



Budget and Policy Framework Update 2017 to 2021 Supplementary Report

Cabinet

Tuesday, 14 February 2017.

The following supplementary report is now enclosed as follows: -

| Agenda Item Number | Page | Title | | |
|--------------------|--------|--|--|--|
| 10 | 1 - 42 | BUDGET AND POLICY FRAMEWORK UPDATE 2017-21 | | |
| | | (Cabinet Member with Special Responsibility Councillor Whitehead) Report of Chief Officer (Resources). | | |

| |
|----------------|
| CABINET |
|----------------|

**Budget and Policy Framework Update 2017 to 2021
Supplementary Report
14 February 2017**

Report of Chief Officer (Resources)

| | | | |
|--|-----------------|-------------------------|------------------------------|
| PURPOSE OF REPORT | | | |
| To inform Cabinet of the latest General Fund budget and council tax position so it can make recommendations back to Council in order to complete the budget setting process. | | | |
| Key Decision | X | Non-Key Decision | Referral from Officer |
| Date of notice of forthcoming key decision | 16 January 2017 | | |
| This report is public. | | | |

OFFICER RECOMMENDATIONS:

- (1) That Cabinet considers the feedback from Budget and Performance Panel and Council as set out in section 8 of the report, and makes any recommendations as appropriate.
- (2) That Cabinet endorses the review of Provisions, Reserves and Balances undertaken by the s151 Officer, and notes her advice regarding the minimum level of Balances being maintained at £1.5M, subject to annual review.
- (3) That subject to any changes arising from the above, any further budget amendments arising in the Cabinet meeting, and the final Local Government Settlement for 2017/18, Cabinet be recommended to approve for referral on to Budget Council:
 - the 2017/18 General Fund Net Revenue Budget and resulting Council Tax Requirement excluding parish precepts (current position at Appendix A);
 - its supporting budget proposals (current proposals at Appendix B);
 - the resulting position on provisions and reserves (current position at Appendix C); and
 - the resulting Capital Programme (current position at Appendix D).
- (4) That the Finance Portfolio Holder be given delegated authority to update the Medium Term Financial Strategy accordingly, for referral on to Budget Council.

1 INTRODUCTION

- 1.1 This report provides information on the further work done since the main Cabinet agenda was produced, and the outcome of the Budget and Performance Panel and Council meetings held on 24 January and 01 February respectively.
- 1.2 Specifically, at the Council meeting it was resolved “that a City Council tax increase of £5 for 2017/18, together with a year on year target of £5 for future years, be approved, subject to local referendum thresholds”.
- 1.3 This update builds on these points in order that final budget recommendations can be made back to Council on 01 March.

2 GENERAL FUND REVENUE BUDGET SUMMARY AND FINANCIAL STRATEGY

- 2.1 Updated revenue proposals are set out at **Appendices A and B (i) & (ii)**, and are summarised in the table below.

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|---------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Net Spending / draft budget proposals forecasts as reported in January: | 14,867 | 16,299 | 16,591 | 18,069 |
| Further Base Budget Changes: | | | | |
| Capital Financing Changes | (98) | 4 | 4 | 4 |
| Additional Government Grant (UC) | (105) | - | - | - |
| Standby and Callout (<i>Personnel 31 Jan</i>) | 20 | 20 | 20 | 20 |
| Other Net Changes (<i>Incl. Members' allowances</i>) | 43 | 13 | 2 | (103) |
| Cabinet's Savings Proposals (net total) | (104) | (152) | (161) | (163) |
| Cabinet's Growth Proposals (net total) | 673 | 0 | 0 | 0 |
| Net Additional Contributions to Reserves | 535 | - | - | - |
| Updated Draft Budget Proposals | 15,831 | 16,184 | 16,456 | 17,827 |
| Other Funding Changes: | | | | |
| Reductions in Estimated Renewable Energy Rating Income | 27 | 29 | 31 | 31 |
| All Resulting in: | | | | |
| Updated Estimated Budget Deficits | 0 | 512 | 994 | 2,103 |

2.2 The key points are listed below:

- A report elsewhere on the agenda set out proposals in connection with fees and charges, notably car parking. At present the draft budget simply assumes that the recommendations on this item will be approved, and so the budgets may change further depending on Cabinet's actual decisions.
- The Council has received further notifications of grant funding in connection with its involvement in the roll out of Universal Credit. It is not envisaged that this will be needed to support any additional service/capacity costs and therefore it has been incorporated into the budget.
- At its meeting on 31 January, Personnel Committee approved changes to the standby and call-out policy. It is planned that a comprehensive review of the levels and instances where standby is required will seek to negate or minimise the estimated budgetary impact. At this stage, however, the outcome is uncertain and therefore Cabinet is request to make provision for the policy changes within its budget proposals. Progress will be monitored through the usual corporate monitoring arrangements.
- Regarding Community pools, in line with the resolution from December Council and the position statement sent to all Members on 01 February 2017, the recent consultancy report concludes that whilst there appears to be viable business cases for Carnforth and Heysham pools, unfortunately this is not the case for Hornby pool. Regrettably, this means that Hornby pool will cease to operate on 31 March 2017 and the building will transfer back to the County Council, for them to decide its future. Carnforth and Heysham pools will be funded until the end of September 2017, by which time it is hoped that the schools will be in a position to take them on. In terms of the budget, Cabinet's proposals currently anticipate that the County Council will provide funding to support the extension for the two pools for the six month period. Any further update will be fed into the Cabinet meeting.
- The profiling of capital expenditure plans has been further reviewed, leading to associated changes in capital financing costs. Where necessary, reserves have been used to manage the impact of profiling changes.
- Various updates and presentational changes have been made to the base budget figures and savings and growth proposals, to reflect latest best estimates, timing considerations and inflation.
- The review of provisions and reserves has now been completed (see section 6) and the net impact built into the draft budget proposals.
- The draft budgets are based on a £5 council tax increase each year.

2.3 The current budget position for 2017/18 is balanced, in line with statutory requirements.

2.4 Cabinet is now required to finalise its full budget proposals and to make recommendations to Budget Council. In doing so, it is requested to consider the various matters outlined in this report. It is stressed that figures are subject to rounding adjustments, prior to them being finalised for Budget Council.

- 2.5 The Medium Term Financial Strategy (MTFS) also needs to be updated to reflect Cabinet's budget proposals and other key information. Delegated authority is sought to complete this task in order that the full MTFS can be presented to Budget Council. There are no other substantive changes proposed to the Strategy at this stage, other than to reflect the strategic planning and budget work to be undertaken next year.
- 2.6 Once approved, as usual the Strategy and associated projections will continue to be reviewed and updated regularly. In this way the Council can maintain an informed view about its financial outlook and the implications for corporate priorities and service delivery.

3 FINAL LOCAL GOVERNMENT SETTLEMENT AND FUNDING PROSPECTS

- 3.1 It is understood that the parliamentary debate on the final 2017/18 Settlement will take place on Wednesday 22 February, with details being published prior to then.
- 3.2 Given the lateness, it would be surprising if any substantive changes came through but nonetheless, Cabinet would need to respond to such an eventuality and hence this is provided for in the recommendations of this report.
- 3.3 If any changes do arise, these will be brought to the attention of Cabinet prior to Budget Council.
- 3.4 Looking further ahead, on 13 January Government published the Local Government Finance Bill, which has now begun its passage through Parliament. This bill paves the way for 100% business rates retention, but it could also enable many other related finance reforms to be implemented in the coming years, ranging from multi-year council tax referendum thresholds to reform of the central rating list and centralised management for the costs of rating appeals, amongst other matters.
- 3.5 There has not been time to provide any commentary of the various provisions of the Bill, but these will be covered in future financial planning and reporting to Members, and Government will be undertaking further consultation as its reform proposals develop.
- 3.6 Similarly, Government has just published its White Paper on reforming the housing market - "Fixing our Broken Housing Market", including consultation on various planning matters. The paper also makes reference to numerous proposals that could well have significant implications for the City Council. These too will need appraising during the course of next year, as part of the Council's wider corporate and financial planning arrangements.

4 COUNCIL TAX

- 4.1 As previously reported, legislation now requires that separate estimates of any surpluses or deficits on the Collection Fund must be made each year for council tax (15 January) and business rates (31 January).
- 4.2 For council tax, it is confirmed that the Fund is broadly in balance and therefore there is no surplus or deficit to distribute.

4.3 In the absence of the final Settlement, there is nothing further to report on council tax. In the unlikely event that changes to referendum thresholds are announced, then new options will be presented for consideration (as was the case last year).

4.4 If the thresholds are simply confirmed, then the council tax decision of Council on 01 February stands and it requires no further consideration.

5 BUSINESS RATES

5.1 For business rates, the calculation of any surplus or deficit remains very complicated and subject to huge year on year fluctuations, predominantly because of the impact of rating appeals.

5.2 The estimated 2016/17 deficit on the Collection Fund in relation to business rates has been determined as £6.964M. This follows the settlement of a remaining power station appeal at significantly less than was estimated. The following table summarises in very simple terms the key movements in the Fund during the course of this year.

| | 2016/17 |
|--|----------------|
| | £'000 |
| Actual deficit brought forward as at 01 April 2016** | 40,035 |
| Less: Recovery of estimated deficit from other precepting authorities (arising from last year's estimates) | (14,333) |
| Balance of previous year deficit not yet recovered | 25,702 |
| Less: Estimated Surplus from reassessment of provision for appeals | (25,209) |
| Add: Estimated shortfall from other in-year transactions | 6,471 |
| Resulting Estimated Deficit as at 31 January 2017 | 6,964 |

*** Made up of 2015/16 in-year deficit of £35M as reported at outturn, plus £5M b/f from 2014/15.*

5.3 In support of the above position, the provision for successful appeals has been reassessed down to £9.8M (as compared with £34.9M as at 31 March 2016). The latest provision is based on national average settlement figures but there is still scope for actual settlement values to be different. The actual gross value of appeals currently outstanding stands at around £24M.

5.4 Now that it has been finalised, the estimated deficit will be split between the Government and relevant precepting bodies as follows:

| | £'000 |
|------------------------|---------------------|
| Government Share (50%) | 3,482 |
| County (9%) | 627 |
| Fire (1%) | 69 |
| City Council (40%) | <u>2,786</u> |
| Total | <u>6,964</u> |

- 5.5 The City Council's share of £2.8M must be charged to the Revenue Budget during 2017/18, but in many respects, it may be regarded as a notional figure. By law, it is disregarded for the purposes of setting council tax. The actual year end calculations are far more significant, and as they follow a different methodology, they can give markedly different results.
- 5.6 To highlight this, and on the upside, from the year end projections undertaken to date there is opportunity for the Council to benefit from a sizeable share (£3M+) of any actual in-year surplus that may be recognised at year-end. This would only be confirmed after 2016/17 outturn, however – and experience demonstrates that outturn can be vastly different from the associated in-year forecasting, unfortunately. Expectations will continue to be monitored. That said, even if an actual deficit is experienced at outturn, then the Council would be protected financially through the 'safety net' mechanism. This guarantees a minimum level of retained business rate income for the Council each year
- 5.7 Looking forward, the 2017 Revaluation comes into effect from 01 April. In simple terms the net rating income collectable for this district appears set to increase by 3%, but this is expected to be more than offset by successful rating appeals. To help ensure that the revaluation is broadly neutral, the tariff payable over to the Government has reduced as a result. Given that businesses generally will now be entitled to appeal against their 2017 listings, this does add further downside risk to income forecasts, although as yet, there is no way of predicting or modelling the likely scale of those risks with any degree of confidence.
- 5.8 Similar risks apply too to renewable energy related income, albeit that as yet it is understood that those facilities have not yet been reflected in the updated ratings list. This means that income could increase, or decrease, in due course. More significantly, it is evident that the current renewable energy rating retention arrangements will continue into 2017/18 and the scheme is still assumed to continue beyond then. Again, there is risk in this.
- 5.9 Recognising all those uncertainties, the Council's future budget forecasts are still based on retained general business rate income remaining at safety net, but with additional income from renewable energy schemes being retained by the Council.

6 PROVISIONS, RESERVES AND BALANCES

- 6.1 Under current legislation the Section 151 Officer is required to give explicit advice to Council on the minimum level of reserves and Balances. As outlined below, various changes have been actioned by the Chief Officer (Resources) as s151 Officer, as a result of her review and from consultation with Cabinet.

6.2 **Provisions**

The Legal Costs provision was set up to provide cover for costs associated with collective action being taken against all relevant local authorities regarding local land searches fees. The claim has now been settled, with Government providing additional funding to local authorities to help meet the costs involved. This provision is therefore no longer required.

Other provisions held by General Fund (for bad debts and insurance claims) are considered adequate at this time.

6.3 **Earmarked Reserves**

Business Rates Retention

The balance on this reserve is no longer needed, as general income forecasts are based on safety net (minimum levels receivable), and risks around renewable energy can be managed through balances generally.

Welfare Reforms

Government continues to provide funding for various strands of its welfare reforms, and coverage for older housing benefits overpayments debts (the recovery for which could potentially be affected) now stands at 80%, which is considered reasonable but not excessive. As a result, risks are considered fairly low and the reserve has been reduced to £60K to retain some cover regarding service pressures and funding risks, given that major reforms (such as Universal Credit implementation) are in their early stages, and service integration is still underway.

Invest to Save

As corporate planning is expected to be the focus of Members' attention next year, some funds have been diverted accordingly from this reserve, but still leaving a balance of £1.5M. Use of this reserve will be informed by that planning, and so the level of reserve will be reviewed later in the year in light of corporate need. The scope and need for increasing the Council's underlying borrowing requirement for capital related invest to save schemes will also be informed by corporate planning – this provides another potential source of funds, subject to sustainability, affordability and prudence.

Restructuring / Budget Support

These reserves were merged in a previous review, but have been disaggregated again. The current balance of £530K has been retained to support work on the pay and grading review, to pick up on Council's long-standing commitment. Use of this reserve will be subject to the respective approvals of Personnel Committee and Cabinet.

Separately, £1M has been transferred to the Budget Support Reserve, to provide resources to help finance capacity / feasibility / review and other development work in support of the overhaul of the Council's corporate planning and budgeting arrangements, including any transformation or modernisation plans etc. Use of this reserve remains delegated to Officers, but now subject to consultation (and therefore agreement) with Cabinet. Matters may be referred formally to Cabinet if/as need be.

Canal Corridor North (CCN)

Development costs associated with this project were originally being met from the Budget Support Reserve. Progress is continuing and the significance of the project warrants a specific reserve creating. The Council has a continuing need to commission quality external support and advice if it is to achieve the best deal and protect the Council’s interests, in what is a very complex matter. Accordingly, £400K has been added to this new reserve, to be kept under review as the project progresses. It will be used in line with the CCN decisions of Council.

Capital Support

The balance on this reserve has been increased back up to £300K, to provide cover for any remaining Morecambe Area Action Plan property liabilities and in the eventuality of any financing difficulties in the capital programme.

Corporate Property

This has also been increased back up to £300K, to provide cover should works budgeted as capital require to be treated as revenue, and also to provide finance for condition surveys due in 2017/18.

6.3.1 In summary, the earmarked reserves and provisions changes are as follows and Cabinet is requested to endorse them.

| | £'000 | |
|--------------------------|-------------------|---|
| Business Rates Retention | 382 | Reduction |
| Budget Support | 1,000 | Increase |
| Canal Corridor North | 400 | Increase |
| Capital Support | 30 | Increase |
| Corporate Property | 99 | Increase |
| Invest to Save | 314 | Reduction |
| Welfare Reforms | 170 | Reduction |
| Legal Costs | <u>128</u> | Reduction |
| Net Transfer | <u>535</u> | Net increase charged to Revenue Budget |

6.3.2 In addition, Cabinet is proposing to create a reserve of £500K to support economic growth and this too is included within the draft budget, as part of Cabinet’s growth proposals.

6.4 **Revenue Balances**

6.4.1 In terms of Balances, the s151 Officer’s latest advice is set out below. To recap:

- Balances are now expected to amount to around £4.476M by the end of this financial year.
- As was adopted a year ago under the Council’s existing Medium Term Financial Strategy (MTFS), in broad terms the working principle is that surplus Balances would be used to help manage the risks, lead-in times and up-front investment costs associated with implementing savings measures over the medium term.
- The position assumes that there will be no significant overspending occurring in either the current or next financial years.

- 6.4.2 This is still an acceptable stance to take, alongside Council's approach for increasing council tax and its commitment to continuing with the net budget reduction programme it embarked upon over a year ago, to be informed by a strategic review of its corporate and service planning during next year.
- 6.4.3 Drawing on that programme, the Council has made good progress in delivering against the £2.8M of annual net savings measures approved a year ago. This has not been achieved without real effort and some difficulties, but the Council continues to learn and it has had the benefit from additional renewal energy rating income windfalls, to help manage the net budget overall. Whilst generally, budget estimates are considered reasonable and robust, clearly there can never be any guarantee that they will all prove 100% accurate and therefore the Council's budgetary risk profile increases whilst such savings measures are being implemented; Council has previously recognised and accepted this risk. That said, the proposed savings measures for implementation during next year are much smaller and therefore they carry less risk. The measures to increase capacity also help mitigate exposure, and should better place the Council to help tackle its future challenges.
- 6.4.4 On that point, the Council still has much to do to achieve a financially sustainable budget over the medium to longer term. It is not yet known what the impact might be from the forthcoming overhaul of the Local Government finance system and such uncertainties inevitably increase financial planning risk, at least in the interim.
- 6.4.5 Taking all these factors into account therefore, the Chief Officer (Resources), as s151 Officer, advises that the minimum level of General Fund Balances should be retained at no less than £1.5M on the basis that other provisions and reserves remain broadly as set out in this report. This advice takes account of the longer term to 2020/21, and not just the shorter term. Given future funding pressures and risks, it is expected that the surplus funds above that minimum level will be needed to help address (but they will not resolve) the budget challenges from 2018/19 onwards.
- 6.4.6 The minimum level of Balances does need to be kept under regular review, however, and this is already reflected in current financial strategy.
- 6.4.7 The s151 Officer's advice takes account of a number of other key risk considerations:
- Capital financing risk exposure is manageable given current financing assumptions, the outcome of the Luneside East Lands Tribunal, and future asset management reviews to help deliver associated savings.
 - Finally, on the downside, as other public sector partners address their own budget shortfalls, this in turn may well add further pressure onto the City Council. On the upside, however, there is still some possibility of increasing business rate income from growth, at least for a period.
- 6.4.8 As a very simple measure, the inherent value of the risks referred to above exceeds by far the total of all available General Fund reserves and balances. Whilst it is not the case that all these risks could fall due immediately, the information should help Members appreciate the need for holding balances and reserves more generally. It is inappropriate to view simply the level of funds held, without considering the reasons as to why those funds might be needed.
- 6.4.9 The review of all Balances, provisions and reserves is reflected in **Appendix C** for Cabinet's consideration. The full policy will be presented to Budget Council.

7 GENERAL FUND CAPITAL INVESTMENT

7.1 The current draft programme for the period to 2020/21 is included at *Appendix D*.

7.2 The full movement from the original approved programme is summarised below:

| | Gross Programme | Change in Underlying Borrowing Need: CFR |
|---|-----------------|--|
| | £'000 | £'000 |
| Original Approved Programme (2016/17 to 2020/21) | 36,939 | +17,660 |
| Changes reported to Cabinet 06 December | +2,694 | +1,304 |
| Changes reported to Cabinet 17 January | +55 | -500 |
| Changes within this report | - | - |
| Resulting Draft Capital Programme (to 2020/21) | 39,688 | +18,464 |

7.3 The main points arising are shown below:

- The draft programme has been updated to reflect latest spending profiles between 2016/17 and 2017/18, but this has no impact on the 5-year programme total.
- Disabled Facilities Grant (DFG) funding allocations have not yet been confirmed for next year, but they are expected to be in line with the current year's original allocation of £1.463M (excluding slippage).
- The scheme does not include any outline scheme proposals that may be under development, such as the River Lune Phase 3 Scheme included elsewhere on the agenda, or any schemes to be taken forward through the Government's Community Housing Fund, as examples. These would be updated into the programme during the course of the year as need be, following relevant authority being gained.

7.4 The current year's Revised Programme now stands at £14.496M. During the next four years, a further £25.192M of investment is currently planned, giving a total 5 year programme of £39.688M.

7.5 Overall the programme is balanced, allowing for an increase of £18.464M in the underlying need to borrow (known as the Capital Financing Requirement or CFR). This has not changed from the position reported to January Cabinet. Over the course of the last year, the full financing movements are as follows:

| | Movements in Financing |
|-----------------------------------|---------------------------------------|
| | £'000 |
| Key Changes: | |
| CFR Increase (from earlier table) | +804 |
| Increase in Capital Receipts | +1,349 |
| Use of Earmarked Reserves | +288 |
| Direct Revenue Financing | +27 |
| External Grants and Contributions | +281 |
| Total Changes | +2,749 |

- 7.6 In terms of CFR related charges against the revenue budget, over the next four years they are estimated as follows:

| | Minimum Revenue Provision | External Interest | Total CFR Related Charges |
|----------------|--|------------------------------|--|
| | £'000 | £'000 | £'000 |
| 2017/18 | 1,488 | 3,008 | 4,496 |
| 2018/19 | 2,006 | 2,977 | 4,983 |
| 2019/20 | 2,102 | 2,945 | 5,047 |
| 2020/21 | 2,266 | 2,914 | 5,180 |

- 7.7 Whilst the CFR is expected to rise over the period, capital receipt expectations have been increased to reflect recent disposal decisions, and these have helped avoid the need for further increases to the CFR. Through future asset management reviews it is anticipated that capital financing costs can be further offset, with relevant performance measures being developed as part of updating the Council's Corporate Property Strategy, for monitoring and reporting during the course of the year.

8 DETAILS OF CONSULTATION

- 8.1 At the recent Budget and Performance Panel and Council meetings, many questions were raised and answered, and in addition the following feedback points were noted in the draft minutes. Officer comments are provided and Cabinet is requested to indicate whether it requires any further action to be taken in response.

Budget and Performance Panel (24 January)

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

Officer Comments: As far as possible given time constraints, more information has been reflected in the relevant growth proposals attached at Appendix B(ii).

These will be reviewed, updated and reported on as need be during the course of the year.

- b. Further information be provided prior to Budget Council regarding any spending plans and/or proposed criteria for using the £500,000 reserve to be earmarked specifically for supporting economic growth.**

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

Council (01 February)

- c. Further details requested regarding the £500K Economic Growth Reserve.**

Officer Comments Already covered above.

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

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

- e. That Cabinet consider reappraising the Solar Farm, Middleton.**

Officer Comments: Whilst the last appraisal undertaken indicated that the project was not financially viable, it was recognised that circumstances may change and so was worth keeping the project under review. This could be done as part of next year's strategic review / prioritisation process, allowing it to be considered alongside all other potential competing investment opportunities and demands.

9 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

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

Revenue Budget

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

Capital Programme

Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but overall its proposals for 2016/17 and 2017/18 must balance. Whilst there is no legal requirement to have a programme balanced over the full 5-year period, it is considered good practice to do so – or at least have clear plans in place to manage the financing position over that time.

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

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

Other Budget Framework Matters (Reserves and Provisions / MTFS)

Given known commitments, risks and approved council tax targets there is limited flexibility in financial terms, but depending on priorities Cabinet may consider putting forward alternatives for various reserves, or different approaches for addressing the medium term budget deficit through the MTFS.

10 OFFICER PREFERRED OPTION AND COMMENTS

10.1 Proposals to be put forward by Cabinet should fit with any external constraints and the budgetary framework already approved. The recommendations as set out meet these requirements; the detailed supporting budget proposals are then a matter for Members.

11 CONCLUSION

11.1 This report outlines the actions required to complete the budget setting process for 2017/18 and for updating the MTFS to 2020/21, ahead of a more fundamental, strategic review of the Council's corporate planning for 2018/19 onwards.

RELATIONSHIP TO POLICY FRAMEWORK

As covered in the report; the budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

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

None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc. Equality impact assessments for specific budget proposals are to be included as background documents.

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The Local Government Act 2003 placed explicit requirements on the s151 Officer to report on the robustness of the estimates included in the budget and on the adequacy of the Council's reserves. A summary of the s151 Officer's advice to date is provided below for information, but it should be noted that some of this is provisional until Cabinet's final budget proposals are known. At Budget Council, Members will be recommended to note formally the advice of the s151 Officer.

Provisions, Reserves and Balances

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

Robustness of Estimates

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

- 1 producing a base budget, taking account of service commitments, pay and price increases and expected demand / activity levels as appropriate, and the consideration of key assumptions and risks.
- 2 reviewing the Council's services and activities, making provision for expected changes;
- 3 reviewing the Council's MTFS, together with other corporate monitoring information produced during the year;
- 4 undertaking a review of the Council's borrowing needs to support capital investment, in line with the Prudential Code.

These measures ensure that as far as is practical, the estimates and assumptions underpinning the base budget are robust.

Affordability of Spending Plans

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

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

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

- availability of capital resources, including capital grants, capital receipts, etc
- existing commitments and planned service / priority changes
- options appraisal arrangements
- revenue consequences of any proposed capital schemes, including interest and debt repayment costs of any borrowing
- future years' revenue budget projections, and the scope to meet borrowing costs
- the likely level of government support for revenue generally
- the extent to which other liabilities can be avoided, through investment decisions.

In considering and balancing these factors, the capital proposals to date are based on a significant net increase in “prudential borrowing” or CFR over the period to 2020/21. The bulk of this relates to service infrastructure (notably property and ICT) and Invest to Save initiatives (Salt Ayre). Appropriate appraisal/procurement arrangements are in place to help ensure robustness of the plans and to support sound decision-making.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to add.

MONITORING OFFICER’S COMMENTS

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

BACKGROUND PAPERS

Contact Officer: Nadine Muschamp
Telephone: 01524 582117
E-mail: nmuschamp@lancaster.gov.uk

**General Fund Revenue Budget 2016/17 to 2020/21
As Recommended by Cabinet 14 February 2017**

| | | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|--|---------------|---------------|---------------|---------------|---------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| BUDGET PROJECTIONS | Original Revenue Budget / Forecast | 16,258 | 15,180 | 17,221 | 17,427 | |
| | Allowing for budgeted contribution to Balances | 56 | 165 | | | |
| | Changes to Budget Projections - <i>Cabinet 17 January</i> | 304 | (313) | (922) | (836) | 18,069 |
| | Base Budget Changes after Cabinet 17 January | | | | | |
| | Capital Financing - MRP Changes | - | (98) | 4 | 4 | 4 |
| | Government Grants - Universal Credit Support | - | (105) | - | - | - |
| | Standby Allowance - <i>approved Personnel Cttee 31 Jan 17</i> | - | 20 | 20 | 20 | 20 |
| | Members Allowances - <i>approved Council 01 Feb 17</i> | - | 2 | 2 | 2 | 2 |
| | Other Minor Net Changes | - | 41 | 11 | 0 | (105) |
| | Phase 1 Savings Proposals (please see attached for details) | | (104) | (152) | (161) | (163) |
| | Phase 1 Growth Proposals (please see attached for details) | | 673 | 0 | 0 | 0 |
| | Net Additional Contribution to Reserves | - | 535 | - | - | - |
| | Reduced Contribution to Balances | (39) | - | - | - | - |
| | General Fund Revenue Budget | 16,523 | 15,831 | 16,184 | 16,456 | 17,827 |
| | Settlement Funding Assessment: | | | | | |
| | Revenue Support Grant | (2,652) | (1,605) | (941) | (200) | 0 |
| | Retained Business Rates | (4,568) | (5,065) | (5,223) | (5,400) | (5,510) |
| | Business Rates - Safety Net Adjustment | - | 401 | 413 | 427 | 441 |
| Renewable Energy Income - Updated Forecasts | (947) | (939) | (965) | (994) | (1,015) | |
| Estimated Collection Fund Surplus | (60) | - | - | - | - | |
| Council Tax Requirement | 8,296 | 8,623 | 9,468 | 10,289 | 11,743 | |
| Target Council Tax Requirement | 8,296 | 8,623 | 8,956 | 9,295 | 9,640 | |
| Latest Budget Deficit / (Surplus) | 0 | 0 | 512 | 994 | 2,103 | |

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

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

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

SUMMARY OF SAVINGS AND GROWTH PROPOSALS - CABINET 14 FEBRUARY 2017

| | | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|-----|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| PHASE 1 - 2017/18 SAVINGS AND GROWTH PROPOSALS | | | | | |
| SAVINGS PROPOSALS | | | | | |
| EFFICIENCY SAVINGS | No. | | | | |
| Environmental Services | | | | | |
| Street Cleaning - working pattern (overtime saving) | 1 | (60,000) | (80,000) | (80,800) | (81,600) |
| | | (60,000) | (80,000) | (80,800) | (81,600) |
| INCOME GENERATION | | | | | |
| Environmental Services | | | | | |
| Kingsway overspill car park (incl £15K upfront cost in 17/18 funded from reserves) | 2 | 7,000 | (10,200) | (10,400) | (10,600) |
| Health & Safety Training (to external clients) | 3 | 1,000 | (6,000) | (12,200) | (12,400) |
| Health & Housing | | | | | |
| Increase burial charges for out of district residents | 4 | (13,000) | (13,300) | (13,600) | (13,900) |
| Increased charge for ashes internment | 5 | (5,500) | (5,600) | (5,700) | (5,800) |
| 3% increase in cemetery fees | 6 | (7,900) | (8,100) | (8,300) | (8,500) |
| "Safer Food Direct" service | 7 | (3,000) | (3,100) | (3,200) | (3,300) |
| Regeneration & Planning | | | | | |
| Pre-application advice fee schedule changes - updated estimates | 8 | (9,100) | (12,700) | (12,900) | (13,200) |
| Resources (Property Group) | | | | | |
| Review of room hire policy | 9 | (13,000) | (13,300) | (13,600) | (13,900) |
| | | (43,500) | (72,300) | (79,900) | (81,600) |
| TOTAL SAVINGS | | (103,500) | (152,300) | (160,700) | (163,200) |
| REDIRECTION OF RESOURCES OR "GROWTH" | | | | | |
| STATUTORY BASED GROWTH | No. | | | | |
| Governance - Democratic | | | | | |
| Parishes Review | 10 | 10,000 | 25,000 | - | - |
| Regeneration & Planning | | | | | |
| Temporary conservation assistant post | 11 | 16,300 | 22,900 | 6,000 | 0 |
| Resources (Financial Services) | | | | | |
| Accountancy capacity | 12 | 43,400 | 50,200 | 51,900 | 0 |
| | | 69,700 | 98,100 | 57,900 | 0 |
| OTHER PROPOSALS | | | | | |
| Environmental Services | | | | | |
| Extension of CCTV (to September 2017) | 13 | 50,000 | - | - | - |
| Health & Housing | | | | | |
| Community Pools | - | TBC | - | - | - |
| Pest Control Operative post (budget neutral) | 14 | 0 | 0 | 0 | 0 |
| Anti-Social Behaviour Team (budget neutral) | 15 | 0 | 0 | 0 | - |
| Regeneration & Planning | | | | | |
| Canal Corridor North Project Officer | 16 | 29,200 | 40,500 | 42,100 | 44,000 |
| Empty Homes Officer (budget neutral) | 17 | 0 | 0 | 0 | 0 |
| Resources (Property Group) | | | | | |
| Property Service Restructure | 18 | 23,600 | 37,100 | 0 | 0 |
| | | 102,800 | 77,600 | 42,100 | 44,000 |
| SUPPORT FOR ECONOMIC GROWTH | | | | | |
| Regeneration & Planning | | | | | |
| Creation of Earmarked Reserve | 19 | 500,000 | - | - | - |
| FUNDING FROM RESERVES | | | | | |
| | | 0 | (175,700) | (100,000) | (44,000) |
| TOTAL COST | | 672,500 | 0 | 0 | 0 |

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

Service: Environmental Services

Service / Policy Area

Public Realm - Clean and Green Places

Brief Description of Budget Option

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

Proposed Implementation Date

July

Estimated Lead-In

3 months

Nature of Option

Efficiency Saving Service Reduction Income Generation Other Specify above

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

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

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

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

Up-front Investment Needed (provide details below)

Amount:

£ 0

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

2

Service: Environmental Services

Service / Policy Area

Public Realm - Sustainable Economic Growth

Brief Description of Budget Option

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

Proposed Implementation Date

May

Estimated Lead-In

1 month

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

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

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

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

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

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

£ 15,000

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

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

3

Service: Environmental Services

Service / Policy Area

Safety - Sustainable Economic Growth

Brief Description of Budget Option

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

Proposed Implementation Date

April 2018

Estimated Lead-In

12 months

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

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

New area of business potentially impacting on local competition.

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

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

Up-front Investment Needed (provide details below)

Amount:

£ 1,000

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

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

4

Service:

Service / Policy Area

Cemeteries Service

Brief Description of Budget Option

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

Proposed Implementation Date

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

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

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

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

None.

Up-front Investment Needed (provide details below)

Amount:

None.

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

5

Service: **Service / Policy Area**

Cemeteries Service

Brief Description of Budget Option

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

Proposed Implementation Date

Estimated Lead-In

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

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

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

None.

Up-front Investment Needed (provide details below)

Amount:

None.

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

6

Service: **Service / Policy Area**

Cemeteries Service

Brief Description of Budget Option

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

Proposed Implementation Date

Estimated Lead-In

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

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

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

None

Up-front Investment Needed (provide details below)

Amount:

None.

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

7

Service:

Service / Policy Area

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

Brief Description of Budget Option

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

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

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

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

Proposed Implementation Date

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

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

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

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

Conflict of interest managed through a firm operational policy.

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

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

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

8

Service:

Service / Policy Area

Development Management

Brief Description of Budget Option

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

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

Proposed Implementation Date

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

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

Pre-

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

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

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

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

Up-front Investment Needed (provide details below)

Amount:

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

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

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

9

Service: Resources (Property Group)

Service / Policy Area

Property Services - room hire

Brief Description of Budget Option

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

Proposed Implementation Date April

Estimated Lead-In

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

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

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

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

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

Up-front Investment Needed (provide details below)

Amount: £ 0

None.

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

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

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

10

Service: **Service / Policy Area**

DEMOCRATIC SERVICES : ELECTIONS TEAM - COMMUNITY GOVERNANCE REVIEW

Brief Description of Budget Option

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

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

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

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

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

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

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

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

Estimated Costs (excluding inflation)

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

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

11

Service: **Service / Policy Area**

Conservation (Built Heritage)

Brief Description of Budget Option

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

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

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

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

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

Estimated Costs (excluding inflation)

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

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

12

Service:

Service / Policy Area

Financial Services

Brief Description of Budget Option

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

Proposed Implementation Date Estimated Lead-In

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

None directly other than the service.

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

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

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

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

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

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

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

Estimated Costs (excluding inflation)

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

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

13

Service: **Service / Policy Area**

Clean and Green Places

Brief Description of Budget Option

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

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

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

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

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

No other key issues at this stage.

Estimated Costs (excluding inflation)

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

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

14

Service:

Service / Policy Area

Brief Description of Budget Option

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

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

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

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

Proposed Implementation Date Estimated Lead-In

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

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

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

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

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

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

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

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

Estimated Costs (excluding inflation)

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

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

15

Service:

Service / Policy Area

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

Brief Description of Budget Option

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

Proposed Implementation Date Estimated Lead-In

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

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

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

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

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

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

Estimated Costs (excluding inflation)

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

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

16

Service: **Service / Policy Area**

Regeneration/Development Control

Brief Description of Budget Option

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

Time limited contract (5 years)

Proposed Implementation Date Estimated Lead-In

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

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

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

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

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

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

Estimated Costs (excluding inflation)

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

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

Service:

Service / Policy Area

Regeneration - Empty Homes

Brief Description of Budget Option

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

Proposed Implementation Date Estimated Lead-In

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

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

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

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

Estimated Costs (excluding inflation)

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

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

Service:

Service / Policy Area

Resources / Property

Brief Description of Budget Option

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

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

Proposed Implementation Date Estimated Lead-In

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

Builds capacity for strategic property management.

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

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

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

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

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

Estimated Costs (excluding inflation)

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

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

19

Service: **Service / Policy Area**

Economic Development

Brief Description of Budget Option

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

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

Proposed Implementation Date Estimated Lead-In

Nil

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

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

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

Could potentially impact on all services across the Council.

Estimated Costs (excluding inflation)

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

Economic Growth Reserve
Potential areas of spend (indicative)

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

Economic Growth Reserve
Potential areas of spend (indicative)

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

Economic Growth Reserve Potential areas of spend (indicative)

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

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

SUMMARY OF SAVINGS AND GROWTH OPTIONS - 2018/19 ONWARDS

| SERVICE | PROPOSAL |
|--|---|
| PHASE 2 - 2018/19 SAVINGS AND GROWTH OPTIONS TO BE EXPLORED | |
| POTENTIAL SAVINGS | |
| Budget Proposals Arising From 2016/17 Budget | |
| Governance | Civic Regalia |
| Environmental Services | Electric Car Charging Points |
| Regeneration & Planning | Platform Review |
| Regeneration & Planning | Museums Review |
| Regeneration & Planning | VIC's Rationalisation |
| Regeneration & Planning | Arts Grants Review |
| Resources (Financial Services) | Reduction of Credit Card Charges |
| New Budget Proposals | |
| Resources (Property Group) | Office Accommodation Rationalisation / Corporate Property Strategy Review |
| Environmental Services | Fleet Management Review |
| Environmental Services | Trade Waste Scoping Exercise to Determine Expansion |
| Environmental Services | Various Morecambe Concessions Review |
| Environmental Services | Williamson Park Café (includes capital growth) |
| Environmental Services | Car Parking Charges Review |
| Environmental Services | Advertising on Council Vehicles |
| Governance | Voluntary, Community & Faith Sector - Review of Funding |
| Health & Housing | Licensing Service Review |
| Health & Housing | Salt Ayre - New facility for gymnastics, indoor ski/surfing (includes capital growth) |
| Revenues (Financial Services) | Centralised Payroll Function |
| Resources (Revenues) | Review of Benefits Service (particularly Housing Benefit in light of Universal Credit roll-out) |
| Resources (Revenues) | Review of Council Tax Discretionary Discounts and Exemptions |
| POTENTIAL GROWTH | |
| Governance - HR | Learning & Development Capacity |
| Governance - HR | Job Evaluation Review |
| Environmental Services | New CCTV System (includes capital growth) |
| Environmental Services | Improve Lower Storey Garden (includes capital growth) |
| Environmental Services | Route Optimisation Software |
| Environmental Services | "Pay on Foot" parking in St Nicholas Arcades Car Park (includes capital growth) |
| Regeneration & Planning | MAAP - Making the Heart of Morecambe (includes capital growth) |
| Regeneration & Planning | MAAP - Improving Approach to Morecambe (includes capital growth) |
| Regeneration & Planning | Lancaster Square Routes - Sun Square (includes capital growth) |
| Resources (ICT) | Geographic Information Systems (GIS) Support & Development |
| Resources (ICT) | Corporate Digital Projects (including mobile working and ICT modernisation strategy) |
| All Services | Corporate Cultural Change |

RESERVES AND PROVISIONS STATEMENT (INCLUDING BALANCES)

For Consideration by Cabinet 14 February 2017

| GENERAL FUND | 2016/17 | | | | 2017/18 | | | | 2018/19 | | | | 2019/20 | | | | 2020/21 | | | | |
|---|-----------------------------|--------------------|------------------|------------------|-----------------------------|--------------------|-----------------|------------------|-----------------------------|-------------------|-----------------|-----------------|-----------------------------|-------------------|-----------------|-----------------|-----------------------------|-------------------|-----------------|-----------------|-----------------------------|
| | Balance as at 31/03/16 £ | From Revenue £ | To Capital £ | To Revenue £ | Balance as at 31/03/17 £ | From Revenue £ | To Capital £ | To Revenue £ | Balance as at 31/03/18 £ | From Revenue £ | To Capital £ | To Revenue £ | Balance as at 31/03/19 £ | From Revenue £ | To Capital £ | To Revenue £ | Balance as at 31/03/20 £ | From Revenue £ | To Capital £ | To Revenue £ | Balance as at 31/03/21 £ |
| General Fund Balance | (4,459,000) | (17,400) | | | (4,476,400) | (164,900) | | | (4,641,300) | | | | (4,641,300) | | | | (4,641,300) | | | | (4,641,300) |
| Earmarked Reserves: | | | | | | | | | | | | | | | | | | | | | |
| Apprenticeships | (39,700) | | | 39,700 | | | | | | | | | | | | | | | | | |
| Business Rates Retention | (381,500) | | | | (381,500) | | 1 | 381,500 | | | | | | | | | | | | | |
| Budget Support | | | | | | (1,000,000) | 2 | | (1,000,000) | | | 135,200 | (864,800) | | 57,900 | | (806,900) | | | | (806,900) |
| Canal Corridor | | | | | | (400,000) | 3 | | (400,000) | | | 40,500 | (359,500) | | 42,100 | | (317,400) | | | 44,000 | (273,400) |
| Capital Support | (526,500) | (126,000) | 8,000 | 248,800 | (395,700) | (30,300) | 4 | 126,000 | (300,000) | | | | (300,000) | | | | (300,000) | | | | (300,000) |
| Corporate Property | (328,100) | (49,600) | | 17,700 | (360,000) | (99,000) | 5 | 59,000 | (300,000) | | | | (300,000) | | | | (300,000) | | | | (300,000) |
| Elections | | (40,000) | | | (40,000) | (40,000) | | | (80,000) | (40,000) | | | (120,000) | (40,000) | 160,000 | | | (40,000) | | | (40,000) |
| Economic Growth | | | | | | (500,000) | | | (500,000) | | | | (500,000) | | | | (500,000) | | | | (500,000) |
| Highways | (219,600) | | | 219,600 | | | | | | | | | | | | | | | | | |
| Homelessness Support | (76,500) | | | | (76,500) | (3,100) | | | (79,600) | (9,800) | | | (89,400) | (10,100) | | | (99,500) | (10,100) | | | (109,600) |
| Invest to Save | (1,469,600) | (350,700) | 6,000 | | (1,814,300) | | 6 | 314,300 | (1,500,000) | | | | (1,500,000) | | | | (1,500,000) | | | | (1,500,000) |
| Local Plan | (71,600) | (40,100) | | | (111,700) | | | 87,400 | (24,300) | | | | (24,300) | | | | (24,300) | | | | (24,300) |
| Markets | (54,100) | | | 54,100 | | | | | | | | | | | | | | | | | |
| Morecambe Area Action Plan (MAAP) | (114,500) | | 80,900 | 28,600 | (5,000) | | | | (5,000) | | | | (5,000) | | | | (5,000) | | | | (5,000) |
| Renewals (all services) | (812,400) | (402,800) | 380,000 | 142,600 | (692,600) | (479,300) | 280,000 | 33,700 | (858,200) | (479,300) | 382,000 | 46,400 | (909,100) | (479,300) | 114,000 | 102,900 | (1,171,500) | (479,300) | 38,000 | 28,200 | (1,584,600) |
| Restructuring /Budget Support | (602,900) | (333,600) | | 407,800 | (528,700) | | | 48,500 | (480,200) | | | | (480,200) | | | | (480,200) | | | | (480,200) |
| S106 Commuted Sums - Open Spaces | (104,000) | | | 22,500 | (81,500) | | | 20,900 | (60,600) | | | 16,600 | (44,000) | | 15,600 | | (28,400) | | | 11,800 | (16,600) |
| S106 Commuted Sums - Affordable Housing | (261,800) | | 90,000 | | (171,800) | | | | (171,800) | | | | (171,800) | | | | (171,800) | | | | (171,800) |
| S106 Commuted Sums - Highways, crossing & cycle paths | (844,100) | (79,600) | 575,100 | 1,500 | (347,100) | (50,000) | 190,500 | 6,800 | (199,800) | (75,000) | 75,000 | 6,700 | (193,100) | (75,000) | 75,000 | 4,400 | (188,700) | | | | (188,700) |
| Welfare Reforms | (396,300) | (23,500) | | 190,000 | (229,800) | | 7 | 170,300 | (59,500) | | | | (59,500) | | | | (59,500) | | | | (59,500) |
| Youth Games | (32,900) | | | 32,900 | | | | | | | | | | | | | | | | | |
| Reserves Held in Perpetuity: | | | | | | | | | | | | | | | | | | | | | |
| Graves Maintenance | (22,200) | | | | (22,200) | | | | (22,200) | | | | (22,200) | | | | (22,200) | | | | (22,200) |
| Marsh Capital | (47,700) | | | | (47,700) | | | | (47,700) | | | | (47,700) | | | | (47,700) | | | | (47,700) |
| Total Earmarked Reserves | (6,406,000) | (1,445,900) | 1,140,000 | 1,405,800 | (5,306,100) | (2,601,700) | 655,500 | 1,163,400 | (6,088,900) | (604,100) | 457,000 | 245,400 | (5,990,600) | (604,400) | 189,000 | 382,900 | (6,023,100) | (529,400) | 38,000 | 84,000 | (6,430,500) |

| Provisions | Balance as at 31/03/16 | Transfers In | Spend | Transfers Out | Balance as at 31/03/17 |
|--------------|------------------------|------------------|----------------|----------------|------------------------|
| | £ | £ | £ | £ | £ |
| Bad Debts | (1,898,830) | (390,000) | 675,000 | | (1,613,830) |
| Legal | (128,191) | | | 8 | 128,191 |
| Insurance | (341,564) | (158,600) | 285,000 | | (215,164) |
| Total | (2,368,585) | (548,600) | 960,000 | 128,191 | (1,828,994) |

Summary of Changes

| | + From / (To) |
|-----------------------------------|--------------------|
| Revenue Underspend | +535,000 |
| 1 Business Rates Retention | +381,500 |
| 2 Budget Support | (1,000,000) |
| 3 Canal Corridor | (400,000) |
| 4 Capital Support | (30,300) |
| 5 Corporate Property | (99,000) |
| 6 Invest to Save | +314,300 |
| 7 Welfare Reforms | +170,300 |
| 8 Legal Provision | +128,200 |
| | 0 |

GENERAL FUND CAPITAL PROGRAMME - For Consideration by Cabinet 14 February 2017

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