forecast to be £1.825M, which is £1.325M above the recommended new minimum level.
- 4.4.4 All other surplus resources are held in the Business Support Reserve. As at 31 March 2017, around £8.5M is expected to be available in this reserve and the first spending priority is still to support existing commitments over the lifetime of the 30-year Business Plan.

4.5 Business Plan Impact

- 4.5.1 Taking into account all of the above changes, at present the 30-year business plan is broadly balanced, in that an indicative surplus of around £7.6M is projected. In essence, this indicates that for now the HRA is financially sustainable but given the sensitivities attached to forecasting so far in advance, and the uncertainties over Government policy changes, that indicative forecast could swing markedly over time. It is important to keep matters under review, therefore.

5 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

5.1 Revenue Budget

Council may adjust its General Fund revenue budget proposals, as long as the overall budget for 2017/18 balances and fits with its approved council tax level. The Chief Officer (Resources), as s151 Officer, continues to advise that wherever possible, emphasis should be on reducing future years' net spending.

Similarly, Council could consider alternative budget proposals for the HRA, but it cannot change rent levels.

5.2 Capital Investment and Programming

For capital, Council may adjust its capital investment and financing proposals taking account of spending commitments and priorities, but its proposals for 2016/17 and 2017/18 must balance.

5.3 Other Budget Framework Matters (Reserves and Provisions / MTFS)

Given known commitments, risks and council tax and housing rent restrictions there is little flexibility in financial terms, but Council could consider different budget strategies to be appraised for future years, or alternative arrangements for approving the use of various reserves, or different virement and/or carry forward limits. On the whole, however, previous arrangements have worked reasonably well and so no other fundamental changes are proposed.

5.4 Section 151 Officer's comments and Advice

Council is required to note this formally in the minutes of the meeting, hence it is reflected in the recommendations

5.5 Depending on the nature of any alternative proposals put forward, Officers may need time to assess the risks and implications. This is to ensure that relevant considerations are taken into account, to support informed and lawful decision-making.

6 **CONCLUSION**

6.1 This report addresses the actions required to complete the budget setting process for 2017/18, and for updating financial strategy on an interim basis, ahead of a more fundamental review to be undertaken during the course of next year.

RELATIONSHIP TO POLICY FRAMEWORK

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

CONCLUSION OF IMPACT ASSESSMENT

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

No additional impact identified – any specific issues have been (or will be) considered as part of the relevant aspect of the policy framework or individual budget proposals, etc. Relevant equality impact assessments are included as background documents to this report.

LEGAL IMPLICATIONS

Legal have been consulted and are content with the report but will consider the details of any budget option proposals in due course to ensure legal aspects are fully considered and any issues (including impact on support services) will be reported to Members.

FINANCIAL IMPLICATIONS

As set out in the report.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property / Open Spaces:

Various budget proposals have resource implications and these have been taken account of in Cabinet's consideration of budget options. Their implementation would be in accordance with council policies and procedures, as appropriate.

SECTION 151 OFFICER'S COMMENTS

The Local Government Act 2003 placed explicit requirements on the s151 Officer to report on the robustness of the estimates included in the budget and on the adequacy of the Council's reserves; this requirement is addressed below. Previous Cabinet reports have already included some relevant details of this advice, together with the risks and assumptions underpinning the budget process so far.

Provisions, Reserves and Balances

- Specific earmarked reserves and provisions are satisfactory at the levels currently proposed.
- Unallocated minimum balances of £1.5M for General Fund and £0.5M for the Housing Revenue Account are reasonable levels to safeguard the Council's overall financial position, given other measures and safeguards in place, taking a medium to longer term view.

The above advice regarding unallocated balances is dependent upon other provisions and reserves remaining broadly at proposed levels, unless a specific policy change indicates otherwise. It is dependent upon Council not varying substantially from the planned use of any surplus balances as outlined in this report.

As a very simple measure, the inherent value of the risks facing the Council by far exceeds the total of all reserves and balances. Whilst it is not the case that all these risks could fall due immediately, Members should appreciate the need for holding balances and reserves more generally, and using them wisely. It is inappropriate to view simply the level of funds held, without considering the reasons as to why those funds might be needed.

Robustness of Estimates

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

- producing a base budget, taking account of service commitments, pay and price increases and expected demand / activity levels as appropriate, and the consideration of key assumptions and risks. In particular, this has drawn on previous years' spending and income generation patterns to tighten budgets and reduce the scope for underspending;
- reviewing the Council's services and activities, making provision for expected changes;
- reviewing the Council's MTFS, together with other corporate monitoring information produced during the year;
- undertaking a review of the Council's borrowing needs to support capital investment, in line with the Prudential Code.

These measures ensure that as far as is practical, the estimates and assumptions underpinning the base budget are robust, and the proposed MTFS presents a reasonable approach for the way forward.

Affordability of Spending Plans

In addition, the s151 Officer is responsible for ensuring that when setting and revising Prudential Indicators, including borrowing limits, all matters to be taken into account are reported to Council for consideration.

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

The factors that have been (and should be) taken into account in considering capital investment plans include the following.

- availability of capital resources, including capital grants, capital receipts, etc
- existing liabilities, service needs, commitments and planned service / priority changes

- options appraisal arrangements (including the extent to which other liabilities may be avoided, through investment decisions)
- revenue consequences of any proposed capital schemes, including interest and debt repayment costs of any borrowing
- future years' revenue budget projections, and the scope to meet borrowing costs
- the likely level of government support for revenue generally

In considering and balancing these factors, the capital proposals to date are based on a substantial net increase in the Council's Capital Financing Requirement (CFR) for General Fund over the period to 2020/21, with the bulk of this relating to service infrastructure. The MTFs makes provision for reducing this call through the application of receipts arising from future property rationalisation, thereby helping to manage down CFR related costs. This is an acceptable (and advisable) approach to retain.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer reminds Council that the decisions (recommendations 1 and 2) fall within the Local Authorities (Standing Orders) (Amendment) (England) 2014 and Rule 19.7 of the Council Procedure Rules, and accordingly a recorded vote should be taken.

BACKGROUND PAPERS

Equality Impact Assessments for budget proposals.

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Medium Term Financial Strategy 2017-2021

March 2017

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Annexes:

- 1: General Fund Revenue Budget Summary
- 2: Housing Revenue Account Budget Summary
- 3: Provisions and Reserves Policy
- 4: Provisions and Reserves Statement (including Balances)
- 5: General Fund Capital Programme
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- 7: Budget Transfer Limits (Virements and Carry Forwards)
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1 INTRODUCTION

1.1 The Medium Term Financial Strategy (MTFS) sets out how Lancaster City Council will manage its finances to deliver against its corporate priorities, whilst protecting its financial standing and responding to the many challenges it faces. Essentially, it does this through a rolling process of policy review and financial planning.

1.2 The Council has two main types of finance, these being *revenue* and *capital*. Both are covered by this Strategy:



- The running costs of providing day to day services and associated support are known as *revenue* expenditure. This is funded through government grants, retained business rates, council tax and income from fees and charges for services, which are all forms of *revenue* income.

- Spending on things like buying or improving property, where it will have lasting value, is known as *capital* expenditure or *capital* investment. This is funded in a number of ways:



- by selling other property, the proceeds of which are known as capital receipts;
- by receiving capital grants and contributions from external parties;
- by increasing borrowing need, which spreads the cost over a number of years; or by
- using revenue income, as this can be used to help pay for capital items too.

1.3 The Council does not have to spend all its money at once. It can save funds up for various purposes and this helps its cash flow. Generally such funds are held as provisions, reserves and other balances.

1.4 The City Council is required to keep its finances for council housing completely separately to those for other services though:



- The **Housing Revenue Account (HRA)** covers council housing services, which in the main are funded from charges for services, in particular housing rents.



- The **General Fund** covers all other services provided by the Council, from arts support through to waste collection. Generally these are funded from a combination of fees and charges, Government grants, retained business rates and council tax.

1.5 Both accounts are covered by this Strategy, although inevitably there is a strong focus on General Fund services and council tax levels. This is because of their impact across the whole of the district and its communities.

2 AIMS AND OBJECTIVES

2.1 The aims and objectives of the Strategy 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 targets 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 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 service obligations and minimising reductions in other front-line services, where possible, 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 for service delivery.

3 SPENDING AND INVESTMENT PRIORITIES

3.1 CORPORATE PRIORITIES

3.1.1 The MTFs must both support and inform the Council's vision for the district and the strategic direction as set out in the Corporate Plan. This is so that available resources are matched against agreed priorities and any other supporting needs. Such needs cover many of the day to day services provided by the Council, including statutory responsibilities, and the Council's priorities currently remain as:

- Clean and Green Places
- Health and Wellbeing
- Community Leadership
- Sustainable Economic Growth

3.1.2 As funding becomes scarcer, tensions and pressures can build - over what the Council must do and what it would like to do, if it could afford to.

In short:

- The Corporate Plan sets out the Council's vision for the district and summarises the Council's medium term key priorities, what it aims to deliver and achieve, and its ethos for doing so.
- The MTFS also summarises the same key priorities, aims and objectives, but expresses them in financial terms. It also highlights any imbalance – this being the need to make savings and manage expectations.



- 3.1.3 The Council knows that this imbalance and the need to make savings will continue to grow significantly over the medium term. To address that imbalance, during the course of next year it will commence a strategic review of its corporate vision, priorities and values, to inform service planning and budget setting/resource allocation from 2018/19 onwards. To assist with that exercise, there is a need to present clearly within this Strategy the Council's current financial position and planning assumptions, as a baseline for moving forward.

3.2 CAPITAL INVESTMENT PRIORITIES

- 3.2.1 For capital investment, the following supporting priorities help direct investment over the next four years, subject to the forthcoming strategic review:

- Pursuing the Council's draft Economic Regeneration Vision (*Cabinet February 2014*); the full strategy for which is still in development. This covers improvements to the Public Realm.
- Delivering schemes that support the Council's focus on energy efficiency and income generation, to be informed by the Energy Renewal Strategy.
- Progressing the priorities within the Lancaster District Housing Strategy and the associated Housing Action Plan. For Council housing, currently this still includes the aim of increasing the provision of one-bedroom accommodation within the district, but subject to financial viability.
- Refurbishment/replacement/rationalisation of existing corporate property or facilities required to deliver services, or to meet other legislative requirements. This represents the greatest investment need for both General Fund and Council Housing services. For example, it includes meeting the 'Lancaster'

Standard in the provision of council housing, in line with the 30-Year Business Plan.

- Other new or expansion of existing facilities and other new innovations, where they link clearly with the Corporate Plan and they are either:
 - fully budgeted or self-financing (in revenue and capital terms); or
 - invest to save proposals that require some up front capital investment but would generate cashable ongoing revenue savings. Acceptable payback periods will be determined based on circumstances, having regard to the Prudential Code (see later) and the advice of the s151 Officer.

4 REVENUE BUDGET FORECASTS

4.1 GENERAL FUND SERVICES: NET SPENDING

4.1.1 For many years, local authorities were statute bound to approve a Revenue Budget Requirement for General Fund Services, this being the amount of net spending to be financed from general Government funding and council tax (or looking at it another way, gross spending less income from fees, charges and various other/specific grants).

4.1.2 Recent changes mean that there is no longer a legal requirement or a legal definition for the term, however. Instead, the legal framework now focuses on the lower measure of 'Council Tax Requirement' – or how much income needs to be raised from council tax for that year, in order to balance the budget.

4.1.3 Nonetheless, for now the measure of Net Revenue Budget/Spending has been retained, based on it being the amount to be financed from:

- Revenue Support Grant
- Council Tax (including any related Collection Fund surplus/deficits)
- Retained Business Rate Income (calculated and adjusted as necessary)

4.1.4 In line with this definition, the Council's current forecasts for net revenue spending for the next four years are summarised below for General Fund services, together with council tax projections for exemplification only (in that they show how much council tax would need to increase by, if the Council achieved no further savings). The figures are also outlined at **Annex 1**.

	Revenue Budget Projections (allowing for savings & growth)			Council Tax Projections (for exemplification only)		
	Net Budget	Annual Change	Latest Net Contributions to or (from) Balances)	Average Band D Tax Rate	Annual Increase Year on Year	
	£000	%	£000		Band D	All Bands
2016/17	16,523	-3.1	17	£208.97	£5.00	2.45%
2017/18	15,839	-4.1	165	£213.97	£5.00	2.39%
2018/19	16,200	+2.3	-	£231.49	£17.52	8.2%
2019/20	16,481	+1.7	-	£247.93	£16.44	7.1%
2020/21	17,930	+8.8	-	£278.93	£31.00	12.5%

4.1.5 Despite the Council's achievements to date in making savings, the table clearly demonstrates that spending levels are still unsustainable in council tax terms, as tax increases of over 30% would be needed to 2020/21. A key underlying reason for this is that Government funding is projected to reduce further, and this is expanded on in the section below.

4.2 GENERAL FUND SERVICES: FUNDING PROSPECTS

Settlement Funding and Business Rates

4.2.1 Each year the Council receives funding from Government to help with the provision of services. Funding levels for the forthcoming year/s are announced through the "Local Government Finance Settlement", ahead of councils setting their budgets. Provisional funding information is announced typically in December time, for a period of consultation. The Settlement is then finalised in late January or early February.

4.2.2 There are essentially two main elements to the Settlement Funding Assessment (SFA), these being:

- Revenue Support Grant, which is a fixed amount, and
- Baseline funding from business rates. This is the basic amount of rating income that Government allows an authority to retain. If business rate income in the district grows, authorities can retain more income than the baseline. If income falls, authorities will retain less income than the baseline, although there is a safety net in place, meaning that authorities cannot experience more than a 7.5% reduction in any year.

4.2.3 After allowing for income from other sources, in next year less than half of the Council's net budget for General Fund services will be funded through the Settlement Funding Assessment, with the balance being funded by other general funding streams and council tax. The SFA proportion has been reducing significantly year on year since 2010/11; back then it funded around two thirds (66%) of the net budget. That is why Government funding prospects can have a dramatic effect on the

Council's future financial strategy and service provision.

- 4.2.4 Over a year ago, for the first time Government announced a four-year Settlement, to assist with financial planning. This confirmed funding levels for 2016/17 and provided provisional figures for the following three years up to 2019/20, for those authorities who wished to take up the Government's offer of a multi-year Settlement. The City Council accepted this offer and accordingly its Government funding levels have been confirmed for 2017/18, although there is still the potential for later years to change, depending on national economic factors and future local government responsibilities, etc.



- 4.2.5 Looking further ahead, by 2020 Government is still aiming for local authorities to be wholly funded through local taxation, meaning that by around then Revenue Support Grant (RSG) will no longer be provided. This is reflected in the Settlement Funding assumptions, with RSG reducing to nil by 2020/21.
- 4.2.6 To counter that loss, local authorities will be able to retain 100% of business rates but as well as losing RSG they are expected to lose other related grants, whilst gaining new responsibilities – the overriding aim being that the new arrangements should be 'fiscally neutral'.
- 4.2.7 Developing such a scheme is highly complex, as it will need to take account of the differing spending needs and tax raising capacities of local authorities, to help address fairness and equality. Government is continuing to engage and consult with local authorities on this; the next round of consultation is expected in early spring 2017.
- 4.2.8 In the interim there are other challenges to address, such as monitoring the outcome of the 2017 Business Rates Revaluation – whether this will meet its aim of being neutral in terms of the impact on local authorities is still far from clear. More specifically, the Council still has a disproportionate exposure to rating appeals, particularly in relation to the two Heysham power stations. Also, business rate avoidance tactics are a growing national and local issue.
- 4.2.9 It is evident that the operation and forecasting of the existing Business Rates Retention Scheme remains complex. The following table summarises current expectations for business rates collection and distribution for 2016/17 and 2017/18 financial years.

General Fund Impact	2016/17 £M	2017/18 £M
Net Income Collectable	(53.713)	(63.377)
Adjustment to Provision for Appeals	(25.209)	6.759
Net Business Rates Collectable	(78.922)	(56.618)
Less:		
Central Govt. Share – 50%	39.461	28.309
County & Fire Shares – 10%	7.892	5.662
Amount Retained by City Council	(31.569)	(22.647)
Less Central Govt. Tariff (incl adjustment)	20.216	19.656
Baseline Funding Level	(11.353)	(2.991)
Add back: Grant in respect of Small Business Rate Relief	(1.394)	(1.251)
Less Settlement Baseline Funding	5.250	5.357
Potential (Growth)/Loss in Income	(7.497)	1.115
Less Levy Payment of 50%	3.749	-
Forecast Potential Retained Income	(3.748)	-
Safety Net Payment due from Govt. to limit losses		(0.714)
Net Loss in Income (i.e. how much safety net is below baseline)		0.401
Add: Income Generated from Renewable Energy		(0.935)
Overall Net Increase in Income		(0.534)
Collection Fund: Calculation of (Surplus)/Deficit Contributions for 2017/18		
Net Business Rates Collectable	(78.922)	
Less Budgeted Distributions	60.184	
Less Deficit as at 31/03/16	40.035	
In-Year Deficit Contributions	(14.333)	
Estimated Deficit as at 31/03/17 to be recovered in 2017/18	6.964	
City Council Share – 40%	2.786	

- 4.2.10 Linked to the above, the provision for successful appeals has been reassessed down to £9.8M (as compared with £34.9M as at 31 March 2016). The latest provision is based predominantly on national average settlement figures but there is still scope for actual settlement values to be substantially different. The actual gross value of appeals currently outstanding stands at around £24M.
- 4.2.11 With regard to the City Council's £2.8M share of the estimated Collection Fund deficit, this must be charged to the Revenue Budget during 2017/18, but in many respects, it may be regarded as a notional figure. By law, it is disregarded for the purposes of setting council tax. The actual year end calculations are far more

significant and as they follow a different methodology, they can give markedly different results.

- 4.2.12 To highlight this, and on the upside, from the table it can be seen that there is opportunity for the Council to benefit from a sizeable share (£3.7M) of any actual in-year surplus (i.e. retained income) that may be recognised at year-end. This can only be confirmed after 2016/17 outturn – and unfortunately experience demonstrates that outturn can be vastly different from the associated in-year forecasting. Expectations will continue to be monitored. That said, even if an actual deficit is experienced, then the Council would be protected financially through the safety net mechanism.
- 4.2.13 With regard to renewable energy, estimates are based on existing rated facilities but their Revaluation results have not been reflected in the updated ratings list. This means that the associated income could increase, or decrease, in due course, but it is also known that new developments will be added into the list at some point and this will result in additional income. More fundamentally, it is evident that the current renewable energy rating retention arrangements will continue into 2017/18 and the scheme is still assumed to continue beyond then – though there is risk in this.
- 4.2.14 Recognising all those uncertainties, the Council's future budget forecasts are still based on retained general business rate income remaining at safety net, but with additional income from renewable energy schemes being retained by the Council. In line with accounting requirements, any other potential general growth in income cannot be realised until it is certain and secure. The Council's unusually high risk exposure continues to be the determining factor in the Council not taking part in the Lancashire Business Rates Pooling arrangement.

Other General Government Funding: New Homes Bonus (NHB)

- 4.2.15 In terms of other Government grant funding, alongside the main Settlement Government confirmed that the New Homes Bonus (NHB) is to continue until around 2020/21 (at least), albeit that funding allocations will reduce in future as a result of Government diverting resources into adult social care. Various other reforms to the scheme are being implemented, including:
- a national baseline for growth in housing stock (at 0.4% for 2017/18, with Government having the option to adjust this in future). For growth below this level, authorities will not now receive NHB;
 - the number of years for which 'legacy' payments will be made is to reduce from 6 years currently, to 5 years for 2017/18 and 4 years from 2018/19.
- 4.2.16 On top of these changes, from 2018/19 Government "will consider withholding NHB payments from local authorities that are not planning effectively, by making positive decisions on planning applications and delivering housing growth. To encourage more effective local planning [Government] will also consider withholding payments for homes that are built following an appeal". In the meantime, Government has confirmed that it will not introduce measures "to withhold payments for areas without a local plan in 2017/18".
- 4.2.17 At present the Council's budget projections are based predominantly on information provided by Government through the Settlement, with the assumption that NHB awards for housing growth up to 2019/20 will continue to flow through to the Council in some form or other. There is much speculation about the future of NHB, with a general feeling that the scheme will cease at some point, most likely around 2020 or

whenever the wider finance reforms are implemented. Also, huge demand and cost pressures still exist in functions such as adult social care and children's services, with the chance that more funds could be diverted away into these areas. Whilst this is speculation, inevitably the future forecasting of NHB involves risk.

4.2.18 Taking account of all the above points, the Council's budgeted funding assumptions are summarised below:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Revenue Support Grant	2,652	1,605	941	200	0
Baseline Funding (Business Rates)	5,250	5,357	5,530	5,726	5,880
Settlement Funding Assessment	7,902	6,962	6,471	5,926	5,880
Year on Year Reduction	£1.166M 12.9%	£0.940M 11.9%	£0.491M 7.1%	£0.545M 8.4%	£0.046M 0.8%
Reduction over Review Period					£2.022M 25.6%
Settlement Funding Assessment (from above)	7,902	6,962	6,471	5,926	5,880
Less: Business Rate Adjustment (to Safety Net)	0	(401)	(415)	(429)	(441)
Less: Tariff Adjustment	(288)	(280)	(289)	(299)	(310)
Add: Renewable Energy Rating Income	930	935	965	995	1,015
Add: New Homes Bonus	1,917	1,854	1,417	1,361	824
Total General Fund (excluding Council Tax)	10,461	9,070	8,149	7,554	6,968
Year on Year Reduction	£0.906M 8.0%	£1.391M 13.3%	£0.921M 10.1%	£0.595M 7.3%	£0.586M 7.8%
Reduction over Review Period					£3.493M 33.4%

4.2.19 Allowing for New Homes Bonus, it can be seen that the Council's general funding is expected to reduce by £3.493M or 33.4% in cash terms over the period.

4.2.20 In terms of sensitivity, a 1% change in total funding for 2017/18 amounts to a little under £91K, which is about a 1% change in council tax.

4.2.21 Finally, Government has retained the concept of 'core spending power'. Essentially this gives an annual comparison of the combined total of general Government funding and assumed income from council tax. Given that the measure includes council tax income, which is forecast to increase, the headline year on year reductions are lower than those shown earlier for Settlement funding and New Homes Bonus. The City Council's figures as produced by Government are as follows:

Core Spending Power	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M
Settlement Funding Assessment	7.9	7.0	6.5	5.9	5.9
Assumed Council Tax Income (Allowing for estimated tax base growth and £5 per year tax rate increases)	8.3	8.6	9.0	9.3	9.6
Assumed New Home Bonus Grant	1.9	1.9	1.4	1.4	0.8
Total: Core Spending Power	18.1	17.5	16.9	16.6	16.3
Reduction over the Review Period:					£1.8M
					9.9%

4.3 HOUSING REVENUE ACCOUNT: REVENUE PROSPECTS AND RENT POLICY

- 4.3.1 The HRA operates on a 'self-financing' basis. This means that its income, predominantly from housing rents, must cover all its day to day spend on services including the costs of maintaining and improving the housing stock. Most of the complexities of the former housing subsidy system have now been removed.
- 4.3.2 This gives a clearer basis on which to plan and manage the service's finances, to inform its future direction. HRA planning is currently centred on a 30-year business planning approach, reflecting that the maintenance of its 'long-lived' property assets is essential for providing the service.
- 4.3.3 The 2017/18 budget is the fifth one to be completed since self-financing was introduced. Under this framework, the HRA was well placed to invest and enhance its service provision. The extent to which it can do this is directly influenced by the rent setting policy adopted, but unfortunately the Council's discretion in this area has fundamentally reduced as a result of Government policy changes.
- 4.3.4 **Through the Welfare Reform and Work Act 2016, the Government removed the flexibility that local authorities previously had in determining their own rent policies.** As a consequence, from 2016/17 to 2019/20 most property rents must reduce by 1% year on year, except where properties become vacant and their rents have not yet reached convergence with other social housing providers (i.e. they are below what is referred to as 'formula rent'). In these circumstances, different rules apply.
- 4.3.5 Rent setting is an executive function and as such it is a matter for Cabinet to decide, albeit it must work within the law. Drawing on all the above points, the following rent policy has been adopted:

For general properties, average rent of £71.69 applies for 2017/18, representing a 1% year on year reduction.	For sheltered and supported properties, average rent of £66.97 applies for 2017/18, also representing a 1% year on year reduction.
For 2018/19 to 2019/20 average rents will reduce by a further 1% year on year.	
Following relevant properties becoming vacant, they will be re-let at 'formula rent' less the relevant cumulative year on year reduction applicable (i.e. generally 2% for 2017/18 rising to 4% in 2019/20).	
For 2020/21 onwards, it is assumed that council housing rents revert to increasing by 2% year on year, subject to annual review and any future determinations that may be issued by Government from time to time.	

- 4.3.6 The HRA revenue budget and future years' forecasts are attached at **Annex 2**.
- 4.3.7 The restrictions on rent setting to 2019/20 brought about by the change in Government policy are estimated to cost around £90M over the life of the 30-year business plan. **Furthermore, there is no certainty regarding Government rent policy beyond 2020 and the associated risks attached to future rent increases from 2020/01 onwards must be recognised.**
- 4.3.8 These points raise questions over the viability of any new-build plans and they require a major efficiency-drive from the service. Furthermore, other Government social housing proposals could add significantly to the challenge of securing the HRA's long-term viability. These issues will continue to be explored and appraised over the coming year.
- 4.3.9 The impact of these decisions is recognised in the Council's capital investment priorities for housing, outlined earlier, and in HRA reserves, as covered in the following section.

5 PROVISIONS, RESERVES AND BALANCES

5.1 STATUTORY ADVICE AND POLICY CONTEXT

- 5.1.1 In accordance with statutory requirements, the Council's Section 151 Officer has advised that Balances should fall no lower than £1.5M for General Fund and £0.5M for the Housing Revenue Account, with this advice reflecting the longer term, not just the shorter term. The Council accepts this advice and this is taken account of in future financial strategy.
- 5.1.2 The Council has a formal policy setting out its position in terms of provisions, reserves and balances and this is attached at **Annexes 3 and 4**. The policy is a key element for managing risk, helping to protect the Council's financial standing as well as supporting its medium term financial planning. The key issues for General Fund and HRA are outlined below.



5.2 **GENERAL FUND POSITION**

5.2.1 After transferring in this year's forecast net underspending, Balances would amount to £4.476M by 31 March 2017. Should the outturn prove in line with this forecast and recognising the risks attached, it would mean that the Council has around £3M of surplus Balances available for use over and above the recommended minimum level of £1.5M. Taking account of the Section 151 Officer's advice, planned use of those surplus funds is as follows:

- (i) During the next year, a contribution to Balances of £165K is budgeted. This would result in surplus Balances reaching £3.1M (above the £1.5M minimum) by 31 March 2018 if net spending is as projected.
- (ii) If the Council is able to contribute further to Balances (for example, by achieving greater service expenditure savings and/or increasing its budgeted income) then it will do so.
- (iii) The £3M of forecast surplus Balances has been left available to help address the more fundamental budget challenges that are expected from 2018/19 onwards. This also gives scope to manage any changes in expected spending, ahead of then.
- (iv) Balances help with those challenges, as in due course they may be used to finance up-front costs attached to savings initiatives, or they may be used to cover budget shortfalls, in the lead up to implementing agreed major service reductions, as examples. Whilst they help, in themselves Balances by no means resolve those challenges fully.

5.2.2 General Fund has a number of other earmarked reserves available to support investment priorities, manage key risks and help address the medium term budget deficit. The most significant ones are:

- **Invest to Save**

This reserve is earmarked to help fund schemes that can generate savings in the medium term, informed by corporate planning.

- **Renewals**

This source of funds helps ensure that the Council's infrastructure, facilities and equipment are fit for purpose going forward.

- **Budget Support**

This provides resources to help finance capacity and various feasibility/other development work in support of the Council's forthcoming strategic review of its corporate planning and budgeting.

- **Restructuring**

This is to be used in support of the Council's long standing commitment regarding the pay and grading review.

- **Canal Corridor North**

This reserve has been created, given the significant of the project and the ongoing need for quality external advice to achieve the best deal possible and protect the Council's interests. It should be noted that other than this reserve, as yet there is no other provision within the revenue or capital budget forecasts for

the progression of any CCN development. Update of the budget framework would be integral to any Council decisions regarding the project.

– Economic Growth

This new reserve provides funds to help support economic growth and the development of strategy, through a variety of potential means.

5.2.3 As at 31 March 2017 the combined total of General Fund reserves and Balances is forecast to be £9.8M, representing 62% of next year’s revenue budget.

5.2.4 On balance the Council’s reserves position is reasonable and fits with the aims of this Strategy but nonetheless, the Council still has a large ongoing budget gap forecast for the medium term, and many uncertainties and risks to manage in the interim.

5.3 HOUSING REVENUE ACCOUNT POSITION

5.3.1 As at 31 March 2017 HRA Balances are forecast to be £1.825M, which is £1.325M above the new recommended minimum level of £0.5M. The Council’s section 151 Officer has recommended an increase (from £0.35M to £0.5M) in recognition of the key issues, assumptions and risks underlying the budget projections.

5.3.2 All other surplus resources are held in the Business Support Reserve. As at 31 March 2017, £8.54M is expected to be available in this reserve and the first spending priority is now supporting existing commitments over the lifetime of the 30-year Business Plan.

6 CAPITAL INVESTMENT AND FINANCING

6.1 The Council’s current asset base is summarised below, based on its audited Balance Sheet. As at the end of last financial year the Council held land and other property of £240M, against which it had £65M borrowing and leasing obligations outstanding. The majority of assets held are integral to providing services and supporting delivery of the Council’s objectives.

Summary Consolidated Balance Sheet	31 March 2015 £’000	31 March 2016 £’000
Intangible Assets	87	71
Tangible Fixed Assets:		
Property, Plant and Equipment	204,273	206,028
Heritage Assets	7,856	8,291
Investment Property	25,321	26,036
Assets Held for Sale	57	57
Total Capital Asset Base	237,594	240,483

6.2 A key task of the Council’s Property Strategy is to keep the authority’s General Fund 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 matters are reflected in either the Council's capital investment priorities, or its capital receipts forecasts. The review of the Council Housing 30-year Business Plan fulfils a similar function for that service's asset base.

- 6.3 Based on the last condition surveys, £6M of capital investment is needed over the next few years to improve the condition of the corporate property portfolio for General Fund services. The assumption is that this will be financed mainly through increasing the Council's borrowing need, but on the following condition:

The Council will continue to review its corporate property holdings over the medium term, in collaboration with Lancashire County Council. The primary aim of this review is to reduce corporate property investment needs through the rationalisation of property holdings, with any resulting capital receipts being applied accordingly, rather than being used to support other new investment.

- 6.4 Accordingly, the Council's programmed capital investment and its current assumed financing for the medium term is summarised below and further details are attached at **Annexes 5 and 6**.

	General Fund £'000	Council Housing £'000	Total £'000
Total Gross Capital Programme	39,688	20,822	60,510
Financed by:			
Grants and Contributions	16,424	55	16,479
Capital Receipts (from other land & property sales)	2,089	1,352	3,441
Direct Revenue Financing	413	0	413
Use of Reserves (including HRA Major Repairs Reserve)	2,298	19,415	21,713
Net Increase in Underlying Borrowing Need	18,464	0	18,464
Total Financing	39,688	20,822	60,510

- 6.5 It is evident that the Council Housing programme is reliant on using reserves, and this avoids any increase in HRA borrowing needs. For General Fund investment, the financing is more varied. In particular, the majority of the increase in underlying borrowing need is helping to finance vehicle replacements and corporate property works, mentioned above.

7 FINANCIAL TARGETS AND CONSTRAINTS

7.1 COUNCIL TAX

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

- anticipated levels of pay and price inflation
- Government funding levels
- local referendum thresholds
- the ability to meet its statutory obligations
- its wider vision for the district.



7.1.2 The Council aims to keep its Band D council tax increases to £5 for 2017/18 and future years, subject to future thresholds for holding local referendums, which are set by Government. These targets apply to the basic Band D City Council tax rate across the district excluding parish precepts.

7.1.3 For 2017/18, the approved increase equates to 2.39%, reducing slightly in future years. Other Bands will experience difference £ increases relative to their Band D equivalence. They are shown in the table below:

Council Tax Band	Band D Equivalent Proportion	2017/18 City Council Tax Rate £	Year on Year Increase £
A	6/9 ^{ths}	142.65	3.34
B	7/9 ^{ths}	166.42	3.89
C	8/9 ^{ths}	190.20	4.45
D	9/9 ^{ths}	213.97	5.00
E	11/9 ^{ths}	261.52	6.11
F	13/9 ^{ths}	309.07	7.22
G	15/9 ^{ths}	356.62	8.34
H	18/9 ^{ths}	427.94	10.00

7.1.4 The Council has kept with the difficult decision of increasing the tax rate and targets for future years, as a way of helping to mitigate the impact of Government funding reductions. To some extent, increasing council tax will help protect key services.

7.1.5 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	2017/18	2018/19	2019/20	2020/21
Target Budget Requirement	£15.839M	£15.688M	£15.487M	£15.784M
Target Council Tax Requirement	£8.623M	£8.956M	£9.295M	£9.640M
Target Council Tax Increase (Band D)	£5.00 2.39%	£5.00 2.34%	£5.00 2.28%	£5.00 2.23%
Target Council Tax Rate (Band D)	£213.97	£218.97	£223.97	£228.97
Year on Year Net Savings Requirement (assumes recurring savings achieved)	-	£0.512M	£0.994M	£2.103M
Cumulative Net Savings Requirement	-	£0.512M	£1.506M	£3.609M

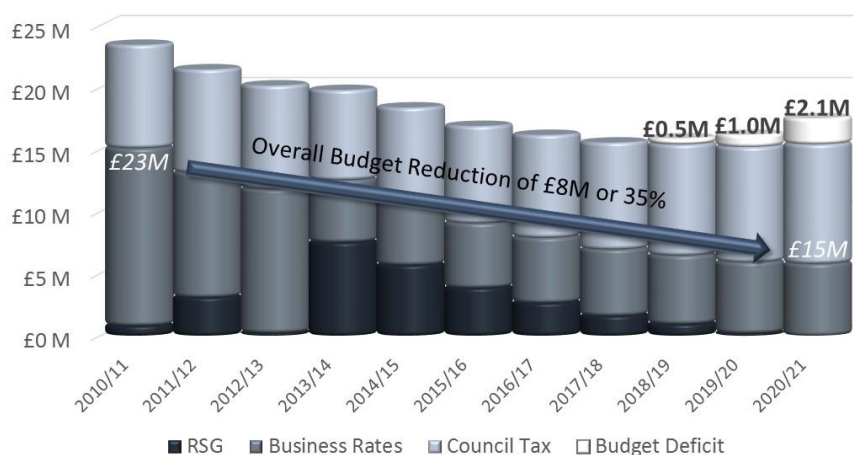
- 7.1.6 The net savings targets would need to be increased for:
- any additional growth that may be required in future, or
 - any further net increases in the base budget, or
 - if council tax targets reduce below £5 at Band D.

As a guide for the future, typically a 1% change in council tax now amounts to approximately £86K.

7.1.7 Clearly the savings targets are indicative and they will continue to be monitored and reviewed as referred to later in this Strategy. There is nothing to indicate that the Council's annual funding prospects will improve significantly over the term of this strategy, unless any potential growth in business rate income can be realised.

7.1.8 Thereafter, beyond 2020 the Council's financial prospects will hinge upon the operation of the full Business Rates Retention Scheme, the details of which are still under development.

7.1.9 Building on the figures quoted earlier, between 2010/11 and 2020/21 the Council's net annual spending is expected to have to reduce by £8M or 35% in cash terms. This is as compared with 2010/11, when Council spending reached its peak.



7.1.10 It is therefore considered safe to re-state the following:

Between 2010/11 and 2020/21 net revenue spending is expected to have to reduce by £8M or 35% in cash terms. Although every effort will continue to be made to deliver savings through efficiencies and innovation, it is expected that future budgets will not be balanced without increasing the charges for some services, as well as reducing the overall range and quality of services provided. That is why prioritisation of services is even more important, as is the need to share these expectations with communities.

7.1.11 On a more positive note, however, the Council does have the time to plan for the medium to longer term future and achieve a financially sustainable budget. Currently it still has a strong financial standing that gives the flexibility to deliver such plans - as long as the Council uses its time and other resources wisely. To summarise, that is the whole point of this strategy.

7.2 REVENUE BUDGET LIMITS

7.2.1 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.

7.2.2 For the next few years, current figures for General Fund are as follows:

Year	Net Spending Limit (before transfer to Balances) £'000	Forecast Contribution to Balances £'000	Forecast Net Revenue Budget £'000
2016/17	16,506	17	16,523
2017/18	15,674	165	15,839
2018/19	16,200	0	16,200
2019/20	16,481	0	16,481
2020/21	17,887	0	17,887

7.2.3 Cabinet has no general flexibility to increase net spending over the amounts shown above, or to increase the use of Balances, or to take on new (unfunded) spending commitments for subsequent years.

7.2.4 For the Housing Revenue Account, Cabinet has no general flexibility to use Balances, or to take on unfunded spending commitments.

7.2.5 Outside of the above constraints, the only exception is if immediate spending is needed in relation to either an emergency threatening life or limb, or major structural damage threatening the fabric of a building (*Financial Regulations s4.3.1.4*).

7.2.6 Any flexibility within these overall financial constraints is set out within the Council's Financial Regulations and the supporting budget transfer limits (virements and carry forwards) included at **Annex 7**.

7.3 EXTERNAL GRANTS AND CONTRIBUTIONS

7.3.1 The Council anticipates that generally, external sources of finance will continue to be scarcer than in the past. Nonetheless, it will continue to pursue funding opportunities where:

- they fit clearly with the Council's corporate planning and/or capital investment priorities;
- the funding makes provision for any extra capacity needed to support the workload involved, **or the impact can be otherwise managed from existing resources;** and
- pursuing such opportunities requires no extra financial support/commitment over and above that already provided for within approved budgets, or included in future budget proposals supported by Cabinet/Council, or alternatively, the funding opportunity may reasonably result in the Council avoiding future costs or liabilities.

7.3.2 Should potential funding opportunities arise, they will be considered as part of the annual budget and planning process where appropriate. If timescales do not fit with this, then the relevant approvals must be gained to pursue the opportunity, as set out in Financial Regulations.

7.3.3 The use of any general, non-specific grants will generally be considered as part of the budget process, in light of overall spending needs and priorities.

7.4 CAPITAL RECEIPTS

7.4.1 From the current year to 2020/21 inclusive, usable capital receipts totalling £3.441M are anticipated, of which £2.089M 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 30-year Business Plan.
- For General Fund, all of the budgeted capital receipts will be used to support the capital programme. Subject to property rationalisation requirements, any additional capital receipts generated will be used to reduce the Fund's underlying borrowing need, unless any contractual obligations require otherwise.



7.4.2 In 2016 the Government issued statutory directions that allow the flexible use of new capital receipts, gained from April 2016 to March 2019, to pay for the revenue set up costs of projects that are designed to make revenue savings. Whilst the Council currently has no plans or perceived need to use this flexibility, the position will be kept under review as appropriate. Any future plans to make use of the flexibility would require Council's consideration, with Government also being notified.

7.5 REVENUE FINANCING FOR CAPITAL INVESTMENT

7.5.1 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. Within the HRA, substantial annual contributions will be made to the Major Repairs Reserve, to finance the bulk of in-year capital investment needs.

7.5.2 No other general provision for direct revenue financing will be built into budgets, although specific proposals may be considered in appropriate circumstances, e.g. invest to save schemes.

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

7.6.1 Taking into account current investment needs and availability of other capital resources, in gross terms the Council's basic underlying borrowing need is assumed to increase by almost £18.5M to 20/21, prior to any further savings being identified from the property review. This increase relates solely to General Fund. The gross increase will be offset by 'repayments', chargeable to revenue over the same period (£9M for General Fund, £5M for HRA).

7.6.2 The practice will continue by which the Chief Officer (Resources) will assess, under delegated authority and in consultation with other Chief Officers, the most appropriate means of financing for the planned acquisition of new vehicles and equipment. This may give rise to changes in the underlying borrowing need projections.

7.6.3 Further changes to the CFR may be considered in year for invest to save schemes, but only in context of the Prudential Code requirements and where robust, achievable revenue savings can be identified or income 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.

7.6.4 No other prudential borrowing is planned during the medium term, until fuller plans have been adopted for tackling future years' budget deficits over the longer term.

7.6.5 Whether or not any of the 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.

8 THE BUDGET PROCESS

8.1 TIMETABLE AND OVERVIEW

8.1.1 Budget setting is an annual review process, it being a key part of the Council's corporate planning arrangements. The Council must set a budget (or council tax requirement) and the council tax before 11 March each year. The Council's financial year runs from 01 April to 31 March and it has a four-year financial planning horizon.

8.1.2 Throughout the annual review process, elected Members determine the allocation of resources across services and Corporate Plan priorities and the level of council tax to be charged. In conjunction with the Chief Officer (Resources), other Chief Officers are responsible for the more detailed aspects of budget preparation in their areas, including developing service options to assist elected Members' deliberations.

8.1.3 The approved annual budget is therefore a resource plan that, as far as possible, aims to match inputs (e.g. staff, premises, equipment) to planned outputs and objectives, and gives authority to spend. It provides a basis for monitoring and accountability.

8.1.4 In December 2016 Cabinet approved an outline budget and policy framework timetable leading into the budget process for 2018/19 onwards, a copy of which is attached at **Annex 8**. The key elements of this strategic review are:

- A major review of the Council's Corporate Plan (all aspects, including vision and priorities) and the supporting Policy Framework, culture and risk appetite.
- Completion of other major policy and strategy reviews (such as corporate property, ICT/digital/customer service, HR/workforce planning, procurement, housing, etc). A full schedule and proposed timetable will be presented for consideration in due course.
- Consideration of major transformational / innovative budget options for implementation from 2018/19 onwards.
- Any emerging national policy implications, ranging from Brexit to 100% Business Rates Retention.

8.1.5 The aim is to establish a clearer priority-driven and policy-led approach to budgeting and resource allocation, establishing a firm basis on which to build on in the coming years.

8.2 BUDGET PREPARATION

8.2.1 The Council has taken an incremental approach to budget setting for 2017/18 and the 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 broadly 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.

8.2.2 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. Current budget assumptions are set out at **Annex 9**;
- adjustments to reflect the transfer of functions in the Council, changes in activity/demand levels for services where appropriate (including demographic pressures), or general efficiencies and cost reductions, as examples. The Council expects the number of households in the district to grow, and in turn this will add cost pressures into the base budget, simply to maintain service levels;
- any previously approved changes to policy or strategy, for example a reduction in budget to reflect withdrawal of a service, or an increase to fund a new initiative or the impact of new legislation.

8.2.3 Estimates of expected Government funding and business rates retention, as well as any remaining ring-fenced specific grants and associated costs, will be revised during the planning and budget setting process.

8.2.4 Similarly the main assumptions underpinning the budget will be identified, assessed and reported, together with the main financial risks facing the Council. This is an important element of the Council’s risk management arrangements.

8.2.5 Given the forthcoming strategic review, it is anticipated that other budgeting approaches, such as zero-based budgeting, will be incorporated as specific circumstances warrant it. For example, in undertaking service reviews and in identifying and appraising different policy or service options.

8.3 **BALANCING THE REVENUE BUDGET: SAVINGS AND GROWTH**

8.3.1 As the earlier forecasts show, there is still a need to address a considerable funding gap between spending aspirations and the resources available. Consequently, major budget savings must be achieved over the medium to longer term. There is also the need to accommodate any required growth in services and any legislative changes.

8.3.2 The Council’s established means by which it will seek to balance its budget are as follows. These will be reviewed and updated as appropriate, in context of the forthcoming strategic review. Various options that have already been identified for consideration are set out at **Annex 10**.

a. Efficiency Savings (including Minor Service Reductions):

These are regarded as a priority over other forms of making savings in Council expenditure. Primarily the Council will focus on ‘cashable’ efficiency savings and trimming of services, rather than those that seek to enhance service standards for the same cost. The Council will continue with this approach, to achieve better value for money for the community as a whole. It will consider collaborative working with partners as appropriate, and explore innovative ways of working, its commercial appetite, and new, more modern technologies.

b. Invest to Save Initiatives:

Various initiatives will be developed for appraisal, and prioritisation as appropriate. Examples include a review of the financial viability of the Middleton solar farm, further proposals for Salt Ayre Leisure Centre, and Museums rationalisation. There are numerous competing initiatives.



c. Income Generation

During 2017/18 the Council will determine its appetite and approach to commercialism and this will inform future policy, for example on income generation. As part of either that overall charging policy or various specific service reviews, the Council will identify potential options for increasing income generation, thereby reducing the subsidy for some services.

d. Major Service Reductions

Notwithstanding the drive for efficiency, savings are expected to be needed from reducing the level or range of services provided to meet future financial targets. Through taking an informed, evidence-based approach in its strategic review, the Council will develop options as may be appropriate for:

- reducing service standards in statutory areas;
- rationalising access to services and facilities (including property holdings); and
- reducing or withdrawing discretionary services and activities, taking account of priorities and need.

e. Redirection of Resources (“Growth”)

Any growth in a particular area will only be considered if it meets either of the following conditions:

- it is needed to meet statutory service standards; or
- it is essential to meet a key objective within Corporate Plan proposals arising from the forthcoming review, for which there are no alternative providers or sources of funding available **and** sufficient progress has been made in establishing and delivering plans for addressing the medium to longer term budget deficit, so as to consider any growth proposal affordable and sustainable in the medium to long term. This applies particularly to any recurring or high cost one-off growth proposals.

Any potential ideas or growth proposals for 2018/19 onwards will be considered at the same time by Cabinet, prior to presenting its budget proposals to Council, to ensure that their respective merits can be compared and prioritised.

It is highlighted that the term ‘growth’ is something of a misnomer, certainly at a corporate level. In times where funding levels are reducing, a service level or activity may grow but only at the expense of another, through the redirection of resources.

8.4 BALANCING THE CAPITAL PROGRAMME: THE PRUDENTIAL CODE

8.4.1 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.

8.4.2 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.

8.4.3 Details of the Council's Prudential Indicators (as required under the Code) are included in the Treasury Management Strategy, which also sets out the framework for managing associated debt.

8.4.4 The Council will apply and promote the principles of the Code in its consideration of the affordability and value for money of key capital investment.

8.5 BUDGET OPTIONS APPRAISAL

8.5.1 Establishing plans to tackle the medium term budget deficit requires various scenarios and alternatives to be tested.

8.5.2 The appraisal of future budget options will incorporate any appropriate and proportionate impact assessment as necessary and it will consider the relevant workforce, property, ICT, legal and any other resource implications, as well as the timescales for implementation. It is recognised that major change programmes cannot all be agreed and delivered at the same time and this is reflected within the Council's budget plans.

8.5.3 Options for any additional significant capital investment (over that already identified) and its financing will also be appraised as part of future budget processes, 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.

8.6 DECISION-MAKING AND TIMING

8.6.1 As the Council still needs to make significant savings in future, and, in any event, it makes sense to implement any true value for money measures as soon as possible, the practice of taking decisions on **efficiency proposals, income generation initiatives and minor service reductions** throughout the year will continue. In support, the Council's approach to commercialisation and its Fees and Charges Policy are scheduled for review during 2017/18.

- 8.6.2 For new **invest to save** initiatives, the timing of decisions will depend on the nature of the proposal concerned, and its potential risks and impact on the budget. As a rule of thumb, any minor initiatives may be determined in year, but any major proposals would be considered as part of the annual budget **and planning** process, to ensure comparison and prioritisation.
- 8.6.3 Whilst various savings decisions will be taken throughout the year therefore, where operationally it makes sense to do so, it is recognised that more difficult budgetary decisions still lie ahead and typically these take longer to develop and implement. With this in mind, it is intended that a further programme of **more major proposals will be developed by Cabinet during 2017/18, informed by the forthcoming strategic review, for consideration as part of the 2018/19 budget process.** The extent of this programme will be influenced by the Council's financial outlook at that time.

These practices mean that the Council should still expect to see underspendings arising during the course of the year, in revising the current year's budget and at outturn. Analysis of any underspendings will continue, to identify any trends and inform future budget setting.

More fundamentally, the aim is to build on the existing savings programme during 2017/18, for implementation over the medium term.

- 8.6.4 Regarding **growth or redirection of resources**, unless there is an unavoidable Council or corporate need, all growth options will be considered as part of the budget process (at Budget Council).
- 8.6.5 Ultimately, revenue budgets, capital programmes and detailed council tax rates will all be approved by Council at the Budget meeting to be held in late February / early March. Cabinet will set housing rents in advance of this, to ensure that rent notices are issued in a timely manner.

9 MONITORING AND REVIEW

- 9.1 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. This will be done in a variety of ways:
- **Alongside the strategic review of the Council's corporate planning**, this MTFS will be reviewed and updated accordingly, to ensure it both supports and informs the Council's future direction.
 - Any impact from the Council's corporate financial monitoring arrangements will be considered, together with the impact of the previous year's outturn. Corporate financial monitoring will be undertaken and reported quarterly. Where

appropriate, this may include a review of the national economic outlook and other key assumptions and risks underpinning the budget.

- A financial assessment is undertaken when any key decisions are to be taken, or when any major policy changes are proposed, and these will be collated for factoring into future projections.

9.2 The outcome of the monitoring and review arrangements will be brought together to avoid a piecemeal approach to reviewing the Strategy. The aim is to report any changes twice yearly (once during autumn 2017 and once to complete the 2018/19 budget process) for referral on to Council, although the exact reporting arrangements will be dependent upon circumstances. The reporting may necessitate changes being proposed to the MTFS framework and the key financial targets contained within it.

10 GOVERNANCE

10.1 Members

The current Portfolio Holder for Finance is Councillor Anne Whitehead.

Cabinet is responsible for formulating and recommending budget proposals and MTFS updates to Council. Cabinet must then operate within the bounds of the approved MTFS.

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 Budget and Policy Framework.

Overview and Scrutiny Committee may commission or undertake work on related issues as part of its Work Programme or take other measures (such as the call-in of decisions) as set out the Constitution.

Budget and Performance Panel is responsible for reviewing and scrutinising the Council's finances and performance.

10.2 Officers

The Chief Officer (Resources), as Section 151 Officer, is responsible for the development, application and interpretation of the MTFS and the Prudential Code, the annual budgeting process to ensure financial balance, and the supporting financial monitoring arrangements. 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.

As appropriate to their roles, Officers are responsible for working within the MTFS. Other detailed Officer responsibilities and key controls are set out in the Council's Financial Regulations, which reflect statutory requirements as appropriate.

11 PUBLIC ACCESS TO INFORMATION

11.1 As a publicly funded organisation, the Council is committed to being open and transparent on how it spends tax-payers' money. Such openness 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 the budget book, which is publicised in various forms to Council Members and Officers.

Spending in Year

During the year, the Council provides information on various payments made to suppliers for goods and services and other matters, in line with the Government's Transparency Code.

Outturn and other annual reports

After the year end, the Council reports on its actual financial performance and publishes its audited Statement of Accounts.

- 11.2 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.
- 11.3 All information is available through the Council's website (www.lancaster.gov.uk) or alternatively, queries can be sent to finance@lancaster.gov.uk.

**General Fund Revenue Budget 2016/17 to 2020/21
For Consideration at Budget Council 01 March 2017**

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
BUDGET PROJECTIONS					
Original Revenue Budget / Forecast	16,258	15,180	17,221	17,427	
Allowing for budgeted contribution to Balances	56	165			
Changes to Budget Projections - Cabinet 17 January	304	(313)	(922)	(836)	18,069
Base Budget Changes after Cabinet 17 January					
Capital Financing - MRP Changes	-	(98)	4	4	4
Government Grants - Universal Credit Support	-	(105)	-	-	-
Standby Allowance - approved Personnel Cttee 31 Jan 17	-	20	20	20	20
Members Allowances - approved Council 01 Feb 17	-	2	2	2	2
Other Minor Net Changes	-	49	27	25	(45)
Phase 1 Savings Proposals (please see attached for details)		(104)	(152)	(161)	(163)
Phase 1 Growth Proposals (please see attached for details)		673	0	0	0
Net Additional Contribution to Reserves	-	535	-	-	-
Reduced Contribution to Balances	(39)	-	-	-	-
General Fund Revenue Budget	16,523	15,839	16,200	16,481	17,887
Settlement Funding Assessment:					
Revenue Support Grant	(2,652)	(1,605)	(941)	(200)	0
Retained Business Rates	(5,250)	(5,357)	(5,530)	(5,726)	(5,880)
Business Rates - Safety Net Adjustment	394	401	415	429	441
Business Rates - Tariff Adjustment	288	280	289	299	310
Renewable Energy Income - Updated Forecasts	(947)	(935)	(965)	(994)	(1,015)
Estimated Collection Fund Surplus	(60)	-	-	-	-
Council Tax Requirement	8,296	8,623	9,468	10,289	11,743
Target Council Tax Requirement	8,296	8,623	8,956	9,295	9,640
Latest Budget Deficit / (Surplus)	0	0	512	994	2,103

	2016/17	2017/18	2018/19	2019/20	2020/21
COUNCIL TAX					
Impact on Council Tax					
Tax Base Projections	39,700	40,300	40,900	41,500	42,100
Band D City Council Tax Rate - MTFS Targets	£208.97	£213.97	£218.97	£223.97	£228.97
Year on Year Increase (£'s)	£5.00	£5.00	£5.00	£5.00	£5.00
Year on Year Increase (%)	-	2.4%	2.3%	2.3%	2.2%
Current Council Tax Projections	£208.97	£213.97	£231.49	£247.93	£278.93
Year on Year Increase (£'s)	-	£5.00	£17.52	£16.44	£31.00
Year on Year Increase (%)	-	2.4%	8.2%	7.1%	12.5%

	£M
UNALLOCATED BALANCES	
General Fund Unallocated Balance	
Original Projected Balance as at 31 March 2016	(4.128)
Budgeted Contribution	(0.056)
2015/16 Actual Underspend	(0.331)
2016/17 Forecast Underspend	0.039
Projected Balances as at 31 March 2017	(4.476)
Budgeted Contribution	(0.165)
Projected Balances as at 31 March 2018	(4.641)
Less Agreed Minimum Level of Balances	1.500
Available Balances	(3.141)

GENERAL FUND REVENUE BUDGET - 2017/18 TO 2020/21
PROPOSED SAVINGS & GROWTH

	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
PHASE 1 - 2017/18 SAVINGS AND GROWTH PROPOSALS				
SAVINGS PROPOSALS				
EFFICIENCY SAVINGS				
Environmental Services				
Street Cleaning - working pattern (overtime saving)	(60,000)	(80,000)	(80,800)	(81,600)
	(60,000)	(80,000)	(80,800)	(81,600)
INCOME GENERATION				
Environmental Services				
Kingsway overspill car park	7,000	(10,200)	(10,400)	(10,600)
Health & Safety Training (to external clients)	1,000	(6,000)	(12,200)	(12,400)
Health & Housing				
Increase burial charges for out of district residents	(13,000)	(13,300)	(13,600)	(13,900)
Increased charge for ashes internment	(5,500)	(5,600)	(5,700)	(5,800)
3% increase in cemetery fees	(7,900)	(8,100)	(8,300)	(8,500)
"Safer Food Direct" service	(3,000)	(3,100)	(3,200)	(3,300)
Regeneration & Planning				
Pre-application advice fee schedule changes - updated estimates	(9,100)	(12,700)	(12,900)	(13,200)
Resources (Property Group)				
Review of room hire policy	(13,000)	(13,300)	(13,600)	(13,900)
	(43,500)	(72,300)	(79,900)	(81,600)
TOTAL SAVINGS	(103,500)	(152,300)	(160,700)	(163,200)
REDIRECTION OF RESOURCES OR "GROWTH"				
STATUTORY BASED GROWTH				
Governance - Democratic				
Parishes Review	10,000	25,000	-	-
Regeneration & Planning				
Temporary conservation assistant post	16,300	22,900	6,000	0
Resources (Financial Services)				
Accountancy capacity	43,400	50,200	51,900	0
	69,700	98,100	57,900	0
OTHER PROPOSALS				
Environmental Services				
Extension of CCTV (to September 2017)	50,000	-	-	-
Health & Housing				
Community Pools (Net of External/Reserves Funding)	0	-	-	-
Pest Control Operative post (budget neutral)	0	0	0	0
Anti-Social Behaviour Team (budget neutral)	0	0	0	-
Regeneration & Planning				
Canal Corridor North Project Officer	29,200	40,500	42,100	44,000
Empty Homes Officer (budget neutral)	0	0	0	0
Resources (Property Group)				
Property Service Restructure	23,600	37,100	0	0
	102,800	77,600	42,100	44,000
SUPPORT FOR ECONOMIC GROWTH				
Regeneration & Planning				
Creation of Earmarked Reserve	500,000	-	-	-
	0	(175,700)	(100,000)	(44,000)
TOTAL COST	672,500	0	0	0

HOUSING REVENUE ACCOUNT BUDGET

For Consideration at Budget Council 01 March 2017

	2016/17 Budget £	2016/17 Revised £	2017/18 Budget £	2018/19 Forecast £	2019/20 Forecast £	2020/21 Forecast £
INCOME						
Rental Income - Council Housing (Gross)	(13,700,500)	(13,679,000)	(13,515,300)	(13,364,700)	(13,188,400)	(13,406,100)
Rental Income - Other (Gross)	(228,700)	(229,500)	(253,100)	(277,200)	(301,000)	(306,900)
Charges for Services & Facilities	(1,600,000)	(1,673,200)	(1,487,400)	(1,520,900)	(1,557,500)	(1,591,800)
Grant Income	(7,700)	(7,700)	(7,700)	(7,700)	(7,700)	(7,700)
Contributions from General Fund	(95,800)	(101,000)	(101,000)	(102,900)	(106,900)	(109,100)
Total Income	(15,632,700)	(15,690,400)	(15,364,500)	(15,273,400)	(15,161,500)	(15,421,600)
EXPENDITURE						
Repairs & Maintenance	4,518,800	4,982,500	4,861,400	4,916,300	5,143,000	5,284,700
Supervision & Management	3,063,200	3,044,600	3,014,100	3,065,800	3,132,300	3,208,300
Rents, Rates, Taxes & Other Charges	191,500	183,400	200,000	216,900	233,800	250,400
Increase in Provision for Bad and Doubtful Debts	145,100	157,500	159,200	160,800	162,600	164,600
Depreciation & Impairment of Fixed Assets	2,006,000	2,146,100	2,082,900	2,082,800	2,082,800	2,069,000
Debt Management Costs	1,100	1,100	1,100	1,100	1,100	1,100
Total Expenditure	9,925,700	10,515,200	10,318,700	10,443,700	10,755,600	10,978,100
NET COST OF HRA SERVICES	(5,707,000)	(5,175,200)	(5,045,800)	(4,829,700)	(4,405,900)	(4,443,500)
Interest Payable & Similar Charges	1,967,000	1,960,200	1,937,100	1,896,600	1,859,500	1,822,000
Amortisation of Premiums & Discounts	(600)	(600)	0	0	0	0
Capital Grants and contribution receivable	0	(34,000)	(21,000)	0	0	0
Interest & Investment Income	(80,300)	(53,200)	(7,400)	(9,300)	(12,200)	(12,200)
Past Service Pension Cost	185,300	231,700	152,000	152,000	152,000	235,500
Self Financing Debt Repayment	1,041,400	1,041,400	1,041,400	1,041,400	1,041,400	1,041,400
(SURPLUS) OR DEFICIT FOR THE YEAR	(2,594,200)	(2,029,700)	(1,943,700)	(1,749,000)	(1,365,200)	(1,356,800)
Adjustments to reverse out Notional Charges included above	(18,300)	33,800	21,000	0	0	0
Transfers to/(from) Major Repairs Reserve	2,146,600	1,697,500	1,525,300	1,629,400	1,577,400	1,732,400
Transfers to/(from) Earmarked Reserves	(26,800)	(2,000)	17,500	(99,100)	(61,100)	32,100
Capital Expenditure funded from Revenue Reserves	217,000	167,000	200,000	200,000	200,000	100,000
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	(275,700)	(133,400)	(179,900)	(18,700)	351,100	507,700
Housing Revenue Account Balance brought forward	(1,344,417)	(1,692,065)	(1,825,465)	(2,005,365)	(2,024,065)	(1,672,965)
HRA BALANCE CARRIED FORWARD	(1,620,117)	(1,825,465)	(2,005,365)	(2,024,065)	(1,672,965)	(1,165,265)

**PROVISIONS AND RESERVES
POLICY 2017/18**

(Including Balances)

Provisions & Reserves Policy

1. Legislative/Regulatory Framework

- 1.1 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 (as amended) require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget / council tax requirement.
- 1.2 There is also a requirement reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Financial Officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.
- 1.3 Furthermore, sections 26 and 27 of the Local Government Act 2003 set out the requirements regarding the determination of minimum levels of controlled reserves (i.e. currently unallocated balances), and actions required should they fall below such minimum levels.
- 1.4 This policy only relates to useable provisions and reserves relating to the General Fund and Housing Revenue Account. As such the following unusable reserves (and any other Collection Fund items) are excluded:

Collection Fund Adjustment Account	Revaluation Reserve
Pension Reserve	Capital Adjustment Account
Financial Instruments Adjustment Account	Deferred Credits Account
Accumulated Absences Account	

2. Role of the Chief Financial Officer (s151 Officer)

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

3. Purpose of Reserves and Balances

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

4. Principles to Assess Adequacy

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

Budget Assumptions

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

Financial Standing and Management

- The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates, etc.)
 - The authority's track record in budget and financial management including the robustness of the medium term financial plans
 - The authority's capacity to manage in-year budget pressures
 - The strength of the financial information and reporting arrangements
 - The authority's virement and end of year procedures in relation to budget under/over spends at authority and departmental level
 - The adequacy of the authority's insurance arrangements to cover major unforeseen risks.
- 4.2 The minimum level of general balances considered appropriate for the Council is reviewed annually as part of the budget process and Medium Term Financial Strategy. The Housing Revenue Account minimum level will increase from £350K to £500K from 01 April 2017, in recognition of key issues, assumptions and risks underlying the budget projections. The General Fund level will remain at £1.5M.
- 4.3 The Council's external auditors recommend the use of a risk based approach when setting the level of reserves. As far as reasonably practical this approach is used, although for many reserves the balance is being held to meet a specific budgeted need, or alternatively future spending needs can be restricted to tie in with monies available. For others, whilst the risk of financial liabilities arising is acknowledged, it may be impossible to assess accurately (or to quantify) the financial risks involved, and the balances of such reserves are determined initially based on informed judgement. Their future levels will be further reviewed as more information becomes available.

5. Reporting Framework

- 5.1 The level and utilisation of reserves will be determined formally by Council through this policy, informed by the advice and judgement of the Chief Officer (Resources).
- 5.2 The Council's annual budget report includes a statement showing the estimated opening general fund balances for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. A statement is also included commenting on the adequacy of general balances and provisions in respect of the forthcoming financial year and the authority's medium term financial strategy.
- 5.3 Similarly, a statement is also included, as part of the budget report, identifying earmarked reserves, the opening balances for the year, planned additions/withdrawals and the estimated closing balances.

6 Provisions & Reserves Protocol : General Fund

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
Apprenticeships	Established to pump prime an apprenticeship scheme within services, to provide recruitment and development opportunities.	This reserve will be closed at the end of 2016/17 as it is no longer required. Apprenticeships are now covered through existing annual budgets.		
Business Rates Retention	This reserve has been established to support the budget in the event that Business Rates Income does not reach budgeted levels.	This reserve may be closed at the end of 2017/18, as it is no longer expected to be required, given that future budgets are set at the Safety Net level.		
Budget Support	To provide resources to help finance capacity / feasibility / review and other development work in support of the overhaul of the Council's corporate planning and budgeting arrangements, including any transformation or modernisation plans etc.	Application of the reserve is delegated to the Chief Officer (Resources), but subject to consultation (and therefore agreement) with Cabinet.	Resources.	Budget & Outturn, & mid-year MTFS review.
Canal Corridor	To cover commissioning costs relating to external support and advice for the CCN development.	Any use will be in line with the CCN decisions of Council.	Resources.	Budget & Outturn, & mid-year MTFS review.
Capital Support	To cover contractual liabilities on West End properties and to provide cover for any revenue costs arising through shortfalls in capital financing (i.e. from capital receipts).	Any use to be determined and reported to Cabinet by Chief Officer (Resources).	Resources.	Budget & Outturn, & mid-year MTFS review.
Corporate Property	To provide for feasibility studies, surveys and repair works to municipal buildings and facilities (in particular, for those that cannot be capitalised as part of the current works programme or are not otherwise budgeted for). In addition, to provide cover for any in-year rental shortfalls.	Use of the reserve to be determined and reported to Cabinet by Chief Officer (Resources) (or her nominated representative).	Resources.	Quarterly reporting, Budget & Outturn.
Economic Growth	Reserve to be established in 2017/18 to support economic growth activities in the district.	Application of the reserve is delegated to the Chief Officer (Resources), but subject to consultation (and therefore agreement) with Cabinet. Matters may be referred formally to Cabinet if/as need be.	Regeneration & Planning / Resources.	Budget & Outturn, & mid-year MTFS review.

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
Elections	The reserve has been established to even out the cost of holding City Council elections every four years.	Contributions to and from reserve to be approved by Cabinet (generally as part of annual budget process, rather than specifically).	Governance / Resources.	Budget & Outturn.
Homelessness	Established at 2011/12 outturn from additional government grant, for additional homelessness prevention measures.	Use of Reserve to be approved by Chief Officer (Health & Housing), in consultation with Chief Officer (Resources) (or her nominated representative). To be closed once used.	Health & Housing / Resources.	Budget and Outturn.
Invest to Save	The reserve has been established to finance any Invest to Save initiatives.	Use linked to capital or revenue schemes that can generate future savings in the medium term. Contributions to or from reserve to be approved by Cabinet.	Resources. Pay back periods must be in accordance with MTFS, and as advised by Chief Officer (Resources) (or her nominated representative). Any change of use to be approved by Cabinet.	Budget & Outturn, and mid year MTFS review.
Morecambe Area Action Plan (MAAP)	To support implementation of the MAAP (Cabinet report 11 February 2014).	Contributions to and from the reserve to be approved by Cabinet.	Regeneration & Planning / Resources.	Budget & Outturn.
Renewals (Including Williamson Park, ICT, AONB Vehicle, Car Park Equipment, Courier Vehicle, Parks vehicles & Salt Ayre Leisure Centre renewals)	Contributions are made into the fund to provide for the renewal of facilities and infrastructure needed for service delivery, such as vehicles, plant and equipment.	Contributions are made into the reserve on an annual basis, and transferred to revenue or capital as and when renewals are undertaken. Contributions to the reserve are to be approved by Cabinet. Use of the reserve to be agreed by Chief Officer (Resources) (or her nominated representative).	Resources. Any change of use to be approved by Cabinet, should the reserve balance exceed spending needs.	Budget & Outturn.
Restructuring	To fund the costs associated with early termination of staff (in the interests of efficiency / redundancy) / Pay and Grading Review.	Use of this reserve will be subject to the respective approvals of Personnel Committee and Cabinet.	Governance Services / Resources. Any change of use to be approved by Cabinet, should the reserve balance exceed spending needs.	Budget & Outturn, and mid-year MTFS review.

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
Open Spaces – Commuted Sums	This reserve receives all sums paid to the Council from third parties for the maintenance of open spaces adopted by the City Council.	Lump sums are credited to the reserve, and an annual contribution is made from the reserve to cover the additional grounds maintenance costs. The value of commuted sums due is to be agreed with Resources (Financial Services) prior to the development agreement being completed. Budgets to be updated by Resources (Financial Services) in consultation with Environmental Services as sums received.	Environmental Services / Resources. Any use of reserve must be in accordance with specific s106 agreements.	Budget & Outturn.
S106 Commuted Sums – Affordable Housing	This reserve receives all sums paid to the Council from third parties in respect of affordable housing schemes.	Lump sums are credited to the reserve and appropriated either to revenue or capital dependent upon the nature of the agreement and subject to approved policy for use (Cabinet: November 2009).	Regeneration & Planning / Resources. Any use of reserve must be in accordance with specific s106 agreements.	Budget & Outturn.
S106 Commuted Sums – Highways, cycle paths and crossings.	This reserve receives all sums paid to the Council from third parties other than for affordable housing and grounds maintenance.	Lump sums are credited to the reserve and appropriated either to revenue or capital dependent upon the nature of the agreement.	Regeneration & Planning / Resources. Any use of reserve must be in accordance with specific s106 agreements.	Budget & Outturn.
Welfare Reforms	To help manage the cost pressures of any welfare reforms (in particular, localisation of council tax support).	Use of the reserve to be determined and reported to Cabinet by Chief Officer (Resources) (or her nominated representative).	Resources. Any change in use to be approved by Cabinet, should the reserve balance exceed spending needs.	Budget & Outturn, and mid-year MTFS review.
Youth Games	The reserve has been established to even out the cost of hosting the games every four years.	Reserve to be closed at the end of 2016/17.		

Reserves held in perpetuity:

Provision	Purpose	How and When Used	Procedures for management and control	Timescale for review
Graves Maintenance	This reserve holds monies donated to the City Council by individuals, specifically for the maintenance of graves.	The capital sum must be maintained at the original level of contribution, with interest earned being appropriated to revenue to offset maintenance costs.	Health & Housing / Resources. No changes to its use are permitted.	Outturn.
Marsh Capital	The monies held in this reserve came from the proceeds of land sold at Willow Lane on the Marsh, as set out by the Lancaster Corporation Act 1900. The Act determines that the interest generated on this reserve be applied in perpetuity to the payment to the freemen of the City.	Investment interest generated on the reserve is used to make annual payments to the freemen of the City.	Resources. No changes to its use are permitted.	Outturn.

Provision	Purpose	How and When Used	Procedures for management and control	Timescale for review
PROVISIONS				
Bad & Doubtful Debts	This provision is used to write off all General Fund bad debts that have been approved.	The provision is funded by an annual contribution based on assessment of the level of debt outstanding.	Resources.	Budget, Outturn & mid-year MTFS review.
Insurance	The cost of insurance claims, premiums and brokerage are charged to the provision.	Contributions are made to the provision from individual services at a level sufficient to cover the anticipated claims experience and premiums.	Resources.	Budget & Outturn, and mid-year MTFS review.
Legal	This provision is to be used to cover the cost of any specific high value cases.	The claim has now been settled, with Government providing additional funding to local authorities to help meet the costs involved. The provision is therefore no longer required.		

All provisions will be applied by the Chief Officer (Resources) (or her nominated representative) and reported through to Members, primarily as part of the normal monitoring, budgeting and outturn reporting arrangements.

7 Provisions & Reserves Protocol : Housing Revenue Account

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
Capital Reserves				
Business Support Reserve	The first call on this reserve will be required to support existing commitments over the lifetime of the 30-year business plan, and secondly to help fund any new build, subject to viability.	Use of the reserve to be approved by Cabinet. Contributions to the reserve to be approved annually as part of the budget.	Health & Housing /Resources.	Budget & Outturn.
Major Repairs Reserve (MRR)	Set up following the introduction of Resource Accounting in the HRA. Credited with the amount of depreciation charged to the HRA and topped up with additional funds required to finance the capital programme in-year.	Applied in full to capital improvements to HRA housing stock (specifically excluding demolition).	Health & Housing /Resources.	Budget & Outturn.

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
Revenue Reserves				
Flats – Planned Maintenance Reserve	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in flats.	Health & Housing /Resources.	Budget & Outturn.
Central Control Equipment Reserve / Telecare	Established to smooth the costs of major renewal or replacement of Central Control Equipment and systems.	Reserve is to be closed at the end of 2016/17 as it will no longer be required.		
Non-sheltered scheme equipment	Established to fund purchases of equipment for non-sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for non-sheltered schemes.	Health & Housing /Resources.	Budget & Outturn.

Reserve	Purpose	How and When Used	Procedures for management and control	Timescale for review
IT Replacement	Established to fund future major IT systems replacement.	To be applied to future replacements.	Health & Housing /Resources.	Budget & Outturn.
Office Equipment Reserve	Established to fund purchases of minor IT and other office equipment.	Used to fund ad-hoc purchases of major office furnishings resultant from health & safety legislation and risk assessments (desk, chairs, cabinets etc) and minor office equipment items e.g. pc upgrades.	Health & Housing /Resources.	Budget & Outturn.
Sheltered Equipment Reserve	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for common area services for Sheltered schemes.	Health & Housing /Resources	Budget & Outturn.
Sheltered – Planned Maintenance	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in Sheltered schemes.	Health & Housing /Resources.	Budget & Outturn.
Sheltered – Support Grant Maintenance	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges, but classed as Support Costs under County Guidelines.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest.	Health & Housing /Resources.	Budget & Outturn.

PROVISIONS

Bad Debts	This provision is used to write off all Housing Revenue Account bad debts that have been approved.	The provision is funded by an annual contribution based on assessment of the level of debt outstanding.	Resources.	Budget & Outturn.
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RESERVES AND PROVISIONS STATEMENT (INCLUDING BALANCES)
For Consideration at Budget Council 01 March 2017

GENERAL FUND	2016/17				2017/18				2018/19				2019/20				2020/21				
	Balance as at 31/03/16 £	From Revenue £	To Capital £	To Revenue £	Balance as at 31/03/17 £	From Revenue £	To Capital £	To Revenue £	Balance as at 31/03/18 £	From Revenue £	To Capital £	To Revenue £	Balance as at 31/03/19 £	From Revenue £	To Capital £	To Revenue £	Balance as at 31/03/20 £	From Revenue £	To Capital £	To Revenue £	Balance as at 31/03/21 £
General Fund Balance	(4,459,000)	(17,400)			(4,476,400)	(164,900)			(4,641,300)				(4,641,300)				(4,641,300)				(4,641,300)
Earmarked Reserves:																					
Apprenticeships	(39,700)			39,700																	
Business Rates Retention	(381,500)				(381,500)		381,500														
Budget Support						(1,000,000)	85,000	(915,000)		135,200	(779,800)		57,900	(721,900)							(721,900)
Canal Corridor						(400,000)		(400,000)		40,500	(359,500)		42,100	(317,400)		44,000	(273,400)				
Capital Support	(526,500)	(126,000)	8,000	248,800	(395,700)	(30,300)	126,000	(300,000)			(300,000)			(300,000)			(300,000)				(300,000)
Corporate Property	(328,100)	(54,100)		17,700	(364,500)	(99,000)	59,000	100,000	(304,500)			(304,500)					(304,500)				(304,500)
Elections		(40,000)			(40,000)	(40,000)		(80,000)	(40,000)		(120,000)	(40,000)	160,000		(40,000)						(40,000)
Economic Growth						(500,000)		(500,000)			(500,000)			(500,000)							(500,000)
Highways	(219,600)			219,600																	
Homelessness Support	(76,500)			(76,500)	(3,100)			(79,600)	(9,800)		(89,400)	(10,100)		(99,500)	(10,100)						(109,600)
Invest to Save	(1,469,600)	(350,700)	6,000		(1,814,300)		314,300	(1,500,000)			(1,500,000)			(1,500,000)							(1,500,000)
Local Plan	(71,600)	(40,100)			(111,700)		87,400	(24,300)			(24,300)			(24,300)							(24,300)
Markets	(54,100)			54,100																	
Morecambe Area Action Plan (MAAP)	(114,500)		80,900	28,600	(5,000)			(5,000)			(5,000)			(5,000)							(5,000)
Renewals (all services)	(812,400)	(402,800)	380,000	142,600	(692,600)	(479,300)	280,000	33,700	(858,200)	(479,300)	382,000	46,400	(909,100)	(479,300)	114,000	102,900	(1,171,500)	(479,300)	38,000	28,200	(1,584,600)
Restructuring	(602,900)	(333,600)		407,800	(528,700)		48,500	(480,200)			(480,200)			(480,200)							(480,200)
S106 Commuted Sums - Open Spaces	(104,000)			22,500	(81,500)		20,900	(60,600)		16,600	(44,000)		15,600	(28,400)		11,800	(16,600)				(16,600)
S106 Commuted Sums - Affordable Housing	(261,800)		90,000		(171,800)			(171,800)			(171,800)			(171,800)							(171,800)
S106 Commuted Sums - Highways, crossing & cycle paths	(844,100)	(79,600)	575,100	1,500	(347,100)	(50,000)	190,500	6,800	(199,800)	(75,000)	75,000	6,700	(193,100)	(75,000)	75,000	4,400	(188,700)				(188,700)
Welfare Reforms	(396,300)	(23,500)		190,000	(229,800)		170,300	(59,500)			(59,500)			(59,500)							(59,500)
Youth Games	(32,900)			32,900																	
Reserves Held in Perpetuity:																					
Graves Maintenance	(22,200)				(22,200)			(22,200)			(22,200)			(22,200)							(22,200)
Marsh Capital	(47,700)				(47,700)			(47,700)			(47,700)			(47,700)							(47,700)
Total Earmarked Reserves	(6,406,000)	(1,450,400)	1,140,000	1,405,800	(5,310,600)	(2,601,700)	655,500	1,248,400	(6,008,400)	(604,100)	457,000	245,400	(5,910,100)	(604,400)	189,000	382,900	(5,942,600)	(529,400)	38,000	84,000	(6,350,000)

Provisions	Balance as at 31/03/16 £	Transfers In £	Spend £	Transfers Out £	Balance as at 31/03/17 £
Bad Debts	(1,898,830)	(390,000)	675,000		(1,613,830)
Legal	(128,191)			128,191	(215,164)
Insurance	(341,564)	(158,600)	285,000		(215,164)
Total	(2,368,585)	(548,600)	960,000	128,191	(1,828,994)

HOUSING REVENUE ACCOUNT	2016/17			2017/18			2018/19			2019/20			2020/21								
	Balance as at 31/03/16	Contributions		Balance as at 31/03/17	Contributions		Balance as at 31/03/18	Contributions		Balance as at 31/03/19	Contributions		Balance as at 31/03/20	Contributions		Balance as at 31/03/21					
	£	From Revenue	To Capital	To Revenue	£	From Revenue	To Capital	To Revenue	£	From Revenue	To Capital	To Revenue	£	From Revenue	To Capital	To Revenue	£				
HRA General Balance	(1,692,065)	(133,400)			(1,825,465)	(179,900)			(2,005,365)	(18,700)			(2,024,065)	351,100			(1,672,965)	507,700	(1,165,265)		
Earmarked Reserves:																					
Business Support	(8,612,720)			72,800	(8,539,920)				(8,539,920)				(8,539,920)						(8,539,920)		
Major Repairs		(4,339,300)	4,339,300			(4,152,400)	4,152,400			(3,988,500)	3,988,500			(4,171,400)	4,171,400			(4,462,300)	4,462,300		
Flats - Planned Maintenance	(922,460)		220,400		(702,060)	(133,000)	167,000		(668,060)	(133,000)	200,000		(601,060)	(133,000)	200,000		(534,060)	(133,000)	200,000		
Central Control Equip/Telecare	(40,000)			40,000																	
Non-Sheltered Scheme Equip	(16,260)	(7,740)		24,000																	
IT Replacement	(591,195)				(591,195)	(57,000)			(648,195)	(57,000)			(705,195)				(705,195)		(705,195)		
Office Equipment	(40,271)	(3,000)		5,700	(37,571)	(3,000)			(40,571)				(40,571)				(40,571)		(40,571)		
Sheltered - Equipment	(366,021)			132,000	(234,021)		51,200		(182,821)	(28,000)	38,000		(172,821)	(28,100)	40,700		(160,221)	(27,900)	31,300		
Sheltered - Planned Maintenance	(224,475)	(81,900)	105,000	20,000	(181,375)	(80,700)	50,000	20,000	(192,075)	(56,800)	55,000	20,000	(173,875)	(57,200)	20,000		(211,075)	(54,100)	20,000		
Sheltered Support Grant Mtce	(279,299)	(127,300)			(406,599)	(27,100)			(433,699)	(28,000)			(461,699)	(28,100)			(489,799)	(27,900)			
Total Earmarked Reserves	(11,092,701)	(4,559,240)	4,664,700	294,500	(10,692,741)	(4,453,200)	4,369,400	71,200	(10,705,341)	(4,291,300)	4,243,500	58,000	(10,695,141)	(4,417,800)	4,371,400	60,700	(10,680,841)	(4,705,200)	4,662,300	51,300	(10,672,441)

GENERAL FUND CAPITAL PROGRAMME - For Consideration at Budget Council 01 March 2017

Service / Scheme	2016/17			2017/18			2018/19			2019/20			2020/21			5 YEAR PROGRAMME		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
Environmental Services	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Vehicle Renewals	486,000		486,000	2,359,000		2,359,000	984,000		984,000	971,000		971,000	1,509,000		1,509,000	6,309,000	0	6,309,000
Bins & Boxes Scheduled Buy-Outs	74,000		74,000	50,000		50,000			0			0			0	124,000	0	124,000
Car Parks Improvement Programme	57,000		57,000	27,000		27,000			0			0			0	84,000	0	84,000
Middleton Solar Farm Feasibility Study	0		0			0			0			0			0	0	0	0
Happy Mount Park - Pathway Replacements	0		0	66,000		66,000	23,000		23,000	23,000		23,000			0	112,000	0	112,000
Langridge Way Play Area	23,000	16,000	7,000			0			0			0			0	23,000	16,000	7,000
Health and Housing																		
Disabled Facilities Grants	850,000	850,000	0	2,511,000	2,511,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	7,750,000	7,750,000	0
Warmer Homes Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Salt Ayre Sports Centre - Redevelopment	4,405,000		4,405,000	340,000		340,000			0			0			0	4,745,000	0	4,745,000
Regeneration and Planning																		
Sea & River Defence Works & Studies	3,780,000	3,780,000	0	2,860,000	2,860,000	0	1,221,000	1,221,000	0	25,000	25,000	0	25,000	25,000	0	7,911,000	7,911,000	0
Amenity Improvements (Morecambe Promenade)	6,000		6,000	18,000		18,000			0			0			0	24,000	0	24,000
Luneside East	30,000		30,000			0			0			0			0	30,000	0	30,000
Lancaster Square Routes	0	0	0	30,000	11,000	19,000			0			0			0	30,000	11,000	19,000
Morecambe TH12: A View for Eric	375,000	282,000	93,000	373,000	283,000	90,000	135,000	103,000	32,000			0			0	883,000	668,000	215,000
MAAP Improving Morecambe's Main Streets	527,000	9,000	518,000	258,000		258,000	150,000		150,000	150,000		150,000			0	1,085,000	9,000	1,076,000
King St/Wellington Terrace Affordable Housing s106 Scheme	90,000		90,000			0			0			0			0	90,000	0	90,000
Middleton Nature Reserve s106 Scheme	4,000		4,000			0			0			0			0	4,000	0	4,000
Pedestrian/cycle links Sainsbury's Morecambe s106 Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Lancaster District Empty Homes Partnership	99,000		99,000	101,000		101,000			0			0			0	200,000	0	200,000
Bay Arena Improvements	50,000	50,000	0			0			0			0			0	50,000	50,000	0
S106 Highways Works	485,000		485,000	135,000		135,000			0			0			0	620,000	0	620,000
Resources																		
ICT Systems, Infrastructure & Equipment	799,000		799,000	227,000		227,000	908,000		908,000	93,000		93,000	292,000		292,000	2,319,000	0	2,319,000
Corporate Property Works	2,314,000	8,000	2,306,000	2,746,000		2,746,000	1,113,000		1,113,000			0			0	6,173,000	8,000	6,165,000
Energy Efficiency Works	40,000		40,000	1,080,000		1,080,000			0			0			0	1,120,000	0	1,120,000
GENERAL FUND CAPITAL PROGRAMME	14,496,000	4,995,000	9,501,000	13,181,000	5,665,000	7,516,000	5,997,000	2,787,000	3,210,000	2,725,000	1,488,000	1,237,000	3,289,000	1,488,000	1,801,000	39,688,000	16,423,000	23,265,000
Financing :																		
Specific Grants and Contributions	4,995,000			5,665,000			2,787,000			1,488,000			1,488,000			16,423,000		
General Capital Grants	1,000			0			0		0	0		0	0		0	1,000		
Capital Receipts	1,219,000			870,000			0		0	0		0	0		0	2,089,000		
Direct Revenue Financing	237,000			176,000			0		0	0		0	0		0	413,000		
Earmarked Reserves	1,132,000			510,000			445,000		173,000	38,000		38,000			2,298,000			
	7,584,000			7,221,000			3,232,000		1,661,000	1,526,000		1,526,000			21,224,000			
Increase / Reduction (-) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)	6,912,000			5,960,000			2,765,000		1,064,000	1,763,000		1,763,000			18,464,000			
TOTAL FINANCING	14,496,000			13,181,000			5,997,000		2,725,000	2,725,000		2,725,000			39,688,000			
SHORTFALL / SURPLUS (-)	0			0			0		0	0		0			0			

Budget Transfers (Virements and Carry Forwards)

2017/18 Limits Budget Council 01 March 2017

1 Purpose and Scope

- 1.1 Budget transfers (virements and carry forwards) enable the Cabinet and Chief Officers to manage budgets with a degree of flexibility within the overall policy framework determined by full Council, to optimise the use of resources and promote good financial management.
- 1.2 Other detailed operational guidance will be provided to budget holders, but Council approval is required for the basic limits, as proposed below.

2 Virements

- 2.1 The term covers in-year transfers between budget headings. For example, high staff turnover may result in an interim need to buy in additional external support or services. This would require a virement from the salaries budget, into the relevant supplies & services budget.
- 2.2 The Scheme of virement applies to revenue and capital budgets, and it allows only in-year, non-recurring budget adjustments.
- 2.3 With the agreement of the s151 Officer, Chief Officers (or their nominated representatives) may approve virements between budgets under their control, subject to the following limits:

Delegated limit	2017/18
Total virement on any expenditure heading in any one financial year must not exceed:	£10,000
Total virement on any income heading in any one financial year must not exceed:	£10,000

- 2.4 Proposed virements above these limits, that otherwise fall within the approved budget and policy framework, must be considered by Cabinet.
- 2.5 Virement is not possible where the impact would fall outside of the policy framework.

3 Treatment of Year-end Balances

- 3.1 At the end of each accounting year, actual expenditure or income for the year may well vary from that budgeted, for a number of reasons. For example, a particular project may not have progressed as originally planned, meaning that the budget shows an underspending but only because some expenditure will be incurred later, and will slip into the next year. Alternatively, a budget may show an apparent overspending, but only because a project is ahead of schedule, with costs being incurred earlier than expected.

- 3.2 The following arrangements are proposed to help manage such situations. Again, these are based on previous practices, drawing on experience and streamlining the decision-making where appropriate. They apply to both revenue and capital budgets.

Overspends

Any overspending on any expenditure budget, or shortfall on any income budget, under the control of a Chief Officer (or their nominated representative) will be automatically carried forward to the following year as part of the closure of accounts process except where the relevant Chief Officer and the s151 Officer agree that it does not make operational sense to do so, or where the overspending is trifling in value.

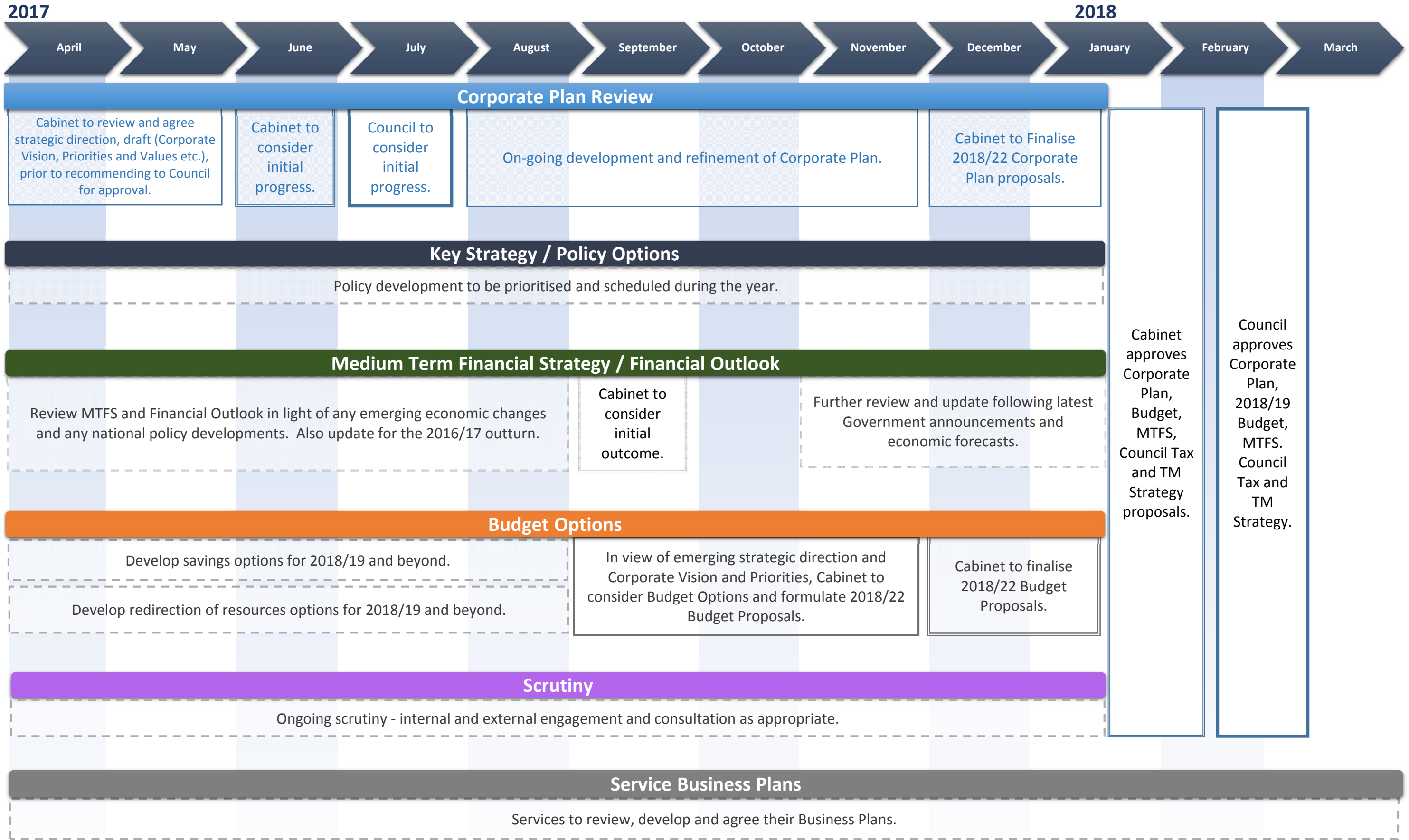
The s151 Officer will report to Cabinet on overspendings and their treatment as part of year-end reporting. Such reporting will also include the reasons for any overspends occurring and details of any actions taken to prevent the situation recurring, for Cabinet's consideration and endorsement.

Underspends

As part of year-end reporting, Cabinet may approve the carry forward of underspendings on expenditure budgets, as requested by Chief Officers, subject to:

- the carry forward amount being used for the same purpose as budgeted; and
- the total value of any such approved amounts being met within the approved budget framework. (In effect, this means that there should be no bottom-line net overspending arising, as a result of approving carry forward requests.)

BUDGET AND POLICY FRAMEWORK TIMETABLE - 2018/22



Cabinet approves Corporate Plan, Budget, MTFS, Council Tax and TM Strategy proposals.

Council approves Corporate Plan, 2018/19 Budget, MTFS, Council Tax and TM Strategy.

2017/18 Budget – Inflation & Other Price Factors

Budget Council 01 March 2017

The preparation of the base budget has been prepared in line with Financial Regulations. In particular this includes:

- a) Inclusion of all Council commitments to date;
- b) Exclusion of fixed term or one-off items of expenditure or income that “fall out” in each year;
- c) Re-pricing of each year’s base budget outturn basis using the factors shown below.

Where the authority is tied into differential contractual price increases, the contractual rates will be used. The table below covers all other scenarios. The factors are based on the Bank of England Inflation Report (November 2016), HM Treasury Economic Forecast (November 2016) and consultation with other Council services. It should be noted that for some cost areas there is little or inconsistent information available to inform future price movements and that certain costs, such as fuel, have been subject to significant price volatility in previous years.

	2017/18 %	2018/19 %	2019/20 %	2020/21 %
General Inflation (CPI)	2.0	2.4	2.4	2.4
Pay Award	1.0	1.0	1.0	1.0
Members Basic Allowance	1.0	To be determined by the IRP		
Energy	6.3	4.2	5.1	4.8
Water	2.1	2.5	2.5	2.5
Transport	2.7	2.6	8.2	9.0
Insurance	10.0	10.0	10.0	10.0
Building Repairs	2.0	2.4	2.4	2.4
Business Rates	2.0	3.0	3.2	2.0
Landfill Tax	2.0	3.3	3.3	3.3
Fees & Charges	2.0	2.4	2.4	2.4

Estimated Impact of Pay & Inflation on the General Fund:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
General Inflation (CPI)	132	295	470	620
Pay Award	187	377	569	762
Members Basic Allowance	2	2	2	2
Energy	27	45	74	103
Water	5	11	17	23
Transport	14	27	67	111
Insurance	60	120	178	236
Building Repairs	66	145	226	305
Business Rates	22	56	91	114
Landfill Tax	6	17	27	38
Fees & Charges	-195	-441	-683	-933
TOTAL	326	654	1,038	1,381

Note that some of the values shown above will cover increases tied into contractual agreements.

Information on other budget factors is given below:

Pay award

A 1% pay award has been assumed for all years.

National Insurance

The current NI is in the range of 0% to 13.8% (average rate being 6.6%) and has been applied to all years.

Superannuation

For 2017/18 to 2019/20 the contribution rate was set to increase to 15.5% following the latest triennial pension fund review, however by paying the full amount due up-front the Council can make significant savings. The resulting pension rate equates to an average of 13.8% over the three years. For 2020/21 it is assumed the rate will be 15.5%.

Fees and Charges

Fees and charges increases are grouped into three main categories for the purposes of budgeting for pricing increases, these being Prescribed & Regulated, General, and Cost Recovery.

Prescribed / Regulated Fees & Charges:

This covers fees and charges that are either set by central government or an external agency, or are similarly regulated – as such, the City Council has little or no discretion with regard to actual fee levels and charges, an example being *planning* application fees. The base budgets will be based on known set fee levels, or on expected levels across the three year period.

Fees & Charges linked to Cost Recovery:

These fees and charges will be budgeted for on the basis that the related activity will achieve any pre-determined financial objective for the year, e.g. breaking even by way of recovering the running costs of the service. Examples of these are *Building Regulation fees* (this is also a statutory requirement) and various *Service Charges*.

General:

Other general fees and charges have been linked to the CPI rate of inflation, unless specific decisions have been taken otherwise.

GENERAL FUND REVENUE BUDGET - 2017/18 TO 2020/21

SUMMARY OF SAVINGS AND GROWTH OPTIONS - 2018/19 ONWARDS

SERVICE	PROPOSAL
PHASE 2 - 2018/19 SAVINGS AND GROWTH OPTIONS TO BE EXPLORED	
POTENTIAL SAVINGS	
<i>Budget Proposals Arising From Previous Years</i>	
Governance	Civic Regalia
Environmental Services	Electric Car Charging Points
Environmental Services	Review of Financial Viability of a Solar Farm at Middleton
Regeneration & Planning	Platform Review
Regeneration & Planning	Museums Review
Regeneration & Planning	VIC's Rationalisation
Regeneration & Planning	Arts Grants Review
Resources (Financial Services)	Reduction of Credit Card Charges
<i>New Budget Proposals</i>	
Resources (Property Group)	Office Accommodation Rationalisation / Corporate Property Strategy Review
Environmental Services	Fleet Management Review
Environmental Services	Trade Waste Scoping Exercise to Determine Expansion
Environmental Services	Various Morecambe Concessions Review
Environmental Services	Williamson Park Café (includes capital growth)
Environmental Services	Car Parking Charges Review
Environmental Services	Advertising on Council Vehicles
Governance	Voluntary, Community & Faith Sector - Review of Funding
Health & Housing	Licensing Service Review
Health & Housing	Salt Ayre - New facility for gymnastics, indoor ski/surfing (includes capital growth)
Revenues (Financial Services)	Centralised Payroll Function
Resources (Revenues)	Review of Benefits Service (particularly Housing Benefit in light of Universal Credit roll-out)
Resources (Revenues)	Review of Council Tax Discretionary Discounts and Exemptions
POTENTIAL GROWTH	
Governance - HR	Learning & Development Capacity
Governance - HR	Job Evaluation Review
Environmental Services	New CCTV System (includes capital growth)
Environmental Services	Improve Lower Storey Garden (includes capital growth)
Environmental Services	Route Optimisation Software
Environmental Services	"Pay on Foot" parking in St Nicholas Arcades Car Park (includes capital growth)
Regeneration & Planning	MAAP - Making the Heart of Morecambe (includes capital growth)
Regeneration & Planning	MAAP - Improving Approach to Morecambe (includes capital growth)
Regeneration & Planning	Lancaster Square Routes - Sun Square (includes capital growth)
Resources (ICT)	Geographic Information Systems (GIS) Support & Development
Resources (ICT)	Corporate Digital Projects (including mobile working and ICT modernisation strategy)
All Services	Corporate Cultural Change

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

1

Service: Environmental Services

Service / Policy Area

Public Realm - Clean and Green Places

Brief Description of Budget Option

Street cleansing is a 365 day service. The proposal is to modernise the operation by changing working patterns of staff to better reflect the demands of the service. It is expected that planning work in this way will improve the efficiency of the service, increase resilience of the service, increase visibility of the cleansing operation, allow for a better split between planned and responsive work, provide for better work-life balance for staff and reduce the amount currently spent on overtime at weekends. By working in a more efficient way it is expected that whilst the same level of service will be provided the amount required to deliver it can be reduced by £80,000 in a full year. The forecast budget for 17/18 is £1.58million so a saving of £80,000 represents an efficiency of 5%.

Proposed Implementation Date

July

Estimated Lead-In

3 months

Nature of Option

Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

A more flexible presence will provide benefits for businesses, residents and visitors to the district.

Other Issues – e.g. Impact on internal services, potential risks etc.

The current level of frontline staff numbers will remain the same. However, the amount paid in overtime will reduce, and staff will be work different work rotas. The implementation of this will take place in accord with relevant HR policies and procedures, including full consultation with staff and Trade Unions.

Up-front Investment Needed (provide details below)

Amount:

£ 0

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Overtime Savings - Street Cleaning	-£ 60,000	-£ 80,000	-£ 80,800	-£ 81,600
Total	-£ 60,000	-£ 80,000	-£ 80,800	-£ 81,600

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

2

Service: Environmental Services

Service / Policy Area

Public Realm - Sustainable Economic Growth

Brief Description of Budget Option

To incorporate the former Kingsway Overspill Car Park next to Bridge End Depot into the public car parks portfolio to provide a managed car park with an appropriate level of parking charges aimed at shoppers and leisure users.

Proposed Implementation Date

May

Estimated Lead-In

1 month

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Supports the corporate priority of Sustainable Economic Growth. The proposal would be included in the Annual Fees and Charges 2017/18 Cabinet report and stakeholders would be consulted.

Other Issues – e.g. Impact on internal services, potential risks etc.

The proposal would be introduced within service, Lancashire County Council has been consulted and the appropriate notices or Amendment Order would be published or introduced through Legal Services. Other administrative and enforcement arrangements would be incorporated into existing operational arrangements and managed within current budgets.

Up-front Investment Needed (provide details below) Amount:

£ 15,000

Some improvement works are required and the installation of a power supply, signage and pay and display machine is required.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 8,000	-£ 10,200	-£ 10,400	-£ 10,600
Initial costs	£ 15,000			
Total	£ 7,000	-£ 10,200	-£ 10,400	-£ 10,600

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

3

Service: Environmental Services

Service / Policy Area

Safety - Sustainable Economic Growth

Brief Description of Budget Option

To assess the viability of providing Health & Safety training to external clients including other local authorities and private business.

Proposed Implementation Date

April 2018

Estimated Lead-In

12 months

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

New area of business potentially impacting on local competition.

Other Issues – e.g. Impact on internal services, potential risks etc.

This would utilise the time of an existing staff member which could potentially result in a shortfall to the available resources currently being dedicated to the safety levels across the Council. However, this could be addressed by introducing this proposal in phases whilst reviewing the impact on service needs.

Up-front Investment Needed (provide details below)

Amount:

£ 1,000

Investment required in new material (e.g. DVD's and flipcharts) to provide a professional service.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income		-£ 6,000	-£ 12,200	-£ 12,400
Initial Cost	£ 1,000			
Total	£ 1,000	-£ 6,000	-£ 12,200	-£ 12,400

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

4

Service:

Service / Policy Area

Cemeteries Service

Brief Description of Budget Option

The Council does not charge additional fees for the burial of persons who, at the time of death, do not reside in our district. Most councils charge at double the normal rate. It is proposed that the council introduce 'doubled up' charges (across the range of interment fees) from 01 April 2017. It is estimated that there will be 15 adult burials and 20 ashes interments a year. This would equal £654 per burial and £157 per ashes interment. In some cases extra income may be made by the sale of 'Exclusive Rights of Burial', but this has not been incorporated in this proposal as it cannot be guaranteed.

Proposed Implementation Date

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

Service Impact – External/Community Impact (including impact on Corporate Plan)

Although this proposal will increase costs to the bereaved, it is not anticipated the number of interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None.

Up-front Investment Needed (provide details below)

Amount:

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 13,000	-£ 13,300	-£ 13,600	-£ 13,900
Total	-£ 13,000	-£ 13,300	-£ 13,600	-£ 13,900

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

5

Service: **Service / Policy Area**

Cemeteries Service

Brief Description of Budget Option

An increase is proposed for the cost of providing an ashes interment but this will remain considerably below the minimum level charged by Lancaster Crematorium. The overall council fee for this service is made up of several elements so it is proposed to increase, in isolation, the fee for a Granite Memorial by £136 (rounded down). The number of interments is estimated at 40 per year.

Proposed Implementation Date

Estimated Lead-In

Nature of OptionEfficiency Saving Service Reduction Income Generation Other *Specify above***Service Impact – External/Community Impact (including impact on Corporate Plan)**

Although this proposal will increase costs to the bereaved, it is not anticipated the number of ashes interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None.

Up-front Investment Needed (provide details below)

Amount:

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 5,500	-£ 5,600	-£ 5,700	-£ 5,800
Total	-£ 5,500	-£ 5,600	-£ 5,700	-£ 5,800

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

6

Service:

Service / Policy Area

Cemeteries Service

Brief Description of Budget Option

The council's fees and charges are increased each year in April. This includes all Cemetery fees. This proposal is to increase all cemetery fees by an additional 3% on top of the annual general increase.

Proposed Implementation Date

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

Service Impact – External/Community Impact (including impact on Corporate Plan)

Although this proposal will increase costs to the bereaved, it is not anticipated the number of interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None

Up-front Investment Needed (provide details below)

Amount:

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 7,900	-£ 8,100	-£ 8,300	-£ 8,500
Total	-£ 7,900	-£ 8,100	-£ 8,300	-£ 8,500

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

7

Service:

Service / Policy Area

Environmental Health - Food & Safety team (Health policy area)

Brief Description of Budget Option

Cornwall Council has developed a range of innovative products under the umbrella name 'Safer Food Direct'. These offer local authority business regulatory expertise in a commercial, discretionary offer (over and above the help already provided by councils) in the interests of protecting consumers, supporting and advising individual local businesses, and more broadly to promote local economic confidence and growth.

This proposal is that we introduce Cornwall's 'Safer Food Direct' services and make good income-generating use of expert business advice and support on regulatory and technical food safety matters to commercial food businesses:

1. New business start-up advice and support.
2. Pre-inspection 'audit' advice and support.

These services would aim to help businesses to gain or retain a published full 'five-rating for food hygiene, helping them to attract more customers.

Proposed Implementation Date Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

Service Impact – External/Community Impact (including impact on Corporate Plan)

Closer working with businesses. Greater buy-in and motivation for food safety compliance. Income from discretionary chargeable business advice & support services over and above our continuing regulatory service delivery. Note: Piloting underway and due to be completed by 31st March 2017.

Other Issues – e.g. Impact on internal services, potential risks etc.

Conflict of interest managed through a firm operational policy.

Up-front Investment Needed (provide details below) Amount:

Licensing costs of £2k per year are expected to be waived in view of the council's special collaborative partner status with Cornwall Council.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Income	-£ 3,000	-£ 3,100	-£ 3,200	-£ 3,300
Total	-£ 3,000	-£ 3,100	-£ 3,200	-£ 3,300

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

8

Service:

Service / Policy Area

Development Management

Brief Description of Budget Option

(a) Revisions to the existing pre-application advice fee schedule, including the introduction of a new tier of pre-application advice (to be known as level three advice)

(b) Two new chargeable elements are also sought – the introduction of fees for separate heritage-related advice (advice from the Council's Conservation Officers regarding works to listed buildings, works within conservation areas and works within areas of article 4 direction); and the introduction of a new post-application meeting charge (to assist applicants and developers with discharging planning conditions or addressing reasons for refusal).

Proposed Implementation Date

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

Service Impact – External/Community Impact (including impact on Corporate Plan)

Pre-

Application advice is already charged; those affected by the changes to the suggested pre-application advice system will be planning applicants and developers.

Other Issues – e.g. Impact on internal services, potential risks etc.

(a) There will be a time-element impact here for Members, regarding the (relatively few) level three pre-application proposals that would be received per year. It is envisaged that a small group of Members (provisionally identified as those who attend Monthly Planning Briefing, which is one Member per political group represented on Planning Committee) would be required to attend a pre-application presentation by the developer

(b) The impact of charging for heritage advice will be likely to result in a much-needed reduction in the number of (currently) non-fee earning queries for the Council's Conservation Officers. By offering a new opportunity for all parties to discuss planning conditions and reasons for refusal, the workload of the 2 Planning Enforcement Officers may witness a modest fall.

Up-front Investment Needed (provide details below)

Amount:

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 9,100	-£ 12,700	-£ 12,900	-£ 13,200
Total	-£ 9,100	-£ 12,700	-£ 12,900	-£ 13,200

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

9

Service: Resources (Property Group)

Service / Policy Area

Property Services - room hire

Brief Description of Budget Option

To undertake a review of the room hire policy, with a view to promoting greater consistency and transparency, as well as increasing the current level of income generated.

Proposed Implementation Date April

Estimated Lead-In

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

A review of the policy is aimed at promoting greater consistency and transparency for customers, as well as increasing income.

Other Issues – e.g. Impact on internal services, potential risks etc.

There is a risk that if charges are increased too much it could result in fewer customers. The review therefore needs to ensure charges are competitive. and the packages offered are attractive.

Up-front Investment Needed (provide details below)

Amount: £ 0

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional income	-£ 13,000	-£ 13,300	-£ 13,600	-£ 13,900
Total	-£ 13,000	-£ 13,300	-£ 13,600	-£ 13,900

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

10

Service: **Service / Policy Area**

DEMOCRATIC SERVICES : ELECTIONS TEAM - COMMUNITY GOVERNANCE REVIEW

Brief Description of Budget Option

To carry out a community governance review (CGR) of the whole district in 2017-2019. This would start in September 2017 and take 12 months, being ready for implementation in April 2019. A CGR is an opportunity for a principal council such as Lancaster City Council to consult with residents to review and make changes to the parish and town councils ('community governance') in its area and consider creating new parish and/or town councils.

The power to undertake these reviews is set out in Section 100 of the Local Government and Public Involvement in Health Act 2007 and Section 100(4) of the Act requires the Council to have regard to guidance issued in 2010 by the Secretary of State and the Local Government Boundary Commission for England which states that it is good practice for a principal Council to undertake a review every 10-15 years. The Act came into force almost nine years ago and the Council has not yet carried out a full review, although community governance reviews have been undertaken to set up Morecambe Town Council (2008) and Aldcliffe with Stodday Parish Council (2016). Officers feel it is now time for a full review, as interest has been expressed in forming a Parish Council for Heysham and this seems an ideal time, with no major elections planned for 2018.

Proposed Implementation Date Estimated Lead-In **Service Impact – External/Community Impact (including impact on Corporate Plan)**

The bulk of the work would be carried out by the elections team, led by the Elections Manager. There is likely to be an impact on colleagues who arrange precepting and bill residents for council tax although that impact can not be accurately predicted as it will depend on the outcome of the review. If a new Council is established for Heysham, for example, there will be a significant impact as it will affect a large number of households. If there are no changes at all after carrying out the review, there will be no impact.

No major elections are planned for May 2018, so this is the ideal time to undertake a review, as it will be a major piece of work, possibly including polls not just consultation work, and could not be undertaken in parallel with an election without extra staff resources. The next year with no planned elections is 2022.

Other Issues – e.g. Impact on internal services, potential risks etc.

The impact on the elections team - consultation work, reporting to members at various stages and possibly running polls (if required) - could be significant, and for this reason the work has been scheduled for a year with no planned elections. The greatest risk - unlikely but still a risk - is that a snap Parliamentary Election could be called and this would mean that the review would have to either be put on hold, or additional staff resources would be needed. There is also a risk, if the review is delayed or put on hold, that the Council has not given due regard to the timescales in the guidance document.

The costs that are given in this growth bid are initial estimates, and may ultimately be lower; they cannot be firmed up until the outcome of the public consultation and whether polls are going to be necessary or not (the polls and the fees that might be paid to the software supplier to adjust the Council Tax system are the most costly elements, the initial consultation can be carried out at minimum cost using press releases and the Council website). If no polls are needed, the cost will be much lower.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Fees for system changes		15,000		
Possible polls (may not be needed)	10,000	10,000		
Total	10,000	25,000	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

11

Service:

Service / Policy Area

Conservation (Built Heritage)

Brief Description of Budget Option

To create a new temporary post of Conservation Assistant (Standards, Compliance and Enforcement). The post would be for two years and would permit a qualified but probably fairly inexperienced conservation graduate to support the work of the conservation officers.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

The council has legal responsibilities for ensuring that heritage assets are identified and protected. The council also has intentions to promote economic growth on the basis of this cultural offer: the Corporate Plan identifies one of the main prospects for economic growth is the potential to capitalise on the district's "outstanding arts and cultural heritage". Presently, the council manages all built heritage with only two conservation officers. Much of the officers' valuable professional time is lost to addressing enforcement matters, often relating to occurrences where property owners do not implement what they have obtained consent for, or, make changes to heritage assets without seeking consent. The need to delay other work to address non-compliance issues prevents positive conservation policy work being undertaken. Insufficient resource to address incidences of non-compliance have wider ramifications: members of the community who follow process can be discouraged whilst other community members may be encouraged to follow suit. Establishing and publicising clear intentions to ensure that conservation standards are complied to whilst non-compliance issues will be addressed raises expectation and ultimately standards. An additional resource with a focus on compliance will greatly assist.

Other Issues – e.g. Impact on internal services, potential risks etc.

The Planning (Listed Buildings and Conservation Areas) Act 1990 places specific duties and obligations on local authorities to ensure that heritage assets are conserved. Having the support of an assistant will enable the Conservation Officers to focus their experience and their valuable officer time on addressing the substantive challenges and processes including deadlines associated with the delivery of the local plan. A dedicated and knowledgeable resource to address issues of standards and compliance specifically with regard to development affecting heritage assets will support the work of the small planning enforcement team who are obliged to prioritise enforcement case work and establish better expectations on development compliance.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Conservation Assistant Grade 3	16,300	22,900	6,000	
Total	16,300	22,900	6,000	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

12

Service:

Service / Policy Area

Financial Services

Brief Description of Budget Option

Establishment of a new post of Accountancy Manager (Grade 8). The creation of this post will provide the necessary capacity within accountancy to ensure key projects, such as Canal Corridor & Salt Ayre Sports Centre redevelopment, are supported with the appropriate level of financial advice and support, and that the accountancy section can successfully adapt to future changes in accounting requirements and early closure timescales, as well as resourcing the implementation of replacement financial and non-financial IT systems. The post would also create capacity for aspects of accountancy work that have been put on hold due to a lack of resources, i.e. a full review of internal recharges and implementation of monthly financial monitoring amongst other areas of work. It would also provide the Financial Services Manager with much needed capacity to allocate more time to managing and developing the exchequer, procurement and risk management/insurance sections, as well as being able to support more strategic financial issues such as 100% Business Rates Retention and New Homes Bonus etc.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

None directly other than the service.

In terms of initial key performance indicators, the post is planned to;

- generate savings to cover the additional cost after three years
- ensure the new shorter statutory closedown timescales are achieved (30 June 2018)
- ensure successful implementation of replacement IT systems by 2019/20,

Other Issues – e.g. Impact on internal services, potential risks etc.

Creation of the post will ensure key council projects and initiatives can be supported with the appropriate level of advice and support. It will provide services with another level of strategic and operational financial advice and support, and will create capacity to enable future financial developments to be planned and resourced appropriately.

If the post is not created the service will not have the capacity to meet future changes and developments, i.e. implementation of a replacement IT system, changes in accounting requirements and the requirement to close accounts earlier. In addition, there will be insufficient capacity to support key corporate initiatives and projects. There is also a risk that increased pressure on the accountancy section will result in an increase in the likelihood of errors, failure to meet internal and external deadlines and generally have a negative impact on the Council and its services, and staff generally.

The cost of the post from 2020/21 onwards will be covered by finance-driven savings (be they income related or efficiency/modernisation measures).

As well as the wide ranging statutory obligations that the post would help fulfil, under section 114 of the Local Government Finance Act 1988 (and as set out in the Council's Constitution), the authority must provide the Section 151 Officer with *sufficient staff*, accommodation and resources, to carry out the duties under that section. This is a key governance requirement to ensure the S151 officer can provide a finance function with the resources, expertise and systems necessary to perform its role effectively.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Accountancy Manager - Grade 8	36,100	50,200	51,900	52,900
External Recruitment Costs	7,000			
Target Savings				-52,900
Total	43,100	50,200	51,900	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

13

Service: **Service / Policy Area**

Clean and Green Places

Brief Description of Budget Option

Council's decision (March 2016) with regards to CCTV was to cease provision 31/03/17 but work with interested parties to establish if it could be provided in a different way at no cost to the Council. Work is ongoing to look at the business case for a 're-purposed' public CCTV system that acts a tool to 1) contribute to safety 2) help reduce fly tipping and vandalism 3) help manage other functions provided by the Council eg events, Licensing.

The current system is in need of upgrade however so capital expenditure would be required besides ongoing revenue funding. A project group consisting of City Council, Lancaster BID, Morecambe BID, Chamber, Police is looking at the best options going forward - including working with other Councils. In order to allow time for the viability of the business case to be determined the Council will continue to run the system from April to September 2017, but without staffing. The one-off costs to support this extension are indicative at this stage.

Proposed Implementation Date Estimated Lead-In **Service Impact – External/Community Impact (including impact on Corporate Plan)**

Supports corporate priorities of Community Leadership, Clean and Green Places, Sustainable Economic Growth.

Other Issues – e.g. Impact on internal services, potential risks etc.

No other key issues at this stage.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Cost of extension April to Sept 2017	50,000			
Total	50,000	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Sport and Leisure - Community Pools

Brief Description of Budget Option

In accordance with the resolution of Council on 14 December 2016, funding for the community pools be extended beyond March 2017, for a limited period, to allow the schools more time to develop viable business cases to take on ownership.

External funding will be sought to cover the cost of the extension.

Proposed Implementation Date

Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

The City Council, County Council, Sport England, Lancashire Sport and the Association of Amateur Swimming have together been working with the schools to build business cases that would allow them to take ownership. Unfortunately, Hornby Focus School has withdrawn its initial interest in taking over the pool, as a community pool, as there was no viable business case. As a result, this pool will cease to operate on 31 March 2017.

The extension of funding covers the two remaining pools at Carnforth and Heysham.

Other Issues – e.g. Impact on internal services, potential risks etc.

Officers from Health and Housing will continue to work with other partners and the schools.

The main risk is that alternative operating models are not financially viable and the pools have to close.

If sufficient external funds are not forthcoming, the shortfall will be met from the Budget Support Reserve.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Operating costs - April to September	60,000			
External Funding	-60,000			
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

15

Service:

Service / Policy Area

Environmental Health - Pest Control (Health policy area)

Brief Description of Budget Option

This proposal creates additional staffing capacity to maximise the prospects for delivering required levels of income from our Pest Control service. It is linked to existing income targets for 2017/18 and beyond which we are taking forward through a commercialisation and marketing project which has already begun, targeting higher value commercial contract clients.

We propose the establishment of a grade 2 post of Assistant Pest Control Operative for a fixed term of 2 years to:

- a) free up existing highly experienced staffing capacity to service new, high value contract clients
- b) secure succession planning to sustain the service's expertise, efficiency, effectiveness and viability.

In order to recruit and train the new post holder in time for the main income-generating wasp season, assistance for timely recruitment is proposed at a cost of £3,600 which will be met from corporate turnover savings in 2016/17.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Pest Control is currently working at full stretch to service existing workloads.

Based on existing staffing levels we would have to drop some existing, lower-earning work in order to achieve future year income targets.

This proposal creates additional staffing capacity so that we would continue to service existing clients and workloads without loss of lower-earning work, whilst also maximising prospects of winning and successfully servicing higher-earning commercial contracts. Once the time has been spent upfront winning the higher value contracts, workload can be managed thereafter without the additional resource.

Other Issues – e.g. Impact on internal services, potential risks etc.

Pest Control cannot guarantee delivering existing income targets but is in a strong position in terms of service expertise, customer-base awareness and customer satisfaction.

The additional costs of employing and training the proposed Assistant Pest Control Operative would be added to our income targets. Without that post we risk not being able to capitalise on strong income-generating prospects that would help to assure the future financial sustainability of the service and seek to generate a surplus.

In summary, the creation of this post will ensure current income levels are maintained as well as generating more income to cover the additional cost.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
1 x Assistant Pest Control Operative	19,300	19,500		
Target income supported by this proposal	-19,300	-19,500		
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

16

Service:

Service / Policy Area

Environmental Health (Health and Clean-Green-Safe policy areas)

Brief Description of Budget Option

Establishment of a fixed term 2 year pilot Anti-Social Behaviour team dedicated to investigating, confronting and tackling (using formal enforcement powers where necessary) anti-social behaviour. We anticipate but cannot at this stage confirm likely support with the costs of running this unit from Transformational Challenge Award (TCA) funding. We would make a bid to the County Council for an element of their TCA grant allocation, the aims of which are closely aligned with the growth proposal.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Anti-social behaviour is a significant problem in parts of the Lancaster district (including council estates) in terms of neighbour-on-neighbour problems, litter and fly-tipping, drug-related problems affecting residential streets, alcohol and the night-time economy, and aspects of hate crime-related anti-social behaviour falling outside the criminal remit of the Police. Anecdotally some of these are growing problems.

One part-time (2 days a week) permanent ASB Officer post, formed from part of a pre-existing post, is currently (December 2016) being recruited to. The growth proposal here is to more fully establish a small unit of two dedicated ASB officers and a fully operational ASB lead officer. Working highly flexible hours to target peak times and maximise impact, this pilot if approved will run from June 2017 to May 2019. We believe this is the minimum size of unit to efficiently and effectively manage and fulfil a demanding caseload. It will be necessary to strictly prioritise individual cases and align with the needs of any funding sources.

A dedicated anti-social behaviour unit will help to offer cost effective and coordinated joined-up enforcement when compared with a single dedicated service on a wider anti-social matter such as litter / fly-tipping.

Other Issues – e.g. Impact on internal services, potential risks etc.

This proposed anti-social behaviour unit will enable some existing demands on council services to be delivered in more efficient and targeted ways. In several areas (Environmental Health, Council Housing) the detail in this proposal already reflects some diversion of resources. There are several other anticipated funding sources - each likely to be conditional to specific geographical areas or types of problem - and these would once approved be brought on stream as additional posts.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
1 x additional ASB officer (grade 4)	22,800	28,300	4,900	
1 x lead ASB officer (grade 5)	27,100	33,600	5,800	
Use of 2 x marked vehicles	8,300	10,000	1,700	
Equipment, tools, clothing & training	3,500	2,000	500	
TCA Funding - to be confirmed	-46,700	-55,900	-9,900	
HRA contribution to anti-social behaviour	-15,000	-18,000	-3,000	
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

17

Service: **Service / Policy Area**

Regeneration/Development Control

Brief Description of Budget Option

Appointment of Project Officer to support the Regeneration Manager with the delivery of the Canal Corridor North Regeneration project.

Time limited contract (5 years)

Proposed Implementation Date Estimated Lead-In **Service Impact – External/Community Impact (including impact on Corporate Plan)**

The Canal Corridor North project is a major priority for the City Council. It will be complex in terms of balancing the councils regulatory role with its regeneration and economic development activities. The City Council is both a landowner, investor, and regulator in this project.

This is one of the most important regeneration projects in a generation and has game changing potential to elevate Lancaster to deliver its true potential in terms of a visitor destination, student experience and becoming a top location to live and work.

Other Issues – e.g. Impact on internal services, potential risks etc.

The Canal Corridor North project is now moving into a phase where it is capable of consuming a disproportionate amount of the Regeneration Manager's time handling routine but important project management duties. To redress this balance throughout the delivery phase of the project dedicated project support is needed to ensure the Regeneration Manager can offer the appropriate direction whilst carrying his other managerial and professional duties. Considerable work is still being done as part of due diligence to assess whether the project can commence to the delivery stage. No recruitment to this key delivery post would take place until there was more certainty over commencement.

Recruitment in the planning and regeneration sector is becoming increasingly difficult and it is by no means certain that the appropriate expertise can be acquired through traditional recruitment methods.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Project Officer Grade 6	29,200	40,500	42,100	44,000
Total	29,200	40,500	42,100	44,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

18

Service:

Service / Policy Area

Regeneration - Empty Homes

Brief Description of Budget Option

Redirecting savings from the retirement of an existing post holder to make the Empty Homes Officer post permanent (current contract expires 31st March 2017). This is in line with an October 2014 Cabinet decision (minute 47 refers). This will be accompanied by a refresh of the Empty Homes Strategy (to be reported to Cabinet in February 2017) and an internal reorganisation to ensure sufficient capacity is in place to cover this important area of work. The overall impact of these changes will be cost neutral at worst with potential for a small overall saving.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

This is a high profile area of work with significant community impact. Empty Homes are a visible sign of an area's wellbeing and a deterrent to investment. They are also a wasted resource at a time of housing shortages. Bringing empty homes back into use directly contributes to the corporate priorities of health and wellbeing and economic regeneration and has a positive financial impact on the council.

Other Issues – e.g. Impact on internal services, potential risks etc.

A successful empty homes program helps address housing need and improves the economic prospects of an area. It also complements other regeneration initiatives (such as S215 untidy land and building work) and ongoing enforcement work through planning and housing legislation. It is proposed to improve co-ordination between these functions to provide the most efficient service possible.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Empty Homes Officer salary and on-costs	34,600	35,700	36,700	37,500
Retiring Officer salary and on-costs	-44,500	-44,500	-44,500	-44,500
Net Saving	-9,900	-8,800	-7,800	-7,000
Note: Use of savings to be considered as part of wider restructure	9,900	8,800	7,800	7,000
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Resources / Property

Brief Description of Budget Option

Implementation of a new Property Group staff structure which includes increased staff levels to address resourcing gaps in critical areas. The key growth area is asset management to create capacity for strategic property management and ensure the City Council obtains best value for money from its property holdings.

Another key area being addressed through the restructure is that of facilities management creating a clear split between room bookings & events management (a potential growth area for the Council) and reducing the number of traditional facilities support officers but increasing the hours to increase flexibility and reduce overtime payments.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Builds capacity for strategic property management.

Delivers a more focused approach to room booking and event management. Potentially creates a foundation for a more corporate approach to room bookings and cafe management in the future. Improves flexibility within the facilities support to reduce overtime and thus improve financial certainty going forward.

In terms of initial key performance indicators, the post is planned to;

- recover the additional cost after two years through the generation of additional income. This will be reviewed and updated as Business Plan develop, and
- enable the Corporate Property Strategy to be updated and adopted by 31 March 2018 (incorporating the disposal strategy and accommodation strategy).

Other Issues – e.g. Impact on internal services, potential risks etc.

Increased capacity in asset management will deliver a more strategic approach to management of the Council's property holdings. It will also allow Property Group to increase its corporate landlord responsibilities thus reducing the time other services spend on property related matters.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Increase to staff structure	23,600	37,100	41,400	42,600
Target Savings			-41,400	-42,600
Total	23,600	37,100	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

20

Service: **Service / Policy Area**

Economic Development

Brief Description of Budget Option

To establish an earmarked reserve of £500K to support economic growth activities in the district - see attached for examples of potential areas of indicative investment/spend.

Use of the reserve to be delegated to Officers, but subject to consultation (and therefore agreement) with Cabinet. Matters may be referred formally to Cabinet if/as need be.

Proposed Implementation Date Estimated Lead-In

Nil

Service Impact – External/Community Impact (including impact on Corporate Plan)

To promote economic growth within the district through various projects and activities - see attached for more details.

Other Issues – e.g. Impact on internal services, potential risks etc.

Could potentially impact on all services across the Council.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Creation of an earmarked reserve	500,000			
Total	500,000	0	0	0

Economic Growth Reserve
Potential areas of spend (indicative)

Activity	What we will do
<p><u>Additional Economic Development work</u></p>	<p><u>Economic Intelligence</u> Monitor and report on districtwide economic intelligence. <i>(Officer time and possible data costs)</i></p> <p><u>Economic Growth Strategy</u> Support development and delivery of an Economic Growth strategy. <i>(Officer time)</i></p> <p><u>Business support</u> Work with sub regional partners to promote business support, advice and funding, including business events, communications and signposting. <i>(Officer time and event contribution)</i></p> <p><u>Skills</u> Work with local partners, sub regional agencies and the education sector to support skills programmes and ensure skills requirements of local businesses / employers are addressed. <i>(Officer time)</i></p> <p><u>Inward Investment</u> Develop an Inward Investment Strategy and manage and support Inward Investment enquiries. <i>(Officer time)</i></p> <p><u>Strategic partnership</u> Coordination of local economic partners and resources and support for local developments linked to the Combined Authority. <i>(Officer time and incidental costs)</i></p> <p><u>External funding</u> Identify, access and manage external funding. <i>(Officer time)</i></p> <p><u>Destinations</u> Destination Development Plan (DDP) improvements e.g. signage, arrival information, early evening economy measures. <i>(Small budget requirement)</i></p>

Economic Growth Reserve
Potential areas of spend (indicative)

<p><u>Additional Marketing and Communications</u></p>	<p><u>Place marketing</u> To support inward investment, to promote commercial centres and properties and to attract skilled workers to the district. <i>(Officer time and marketing costs)</i></p> <p><u>File and TV</u> Location services for film and TV. <i>(Marketing costs)</i></p> <p><u>Commercial services (to deal with increase in demand)</u> Analysis and development of the market for Council products and services. Support for product and commercial service development. Branding, packaging and market positioning. Direct marketing and promotion. Web and digital marketing. <i>(Officer time and marketing costs)</i></p> <p><u>Internal communications</u> Development and management of an increased level of internal communications. <i>(Officer time)</i></p>
<p><u>Museums</u></p>	<p>Transformational plans for the City Council's museums service. Early development costs likely to include:</p> <ul style="list-style-type: none"> - Consultation - Detailed surveys, technical and design costs and fees - Planning fees - Development of revenue business plan - Specialist funding advice - Audience and programme development - Museums business development <p><i>(Officer time and external fees)</i></p>

Economic Growth Reserve
Potential areas of spend (indicative)

<p><u>Archaeological site – Beyond the Castle</u></p>	<p>To be confirmed following consultants' review. Potentially includes establishing new governance, site protection, further archaeological investigations, research, marketing, education and visitor plans. <i>(Officer time and external fees)</i></p>
<p><u>Morecambe Area Action Plan (MAAP), including the Platform</u></p>	<p>Develop long term vision and plans for the Council's land and buildings in the MAAP, including the Platform Design and develop improved bar, catering and retail facilities for the Platform and VIC to support wider vision for the area Underwrite LRRP upfront costs for further scheme development and potential property disposals <i>(Officer time, design and planning fees)</i></p>
<p><u>Lancaster Vision and Masterplan early interventions</u></p>	<p>Develop and deliver key early interventions arising out of the Vision and Master Plan. <i>(Officer time, early development costs)</i></p>
<p><u>Heysham Gateway</u></p>	<p>Underwriting LRRP upfront costs of master planning area and developing infrastructure investment strategy Producing joint marketing / promotional material <i>(Contribution to infrastructure needs e.g. roads and drainage)</i></p>
<p><u>Other Regeneration projects</u></p>	<p>e.g. Flood defences, Carnforth Town Centre, High speed Broadband, Rural Initiatives, Morecambe Bay key projects <i>(Early development and feasibility costs)</i></p>

COUNCIL

Treasury Management Strategy 2017/18 01 March 2017

Report of Cabinet

PURPOSE OF REPORT

This report seeks approval for the Council's treasury management framework for 2017/18 onwards, including all the various elements as required under relevant legislation and the associated Code of Practice.

This report is public.

RECOMMENDATIONS:

- 1) That Council approves the Treasury Management Framework and associated Prudential Indicators as set out in Appendices A to C.

1 INTRODUCTION

- 1.1 The Code of Practice on Treasury Management ("the Code") requires that a strategy outlining the expected Treasury activity for the forthcoming 3 years be adopted, but that it be reviewed at least annually. It needs to reflect treasury policy and cover various forecasts and activities, in order to integrate the Council's spending and income plans with decisions about investing and borrowing.
- 1.2 Responsibilities associated with the Code's requirements are set out at **Appendix A**. Those aspects that require consideration by Council are covered in the following sections.

2 TREASURY MANAGEMENT POLICY STATEMENT

- 2.1 The Code requires the Council to set out a Policy Statement outlining the definition and objectives of its treasury management activities. The Code requires a specific form of words for the Policy Statement; this is unchanged from the current policy and it is set out at **Appendix B**.

3 TREASURY MANAGEMENT STRATEGY

- 3.1 The proposed Strategy for 2017/18 to 2020/21 is set out at **Appendix C**. The document contains the necessary details to comply with both the Code and Government investment guidance.

3.2 Key elements and assumptions feeding into the Strategy are outlined below. These fit with Cabinet's final budget proposals.

3.3 **Borrowing Aspects of the Strategy**

3.3.1 Based on the draft budget, for now the physical borrowing position of the Council is projected to remain fairly constant over the next three years, allowing for scheduled repayments.

3.4 **Investment Aspects of the Strategy**

3.4.1 Overall, the strategy put forward follows on from 2016/17 in that it is based on the Council having a comparatively low risk appetite with focus on high quality deposits. The 2017/18 strategy continues to use broadly the same investment criteria as approved by Members in 2016/17, albeit with greater clarity on limits regarding non-specified investments, including slightly more flexibility for investing in high quality non-UK banks (Annex A2 to the attached Strategy).

3.4.2 The proposed Investment Strategy continues to provide for investing with other local authorities given that these, in effect, are as secure as investing with the Government but they offer greater returns. Furthermore it makes sense to keep the benefits of such temporary cash investing/borrowing wholly within the local authority family.

4 **CONSULTATION**

4.1 Officers have liaised with the Council's Treasury Advisors in developing the proposed framework. The framework is also due to be considered by Budget and Performance Panel at its meeting on 21 February.

5 **CONCLUSION**

5.1 The Treasury Management Framework must fit with other aspects of the budget, such as investment interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators.

5.2 Any alternative proposals or amendments to the proposed Strategy in **Appendix C** would have to be considered in light of legislative, professional and economic factors, and importantly, any alternative views regarding the Council's approach to risk.

5.3 The proposed framework is based on the Council continuing to have a comparatively low risk appetite regarding the security and liquidity of investments. It is stressed though that in terms of treasury activity, as with many other functions, there is no risk free approach.

RELATIONSHIP TO POLICY FRAMEWORK

This report fits with the proposed Medium Term Financial Strategy elsewhere on the agenda, in support of the Council's policy framework.

CONCLUSION OF IMPACT ASSESSMENT

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

No direct implications arising.

FINANCIAL IMPLICATIONS

The Strategy is in support of achieving the borrowing cost and investment interest estimates included in the proposed budget.

SECTION 151 OFFICER'S COMMENTS

The section 151 Officer has produced this report, on behalf of Cabinet. Her comments and advice are reflected accordingly.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None.

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TREASURY MANAGEMENT FRAMEWORK DOCUMENTS AND RESPONSIBILITIES

For Consideration by Council 01 March 2017

DOCUMENT	RESPONSIBILITY
CODE of PRACTICE	To be adopted by Council (as updated 2011).
POLICY STATEMENT	The Code of Practice recommends a specific form of words to be used, to set out the Council's objectives within the Policy Statement for its Treasury Management activities. It is the responsibility of Council to approve this document, and then note it each year thereafter if unchanged. This reflects the revised code November 2011.
TREASURY MANAGEMENT STRATEGY	The Strategy document breaks down the Policy Statement into detailed activities and sets out the objectives and expected market forecasts for the coming year. This also contains all the elements of an Investment Strategy as set out in the Government guidance; it is the responsibility of Council to approve this document, following referral from Cabinet.
TREASURY MANAGEMENT INDICATORS	These are included within the Strategy Statement as part of the framework within which treasury activities will be undertaken. It is the responsibility of Council to approve these limits.
INVESTMENT STRATEGY	The Investment Strategy is included within the Treasury Management Strategy. It states which types of investments the Council may use for the prudent management of its treasury balances during the financial year. Under existing guidance the Secretary of State recommends that the Strategy should be approved by Council.
TREASURY MANAGEMENT PRACTICES	<p>These are documents that set out the procedures that are in place for the Treasury Management function within the Council. The main principles were approved by Cabinet following initial adoption of the Code of Practice; they include:</p> <p>TMP 1: Risk management TMP 2: Performance measurement. TMP 3: Decision-making and analysis. TMP 4: Approved instruments, methods & techniques. TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements. TMP 6: Reporting requirements & management information requirements. TMP 7: Budgeting, accounting & audit. TMP 8: Cash & cash flow management. TMP 9: Money laundering. TMP 10: Staff training & qualifications. TMP 11: Use of external service providers. TMP 12: Corporate governance.</p> <p>Any changes to the above principles will require Cabinet approval. It is the Chief Officer (Resources)' responsibility to maintain detailed working documents and to ensure their compliance with the main principles. Quarterly treasury management reports will continue to be reported through to Members.</p>

LANCASTER CITY COUNCIL
TREASURY MANAGEMENT POLICY STATEMENT

For consideration by Council 01 March 2017

This reflects the revised CIPFA Treasury Management Code of Practice (Code updated in 2011).

1. This organisation defines its treasury management activities as:

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

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

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

Treasury Management Strategy 2017/18 to 2020/21

For Consideration by Council 01 March 2017

1 INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which means broadly that income to be raised during the year will meet expenditure to be incurred, after allowing for any changes in reserves and balances. Part of the treasury management operation is to ensure that the associated cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

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

1.2 Reporting Requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid-year treasury management report – This will update Members with the progress of the treasury position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

In addition, Members will receive high level update reports for Quarters 1 and 3.

The above reports are required to be adequately considered and scrutinised before being presented to Council. This is undertaken by Cabinet and the Budget and Performance Panel.

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury Management Issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Government MRP Guidance, the CIPFA Treasury Management Code and Government Investment Guidance.

1.4 Training

The CIPFA Code requires the Chief Officer (Resources) to ensure that Members with responsibility for treasury management receive adequate associated training. This especially applies to Members responsible for scrutiny. A training session will be arranged during 2017 accordingly with further training provided as required. The training needs of treasury management Officers are periodically reviewed.

1.5 Treasury Management Consultants

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2020/21

The Council's capital expenditure plans are the key driver of treasury management activity. The plans are reflected in various prudential indicators, as determined under regulation, to assist Members in their overview of such capital expenditure planning.

2.1 Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The table below provides that summary, showing how the plans are being financed by capital or revenue resources. Any shortfall of resources results in an underlying borrowing or financing need.

Capital expenditure	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
General Fund	7.52	14.50	13.18	6.00	2.72	3.29
Housing Revenue Account (HRA)	4.88	4.31	4.08	4.16	4.11	4.16
Total	12.40	18.81	17.26	10.16	6.83	7.45
Financed by:						
Capital receipts	-0.86	-1.51	-1.13	-0.26	-0.27	-0.27
Capital grants	-1.90	-5.03	-5.69	-2.79	-1.49	-1.49
Capital reserves	-5.11	-5.12	-4.30	-4.34	-4.01	-3.93
Revenue	-0.11	-0.23	-0.18	0.00	0.00	0.00
Net financing need for the year	4.42	6.92	5.96	2.77	1.06	1.76

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total amount of capital expenditure (including that from prior years) that has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying need to borrow. Any capital expenditure that is not wholly financed in-year will increase the CFR.

The CFR does not increase indefinitely. This is because the Minimum Revenue Provision (MRP), which is a statutory annual charge to revenue, broadly reduces the borrowing need in line with each asset's life.

The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £127K of leases within the CFR.

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Capital Financing Requirement						
General Fund**	35.37	41.08	45.51	46.27	45.23	44.73
HRA **	42.52	41.48	40.44	39.40	38.36	37.31
Total CFR	77.89	82.56	85.95	85.67	83.59	82.04
Movement in CFR	1.78	4.67	3.39	-0.28	-2.08	1.55

Movement in CFR represented by						
Net financing need for the year (above)	4.42	6.92	5.96	2.77	1.06	1.76
Less MRP/VRP and other financing movements	-2.64	-2.25	-2.57	-3.05	-3.14	-3.31
Movement in CFR	1.78	4.67	3.39	-0.28	-2.08	-1.55

** Note that this has been restated since February Cabinet, but is presentational and has no budgetary impact.

2.3 Minimum Revenue Provision (MRP) Policy Statement

The Council is required to 'pay off' an element of the accumulated General Fund CFR each year through a revenue charge (the minimum revenue provision - MRP), and it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

Government Regulations require Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision being made. In approving this Strategy, Council approves the following MRP Statement:

For capital expenditure incurred after 01 April 2008, MRP will be based on:

- Asset life method – MRP will be based on the estimated life of each asset created as a result of the related capital expenditure, in accordance with the Regulations (this option must also be applied for any expenditure capitalised under a Capitalisation Direction).

This option provides for a reduction in the borrowing need over the approximate life of the asset concerned.

In line with Government guidance, the MRP in respect of capital expenditure incurred before 01 April 2008 will be charged over a period of 60 years.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual finance leases are applied as MRP.

2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments, unless resources are supplemented each year from new sources (e.g. asset sales). The following table provides estimates of the year end balances for each resource and anticipated year end cash flow balances from other day to day activities:

Year End Resources	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Fund balances / reserves	23.23	22.30	23.36	23.27	22.94	22.83
Capital receipts	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	14.54	5.16	5.16	5.16	5.16	5.16
Total core funds	37.77	27.46	28.52	28.43	28.10	27.99
Working capital*	11.57	11.57	5.57	8.57	11.57	11.57
Under borrowing	-11.47	-17.27	-21.74	-22.50	-21.46	-20.96
Expected investments	37.87	21.76	12.35	14.50	18.21	18.60

*Working capital balances shown are estimated year end; these may be higher mid-year

2.5 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

2.6 Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	15.8%	14.5%	16.2%	18.9%	19.3%	18.9%
HRA	21.9%	21.6%	21.6%	21.5%	21.5%	18.9%

The estimates of financing costs include current commitments and the proposals in this budget report.

2.7 Incremental Impact of Capital Investment Decisions on Band D Council Tax

This indicator identifies the revenue costs associated with proposed changes to the five year capital programme recommended in the budget report, compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates.

Council Tax	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Band D Impact	-£0.07	£0.07	£0.56	£1.88	£1.75

2.8 Estimates of the Incremental Impact of Capital Investment Decisions on Housing Rent Levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in the budget compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Weekly housing rent levels	-£0.00	-£0.01	-£0.01	-£0.03	£0.09

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2016 and forward projections are summarised below. The table shows the actual external debt from treasury management operations, against the underlying capital borrowing need (the Capital Financing Requirement or CFR), highlighting any over or under borrowing.

	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
External Debt						
Debt at 1 April	67.33	66.29	65.25	64.21	63.17	62.12
Expected change in Debt	-1.04	-1.04	-1.04	-1.04	-1.04	-1.04
Other long-term liabilities (OLTL)	0.24	0.13	0.04	0.00	0.00	0.00
Expected change in OLTL	-0.11	-0.09	--0.04	0.00	0.00	0.00
Actual gross debt at 31 March	66.42	65.29	64.21	63.17	62.13	61.08
The Capital Financing Requirement	77.89	82.56	85.95	85.67	83.59	82.04
Under Borrowing	-11.47	-17.27	-21.74	-22.50	-21.46	-20.96

There are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current year and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Officer (Resources) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Debt*	82.52	85.95	85.67	83.59	82.04
Other long term liabilities	0.04	0.00	0.00	0.00	0.00
Total	82.56	85.95	85.67	83.59	82.04

- *The term debt in this instance is CFR minus the effect of leases*

The Authorised Limit for External Debt

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. Council is asked to approve the following authorised limit:

Authorised Limit	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Debt	98.00	101.00	101.00	99.00	97.00
Other long term liabilities	1.00	1.00	1.00	1.00	1.00
Total	99.00	102.00	102.00	100.00	98.00

3.3 Prospects for Interest Rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view (*January 2017*).

	Mar-17	Mar-18	Mar-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.75%
5yr PWLB rate	1.60%	1.70%	1.80%	2.00%
10yr PWLB rate	2.30%	2.30%	2.50%	2.70%
25yr PWLB rate	2.90%	3.00%	3.20%	3.40%
50yr PWLB rate	2.70%	2.80%	3.00%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017–2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Investment and borrowing rates

- *Investment returns are likely to remain low during 2017/18 and beyond;*
- *Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields*

have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;

- *There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.*

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's provisions, reserves, balances and working capital has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Chief Officer (Resources), under delegated powers will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then any long term borrowings would be postponed, and potential rescheduling from fixed rate funding into short term borrowing would be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would be re-appraised. Most likely, if need be, fixed rate funding would be drawn if interest rates were lower than projected to be in the next few years.*

Any decisions will be reported to Cabinet at the next available opportunity.

3.5 Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set at a level which is too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	2016/17	2017/18	2018/19	2019/20	2020/2021
Interest rate exposures					
	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%	30%	30%

Maturity structure of fixed interest rate borrowing 2017/18	£m	
Under 12 months	1.04	1.6%
12 months and within 24 months	1.04	1.6%
24 months and within 5 years	3.12	4.79%
5 years and within 10 years	5.21	7.98%
10 years and within 15 years	5.21	7.98%
15 years and within 25 years	10.41	15.96%
25 years and within 50 years	39.22	60.10%

3.6 Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, allowing for authorised increases, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

3.7 Debt Rescheduling

As short term borrowing rates are expected to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- * the generation of cash savings and / or discounted cash flow savings;
- * helping to fulfil the treasury strategy;

- * enhance the balance of the portfolio (amend the maturity profile and / or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

Any rescheduling will be reported to Cabinet at the earliest meeting following any action.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

The Council's investment policy has regard to the Government Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties that also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.

To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Annex A2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices, applying the creditworthiness policy set out below.

4.2 Creditworthiness Policy

This Council will apply the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;

- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

(Enhanced Money Market Funds = EMMFs)

- **Yellow (Y)** up to but less than 1 year
- **Dark pink (Pi1)** liquid - for EMMFs with a credit score of 1.25
- **Light pink (Pi2)** liquid - for EMMFs with a credit score of 1.5
- **Purple (P)** up to but less than 1 year
- **Blue (B)** up to but less than 1 year (only applies to nationalised or part- nationalised UK Banks)
- **Orange (O)** up to but less than 1 year
- **Red (R)** 6 months
- **Green (G)** 100 days
- **No colour (N/C)** not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7

	Colour (and long term rating where applicable)	Money Limit	Time Limit
Banks /UK Govt. backed instruments*	yellow	£12m	≤1 year
Banks	purple	£6m	≤1 year
Banks	orange	£6m	≤1 year
Banks – part nationalised	blue	£12m	≤1 year
Banks	red	£6m	≤6 mths
Banks	green	£3m	≤100 days
Banks	No colour	Not to be used	
Limit 3 category – Council’s banker (for non-specified investments)	n/a	£500K	1 day
DMADF	AAA	unlimited	≤6 months
Local authorities**	n/a	£12m	≤1 year
	Fund rating	Money and/or % Limit	Time Limit
Money market funds	AAA	£6m	liquid
Enhanced money market funds with a credit score of 1.25	Dark pink / AAA	£6m	liquid
Enhanced money market funds with a credit score of 1.5	Light pink / AAA	£6m	liquid

* the yellow colour category includes UK Government debt, or its equivalent, collateralised deposits where the collateral is UK Government debt –see Annex A2.

** Under UK Statute the loans to any Council have priority and first call over the revenues of the authority, which under-writes any concerns over the ability of a local authority to repay its debt. As the UK Government also acts as a lender of last resort, the ranking of UK local authorities is usually considered equivalent to that of the UK Government. As the UK Government has a long term rating of AA+, this is usually applied to local authorities and as such all local authorities have equal rating.

The creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency’s ratings.

Typically the minimum credit ratings criteria (built in) that the Council use will be a Short Term rating of F1 and a Long Term rating of A- (Fitch, or equivalents). There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, the Council will also use to some limited extent market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

4.3 Country Limits

The Council has determined that it will only use approved counterparties from other countries with a minimum sovereign credit rating of AAA (**Fitch**) or equivalent from each of the credit rating agencies. This list will be added to, or deducted from, by Officers should ratings change in accordance with this policy.

4.4 Other Investment Matters

In-house Funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (iup to 12 months).

Investment Returns Expectations: Bank Rate is forecast to stay flat at 0.25% until Quarter 2 2019 and not to rise above 0.75% until 2020. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.75%

The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and/or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and/or at a quicker pace.

4.5 Investment Treasury Indicator and Limit

This determines the total principal funds that can be invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of any investment, and are based on the availability of funds after each year-end. Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days					
	2016/17	2017/18	2018/19	2019/20	2020/21
Principal sums invested > 364 days	Nil	Nil	Nil	Nil	Nil

Treasury Management Glossary of Terms

- **Annuity** – method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations, also the standard setting organisation for Local Government Finance.
- **Call account** – instant access deposit account.
- **Counterparty** – an institution (e.g. a bank) with whom a borrowing or investment transaction is made.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. It is based on any information available regarding the institution: published results, Shareholders' reports, reports from trading partners, and also an analysis of the environment in which the institution operates (e.g. its home economy, and its market sector). The main rating agencies are Fitch, Standard and Poor's, and Moody's. They currently analyse credit worthiness under four headings (but see changes referred to in the strategy):
 - **Short Term Rating** – the perceived ability of the organisation to meet its obligations in the short term, this will be based on measures of liquidity.
 - **Long Term Rating** – the ability of the organisation to repay its debts in the long term, based on opinions regarding future stability, e.g. its exposure to 'risky' markets.
 - **Individual/Financial Strength Rating** – a measure of an institution's soundness on a stand-alone basis based on its structure, past performance and credit profile.
 - **Legal Support Rating** – a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank, or national government.

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.

- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like

shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.

E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.

See also PWLB.

- **LIBID** – The London Inter-Bank Bid Rate, the rate which banks would have to bid to borrow funds from other banks for a given period. The official rate is published by the Bank of England at 11am each day based on trades up to that time.
- **LIBOR** – The London Inter-Bank Offer Rate, the rate at which banks with surplus funds are offering to lend them to other banks, again published at 11am each day.
- **Liquidity** – Relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **Maturity** – Type of loan where only payments of interest are made during the life of the loan, with the total amount of principal falling due at the end of the loan period.
- **Money Market Fund (MMF)** – Type of investment where the Council purchases a share of a cash fund that makes short term deposits with a broad range of high quality counterparties. These are highly regulated in terms of average length of deposit and counterparty quality, to ensure AAA rated status.
- **Policy and Strategy Documents** – documents required by the CIPFA Code of Practice on Treasury Management in Local Authorities. These set out the framework for treasury management operations during the year.
- **Public Works Loans Board (PWLB)** – a central government agency providing long and short term loans to Local Authorities. Rates are set daily at a margin over the Gilt yield (see Gilts above). Loans may be taken at fixed or variable rates and as Annuity, Maturity, or EIP loans (see separate definitions) over periods of up to fifty years. Financing is also available from the money markets, however because of its nature the PWLB is generally able to offer better terms.
- **Capita Asset Services** – Capita Asset Services are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

Members may also wish to make reference to *The Councillor's Guide to Local Government Finance*.

ANNEX A2

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of counterparty limit - *Specified	Max % of counterparty limit – **Non - Specified	Max. maturity period
DMADF – UK Government	N/A	100%	N/A	6 months
UK Government gilts	UK sovereign rating	100%	N/A	1 year
UK Government Treasury bills	UK sovereign rating	100%	N/A	1 year
Bonds issued by multilateral development banks	AAA	100%	N/A	6 months
Money market funds	AAA	100%	N/A	Liquid
Enhanced money market funds with a credit score of 1.25	AAA	100%	N/A	Liquid
Enhanced money market funds with a credit score of 1.5	AAA	100%	N/A	Liquid
Local authorities	N/A	100%	N/A	1 year
Term deposits with banks and building societies	Yellow	100%	20%	Up to 1 year
	Purple	100%	20%	Up to 1 year
	Blue	100%	N/A	Up to 1 year
	Orange	100%	20%	Up to 1 year
	Red	100%	20%	Up to 6 Months
	Green	100%	20%	Up to 100 days
	No Colour	0%	0%	Not for use
Certificates of Deposit and corporate bonds with banks and building societies	Yellow	20%	0%	Up to 1 year
	Purple	20%	0%	Up to 1 year
	Blue	20%	0%	Up to 1 year
	Orange	20%	0%	Up to 1 year
	Red	0%	0%	Up to 6 Months
	Green	0%	0%	Up to 100 days
	No Colour	0%	0%	Not for use

***SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the quality criteria as applicable.

****NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of up to 20% ** will be held in aggregate in relevant non-specified investments (as at the trade date of investing).

Definitions of Specified and Non Specified Investments

See the detailed Investment Strategy included in **Appendix A**, for the limits to be applied.

1. Specified Investments are defined as follows.

SPECIFIED INVESTMENTS

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

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

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

2. Non-specified Investments are defined as follows:

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

Ref	Non Specified Investment Category	Limit
(i)	An investment with a non-UK bank, for a term of less than 1 year and in a product which falls within one of the criteria stated with the table in Annex A2	Annex A2
(ii)	The Council's own banker if it fails to meet the credit criteria attached to other bandings.	Table in 4.2

Background information on credit ratings

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

What is a Credit Rating?

A credit rating is:

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

Who Provides / Uses Credit Ratings?

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

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

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

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

Rating Criteria

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

- 'Short Term' ratings for time horizons of 12 months or less. These may be considered as the most important for local authorities.
- 'Long Term' ratings for time horizons of over 12 months. These may be considered as less important in the current climate.

In addition, the agencies issue sovereign, individual and support ratings which will also feed into the investment strategy.

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

The table below shows how some of the higher graded short and long term ratings compare across the agencies; the top line represents the highest grade possible. (There are other ratings that go much lower than those shown below, and ratings for other elements).

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

COUNCIL**Member Development – Mandatory Training****1 March 2017****Report of Council Business Committee****PURPOSE OF REPORT**

To enable Council to consider the recommendations of Council Business Committee to make it mandatory for

- members and named substitutes of the Licensing Regulatory Committee to attend Safeguarding/Child Sexual Exploitation training; and
- all newly-elected Members to attend finance training.

This report is public.

RECOMMENDATIONS OF COUNCIL BUSINESS COMMITTEE

That Council makes it mandatory for

- (1) all members and named substitutes of the Licensing Regulatory Committee to have undertaken Safeguarding/Child Sexual Exploitation training before sitting on the Committee;**
- (2) all newly elected Members to undertake finance training.**

1.0 Introduction

1.1 At its meeting on 26 January 2017, Council Business Committee considered a report (copy attached) explaining that a recent internal audit review of Taxi Licensing had highlighted the need for members of the Licensing Regulatory Committee to undertake training in Safeguarding/Child Sexual Exploitation.

1.2 The report also set out various reasons why undertaking finance training when a Member is first elected would assist them in their role and that making this mandatory would help their understanding of the complexities of budget setting.

2.0 Recommendations of the Committee

2.1 The Committee considered the report and resolved to recommend to Council that mandatory training in Safeguarding/Child Sexual Exploitation be introduced for all

Members and named substitutes of the Licensing Regulatory Committee and that all newly elected Members should undertake finance training.

- 2.2 Should Council agree with the Committee’s recommendations, the terms of reference of the Licensing Regulatory Committee will be amended accordingly, and the Council decision for all newly elected Members to undertake finance training will be noted in the Constitution within Article 4 (paragraph 4.01(b) “Budget Framework”). These amendments will be carried out by the Monitoring Officer.

3.0 Conclusion

- 3.1 Members are asked to consider the recommendations of Council Business Committee, set out in this report, to reduce the Council’s exposure to risk regarding taxi licensing, and to enhance the knowledge of the Council’s financial framework for newly elected Members.

RELATIONSHIP TO POLICY FRAMEWORK

Protecting the most vulnerable in our society is a thread that runs through all the priorities in the Council’s Corporate Plan.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Community Safety and Equality Impact Assessment: the action at Recommendation 1 is to help reduce any risk to public safety when travelling by taxi, particularly to Children and Young People.

LEGAL IMPLICATIONS

There are no legal implications as a direct result of this report.

FINANCIAL IMPLICATIONS

There are no financial implications arising from the report. Costs of training will be met from the existing Member Development Budget. It may be possible to share costs with neighbouring authorities to reduce expenditure and Democratic Services would always seek to do this wherever possible.

OTHER RESOURCE IMPLICATIONS Such as HR, ICT and Property: None

SECTION 151 OFFICER’S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER’S COMMENTS

The Monitoring Officer has drafted this referral report in her role as Democratic Services

Manager.

BACKGROUND PAPERS

None.

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COUNCIL BUSINESS COMMITTEE

Member Development – Mandatory Training

26 January 2017

Report of the Democratic Services Manager

PURPOSE OF REPORT

To enable Members to consider mandatory training for two issues; Safeguarding/Child Sexual Exploitation training for members of the Licensing Regulatory Committee, and finance training for all newly-elected Members.

This report is public.

RECOMMENDATIONS

- (1) That the Committee makes it mandatory for all Members and named substitutes of the Licensing Regulatory Committee to have undertaken Safeguarding/Child Sexual Exploitation training before sitting on the Committee.**
- (2) That the Monitoring Officer be authorised to make the necessary change to the terms of reference of the Licensing Regulatory Committee set out in Paragraph 3 of the report (below).**
- (3) That the Committee considers making it mandatory for all newly-elected Members to undertake finance training.**

1.0 Introduction

- 1.1 As Members will be aware, taxi licensing arrangements regionally have received a significant amount of negative press coverage recently, with poor procedures being highlighted at another district council in Lancashire.
- 1.2 In light of this, Internal Audit recently carried out an audit of the City Council's Taxi Licensing function, seeking to provide assurance that the Council's arrangements, procedures and processes in relation to taxi licensing are robust, efficient and effective.
- 1.3 The Internal Audit report highlighted a number of areas for improvement, one being additional training for Councillors on the Licensing Regulatory Committee. This report has been drafted in response to those findings.
- 1.4 The risk was identified by Internal Audit as:

“Failure to ensure the public travel safely, receive a good level of services from reputable drivers if Councillor roles and responsibilities are not clearly defined and understood.”

1.5 The current risk exposure was assessed as Medium with “scope for improvement” in the opinion of internal audit.

1.6 It was therefore agreed that the Democratic Services Manager would put the recommendations in this report to Council Business Committee, regarding the need for Members to have undertaken Safeguarding/Child Sexual Exploitation training before sitting on the Licensing Regulatory Committee.

2.0 Mandatory Training – Safeguarding/Child Sexual Exploitation

2.1 Currently the Constitution sets out some mandatory training which Councillors must undertake before serving on certain committees. These are:

Equalities Training – for Licensing Regulatory; Licensing Act; Planning and Highways Regulatory; Personnel; Appeals Committees.

Licensing Law and Procedures – for Licensing Regulatory and Licensing Act Committees.

Planning Law and Procedures – for Planning and Highways Regulatory Committee.

HR Law and Procedures – for Personnel Committee.

2.2 The recommendation, arising from the internal audit, is to extend this to include mandatory training on Safeguarding/Child Sexual Exploitation for Councillors and substitutes for the Licensing Regulatory Committee.

3.0 Mandatory Training – Finance

3.1 Given that full Council is responsible for setting the budget, it is important that all members understand the budget framework, including

- the allocation of financial resources to different services and projects
- the setting of virement and carry forward limits for budgets
- contingency funds and other provisions and reserves
- council tax setting and other local taxation matters
- decisions relating to the Council’s treasury management activities including investments, borrowing limits and the control of capital expenditure;

and how all this is set out in the Council’s Medium Term Financial Strategy and Treasury Management Framework.

3.2 These are complex matters and officers therefore recommend that it is made mandatory for all Councillors to attend a training session at the outset of their first four years in office.

4.0 The Constitution

4.1 The necessary changes, should recommendation (1) in this report be approved, would be to the composition of the committee in the terms of reference of the Licensing Regulatory Committee (Part 3, Section 3 of the Constitution). This currently says:

All members of the Committee and members attending as substitutes must:

- a) have attended mandatory training on equalities and the relevant law and procedures which relate to the Committee's work
- b) undertake further mandatory training, on an ad hoc basis, when there are changes to procedure or relevant legislation that are deemed significant by the relevant Chief Officer.

If the Committee approves recommendation (1) in this report, the Monitoring Officer would add the following wording:

- c) have attended safeguarding/child sexual exploitation training.

4.2 If the Committee decides to make finance training mandatory for all Councillors, Democratic Services will ensure that finance training is offered to all newly elected Councillors and advise them of the Committee's decision.

5.0 Conclusion

5.1 Members are asked to approve the recommendation set out in this report to reduce the Council's exposure to risk regarding taxi licensing, and to consider making finance training mandatory for all newly elected Councillors.

RELATIONSHIP TO POLICY FRAMEWORK
Protecting the most vulnerable in our society is a thread that runs through all the priorities in the Council's Corporate Plan.
CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)
Community Safety: the action recommended in this report is to help reduce any risk to public safety when travelling by taxi.
LEGAL IMPLICATIONS
There are no legal implications as a direct result of this report.
FINANCIAL IMPLICATIONS
There are no financial implications arising from the report. Costs of training will be met from the existing Member Development Budget. It may be possible to share costs with neighbouring authorities to reduce expenditure and Democratic Services would always seek to do this wherever possible.
OTHER RESOURCE IMPLICATIONS Such as HR, ICT and Property: None

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has drafted this report in her role as Democratic Services Manager.

BACKGROUND PAPERS

None.

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Committee Timetable 2017/18

1 March 2017

Report of Council Business Committee

PURPOSE OF REPORT

To consider the recommendations of Council Business Committee and agree a timetable of committee meetings for the 2017/18 municipal year.

This report is public

RECOMMENDATIONS OF COUNCIL BUSINESS COMMITTEE

- (1) That the draft timetable, set out at Appendix 1, be recommended to Council.
- (2) That it be recommended to Council that:
 - a) the start time of Annual Council be changed from 6.30pm to 6pm.
 - b) the start time of the Joint Consultative Committee (JCC) be changed from 4pm to 5pm and Personnel Committee to start at 6:10pm, 'or at the rise of JCC, whichever is the later' with the Chairman to use their discretion regarding an earlier start for JCC depending on the amount of business to be considered
 - c) the venue for Audit Committee be changed from Morecambe Town Hall to Lancaster Town Hall.

1.0 Introduction

1.1 At its meeting on 26 January 2017, Council Business Committee (CBC) considered a report with two draft timetables. One was based on the usual arrangement of meetings, the other was drafted to illustrate a recommendation to CBC from the Overview and Scrutiny Committee (OSC), asking for OSC meetings to be timetabled for the Wednesday prior to Cabinet meetings instead of two weeks and a day following Cabinet meetings. This was to allow pre-scrutiny of the Cabinet agenda by the whole OSC committee. The full report which went to CBC is attached, and both draft timetables are appended to that report for members' information.

2.0 Proposal

2.1 CBC Members considered the issues raised in the report and agreed with the suggestions regarding changes to the timing of Annual Council, the Joint Consultative Committee and the venue for Audit Committee meetings (this is covered in recommendation 2 to Council, above).

2.2 Members noted that the timetables had been drafted after careful thought about the best dates to provide timely quarterly monitoring information to both

Cabinet and Budget and Performance Panel. However, they expressed a preference for Budget and Performance Panel meetings to be scheduled as they had been in 2016, with meetings in July and September, rather than June and August. That is reflected in their recommendation to Council (this is covered in recommendation 1 to Council, above). The Committee was also supportive of the request from OSC for pre-scrutiny and preferred the draft timetable at Appendix C of the report, with OSC meetings scheduled one week before each Cabinet meeting and it is that timetable that they are recommending to Council.

2.3 It was noted in the report that there was no existing mechanism for formally feeding in any pre-scrutiny comments from OSC to Cabinet if it met four days before the Cabinet meeting. It would not be feasible to draft a report in such a short timescale. The Monitoring Officer agreed to consider this issue and it is covered in paragraph 3.4 of this referral report.

2.4 For clarity, the draft timetable being recommended to Council by CBC is shown as Appendix 1 to this report.

3.0 Officer Comments

3.1 Since the Council Business Committee meeting in January, officers have had time to reflect on some of the timetabling issues and put forward a further option which was not included in the report to CBC in January (for reasons explained in Paragraph 4.0).

3.2 Members need to bear in mind that the OSC has a very full work programme for 2016/17 and is likely to have as much, or more, work lined up in 2017/18. Pre-scrutiny is only one aspect of effective O&S; it is also important to carry out time-limited, in depth task group work, which can make a real and lasting difference to the life of residents in the district, as well as contributing to policy development in its early stages. Carrying out scrutiny of the Cabinet agenda in ordinary meetings of the full OSC is likely to add around two hours onto each meeting, with the risk that this could overshadow other important aspects of the scrutiny workload (see below). It is also likely to require the attendance of various Chief Officers which will eat into the time they have available to advance vital high-level projects which Council wishes to take forward.

3.3 It is also important to recognise that there is a well-established pre-scrutiny process already in operation, whereby the pre-scrutiny Champion, Chairmen and Vice-Chairmen of both OSC and B&PP meet with Democratic Support officers to go through the Cabinet agenda in detail. This is carried out in the daytime and meetings can last up to two hours, with only four Members involved in the discussion (the pre-scrutiny Champion this year is also a Vice-Chairman).

3.4 As stated in the report to CBC, four days is insufficient time to draft a written report from OSC to Cabinet with pre-scrutiny feedback. Representations could, of course, be made verbally if Cabinet agreed to receive them. For example, the Chairman or Vice-Chairman of OSC could report in person at the Cabinet meeting, if the Leader of the Council was minded to allow 'Pre-scrutiny Input' as a Standing Item on each Cabinet Agenda.

4.0 Another option

4.1 When drafting the report for CBC, officers had not been fully aware of the reasons why O&S had recommended re-scheduling their committee meetings to allow pre-scrutiny. At the CBC meeting, it was clear that some Members felt the limitations of the current pre-scrutiny process (being restricted to a maximum of five Members) did not allow sufficient input for all nine members of OSC.

- 4.2 With that in mind, an alternative to carrying out pre-scrutiny during public meetings of OSC would be to open up the existing pre-scrutiny sessions to include all nine Members of OSC. This would allow the opportunity of all OSC members to scrutinise the Cabinet agenda without cutting into committee time and reducing the capacity available to deliver the scrutiny workplan. There is the risk that the discussion could take longer, if all nine Members of the Committee were involved, but its effective would be monitored and evaluated; if need be further changes could be considered in due course.
 - 4.3 There is currently no formal mechanism for pre-scrutiny feedback, but if that was felt to be necessary, then the comments in paragraph 3.4 would apply.
- 5.0 Conclusion**
- 5.1 Council is asked to consider the recommendations of CBC, and the officer comments in this report, in setting a timetable for committee meetings in 2017/18.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None directly arising from this report.

An equality impact assessment has not been carried out because the report does not directly affect staff, customers or other members of the public. However, it should be noted that, anecdotally (no figures exist), Democratic Services have noticed an increase in the public participating in and observing full Council meetings since those meetings moved from the afternoon to the evening, indicating that evening meetings may be easier for the public to attend.

LEGAL IMPLICATIONS

None directly arising from this report.

FINANCIAL IMPLICATIONS

The cost of meetings are covered by existing budgets, however it is likely that OSC meetings will be lengthened by the inclusion of pre-scrutiny in the scheduled meetings which may have small cost implications for keeping Morecambe Town Hall open and staffed later into the evening.

OTHER RESOURCE IMPLICATIONS, such as HR, ICT, etc.

HR: If O & S intend to scrutinise Cabinet reports it is likely that there will be a need for Chief Officers and other Senior Officers to be in more regular attendance at O & S, which has a consequential impact upon officer working times. As outlined in the report, whilst working times can be adjusted by officers this will divert resources away from other key activities and outputs and therefore the proposal outlined at 4.0 above would be a suitable alternative.

Property: Please see financial implications above.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer's comments are incorporated in the officer comments in the report at paragraph 3.0.

BACKGROUND PAPERS

None

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Ref:

DRAFT TIMETABLE - RECOMMENDED TO COUNCIL BY COUNCIL BUSINESS COMMITTEE 26 JANUARY 2017

2017

2018

	May	June	July	August	September	October	November	December	January	February	March	April	May	
Mon	1 Bank Holiday								1 Bank Holiday					Mon
Tue	2 Planning Site Visit			1					2 Planning Site Visit				1	Tue
Wed	3			2 Overview and Scrutiny			1 Overview and Scrutiny		3				2	Wed
Thur	4 ELECTION (County)	1 Licensing Reg Member Briefing		3			2 Council Business Committee		4 Licensing Reg	1	1		3	Thur
Fri	5	2		4	1		3	1	5	2	2		4	Fri
Sat	6	3	1	5	2		4	2	6	3	3		5	Sat
Sun	7	4	2	6	3	1	5	3	7	4	4	1	6	Sun
Mon	8 Planning	5	3	7	4	2	6 Planning Site Visit	4 Planning Site Visit	8 Planning	5 Planning	5 Planning	2 Bank Holiday	7 Bank Holiday	Mon
Tue	9	6	4	8 Cabinet LTH	5 Cabinet MTH	3 Cabinet LTH	7 Cabinet MTH	5 Cabinet LTH	9	6 Budget and Performance Panel	6	3	8	Tue
Wed	10	7	5	9	6 Audit	4	8	6	10 Overview and Scrutiny	7 Overview and Scrutiny	7	4	9 Planning	Wed
Thur	11	8 Standards	6 Member Briefing	10	7 Member Briefing	5 Member Briefing	9 Member Briefing	7	11 Member Briefing	8 Licensing Reg Member Briefing	8 Council Business Committee	5 Member Briefing	10	Thur
Fri	12 Annual Council	9	7	11	8	6	10	8	12	9	9	6 Planning	11 Annual Council	Fri
Sat	13	10	8	12	9	7	11	9	13	10	10	7	12	Sat
Sun	14	11	9	13	10	8	12	10	14	11	11	8	13	Sun
Mon	15 Business Council	12	10	14 Planning Site Visit	11 Planning Site Visit	9 Planning Site Visit	13 Planning	11 Planning	15	12	12	9	14 Business Council	Mon
Tue	16	13	11 Budget and Performance Panel	15	12 Budget and Performance Panel	10	14 Budget and Performance Panel	12 JCC Personnel	16 Cabinet MTH	13 Cabinet LTH	13	10	15	Tue
Wed	17	14 Audit	12	16	13	11	15 Council	13	17	14	14 Overview and Scrutiny	11 Council	16	Wed
Thur	18	15 Licensing Act	13 Licensing Reg	17	14	12 Licensing Reg	16	14	18 Standards	15	15 Member Briefing	12	17	Thur
Fri	19	16	14	18	15	13	17	15	19	16	16	13	18	Fri
Sat	20	17	15	19	16	14	18	16	20	17	17	14	19	Sat
Sun	21	18	16	20	17	15	19	17	21	18	18	15	20	Sun
Mon	22 Planning site visit	19 Planning Site Visit	17 Planning Site Visit	21 Planning	18 Planning	16 Planning	20	18	22	19	19	16	21	Mon
Tue	23	20 JCC Personnel	18	22	19	17	21	19	23 Budget & Perf Panel - MTH	20	20 Cabinet MTH	17	22	Tue
Wed	24	21 Overview and Scrutiny	19 Council	23	20 Council	18	22	20 Council	24 Audit	21	21	18 Overview and Scrutiny	23	Wed
Thur	25	22 Council Bus Com	20	24	21	19	23 Licensing Reg	21	25	22	22 Licensing Reg	19	24	Thur
Fri	26	23	21	25	22	20	24	22	26	23	23	20	25	Fri
Sat	27	24	22	26	23	21	25	23	27	24	24	21	26	Sat
Sun	28	25	23	27	24	22	26	24	28	25	25	22	27	Sun
Mon	29 Bank Holiday	26 Planning Cabinet MTH	24 Planning	28 Bank Holiday	25	23	27	25 Bank Holiday	29 Planning Site Visit	26 Planning Site Visit	26 Planning Site Visit	23	28 Bank Holiday	Mon
Tue	30	27	25	29	26	24	28	26 Bank Holiday	30	27	27	24 Cabinet LTH	29	Tue
Wed	31 Planning	28	26	30 Overview and Scrutiny	27 Overview and Scrutiny	25	29 Overview and Scrutiny	27	31 Council	28 Budget Council	28	25	30	Wed
Thur		29	27	31 Licensing Reg	28	26	30 Licensing Act	28			29	26	31	Thur
Fri		30	28		29	27		29			30 Bank Holiday	27		Fri
Sat			29		30	28		30			31	28		Sat
Sun			30			29		31				29		Sun
Mon			31			30						30 Planning Site Visit		Mon
Tue						31								Tue

COUNCIL BUSINESS COMMITTEE

**Committee Timetable 2017/18
26 January 2017**

Report of the Democratic Services Manager

PURPOSE OF REPORT

To agree the timetable of committee meetings for the 2017/18 municipal year.

This report is public.

RECOMMENDATION

1. That Members approve the proposed timetable of meetings, times and venues for the 2017/18 municipal year, making any necessary minor changes and taking into consideration the recommendation from the Overview and Scrutiny Committee in paragraph 2.1 of this report; the suggestions regarding the start times of Annual Business Council and the Joint Consultative Committee (JCC), in paragraphs 2.7 and 2.8; and the change of venue for Audit Committee from Morecambe Town Hall to Lancaster Town Hall (paragraph 2.9).
2. That, if the Committee is minded to make any substantial proposals for change, that these be submitted to Council for approval.

1.0 Introduction

- 1.1 Council Business Committee has delegated authority to agree the annual timetable of City Council meetings.

2.0 Proposal Details

- 2.1 The appended timetable is based on previous decisions of this Committee and Council and the need for timely reporting on budget and performance issues (see paragraph 3.0 below). There are several instances where the pattern of Overview and Scrutiny Committee (OSC) dates, agreed by Council Business Committee on 16th January 2014 has been incorporated into the timetable, namely that OSC meetings be held two weeks and a day after Cabinet, although this has not always been possible. The rationale for timetabling OSC meetings in this way is to try and avoid the need for extra OSC meetings for call-ins. However, at its meeting on 21 December 2016, OSC made the following resolution:

- (1) *That the Overview and Scrutiny Committee recommend to the Council Business Committee that Overview and Scrutiny Committee meetings be*

timetabled for the Wednesday prior to Cabinet meetings in the timetable for 2017/18.

The thinking being that, if timetabled in such a way, when the Cabinet agenda had been published but has not yet been considered by Cabinet, an item could be added to the OSC Agenda to consider the Cabinet agenda from a ‘pre-scrutiny’ angle. It should be noted, however, that consideration would need to be given to a mechanism for formally feeding in any comments from OSC to Cabinet. It would not be feasible to draft a report if the OSC meeting was held four days prior to the Cabinet meeting.

- 2.2 An alternative draft timetable, incorporating the recommendation from OSC, is shown at Appendix C. If Council Business Committee were minded to implement the recommendation from OSC, it would create a clash with the proposed Council meeting on 27 September 2017; accordingly, Council has been moved to the earlier date of 20 September 2017.
- 2.3 The timetable is also based on the decision made by Council, on 11 December 2013, and reported into Council Business Committee on 5 November 2015, to schedule the following number of meetings per year: -

Meeting	Number of Meetings
Council	8
Cabinet	10
Standards Committee	2
Audit Committee	3
Licensing Act Committee	2
Budget and Performance Panel	5
Council Business Committee	3
Personnel Committee	2

It was previously agreed to maintain 9 Overview and Scrutiny Committee meetings, whilst Planning and Highways Committee and Licensing Regulatory Committee remain unchanged at 13 and 8 meetings per year respectively. Council also recommended that Joint Consultative Committee (JCC) meetings be held on the same day as Personnel Committee, wherever possible.

- 2.4 Planning site visits have been set a week prior to Planning and Highways Committee meetings, if these are required.
- 2.5 A Bank Holiday on Monday, 29 May 2017 has caused a Planning and Highways Committee meeting to be moved to Wednesday, 31 May 2017, a Bank Holiday on Monday, 2 April 2018 has caused the meeting to be moved to Friday, 6 April 2018 and a Bank Holiday on 7 May 2018 has caused the meeting to be moved to 9 May 2018. Likewise with Bank Holidays on 1 May 2017 and 1 January 2018 planning site visits, if required, have been moved to 2 May 2017 and 2 January 2018.
- 2.6 It should be noted that the County Council elections will take place on Thursday, 4 May 2017. No elections are currently scheduled for May 2018.
- 2.7 The committee start times and location details are provided at Appendix A to this report, with the timetable at Appendix B. The start time of Annual Business

Council has traditionally been 6.30pm. However, since the start time of ordinary meetings of Council moved from 2pm to 6pm, it seems sensible to start the Annual Business Council meeting at 6pm too, to save confusion.

- 2.8 The current Chairman of the Personnel Committee has asked whether it would be possible to schedule the start time of the JCC to 5pm. However if the Chairman of Personnel Committee is of the opinion that, due to the amount of business on the JCC agenda, an earlier commencement time would be appropriate that the Chairman of the Personnel Committee be given the discretion to amend the start time of the meeting. This would assist reducing the gap between the times of meetings, with JCC starting at 5pm and Personnel Committee starting at 6.10pm, or at the rise of the JCC, whichever is the later. This would be acceptable procedurally, since the JCC is not a public meeting, and is not subject to the requirement to publish an agenda five clear working days in advance of the meeting.
- 2.9 The Audit Committee currently meets at Morecambe Town Hall and it is proposed to change the venue to Lancaster Town Hall in the interests of efficiency, since all the officers who are routinely required to attend the meeting are based in Lancaster.
- 2.10 Due to the availability of the Leader, the Cabinet meeting in June has been proposed for a Monday evening (26th) instead of the usual Tuesday slot, which would have been the 27th.

3.0 Quarterly monitoring

- 3.1 In previous years, the timetable has been constructed in such a way that quarterly monitoring reports for finance and performance have 'fitted in' where they could and have not always been timely as result.
- 3.2 When drafting the timetable for 2017/18 careful thought has been given to the time information will be available and could best be presented to Cabinet and Budget and Performance Panel. As result, two meetings have been scheduled in August, a month where Council bodies have not traditionally met, however a meeting of Cabinet on 8 August and of Budget and Performance Panel on 15 August would be ideal for presenting Quarter 1 information. The Leader of the Council has been consulted on this and is in agreement with the proposal. As the membership and chairmanship of the Budget and Performance Panel for 2017/18 is not yet known, it has not been possible to consult with members of the Panel.

4.0 Conclusion

- 4.1 Members are asked to consider the recommendations in paragraphs 2.1, 2.7 and 2.8 of this report, and approve a timetable of meeting dates, times, and venues for the 2017/18 municipal year; or to refer any recommendations for substantial changes to Council for approval.

CONCLUSION OF IMPACT ASSESSMENT

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

None.

LEGAL IMPLICATIONS

It is a legal requirement that the City Council publishes its timetable of meetings by the commencement of each Municipal Year. Amendments can be made throughout the year provided at least 5 days' notice is given.

FINANCIAL IMPLICATIONS

There are no additional financial implications for the above proposals. The costs of the meetings will be met from existing budgets.

OTHER RESOURCE IMPLICATIONS, such as Human Resources; Information Services; Property; Open Spaces:

None.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been involved in the drafting of this report in her role as Democratic Services Manager.

BACKGROUND PAPERS

None.

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	2017						2018							
	May	June	July	August	September	October	November	December	January	February	March	April	May	
Mon	1 Bank Holiday								1 Bank Holiday					Mon
Tue	2 Planning Site Visit			1					2 Planning Site Visit				1	Tue
Wed	3			2			1		3 Overview and Scrutiny Committee				2	Wed
Thur	4 ELECTION (County)	1 Licensing Reg Member Briefing		3			2 Council Business Committee		4 Licensing Reg	1	1		3	Thur
Fri	5	2		4	1		3	1	5	2	2		4	Fri
Sat	6	3	1	5	2		4	2	6	3	3		5	Sat
Sun	7	4	2	6	3	1	5	3	7	4	4	1	6	Sun
Mon	8 Planning	5	3	7	4	2	6 Planning Site Visit	4 Planning Site Visit	8 Planning	5 Planning	5 Planning	2 Bank Holiday	7 Bank Holiday	Mon
Tue	9	6	4	8 Cabinet LTH	5 Cabinet MTH	3 Cabinet LTH	7 Cabinet MTH	5 Cabinet LTH	9	6 Budget and Performance Panel	6	3	8	Tue
Wed	10	7 Overview & Scrutiny Committee	5	9	6 Audit	4	8	6	10	7 Overview and Scrutiny Committee	7 Overview and Scrutiny Committee	4 Overview and Scrutiny Committee	9 Planning	Wed
Thur	11	8 Standards	6 Member Briefing	10	7 Member Briefing	5 Member Briefing	9 Member Briefing	7	11 Member Briefing	8 Licensing Reg Member Briefing	8 Council Business Committee	5 Member Briefing	10	Thur
Fri	12 Annual Council	9	7	11	8	6	10	8	12	9	9	6 Planning	11 Annual Council	Fri
Sat	13	10	8	12	9	7	11	9	13	10	10	7	12	Sat
Sun	14	11	9	13	10	8	12	10	14	11	11	8	13	Sun
Mon	15 Business Council	12	10	14 Planning Site Visit	11 Planning Site Visit	9 Planning Site Visit	13 Planning	11 Planning	15	12	12	9	14 Business Council	Mon
Tue	16	13 Budget and Performance Panel	11	15 Budget and Performance Panel	12	10	14 Budget and Performance Panel	12 JCC Personnel	16 Cabinet MTH	13 Cabinet LTH	13	10	15	Tue
Wed	17	14 Audit	12 Overview and Scrutiny	16	13	11	15 Council	13	17	14	14	11 Council	16	Wed
Thur	18	15 Licensing Act	13 Licensing Reg	17	14	12 Licensing Reg	16	14	18 Standards	15	15 Member Briefing	12	17	Thur
Fri	19	16	14	18	15	13	17	15	19	16	16	13	18	Fri
Sat	20	17	15	19	16	14	18	16	20	17	17	14	19	Sat
Sun	21	18	16	20	17	15	19	17	21	18	18	15	20	Sun
Mon	22 Planning site visit	19 Planning Site Visit	17 Planning Site Visit	21 Planning	18 Planning	16 Planning	20	18	22	19	19	16	21	Mon
Tue	23	20 JCC Personnel	18	22	19	17	21	19	23 Budget & Perf Panel - MTH	20	20 Cabinet MTH	17	22	Tue
Wed	24	21	19 Council	23	20 Overview and Scrutiny Committee	18 Overview and Scrutiny Committee	22 Overview and Scrutiny Committee	20 Council	24 Audit	21	21	18	23	Wed
Thur	25	22 Council Bus Com	20	24	21	19	23 Licensing Reg	21	25	22	22 Licensing Reg	19	24	Thur
Fri	26	23	21	25	22	20	24	22	26	23	23	20	25	Fri
Sat	27	24	22	26	23	21	25	23	27	24	24	21	26	Sat
Sun	28	25	23	27	24	22	26	24	28	25	25	22	27	Sun
Mon	29 Bank Holiday	26 Planning Cabinet MTH	24 Planning	28 Bank Holiday	25	23	27	25 Bank Holiday	29 Planning Site Visit	26 Planning Site Visit	26 Planning Site Visit	23	28 Bank Holiday	Mon
Tue	30	27	25	29	26	24	28	26 Bank Holiday	30	27	27	24 Cabinet LTH	29	Tue
Wed	31 Planning	28	26	30	27 Council	25	29	27	31 Council	28 Budget Council	28	25	30	Wed
Thur		29	27	31 Licensing Reg	28	26	30 Licensing Act	28			29	26	31	Thur
Fri		30	28		29	27		29			30 Bank Holiday	27		Fri
Sat			29		30	28		30			31	28		Sat
Sun			30			29		31				29		Sun
Mon			31			30						30 Planning Site Visit		Mon
Tue						31								Tue

Meeting Start Times/Venues 2017/18

(LTH = Lancaster Town Hall)
(MTH = Morecambe Town Hall)

Meeting	Venue(s)	Start Time
Annual Council (Ceremonial)	Ashton Hall, LTH	12 noon
Council (<i>including Annual Business Council – see paragraph 2.7 of the report</i>)	MTH	6.00pm
Council Business Committee	MTH	6.00pm
Cabinet	Alternating between LTH & MTH	6.00pm
Overview and Scrutiny Committee	MTH	6.00pm
Budget and Performance Panel	LTH The stakeholder meeting in January 2017 to be held in MTH commencing at 6.00pm.	6.10pm
Licensing Regulatory Committee	LTH	1.00pm
Licensing Act Committee	LTH	2.00pm
Planning & Highways Regulatory Committee	LTH	10.30am
Personnel Committee*	LTH	6.10pm
JCC	LTH	4.00pm (<i>see paragraph 2.8 of the report</i>)
Audit Committee	MTH (<i>see paragraph 2.9 of the report</i>)	6.00pm
Standards Committee*	LTH	6.10pm

The Appeals Committee is convened as and when necessary at LTH with no set day or time.

*These Committees will begin earlier in the day where additional meetings are convened to hear specific cases.

ALTERNATIVE TIMETABLE 2017/2018 SHOWING OSC MEETINGS ONE WEEK BEFORE CABINET

2017

2018

	May	June	July	August	September	October	November	December	January	February	March	April	May	
Mon	1 Bank Holiday								1 Bank Holiday					Mon
Tue	2 Planning Site Visit			1					2 Planning Site Visit				1	Tue
Wed	3			2 Overview and Scrutiny			1 Overview and Scrutiny		3				2	Wed
Thur	4 ELECTION (County)	1 Licensing Reg Member Briefing		3			2 Council Business Committee		4 Licensing Reg	1	1		3	Thur
Fri	5	2		4	1		3	1	5	2	2		4	Fri
Sat	6	3	1	5	2		4	2	6	3	3		5	Sat
Sun	7	4	2	6	3	1	5	3	7	4	4	1	6	Sun
Mon	8 Planning	5	3	7	4	2	6 Planning Site Visit	4 Planning Site Visit	8 Planning	5 Planning	5 Planning	2 Bank Holiday	7 Bank Holiday	Mon
Tue	9	6	4	8 Cabinet LTH	5 Cabinet MTH	3 Cabinet LTH	7 Cabinet MTH	5 Cabinet LTH	9	6 Budget and Performance Panel	6	3	8	Tue
Wed	10	7	5	9	6 Audit	4	8	6	10 Overview and Scrutiny	7 Overview and Scrutiny	7	4	9 Planning	Wed
Thur	11	8 Standards	6 Member Briefing	10	7 Member Briefing	5 Member Briefing	9 Member Briefing	7	11 Member Briefing	8 Licensing Reg Member Briefing	8 Council Business Committee	5 Member Briefing	10	Thur
Fri	12 Annual Council	9	7	11	8	6	10	8	12	9	9	6 Planning	11 Annual Council	Fri
Sat	13	10	8	12	9	7	11	9	13	10	10	7	12	Sat
Sun	14	11	9	13	10	8	12	10	14	11	11	8	13	Sun
Mon	15 Business Council	12	10	14 Planning Site Visit	11 Planning Site Visit	9 Planning Site Visit	13 Planning	11 Planning	15	12	12	9	14 Business Council	Mon
Tue	16	13 Budget and Performance Panel	11	15 Budget and Performance Panel	12	10	14 Budget and Performance Panel	12 JCC Personnel	16 Cabinet MTH	13 Cabinet LTH	13	10	15	Tue
Wed	17	14 Audit	12	16	13	11	15 Council	13	17	14	14 Overview and Scrutiny	11 Council	16	Wed
Thur	18	15 Licensing Act	13 Licensing Reg	17	14	12 Licensing Reg	16	14	18 Standards	15	15 Member Briefing	12	17	Thur
Fri	19	16	14	18	15	13	17	15	19	16	16	13	18	Fri
Sat	20	17	15	19	16	14	18	16	20	17	17	14	19	Sat
Sun	21	18	16	20	17	15	19	17	21	18	18	15	20	Sun
Mon	22 Planning site visit	19 Planning Site Visit	17 Planning Site Visit	21 Planning	18 Planning	16 Planning	20	18	22	19	19	16	21	Mon
Tue	23	20 JCC Personnel	18	22	19	17	21	19	23 Budget & Perf Panel - MTH	20	20 Cabinet MTH	17	22	Tue
Wed	24	21 Overview and Scrutiny	19 Council	23	20 Council	18	22	20 Council	24 Audit	21	21	18 Overview and Scrutiny	23	Wed
Thur	25	22 Council Bus Com	20	24	21	19	23 Licensing Reg	21	25	22	22 Licensing Reg	19	24	Thur
Fri	26	23	21	25	22	20	24	22	26	23	23	20	25	Fri
Sat	27	24	22	26	23	21	25	23	27	24	24	21	26	Sat
Sun	28	25	23	27	24	22	26	24	28	25	25	22	27	Sun
Mon	29 Bank Holiday	26 Planning Cabinet MTH	24 Planning	28 Bank Holiday	25	23	27	25 Bank Holiday	29 Planning Site Visit	26 Planning Site Visit	26 Planning Site Visit	23	28 Bank Holiday	Mon
Tue	30	27	25	29	26	24	28	26 Bank Holiday	30	27	27	24 Cabinet LTH	29	Tue
Wed	31 Planning	28	26	30 Overview and Scrutiny	27 Overview and Scrutiny	25	29 Overview and Scrutiny	27	31 Council	28 Budget Council	28	25	30	Wed
Thur		29	27	31 Licensing Reg	28	26	30 Licensing Act	28			29	26	31	Thur
Fri		30	28		29	27		29			30 Bank Holiday	27		Fri
Sat			29		30	28		30			31	28		Sat
Sun			30			29		31				29		Sun
Mon			31			30						30 Planning Site Visit		Mon
Tue						31								Tue

COUNCIL

Council Tax 2017/18 01 March 2017

Report of the Chief Officer (Resources)

PURPOSE OF REPORT

To approve 2017/18 council tax rates for the district.

This report is public.

RECOMMENDATIONS

- (1) That it be noted that, under delegated powers in accordance with section 84 of the Local Government Act 2003, the following amounts have been calculated for the year 2017/18, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) made under section 33(5) of the Local Government Finance Act 1992 (the "Act"):
- (a) 40,300.00 being the amount of its council tax base for the whole district [item T in the formula in section 31B of the Act];
 - (b) 16,450.81 being the amount of its council tax base for the non-parished part of the district; and

(c)

<i>Parish</i>	<i>Tax Base</i>	<i>Parish</i>	<i>Tax Base</i>
Aldcliffe-with-Stodday	138.36	Nether Kellet	266.59
Arkholme-with-Cawood	166.13	Over Kellet	341.98
Bolton-le-Sands	1,620.00	Over Wyresdale	122.74
Borwick	93.87	Overton	347.35
Burrow-with-Burrow	90.51	Priest Hutton	89.27
Cantsfield	56.48	Quernmore	234.56
Carnforth	1,594.29	Roeburndale	21.47
Caton-with-Littledale	1,048.13	Scotforth	142.88
Cloughton	52.81	Silverdale	820.85
Cockerham	269.80	Slyne-with-Hest	1,287.72
Ellel	972.44	Tatham	215.75
Gressingham	84.46	Thurnham	238.17
Halton-with-Aughton	958.91	Tunstall	62.04
Heaton-with-Oxcliffe	657.65	Warton	841.90
Hornby-with-Farleton	341.54	Wennington	56.55
Ireby and Leck	111.69	Whittington	168.41
Melling-with-Wrayton	141.51	Wray-with-Botton	212.96
Middleton	197.48	Yealand Conyers	109.44
Morecambe Town Council	9,515.86	Yealand Redmayne	156.64

being the amounts of its council tax base for each parish within the district.

- (2) That in accordance with section 35 of the Local Government Finance Act 1992, it be noted that there are no expenses to be treated as the City Council's special expenses.
- (3) That the following amounts be now calculated by the City Council for the year 2017/18 in accordance with Sections 31 to 36 of the Act, as amended by the Localism Act 2011:
- £140,481,994.03 being the aggregate of the amounts which the City Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by parish councils;
 - £131,273,275.00 being the aggregate of the amounts which the City Council estimates for the items set out in Section 31A(3) of the Act;
 - £9,208,719.03 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the City Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year. [Item R in the formula in Section 31B of the Act];
 - £585,719.03 being the aggregate amount of all special items (parish precepts) referred to in Section 34(1) of the Act;
 - £8,623,000.00 being the council tax requirement for the Council's own purposes for 2017/18 (excluding parish precepts);
 - £228.50 being the amount at 3(c) above [Item R], all divided by the amount at 1(a) above [Item T], calculated by the City Council, in accordance with section 31B of the Act, as the basic amount of its council tax for the year (including parish precepts);
 - £213.97 being the amount at 3(f) above less the result given by dividing the amount at 3(d) above by the amount at 1(a) above, calculated by the City Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its district to which no parish precept relates.

<i>Parish</i>	<i>Tax Rate £</i>	<i>Parish</i>	<i>Tax Rate £</i>
Aldcliffe-with-Stodday	238.97	Nether Kellet	242.10
Arkholme-with-Cawood	234.23	Over Kellet	237.66
Bolton-le-Sands	232.93	Over Wyresdale	226.19
Borwick	224.62	Overton	242.17
Burrow-with-Burrow	225.02	Priest Hutton	236.37
Cantsfield	213.97	Quernmore	227.61
Carnforth	244.70	Roeburndale	213.97
Caton-with-Littledale	242.90	Scotforth	227.13
Cloughton	213.97	Silverdale	251.67
Cockerham	243.62	Slyne-with-Hest	252.80
Ellel	241.47	Tatham	235.96
Gressingham	230.90	Thurnham	233.28
Halton-with-Aughton	246.65	Tunstall	279.17
Heaton-with-Oxcliffe	227.33	Warton	236.02
Hornby-with-Farleton	252.79	Wennington	277.97
Ireby and Leck	257.69	Whittington	237.69
Melling-with-Wrayton	274.99	Wray-with-Botton	253.69
Middleton	249.42	Yealand Conyers	237.81
Morecambe Town Council	233.56	Yealand Redmayne	244.68

being the amounts given by adding to the amount at 3(g) above the amounts of the parish precepts relating to dwellings in those parts of the district mentioned above, divided in each case by the relevant amount at 1(c) above, calculated by the City Council, in accordance with Section 34(3) of the Act, as the basic amounts

of its council tax for the year for dwellings in those parts of the district to which parish precepts relate.

(h) VALUATION BANDS

Area	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
Non Parished Area	142.65	166.42	190.20	213.97	261.52	309.07	356.62	427.94
Aldcliffe-with-Stodday	159.31	185.87	212.42	238.97	292.07	345.18	398.28	477.94
Arkholme-with-Cawood	156.15	182.18	208.20	234.23	286.28	338.33	390.38	468.46
Bolton-le-Sands	155.29	181.17	207.05	232.93	284.69	336.45	388.22	465.86
Borwick	149.75	174.70	199.66	224.62	274.54	324.45	374.37	449.24
Burrow-with-Burrow	150.01	175.02	200.02	225.02	275.02	325.03	375.03	450.04
Cantsfield	142.65	166.42	190.20	213.97	261.52	309.07	356.62	427.94
Carnforth	163.13	190.32	217.51	244.70	299.08	353.46	407.83	489.40
Caton-with-Littledale	161.93	188.92	215.91	242.90	296.88	350.86	404.83	485.80
Cloughton	142.65	166.42	190.20	213.97	261.52	309.07	356.62	427.94
Cockerham	162.41	189.48	216.55	243.62	297.76	351.90	406.03	487.24
Ellel	160.98	187.81	214.64	241.47	295.13	348.79	402.45	482.94
Gressingham	153.93	179.59	205.24	230.90	282.21	333.52	384.83	461.80
Halton-with-Aughton	164.43	191.84	219.24	246.65	301.46	356.27	411.08	493.30
Heaton-with-Oxcliffe	151.55	176.81	202.07	227.33	277.85	328.37	378.88	454.66
Hornby-with-Farleton	168.53	196.61	224.70	252.79	308.97	365.14	421.32	505.58
Ireby and Leck	171.79	200.43	229.06	257.69	314.95	372.22	429.48	515.38
Melling-with-Wrayton	183.33	213.88	244.44	274.99	336.10	397.21	458.32	549.98
Middleton	166.28	193.99	221.71	249.42	304.85	360.27	415.70	498.84
Morecambe Town Council	155.71	181.66	207.61	233.56	285.46	337.36	389.27	467.12
Nether Kellet	161.40	188.30	215.20	242.10	295.90	349.70	403.50	484.20
Over Kellet	158.44	184.85	211.25	237.66	290.47	343.29	396.10	475.32
Over Wyresdale	150.79	175.93	201.06	226.19	276.45	326.72	376.98	452.38
Overton	161.45	188.35	215.26	242.17	295.99	349.80	403.62	484.34
Priest Hutton	157.58	183.84	210.11	236.37	288.90	341.42	393.95	472.74
Quernmore	151.74	177.03	202.32	227.61	278.19	328.77	379.35	455.22
Roeburndale	142.65	166.42	190.20	213.97	261.52	309.07	356.62	427.94
Scotforth	151.42	176.66	201.89	227.13	277.60	328.08	378.55	454.26
Silverdale	167.78	195.74	223.71	251.67	307.60	363.52	419.45	503.34
Slyne-with-Hest	168.53	196.62	224.71	252.80	308.98	365.16	421.33	505.60
Tatham	157.31	183.52	209.74	235.96	288.40	340.83	393.27	471.92
Thurnham	155.52	181.44	207.36	233.28	285.12	336.96	388.80	466.56
Tunstall	186.11	217.13	248.15	279.17	341.21	403.25	465.28	558.34
Warton	157.35	183.57	209.80	236.02	288.47	340.92	393.37	472.04
Wennington	185.31	216.20	247.08	277.97	339.74	401.51	463.28	555.94
Whittington	158.46	184.87	211.28	237.69	290.51	343.33	396.15	475.38
Wray-with-Botton	169.13	197.31	225.50	253.69	310.07	366.44	422.82	507.38
Yealand Conyers	158.54	184.96	211.39	237.81	290.66	343.50	396.35	475.62
Yealand Redmayne	163.12	190.31	217.49	244.68	299.05	353.43	407.80	489.36

being the amounts given by multiplying the relevant amounts at 3(g) or 3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the City Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (4) That it be noted that for the year 2017/18 the Lancashire County Council, the Police and Crime Commissioner for Lancashire and the Lancashire Fire Authority have issued precepts to the City Council in accordance with Section 40 of the Act, for each category of the dwellings in the Council's area as indicated in the following table.

Valuation Band	Lancashire County Council £	Police & Crime Commissioner for Lancashire £	Lancashire Fire Authority £
A	814.49	110.30	43.67
B	950.24	128.68	50.94
C	1,085.99	147.07	58.22
D	1,221.74	165.45	65.50
E	1,493.24	202.22	80.06
F	1,764.74	238.98	94.61
G	2,036.23	275.75	109.17
H	2,443.48	330.90	131.00

- (5) That having calculated the aggregate in each case of the amounts at 3(i) and 4 above, the City Council, in accordance with Sections 30 and 36 of the Act, hereby sets the aggregate amounts shown in the tables below as the amounts of council tax for 2017/18 for each part of its area for each of the categories of dwellings.

Area	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
Non Parished Area	1,111.11	1,296.28	1,481.48	1,666.66	2,037.04	2,407.40	2,777.77	3,333.32
Aldcliffe-with-Stodday	1,127.77	1,315.73	1,503.70	1,691.66	2,067.59	2,443.51	2,819.43	3,383.32
Arkholme-with-Cawood	1,124.61	1,312.04	1,499.48	1,686.92	2,061.80	2,436.66	2,811.53	3,373.84
Bolton-le-Sands	1,123.75	1,311.03	1,498.33	1,685.62	2,060.21	2,434.78	2,809.37	3,371.24
Borwick	1,118.21	1,304.56	1,490.94	1,677.31	2,050.06	2,422.78	2,795.52	3,354.62
Burrow-with-Burrow	1,118.47	1,304.88	1,491.30	1,677.71	2,050.54	2,423.36	2,796.18	3,355.42
Cantsfield	1,111.11	1,296.28	1,481.48	1,666.66	2,037.04	2,407.40	2,777.77	3,333.32
Carnforth	1,131.59	1,320.18	1,508.79	1,697.39	2,074.60	2,451.79	2,828.98	3,394.78
Caton-with-Littledale	1,130.39	1,318.78	1,507.19	1,695.59	2,072.40	2,449.19	2,825.98	3,391.18
Claughton	1,111.11	1,296.28	1,481.48	1,666.66	2,037.04	2,407.40	2,777.77	3,333.32
Cockerham	1,130.87	1,319.34	1,507.83	1,696.31	2,073.28	2,450.23	2,827.18	3,392.62
Ellel	1,129.44	1,317.67	1,505.92	1,694.16	2,070.65	2,447.12	2,823.60	3,388.32
Gressingham	1,122.39	1,309.45	1,496.52	1,683.59	2,057.73	2,431.85	2,805.98	3,367.18
Halton-with-Aughton	1,132.89	1,321.70	1,510.52	1,699.34	2,076.98	2,454.60	2,832.23	3,398.68
Heaton-with-Oxcliffe	1,120.01	1,306.67	1,493.35	1,680.02	2,053.37	2,426.70	2,800.03	3,360.04
Hornby-with-Farleton	1,136.99	1,326.47	1,515.98	1,705.48	2,084.49	2,463.47	2,842.47	3,410.96
Ireby and Leck	1,140.25	1,330.29	1,520.34	1,710.38	2,090.47	2,470.55	2,850.63	3,420.76
Melling-with-Wrayton	1,151.79	1,343.74	1,535.72	1,727.68	2,111.62	2,495.54	2,879.47	3,455.36
Middleton	1,134.74	1,323.85	1,512.99	1,702.11	2,080.37	2,458.60	2,836.85	3,404.22
Morecambe Town Council	1,124.17	1,311.52	1,498.89	1,686.25	2,060.98	2,435.69	2,810.42	3,372.50
Nether Kellet	1,129.86	1,318.16	1,506.48	1,694.79	2,071.42	2,448.03	2,824.65	3,389.58
Over Kellet	1,126.90	1,314.71	1,502.53	1,690.35	2,065.99	2,441.62	2,817.25	3,380.70
Over Wyresdale	1,119.25	1,305.79	1,492.34	1,678.88	2,051.97	2,425.05	2,798.13	3,357.76
Overton	1,129.91	1,318.21	1,506.54	1,694.86	2,071.51	2,448.13	2,824.77	3,389.72
Priest Hutton	1,126.04	1,313.70	1,501.39	1,689.06	2,064.42	2,439.75	2,815.10	3,378.12
Quernmore	1,120.20	1,306.89	1,493.60	1,680.30	2,053.71	2,427.10	2,800.50	3,360.60
Roeburndale	1,111.11	1,296.28	1,481.48	1,666.66	2,037.04	2,407.40	2,777.77	3,333.32
Scotforth	1,119.88	1,306.52	1,493.17	1,679.82	2,053.12	2,426.41	2,799.70	3,359.64
Silverdale	1,136.24	1,325.60	1,514.99	1,704.36	2,083.12	2,461.85	2,840.60	3,408.72
Slyne-with-Hest	1,136.99	1,326.48	1,515.99	1,705.49	2,084.50	2,463.49	2,842.48	3,410.98
Tatham	1,125.77	1,313.38	1,501.02	1,688.65	2,063.92	2,439.16	2,814.42	3,377.30
Thurnham	1,123.98	1,311.30	1,498.64	1,685.97	2,060.64	2,435.29	2,809.95	3,371.94
Tunstall	1,154.57	1,346.99	1,539.43	1,731.86	2,116.73	2,501.58	2,886.43	3,463.72
Warton	1,125.81	1,313.43	1,501.08	1,688.71	2,063.99	2,439.25	2,814.52	3,377.42
Wennington	1,153.77	1,346.06	1,538.36	1,730.66	2,115.26	2,499.84	2,884.43	3,461.32
Whittington	1,126.92	1,314.73	1,502.56	1,690.38	2,066.03	2,441.66	2,817.30	3,380.76
Wray-with-Botton	1,137.59	1,327.17	1,516.78	1,706.38	2,085.59	2,464.77	2,843.97	3,412.76
Yealand Conyers	1,127.00	1,314.82	1,502.67	1,690.50	2,066.18	2,441.83	2,817.50	3,381.00
Yealand Redmayne	1,131.58	1,320.17	1,508.77	1,697.37	2,074.57	2,451.76	2,828.95	3,394.74

- (6) That it be determined that the City Council's basic amount of council tax for 2017/18 is not excessive, when compared with the principles approved under Section 52ZB of the Local Government Finance Act 1992 (as amended by the Localism Act 2011), and therefore the City Council is not required to hold a local referendum.

CONCLUSION OF IMPACT ASSESSMENT

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

No new issues directly arising.

FINANCIAL IMPLICATIONS

The report is in accordance with the 2017/18 tax base and council tax requirements.

Annual council tax increases are shown below, excluding parish precepts. The amounts in £ terms relate to Band D properties, but the % changes apply to all Bands:

	2016/17	2017/18	Increase	
	£	£	£	%
Lancashire County Council	1,174.86	1,221.74	46.88	3.99
Lancashire Police & Crime	162.22	165.45	3.23	1.99
Lancashire Fire Authority	65.50	65.50	0.00	0.00
Lancaster City Council	208.97	213.97	5.00	2.39
	1,611.55	1,666.66	55.11	3.42(overall)

Separately, regarding parishes, the average Band D charge ranges from £0 to £65.20, resulting in year on year changes of between -100% and +53%. The average parish tax rate is £26.13. Some parishes have very small tax bases, and therefore if they decide on specific spending plans they can result in comparatively large tax rates. It should be noted that parish councils currently fall outside of the local referendum thresholds.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has finalised this report, which is in her name (as Chief Officer (Resources)).

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

The Monitoring Officer would remind Council that the decision on this item is one to which the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2004 and Rule 19.7 of the Council Procedure Rules apply, and accordingly there must be a recorded vote.

BACKGROUND PAPERS

Precept notices 2017/18

Contact Officer: Nadine Muschamp

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Ref:

COUNCIL**Pay Policy Statement 2017 - 2018****1 March 2017****Report of the Chief Executive****PURPOSE OF REPORT**

To enable the Council to approve its Pay Policy Statement for 2017 - 2018, as required by the Localism Act 2011.

This report is public

RECOMMENDATIONS

(1) That Council approve for publication the Pay Policy Statement for 2017 – 2018.

1.0 Introduction

1.1 Section 38 of the Localism Act 2011 places a requirement on local authorities to publish a Pay Policy Statement by the 31st March in each year. The Statement must be approved by resolution of Council, and this function may not be delegated. The Statement must set out the Council's arrangements relating to:

- the remuneration of its Chief Officers;
- the remuneration of its lowest-paid employees, and
- the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

1.2 Chief Officers within this Council have been defined as the Chief Executive and the five Chief Officers, one of which is currently vacant. However, the definition in the Localism Act 2011 is wide enough to cover those reporting directly to these officers, and this is covered within the Pay Policy Statement. The Pay Policy Statement should be read in conjunction with the Arrangements for other aspects of Chief Officer Remuneration and Lancaster City Council's Pay and Grading Structure 1 April 2017, which are appended to the report.

1.3 The draft Pay Policy Statement has been prepared in accordance with the requirements of the Localism Act 2011, and having regard to the guidance issued by the Department for Communities and Local Government (DCLG) under Section 40 of the Act.

1.4 Members will recall that the Council's last Pay Policy Statement was approved on the 2nd March 2016. That document has now been updated for 2017/18, and has been drafted in accordance with guidance issued by the DCLG. There is provision in the Act for the Council, if required, to amend the document by resolution during the year to which it relates.

1.5 During the course of the year, if the authority makes any determination relating to the remuneration or any other terms and conditions of a Chief Officer, it must comply with its Pay Policy Statement.

1.6 On 14 February 2017 Cabinet approved the filling of the vacant post of Chief Officer Governance and to rename it Chief Officer - Legal and Governance, and also to appoint an interim Assistant Chief Executive for 12 months. These decisions are subject to call

in.

- 1.7 Council minute 57 (2) 2009 requested that officers review and amend the Council's Pay and Grading structure within two years. Since the implementation of the current structure on 1 April 2010, the Council's organisation and staffing structure has significantly changed. Whilst work has been undertaken since 2011 to identify options for a revised pay and grading structure, no alternative solution has yet been developed. There remains a need to give consideration to whether the current pay and grading structure is appropriate to the current needs of the Council and the alternatives available.

2.0 Proposal Details

- 2.1 Council is requested to approve the Pay Policy Statement for 2017-18.

3.0 Details of Consultation

- 3.1 There has been no consultation, but in preparing the Statement, regard has been had to government guidance and to advice given by North West Employers.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 In order to comply with the Localism Act 2011, it is necessary for Council to approve a Pay Policy Statement. The attached draft document has been prepared by officers in order to comply with the statutory requirements.

5.0 Conclusion

- 5.1 Council is asked to approve the Pay Policy Statement.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) None directly arising from this report.</p>

<p>LEGAL IMPLICATIONS</p> <p>Legal Services have been consulted and have no further comments.</p>
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<p>FINANCIAL IMPLICATIONS</p> <p>There are no financial implications directly arising from this report. As far as possible, the draft budget elsewhere on the agenda reflects the Pay Policy statement and any financial implications arising during the course of next year would be addressed as a matter of course, through the appropriate decision-making and reporting channels. The undertaking of a further pay and grading review as mentioned in section 1.7 will be considered during 2017/18 (i.e. Phase 2 of the budget process) to determine any resource implications arising for 2018/19 and beyond.</p>

<p>OTHER RESOURCE IMPLICATIONS</p> <p>Open Spaces, ICT, Property: None</p> <p>Human Resources,</p> <p>The Pay Policy Statement 2017 - 2018 has been prepared by the HR Service Manager.</p>

<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has not further comments.</p>
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MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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Ref:

Lancaster City Council Pay Policy Statement 2017/18

1.0 Background

- 1.1 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as Council thinks fit”. Sections 38 – 43 of the Localism Act 2011 require that the Council produce a policy statement that covers a number of matters concerning the pay of the Council’s staff, principally Chief Officers.
- 1.2 This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011 and has been prepared in accordance with the Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act published by the Secretary of State for Communities and Local Government in February 2012 and the Local Authorities (Data Transparency) Code 2014.

2.0 Purpose

- 2.1 The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying:
- The methods by which salaries of all employees are determined;
 - The detail and level of remuneration of its most senior staff i.e. ‘Chief Officers’, as defined by the relevant legislation;
 - The Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

3.0 Other legislation relevant to pay and remuneration

- 3.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations 2006.
- 3.2 The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

4.0 Definition of Officers covered by the Policy Statement

- 4.1 This policy statement is required to cover “Chief Officer” posts as defined in the Localism Act 2011.
- 4.2 For Lancaster City Council these are:
- a) The Chief Executive (Head of Paid Service)
 - b) Chief Officer (Legal & Governance) (Monitoring Officer) - post currently vacant

- c) Chief Officer (Resources) (Section 151 Officer responsible for the administration of the authority's financial affairs)
- d) Other Chief Officers:
- Chief Officer (Environment)
 - Chief Officer (Health and Housing)
 - Chief Officer (Regeneration and Planning)
 - Assistant Chief Executive (interim for 12 months) – currently vacant
- e) The following posts are under Section 2(8) of the Local Government and Housing Act 1989 defined as Deputy Chief Officers, as they report directly to Chief Officers:
- Business Support Manager
 - Commercial Centre Manager
 - Council Housing Building Programme Manager
 - Democratic Service Manager
 - Economic Development Manager
 - Financial Services Manager
 - HR Service Manager
 - ICT Manager
 - Internal Audit Manager
 - Legal Services Manager
 - Planning Manager
 - Principal Housing Manager
 - Private Sector Housing Manager
 - Public Protection Group Manager
 - Organisational Development Manager
 - Operations Manager
 - Regeneration Manager
 - Repairs and Maintenance Manager
 - Safety Manager
 - Senior Property Officer
 - Sports and Leisure Manager
 - Waste & Recycling Manager

4.3 It should be noted that, whilst within the terms of the Act, the posts listed in 4.2 (e) above may fall within the wider definition of Chief Officer posts, they are not designated as such within the Council. The Officers set out in 4.2 (e) are paid below £50,000 and their terms and conditions of service are based on those defined by the National Joint Council for Local Government, National Agreement on Terms and Conditions of Service (NJC Green Book).

5.0 Arrangements for the Remuneration of Chief Officers

5.1 The Council's arrangements for the remuneration of the posts detailed in Para 4.2 (a) to (d) above are set out in the schedule that is attached to this policy statement at Appendix A. It is the policy of this Council to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the Council's requirements of the post in question at the relevant time. The post of interim Chief Executive, which was approved by Cabinet on 14 February 2017 (subject to call in), will be engaged via a recruitment agency.

5.2 As part of the development of the new senior management structure in 2010 there was a review of Chief Officer Pay (excluding the Chief Executive) in which each post was

evaluated to determine its relative value. The outcomes of this review informed the development of a revised salary structure, whereby staff normally receive an annual increment within the defined grade until the post holder reaches the top of the grade. North West Employers provided guidance and advice on the valuation of the posts and statistical data which was used to determine the revised salary structure.

- 5.3 In 2012 the senior management structure within the Council was reviewed and as a result the posts of Deputy Chief Executive and the Head of Property Services were disestablished. A further review in 2013 resulted in a reorganisation of services and the disestablishment of the Head of Community Engagement post. Excluding the Chief Executive, the number of Chief Officer posts reduced to five, inclusive of the Section 151 Officer and the Monitoring Officer. Following a recommendation from Personnel Committee on 9 March 2015 a review of Chief Officer salaries was undertaken by NWE0, however this was subsequently deferred by Cabinet (4 August 2015 – minute 17 refers) until after 1 July 2016. These and ongoing developments in service structures call for a wider review and re-evaluation of roles and responsibilities across the senior management structure.

6.0 Policy on other Aspects of Chief Officer Remuneration

- 6.1 It is appropriate to cover other aspects of Chief Officer Remuneration in this policy statement. These other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of a Local Government Pension Scheme (LGPS) pension or a redundancy/severance payment. These matters are set out in the document titled Arrangements for other aspects of Chief Officer Remuneration.

7.0 Chief Executive Remuneration

- 7.1 The post of Chief Executive (which also acts as Head of Paid Service) is paid on a fixed salary of £109,151 as at 1 April 2017. The post holder also acts as the Returning Officer for which additional fees are payable in relation to specific election based activities.

8.0 Returning Officer Fees

- 8.1 The Council appointed the Chief Executive as Returning Officer in 2016.
- 8.2 In accordance with the national agreement the Chief Executive is entitled to receive and retain the personal fees arising from performing the duties of Returning Officer, Acting Returning Officer, Deputy Returning Officer or Deputy Acting Returning Officer and similar positions which he or she performs subject to the payment of pension contributions thereon, where appropriate.
- 8.3 Fees for Returning Officer and other electoral duties are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda. As these relate to performance and delivery of specific elections duties as and when they arise, they are distinct from the process for the determination of pay for Chief Officers.

9.0 Other Chief Officers Conditions of Service

- 9.1 The other terms and conditions of service are set out in the relevant conditions of service handbooks as follows:

Chief Executive: The Joint Negotiating Committee for Local Authority Chief Executives - Conditions of Service.

All other Chief Officers: The Joint Negotiating Committee for Chief Officers in Local Authorities - Conditions of Service.

10.0 Additional Chief Officers Allowances

- 10.1 Any other allowances relating to the Chief Officers are the same as for all other posts within the Council, for example, reimbursement of fuel expenditure from business travel.

11.0 Recruitment of Chief Officers

- 11.1 The Council's policy and procedures with regard to recruitment of Chief Officers is set out within the Council's Constitution: Part 4 - Rules of Procedure, Section 6 (Officer Employment Procedure Rules).
- 11.2 When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Redeployment policies.
- 11.3 The remuneration offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.
- 11.4 Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a 'contract for service' or via an agency. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.
- 11.5 Cabinet have agreed to the engagement, via an agency, of an interim Assistant Chief Executive for a period of 12 months.

12.0 Policy on Remunerating the Lowest Paid in the Workforce

- 12.1 The Council applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of Council decisions; these are then incorporated into contracts of employment.
- 12.2. With the adoption of the Living Wage as the base rate of pay across the Council, the lowest scale point is SCP 10. This scale point automatically defaults to the Living Wage rate on 1 April each year. This scale point relates to an annual salary of £16,303 as at 1 April 2017 and can be expressed as an hourly rate of pay of £8.45.
- 12.3 The Council's main pay scale was developed as part of the Council's Fair Pay review and implemented on 1 April 2010. The Council's pay scales from 1 April 2017 are set out in the Lancaster City Council's Pay and Grading Structure 1 April 2017.
- 12.4 The Council also employs Apprentices who are not considered within the definition of 'lowest paid employees' as they are employed under locally defined Apprentice Pay Rate, which track the national minimum pay rate.

The rates from 1 April 2017 are:

- **Apprentice Year One Rate:** £5.60 (18 - 20 year old - National Living Wage)
- **Apprentice Year Two Rate:** £7.05 (21 – 24 years of age - National Living Wage)
£7.50 (over 25 years of age - National Living Wage)
- **Apprentice Year Three:** £8.45 SCP10 (Living Wage Rate £8.45)

13.0 Relationship between Chief Officer Remuneration and that of other Staff

13.1 The highest paid salary in this Council is £109,151, with effect from 1 April 2017, which is paid to the Chief Executive. Pay ratios between Chief Officers and other staff are set out below. This Council does not have a policy on maintaining or reaching a specific ‘pay multiple’. However the Council is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the Council as expressed in this policy statement. The Council’s approach to the payment of other staff is to pay that which the Council needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the Council meets any contractual requirements for staff including the application of any local or national collective agreements, or Council decisions regarding pay.

Living Wage

13.2 Lancaster City Council has adopted the living wage as its base rate of pay. The Living Wage is a non-statutory rate of pay which is set independently and reviewed annually, normally in November. Lancaster City Council will apply any increase to the Living Wage rate on 1 April in the following year. From 1 April 2017 the Living Wage rate is £8.45.

13.3 The pay ratios from 1 April 2017 when the Living Wage supplement is included are as follows:

Post	Salary	Benchmark	Salary	Ratio
Chief Executive	£109,151	Median Salary *	£20,661	5.28
		Mean Salary *	£23,710	4.60
		Lowest Salary	£16,303	6.70
Chief Officer	£66,805	Median Salary *	£20,661	3.23
		Mean Salary *	£23,710	2.82
		Lowest Salary	£16,303	4.10

** calculated using full-time equivalents*

14.0 Salary Information

- 14.1 A full schedule of salaries/grades within the Council is set out in Lancaster City Council's Pay and Grading Structure – 1 April 2017.

15.0 Pay Structure (General)

- 15.1 The Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points). These spinal points are divided into a number of locally determined pay grades.
- 15.2 All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery. Any national pay increase will not apply to the Living Wage rate, which is determined locally as set out in section 13.2.

Job Evaluation

- 15.3 To determine the pay grade for the majority of posts the Council operates a Job Evaluation Scheme. The conventions are based on the evaluation factors within the Greater London Provincial Councils (GLPC) job evaluation scheme. In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
- 15.4 Council minute 57 (2) 2009 requested that officers review and amend the Council's Pay and Grading structure within two years. Since the implementation of the current structure on 1 April 2010, the Council's organisation and staffing structure has significantly changed. Whilst work has been undertaken since 2011 to identify options for a revised pay and grading structure, no alternative solution has yet been developed. There remains a need to give consideration to whether the current pay and grading structure is appropriate to the current needs of the Council and the alternatives available.
- 15.5 New appointments will normally be made at the minimum of the relevant pay scale point for the grade, although this can be varied where necessary to secure the best candidate. This arrangement applies equally to all employees of the Council. Where the appointment salary is above the minimum point of the pay scale and is not affected by other Council policies, for example promotion, redeployment or flexible retirement, this is approved in accordance with the Council's Constitution (Part 3 - Responsibility for Functions, Section 14). The principle of appointing at the bottom of the pay grade applies equally to Chief Officers.
- 15.6 From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.
- 15.7 Any temporary market supplement applied to the salary grade for a particular post will be subject to approval in accordance with the Council's Market Supplement Policy.

16.0 Approval of Salary Packages in Excess of £100K

16.1 The Council will ensure that, at the latest before an offer of appointment is made, any salary package for any post that is in excess of £100K will be considered by full Council. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

17.0 Contracts of Employment

17.1 It is the Council's policy to engage all of its contracted employees on standard contracts of employment and to apply Pay As You Earn (PAYE) taxation arrangements to all remuneration under those contracts in accordance with Her Majesty's Revenue and Customs (HMRC) rules.

17.2 Where consultants are recruited the Council will establish the consultant's employment status to ensure that HMRC rules are properly applied and that deductions from pay are made as appropriate.

18.0 Pension Contributions

18.1 Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Lancashire County Government Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded

18.2 The Employer contribution rate from 1 April 2017 is 15.5%.

18.3 The Employee contribution rate effective from 1 April 2016 is based on salary as detailed below:

Salary (Full Time)	Contribution Rate
Up to £13,500	5.5%
£13,501 - £21,200	5.8%
£21,201 - £34,400	6.5%
£34,401 - £43,500	6.8%
£43,501 - £60,700	8.5%
£60,701 - £86,000	9.9%
£86,001 – £101,200	10.5%
£101,201 - £151,800	11.4%
Over- £151,800	12.5%

19.0 Payments on Termination

19.1 The Councils approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to retirement, is set out within its policy statement and in accordance with:

- Local Government (Early Termination of Employment Discretionary Compensation) (England and Wales) Regulations 2006.
- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.
- Local Government Pension Scheme (Admin) Regulations 2008 (regulation 66).
- The Local Government Pension Scheme Regulations 2013.
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

19.2 The policy applied equally to all permanent employees regardless of their grade is set out in the Council's Early Termination of Employment Policy.

20.0 Re- Employment with Lancaster City Council

20.1 An employee who is dismissed on redundancy grounds, and receives a voluntary (enhanced) redundancy payment, may be considered for re-employment to posts within the Council subject to the arrangements within the Council's Early Termination of Employment Policy

21.0 Accountability and Decision Making

21.1 In accordance with the Constitution of the Council, the Personnel Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

22.0 Amendments to the Policy

22.1 As the policy statement covers the period 1 April 2017 to 31 March 2018, amendments may need to be made throughout the relevant period. As the Localism Act 2011 requires that any amendments are approved by the Council by resolution, proposed amendments will be reported to the Personnel Committee for recommendation to full Council.

23.0 Policy for Future Years

23.1 This policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the Council prior to the start of each financial year.

Chief Officers Remuneration - 2017/18

Post	Chief Executive
Base Salary	£109,151
Pension Contribution	11.4%
Election Fees	The Returning Officer fees are based on a fee calculated periodically by the Cabinet Office. The Council pays the fees for the local elections, and the fees for other elections such as Parliamentary, European and County Council are paid for externally.
Expenses	Travel and other expenses reimbursed through normal Council procedures
Bonuses	The terms within the Contract of employment do not provide for the payment of any bonus
Honoraria	Honoraria payments do not apply to this post.
Ex-Gratia Payments	There are no plans for this post to receive any ex-gratia payments.
Severance Arrangements	The Council's normal policy in relation to redundancy and early retirement applies to this post. The arrangements are the same for all employees of the Council.

Post	Chief Officer - Legal & Governance (Monitoring Officer) – vacant			
Base Salary Grade	Point One	Point Two	Point Three	Point Four
	£64,361	£65,166	£65,980	£66,805
Pension Contribution	9.9%			
Election Fees	If appointed to a formal role as part of any election, fees would be paid in respect of the specific duties undertaken.			
Expenses	Travel and other expenses reimbursed through normal Council procedures			
Bonuses	The terms within the contract of employment do not provide for the payment of any bonus.			
Honoraria	Honoraria payments do not apply to this post.			
Ex-Gratia Payments	There are no plans for this post to receive an ex-gratia payments.			
Severance Arrangements	The Council's normal policy in relation to redundancy and early retirement apply to this post. The arrangements are the same for all employees of the Council.			

Post	Chief Officer - Resources (Chief Financial Officer)			
Base Salary Grade	Point One	Point Two	Point Three	Point Four
	£64,361	£65,166	£65,980	£66,805
Pension Contribution	9.9%			
Election Fees	If appointed to a formal role as part of any election, fees would be paid in respect of the specific duties undertaken.			
Expenses	Travel and other expenses reimbursed through normal Council procedures			
Bonuses	The terms within the contract of employment do not provide for the payment of any bonus			
Honoraria	Honoraria payments do not apply to this post.			
Ex-Gratia Payments	There are no plans for this post to receive an ex-gratia payment.			
Severance Arrangements	The Council's normal policy in relation to redundancy and early retirement apply to this post. The arrangements are the same for all employees of the Council.			

Post	Chief Officer - Environment			
Base Salary Grade	Point One	Point Two	Point Three	Point Four
	£64,361	£65,166	£65,980	£66,805
Pension Contribution	9.9%			
Election Fees	If appointed to a formal role as part of any election, fees would be paid in respect of the specific duties undertaken.			
Expenses	Travel and other expenses reimbursed through normal Council procedures.			
Bonuses	The terms within the contract of employment do not provide for the payment of any bonus.			
Honoraria	Honoraria payments do not apply to this post.			
Ex-Gratia Payments	There are no plans for this post to receive an ex-gratia payment.			
Severance Arrangements	The Council's normal policy in relation to redundancy and early retirement apply to this post. The arrangements are the same for all employees of the Council.			

Post	Chief Officer - Health and Housing			
Base Salary Grade	Point One	Point Two	Point Three	Point Four
	£64,361	£65,166	£65,980	£66,805
Pension Contribution	9.9%			
Election Fees	If appointed to a formal role as part of any election, fees would be paid in respect of the specific duties undertaken.			
Expenses	Travel and other expenses reimbursed through normal Council procedures			
Bonuses	The terms within the contract of employment do not provide for the payment of any bonus.			
Honoraria	Honoraria payments do not apply to this post.			
Ex-Gratia Payments	There are no plans for this post to receive an ex-gratia payment.			
Severance Arrangements	The Council's normal policy in relation to redundancy and early retirement apply to this post. The arrangements are the same for all employees of the Council.			

Post	Chief Officer - Regeneration and Planning			
Base Salary Grade	Point One	Point Two	Point Three	Point Four
	£64,361	£65,166	£65,980	£66,805
Pension Contribution	9.9%			
Election Fees	If appointed to a formal role as part of any election, fees would be paid in respect of the specific duties undertaken.			
Expenses	Travel and other expenses reimbursed through normal Council procedures.			
Bonuses	The terms within the contract of employment do not provide for the payment of any bonus.			
Honoraria	Honoraria payments do not apply to this post.			
Ex-Gratia Payments	There are no plans for this post to receive an ex-gratia payment.			
Severance Arrangements	The Council's normal policy in relation to redundancy and early retirement apply to this post. The arrangements are the same for all employees of the Council.			

Arrangements for other aspects of Chief Officer Remuneration

Activities	Arrangements / Council Policy
Recruitment	The post will be advertised and any appointment made at the approved salary for the post, unless there is good reason that the Council will not be able to secure the appointment at that level and unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the Council's policy and any variation will be approved through the appropriate Council decision making process.
Progression within Pay Grade	The Council will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The Council will also apply any pay increases that are as a result of Council decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.
Additions to Pay	The Council will not make any payments beyond those defined in the contract of employment
Performance Related Pay	The Council does not operate performance related pay
Earn – Back (Withholding an element of Basic Pay)	<p>The Council does not operate an earn-back pay scheme</p> <p>The system of performance management is sufficiently robust to ensure high levels of performance from its senior officers. Any areas of under-performance are addressed rigorously.</p>
Re-employment	<p>An employee who is dismissed on redundancy grounds, and received a voluntary (enhanced) redundancy payment, may be considered for re-employment to posts within the Council subject to the arrangements that exist in the Council's Early Termination of Employment Policy.</p> <p>If an employee is dismissed on compulsory redundancy grounds he/she may be considered for re-employment to any post within the Council after the minimum statutory period of four weeks has elapsed.</p>

Lancaster City Council – Pay and Grading Structure 1 April 2017

NJC Green Book Pay Rates						Living Wage																																	
SCP			Annual	Monthly	Hourly	Default Rate*	Annual	Monthly	Hourly																														
			£	£	£		£	£	£																														
5	Grade 1																																						
6																																							
7																																							
8																																							
9																																							
10	Grade 2		15613	1301.08	8.0926	8.4500	16303	1358.54	8.4500																														
11			15807	1317.25	8.1932	8.4500	16303	1358.54	8.4500																														
12			16123	1343.58	8.3570	8.4500	16303	1358.54	8.4500																														
13			16491	1374.25	8.5477																																		
14			16781	1398.42	8.6980																																		
15			17072	1422.67	8.8489																																		
16			17419	1451.58	9.0287																																		
17			17772	1481.00	9.2117																																		
18	Grade 3		18070	1505.83	9.3662																																		
19			18746	1562.17	9.7165																																		
20			19430	1619.17	10.0711																																		
21			20138	1678.17	10.4381																																		
22			20661	1721.75	10.7091																																		
23			21268	1772.33	11.0238																																		
24			21962	1830.17	11.3835																																		
25			22658	1888.17	11.7442																																		
26	Grade 4		23398	1949.83	12.1278																																		
27			24174	2014.50	12.5300																																		
28			24964	2080.33	12.9395																																		
29			25951	2162.58	13.4511																																		
30		Grade 5		26822	2235.17	13.9026																																	
31				27668	2305.67	14.3411																																	
32			28485	2373.75	14.7645																																		
33			29323	2443.58	15.1989																																		
34			30153	2512.75	15.6291																																		
35		30785	2565.42	15.9567																																			
36	Grade 6		31601	2633.42	16.3796																																		
37			32486	2707.17	16.8384																																		
38			33437	2786.42	17.3313																																		
39			34538	2878.17	17.9020																																		
40			35444	2953.67	18.3716																																		
41	Grade 7		36379	3031.58	18.8562																																		
42			37306	3108.83	19.3367																																		
43			38237	3186.42	19.8193																																		
44			39177	3264.75	20.3065																																		
45	Grade 8		40057	3338.08	20.7626																																		
46			41025	3418.75	21.2643																																		
47			41967	3497.25	21.7526																																		
48			42899	3574.92	22.2357																																		
49	Grade 9		43821	3651.75	22.7136																																		
50			44749	3729.08	23.1946																																		
51			45690	3807.50	23.6823																																		
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*All Scale Points below rate of pay determined to be the Living Wage Foundation to be the 'Living Wage' will default to that rate on 1 April each year.

Equality Impact Assessment

This **online** equality impact assessment should:

An equality impact assessment should take place when considering doing something in a new way. Please submit your completed EIA as an appendix to your committee report. Please remember that this will be a public document – do not use jargon or abbreviations.

Service

Title of policy, service, function, project or strategy

Type of policy, service, function, project or strategy: Existing New/Proposed

Lead Officer

People involved with completing the EIA

Step 1.1: Make sure you have clear aims and objectives

Q1. What is the aim of your policy, service, function, project or strategy?

Q2.

Who is intended to benefit? Who will it have a detrimental effect on and how?

Step 1.2: Collecting your information

Q3. Using existing data (if available) and thinking about each group below, does, or could, the policy, service, function, project or strategy have a negative impact on the groups below?

Group	Negative	Positive/No Impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Faith, religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender including marriage, pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation including civic partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other socially excluded groups such as carers, areas of deprivation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rural communities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Step 1.3 – Is there a need to consult!

Q4. Who have you consulted with? If you haven't consulted yet please list who you are going to consult with? Please give examples of how you have or are going to consult with specific groups of communities

Equality Impact Assessment

There is no requirement to consult, but in preparing the Statement regard is given to government guidance and advice from North West Employers.

Step 1.4 – Assessing the impact

Q5. Using the existing data and the assessment in questions 3 what does it tell you, is there an impact on some groups in the community?

Age: No impact
Disability: No impact
Faith, Religion or Belief: No impact
Gender including Marriage, Pregnancy and Maternity: No impact
Gender Reassignment: No impact
Race: No impact
Sexual Orientation including Civic Partnership: No impact
Rural Communities: No impact

Step 1.5 – What are the differences?

Q6. If you are either directly or indirectly discriminating, how are you going to change this or mitigate the negative impact?

No impact as above.

Q7. Do you need any more information/evidence eg statistic, consultation. If so how do you plan to address this?

Not required.

Step 1.6 – Make a recommendation based on steps 1.1 to 1.5

Q8. If you are in a position to make a recommendation to change or introduce the policy, service, function, project or strategy, clearly show how it was decided on.

There is a legal requirement to publish an annual Pay Policy Statement.

Q9. If you are not in a position to go ahead, what actions are you going to take?

Click here to enter text.

Q10. How do you plan to monitor the impact and effectiveness of this change or decision?

Matters relating to pay are kept under regular review.

CABINET

6.00 P.M.

14TH FEBRUARY 2017

PRESENT:- Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Darren Clifford, Brendan Hughes, James Leyshon, Karen Leytham, Margaret Pattison and Anne Whitehead

Officers in attendance:-

Susan Parsonage	Chief Executive
Nadine Muschamp	Chief Officer (Resources) and Section 151 Officer
Andrew Dobson	Chief Officer (Regeneration and Planning)
Mark Davies	Chief Officer (Environment)
Suzanne Lodge	Chief Officer (Health and Housing)
Anne Marie Harrison	Economic Development Manager
Liz Bateson	Principal Democratic Support Officer

52 MINUTES

The minutes of the meeting held on Tuesday 17 January 2017 were approved as a correct record.

53 ITEMS OF URGENT BUSINESS AUTHORISED BY THE LEADER

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

54 DECLARATIONS OF INTEREST

No declarations were made at this point.

55 PUBLIC SPEAKING

Members were advised that there had been no requests to speak at the meeting in accordance with Cabinet's agreed procedure.

56 PLATFORM REVIEW

(Cabinet Member with Special Responsibility Councillor Clifford)

Cabinet received a report from the Chief Officer (Regeneration & Planning) which provided an update on the review of the Platform, and provided information on a number of early developments and ongoing improvements, to reduce the long term net operating position.

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

A considerable number of improvements to Platform operations have already been undertaken, or are underway, which Cabinet members are asked to note. At this time, no financial growth is requested as proposals at this stage can be managed within service budgets. However, Cabinet members are asked to consider and confirm the role

and purpose of the Platform. The original role of the Platform was as a Music and Community Arts Centre and the venue has therefore always operated as much more than a simple commercial enterprise. Today, there is, quite rightly, a strong focus on income generation as a means of reducing the overall cost of the venue to the Council. Nevertheless, the Platform also delivers important social and economic value as a community facility, as a contributor to Morecambe's Place offer and quality of life and also as a visitor attraction. Whilst these roles do not always reflect directly on the Platform's bottom line, positive social and economic outcomes for the area are achieved. This report proposes that whilst all reasonable opportunities to generate additional income are developed, as detailed in the report, this is undertaken in the context of the Platform's continuing broad role and purpose.

Bar and catering options have not been included in any detail in this report although this is an area that has been recognised as a revenue generator. However, it is also recognised that these options need to be considered in the context of longer term requirements and opportunities for the Platform building itself, potential development in the surrounding area, local private sector interests and investments and the economic potential arising from the new link road.

It is proposed that a further report is presented to Cabinet early in 2017/18 to consider how the Platform can best support wider developments in the local area and what services, including bar and catering, will be required to achieve this.

Bearing in mind that Cabinet has confirmed its support for the long term future of the Platform, it is important to take a similarly long term view to developing its role, programme, audiences and profile, capitalising on the opportunities available.

As a result of the review, which has been multi-dimensional, a number of actions have already been taken or are underway. Further information to allow Cabinet to consider in what way the Platform can support the future development of the wider surrounding area will be presented during early 2017/18.

Councillor Clifford proposed, seconded by Councillor Leytham:-

"That the recommendations, as set out in the report, be approved with the following revisions to recommendation (2):

- Add 'of 1 year' after 'for a fixed term period'
- Add 'or reserves' after 'or through additional income"

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet notes the details of the Platform review, including its findings and the early improvements undertaken.
- (2) That Cabinet supports:-
 - the principle of providing additional marketing capacity, for a fixed term period of one year, to be funded either from within existing resources or through additional income or reserves, and authorises appropriate flexibility

regarding budget virement if so needed;

- the business case for longer term provision being considered in the context of the overall development of the wider area surrounding the Platform.
- (3) That Cabinet confirms the overall role and purpose of the Platform as an entertainment and community venue, as well as an important contributor to Morecambe's Place offer, quality of life and attractiveness for visitors.
- (4) That a further report is provided to Cabinet as part of the next phase of the budget process, proposing a Vision for the way in which the Platform can support the future development of the Morecambe urban area, in the context of increased private sector interests, significantly improved connectivity and the raised profile of Morecambe as a place to live and to visit.

Officer responsible for effecting the decision:

Chief Officer (Regeneration & Planning)

Reasons for making the decision:

The decision supports the following Council Priorities:

Community Leadership

- Maintain a financially stable position and strong financial forecast for the delivery of council services – Review and refresh internal processes and systems to drive efficiency and cost savings

Sustainable Economic Growth

- Sustainable economic growth and jobs will be created in key sectors including....the visitor economy – Regenerate central Morecambe through the Morecambe Area Action Plan
- The attractiveness and offer of the district as a place to visit or invest will be improved – Evaluate economic impact, delivery and funding of the arts in the district
- Lancaster and Morecambe Bay will be recognised as important visitor destinations – Increase the number of visitors to the district and visitor spend in the district

57 BAILRIGG GARDEN VILLAGE - CAPACITY FUNDING

(Cabinet Member with Special Responsibility Councillor Hanson)

Cabinet received a report from the Chief Officer (Regeneration & Planning) which sought Cabinet's authority to formally accept the funding offered by the Homes and Communities Agency to provide capacity to advance the delivery of the Garden Village Project, following the announcement of the City Council's success in securing support for its expression of interest in the development of a Garden Village in South Lancaster.

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

	Option 1: Not to accept the nomination to develop a Garden Village and associated funding.	Option 2: To accept the nomination to develop a Garden Village and to accept the funding offer to accelerate delivery.
Advantages	No additional draw on resources other than those allocated to Local Plan preparation at this time.	Enables the appropriate staff resource and skills to be recruited to manage delivery at a reasonable pace, in addition to providing funds to appoint specialist expertise to work to define infrastructure needs.
Disadvantages	Delivery of the concept post Local Plan preparation will be much slower and a higher drain upon the City Council's resources as Government assistance may not be available at that time.	Adds to the number of high profile major projects being managed in the Regeneration and Planning Service at this time.
Risks	Reputational damage after submitting proposals found to be innovative then declining to take up the means to deliver them at a greater pace.	Given competing demands the level of resources able to be accessed by this funding may not be enough.

Option 2 was the preferred officer option. The development of a Garden Village in place of the urban extension option investigated in the run up to the Council decision on the Consultation Draft Local Plan is a much better option for the district. It should have the ability to generate far more consensus about a development of this scale, and enable both the City and County councils and the University of Lancaster to promote a high quality bespoke development significantly enhancing the City's reputation as a place to live and work.

The work needed up front to design and plan infrastructure for a new settlement of this scale would be an additional burden for the City Council without this significant help from the Government via the Homes and Communities Agency. Developing a Garden Village in this way now clearly supports the Council's objectives for managed growth as represented in their Consultation Draft Local Plan.

Councillor Hanson proposed, seconded by Councillor Leyshon:-

"That the recommendations, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet authorises the Chief Officer (Regeneration & Planning) to accept the nomination to develop a Garden Village at Bailrigg, Lancaster and the associated funding offer from the Homes and Communities Agency to assist in accelerating delivery.
- (2) That delegated authority be given to the Chief Officer (Resources) to update the General Fund Revenue Budget between 2016/17 and 2017/18 once profiling of expenditure and grant terms and conditions are known.
- (3) That officers be authorised to begin preparatory work in partnership with the County Council and the University of Lancaster and the Homes and Communities Agency to undertake master planning, infrastructure planning and community consultation alongside the ongoing Local Plan process.
- (4) That officers report back to Cabinet with a progress update on project planning and the role anticipated for the City Council when more information is known.

Officers responsible for effecting the decision:

Chief Officer (Regeneration & Planning)
Chief Officer (Resources)

Reasons for making the decision:

Bailrigg Garden Village is a strategic housing growth allocation in the City Council's Consultation Draft Local Plan. The decision will enable opportunity for affordable housing to meet the needs of those currently disadvantaged in the open housing market. It will also take pressure off the wider rural areas for housing growth which might not meet high standards of sustainability.

58 EMPTY HOMES STRATEGY

(Cabinet Members with Special Responsibility Councillors Leytham and Hanson)

Cabinet received a report from the Chief Officer (Regeneration & Planning) to consider an updated Empty Homes Strategy for Lancaster District and the resource implications associated with it.

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

	Option 1: Approve the revised Empty Homes Strategy including the resource implications	Option 2: Do not approve the revised Empty Homes Strategy
Advantages	Provides framework for the actions of the Council and its partners and promotes co-ordinated, efficient working. Provides certainty to allow longer term planning of actions	None identified

	Sets clear message that tackling empty homes is a council priority. Brings direct and indirect financial benefits together with community benefits	
Disadvantages	Requires dedicated resources that will have some impact on other areas of work.	Empty homes would not be identified as a council priority and would be dealt with on an ad-hoc basis by various council services with potential for confusion and overlap.
Risks	Requires continued commitment from key partners such as Methodist Action	Fewer empty properties would be brought back into use.

Option 1 is preferred due to the importance associated with this area of work. This is an important area of work and a council priority. Approving a revised strategy and providing adequate resources are important steps in delivering this work.

Councillor Leytham proposed, seconded by Councillor Hanson:-

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

Councillors then voted:-

Resolved unanimously:

- (1) That Cabinet approves the revised Empty Homes Strategy as the basis for the Council’s actions in terms of bringing empty properties back into beneficial use.
- (2) That Cabinet notes the resource implications set out in the report.

Officer responsible for effecting the decision:

Chief Officer (Regeneration & Planning)

Reasons for making the decision:

Bringing empty properties back into beneficial use contributes directly to the Council’s health and wellbeing priority by improving the supply and quality of the district’s housing. It also contributes to the clean, green and safe priority by reducing the potential for anti-social behaviour and to the economic growth priority by improving confidence in an area for investment.

59 LANCASTER FLOOD MANAGEMENT SCHEME - RIVER LUNE PHASE 3

(Cabinet Member with Special Responsibility Councillor Hanson)

Cabinet received a report from the Chief Officer (Regeneration & Planning) which provided information on a proposed project to improve the River Lune flood defences, and agree that the City Council make a bid for ERDF funding in outline, to attempt to assemble the funds required to progress a scheme.

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

	Option 1: Do nothing	Option 2: Agree to be submit outline bid for ERDF funding.
Advantages	The City Council does not have to take on a major capital scheme.	Gives the best chance of a scheme to be delivered and begins to put down formal 'markers' for core funding from key sources. Begins the process of embedding the project in strategic programmes and securing a financial package.
Disadvantages	Long term uncertainty over viability of Caton Road industrial estates. No realistic proposition of a scheme being undertaken in short to medium term.	Whilst Outline ERDF application does not commit the council to accepting funding there is an expected timetable for a full application, with added workload (although informal discussions with LEP indicate that the timetable can be flexible).
Risks	Divestment from industrial estates; leakage of employment and business from the sites potentially to outside Lancaster district. Reputational risks of being seen to not support the scheme	Reputational risk increases through raising delivery expectations by the council. Engaging in strategic fund raising processes without certainty of the scheme, costs and funding package, may raise stakeholder expectations that ultimately, cannot be met (as the scheme may prove undeliverable). Alternatively, it may raise expectations that the Council will 'step in' financially. It is sought to manage these risks by the conditions reflected in the recommendations.

The preferred option is Option 2. This decision has to be about priorities, whilst managing the Council's financial risk exposure. Currently the EA and the County

Council (LLFA) are concentrating on developing the Phase 4 project for the City Centre. Left to the LLFA and the EA's own priority scoring mechanisms a scheme to improve protection for this significant and important industrial area may not come forward for a number of years.

There remains an acute need to promote this scheme to help secure its delivery and the proposed course of action represents the next most appropriate route towards achieving a positive outcome, both meeting the council's regeneration objectives for the having wider social, economic and environmental impact.

Councillor Hanson proposed, seconded by Councillor Hughes:-

"That the recommendations, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

- (1) That Officers be authorised to submit an outline bid for ERDF Funding by the target date of 17th February 2017, on the basis that:
 - there is no commitment to allocate capital or revenue funding to the scheme;
 - that any move into further project development would require costs/any other financial risk exposure to be underwritten by the Environment Agency and/or other stakeholders; and that
 - the Council would withdraw from project development at any early stage if it transpires that reasonably, there is no prospect of securing sufficient stakeholder buy-in and/or financing for the project.
- (2) That a progress report be presented back to Cabinet on the above, at the appropriate time.
- (3) That it be noted that the Chairman of Overview and Scrutiny Committee has agreed to waive Call-In on this occasion because a call in period would pass the deadline for submission of an outline bid for ERDF funding.

Officer responsible for effecting the decision:

Chief Officer (Regeneration & Planning)

Reasons for making the decision:

The decision enables the Council to submit an outline bid with a more detailed report brought back to members outlining the full financial, procurement, legal and operational implications, prior to progressing the scheme any further. Economic Growth is a high level Corporate Priority for the City Council. The flooding risk for this important industrial areas undermines business and investment confidence. The emerging Local Plan

cannot identify extensive new areas for employment development to replace such an area therefore the priority approach should be to increase the level of protection to restore business confidence.

60 BUDGET AND POLICY FRAMEWORK UPDATE 2017-21

(Cabinet Member with Special Responsibility Councillor Whitehead)

Cabinet received a report from the Chief Officer (Resources) to inform Cabinet of the latest budget and council tax position so it could make recommendations back to Council in order to complete the budget setting process.

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

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

Revenue Budget

Cabinet may adjust its revenue budget proposals, as long as the overall budget for 2017/18 balances and fits with the proposed council tax level. The Chief Officer (Resources), as s151 Officer, continues to advise that wherever possible, emphasis should be on reducing future years' net spending.

Capital Programme

Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but overall its proposals for 2016/17 and 2017/18 must balance. Whilst there is no legal requirement to have a programme balanced over the full 5-year period, it is considered good practice to do so – or at least have clear plans in place to manage the financing position over that time.

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

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

Other Budget Framework Matters (Reserves and Provisions / MTFS)

Given known commitments, risks and approved council tax targets there is limited flexibility in financial terms, but depending on priorities Cabinet may consider putting forward alternatives for various reserves, or different approaches for addressing the medium term budget deficit through the MTFS.

Proposals to be put forward by Cabinet should fit with any external constraints and the budgetary framework already approved. The recommendations as set out meet these requirements; the detailed supporting budget proposals are then a matter for Members.

The report outlined the actions required to complete the budget setting process for 2017/18 and for updating the MTFS to 2020/21, ahead of a more fundamental, strategic review of the Council's corporate planning for 2018/19 onwards.

Councillor Whitehead proposed, seconded by Councillor Clifford:-

“That the recommendations, as set out in the report, be approved with the inclusion of a Phase 2 Savings and Growth option - Solar Farm Appraisal to recommendation (1).

Councillors then voted:-

Resolved unanimously:

- (1) That having considered the feedback from Budget and Performance Panel and Council as set out in section 8 of the supplementary report, Cabinet agrees:
 - That a Solar Farm Appraisal Proposal be included as a Phase 2 2018/19 Savings and Growth option.
- (2) That Cabinet endorses the review of Provisions, Reserves and Balances undertaken by the s151 Officer, and notes her advice regarding the minimum level of Balances being maintained at £1.5M, subject to annual review.
- (3) That subject to any changes arising from the above, any further budget amendments arising in the Cabinet meeting, and the final Local Government Settlement for 2017/18, Cabinet be recommended to approve for referral on to Budget Council:
 - the 2017/18 General Fund Net Revenue Budget and resulting Council Tax Requirement excluding parish precepts (current position at Appendix A of the supplementary report);
 - its supporting budget proposals (current proposals at Appendix B of the supplementary report);
 - the resulting position on provisions and reserves (current position at Appendix C of the supplementary report); and
 - the resulting Capital Programme (current position at Appendix D of the supplementary report).
- (4) That the Finance Portfolio Holder be given delegated authority to update the Medium Term Financial Strategy accordingly, for referral on to Budget Council.

Officer responsible for effecting the decision:

Chief Officer (Resources)

Reasons for making the decision:

The decision enables Cabinet to make recommendations back to Council in order to complete the budget setting process for 2017/18.

61 TREASURY MANAGEMENT STRATEGY 2017-18**(Cabinet Member with Special Responsibility Councillor Whitehead)**

Cabinet received a report from the Chief Officer (Resources) which set out the 2017/18 Treasury Management Framework for Cabinet's approval and referral on to Council.

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

Cabinet may put forward alternative proposals or amendments to the proposed Strategy in Appendix A to the report, but these would have to be considered in light of legislative, professional and economic factors, and importantly, any alternative views regarding the Council's risk appetite. As such no further options analysis is available at this time.

Furthermore, the Strategy must fit with other aspects of Cabinet's budget proposals, such as investment interest estimates and underlying prudential borrowing assumptions, feeding into Prudential and Treasury Management Indicators.

The officer preferred option is to approve the framework as attached to the report, allowing for any amendments being made under delegated authority prior to referral to Council. This is based on the Council continuing to have a low risk appetite regarding the security and liquidity of investments particularly, but recognising that some flexibility should help improve returns, whilst still effectively mitigating risk. It is stressed that in terms of treasury activity, there is no risk free approach. It is felt, however, that the measures set out above provide a fit for purpose framework within which to work over the coming year.

Councillor Whitehead proposed, seconded by Councillor Clifford:-

"That the recommendation, as set out in the report, be approved."

Councillors then voted:-

Resolved unanimously:

- (1) That the Finance Portfolio Holder be given delegated authority to agree the Treasury Management Framework, as updated for Cabinet's final budget proposals, for referral on to Council.

Officer responsible for effecting the decision:

Chief Officer (Resources)

Reasons for making the decision:

The proposed Treasury Management framework forms part of the Council's budget and policy framework, and fits into the Medium Term Financial Strategy.

62 FEES AND CHARGES REVIEW - 2017/18**(Cabinet Members with Special Responsibility Councillors Whitehead and Leyshon)**

Cabinet received a joint report from the Chief Officer (Resources) and Chief Officer (Environment) to consider the annual review of fees and charges for 2017/18.

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

The policy attached to the report remains substantively unchanged and it is considered that it remains fit for purpose (at least in the short term) and it adequately covers Cabinet's budget proposals. As such, no options are presented and Cabinet is simply requested to endorse the policy.

Options regarding car parking charges are covered in Appendix C to the report.

Off Street Pay and Display Charges**Option 1**

To introduce a range of options for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council:-

Advantages	Disadvantages	Risks
<p><u>Option 1A</u></p> <p>This option freezes the most popular parking tariffs of 1 and 2 hours that account for 71% of short stay transactions and nearly 62% of overall parking transactions.</p> <p>The 1 and 2 hour parking tariffs often provide a guide or perception of the overall level of charging and maintaining these tariffs at their current levels for as long as possible is beneficial.</p> <p>By not increasing the 1 hour tariff the differential charge is maintained in Lancaster with on-street parking charges as agreed with the County Council.</p>	<p>The 2 hour tariff car park tariff could be increased without affecting the differential charge for the limited number of 2 hour on-street spaces.</p>	<p>The only risk is the greater need to increase the 1 and 2 hour tariffs in future years.</p>

<p><u>Option 1B</u></p> <p>This option limits the increases to stays of 3 hours and longer and avoids the most popular tariffs of 1 and 2 hours that affect a large proportion of customers as previously reported.</p> <p>Again, by not increasing the 1 hour tariff the differential charge is maintained in Lancaster with on-street parking charges as agreed with the County Council.</p> <p>This option maintains the current cost of all-day long stay parking in Morecambe.</p> <p>Increased charges at Williamson Park are broadly in line with the main proposals.</p>	<p>Although this option avoids the most popular tariffs 33% of parking transactions would still be affected by the increased charges.</p>	<p>Introducing increases that affect 33% of all transactions could have a negative impact on overall car park usage.</p> <p>Increasing charges at Williamson Park could reduce the number of visitors to the Park / lead to displacement onto surrounding streets.</p>
<p><u>Option 1C</u></p> <p>This option maintains the traditional free off street parking in the Council's car parks and supports local shops and businesses leading up to Christmas.</p> <p>This option encourages residents and visitors to shop locally and to improve the viability of the city and town centres at Christmas.</p>	<p>This does lead to the loss of income but this has been factored into previous year's budgets and the current draft budget for 2017/18 and subsequent years.</p>	<p>The greater risk is associated with discontinuing this option and the impact this would have on city and town centre viability at Christmas.</p>
<p><u>Option 1D</u></p> <p>This option introduces formal management of the car park and allows leisure users and shoppers to use the car park.</p> <p>This option prevents the long-term parking of vehicles on the car park and commuter parking.</p> <p>The 4 hour maximum stay allows for the turnover of spaces and gives leisure users and shoppers greater opportunity to use the car</p>	<p>The formal arrangements remove the informal regular long-term parking arrangements that some users and residents have become used to.</p>	<p>Formal management and parking charges could reduce usage of the car park.</p> <p>The income generated from parking charges could be minimal.</p>

park.		
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Option 2

To investigate an alternative range of options for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council.

Advantages	Disadvantages	Risks
This would potentially allow alternative options to be considered.	Alternative proposals may not provide the same range of support for the ongoing management of car parks and the wider objectives of the Council.	Alternative proposals may not be introduced for the start of 2017/18 and have operational and financial implications.

The Officer Preferred Option is Option 1 - To introduce the following range of sub-options (i.e. 1A to 1D) for car parking fees and charges for 2017/18 that support the ongoing management of car parks and the wider objectives of the Council (further summarised in budgetary terms in the table below):-

- That the most popular 1 and 2 hour tariffs are frozen for 2017/18.
- To increase the tariffs outlined in TABLE A of this report on all main car parks in Lancaster and Morecambe and increasing the Full Day charge at Williamson Park.
- That free parking over Christmas is provided on the following dates:- Sundays - 26th November, 3rd, 10th, 17th and 24th December 2017 Thursday evenings – 30th November, 7th, 14th and 21st December 2017 (Thursdays subject to further discussion with Lancaster BID and any alternative proposals not leading to an overall greater loss of income).
- To introduce formal management of the Kingsway Car Park in Lancaster and the parking charges outlined in TABLE B and Officers amend the Off Street Parking Places Order at the earliest opportunity to implement the changes.

Option 1	Additional Income £
1A – 1 and 2 hour Tariffs Frozen	0
1B – Increase Tariffs as per Table A	49,900
1C – Sunday Free Parking (Christmas Period)	0
Total	49,900
1D – Formal Management of Kingsway Car Park (Subject to outcome of the 2017/18 Budget Process)	8,000 (increasing to £10,200)

	from 2018/19)
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Councillor Whitehead proposed, seconded by Councillor Leyshon:-

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

Councillors then voted:-

Resolved unanimously:

(1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A to the report, and during 2017/18 (i.e. Phase 2 of the budget process), determines whether any other areas of income generation be explored for 2018/19 onwards.

(2) That Cabinet approves:

- Option 1A - that the most popular 1 and 2 hour parking tariffs are frozen on all car parks.
- Option 1B - that increases are approved for the tariffs outlined in Table A of the car parking report set out at Appendix C on all main car parks in Lancaster and Morecambe and increasing the Full Day charge at Williamson Park, Lancaster.
- Option 1C - that free Christmas parking is maintained on all main city and town centre car parks on the following dates:-

Sundays – 26 November, 3, 10 and 24 December 2017

Thursday evenings – 30 November, 7, 14 and 21 December 2017

(Thursdays being subject to further discussion with Lancaster BID and any alternative proposal not leading to an overall greater loss of income).

- Option 1D – that subject to the outcome of the 2017/18 Phase 1 savings proposals being approved, formal management of the Kingsway car park, Lancaster is introduced and parking charges are approved as outlined in Table B of the car parking report, as set out in Appendix C; with Officers requested to amend the Off Street Parking Places Order at the earliest opportunity to implement the changes.

Officers responsible for effecting the decision:

Chief Officer (Resources)

Chief Officer (Environment)

Reasons for making the decision:

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget. The proposed increases are considered to be fair and reasonable.

63 CORPORATE FINANCIAL MONITORING 2016/17 - QUARTER 3**(Cabinet Member with Special Responsibility Councillor Blamire)**

Cabinet received a report from the Chief Officer (Resources) to provide an overview of the Council's financial position for Quarter 3 of the 2016/17 monitoring cycle, and the supporting actions underway.

As the report was primarily for noting, no options were provided.

Councillor Blamire proposed, seconded by Councillor Whitehead:-

"That the report be noted."

Councillors then voted:-

Resolved unanimously:

(1) That the report be noted.

Officer responsible for effecting the decision:

Chief Officer (Resources)

Reasons for making the decision:

The report is a requirement of the Council's Performance Management Framework in support of the delivery of key priorities and outcomes as set out in the overall policy framework.

The Chief Officers and the Economic Development Manager left the meeting at this point.

64 EXCLUSION OF THE PRESS AND PUBLIC

It was moved by Councillor Pattison and seconded by Councillor Hanson:-

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

Members then voted as follows:-

Resolved unanimously:

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

65 OFFICE OF THE CHIEF EXECUTIVE: SENIOR LEADERSHIP TEAM**(Cabinet Member with Special Responsibility Councillor Blamire)**

Cabinet received a report from the Chief Executive to enable consideration of a revised structure for the Chief Executive's office. The report was exempt from publication by virtue of paragraphs 1 & 2 of Schedule 12A of the Local Government Act 1972.

The options, options analysis, including risk assessment were set out in the exempt report.

Councillor Hanson proposed, seconded by Councillor Clifford:-

"That the recommendations, as set out in the exempt report, be approved."

Councillors then voted:-

Resolved unanimously:

- (1) That the recruitment of a Chief Officer (Legal and Governance) be recommended to Personnel Committee for commencement of the recruitment processes.
- (2) That the proposals regarding the appointment of an interim Assistant Chief Executive for 12 months be approved.
- (3) That the current interim arrangements for the Human Resources and Organisational Development services be continued for 6 months.

Officer responsible for effecting the decision:

Chief Executive

Reasons for making the decision:

The additional capacity around Legal and Governance and strategic matters will serve to strengthen the planning and delivery of key priorities and policies.

Chairman

(The meeting ended at 6.35 p.m.)

**Any queries regarding these Minutes, please contact
Liz Bateson, Democratic Services - telephone (01524) 582047 or email
ebateson@lancaster.gov.uk**

MINUTES PUBLISHED ON MONDAY 20TH FEBRUARY, 2017.

**EFFECTIVE DATE FOR IMPLEMENTING THE DECISIONS CONTAINED IN THESE MINUTES:
TUESDAY 28TH FEBRUARY, 2017.**

**NOTE: - MINUTE 59 CAN BE IMPLEMENTED WITH IMMEDIATE EFFECT. CALL-IN HAS BEEN
WAIVED ON THE LANCASTER FLOOD MANAGEMENT SCHEME.**