Managing our Resources

Resource Management Framework 2011-14

LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

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Introduction

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

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

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

Due to the significant changes to the way Local Government may deliver services in the medium term, the council's planning and policy framework will be reviewed in the summer of 2011. However, the Corporate Plan identifies an outline of the proposed approach, and members will receive a detailed framework in the summer. However, members should be aware that, in order to have successful outcomes for the district's communities, the council needs to consider key strategic documents of corporate planning, resource planning and governance. Below is a simple policy framework which illustrates how each of these documents interact:
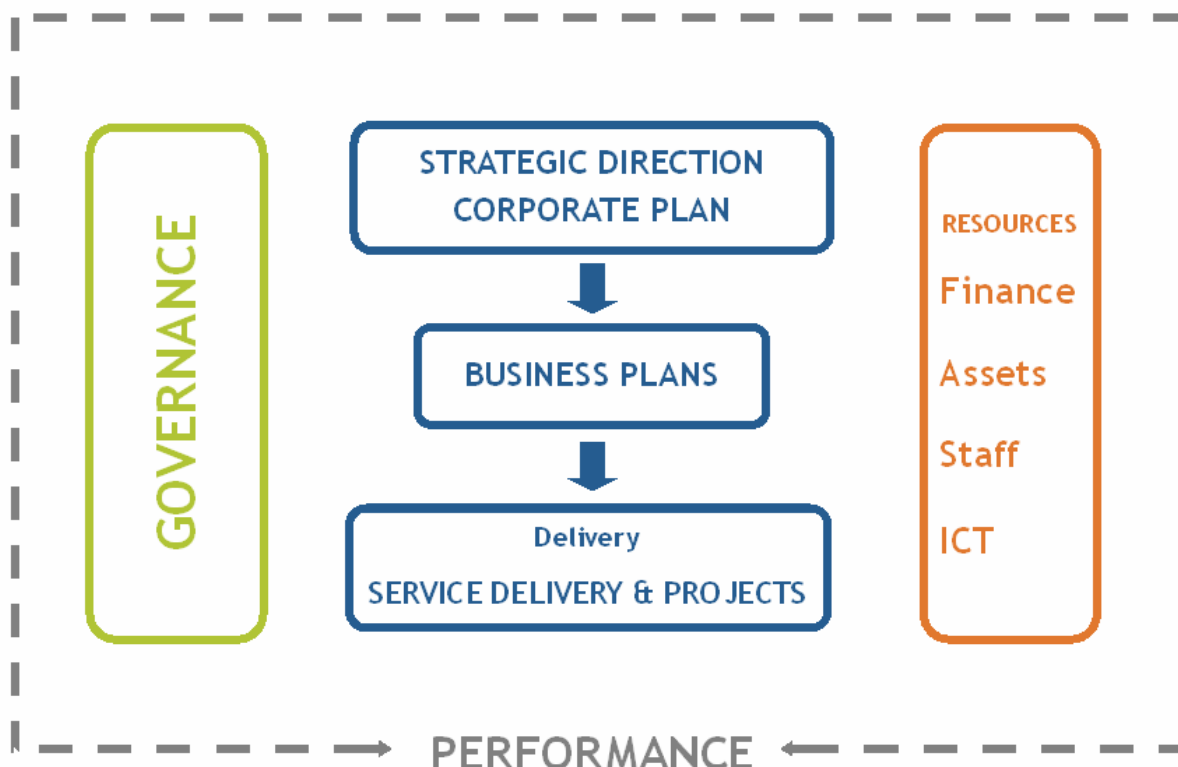
The council's Resources Framework must support and inform the council's Vision for the district and strategic direction, as set out in the Corporate Plan, to match available resources. The council's priorities, to which all resources are aligned, are as follows:

– **Economic regeneration** – energy coast, visitor economy and housing regeneration

– **Climate change** – prioritising reducing the council's energy costs and increasing income

– **Statutory responsibilities** – fulfilling at least our minimum statutory duties – focus on keeping the streets clean and safe

– **Partnership working and community leadership** – working with partners to reduce costs, make efficiencies and create resilience within the district

- The intention to protect the most vulnerable in our society should also be a thread that runs through all the above priorities

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

LANCASTER
CITY COUNCIL
Promoting City, Coast & Countryside

MEDIUM TERM
FINANCIAL STRATEGY
2011-14

Head of Financial Services
2011

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1.0 INTRODUCTION

1.1 The Medium Term Financial Strategy (MTFS) sets out how Lancaster City Council proposes to manage its financial resources in line with current corporate priorities and future challenges the council faces in service delivery.

1.2 The city council responds to these challenges through a rolling process of policy review and financial planning. The Medium Term Financial Strategy (MTFS) is integral to this; it forms part of the council's wider resources framework linking to the Medium Term Corporate Property Strategy (MTCPS), the Human Resources (HR) Strategy and the Information and Communications Technology (ICT) Strategy.

1.3 The MTFS covers both revenue and capital financial planning. It outlines the key financial targets and constraints for the council, together with the financial planning and budget setting timescales that will be followed in seeking to achieve those targets. The processes are designed to ensure that policy objectives and spending demands are balanced against available resources, having regard to risk considerations and the community's needs.

In short:

- The Corporate Plan sets out the council's Vision for the district and summarises the council's medium term key priorities, aims and objectives in terms of outcomes and outputs to achieve the Vision;

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

1.4 At present, for revenue planning the Strategy's focus is very much on General Fund services funded through Council Tax. In broad terms, this covers all council activities with the exception of council housing. Council housing finances are managed through a separate Housing Revenue Account (HRA).

1.5 Financial planning for council housing will change significantly under the Government's proposals for "Implementing Self-Financing for Council Housing". Details of these arrangements were received in February 2011 and the target for implementation is April

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

2.0 AIMS AND OBJECTIVES

2.1   The aims and objectives of the MTFS are to:

- protect the council's financial standing and avoid volatile or unnecessary fluctuations in the provision of council services, by:
   - providing a clear and regularly updated view of the council's future financial prospects;
   - setting out the council's key financial objectives and budget constraints within which members and officers must operate;
   - promoting and progressing the delivery of a financially sustainable and balanced budget for the medium term.

- deliver a balanced, robust budget (for both revenue and capital) each year, which:
   - matches and realigns resources both to council priorities and statutory needs;
   - is based on informed decision-making across all council policies and activities, underpinned by risk management;
   - takes account of budget consultation with stakeholders.

- help achieve value for money in the use of the council's resources. This includes:
   – maximising efficiency savings and, where appropriate, increasing income;
   – protecting statutory services and minimising reductions in other front-line services, where possible and where this is in line with council priorities, and
   – working with services to challenge traditional methods of service provision.

- be transparent about how the council will manage and plan its finances, together with the implications on service delivery.

3.0 CURRENT POSITION

3.1 NET REVENUE SPENDING

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

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

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

3.1.2 The transfer of concessionary travel responsibilities has resulted in a major reduction in the Council's net budget for 2011/12, but, in addition, the Council has implemented measures to make net recurring savings of £1.8M. These achievements, together with Government's incentive package, have resulted in a Council Tax freeze for 2011/12.

3.1.3 The Council's budget is forecast to reduce further in 2012/13 and there are two main reasons for this:

− the Council's underlying borrowing requirement, known as its Capital Financing Requirement (CFR), is expected to reduce by £5M in 2011/12, and this will reduce borrowing costs from 2012/13 onwards;

− the cost of local elections falls out in 2012/13.

3.1.4 In terms of Government funding, this is expected to reduce in cash terms by 11% between 2011/12 and 2012/13. Thereafter, year on year reductions of 2% are assumed. Whilst different scenarios may be modelled in due course, in terms of sensitivity a 1% change in Government support from 2012/13 onwards amounts to over £110K or a little under a 1.5% change in Council Tax.

3.1.5 Whilst such ongoing reductions in Government support add pressure, the Council believes that its current forecasts for Council Tax are unacceptably high and, therefore, over the next two years, it needs to make further substantial recurring savings in its revenue spending. This scenario is typical for public sector organisations over the medium term. It is in this context that Council has determined its key financial targets for future years, as set out later.

3.2 RESERVES AND BALANCES

3.2.1 The Council recognises that general balances are needed to provide:

− a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing; and

− a contingency to cushion the impact of significant unexpected events or emergencies.

3.2.2 The Council's Section 151 Officer has advised that balances should be maintained at £1M for General Fund and £350K for the Housing Revenue Account; the Council accepts this advice and this is taken account of in future financial strategy.

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

3.3 CAPITAL INVESTMENT AND FINANCING

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

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

3.3.2 A key task within the Council's MTCPS is to keep the authority's property portfolio under regular review to ensure that its capital base remains fit for purpose, and that any major associated risks or opportunities are identified and managed as appropriate. In turn these are reflected in either the council's capital investment priorities, or its capital receipts forecasts.

3.3.3 Accordingly, over the next five years, the council's capital investment and its assuming financing is summarised as follows:

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

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

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

4.0 LINKS WITH COUNCIL PRIORITIES

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

PRIORITY / KEY OBJECTIVE	ANNUAL REVENUE BUDGET £000	5 YEAR CAPITAL PROGRAMME £000

Economic Regeneration
Climate Change
Partnership working & Community Leadership
Statutory responsibilities
Other Supporting Investment:
    Municipal Land & Buildings
    ICT
    Support Services		

TOTAL PLANNED INVESTMENT	**21,481**	**30,775**

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

4.2 Given the nature of the Council's priorities, it is inevitable that spending will not be evenly spread. As an example, partnership working and community leadership does not typically involve significant capital investment. Furthermore, if the financial scope for affording discretionary activities reduces, a greater proportion of spend and investment will be incurred in maintaining essential statutory services. The council's role in pursuing its priorities is also changing; in particular the environment surrounding external funding will impact on the ways in which services are delivered in future.

4.3 For capital investment, there is a need to be more specific in terms of priorities. In particular, as reflected in the table above, much investment relates to property used corporately across the full range of Council activities. For this reason, the following supplementary priorities have been adopted to direct investment over the next five years, subject to annual review:

- Delivering the Council's Economic Vision as set out in the Economic Regeneration Strategy.

- Delivering improvements for the Public Realm.

- Delivering schemes that support the Council's Climate Change agenda, with focus on energy efficiency and income generation.

- Progressing the priorities within the Council's Housing Strategy and in particular, in meeting the current 'Lancaster' Standard in the provision of Council Housing, in line with the 30-Year Business Plan.

- Refurbishment/replacement of existing property or facilities required to deliver existing service levels, or to achieve key performance targets as set out in the Corporate Plan or Corporate Property Strategy, or to meet other legislative requirements.

- New (or the expansion of existing) facilities, where they link clearly with the Corporate Plan and they are either :
  – at least self financing (both in revenue and capital terms) or
  – invest to save proposals that require some up front capital investment but would generate cashable (and where possible, non-cashable) ongoing revenue savings. As a general guide, payback should be achievable in the medium term, up to 5 years, but longer payback periods may be considered should circumstances warrant it (taking account of the Prudential Code - see later).

5.0 TARGETS AND CONSTRAINTS

5.1 COUNCIL TAX

5.1.1 Lancaster City Council believes that Council Tax should give good value for local taxpayers. In setting its tax rates, the council should also have regard to:
- anticipated levels of pay and price inflation
- Government funding levels
- Government targets for Council Tax
- the ability to meet minimum statutory requirements
- its Vision for the district.

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

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

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

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

5.2 **REVENUE BUDGET LIMITS**

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

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

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

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

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

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

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

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

- providing funding to meet any additional costs arising in connection with settling existing claims and liabilities in connection with the Luneside East scheme. Further specific Cabinet approval would be required before this facility could be called on;

- providing cover for any losses associated with Icelandic investments, should there be any increase in need following changes in Icelandic court decisions and associated recovery prospects;

- providing interim funding for progressing the 2011/12 approved Capital Programme, prior to other expected sources of funding (e.g. capital receipts) becoming available;

- robust, achievable revenue savings being identified or income being generated, which reasonably exceed the ongoing (whole life) costs associated with a new capital proposal and meet any other payback requirements. This scenario would require further specific Cabinet / Council approval as required.

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

5.3.5 Whether or not any of these underlying borrowing needs will give rise to actual additional long-term borrowing or, alternatively, be financed by utilising the council's cash balances, is a decision that will be made within the framework of the council's Treasury Management Strategy.

5.4 REVENUE FINANCING FOR CAPITAL INVESTMENT

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

5.4.2 Revenue financing from reserves will be based on existing earmarked reserve levels (or projections), as long as capital investment proposals match with the approved use of those reserves.

5.5 CAPITAL RECEIPTS

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

– Council housing capital receipts may be used either to support capital investment in council housing stock and supporting assets, or to reduce HRA capital financing costs. The use of any additional receipts arising will be considered in context of the forthcoming housing finance changes.

– For General Fund, of the £9.451M capital receipts budgeted, only £4.484M will be used over the period to support capital investment generally. The remaining £4.967M will be used to reduce underlying borrowing need. Capital receipts will not normally be ring-fenced into reinvestment into particular areas, as this can undermine the prioritisation of investment needs, but there are exceptions to this:

o Capital receipts arising from the West End Housing Schemes will be ring-fenced to meeting associated costs and liabilities arising, subject to appropriate Cabinet approval.

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

5.6 EXTERNAL GRANTS AND CONTRIBUTIONS

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

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

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

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

6.0 THE BUDGET PROCESS

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

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

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

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

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

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

6.6 BUDGET PREPARATION

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

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

- an allowance for the estimated level of pay and price inflation from one year to the next;

- adjustments to reflect the transfer of functions in the Council, changes in activity / demand levels for services where appropriate or general cost reductions, as examples;

- any previously approved changes to policy or strategy, for example a reduction in budget to reflect withdrawal of services or an increase to fund a new initiative or the impact of new legislation.

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

6.7 GOVERNMENT FUNDING

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

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

6.8 BALANCING THE REVENUE BUDGET: SAVINGS AND GROWTH OPTIONS

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

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

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

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

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

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

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

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

- reducing statutory service standards, where these are provided at above minimum standards;
- reducing or withdrawing discretionary services and activities, informed by the council's current priorities and any proposed future changes, as well as any provision made by other organisations and partners.

e. Growth
The scope for supporting growth may be limited and therefore any future growth need will only be considered if it meets any of the following conditions:
- it is needed to meet statutory service standards;

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

6.9   BALANCING THE CAPITAL PROGRAMME: REQUIREMENTS OF THE PRUDENTIAL CODE

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

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

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

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

6.10   OPTIONS APPRAISAL

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

6.10.2 Options for capital investment and their financing will also be appraised as part of the budget process, in line with priorities as set out earlier and to meet the requirements of the Prudential Code. It is imperative that the investment of capital resources contributes clearly to the achievement of the authority's objectives and supporting activities, and that such investment represents real value for money for people in the district.

6.10.3 Given that resources are scarce, the planning and budget process enables the authority to consider and appraise, at a higher level, alternative capital financing levels or strategies and their impact on the council's revenue budget and medium term financial planning, or the 30-year Business Plan for council housing.

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

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

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

6.11 DECISION-MAKING

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

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

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

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

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

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

6.12 MANAGING FINANCIAL AND OTHER RISKS

6.12.1 During the annual budget process, the main assumptions underpinning the process are identified, assessed and reported to members, together with the main financial risks facing the council. This is an important element of the council's Risk Management arrangements, and major issues will influence the scope and timing of the monitoring and review processes outlined. A summary of key risks and assumptions underpinning the council's financial planning is attached at *Appendix B* (as previously reported). These have a major bearing on the council's levels of provisions and reserves, which in themselves are an important tool in managing financial risk.

7.0 MONITORING AND REVIEW

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

- Any potential impact generally from the Council's corporate financial monitoring arrangements will be considered, together with the impact of the previous year's outturn. This will also include a review of the national economic outlook and other key assumptions and risks underpinning the budget. Corporate financial monitoring reports will be produced and reported quarterly, as part of the performance management framework.

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

7.2 Major changes in policy or service delivery that are implemented over a number of years on a phased basis will have budgetary impact spread over a corresponding period. These will be incorporated into this Strategy as appropriate, once they have been evaluated and approved.

7.3 As detailed, the outcome of the monitoring and review arrangements will be brought together to avoid a piecemeal approach to reviewing the Strategy. This may necessitate changes to the MTFS framework and the key financial targets contained within it. Any changes will ultimately be reported twice yearly (once during autumn 2011 and once as part of the 2012/13 budget process) for referral on to Council for approval, together with the rationale behind such changes.

8.0 GOVERNANCE

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

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

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

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

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

9.0 PUBLIC ACCESS TO INFORMATION

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

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

The Annual Budget
Information is published each year in three main documents:

- the budget/Council Tax leaflet, which is distributed to local tax payers along with the Council Tax bills each spring;
- the budget book, which is distributed in various forms to council officers and members, with a summary version available on the website;
- the Corporate Plan, which incorporates a financial overview.

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

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

9.2 As well as informing the public and other stakeholders, the council uses the results and feedback from this information to inform its financial planning and strategy going forward.

9.3 All information is available through the Council's website or alternatively, queries can be sent to finance@lancaster.gov.uk.

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

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

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

AFFORDABILITY

PI 1:	Estimates of ratio of financing costs to net revenue stream	Non - HRA	13.7%	11.7%	11.3%
		HRA*	7.2%	7.2%	7.1%
		Overall	11.3%	10.0%	9.7%

PI 2:	Actual ratio of financing cost to net revenue stream	Reported after each financial year end

PI 3:	Estimates of the incremental impact of new Capital Investment decisions on the Council Tax	2.29%	1.12%	1.17%
	This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme	£4.41	£2.19	£2.35

PI 3A:	Illustrative Impact of Additional Borrowing £1 million	Repayment Period		
		5 Years	10 Years	25 Years
	Increase in Council Tax (£)	£4.99	£2.80	£1.65
	Increase in Council Tax (%)	2.59%	1.46%	0.86%

PI 4:	Estimates of the incremental impact of Capital Investment on Housing Rents	Nil	Nil	Nil

CAPITAL EXPENDITURE

PI 5:	Estimates of capital expenditure	Non - HRA	5,765	3,822	1,196
		HRA	3,658	3,616	3,616
		Total	9,423	7,438	4,812

PI 6:	Actual capital expenditure	Reported after each financial year end

PI 7:	Estimates of Capital Financing Requirement	Non - HRA**	28,655	30,133	29,336
		HRA*	15,303	15,303	15,303
		Total	43,958	45,436	44,639

PI 8:	Actual Capital Financing Requirement	Reported after each financial year end

EXTERNAL DEBT

PI 9:	Authorised Limit			
	Authorised Limit for Borrowing* **	51,740	51,640	51,650
	Authorised Limit for Other Long Term Liabilities	260	260	250
	Authorised Limit for External Debt	52,000	51,900	51,900

PI 10:	External Debt: Operational Boundary* **	47,000	46,900	46,900

PI 11:	Actual external debt	Reported after each financial year end

PRUDENCE

PI 12:	Treasury Management: adoption of CIPFA code of Practice	The Council has adopted the updated Treasury Management code of practice (November 2009).

PI 13:	Net borrowing and the capital financing requirement			
	Anticipated indebtedness (Authorised limit)	47,000	46,900	46,900
	Anticipated average investment	15,960	15,750	14,590
	CFR	47,153	44,697	45,037
	(Under)/over borrowed	-16,113	-13,547	-12,727

*This does not take into account potential reforms to the Housing Revenue Account Subsidy system
**This is on an IFRS basis including proposed adjustments to the balance sheet for reclassification of leases.

MEDIUM TERM FINANCIAL STRATEGY 2011/12 TO 2013/14

LANCASTER
CITY COUNCIL
Promoting City, Coast & Countryside

KEY FINANCIAL RISKS

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

Luneside East

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

Municipal Buildings

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

Funding of Capital Programme

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

Capital Liabilities

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

Decision-making

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

Icelandic Investments (and investment losses generally)

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

Government Support (future years)

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

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

Other Economic Factors and Prospects generally

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

Council Tax Capping (or replacement measures)

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

Concessionary Travel

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

Fair Pay

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

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

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

Shared Services

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

Council Housing Finance review

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

Future Savings Potential

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

MEDIUM TERM CORPORATE PROPERTY STRATEGY 2011-14

Head of Property Services
2011

Index

1.0 INTRODUCTION

1.1 Lancaster City Council has a small but diverse range of land and property that contributes in many ways to the council's objectives. The 2011 - 2014 Medium Term Corporate Property Strategy (MTCPS), sets out the strategic direction for the management of the council's property portfolio during this three year period, reflecting all the other relevant government policies, council plans and strategies.

1.2 In particular, the MTCPS forms part of the council's wider resources framework linking to the Medium Term Finance Strategy (MTFS), the Human Resources (HR) Strategy and the IT Strategy.

2.0 AIMS AND OBJECTIVES

2.1 The aims and objectives of the MTCPS are to:

- highlights the progress made against the key performance targets and property improvements implemented over the last year

- set out the key asset management tasks and targets for the forthcoming year.

2.2 The way that the Council manages its land and property assets has a direct impact on both the quality of services that it delivers to the public and the quality of the environment. It is therefore important that efficient and effective use is made of these assets to support corporate and service objectives.

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

CORPORATE ASSET OBJECTIVES

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

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

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

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

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

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

3.0 CURRENT POSITION

STATEMENT OF PORTFOLIO

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

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

Current Property Holdings

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

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

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

SERVICE DELIVERY & ACCOMMODATION NEEDS

3.3   **Overview**

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

3.4   **Council Services**

3.4.1 An essential element of the Access to Services process in reviewing council services is the consideration of service restructuring which requires a close look at the activities that Services undertake as well as dealing with the potential for property efficiencies. Service asset management plans would inform and support the corporate property strategy will assist this process and identify opportunities for rationalisation at individual Service and authority wide level.

3.4.2 Although most property management arrangements have successfully been brought into a single base, some are still fragmented where operational management dictates. It is proposed to procure new maintenance and energy management arrangements that will enable a more corporate approach to asset management.

3.5   **New Working Practices in the Council**

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

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

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

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

3.6   **Working with Partners to provide/improve accommodation and facilities**

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

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

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

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

- Moor Lane Mills
- St Leonards House
- Ryelands House

3.6.4 Lancashire Constabulary utilise facilities within Lancaster Bus Station

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

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

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

CURRENT PERFORMANCE IN RELATION TO THE CORPORATE ASSET OBJECTIVES

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

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

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

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

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

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

3.12 Access Audits have been completed for all of these buildings and Accessibility Plans prepared. Capital funding has been included within the funding for the backlog of repairs programme and when the works are completed over the five year programme, all buildings should be fully accessible.

3.13 The Council undertakes these functions with very tight constraints in terms of staff and budget. A review of all of the Property Service functions has been undertaken and the council's cabinet has approved negotiations taking place for shared service to ensure efficient operation and reduce the risk to the council of failure of these functions.

> **Corporate Asset Objective 2: Value for Money**

3.14 **Asset Valuations Programme** - The council has a five year Asset Valuation Programme with all assets valued during that period on a rolling programme. In addition, there has been a complete revaluation of the Council's insurance valuations.

3.15 **Property Performance Benchmarking** - The council has demonstrated a longstanding commitment to the benchmarking of its assets and property-related services. National Property Performance Indicators continue to be benchmarked against the COPROP Property Performance Programme as part of an exercise organised through the Association of Chief Estates Surveyors (currently facilitated in the north-west region by Blackburn with Darwen Council).

3.16 Local indicators are also held to identify performance in a range of areas of work at a lower level. As part of the Performance Review Team (PRT) programme, Property Services reports on performance quarterly, and at regular monthly meetings with the cabinet portfolio holder.

3.17 **Options appraisal/project management** – when schemes are proposed that are linked to assets, the council will work through an options appraisal process. All reports to the council's cabinet require options to be provided with an analysis of the risks involved, whilst the technical support requires, where appropriate, whole life costing in accordance with the council's Guide to Whole Life Costing. This is in turn linked to the council's LAMP project management process.

3.18 **Working with partners** – to progress the opportunity to work with partners within the LSP to consider the wider issues involved in asset management planning within the district.

> **Corporate Asset Objective 3: Improved Corporate Management**

3.19 **Access to Services Review** – This involves implementing, an office accommodation strategy and rationalising the amount of space used by individual staff. The current space utilisation rate is 10.74m² per workstation and it is aimed to reduce this to 7.5m² per workstation by the end of the project, anticipated to be in 2011. This would provide a 30% reduction in office space with the consequent operational savings.

3.20 **Asset data systems** - The council utilises the TechnologyForge database to keep records of the property portfolio. The data is being reviewed to ensure that it contains accurate data on its efficiency, effectiveness, and asset value, which can be used to support decision making on investment and disinvestments in property. It also needs to support new requirements, such as those under International Financial Reporting Standards (IFRS).

Corporate Asset Objective 4: Sustainability

3.21 Lancaster has established a Climate Change Cabinet Liaison Group to advise on and monitor responses to global, as well as local environmental challenges. The council has published both a Climate Change Strategy and a Sustainability Strategy and the CPS aims to support the work of the Climate change Cabinet liaison group and to support implementation of actions in the In-house Climate Change Strategy.

3.22 The council has a Climate Change Strategy 2008-2013 includes actions for works within the council's buildings. This is based upon survey information that has been being prepared via the Carbon Trust and reflects the requirements of the Carbon Reduction Commitment. However, it should be noted that, with regards the current commitment to this agenda, the council's priorities are to only put resources to invest-to-save options, and any statutory works.

3.23 As required since October 2008 all relevant council buildings display a Display Energy Certificate (DEC) in a prominent place, clearly visible to the public, indicating the energy performance of a building based on actual energy consumption and showing the "asset rating" of the building, which is a numerical indicator of the amount of energy estimated to meet the different needs associated with a standardised use of the building.

3.24 In addition an Energy Performance Certificate (EPC) is required on the sale or new letting of a commercial property that is over $50m^2$ with its own heating system. Arrangements are in place to procure these certificates when required.

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

3.25 **Capital receipts** - The budget set for 2011/12 sets out a three year capital receipts programme to be raised from the disposal of surplus land and property. Such funding is an essential element in delivering future priorities for the council, as identified in the MTFS.

- 2011/12 - £8,989,150
- 2012/13 - £314,150
- 2013/14 - £64,150

3.26 The most significant disposal relates to land at Scotforth Road, Lancaster which requires planning permission for development. Careful monitoring of the development process is required together with communication with Financial Services to allow budgets to be adjusted as required. Progress on receipts is regularly monitored by the quarterly PRT monitoring process.

3.27 To reflect the importance of capital receipts, the Council approved a Disposal Strategy in March 2009.

3.28 **Review of Assets** - This is an ongoing process linked to the basic premise that challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives.

Corporate Asset Objective 6: Enabling

3.29 One of the basic elements of the asset management process and which underpins this Strategy, is the challenge process referred to in the council's corporate plan and MTFS. From this principle, consideration is therefore given to the disposal of any property that is no longer required for the purpose of providing council services or meeting the requirements of the Corporate Plan.

3.30 The council's enabling role for assets can be the driver for delivery of many of the corporate priorities, detailed in Objective 5.

4.0 LINKS WITH COUNCIL PRIORITIES

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

4.2 Economic Regeneration Priority:

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

4.3 Partnership Working and Community Leadership Priority:

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

5.0 TARGETS AND CONSTRAINTS

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

THE RESOURCE CONTEXT

5.2 The council has a track record of robust financial management and a strong finance function. Value for Money (VFM) has been long embedded in service and resource planning.

5.3 Target savings are set in the MTFS for the Council as a whole and reflect the savings that the council needs to make in light of the current national and local financial circumstance. Efficient use and management of assets will play a major role in achieving these savings, much of which will arise through the Access to Services Review, working with partner organisations who occupy Council buildings, and integrated financial and performance management arrangements to drive out efficiencies and savings.

5.4 The Council's capital programme is set annually as part of the budget process but is based on a three year programme and should be considered in conjunction with this MTCPS. In 2011/12 the council has committed the following capital financial resources to its asset management priorities. All these schemes are funded from either unallocated capital receipts (UCR) or borrowing. Much depends upon the availability of capital receipts in times of recession. The town hall schemes aside, the programme of municipal building works are yet to be finalised.

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

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

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

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

GOVERNMENT POLICIES

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

6.0 MONITORING AND REVIEW

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

6.2 This review and challenge process will be provided by:

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

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

SERVICE ASSET MANAGEMENT PLANS

6.4   All council Services prepared initial service asset management plans to cover the period 2006-2010. Many of the requirements of these plans were identified in the Access to Services Review, whilst other elements have been included in the council's capital programme or other areas of the council's review process.

6.5   As part of the MTCPS and the Access to Services Review, the items identified in the service asset management plans will be the subject of further review to highlight any new issues and/or opportunities that have arisen in the intervening period. In particular, this will cover the extent of service change underway or planned for the medium term.

PERFORMANCE MANAGEMENT OF THE ASSETS

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

7.0 GOVERNANCE

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

8.0 PUBLIC ACCESS TO INFORMATION

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

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

Indicator	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
% gross internal floor-space in condition categories: **A** **B** **C** **D**	9.52% 86.5% 3.82% 0.16%	20.87% 36.09% 43.04% Not req'd	20.87% 36.09% 43.04%	21.24% 34.96% 43.80%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined A-19.65% B-40.94% C-38.21% D-1.21% Operational A-30.70% B-34.60% C-33.44% D-1.26% Non-Operational A-0% B-52.2% C-46.48% D-1.13%	Combined A 18.93% B 36.72% C 43.14% D1.21% Operational A 29.59% B 15.67% C 53.48% D 1.26% Non-Operational A 0% B 74.09% C 24.78% D 1.13%	Combined A 18.56% B 38.30% C 41.62% D1.52% Operational A 30.87% B 16.42% C 51.39% D 1.32% Non-Operational A 0.62% B 70.19% C 27.39 D 1.01%
Backlog of maintenance by cost by total value: **1** **2** **3** **4**	0 £1,921,500 £2,848,925 £291,150	£913,170 £1,399,720 £716,750 Not req'd	£858,170 £1,318,920 £716,200	£517,320 £1,730,420 £284,250	£2,096,093 £3,769,553 £2,138,994	£2,096,093 £3,769,553 £2,138,994	£1,976,682 £3,769,553 £2,138,994	£1,793,251 £3,769,553 £2,138994	2,335,267 3,769,553 2,138,994
Backlog of maintenance as a % in priority levels 1-4: **1**	0	30.14%	29.66%	20.43%	26.19%	26.19%	25.07%	23.28%	28.33%

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

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

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

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

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

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

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

The remaining indicators are local indicators

MEDIUM TERM CORPORATE PROPERTY STRATEGY ACTION PLAN

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

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

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

INFORMATION & COMMUNICATION TECHNOLOGY (ICT) STRATEGY 2011-14

Applications Manager
2011

Index

1.0 INTRODUCTION

1.1 The Information and Communications Technology (ICT) service within Lancaster City Council provides support to all the council's services, and, consequently, the corporate objectives.

1.2 The 2011 – 2014 ICT Strategy sets out the strategic direction for the management of the council's ICT service during this three year period, as well as focussing on the forthcoming year in detail.

1.3 The ICT Strategy forms part of the council's wider resource framework, linking to the Medium Term Financial Strategy (MTFS), the Medium Term Corporate Property Strategy (MTCPS), and the Human Resources (HR) Strategy.

2.0 AIMS AND OBJECTIVES

2.1 The aims of the ICT Service are to:
- Support services in the provision of statutory services
- Be flexible and responsive to changes in priorities
- Allow customers, staff, partners and other stakeholders access to the information and systems they require wherever and whenever it is appropriate
- Be focused on energy savings and carbon emission reductions
- Obtain the best value from all technology over its lifetime
- Exploit new technologies to reduce costs and improve services

2.2 The ICT service will do this by:
- Adopting industry standards in service delivery
- Making best use of available IT skills and resources
- Accessing additional skills and resources through partnership working

3.0 CURRENT POSITION

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

4.0 LINKS WITH COUNCIL PRIORITIES

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

5.0 TARGETS AND CONSTRAINTS

MEDIUM TERM TARGETS

5.1 Business Support

- ITIL® Version 3 standards will be adopted for all areas of ICT provision. IS staff will be trained on ITIL®.
- Implement SFIAplus4 or similar so that best use of ICT skills can be made across the strategic partnership and other partnerships.
- Train IS staff to keep up to date with technology and get industry standard accreditation in order to provide the highest standards of support now and into the future.
- Review service desk opening hours and if an extension of current arrangements is required then seek to do this through the strategic partnership.

5.2 Partnership Working

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

5.3 Online Services

- Implement plan regarding greater online self-service.

5.4 Infrastructure

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

5.5 Business Applications

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

5.6 Desktop Provision

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

5.7 Mobile and Home Working

- Implement home working and Hotdesking policy.

5.8 Corporate Data

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

5.9 Telephony and Video

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

5.10 Printing and Copying

- Identify and exploit any ways to further reduce printing.

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

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

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

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

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

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

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

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

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

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

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

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

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

REVENUE

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

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

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

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

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

6.0 GOVERNANCE

6.1   Management Team are the owners of this strategy and are responsible for ensuring that everything contained is this document is carried out. Either the Applications Manager or someone representing the customer relationship executive role from with the strategic partnership (see Lancashire Strategic Partnership below) will report in to Management Team as required on progress.

6.2   This strategy will be a dynamic document and itself will reflect changes in priorities, but all changes to this document must be agreed through Management Team. This will not only control the document but will also control the strategic direct of the ICT function.

7.0 PUBLIC ACCESS TO INFORMATION

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

LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

HUMAN RESOURCES (HR) STRATEGY 2011-14

Human Resources Manager
2011

Index

1.0 INTRODUCTION

1.1 Lancaster City Council must be in a position to respond to the needs of the communities it serves and the wider regional and national demands for continuously improving, high quality services.

1.2 The recent cuts in public spending have placed an unprecedented set of objectives on local government. This places a greater challenge on how services are delivered and how resources are utilised.

1.3 Within the current financial climate, the council's strategies and plans must address the challenges of delivering value for money services. The council can only provide these with a highly skilled and well motivated workforce. This can be achieved through the effective application of modern organisational development and workforce planning techniques.

1.4 The Human Resources (HR) Strategy sets out how the council will recruit, develop and retain people to deliver efficient and high quality citizen and customer centred services. The plans which the council develop will ensure that its workforce has the right balance of skills and knowledge to achieve its stated objectives. In short, the council's plans will deliver a workforce that is "fit for purpose".

2.0 AIMS AND OBJECTIVES

2.1 This strategy serves to underpin the achievement of the council's corporate aims. It sets out how the council will meet its current and future workforce needs. The council aims to do this through:

- The alignment of its workforce to deliver its corporate priorities
- The effective contribution of every employee in delivering the priorities
- Improved employee engagement
- Becoming an employer of choice
- Improved corporate performance

2.2 The council must:
- Engage its workforce in the transformation process
- Understand the medium to long term skills and knowledge gaps within its workforce and respond with innovative solutions
- Develop a skilled and knowledgeable workforce
- Develop and embed HR polices and practices that support good people management and diversity in our workforce.

3.0 CURRENT POSITION

Background

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

Employee Engagement

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

4.0   TARGETS AND CONSTRAINTS

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

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

4.2   The challenges for the near future are:

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

Organisational Performance

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

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

4.4   The features of the service are:

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

Workforce Development Programme

4.5   The Employee Development and Performance Appraisal (EDPA) system has served the Council well. However, as we strive for better efficiencies and a wider range of workforce competencies, it is recognised that this system will need to be augmented to meet our evolving needs.

4.6   As part of the move to a new HR/Payroll Management System, the Council will develop the existing EDPA process to incorporate a range of employee competencies and behaviours that will enable managers to appraise individual employees more effectively, and ensure our workforce has a clear framework which sets out their expected levels of performance and standards of behaviour.

Learning Organisation

4.7   From 2011 the Council will develop a range of new approaches as we develop our workforce. These will include:

- The implementation of a Management "Essentials" Programme which will feature:

  o Performance Management
  o Employee induction
  o Problem Solving
  o Assertiveness / Dealing with challenging Behaviour
  o Team Leadership
  o Communication Skills
  o Customer Focus
  o Dealing with Disciplinary and Grievances
  o Equality and Diversity

- The implementation of an Employees "Essentials" Workshops which will feature:

  o Corporate and Workplace Induction
  o Attendance
  o Personal Safety
  o Equality and Diversity

- Commitment to the Skills Pledge
- The development of an Apprenticeship Programme

4.8   In addition to the above, we will develop the council's approach to the management of projects – Lancaster Approach to Managing Projects (LAMP). We will expand our relationship with our partner organisation to exploit our collective ability to better develop our workforce and provide greater opportunities for apprenticeship and graduate trainees than has been the case in the past.

Health and Wellbeing

4.9 The Health, Safety and Welfare of our workforce is of paramount importance. This cannot be achieved without a healthy working environment. We recognise that as an employer we can influence the health and wellbeing of our workforce and that this can have a positive impact on morale.

4.10 The Council will continue to develop the Health Awareness activities launched with great success in 2010. This combined with a robust health surveillance structure will aid:

- The reduction in sickness absence
- Improved work performance
- Promote positive mental health
- Improve employee self-awareness of the importance of improving their own health.
- Promote a culture of positive health and wellbeing

An Employer of Choice

4.11 Key to our ability to provide the best service we can to the citizens we serve is the ability to recruit, retain and develop talented and committed people. We can only achieve this if we create the right environment in which people want to work. Much of what we have already set out in the strategy is aligned to developing a robust reputation as a genuine employer of choice. We will work to remove any perceived barriers to employment within the Council and ensure we promote the career opportunities available and ensure our management practice, policies and procedures are aligned to develop a reputation as an employer of choice.

4.12 Key features which will aid this development are:

- Robust job design
- A corporate acceptance of the psychological contract
- A sense of justice across our workforce
- A sense of identity and loyalty to the organisation
- Mutual trust between our political leaders, manager and staff.
- A recognition of needs and expectations of our workforce
- Positive recognition and equitable rewards

Workforce Development Plan

4.13 From May 2011 the Workforce Development Plan will be developed. The Plan will address:

- The critical skill and knowledge gaps identified within the EDPAs
- The development needs drawn from the 2011 employee survey
- Development needs based on the review of HR Policies and Procedures.
- Development needs emerging from service improvement plans
- Service specific skills audits
- Critical resource Issues

Workforce Profile

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

5.0 Governance

5.1 **Members** - Many decisions taken with regard to employees are approved at Personnel Committee, as the committee with responsibility for dealing with the appointment of staff and to determine the terms and conditions on which staff are employed.

5.2 **Officers** - The Chief Executive is the Head of the Paid Service, and consequently has overall responsibility for the council's workforce.

6.0 Public Access to Information

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